Asset Management Plan 2025

Town of Latchford

January 2026

psdcitywide

This Asset Management Plan was prepared by:

psdcitywide

Empowering your organization through advanced asset management, budgeting & GIS solutions

Key Statistics

$29.7 m	2024 Replacement Cost of Asset Portfolio
$175 k	Replacement Cost of Infrastructure Per Household
90%	Percentage of Assets in Fair or Better Condition
98%	Percentage of Assets with Assessed Condition Data
$628 k	Annual Capital Infrastructure Deficit
15 Years	Recommended Timeframe for Eliminating Annual Infrastructure Deficit (Tax-Funded)
20 Years	Recommended Timeframe for Eliminating Annual Infrastructure Deficit (Rate-Funded)
2.53%	Target Investment Rate
0.41%	Actual Investment Rate

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1. Executive Summary

Municipal infrastructure delivers critical services that are foundational to the economic, social, and environmental health and growth of a community. The goal of asset management is to enable infrastructure to deliver an adequate level of service in the most cost-effective manner. This involves the ongoing review and update of infrastructure information and data alongside the development and implementation of asset management strategies and long-term financial planning.

1.1 Scope

This Asset Management Plan (AMP) identifies the current practices and strategies that are in place to manage public infrastructure and makes recommendations where they can be further refined. Through the implementation of sound asset management strategies, the Town of Latchford can ensure that public infrastructure is managed to support the sustainable delivery of municipal services.

This AMP include the following asset categories:

Figure 1 Core and Non-Core Asset Categories

1.2 Compliance

With the development of this AMP the Town of Latchford has achieved compliance with July 1, 2025, requirements under O. Reg. 588/17. This includes requirements for proposed levels of service and inventory reporting for all asset categories.

1.3 Findings

The overall replacement cost of the asset categories included in this AMP totals $29.7 million. 90% of all assets analyzed in this AMP are in fair or better condition and assessed condition data was available for 98% of assets. For the remaining 2% of assets, assessed condition data was unavailable, and asset age was used to approximate condition. Generally, age misstates the true condition of assets, making assessments essential to accurate asset management planning, and a recurring recommendation in this AMP.

To meet capital replacement and rehabilitation needs for existing infrastructure, prevent infrastructure backlogs, and achieve long-term sustainability, the Town's average annual capital requirement totals $751 thousand. Based on a historical analysis of sustainable capital funding sources, the Town is committing approximately $123 thousand towards capital projects or reserves per year. As a result, there is currently an annual funding gap of $628 thousand.

It is important to note that this AMP represents a snapshot in time and is based on the best available processes, data, and information at the Town. Strategic asset management planning is an ongoing and dynamic process that requires continuous improvement and dedicated resources.

1.4 Recommendations

A financial strategy was developed to address the annual capital funding gap. The following graphics shows annual tax/rate change required to eliminate the Town's infrastructure deficit based on a 15-year plan for tax-funded assets, and 20-year plan for rate-funded assets:

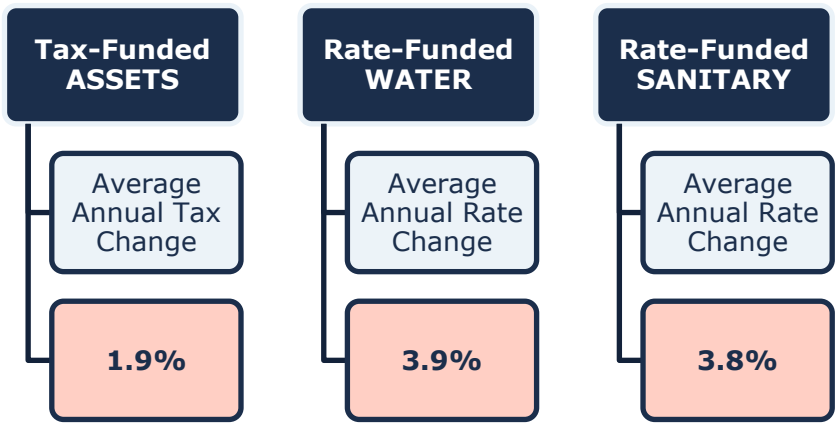


Figure 2 Proposed Tax/Rate Changes

Recommendations to guide continuous refinement of the Town's asset management program. These include:

- Review data to update and maintain a complete and accurate dataset
- Develop a condition assessment strategy with a regular schedule
- Review and update lifecycle management strategies
- Development and regularly review short- and long-term plans to meet capital requirements
- Measure current levels of service and proposed levels of service

2. Introduction & Context

2.1 Community Profile

Census Characteristic	Town of Latchford	Ontario
Population 2021	355	14,223,942
Population Change 2016-2021	13.4	5.8%
Total Private Dwellings	206	5,929,250
Population Density	2.3/km2	15.9/km^2
Land Area	152.26 km2	892,411.76 km^2

Table 1 Town of Latchford Community Profile

The Town of Latchford is located in Northeastern Ontario in the Timiskaming District. The Town is surrounded by bodies of water including Bay Lake and the Montreal River.

The region was settled in 1903 as the Montreal River Station; the Town acted as a river crossing for the Northern Ontario Railway. The key economic sectors supporting the Town included silver mining followed by timber and pulp mills. Today the Town is made up of a notable population of senior people who have exited the work force.

Demand in the region is driven by moderate population growth, a budding summer cottage community, and an aging population above the provincial average. Population growth is largely due to urban sprawl and low housing prices. The Town generates a total revenue of $1.1 million from taxes and rates and has an annual capital budget of $96,000 as of 2021.

Town staff have identified the water network as a primary infrastructure priority. The water network is aging, particularly the water treatment plant, and maintenance and rehabilitation activities are mostly reactive.

A significant portion of infrastructure projects are heavily reliant on the availability of grants. Staff intend to support proactive lifecycle management within the town of Latchford by investing in critical infrastructure, improving long-term capital planning, and advancing their asset management program.

2.2 Asset Management Overview

Municipalities are responsible for managing and maintaining a broad portfolio of infrastructure assets to deliver services to the community. The goal of asset management is to minimize the lifecycle costs of delivering infrastructure services, manage the associated risks, while maximizing the value ratepayers receive from the asset portfolio.

The acquisition of capital assets accounts for only 10-20% of their total cost of ownership. The remaining 80-90% comes from operations and maintenance. This AMP focuses its analysis on the capital costs to maintain, rehabilitate and replace existing municipal infrastructure assets.

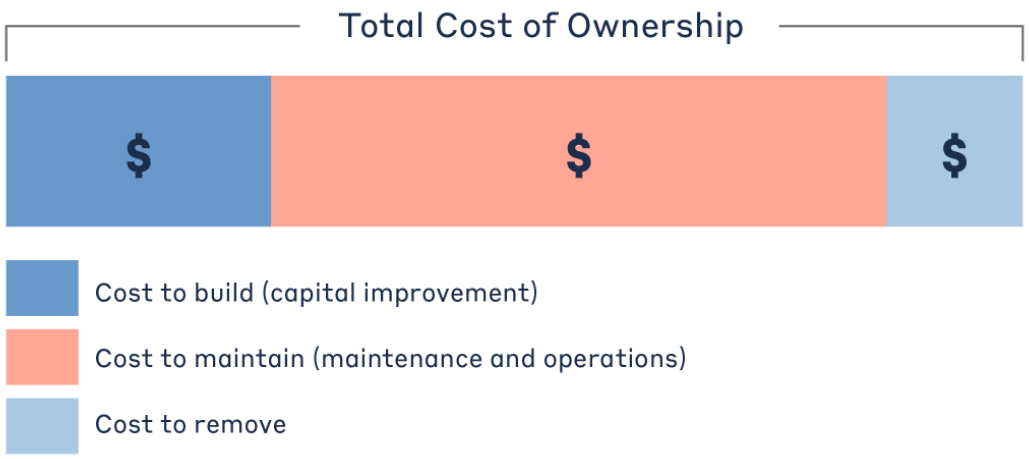


Figure 3 Total Cost of Asset Ownership

These costs can span decades, requiring planning and foresight to ensure financial responsibility is spread equitably across generations. An asset management plan is critical to this planning, and an essential element of broader asset management program. The industry-standard approach and sequence to developing a practical asset management program begins with a Strategic Plan, followed by an Asset Management Policy and an Asset Management Strategy, concluding with an Asset Management Plan.

This industry standard, defined by the Institute of Asset Management (IAM), emphasizes the alignment between the corporate strategic plan and various asset management documents. The strategic plan has a direct, and cascading impact on asset management planning and reporting.

2.2.1 Foundational Asset Management Documentation

The industry-standard approach and sequence to developing a practical asset management program begins with a Strategic Plan, followed by an Asset Management Policy and an Asset Management Strategy, concluding with an Asset Management Plan.

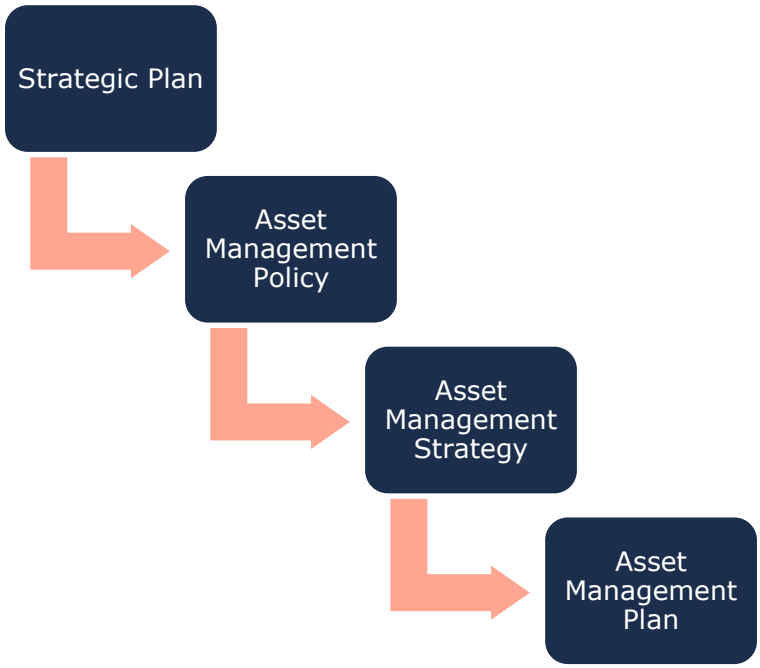


Figure 4 Foundational Asset Management Documents

This industry standard, defined by the Institute of Asset Management (IAM), emphasizes the alignment between the corporate strategic plan and various asset management documents. The strategic plan has a direct, and cascading impact on asset management planning and reporting.

Asset Management Policy

An asset management policy represents a statement of the principles guiding the Town's approach to asset management activities. It aligns with the organizational strategic plan and provides clear direction to municipal staff on their roles and responsibilities as part of the asset management program.

The Town adopted By-law No. 2020-007 "A Strategic Asset Management Policy" on March 19, 2020, in accordance with Ontario Regulation 588/17.

The objectives of the policy include:

- Forward looking
- Budgeting and planning
- Environmental Conscious
- Community focused

An asset management policy represents a statement of the principles guiding the Town's approach to asset management activities. It aligns with the organizational strategic plan and provides clear direction to municipal staff on their roles and responsibilities as part of the asset management program.

Asset Management Strategy

An asset management strategy outlines the translation of organizational objectives into asset management objectives and provides a strategic overview of the activities required to meet these objectives. It provides greater detail than the policy on how the Town plans to achieve asset management objectives through planned activities and decision-making criteria.

The Town's Asset Management Policy contains many of the key components of an asset management strategy and may be expanded on in future revisions or as part of a separate strategic document.

Asset Management Plan

The asset management plan (AMP) presents the outcomes of the Town's asset management program and identifies the resource requirements needed to achieve a defined level of service. The AMP typically includes the following content:

- State of Infrastructure
- Asset Management Strategies
- Levels of Service (Current & Proposed)
- Financial Strategies

The AMP is a living document that should be updated regularly as additional asset and financial data becomes available. This will allow the Town to re-evaluate the state of infrastructure and identify how the organization's asset management and financial strategies are progressing.

2.2.2 Key Concepts in Asset Management

Effective asset management integrates several key components, including lifecycle management, risk & criticality, and levels of service. These concepts are applied throughout this asset management plan and are described below in greater detail.

Lifecycle Management Strategies

The condition or performance of most assets will deteriorate over time. This process is affected by a range of factors including asset's characteristics, location, utilization, maintenance history and environment. Asset deterioration has a negative effect on the ability of an asset to fulfill its intended function, and may be characterized by increased cost, risk and even service disruption.

To ensure that municipal assets are performing as expected and meeting the needs of customers, it is important to establish a lifecycle management strategy to proactively manage asset deterioration.

There are several field intervention activities that are available to extend the life of an asset. These activities can be generally placed into one of three categories: maintenance, rehabilitation, and replacement. The following table provides a description of each type of activity and the general difference in cost.

Depending on initial lifecycle management strategies, asset performance can be sustained through a combination of maintenance and rehabilitation, but at some point, replacement is required. Understanding what effect these activities will have on the lifecycle of an asset, and their cost, will enable staff to make better recommendations.

Lifecycle Activity	Cost	Typical Associated Risks
Maintenance Activities that prevent defects or deteriorations from occurring	**$**	♦ Balancing limited resources between planned maintenance and reactive, emergency repairs and interventions. ♦ Diminishing returns associated with excessive maintenance activities, despite added costs. ♦ Intervention selected may not be optimal and may not extend the useful life as expected, leading to lower payoff and potential premature asset failure.
Rehabilitation/ Renewal Activities that rectify defects or deficiencies that are already present and may be affecting asset performance	**$$$**	♦ Useful life may not be extended as expected. ♦ May be costlier overall when assessed against full reconstruction or replacement. ♦ Loss or disruption of service, particularly for underground assets.
Replacement/ Reconstruction Asset end-of-life activities that often involve the complete replacement of assets	**$$$$$**	♦ Incorrect or unsafe disposal of existing asset. ♦ Costs associated with asset retirement obligations. ♦ Substantial exposure to high inflation and cost overruns. ♦ Replacements may not meet capacity needs for a larger population. ♦ Loss or disruption of service, particularly for underground assets.

Table 2 Lifecycle Management: Typical Lifecycle Interventions

The Town's approach to lifecycle management is described within each asset category outlined in this AMP. Staff will continue to evolve and innovate current practices for developing and implementing proactive lifecycle strategies to determine which activities to perform on an asset and when they should be performed to maximize useful life at the lowest total cost of ownership.

Risk & Criticality

Asset risk and criticality are essential building blocks of asset management, integral in prioritizing projects and distributing funds where they are needed most based on a variety of factors. Assets in disrepair may fail to perform their intended function, pose substantial risk to the community, lead to unplanned expenditures, and create liability for the municipality. In addition, some assets are simply more important to the community than others, based on their financial significance, their role in delivering essential services, the impact of their failure on public health and safety, and the extent to which they support a high quality of life for community stakeholders.

Risk is a product of two variables: the probability that an asset will fail, and the resulting consequences of that failure event. It can be a qualitative measurement, (i.e. low, medium, high) or quantitative measurement (i.e. 1-5), that can be used to rank assets and projects, identify appropriate lifecycle strategies, optimize short- and long-term budgets, minimize service disruptions, and maintain public health and safety.

Figure 5 Risk Equations

The approach used in this AMP relies on a quantitative measurement of risk associated with each asset. The probability and consequence of failure are each scored from 1 to 5, producing a minimum risk index of 1 for the lowest risk assets, and a maximum risk index of 25 for the highest risk assets.

Probability of Failure

Several factors can help decision-makers estimate the probability or likelihood of an asset's failure, including its condition, age, previous performance history, and exposure to extreme weather events, such as flooding and ice jams—both a growing concern for municipalities in Canada.

Consequence of Failure

Estimating criticality also requires identifying the types of consequences that the organization and community may face from an asset's failure, and the magnitude of those consequences. Consequences of asset failure will vary across the infrastructure portfolio; the failure of some assets may result primarily in high direct financial cost but may pose limited risk to the community. Other assets may have a relatively minor financial value, but any downtime may pose significant health and safety hazards to residents.

Table 3 illustrates the various types of consequences that can be integrated in developing risk and criticality models for each asset category and segments within. We note that these consequences are common, but not exhaustive.

Type of Consequence	Description
Direct Financial	Direct financial consequences are typically measured as the replacement costs of the asset(s) affected by the failure event, including interdependent infrastructure.
Economic	Economic impacts of asset failure may include disruption to local economic activity and commerce, business closures, service disruptions, etc. Whereas direct financial impacts can be seen immediately or estimated within hours or days, economic impacts can take weeks, months and years to emerge, and may persist for even longer.
Socio-political	Socio-political impacts are more difficult to quantify and may include inconvenience to the public and key community stakeholders, adverse media coverage, and reputational damage to the community and the Municipality.
Environmental	Environmental consequences can include pollution, erosion, sedimentation, habitat damage, etc.
Public Health and Safety	Adverse health and safety impacts may include injury or death, or impeded access to critical services.
Strategic	These include the effects of an asset's failure on the community's long-term strategic objectives, including economic development, business attraction, etc.

Table 3 Risk Analysis: Types of Consequences of Failure

This AMP includes a high-level evaluation of asset risk and criticality. Each asset has been assigned a probability of failure score and consequence of failure score based on available asset data. These risk scores can be used to prioritize maintenance, rehabilitation and replacement strategies for critical assets.

Levels of Service

A level of service (LOS) is a measure of what the Town is providing to the community and the nature and quality of that service. Within each asset category in this AMP, technical metrics and qualitative descriptions that measure both technical and community levels of service have been established and measured as data is available.

These measures include a combination of those that have been outlined in O. Reg. 588/17 in addition to performance measures identified by the Town as worth measuring and evaluating. The Town measures the level of service provided at two levels: Community Levels of Service, and Technical Levels of Service.

Community Levels of Service

Community levels of service are a simple, plain language description or measure of the service that the community receives. For core asset categories as applicable (Roads, Water&

Wastewater) the province, through O. Reg. 588/17, has provided qualitative descriptions that are required to be included in this AMP.

Technical Levels of Service

Technical levels of service are a measure of key technical attributes of the service being provided to the community. These include mostly quantitative measures and tend to reflect the impact of the Town's asset management strategies on the physical condition of assets or the quality/capacity of the services they provide.

For core asset categories as applicable the province, through O. Reg. 588/17, has also provided technical metrics that are required to be included in this AMP.

Current and Proposed Levels of Service

This AMP focuses on measuring the current level of service provided to the community. Once current levels of service have been measured, the Town plans to establish proposed levels of service over a 10-year period, in accordance with O. Reg. 588/17.

Proposed levels of service should be realistic and achievable within the timeframe outlined by the Town. They should also be determined with consideration of a variety of community expectations, fiscal capacity, regulatory requirements, corporate goals and long-term sustainability. Once proposed levels of service have been established, and prior to July 2025, the Town must identify a lifecycle management and financial strategy which allows these targets to be achieved.

2.3 Scope & Methodology

2.3.1 Asset Categories for this AMP

This asset management plan for the Town of Latchford is produced in compliance with O. Reg. 588/17. The July 2025 deadline under the regulation—the second of three AMPs—requires analysis of core and non-core asset categories.

The AMP summarizes the state of the infrastructure for the Town's asset portfolio, establishes current & proposed levels of services, outlines lifecycle strategies for optimal asset management & performance, and provides financial strategies to reach sustainability for the asset categories listed below.

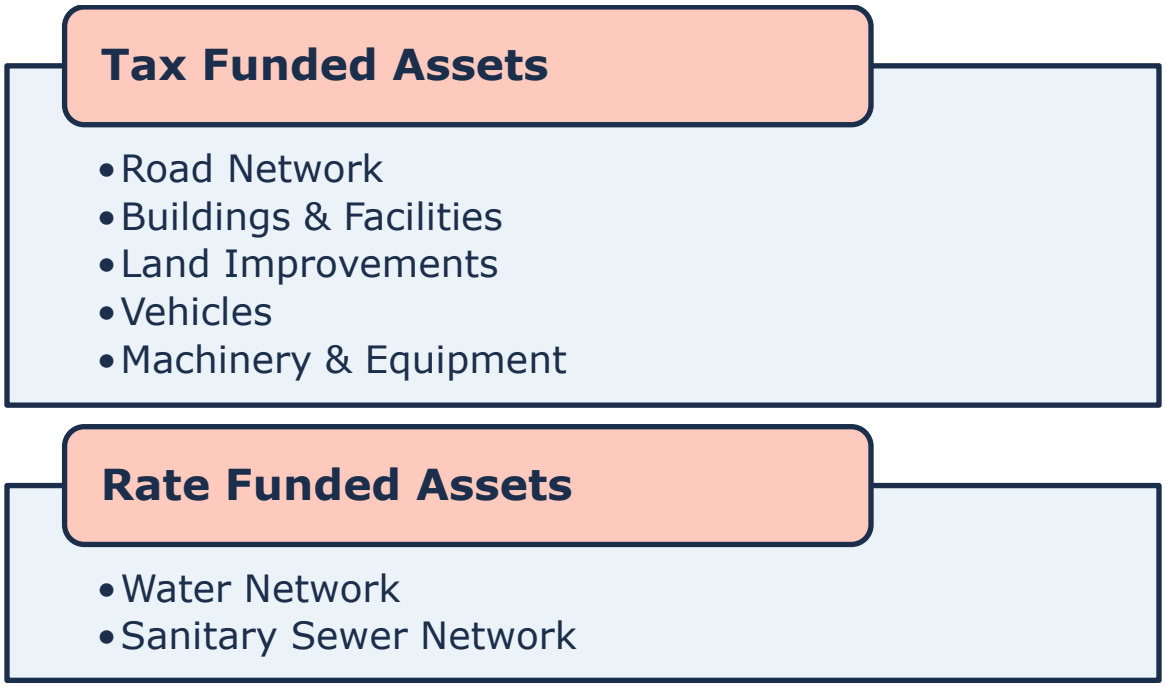


Figure 6 Tax Funded and Rate Funded Asset Categories

2.3.2 Data Effective Date

It is important to note that this plan is based on data as of **December 2024**; therefore, it represents a snapshot in time using the best available processes, data, and information at the Town. Strategic asset management planning is an ongoing and dynamic process that requires continuous data updates and dedicated data management resources.

2.3.3 Deriving Replacement Costs

There are a range of methods to determine the replacement cost of an asset, and some are more accurate and reliable than others. This AMP relies on two methodologies:

User-Defined Cost and Cost Per Unit

Based on costs provided by municipal staff which could include average costs from recent contracts; data from engineering reports and assessments; staff estimates based on knowledge and experience.

Cost Inflation / CPI Tables

Historical costs of the assets are inflated based on Consumer Price Index or Non-Residential Building Construction Price Index.

User-defined costs based on reliable sources are a reasonably accurate and reliable way to determine asset replacement costs. Cost inflation is typically used in the absence of reliable replacement cost data. It is a reliable method for recently purchased and/or constructed assets where the total cost is reflective of the actual costs that the Town incurred. As assets age, and new products and technologies become available, cost inflation becomes a less reliable method.

2.3.4 Estimated Useful Life (EUL)

The estimated useful life (EUL) of an asset is the period over which the Town expects the asset to be available for use and remain in service before requiring replacement or disposal. The EUL for each asset in this AMP was assigned according to the knowledge and expertise of municipal staff and supplemented by existing industry standards when necessary.

2.3.5 Reinvestment Rate

As assets age and deteriorate, they require additional investment to maintain a state of good repair. The reinvestment of capital funds, through asset renewal or replacement, is necessary to sustain an adequate level of service. The reinvestment rate is a measurement of available or required funding relative to the total replacement cost.

By comparing the actual vs. target reinvestment rate the Town can determine the extent of any existing funding gap. The reinvestment rate is calculated as follows:

Figure 7 Target Reinvestment Rate Calculation

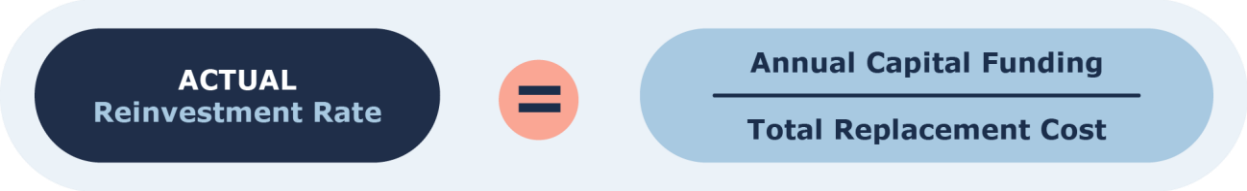


Figure 8 Actual Reinvestment Rate Calculation

2.3.6 Deriving Asset Condition

An incomplete or limited understanding of asset condition can mislead long-term planning and decision-making. Accurate and reliable condition data helps to prevent premature and costly rehabilitation or replacement and ensures that lifecycle activities occur at the right time to maximize asset value and useful life.

A condition assessment rating system provides a standardized descriptive framework that allows comparative benchmarking across the Town's asset portfolio. The table below outlines the condition rating system used in this AMP to determine asset condition. This rating system is aligned with the Canadian Core Public Infrastructure Survey which is used to develop the Canadian Infrastructure Report Card. When assessed condition data is not available, service life remaining is used to approximate asset condition.

Condition	Description	Criteria	Service Life Remaining (%)
Very Good	Fit for the future	Well maintained, good condition, new or recently rehabilitated	80-100
Good	Adequate for now	Acceptable, generally approaching mid-stage of expected service life	60-80
Fair	Requires attention	Signs of deterioration, some elements exhibit significant deficiencies	40-60
Poor	Increasing potential of affecting service	Approaching end of service life, condition below standard, substantial portion of system exhibits significant deterioration	20-40
Very Poor	Unfit for sustained service	Near or beyond expected service life, widespread signs of advanced deterioration, some assets may be unusable	0-20

Table 4 Standard Condition Rating Scale

The analysis in this AMP is based on assessed condition data only as available. In the absence of assessed condition data, asset age is used as a proxy to determine asset condition.

2.4 Ontario Regulation 588/17

As part of the Infrastructure for Jobs and Prosperity Act, 2015, the Ontario government introduced Regulation 588/17 - Asset Management Planning for Municipal Infrastructure (O. Reg 588/17)[1]. Along with creating better performing organizations, more livable and sustainable communities, the regulation is a key, mandated driver of asset management planning and reporting. It places substantial emphasis on current and proposed levels of service and the lifecycle costs incurred in delivering them.

Figure 9 below outlines key reporting requirements under O. Reg 588/17 and the associated timelines.

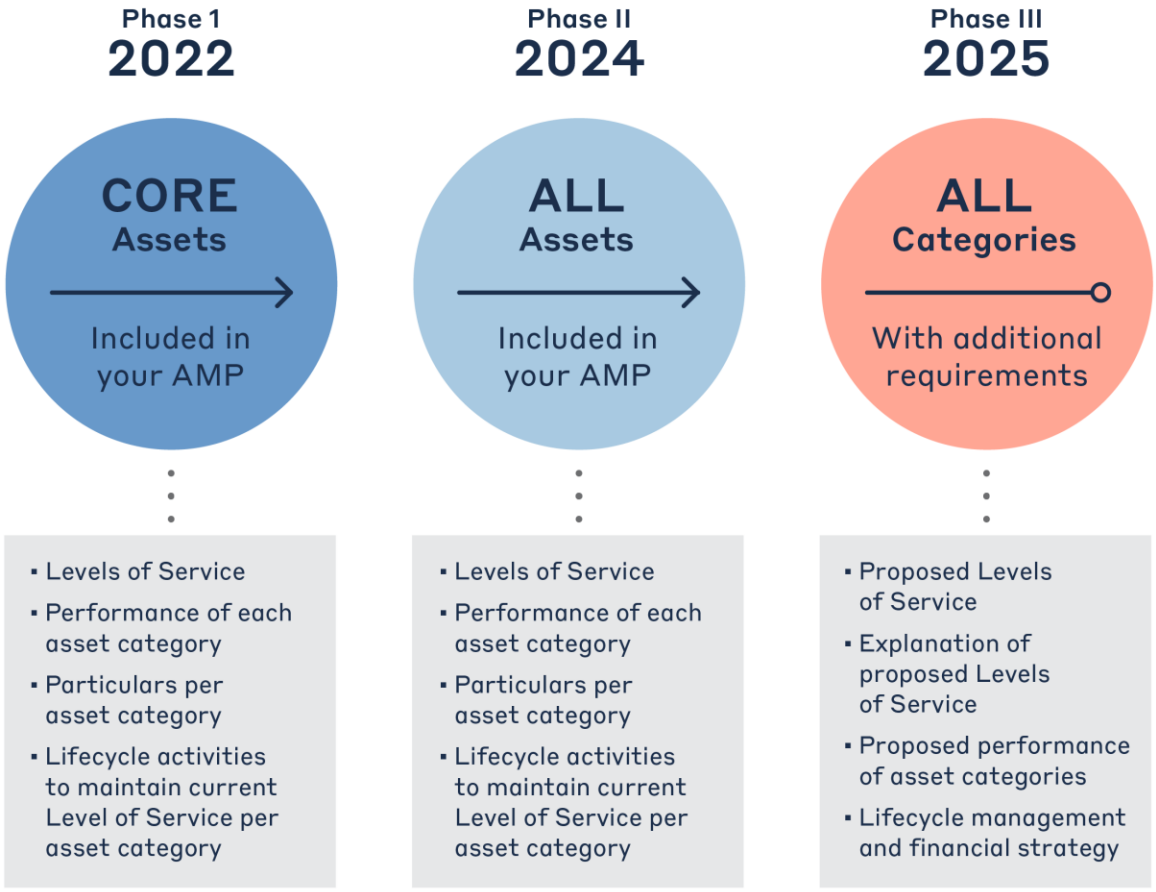


Figure 9 O. Reg. 588/17 Requirements and Reporting Deadlines

[1] O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure https://www.ontario.ca/laws/regulation/170588

2.4.1 O. Reg. 588/17 Compliance Review

Requirement	O. Reg. 588/17 Section	AMP Section Reference	Status
Summary of assets in each category	S.5(2), 3(i)	5.1 – 11.1	Complete
Replacement cost of assets in each category	S.5(2), 3(ii)	5.1 – 11.1	Complete
Average age of assets in each category	S.5(2), 3(iii)	5.3 – 11.3	Complete
Condition of assets in each category	S.5(2), 3(iv)	5.2 – 11.2	Complete
Description of municipality's approach to assessing the condition of assets in each category	S.5(2), 3(v)	5.4 – 11.4	Complete
Current levels of service in each category	S.5(2), 1(i-ii)	5.7 – 11.7	Complete
Current performance measures in each category	S.5(2), 2	5.7 – 11.7	Complete
Lifecycle activities needed to maintain current levels of service for 10 years	S.5(2), 4	5.4 – 11.4	Complete
Costs of providing lifecycle activities for 10 years	S.5(2), 4	Appendix A	Complete
Growth assumptions	S.5(2), 5(i-ii) S.5(2), 6(i-vi)	12.1 – 12.2	Complete

Table 5: O.Reg 588/17 Compliance Review

3. Portfolio Overview – State of the Infrastructure

The state of the infrastructure (SOTI) summarizes the inventory, condition, age profiles, and other key performance indicators for the Town's infrastructure portfolio. These details are presented for all core and non-core asset categories.

3.1 Asset Hierarchy & Data Classification

Asset hierarchy explains the relationship between individual assets and their components, and a wider, more expansive network and system. How assets are grouped in a hierarchy structure can impact how data is interpreted. Assets were structured to support meaningful, efficient reporting and analysis. Key category details are summarized at asset segment level.

Figure 10 Asset Hierarchy and Data Classification

3.2 Portfolio Overview

3.2.1 Total Replacement Cost of Asset Portfolio

The seven asset categories analyzed in this Asset Management Plan have a total current replacement cost of $29.7 million. This estimate was calculated using user-defined costing, as well as inflation of historical or original costs to current date. This estimate reflects replacement of historical assets with similar, not necessarily identical, assets available for procurement today. Figure 11 illustrates the replacement cost of each asset category; at 44% of the total portfolio, Water Network form the largest share of the Town's asset portfolio, followed by Sanitary Network at 26%.

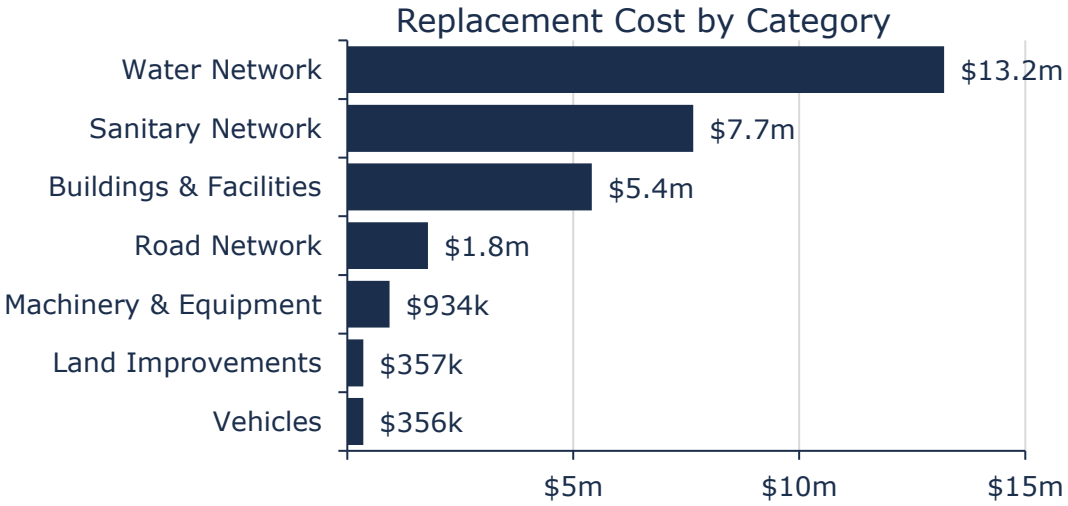


Figure 11 Current Replacement Cost by Asset Category

3.2.2 Target vs. Actual Reinvestment Rate

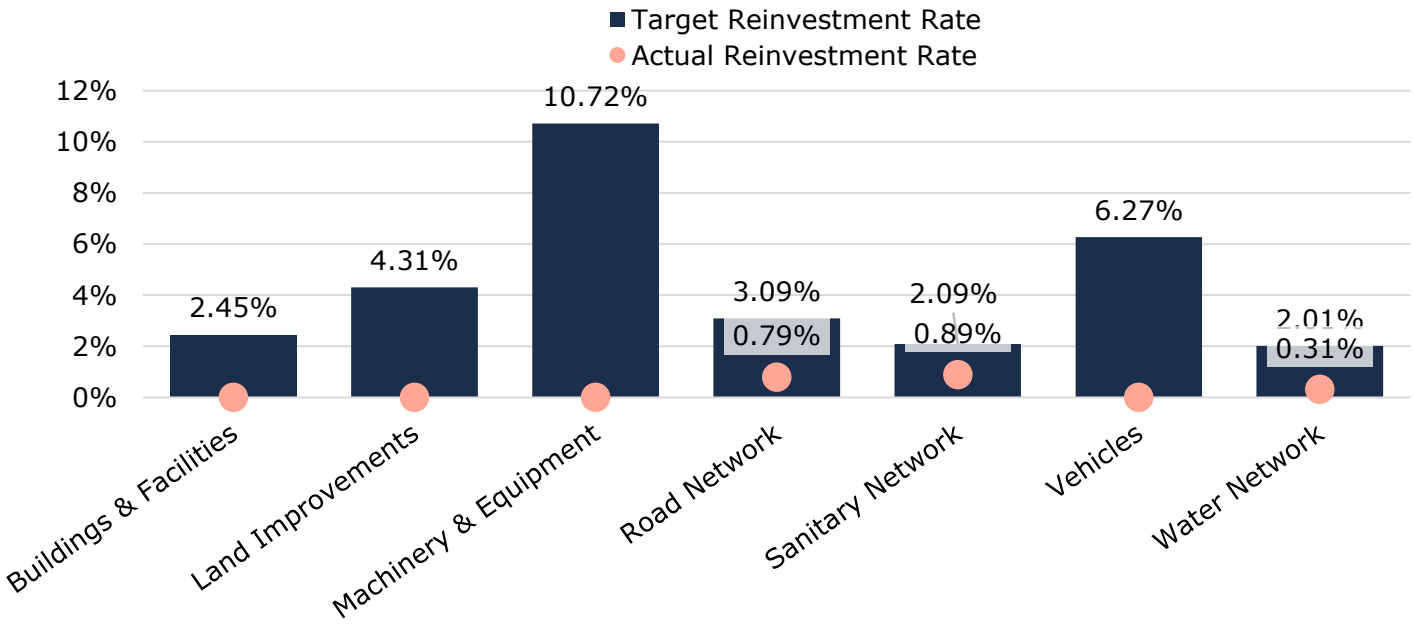


Figure 12 Current Vs. Target Reinvestment Rate

The graph above depicts funding gaps by comparing the target to the current reinvestment rate. To meet the existing long-term capital requirements, the Town requires an annual capital investment of $751 thousand, for a target portfolio reinvestment rate of 2.53%. Currently, annual investment from sustainable revenue source is $123 thousand, for a current portfolio reinvestment rate of 0.41%. Target and current re-investment rates by asset category are detailed below.

3.2.3 Condition of Asset Portfolio

Figure 13 and Figure 14 summarize asset condition at the portfolio and category levels, respectively. Based on both assessed condition and age-based analysis, 90% of the Town's infrastructure portfolio is in fair or better condition, with the remaining 10% in poor or worse condition. Typically, assets in poor or worse condition may require replacement or major rehabilitation in the immediate or short-term. Targeted condition assessments may help further refine the list of assets that may be candidates for immediate intervention, including potential replacement or reconstruction.

Similarly, assets in fair condition should be monitored for disrepair over the medium term. Keeping assets in fair or better condition is typically more cost-effective than addressing assets needs when they enter the latter stages of their lifecycle or decline to a lower condition rating, e.g., poor or worse.

Condition data was available for majority of the assets. For all remaining assets, age was used as an approximation of condition. Further, when assessed condition data was available, it was projected to current year-end (2024). This 'projected condition' can generate lower condition ratings than those established at the time of the condition assessment. The rate of this deterioration will also depend on lifecycle curves used to project condition over time.

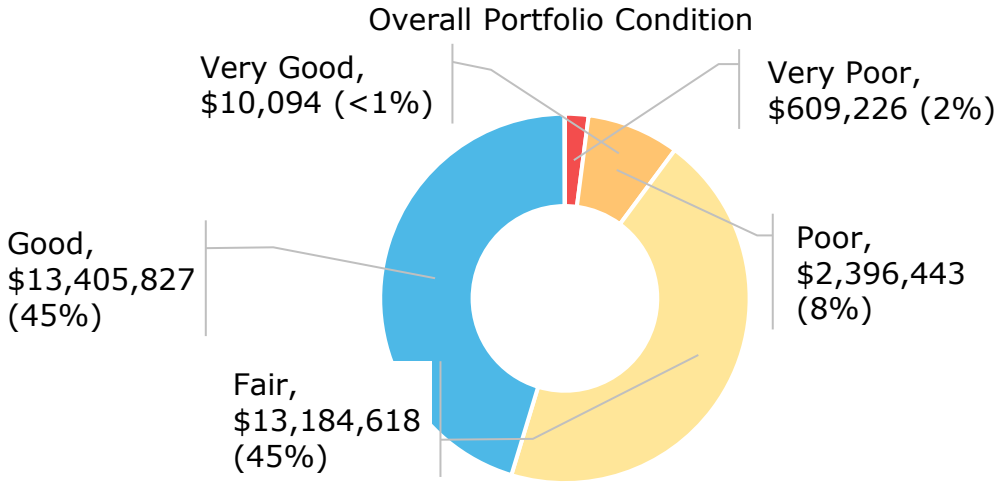


Figure 13 Asset Condition: Portfolio Overview

As further illustrated in Figure 14 at the category level, the majority of major, core infrastructure including roads, bridges, and structural culverts are in fair or better condition, based on in-field condition assessment data. Most vehicles are in poor or worse condition. See Table 6 for details on how condition data was derived for each asset segment.

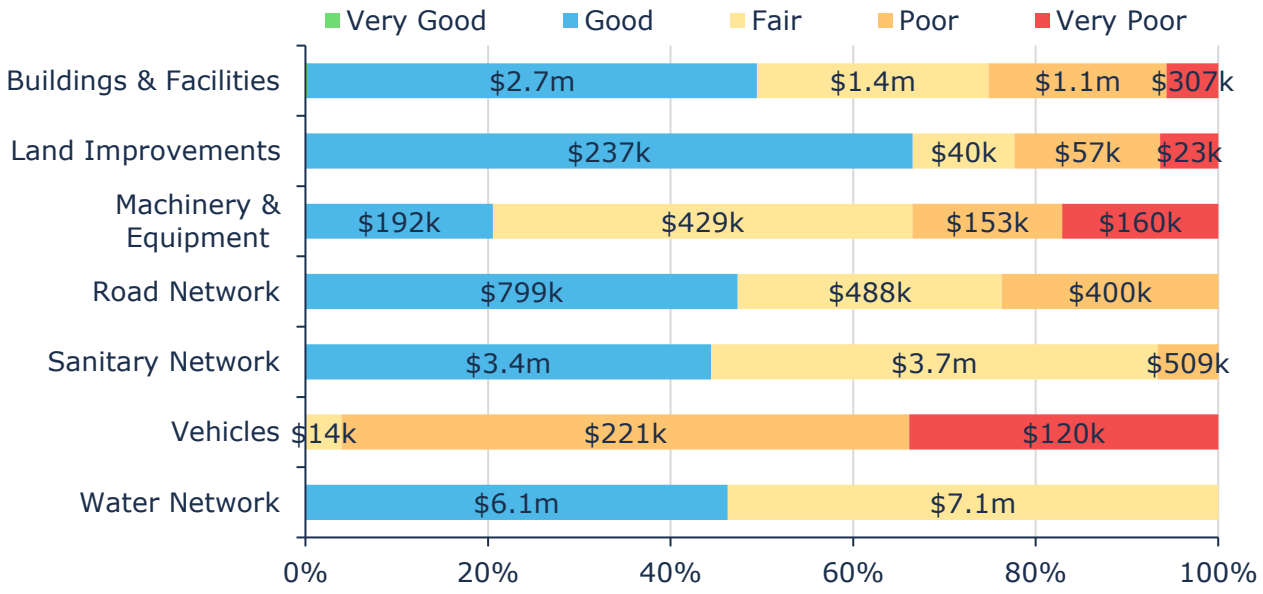


Figure 14 Asset Condition by Asset Category

As outlined previously, buildings and facilities are not componentized into their individual major elements and components. This limits the validity of current condition estimates as they are presented only at the 'parent' asset level.

Source of Condition Data

This AMP relies on assessed condition for 98% of assets, based on and weighted by replacement cost. For the remaining assets, age is used as an approximation of condition. Assessed condition data is invaluable in asset management planning as it reflects the true condition of the asset and its ability to perform its functions. Table 6 below identifies the source of condition data used throughout this AMP.

Asset Category	Asset Segment(s)	% of Assets with Assessed Conditions	Source of Condition Data
Road Network	All	100%	Staff Assessments (2021)
Water Network	All	100%	Staff Assessments (2021)
Sanitary Sewer Network	All	100%	Staff Assessments (2021)
Buildings & Facilities	All	96%	Staff Assessments (2021)
Land Improvements	All	100%	Staff Assessments (2021)
Vehicles	All	0%	Age-based

Asset Category	Asset Segment(s)	% of Assets with Assessed Conditions	Source of Condition Data
Machinery & Equipment	All	82%	Staff Assessments (2021)

Table 6 Source of Condition Data

3.2.4 Risk Matrix

Using the risk equation and preliminary risk models, Figure 15 shows how assets across the different asset categories are stratified within a risk matrix.

1 - 4	5 - 7	8 - 9	10 - 14	15 - 25
Very Low	**Low**	**Moderate**	**High**	**Very High**
$317,786 (1%)	$5,095,100 (17%)	$9,032,174 (30%)	$11,736,122 (40%)	$3,523,342 (12%)

Figure 15 Risk Matrix: All Assets

The analysis shows that based on current risk models, approximately 12% of the Town's assets, with a current replacement cost of approximately $3.5 million, carry a risk rating of 15 or higher (red) out of 25. Assets in this group may have a high probability of failure based on available condition data and age-based estimates and were considered to be most essential to the Town.

As new asset attribute information and condition assessment data are integrated with the asset register, asset risk ratings will evolve, resulting in a redistribution of assets within the risk matrix. Staff should also continue to calibrate risk models.

We caution that since risk ratings rely on many factors beyond an asset's physical condition or age, assets in a state of disrepair can sometimes be classified as low risk, despite their poor condition rating. In such cases, although the probability of failure for these assets may be high, their consequence of failure ratings were determined to be low based on the attributes used and the data available.

Similarly, assets with very high condition ratings can receive a moderate to high-risk rating despite a low probability of failure. These assets may be deemed as highly critical to the Town based on their costs, economic importance, social significance, and other factors. Continued calibration of an asset's criticality and regular data updates are needed to ensure these models more accurately reflect an asset's actual risk profile.

3.2.5 Forecasted Capital Requirements

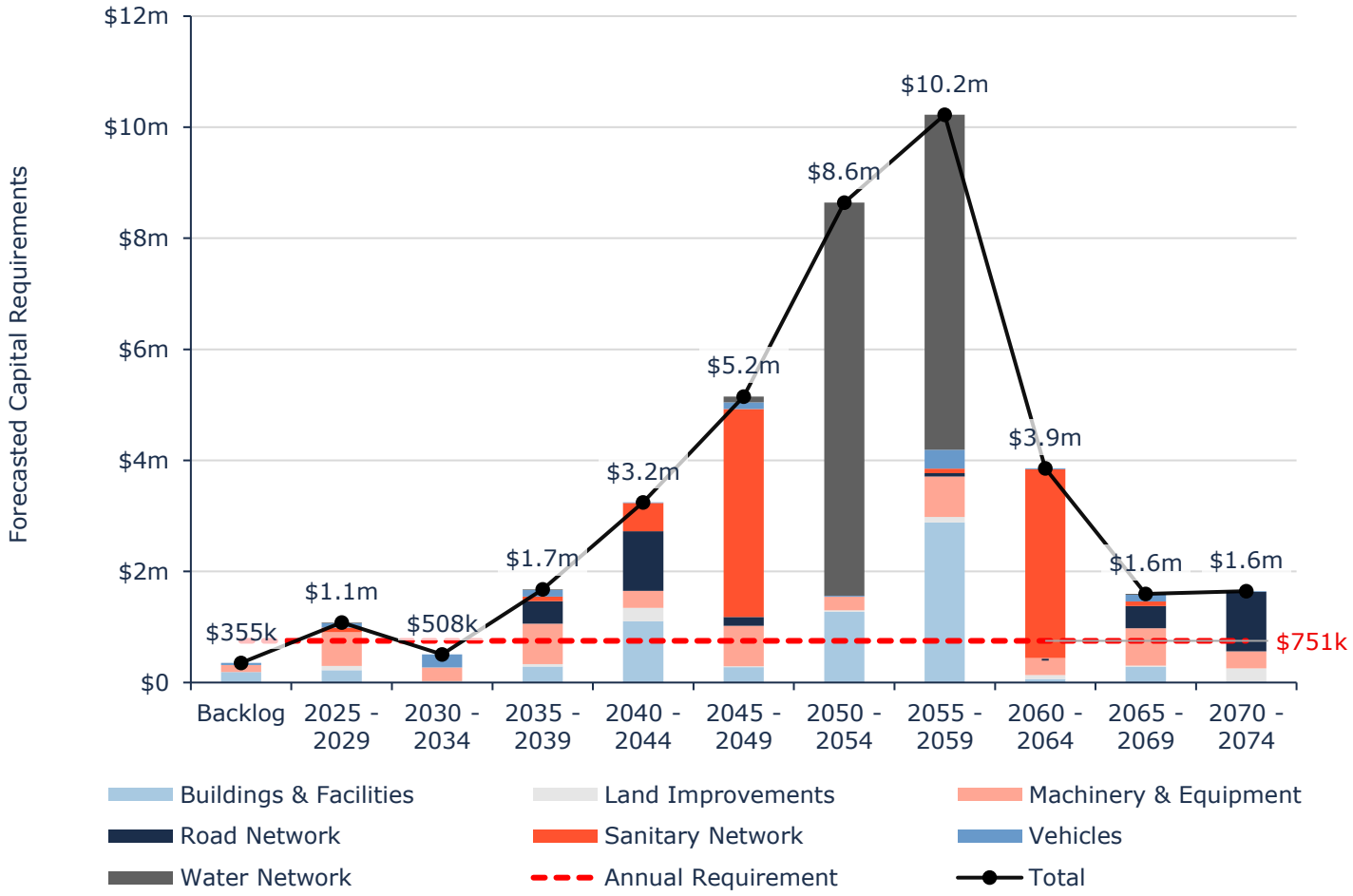


Figure 16 Capital Replacement Needs: Portfolio Overview 2025-2074

Aging assets require maintenance, rehabilitation, and replacement. Figure 16 above illustrates the cyclical short-, medium- and long-term infrastructure replacement requirements for all asset categories analyzed in this AMP over a 50-year time horizon. On average, $751 thousand is required each year to remain current with capital replacement needs for the Town's asset portfolio (red dotted line). Although actual spending may fluctuate substantially from year to year, this figure is a useful benchmark for annual capital expenditure targets (or allocations to reserves) to ensure projects are not deferred and replacement needs are met as they arise. This figure relies on age and available condition data.

The chart also illustrates a backlog of more than $355 thousand, comprising assets that remain in service beyond their estimated useful life. It is unlikely that all such assets are in a state of disrepair, requiring immediate replacements. This makes continued and expanded targeted and consistent condition assessments integral. Risk frameworks, proactive lifecycle strategies, and levels of service targets can then be used to prioritize projects, continuously refine estimates for both backlogs and ongoing capital needs, and help select the right treatment for each asset. In addition, more effective componentization of buildings will improve these projections, including backlog estimates.

4. Proposed Levels of Service

4.1 Overview

4.1.1 O. Reg. 588/17 Proposed Levels of Service Requirements

The third iteration of municipal Asset Management Plans required under O. Reg. 588/17 requires the evaluation of levels of service (LOS) that includes:

- Proposed LOS options (i.e. increase, decrease, or maintain current LOS) and the risks associated with these options.
- How the proposed LOS may differ from current LOS.
- Whether the proposed LOS are achievable; and
- The municipality's ability to afford proposed LOS.

Additionally, a lifecycle management and financial strategy to support the proposed LOS must be identified for a period of 10 years with specific reporting on:

- Identification of lifecycle activities needed to provide the proposed LOS.
- Annual costs over the next 10 years to achieve the proposed LOS; and
- Identification of proposed funding projected to be available.

4.1.2 Considerations

Proposed LOS for the Town have been developed through comprehensive engagement with Town staff, and public engagement through a publicly available satisfaction survey. In order to achieve any target LOS goal, careful consideration of the following should be given to the following:

Financial Impact Assessments

- Assess historical expenditures/budget patterns to gauge feasibility of increasing budgets to achieve increased service levels
- Consider implications of LOS adjustments on other services and other infrastructure programs (i.e. trade-offs)

Infrastructure Condition Assessments

- Regularly assess the condition of critical infrastructure components
- Use standardized condition assessment protocols (where possible) to quantify the state of the infrastructure
- Identify non-critical components where maintenance could potentially be deferred without causing severe degradation
- Use current condition metrics as benchmarks to gauge feasibility of large adjustments to LOS

Service Metrics

- Measure user satisfaction, response times, and other relevant indicators for specific services

Service Impact Assessments

- Evaluate potential impacts on user satisfaction and service delivery due to changes in infrastructure condition

Key Lifecycle Activities

- Implement routine maintenance and inspections to ensure infrastructure reaches its optimal useful life
- Monitor and optimize operational processes for efficiency
- Regularly review and update preventive maintenance schedules
- Prioritize critical infrastructure components for maintenance
- Implement cost-saving measures without compromising safety or compliance
- Develop strategies for managing and communicating service impacts to stakeholders
- Invest in technology and process improvements to enhance maintenance efficiency
- Upgrade critical infrastructure components to improve overall reliability
- Explore opportunities for innovation and efficiency gains

Risk Management

- Identify potential risks to infrastructure and service quality resulting from adjusted service levels
- Develop contingency plans to address unforeseen challenges without compromising service quality
- Monitor performance closely to ensure that the target investment translates to the desired infrastructure condition

Infrastructure Condition Enhancements

- Identify areas for improvement and increased maintenance to enhance overall infrastructure condition

Timelines

- Although O. Reg. 588/17 requires evaluation of expenditures for a 10-year period in pursuit of proposed LOS, it does not require municipalities to achieve the LOS within this 10-year timeframe (ex. a municipality may have a goal to reach X% condition by 2050, the AMP is required to review the first 10 years of the strategy to reach this goal)
- Careful consideration should be given to setting realistic targets for when proposed service levels can be achieved.

Stakeholder Engagement

- It is recommended to ensure adjustments to LOS are not made in isolation and without consultation of various stakeholders. This could include, but is not limited to:
    - Department Heads/Infrastructure Managers
    - Residents
    - Service Users
    - Council
- Efforts should be made to communicate changes to LOS transparently to all affected stakeholders

Flexibility

- Priorities may change over time due to a variety of factors, such as:
  - Financial state of the municipality
  - Availability of grants
  - Significant increases or decreases in population
  - Changes in political priorities
  - Changes in resident priorities
  - New technologies
  - Changes in legislation
- Any proposed changes to LOS should be flexible and able to adapt to changes listed above, and other unforeseen circumstances

4.2 Stakeholder Engagement

In order to determine appropriate levels of service, the Town of Latchford engaged with their staff and residents, to solicit feedback on areas of focus/improvement. These engagement activities took place throughout summer 2025. Summaries of stakeholder engagement results can be found in the following sections.

4.2.1 Public Engagement

The following summary synthesizes feedback from 15 resident questionnaires collected during the Summer of 2025. The input provided highlights community priorities concerning core infrastructure, recreational facilities, and financial expectations, offering qualitative data to guide strategic asset management decisions.

Feedback on current service levels

- Residents consistently identified core services such as roads, waste management, and emergency services as having high importance to their households .
- Opinions regarding the availability of roads and water systems varied significantly with some residents expressing satisfaction while others cited safety concerns regarding road conditions and a lack of sidewalks yet there remains a unified preference to maintain service levels rather than reduce them.
- A strong theme regarding the visual appeal and regulation of the community emerged as residents expressed displeasure with the accumulation of stored vehicles and refuse on private properties because the condition of certain areas detracts from the overall image of the town .
- There were specific calls to strictly apply existing standards to improve the town's character as the current state of certain properties creates a barrier to attracting new residents and businesses .
- Feedback on soft services, such as recreational trails and library access, highlighted specific gaps because some residents pointed out a lack of maintenance and availability in these areas.
- Specific and actionable requests included the addition of amenities such as a portable toilet at the boat launch park while positive sentiments were shared regarding municipal staff as one resident specifically commended the town worker for their dedication and care for the community.

Financial Sentiment

- Opinions on financial strategy and willingness to pay for improvements revealed a divide in resident sentiment.
- While some residents indicated a willingness to pay for enhancements in core services like roads and waste management others expressed strong concerns regarding affordability.
- Some respondents felt that residential taxes are comparably high and suggested that the Town should find operational efficiencies before engaging in new spending .
- One specific suggestion for cost saving involved potential administrative amalgamation or shared services with the Township of Coleman.

4.2.2 Staff Engagement

Engagement with Town staff provided an essential perspective on the current state of municipal assets. The following is a high-level summary of the feedback received, organized by asset category, along with an analysis of the key themes that emerged from the discussion.

Road Network: Staff report high satisfaction with road condition and availability noting that closures are rare. Resources are viewed as sufficient because the operating budget covers regular upkeep while government grants fund capital work. A strategic plan to surface treat gravel laneways in 2025 is expected to reduce future maintenance costs.

Water Network: The system is considered reliable with a highly responsive utility department. While current maintenance like flushing is effective, the overall approach remains reactive without proactive CCTV inspection programs.

Sanitary Network: Wastewater services are functioning well with no recent backups or overflow events. Resources are sufficient to maintain the network though the maintenance strategy is characterized as reactive rather than proactive.

Buildings & Facilities: Municipal buildings are well maintained and reliable with staff highlighting the Recreation Centre and Town Office as key assets. A need to increase the utilization of the Community Centre was identified to better serve social needs.

Land Improvements: Service levels are satisfactory with a responsive approach to repairs. Regular inspections ensure assets remain in good shape though increased funding for parks was noted as a potential need.

Vehicles: The fleet is reliable and well suited to the needs of a small town with low mileage extending the useful life of assets. Safety issues are prioritized, and current resources are sufficient for necessary maintenance.

Machinery & Equipment: Equipment availability is adequate to meet operational demands. The current strategy of maintaining assets well and budgeting for unexpected repairs is viewed as effective and sustainable.

4.3 Proposed Levels of Service Scenarios

The three scenarios outlined in the following section were analyzed as options for proposed service levels for all categories included in this Asset Management Plan.

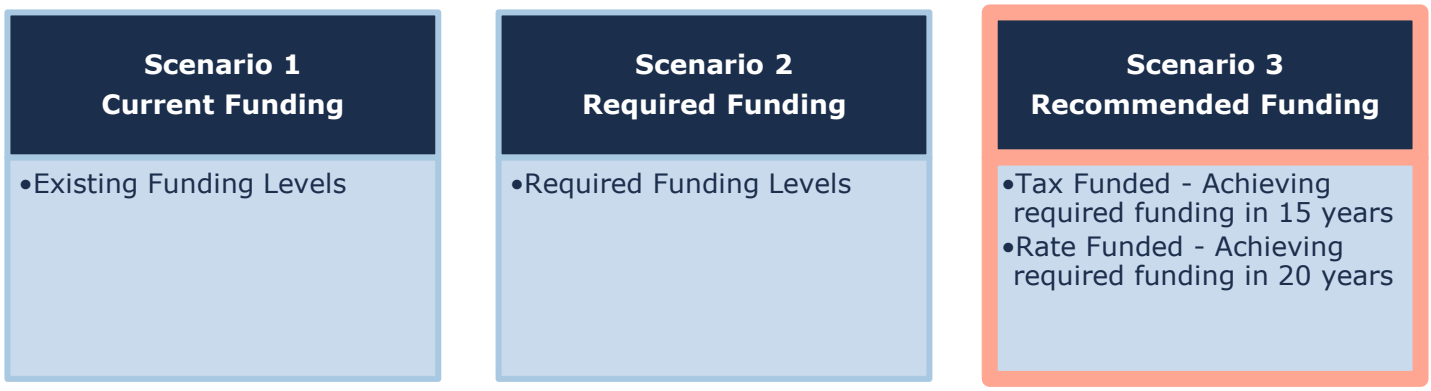


Figure 17: PLOS Scenario Overview

4.3.1 Scenario 1: Maintain Current Funding

This scenario assumes no tax and rate increases and maintains existing spending levels (no funds were redistributed; therefore, some categories are funded more than others).

Lifecycle Changes Required for Scenario 1

This scenario represents the status quo, where the Municipality continues with current lifecycle strategies and funding levels without implementing any changes.

Affordability/Achievability of Scenario 1

While this scenario appears affordable in the short term due to zero tax or rate increases, it is not financially sustainable as it creates a massive infrastructure deficit that will require exponentially higher funding in the future.

This is the easiest scenario to implement immediately as it requires no additional financial contribution from residents.

Changes to Community and Technical Levels of Service for Scenario 1

The Town of Latchford does not anticipate any changes to qualitative community levels of services for any of the asset categories included within this AMP. All asset categories will see adjustments to their technical levels of service over time, particularly relating to capital reinvestment rate and average condition of assets. Refer to each asset category for more details.

Risks Associated with Scenario 1

There is an increased risk of service interruptions in core infrastructure, such as unplanned water main repairs or road defects, which may require emergency response.

As assets age, the Municipality faces a higher likelihood of operational challenges. Managing a network with lower condition ratings requires more frequent inspection and reactive maintenance to mitigate liability and safety risks.

Aging water and wastewater systems will require careful monitoring to ensure they continue to meet provincial environmental standards and performance targets.

4.3.2 Scenario 2: Achieve Optimal Funding (Immediate Term)

This scenario assumes immediate tax and rate increases to meet the average annual requirements.

- Annual Tax Increase ~35.8%
- Annual Water Rate Increase ~128.0%
- Annual Wastewater Rate Increase ~107.5%

Lifecycle Changes Required for Scenario 2

- This scenario allows for the immediate implementation of optimal lifecycle strategies, where interventions occur exactly at the right time to maximize asset life.
- The Municipality could immediately address the accumulated backlog of deferred maintenance, upgrading assets to a high standard within a short timeframe.

Affordability/Achievability of Scenario 2

- The required increases are likely unaffordable for the average household and would place an immense financial strain on residents and local businesses.
- Implementing triple-digit rate increases immediately is rarely politically or socially feasible and would likely face strong opposition from the community.

Changes to Community and Technical Levels of Service for Scenario 2

The Town of Latchford does not anticipate any changes to qualitative community levels of services for any of the asset categories included within this AMP. All asset categories will see adjustments to their technical levels of service over time, particularly relating to capital reinvestment rate and average condition of assets. Refer to each asset category for more details.

Risks Associated with Scenario 2

The substantial immediate tax and rate increases required for this scenario are not financially feasible for the community.

4.3.3 Scenario 3: Achieve Optimal Funding (Recommended Term)

This scenario assumes gradual tax and rate increases, stabilizing at 100% of the average annual requirements in recommended time frame.

- Annual Tax Increase ~1.9% (15 years)
- Annual Water Rate Increase ~3.9% (20 years)
- Annual Wastewater Rate Increase ~3.8% (20 years)

Lifecycle Changes Required for Scenario 3

- This scenario supports a gradual shift from reactive to proactive management, focusing on high-risk assets first while slowly moving toward preventative maintenance as funding stabilizes over the 15-to-20-year timeline.
- Lifecycle events are prioritized based on risk and criticality, ensuring critical assets like water mains and arterial roads are addressed first.

Affordability/Achievability of Scenario 3

- The proposed increases are manageable and align more closely with inflation and cost of living adjustments, smoothing the financial impact on households over two decades.
- This approach strikes a balance between fiscal responsibility and asset needs, making it the most realistic path for Council to adopt and for residents to accept.

Changes to Community and Technical Levels of Service for Scenario 3

The Town of Latchford does not anticipate any changes to qualitative community levels of services for any of the asset categories included within this AMP. All asset categories will see adjustments to their technical levels of service over time, particularly relating to capital reinvestment rate and average condition of assets. Refer to each asset category for more details.

Risks Associated with Scenario 3

- While mitigating the financial impact on residents, taking 15 to 20 years to reach target funding levels means a prolonged period of sub-optimal asset management. Being unable to immediately complete all strategic interventions may result in reduced reliability and the potential for costly unbudgeted repairs to maintain services during the transition.
- Without the immediate implementation of mid-lifecycle interventions, such as asphalt overlays or sewer lining, the Municipality risks missing opportunities to extend asset lifespans at a lower cost. Relying on existing replacement strategies during the funding ramp-up may result in higher total ownership costs compared to a fully optimized preservation model.

Appropriateness of Scenario 3 to Meet Latchford's Needs

- Stakeholder engagement confirmed a desire to maintain service levels within financial constraints. Scenario 3 was selected as the most appropriate option, as recommended tax and rate increases offer a manageable investment that balances affordability with network stabilization.
- This strategy avoids the financial shock of the Optimal Scenario while preventing the service gaps predicted in the Current Funding model. By committing to a gradual increase, the Town reduces reliance on reactive repairs and external grants, creating a stable financial foundation to support long term goals.

Core Assets

5. Road Network

The table below includes the quantity, total replacement cost and annual capital requirements of each asset segment in the Town's road network inventory.

5.1 Inventory & Valuation

Table 7 summarizes the quantity and current replacement cost of the Town's various road network assets as managed in its primary asset management register, Citywide.

Segment	Quantity	Unit of Measure	Replacement Cost	Primary RC Method
Culverts	1	Assets	$56,849	CPI
Gravel Roads	800	Length (m)	$98,315	Cost per Unit
HCB Roads	2,280	Length (m)	$915,789	Cost per Unit
LCB Roads	3,880	Length (m)	$642,910	Cost per Unit
Streetlights	2	Assets	$72,182	CPI
TOTAL			**$1,786,045**	

Table 7 Detailed Asset Inventory: Road Network

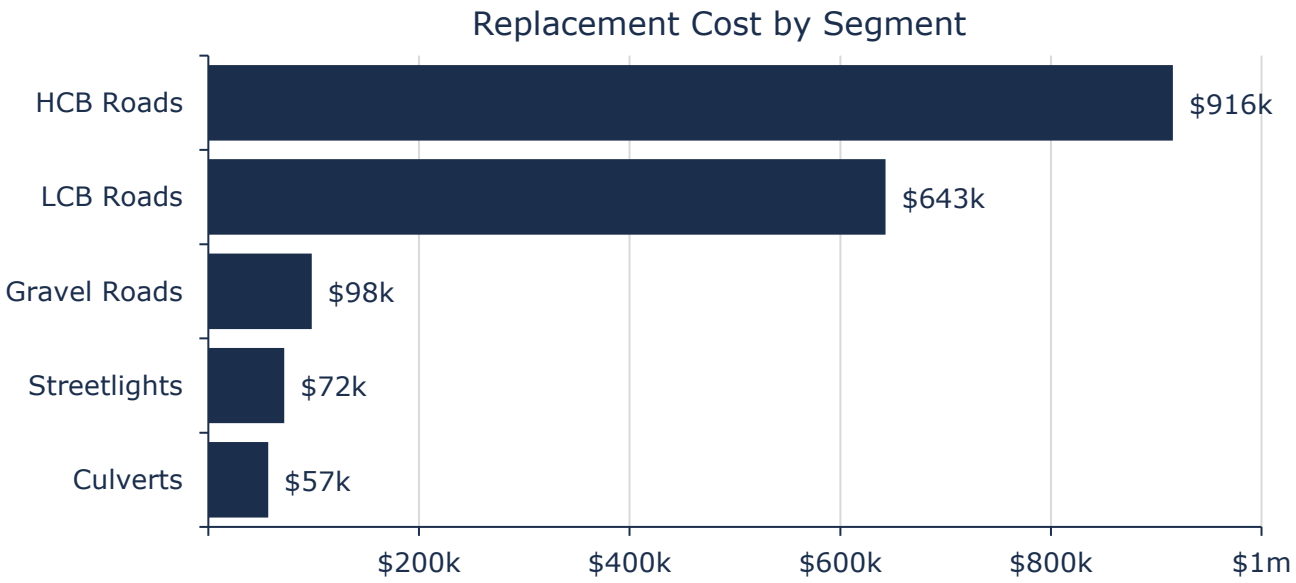


Figure 18 Portfolio Valuation: Road Network

Each asset's replacement cost should be reviewed periodically to determine whether adjustments are needed to more accurate represent realistic capital requirements.

5.2 Asset Condition

Figure 19 summarizes the replacement cost-weighted condition of the Town's road network. Based on assessed data, 76% of assets are in fair or better condition; the remaining 24% of assets are in poor condition. This condition data was projected from inspection date to current year to estimate their condition today.

Assets in poor or worse condition may be candidates for replacement in the short term; similarly, assets in fair condition may require rehabilitation or replacement in the medium term and should be monitored for further degradation in condition. As illustrated in Figure 19, the majority of the Town's road network assets are in fair or better condition.

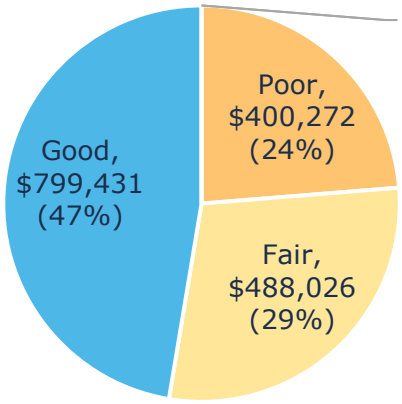


Figure 19 Asset Condition: Road Network Overall

As illustrated in Figure 20, More than 60% of LCB roads with a total replacement cost of $400 thousand are in poor condition.

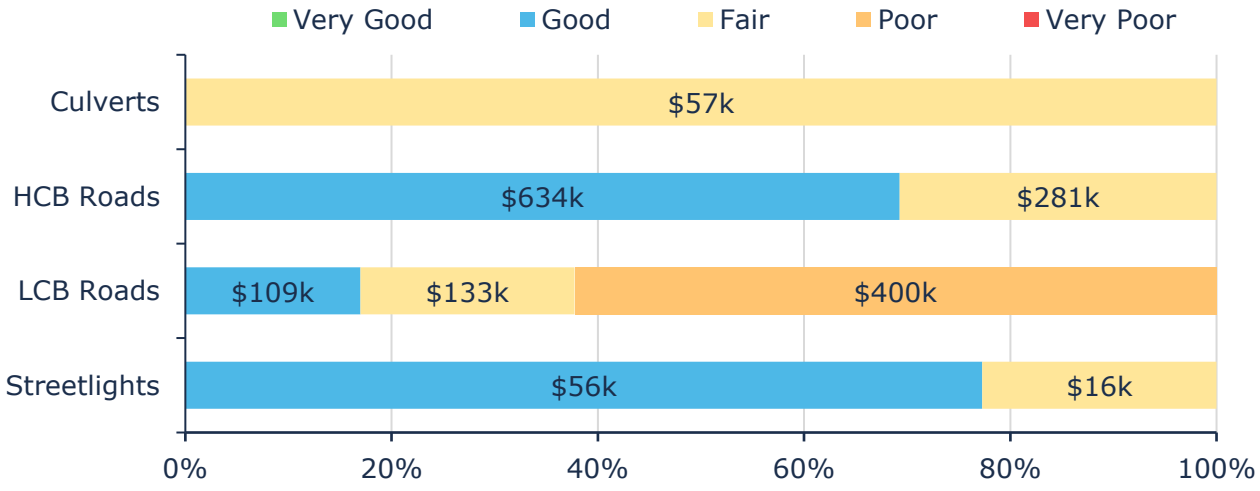


Figure 20 Asset Condition: Road Network by Segment

5.3 Age Profile

An asset's age profile comprises two key values: estimated useful life (EUL), or design life; and the percentage of EUL consumed. The EUL is the serviceable lifespan of an asset during which it can continue to fulfil its intended purpose and provide value to users, safely and efficiently. As assets age, their performance diminishes, often more rapidly as they approach the end of their design life.

In conjunction with condition data, an asset's age profile provides a more complete summary of the state of infrastructure. It can help identify assets that may be candidates for further review through condition assessment programs; inform the selection of optimal lifecycle strategies; and improve planning for potential long-term replacement spikes.

Figure 21 illustrates the average current age of each asset type and its estimated useful life. Both values are weighted by the replacement cost of individual assets.

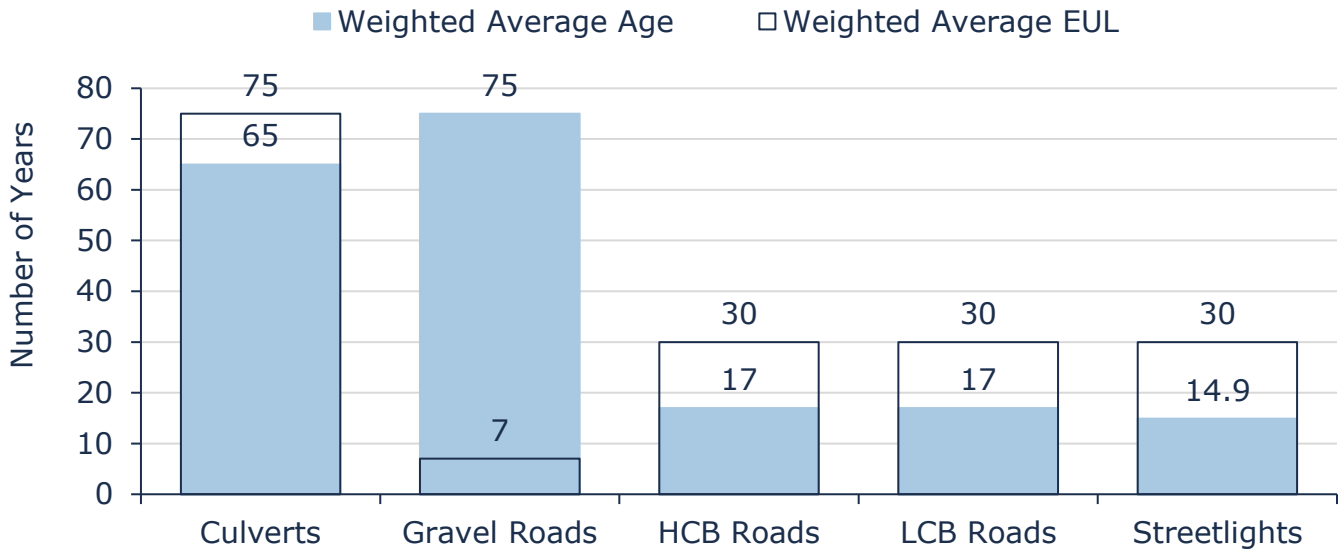


Figure 21 Estimated Useful Life vs. Asset Age: Road Network

Age analysis shows that the majority of culverts have entered the latter stages of their expected useful life, with an average age of 65 years against a design life of 75 years. Paved Roads and streetlights are well within their expected useful lives. Gravel roads continue to remain in service well beyond their expected useful life. Gravel roads can be maintained on a perpetual cycle through the operational maintenance budget with a regular roadway granular replacement program.

Although asset age is an important measurement for long-term planning, condition assessments provide a more accurate indication of actual asset needs. Further, useful life estimates established as part of the PSAB 3150 implementation may not be accurate and may not reflect in-field asset performance.

5.4 Current Approach to Lifecycle Management

The following table outlines the Town's current lifecycle management strategies for the Town's road network.

Figure 22: Lifecycle Management Strategies: Road Network Assets

Activity Type	Description of Current Strategy
Maintenance	Maintenance activities for roads and sidewalks include winter maintenance such as snow removal and salt/sand for ice removal as needed. Most gravel roads are treated with calcium chloride as needed.
Rehabilitation	Rehabilitation activities are conducted as needed and as funding becomes available. These activities are mostly reactive. Gravel roads may be re-graveled with 1 to 3 inches of aggregate; LCB roads may be surface treated;and a shave and pave and/or slurry seal may be executed for HCB roads.
Replacement	Replacement activities are prioritized based on asset condition and health and safety risks.

5.5 Forecasted Long-Term Replacement Needs

Figure 13 illustrates the cyclical short-, medium- and long-term infrastructure rehabilitation and replacement requirements for the Town's road network. This analysis was run until 2059 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Town's primary asset management system and asset register. The Town's average annual requirements (red dotted line) total $57 thousand for all assets in the road network. Although actual spending may fluctuate substantially from year to year, this figure is a useful benchmark value for annual capital expenditure targets (or allocations to reserves) to ensure projects are not deferred and replacement needs are met as they arise.

The chart illustrates substantial low to moderate needs through the forecast period. A peak expenditure of $1.1 million is forecasted from 2040 to 2044 period. These projections are based on asset replacement costs, age analysis, and condition data when available. They are designed to provide a long-term, portfolio-level overview of capital needs and should be used to support improved financial planning over several decades.

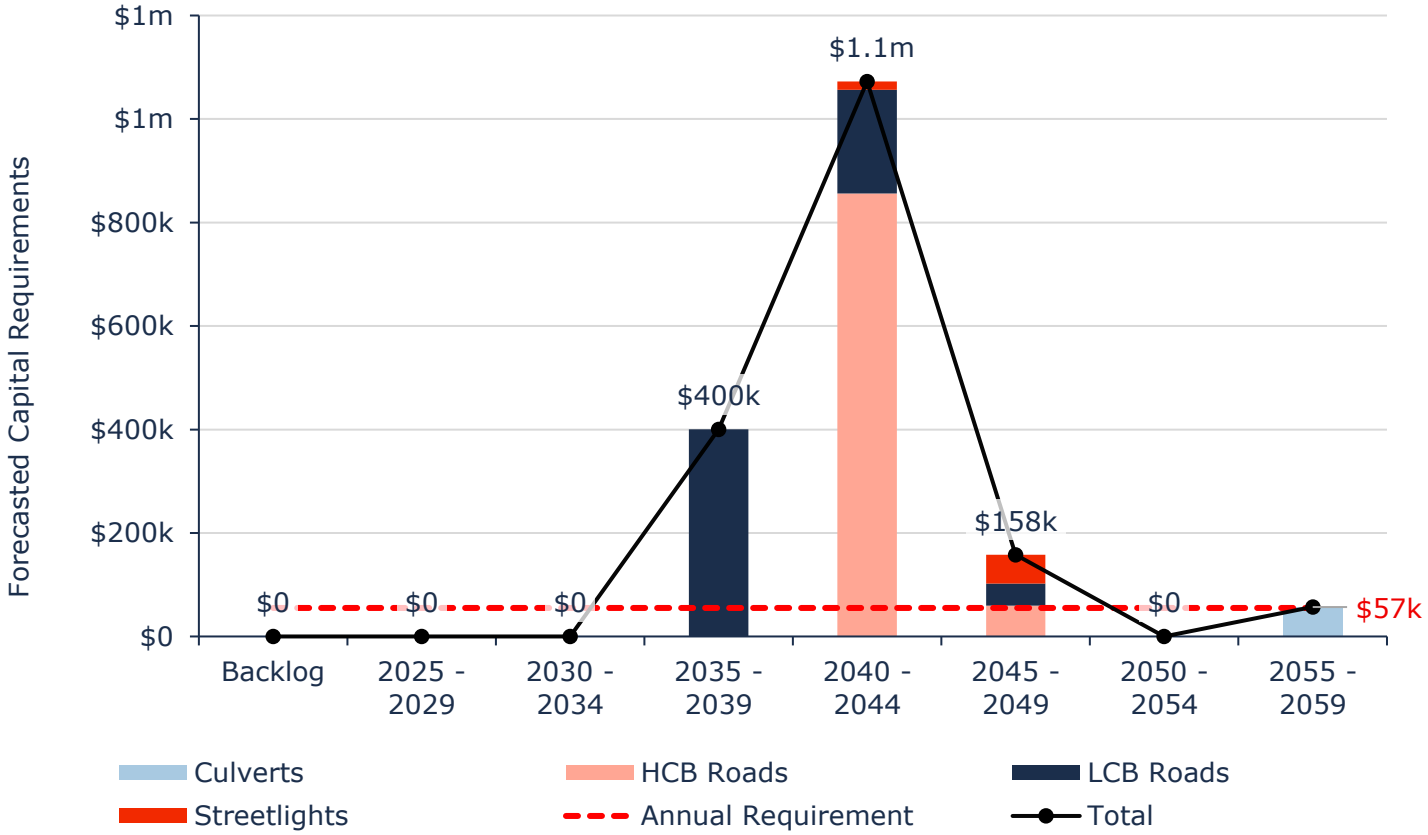


Figure 23 Forecasted Capital Replacement Needs: Road Network 2024-2059

Often, the magnitude of replacement needs is substantially higher than most municipalities can afford to fund. In addition, most assets may not need to be replaced. However, quantifying and monitoring these spikes is essential for long-term financial planning, including establishing dedicated reserves. Regular pavement condition assessments and a robust risk framework will ensure that high-criticality assets receive proper and timely lifecycle intervention, including replacements.

A summary of the 10-year replacement forecast can be found in Appendix A – 10-Year Capital Requirements.

5.6 Risk Analysis

The risk matrix below is generated using available asset data, including condition, material and replacement costs.

The matrix stratifies assets based on their individual probability and consequence of failure, each scored from 1 to 5. Their product generates a risk index ranging from 1-25. Assets with the highest criticality and likelihood of failure receive a risk rating of 25; those with lowest probability of failure and lowest criticality carry a risk rating of 1. As new data and information is gathered, the Town may consider integrating relevant information that improves confidence in the criteria used to assess asset risk and criticality.

These risk models have been built into the Town's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

1 - 4 Very Low $61,951 (3%)	5 - 7 Low $275,242 (15%)	8 - 9 Moderate $292,139 (16%)	10 - 14 High $756,440 (42%)	15 - 25 Very High $400,272 (22%)

Figure 24 Risk Matrix: Road Network

5.7 Levels of Service

The tables that follow summarize the Town's current levels of service with respect to prescribed KPIs under Ontario Regulation 588/17.

5.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2024)
Scope	Description, which may include maps, of the road network in the municipality and its level of connectivity	See Appendix C
Quality	Description or images that illustrate the different levels of road class pavement condition	**Very Poor:** Widespread signs of deterioration. Requires remedial work to bring road up to standard. Service is affected **Poor:** Large portions of road exhibiting deterioration with rutting, potholes, distortions, longitude and lateral cracking. Road is mostly below standard. **Fair:** Some sections of road starting to deteriorate. Requires some remedial work and surface upgrade in near future. **Good:** Road is in overall good condition. Few sections are starting to show signs of minimal deterioration. **Very Good:** Road is well maintained and in excellent condition. Surface was newly or recently upgraded. No signs of deterioration or remedial work required.

Table 8 O. Reg. 588/17 Community Levels of Service: Road Network

5.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2024)
Scope	Lane-km of arterial roads (MMS classes 1 and 2) per land area (km/km^2)	0
	Lane-km of collector roads (MMS classes 3 and 4) per land area (km/km^2)	0
	Lane-km of local roads (MMS classes 5 and 6) per land area (km/km^2)	0.09
Quality	Average pavement condition index for paved roads in the Town	HCB: 62%
		LCB: 47%
	Average surface condition for unpaved roads in the Town (e.g. excellent, good, fair, poor)	Poor
Performance	Capital reinvestment rate	0.79%

Table 9 O. Reg. 588/17 Technical Levels of Service: Road Network

5.7.3 Proposed Levels of Service

As per O. Reg. 588/17, by July 1, 2025, municipalities are required to consider proposed levels of service (PLOS), discuss the associated risks and long-term sustainability of these service levels, and explain the Town's ability to afford the PLOS.

The below tables and graphs explain the proposed levels of service scenarios that were analyzed for the road network. Further PLOS analysis at the portfolio level can be found in Section 4. Proposed Levels of Service Analysis.

Proposed Levels of Service Scenarios

The scenarios for Road Network are analyzed using three funding models: Optimal Budget, Current Funding, and Recommended Funding.

1. The Current Funding scenario is based on the current available funding.
2. The Optimal Budget scenario represents the average annual funding required to maintain or improve the network's condition, allowing for proactive asset management
3. The Recommended Budget scenario is a financial strategy designed to gradually close the funding gap over the next 15 years, which includes a 1.9% yearly tax increase.

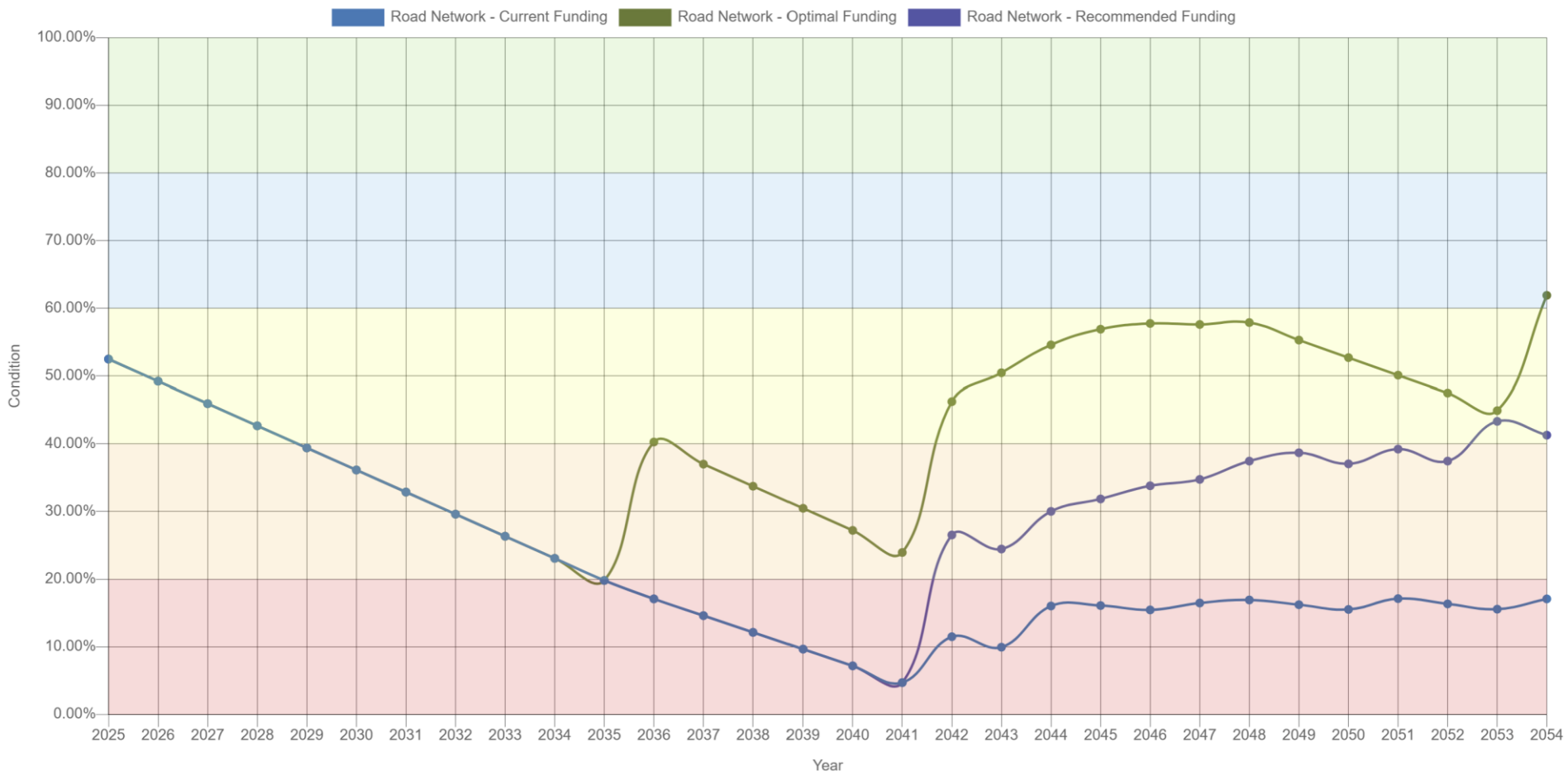


Figure 25: PLOS: Road Network – Current vs Optimal vs Recommended Funding (30-year Forecast)

Figure 25 compares current, optimal & recommended budget scenarios, and provides a forecast of corresponding average condition of road network assets.

- Current Funding scenario shows a steady decline in the average condition of the road network, dropping from above 50% in 2025 to well below 20% by 2035. The condition remains in the 'Very Poor' range for the remainder of the forecast period, indicating a significant funding gap and a substantial accumulation of deferred maintenance that the current budget cannot address.
- In contrast, the Optimal Budget scenario demonstrates a proactive strategy. With this level of investment, the road network's condition recovers significantly after 2040, eventually reaching the 'Good' range (above 60%) by the end of the forecast period. This budget would allow the municipality to proactively manage assets and prevent the long-term deterioration seen in the other scenarios.
- The recommended budget allows for a planned approach to managing the road network's condition. While the condition drops in the short term, this strategy supports a recovery starting in 2041. By 2054, the average condition reaches above 40% (the threshold of the 'Fair' range), significantly higher than the current funding scenario. This gradual increase allows the municipality to improve the road network's condition over time, ultimately reaching a sustainable level.

Recommendations

- Adopt the recommended budget strategy of a 1.9% annual tax increase to secure the capital required to maintain service levels. This approach balances the divided resident sentiment regarding affordability versus willingness to pay, avoiding immediate and drastic hikes while preventing future costs.
- Proceed with the staff identified plan to surface treat gravel laneways starting in 2025. This supports the public desire for operational efficiency by reducing the long-term labor and material costs associated with maintaining loose top roads.
- Investigate resident suggestions for shared services or administrative cooperation with the Township of Coleman. Joint procurement for materials or sharing specialized maintenance equipment could lower unit costs and stretch the budget further.
- Address feedback regarding the Town image by enforcing property standards along road allowances. Improving the character of these areas helps remove barriers to attracting new residents and businesses.
- Direct maintenance efforts toward areas with high pedestrian traffic to mitigate risk, resolving the specific safety concerns and sidewalk gaps identified by the public.

Risk for Not Maintaining Acceptable LOS

- Although staff currently view resources as sufficient, the analysis predicts the network condition will flatline near zero by 2040 without increased funding. Delaying investment creates a massive backlog, forcing future Councils to levy significantly higher taxes to reconstruct failed roads that could have been preserved for less.
- Failing to maintain service levels contradicts the clear public mandate. As the network deteriorates, the current divide between satisfied residents and those citing safety concerns will widen, potentially eroding the positive sentiment currently held towards municipal staff and leadership.
- As roads degrade from Fair to Poor condition, surface defects like potholes and heaving become more frequent. This raises the Municipality exposure to liability claims for vehicle damage or injury, particularly in areas where residents have already flagged safety as a priority.

6. Water Network

The water services provided by the Town are overseen by municipal staff. The department is responsible for the following: water mains, fire hydrants, and water treatment plant.

6.1 Inventory & Valuation

Table 10 summarizes the quantity and current replacement cost of the Town's various water network assets as managed in its primary asset management register, Citywide Assets.

Segment	Quantity	Unit of Measure	Replacement Cost	Primary RC Method
Hydrants	32	Assets	$310,168	Cost per Unit
Water Treatment Plant	3	Assets	$5,208,427	CPI
Watermains	4,960	Length (m)	$7,685,209	Cost per Unit
TOTAL			**$13,203,805**	

Table 10 Detailed Asset Inventory: Water Network

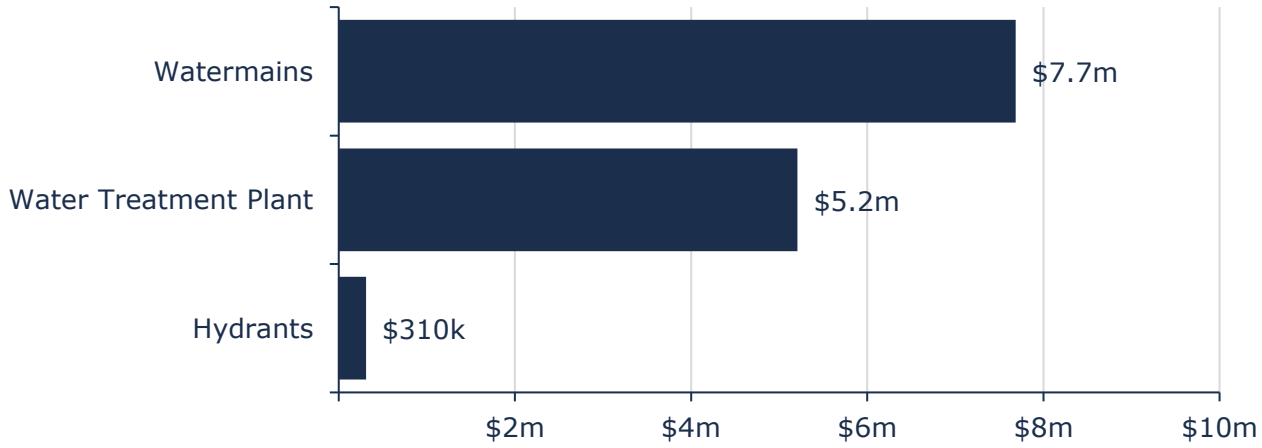


Figure 26 Portfolio Valuation: Water Network

6.2 Asset Condition

Figure 27 summarizes the replacement cost-weighted condition of the Town's water network. Based on a combination of field inspection data all assets are in fair or better condition. Condition data was projected from inspection date to current year to estimate their condition today.

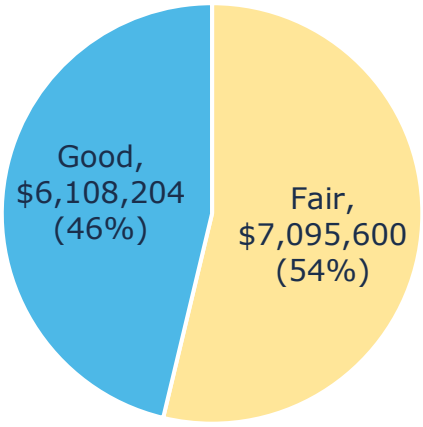


Figure 27 Asset Condition: Water Network Overall

Figure 28 further provides a condition breakdown by asset segments.

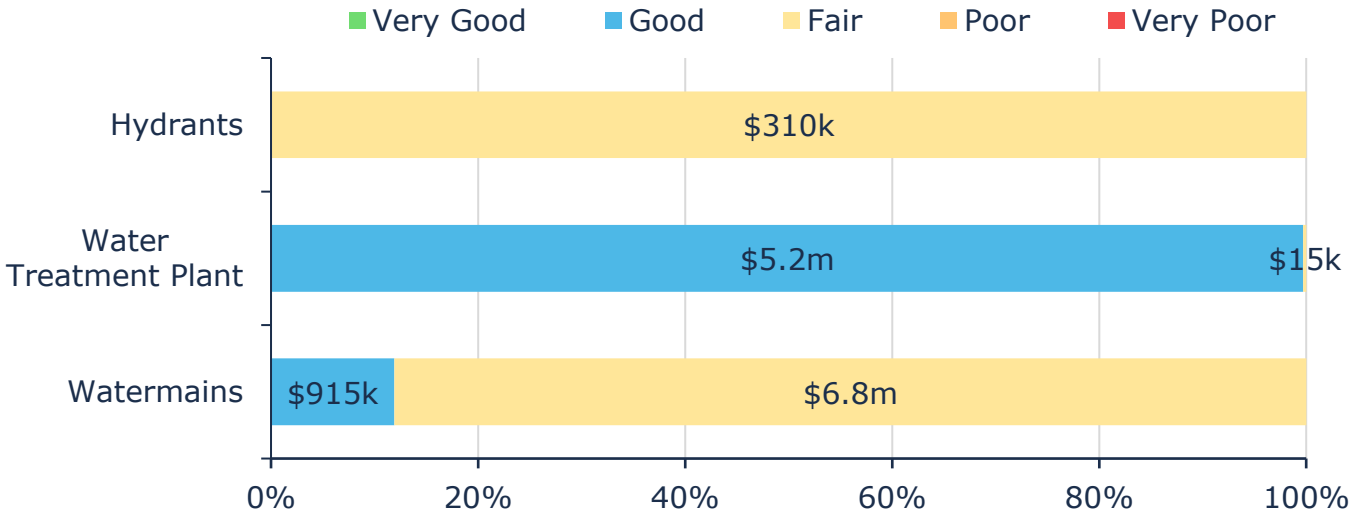


Figure 28 Asset Condition: Water Network by Segment

6.3 Age Profile

An asset's age profile comprises two key values: estimated useful life (EUL), or design life; and the percentage of EUL consumed. The EUL is the serviceable lifespan of an asset during which it can continue to fulfil its intended purpose and provide value to users, safely and efficiently. As assets age, their performance diminishes, often more rapidly as they approach the end of their design life.

In conjunction with condition data, an asset's age profile provides a more complete summary of the state of infrastructure. It can help identify assets that may be candidates for further review through condition assessment programs; inform the selection of optimal lifecycle strategies; and improve planning for potential long-term replacement spikes.

Figure 29 illustrates the average current age of each asset type and its estimated useful life. Both values are weighted by the replacement cost of individual assets.

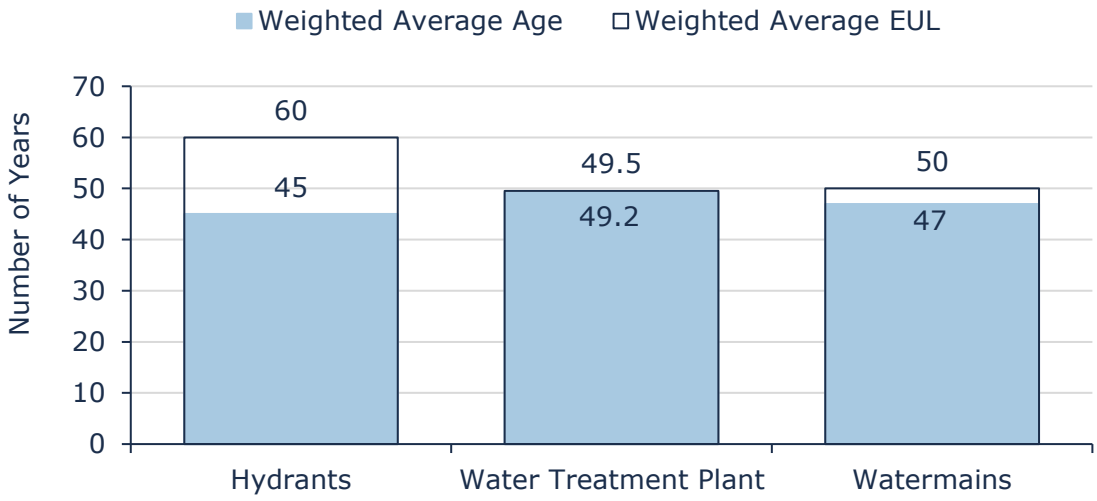


Figure 29 Estimated Useful Life vs. Asset Age: Water Network

6.4 Current Approach to Lifecycle Management

The condition or performance of most assets will deteriorate over time. To ensure that municipal assets are performing as expected and meeting the needs of customers, it is important to establish a lifecycle management strategy to proactively manage asset deterioration.

The following table outlines the Town's current lifecycle management strategy.

Activity Type	Description of Current Strategy
Maintenance	Main flushing is completed twice per year using in-house resources. The valve exercising program include an annually in the Spring.
	Leak detection and CCTV inspections are reactive.
Rehabilitation	Trenchless re-lining of water mains presents significant challenges and is not always a viable option.
Replacement	In the absence of mid-lifecycle rehabilitative events, most mains are simply maintained with the goal of full replacement once it reaches its end-of-life.
	Replacement activities are identified based on an analysis of main age and material, the main break rate, as well as any issues identified during regular maintenance activities.

Table 11 Lifecycle Management Strategy: Water Network

6.5 Forecasted Long-Term Replacement Needs

Figure 30 illustrates the cyclical short-, medium- and long-term infrastructure rehabilitation and replacement requirements for the Town's water network. This analysis was run until 2059 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Town's primary asset management system and asset register. The Town's average annual requirements (red dotted line) total $256,000 for all assets in the water network. Although actual spending may fluctuate substantially from year to year, this figure is a useful benchmark value for annual capital expenditure targets (or allocations to reserves) to ensure projects are not deferred and replacement needs are met as they arise.

The chart illustrates very low capital needs for the next 25 years. Notable expenditure is expected at $7.1 million between 2050-2054, and at $6.0 million between 2055-2059. These projections are based on asset replacement costs, age analysis, and condition data when available. They are designed to provide a long-term, portfolio-level overview of capital needs and should be used to support improved financial planning over several decades.

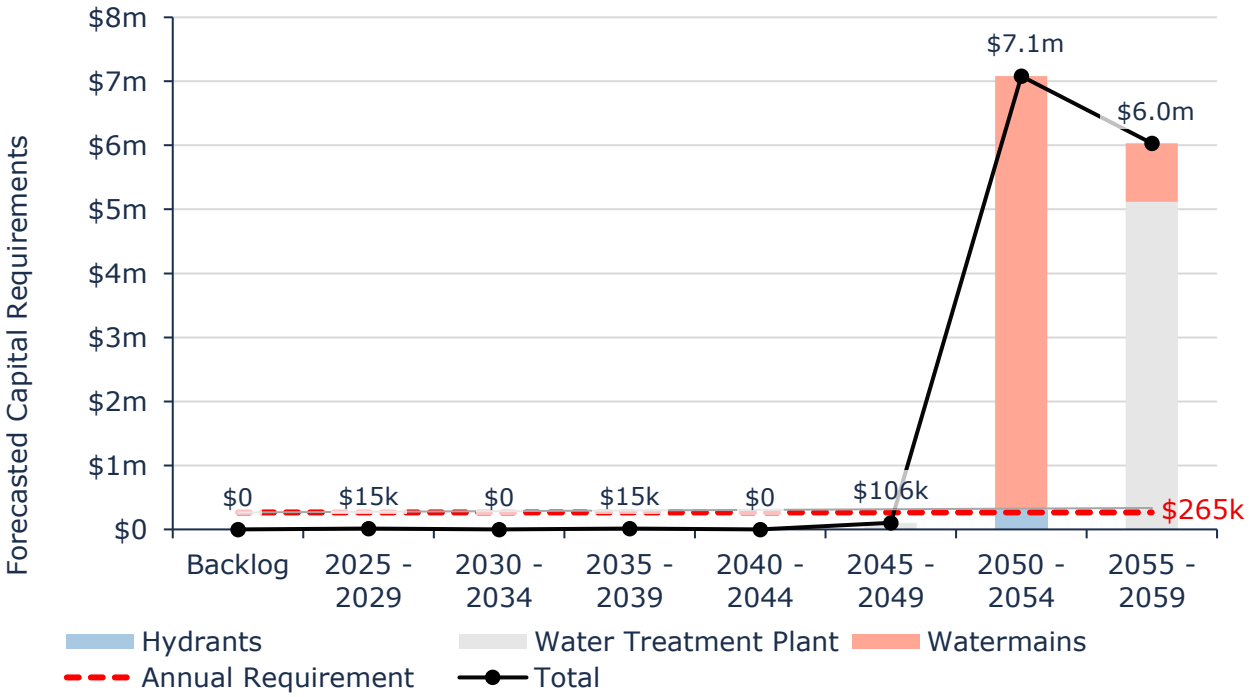


Figure 30 Forecasted Capital Replacement Needs: Water Network 2024-2059

Often, the magnitude of replacement needs is substantially higher than most municipalities can afford to fund. In addition, most assets may not need to be replaced. However, quantifying and monitoring these spikes is essential for long-term financial planning, including establishing dedicated reserves. Regular condition assessments and a robust risk framework will ensure that high-critical assets receive proper and timely lifecycle intervention, including replacements.

A summary of the 10-year replacement forecast can be found in Appendix A – 10-Year Capital Requirements.

6.6 Risk Analysis

The risk matrix below is generated using available asset data, including condition, replacement costs, and pipe size. The risk ratings for assets without useful attribute data were calculated using only condition, service life remaining, and their replacement costs.

The matrix stratifies assets based on their individual probability and consequence of failure, each scored from 1 to 5. Their product generates a risk index ranging from 1-25. Assets with the highest criticality and likelihood of failure receive a risk rating of 25; those with lowest probability of failure and lowest criticality carry a risk rating of 1. As new data and information is gathered, the Town may consider integrating relevant information that improves confidence in the criteria used to assess asset risk and criticality.

These risk models have been built into the Town's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

1 - 4 Very Low	5 - 7 Low	8 - 9 Moderate	10 - 14 High	15 - 25 Very High
$232,461 (2%)	$4,449,008 (34%)	$3,109,646 (24%)	$5,412,690 (41%)	- (0%)

Figure 31 Risk Matrix: Water Network

6.7 Levels of Service

The tables that follow summarize the Town's current levels of service with respect to prescribed KPIs under Ontario Regulation 588/17 as well as any additional performance measures that the Town has selected for this AMP.

6.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2024)
Scope	Description, which may include maps, of the user groups or areas of the municipality that are connected to the municipal water system	Refer to Appendix B
	Description, which may include maps, of the user groups or areas of the municipality that have fire flow	Refer to Appendix B
Reliability	Description of boil water advisories and service interruptions	The Town has not experienced any service interruptions in 2024. The Town follows Ontario's Drinking Water Quality Management Standard (DWQMS). When a boil water advisories or service interruption occurs, the Town delivers a notice to affected households.

Table 12 O. Reg. 588/17 Community Levels of Service: Water Network

6.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2024)
Scope	% of properties connected to the municipal water system	67%
	% of properties where fire flow is available	67%
Reliability	# of connection-days per year where a boil water advisory notice is in place compared to the total number of properties connected to the municipal water system	0
	# of connection-days per year where water is not available due to water main breaks compared to the total number of properties connected to the municipal water system	0
Performance	Capital reinvestment rate	0.31%

Table 13 O. Reg. 588/17 Technical Levels of Service: Water Network

6.7.3 Proposed Levels of Service

As per O. Reg. 588/17, by July 1, 2025, municipalities are required to consider proposed levels of service (PLOS), discuss the associated risks and long-term sustainability of these service levels, and explain the Town's ability to afford the PLOS.

The below tables and graphs explain the proposed levels of service scenarios that were analyzed for the road network. Further PLOS analysis at the portfolio level can be found in Section 4. Proposed Levels of Service Analysis.

Proposed Levels of Service Scenarios

The scenarios for Water Network are analyzed using three funding models: Optimal Budget, Current Funding, and Recommended Funding.

1. The Current Funding scenario is based on the current available funding.
2. The Optimal Budget scenario represents the average annual funding required to maintain or improve the network's condition, allowing for proactive asset management
3. The Recommended Budget scenario is a financial strategy designed to gradually close the funding gap over the next 20 years, which includes a 3.9% yearly rate increase.

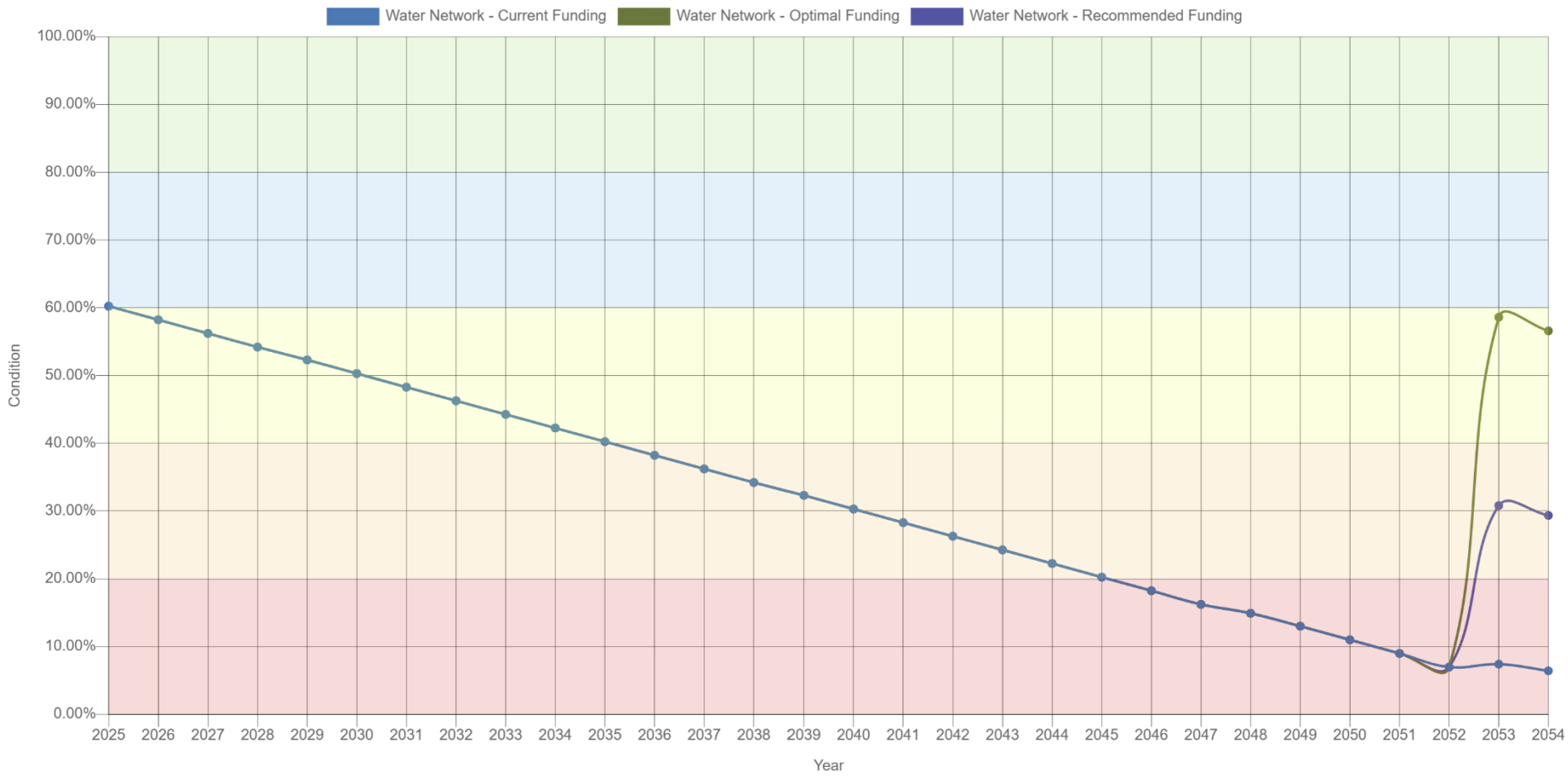


Figure 32: PLOS: Water Network – Current vs Optimal vs Recommended Funding (30-year Forecast)

Figure 32 compares current, optimal & recommended budget scenarios, and provides a forecast of corresponding average condition of Water Network assets.

- Current Funding scenario shows a consistent, linear decline in the average condition. Starting near the border of the 'Good' and 'Fair' ranges (~60%) in 2025, the condition drops into the 'Poor' range (below 40%) by approximately 2035. It continues to deteriorate, entering the 'Very Poor' range (below 20%) by 2045, indicating a significant accumulation of deferred maintenance that the current budget cannot address.
- In contrast, the Optimal Budget scenario follows the same trajectory as the current funding for the majority of the forecast period, likely reflecting the long lifecycles of water assets. However, a significant divergence occurs after 2051, where major rehabilitation or replacement projects are triggered. This investment drives a sharp recovery, restoring the network condition to near the 60% mark by the end of the term.
- The recommended budget scenario, which incorporates a 3.9% yearly rate increase to close the funding gap over 20 years, also tracks the baseline decline until the final years of the forecast. Similar to the optimal scenario, a recovery begins after 2051. By the end of the period, the average condition rebounds to above 30% (Poor). While lower than the optimal target within this timeframe, over a longer period, as replacement needs are fulfilled due to sustainable funding, the network condition is expected to improve further.

Recommendations

- Implement the recommended 3.9% annual rate increase to close the funding gap over the next 20 years. This steady approach ensures that sufficient reserves are accumulated to cover the major rehabilitation projects projected for the future, protecting future ratepayers from sharp rate hikes.
- Shift the maintenance strategy from reactive to proactive by introducing a regular inspection program such as CCTV. Staff indicated that current efforts lack this data, so gathering real condition information will help identify weak points early and extend the life of the network.
- Continue the current flushing schedule which staff have identified as effective. This ensures water quality remains high and meets the expectations of residents who rank core services as a top priority for their households.
- Leverage government grants specifically for water infrastructure to offset the costs of the required upgrades. This helps manage the rate increases while ensuring the network keeps pace with community needs.

Risk for Not Maintaining Acceptable LOS

- A continued decline in the network condition without the recommended rate increase will lead to a significant accumulation of deferred maintenance. This places a higher financial burden on the municipality in the long term as emergency repairs are typically more costly than planned work.
- The current lack of proactive inspection data creates an operational risk where issues are only addressed after they occur. This increases the likelihood of unexpected service disruptions that could impact households and businesses.
- Although the utility department is currently viewed as responsive, a deteriorating network will eventually strain their capacity to react. This poses a risk to service reliability given the critical nature of clean water access.

7. Sanitary Sewer Network

The Sanitary Network provided by the Town are overseen by municipal staff. The department is responsible for sanitary mains, lift stations, and sanitary treatment plant.

7.1 Inventory & Valuation

Table 14 summarizes the quantity and current replacement cost of the Town's various sanitary sewer network assets as managed in its primary asset management register, Citywide Assets.

Segment	Quantity	Unit of Measure	Replacement Cost	Primary RC Method
Lift Stations	1	Quantity	$83,132	CPI
Sanitary Mains	3,850	Length (m)	$4,171,052	Cost per Unit
Sanitary Treatment Plant	1	Quantity	$3,401,681	CPI
TOTAL			**$7,655,865**	

Table 14 Detailed Asset Inventory: Sanitary Sewer Network

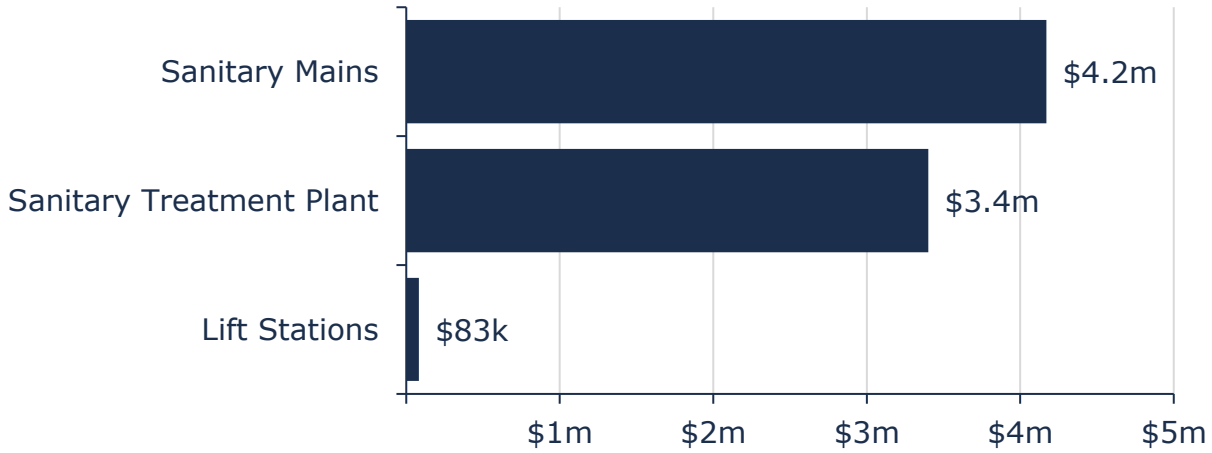


Figure 33 Portfolio Valuation: Sanitary Sewer Network

7.2 Asset Condition

Figure 34 summarizes the replacement cost-weighted condition of the Town's sanitary sewer network. Based on a combination of field inspection data and age, 93% of assets are in fair or better condition; the remaining 7% of assets are in poor to very poor condition. Condition data was projected from inspection date to current year to estimate their condition today.

Assets in poor or worse condition may be candidates for replacement in the short term; similarly, assets in fair condition may require rehabilitation or replacement in the medium term and should be monitored for further degradation in condition. As illustrated in Figure 34 the majority of the Town's sanitary sewer network assets are in fair or better condition.

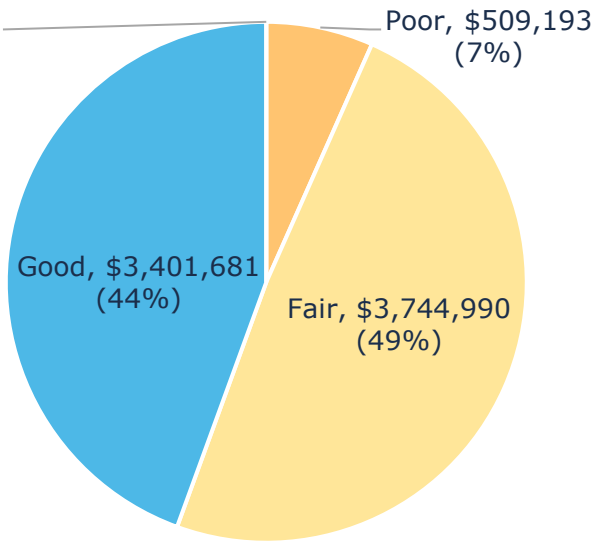


Figure 34 Asset Condition: Sanitary Sewer Network Overall

As illustrated in Figure 35, based on condition assessments, approximately 10% of the Town's sanitary sewer mains are in poor condition.

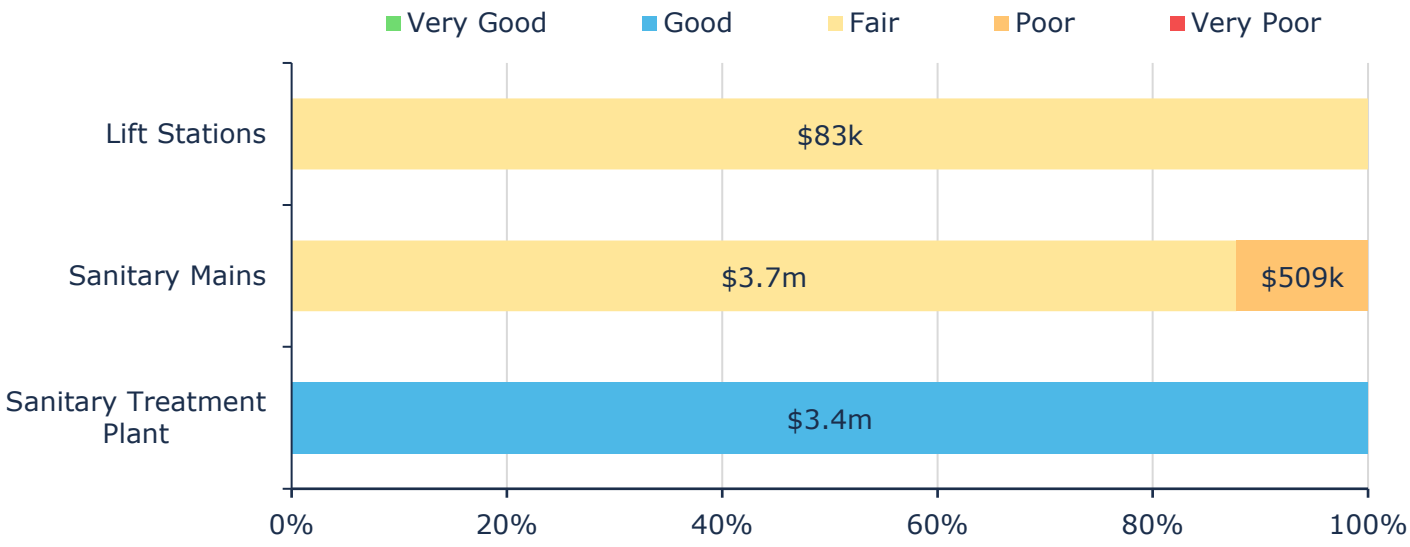


Figure 35 Asset Condition: Sanitary Sewer Network by Segment

7.3 Age Profile

An asset's age profile comprises two key values: estimated useful life (EUL), or design life; and the percentage of EUL consumed. The EUL is the serviceable lifespan of an asset during which it can continue to fulfil its intended purpose and provide value to users, safely and efficiently. As assets age, their performance diminishes, often more rapidly as they approach the end of their design life.

In conjunction with condition data, an asset's age profile provides a more complete summary of the state of infrastructure. It can help identify assets that may be candidates for further review through condition assessment programs; inform the selection of optimal lifecycle strategies; and improve planning for potential long-term replacement spikes.

Figure 36 illustrates the average current age of each asset type and its estimated useful life. Both values are weighted by the replacement cost of individual assets.

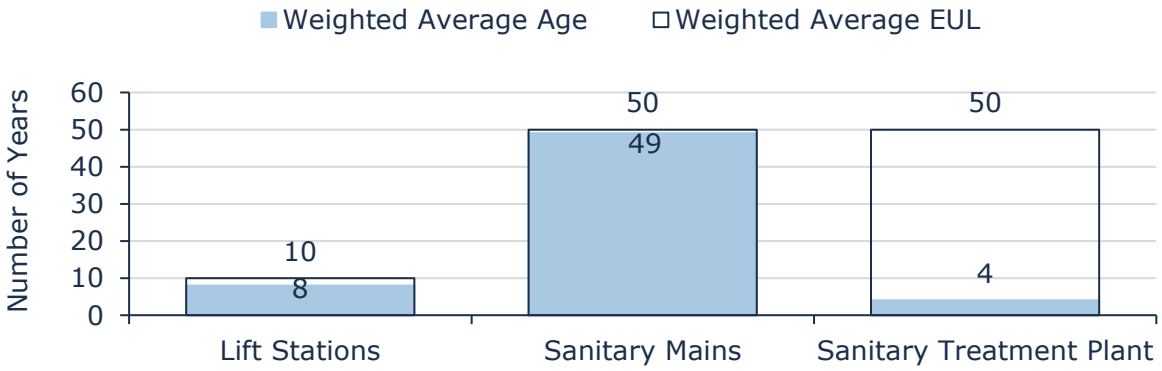


Figure 36 Estimated Useful Life vs. Asset Age: Sanitary Sewer Network

7.4 Current Approach to Lifecycle Management

The condition or performance of most assets will deteriorate over time. To ensure that municipal assets are performing as expected and meeting the needs of customers, it is important to establish a lifecycle management strategy to proactively manage asset deterioration. The following table outlines the Town's current lifecycle management strategy.

Activity Type	Description of Current Strategy
Maintenance	CCTV inspections are reactive.
Rehabilitation	Trenchless re-lining of sanitary mains presents significant challenges and is not always a viable option.
Replacement	In the absence of mid-lifecycle rehabilitative events, most mains are simply maintained with the goal of full replacement once it reaches its end-of-life.
	Replacement activities are identified based on an analysis of the main break rate as well as any issues identified during regular maintenance activities.

Table 15 Lifecycle Management Strategy: Sanitary Sewer Network

7.5 Forecasted Long-Term Replacement Needs

Figure 37 illustrates the cyclical short-, medium- and long-term infrastructure rehabilitation and replacement requirements for the Town's sanitary sewer network. This analysis was run until 2064 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Town's primary asset management system and asset register. The Town's average annual requirements (red dotted line) total $160,000 for all assets in the sanitary sewer network. Although actual spending may fluctuate substantially from year to year, this figure is a useful benchmark value for annual capital expenditure targets (or allocations to reserves) to ensure projects are not deferred and replacement needs are met as they arise.

The chart illustrates low to moderate capital needs throughout the forecast period. Notable expenditure is expected at $3.7 million between 2045-2049, and $3.4 million between 2060-2064 periods. These projections are based on asset replacement costs, age analysis, and condition data when available. They are designed to provide a long-term, portfolio-level overview of capital needs and should be used to support improved financial planning over several decades.

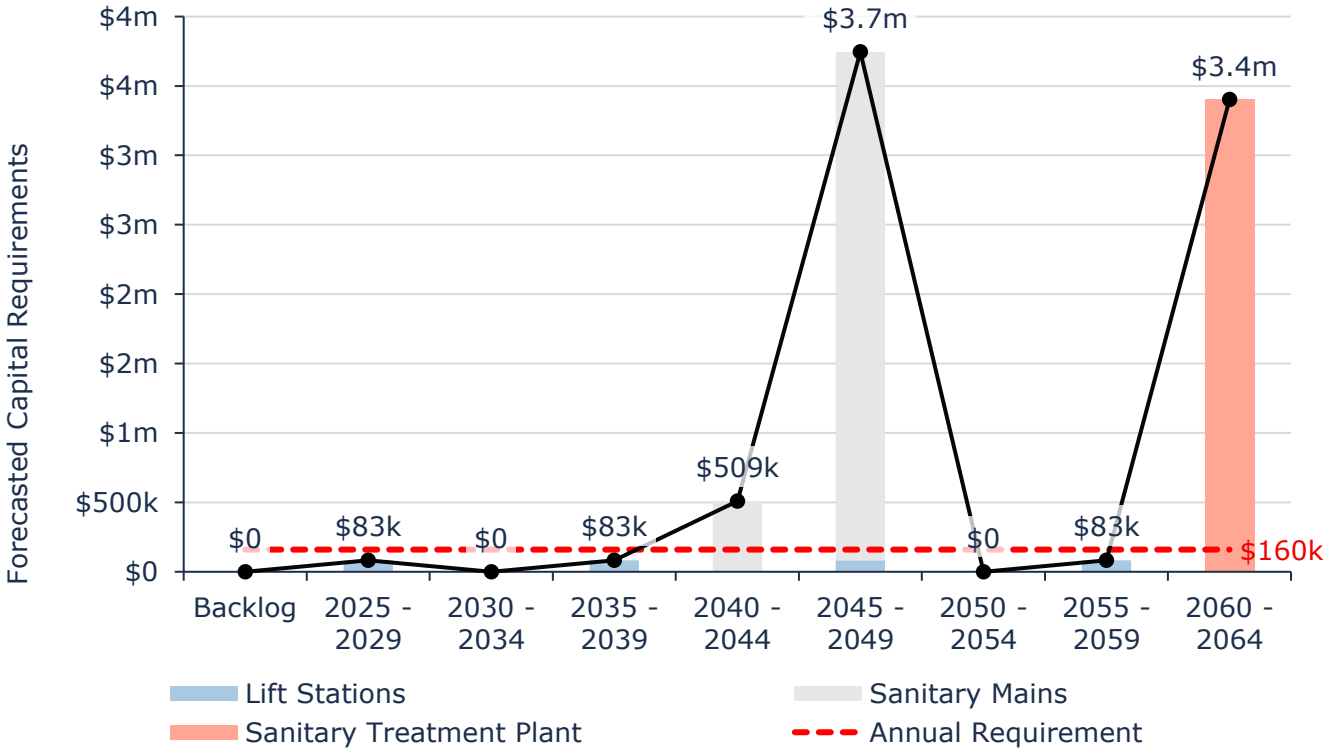


Figure 37 Forecasted Capital Replacement Needs: Sanitary Sewer Network 2024-2064

Often, the magnitude of replacement needs is substantially higher than most municipalities can afford to fund. In addition, most assets may not need to be replaced. However, quantifying and monitoring these spikes is essential for long-term financial planning, including establishing dedicated reserves. Regular condition assessments and a robust risk framework will ensure that high-criticality assets receive proper and timely lifecycle intervention, including replacements.

A summary of the 10-year replacement forecast can be found in Appendix A – 10-Year Capital Requirements.

7.6 Risk Analysis

The risk matrix below is generated using available asset data, including condition, replacement costs, and pipe size. The risk ratings for assets without useful attribute data were calculated using only condition, service life remaining, and their replacement costs.

The matrix stratifies assets based on their individual probability and consequence of failure, each scored from 1 to 5. Their product generates a risk index ranging from 1-25. Assets with the highest criticality and likelihood of failure receive a risk rating of 25; those with lowest probability of failure and lowest criticality carry a risk rating of 1. As new data and information is gathered, the Town may consider integrating relevant information that improves confidence in the criteria used to assess asset risk and criticality.

These risk models have been built into the Town's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

1 - 4 **Very Low** - (0%)	5 - 7 **Low** - (0%)	8 - 9 **Moderate** $3,744,990 (49%)	10 - 14 **High** $3,401,681 (44%)	15 - 25 **Very High** $509,193 (7%)

Figure 38 Risk Matrix: Sanitary Sewer Network

7.7 Levels of Service

The tables that follow summarize the Town's current levels of service with respect to prescribed KPIs under Ontario Regulation 588/17 as well as any additional performance measures that the Town has selected for this AMP.

7.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2024)
Scope	Description, which may include maps, of the user groups or areas of the municipality that are connected to the municipal wastewater system	Refer to Appendix B
Reliability	Description of how combined sewers in the municipal wastewater system are designed with overflow structures in place which allow overflow during storm events to prevent backups into homes	Town doesn't own any combined sewers.
	Description of the frequency and volume of overflows in combined sewers in the municipal wastewater system that occur in habitable areas or beaches	Town doesn't own any combined sewers.
	Description of how stormwater can get into sanitary sewers in the municipal wastewater system, causing sewage to	Stormwater can enter into sanitary sewers due to cracks in sanitary mains or through indirect connections (e.g. weeping tiles). In the case of heavy rainfall events, sanitary

Service Attribute	Qualitative Description	Current LOS (2024)
	overflow into streets or backup into homes	sewers may experience a volume of water and sewage that exceeds its designed capacity. In some cases, this can cause water and/or sewage to overflow backup into homes. The disconnection of weeping tiles from sanitary mains and the use of sump pumps and pits directing storm water to the storm drain system can help to reduce the chance of this occurring.
	Description of how sanitary sewers in the municipal wastewater system are designed to be resilient to stormwater infiltration	The Town follows a series of design standards that integrate servicing requirements and land use considerations when constructing or replacing sanitary sewers. These standards have been determined with consideration of the minimization of sewage overflows and backups.
	Description of the effluent that is discharged from sewage treatment plants in the municipal wastewater system	Effluent refers to water pollution that is discharged from a wastewater treatment plant, and may include suspended solids, total phosphorous and biological oxygen demand. The Environmental Compliance Approval (ECA) identifies the effluent criteria for municipal wastewater treatment plants.

Table 16 O. Reg. 588/17 Community Levels of Service: Sanitary Sewer Network

7.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2024)
Scope	% of properties connected to the municipal wastewater system	63%
Reliability	# of events per year where combined sewer flow in the municipal wastewater system exceeds system capacity compared to the total number of properties connected to the municipal wastewater system	0
	# of connection-days per year having wastewater backups compared to the total number of properties connected to the municipal wastewater system	0
	# of effluent violations per year due to wastewater discharge compared to the total number of properties connected to the municipal wastewater system	0.014
Performance	Capital reinvestment rate	0.89%

Table 17 O. Reg. 588/17 Technical Levels of Service: Sanitary Sewer Network

7.7.3 Proposed Levels of Service

As per O. Reg. 588/17, by July 1, 2025, municipalities are required to consider proposed levels of service (PLOS), discuss the associated risks and long-term sustainability of these service levels, and explain the Town's ability to afford the PLOS.

The below tables and graphs explain the proposed levels of service scenarios that were analyzed for the road network. Further PLOS analysis at the portfolio level can be found in Section 4. Proposed Levels of Service Analysis.

Proposed Levels of Service Scenarios

The scenarios for Sanitary Sewer Network are analyzed using three funding models: Optimal Budget, Current Funding, and Recommended Funding.

1. The Current Funding scenario is based on the current available funding.
2. The Optimal Budget scenario represents the average annual funding required to maintain or improve the network's condition, allowing for proactive asset management
3. The Recommended Budget scenario is a financial strategy designed to gradually close the funding gap over the next 20 years, which includes a 3.8% yearly tax increase.

Figure 39 compares current, optimal & recommended budget scenarios, and provides a forecast of corresponding average condition of Sanitary Sewer Network assets.

- Current Funding scenario shows a consistent downward trend in the average condition. Starting above 50% (Fair) in 2025, the condition drops into the 'Poor' range (below 40%) by the early 2030s. It continues to deteriorate, entering the 'Very Poor' range (below 20%) by the early 2040s and ending the forecast near 10%, indicating a significant accumulation of deferred maintenance that the current budget cannot address.
- In contrast, the Optimal Budget scenario follows the same decline trajectory for the majority of the forecast period, reflecting the long lifecycles of sewer assets. However, a major divergence occurs in 2051, where significant rehabilitation or replacement projects are triggered. This investment drives a sharp recovery, restoring the network condition to approximately 60% (border of 'Good'/'Fair') by the end of the term.
- The Recommended Budget scenario, which incorporates a 3.8% yearly rate increase to close the funding gap over 20 years, closely tracks the current funding trajectory within this specific forecast window. This indicates that while funding is increasing, the accumulation of reserves required for major interventions is still in progress. While the sharp recovery seen in the optimal scenario is not yet visible within this 30-year timeframe, the financial strategy is sound. Over a longer period, as replacement needs are fulfilled due to sustainable funding, the network condition is expected to improve.

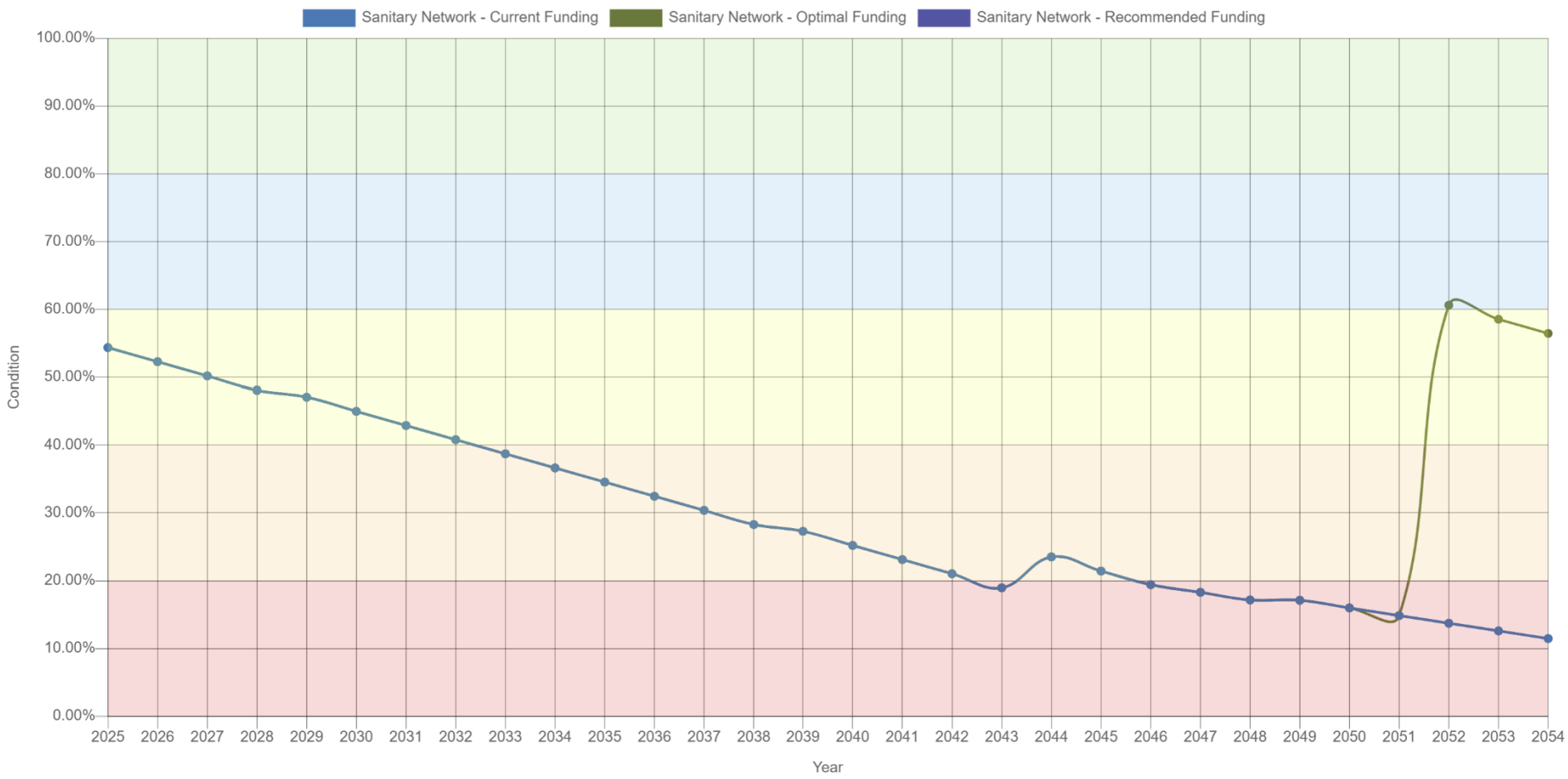


Figure 39: PLOS: Sanitary Sewer Network – Current vs Optimal vs Recommended Funding (30-year Forecast)

Recommendations

- Adopt the recommended financial strategy which includes a 3.8% annual rate increase to close the funding gap over the next 20 years. This steady funding stream is essential to build the reserves needed for major rehabilitation projects projected for the 2050s.
- Transition from the current reactive maintenance approach to a proactive strategy. Although staff report that the system is functioning well with no recent backups, implementing regular condition assessments such as CCTV inspections will identify potential issues before they cause service disruptions.
- Maintain the current high level of service by continuing to prioritize the response to safety issues. Staff indicated that resources are currently sufficient for necessary maintenance, and this standard should be upheld to protect public health and the environment.
- Leverage government grants specifically for wastewater infrastructure to support the required capital investments. This helps manage the rate increases while ensuring the network remains reliable for current and future residents.

Risk for Not Maintaining Acceptable LOS

- Maintaining wastewater rates at current levels will result in a funding gap and a growing backlog of deferred maintenance. This increases the long-term financial burden on the Municipality as emergency repairs on aging assets are typically more expensive than planned rehabilitation.
- Relying solely on a reactive maintenance strategy increases the operational risk of unexpected blockage or collapse. Without proactive inspection data, the Municipality may not be aware of deteriorating pipe conditions until an overflow event occurs.
- While the system is currently reliable, a decline in asset condition poses a risk to the environment and public health. Deteriorating sewers can lead to inflow and infiltration issues, potentially overwhelming the system during wet weather events despite the current lack of backups.

Non-Core Assets

8. Buildings & Facilities

The Town of Latchford owns and maintains several facilities and recreation centers that provide key services to the community. These include:

- Administrative offices
- A Fire hall
- Public works garages and storage sheds
- A Community center, museums, and a comfort station

8.1 Inventory & Valuation

Table 18 summarizes the quantity and current replacement cost of all buildings assets available in the Town's asset register. The majority of buildings and facilities are not componentized. The quantity listed represents the number of asset records currently available for each department.

Segment	Quantity	Unit of Measure	Replacement Cost	Primary RC Method
Comfort Station	3	Quantity	$92,029	CPI
Community Centre	345	Quantity	$1,585,184	CPI
Fire Hall	5	Quantity	$135,893	CPI
Medical Clinic	5	Quantity	$1,176,966	CPI
Municipal Office	31	Quantity	$997,010	CPI
Museums	9	Quantity	$946,452	CPI
Public Works	3	Quantity	$479,264	CPI
TOTAL			**$5,412,798**	

Table 18 Detailed Asset Inventory: Buildings & Facilities

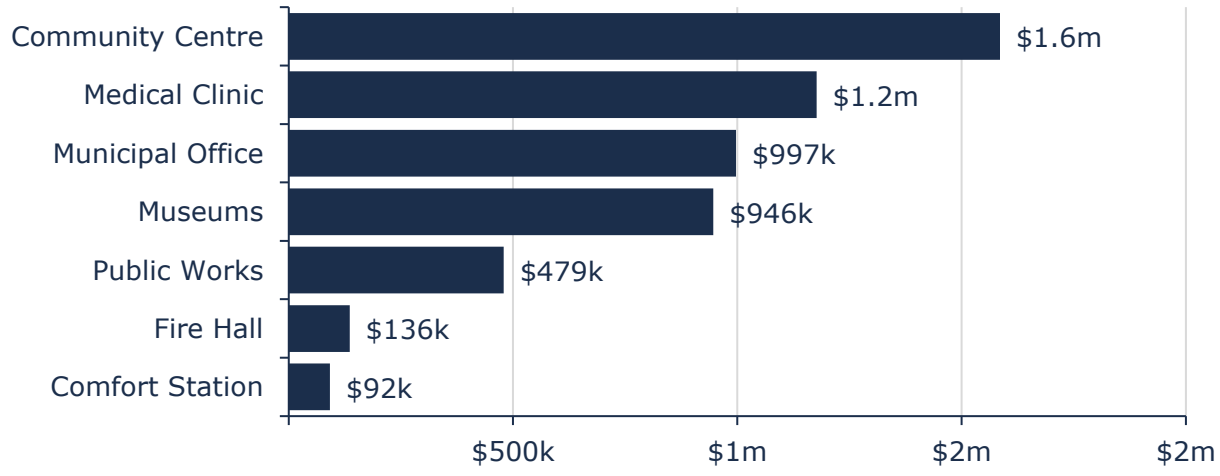


Figure 40 Portfolio Valuation: Buildings & Facilities

8.2 Asset Condition

Figure 47 summarizes the replacement cost-weighted condition of the Town's buildings and facilities portfolio. Based on age-based, and assessed conditions, 74% of buildings and facilities assets are in fair or better condition; however, the remaining 26% are in poor or worse condition. These assets may be candidates for replacement in the short term; similarly, assets in fair condition may require rehabilitation or replacement in the medium term and should be monitored for further degradation in condition. As buildings and facilities are not componentized, condition data is presented only at the site level, rather than at the individual element or component level within each building.

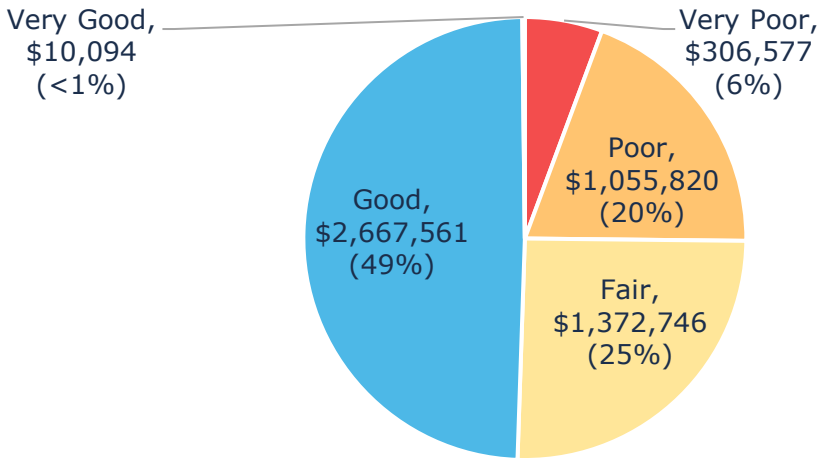


Figure 41 Asset Condition: Buildings & Facilities Overall

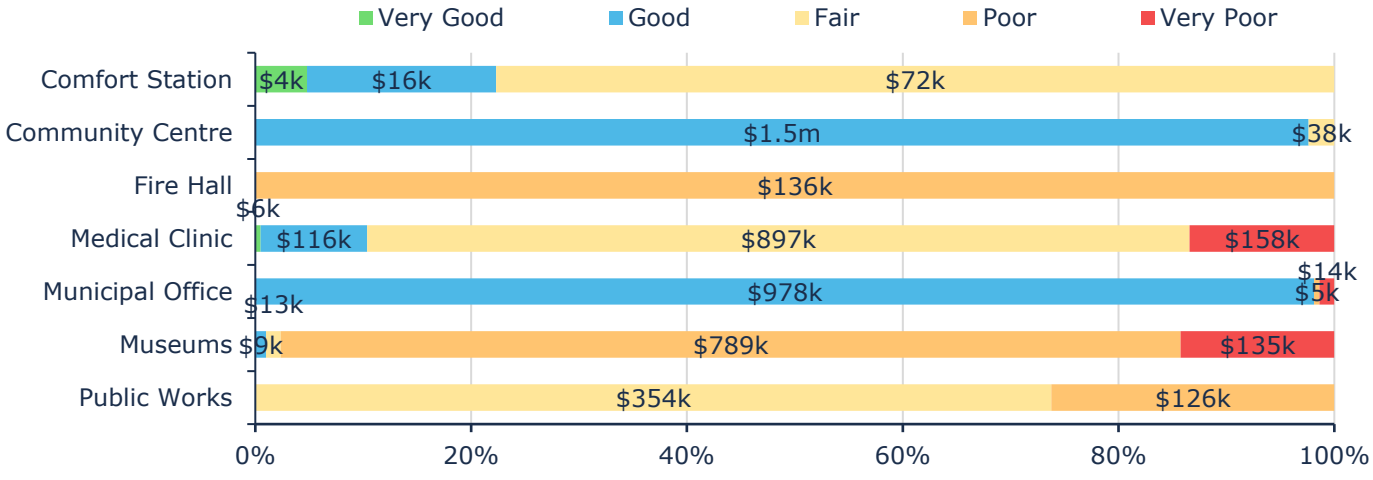


Figure 42 Asset Condition: Buildings & Facilities by Segment

Figure 42 summarizes the age-based condition of buildings and facilities by segments. Approximately 15% of Medical Clinic & Museum assets are in poor to worse condition. However, in the absence of componentization, this data has limited value. Componentization of assets and

integration of condition assessments will provide a more accurate and reliable estimation of the condition of various facilities.

8.3 Age Profile

An asset's age profile comprises two key values: estimated useful life (EUL), or design life; and the percentage of EUL consumed. The EUL is the serviceable lifespan of an asset during which it can continue to fulfil its intended purpose and provide value to users, safely and efficiently. As assets age, their performance diminishes, often more rapidly as they approach the end of their design life.

In conjunction with condition data, an asset's age profile provides a more complete summary of the state of infrastructure. It can help identify assets that may be candidates for further review through condition assessment programs; inform the selection of optimal lifecycle strategies; and improve planning for potential replacement spikes.

Figure 43 illustrates the average current age of each asset type and its estimated useful life. Both values are weighted by the replacement cost of individual assets.

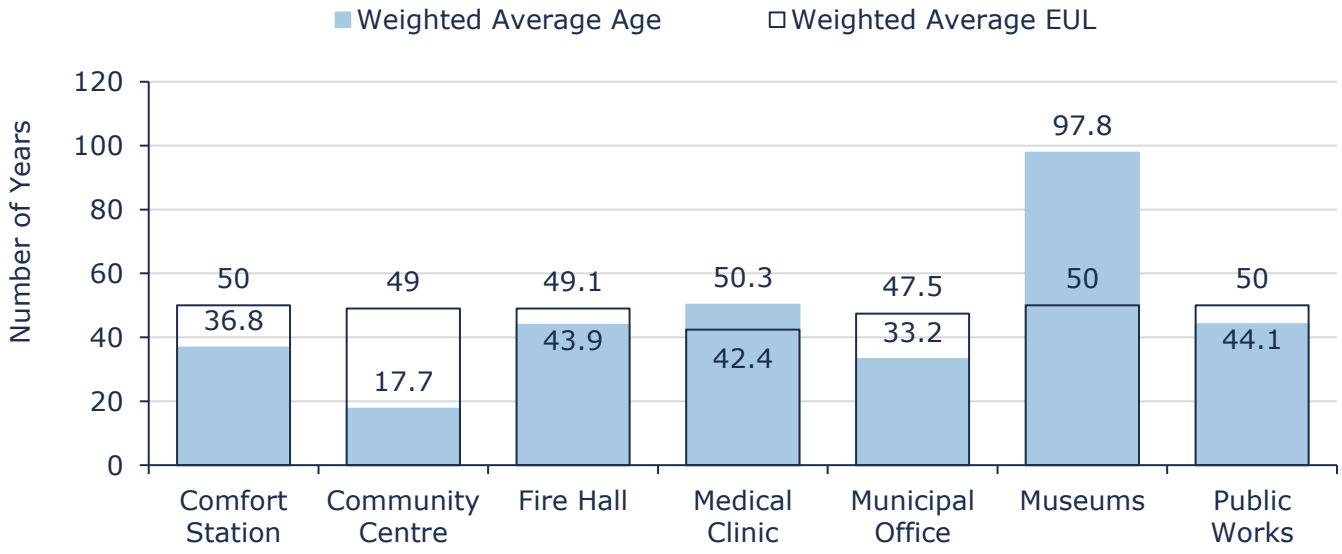


Figure 43 Estimated Useful Life vs. Asset Age: Buildings & Facilities

8.4 Current Approach to Lifecycle Management

The condition or performance of most assets will deteriorate over time. To ensure that municipal assets are performing as expected and meeting the needs of customers, it is important to establish a lifecycle management strategy to proactively manage asset deterioration.

Table 19 outlines the Town's current lifecycle management strategy.

Activity Type	Description of Current Strategy
Maintenance	Maintenance is triggered by inspections idenfifying safety, accessibility, functionality, and structural issues.
	Maintenance activities are completed on a reactive basis when operational issues are identified through complaints and service requests.
Rehabilitation/ Replacement	Rehabilitations such as roof replacements or HVAC component replacements are considered on an as needed basis.
	The primary considerations for asset replacement are asset failure, availability or grant funding, safety issues, and volume of use.
Inspections	All buildings receive health and safety inspections on an annual basis which involve a building walkthrough to identify defects and safety hazards.

Table 19 Lifecycle Management Strategy: Buildings & Facilities

8.5 Forecasted Long-Term Replacement Needs

Figure 44 illustrates the cyclical short-, medium- and long-term infrastructure replacement requirements for the Town's buildings and facilities portfolio. This analysis was run until 2059 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Town's primary asset management system and asset register. The Town's average annual requirements (red dotted line) total $133 thousand for all buildings and facilities. Although actual spending may fluctuate substantially from year to year, this figure is a useful benchmark value for annual capital expenditure targets (or allocations to reserves) to ensure projects are not deferred and replacement needs are met as they arise.

Replacement needs are forecasted to rise over the next 20 years, reaching $2.9 million between 2055 and 2059. The chart also illustrates a backlog of more than $192 thousand, dominated by Medical Clinic assets, and comprising assets that have reached the end of their useful life but still remain in operation. These projections and estimates are based on current asset records, their replacement costs, and age analysis. They are designed to provide a long-term, portfolio-level overview of capital needs and should be used to support improved financial planning over several decades.

Often, the magnitude of replacement needs is substantially higher than most municipalities can afford to fund. In addition, most assets may not need to be replaced. However, quantifying and monitoring these spikes is essential for long-term financial planning, including establishing dedicated reserves. In addition, a robust risk framework will ensure that high-criticality assets receive proper and timely lifecycle intervention, including replacements. In the case of buildings and facilities, detailed componentization is necessary to develop more reliable lifecycle forecasts that reflect the needs of individual elements and components.

A summary of the 10-year replacement forecast can be found in Appendix A – 10-Year Capital Requirements.

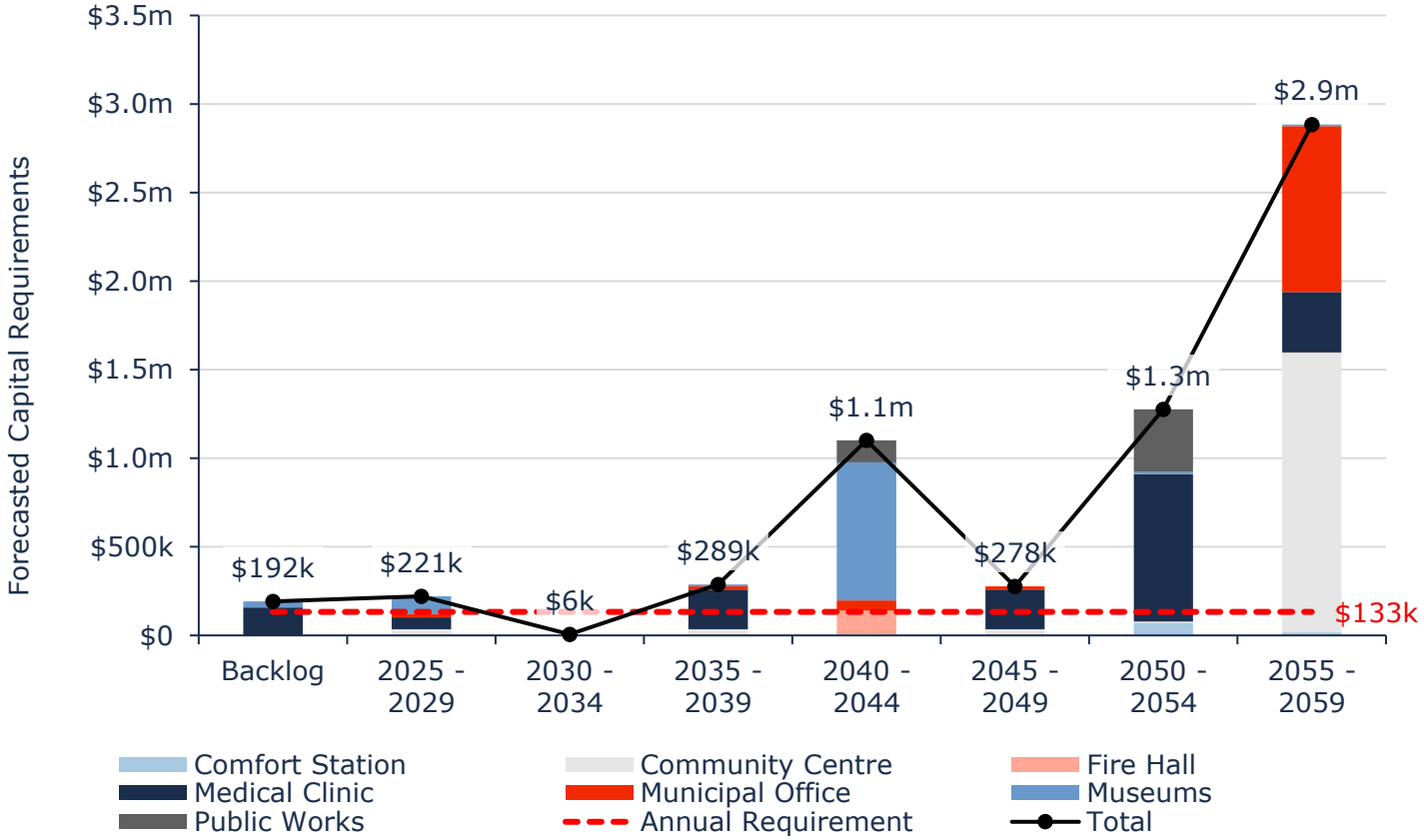


Figure 44 Forecasted Capital Replacement Needs Buildings & Facilities 2024-2059

8.6 Risk Analysis

The risk matrix below is generated using available asset data, condition and replacement costs.

The matrix classifies assets based on their individual probability and consequence of failure, each scored from 1 to 5. Their product generates a risk index ranging from 1-25. Assets with the highest criticality and likelihood of failure receive a risk rating of 25; those with lowest probability of failure and lowest criticality carry a risk rating of 1. As new data and information is gathered, the Town may consider integrating relevant information that improves confidence in the criteria used to assess asset risk and criticality.

These risk models have been built into the Town's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

1 - 4 **Very Low** $20,384 (<1%)	5 - 7 **Low** $114,806 (2%)	8 - 9 **Moderate** $1,167,658 (22%)	10 - 14 **High** $1,955,341 (36%)	15 - 25 **Very High** $2,154,609 (40%)

Figure 45 Risk Matrix: Buildings & Facilities

8.7 Levels of Service

The tables that follow summarize the Town's current levels of service. There are no specifically prescribed KPIs under Ontario Regulation 588/17 for non-core assets, therefore the KPIs below represent performance measures that the Town has selected for this AMP.

8.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2024)
Scope	Description, which may include maps of the types of facilities that the municipality operates and maintains	The Town of Latchford owns and maintains several facilities and recreation centers that provide key services to the community. These include: • Administrative offices • A Fire hall • Public works garages and storage sheds • A Community center, museums, and a comfort station

Table 20 Community Levels of Service: Buildings & Facilities

8.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2024)
Quality	Average Condition of Facilities in the Municipality	54%
Performance	Capital reinvestment rate	0%

Table 21 Technical Levels of Service: Buildings & Facilities

8.7.3 Proposed Levels of Service

As per O. Reg. 588/17, by July 1, 2025, municipalities are required to consider proposed levels of service (PLOS), discuss the associated risks and long-term sustainability of these service levels, and explain the Town's ability to afford the PLOS.

The below tables and graphs explain the proposed levels of service scenarios that were analyzed for the road network. Further PLOS analysis at the portfolio level can be found in Section 4. Proposed Levels of Service Analysis.

Proposed Levels of Service Scenarios

The scenarios for Buildings & Facilities are analyzed using three funding models: Optimal Budget, Current Funding, and Recommended Funding.

1. The Current Funding scenario is based on the current available funding.
2. The Optimal Budget scenario represents the average annual funding required to maintain or improve the network's condition, allowing for proactive asset management
3. The Recommended Budget scenario is a financial strategy designed to gradually close the funding gap over the next 15 years, which includes a 1.9% yearly tax increase.

Figure 46 compares current, optimal & recommended budget scenarios, and provides a forecast of corresponding average condition of Buildings & Facilities assets.

- Current Funding scenario shows a continuous decline in the average condition, starting slightly above 50% (Fair) in 2025 and dropping into the 'Poor' range by 2031. The condition continues to deteriorate, entering the 'Very Poor' range (below 20%) by 2041, indicating a significant accumulation of deferred maintenance that the current budget cannot address.
- In contrast, the Optimal Budget scenario mitigates the severe degradation seen in the current funding model. While the condition still declines into the 'Poor' range, it avoids the 'Very Poor' zone entirely. The condition stabilizes and begins a sharp recovery after 2041, ending the period just below the 40% threshold, approaching the 'Fair' range.
- The recommended budget allows for a stabilized approach to managing the facilities. The condition closely tracks the optimal scenario for the majority of the forecast period before diverging slightly in the final years. By 2044, the average condition settles above 30% (Poor). While this does not fully restore the assets to a 'Fair' condition, it successfully prevents the assets from falling into the 'Very Poor' category, offering a significantly better long-term outcome than the status quo.

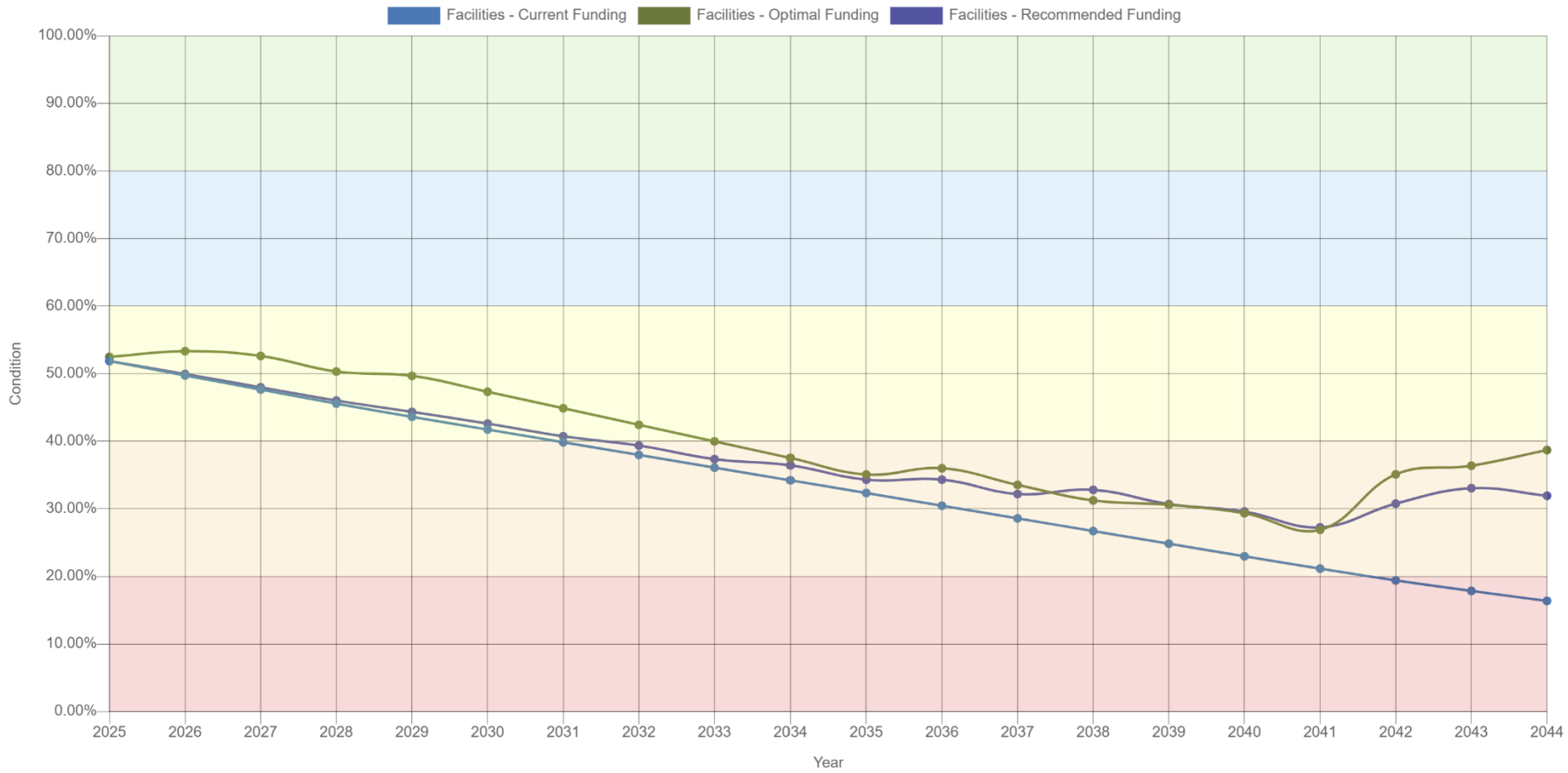


Figure 46: PLOS: Buildings & Facilities – Current vs Optimal vs Recommended Funding (20-year Forecast)

Recommendations

- Adopt the recommended budget strategy of a 1.9% annual tax increase to bridge the infrastructure gap. The analysis indicates that without this investment, the facility network condition will drop significantly by 2041. Securing this funding ensures the longevity of key community hubs like the Recreation Centre and Town Office.
- Develop a strategy to increase the utilization of the Community Centre. Staff identified this facility as a key asset that is currently underutilized relative to its potential to serve the social needs of the municipality.
- Address specific actionable requests from the public, such as the addition of amenities like a portable toilet at the boat launch park. Implementing these smaller scale improvements demonstrates responsiveness to community needs and enhances the user experience at recreational sites.
- Continue the current effective maintenance practices for high priority buildings. Staff report that municipal buildings are currently reliable and well maintained, and sustaining this standard is essential to avoid the steep deterioration curve predicted in the current funding scenario.

Risk for Not Maintaining Acceptable LOS

- Although staff currently view the buildings as well maintained, the analysis predicts a severe decline within 15 years under current funding. This creates a risk of significant capital expenditures in the future, as allowing buildings to deteriorate often requires full renovation or reconstruction rather than simple repair.
- Neglecting the feedback regarding soft services and amenities creates a community satisfaction risk. Residents have explicitly pointed out gaps in recreational trails and boat launch amenities and failing to address these could lead to a perception that community values are being overlooked.
- As facilities age and the condition drops, the risk of unexpected component issues increases. This could impact the reliability of building services, potentially disrupting municipal operations or forcing the temporary closure of community spaces used for social programs.

9. Land Improvements

The Town of Latchford owns a small number of assets that are considered land improvements. This category includes parking lots, walkways, and other assets in municipal parks.

9.1 Inventory & Valuation

Table 22 summarizes the quantity and current replacement cost of all land improvements assets available in the Town's asset register.

Segment	Quantity	Unit of Measure	Replacement Cost	Primary RC Method
Campground	1	Quantity	$39,795	CPI
Docks	1	Quantity	$22,740	CPI
Parks	4	Quantity	$119,384	CPI
Pavement	1	Quantity	$124,840	CPI
Pavilions	2	Quantity	$49,844	CPI
TOTAL			**$356,603**	

Table 22 Detailed Asset Inventory: Land Improvements

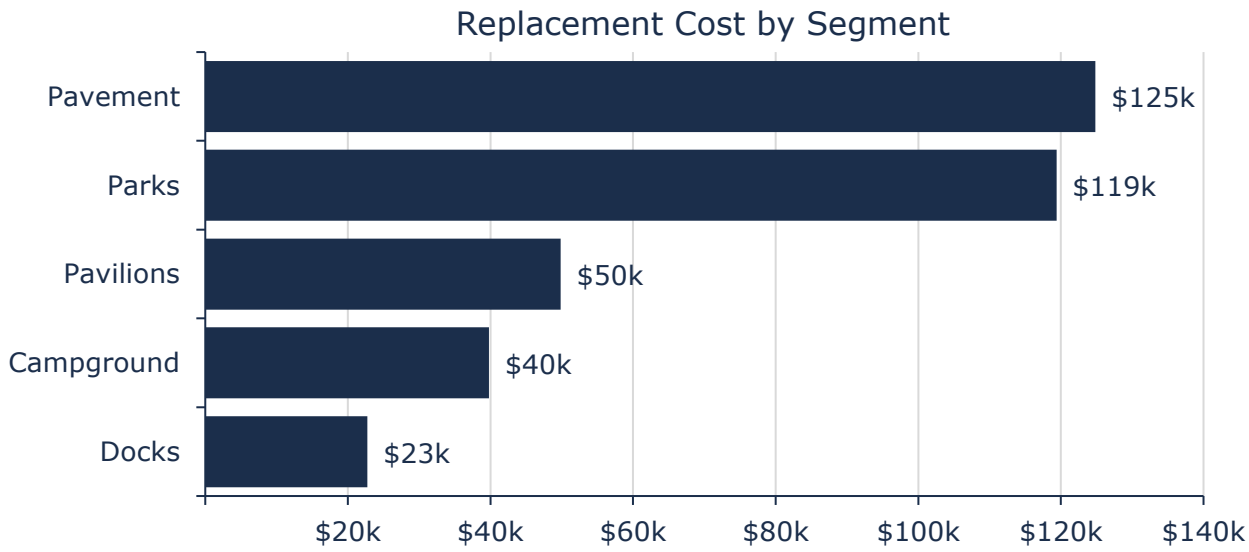


Figure 47 Portfolio Valuation: Land Improvements

9.2 Asset Condition

Figure 48 summarizes the replacement cost-weighted condition of the Town's land improvements portfolio. Based on assessed data, 78% of assets are in fair or better condition, the remaining 22% are in poor or worse condition. These assets may be candidates for

replacement in the short term; similarly, assets in fair condition may require rehabilitation or replacement in the medium term and should be monitored for further degradation in condition.

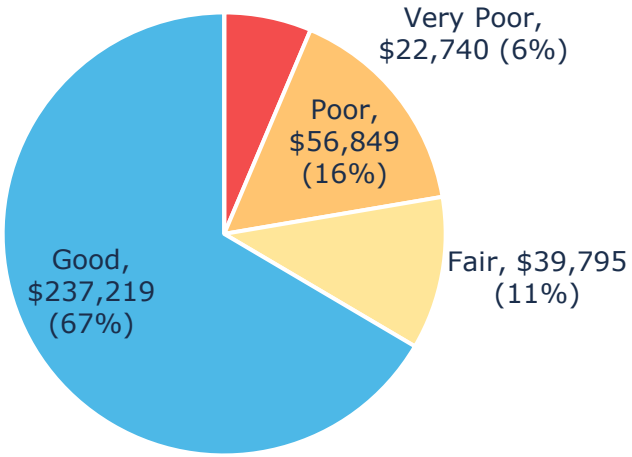


Figure 48 Asset Condition: Land Improvements Overall

Figure 49 summarizes the age-based condition of land improvements by each department. Assets in poor or worse condition are concentrated primarily in parks.

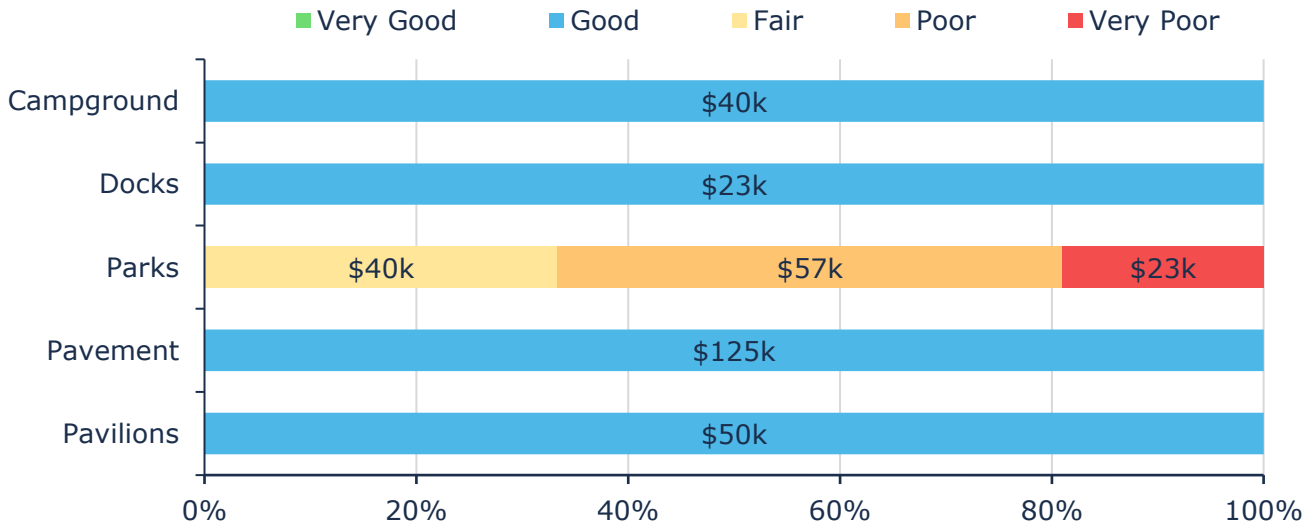


Figure 49 Asset Condition: Land Improvements by Segment

9.3 Age Profile

An asset's age profile comprises two key values: estimated useful life (EUL), or design life; and the percentage of EUL consumed. The EUL is the serviceable lifespan of an asset during which it can continue to fulfil its intended purpose and provide value to users, safely and efficiently. As assets age, their performance diminishes, often more rapidly as they approach the end of their design life.

In conjunction with condition data, an asset's age profile provides a more complete summary of the state of infrastructure. It can help identify assets that may be candidates for further review through condition assessment programs; inform the selection of optimal lifecycle strategies; and improve planning for potential replacement spikes.

Figure 50 illustrates the average current age of each asset type and its estimated useful life. Both values are weighted by the replacement cost of individual assets.

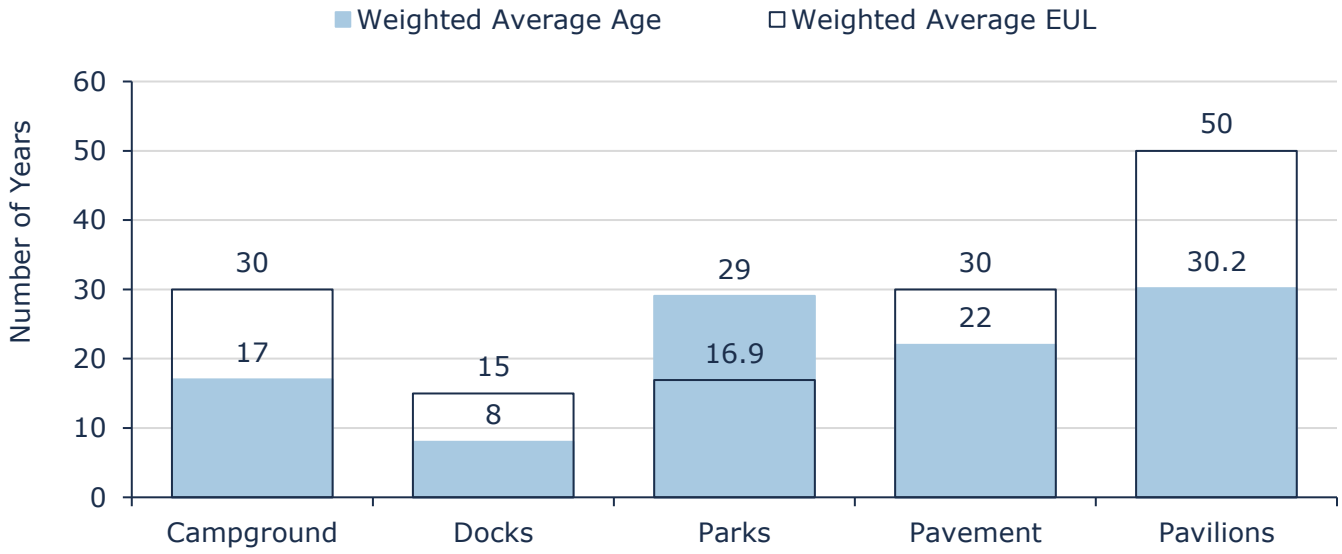


Figure 50 Estimated Useful Life vs. Asset Age: Land Improvements

9.4 Current Approach to Lifecycle Management

The condition or performance of most assets will deteriorate over time. To ensure that municipal assets are performing as expected and meeting the needs of customers, it is important to establish a lifecycle management strategy to proactively manage asset deterioration.

Table 23 outlines the Township's current lifecycle management strategy.

Activity Type	Description of Current Strategy
Maintenance	Maintenance activities are completed on a reactive basis when operational issues are identified, through complaints, service requests, or ad-hoc inspections
Rehabilitation / Replacement	Without the availability of up-to-date condition assessment information replacement activities are purely reactive in nature
Inspections	Inspections are conducted on an ad-hoc basis

Table 23 Lifecycle Management Strategy: Land Improvements

9.5 Forecasted Long-Term Replacement Needs

Figure 51 illustrates the cyclical short-, medium- and long-term infrastructure replacement requirements for the Town's land improvements portfolio. This analysis was run until 2064 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Town's primary asset management system and asset register. The Town's average annual requirements (red dotted line) total $15 thousand for all land improvements. Although actual spending may fluctuate substantially from year to year, this figure is a useful benchmark value for annual capital expenditure targets (or allocations to reserves) to ensure projects are not deferred and replacement needs are met as they arise.

Replacement needs are forecasted to fluctuate over the 40-year time horizon, peaking at $244 thousand between 2040 and 2044 as assets reach the end of their useful life. These projections and estimates are based on asset replacement costs and age analysis. They are designed to provide a long-term, portfolio-level overview of capital needs and should be used to support improved financial planning over several decades.

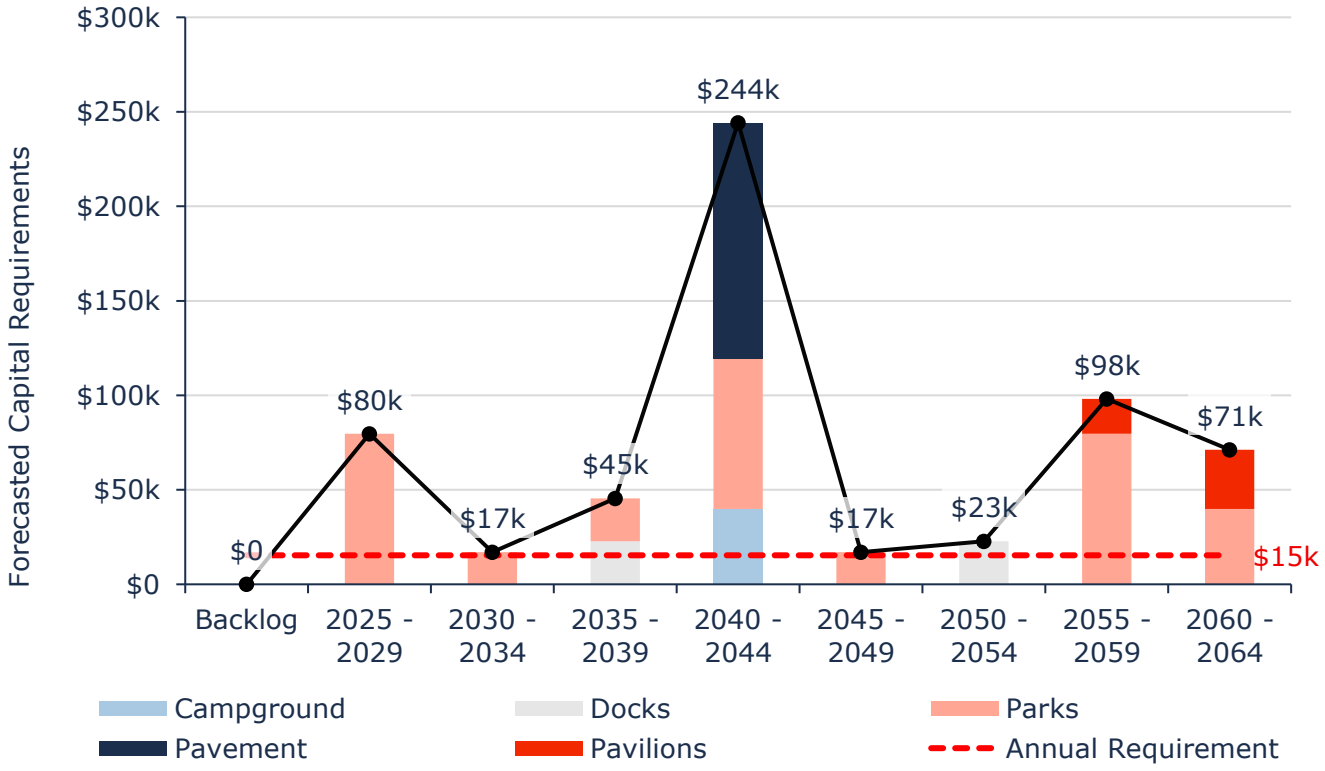


Figure 51 Forecasted Capital Replacement Needs: Land Improvements 2024-2064

Often, the magnitude of replacement needs is substantially higher than most municipalities can afford to fund. In addition, most assets may not need to be replaced. However, quantifying and monitoring these spikes is essential for long-term financial planning, including establishing dedicated reserves. In addition, a robust risk framework will ensure that high-criticality assets receive proper and timely lifecycle intervention, including replacements.

A summary of the 10-year replacement forecast can be found in Appendix A – 10-Year Capital Requirements.

9.6 Risk Analysis

The risk matrix below is generated using available asset data, including condition and replacement costs.

The matrix stratifies assets based on their individual probability and consequence of failure, each scored from 1 to 5. Their product generates a risk index ranging from 1-25. Assets with the highest criticality and likelihood of failure receive a risk rating of 25; those with lowest probability of failure and lowest criticality carry a risk rating of 1. As new data and information is gathered, the Town may consider integrating relevant information that improves confidence in the criteria used to assess asset risk and criticality.

These risk models have been built into the Town's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

1 - 4 Very Low	5 - 7 Low	8 - 9 Moderate	10 - 14 High	15 - 25 Very High
- (0%)	$112,379 (32%)	$164,635 (46%)	$56,849 (16%)	$22,740 (6%)

Figure 52 Risk Matrix: Land Improvements

9.7 Levels of Service

The tables that follow summarize the Town's current levels of service. There are no specifically prescribed KPIs under Ontario Regulation 588/17 for non-core assets, therefore the KPIs below represent performance measures that the Town has selected for this AMP.

9.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2024)
Scope	Description of land improvements assets that the municipality operates and maintains	The Town of Latchford owns a small number of assets that are considered land improvements. This category includes parking lots, walkways, and other assets in municipal parks.

Table 24 Community Levels of Service: Land Improvements

9.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2024)
Quality	Average condition of outdoor recreation facilities and land improvements in the municipality	54%
Performance	Capital reinvestment rate	0%

Table 25 Technical Levels of Service: Land Improvements

9.7.3 Proposed Levels of Service

As per O. Reg. 588/17, by July 1, 2025, municipalities are required to consider proposed levels of service (PLOS), discuss the associated risks and long-term sustainability of these service levels, and explain the Town's ability to afford the PLOS.

The below tables and graphs explain the proposed levels of service scenarios that were analyzed for the road network. Further PLOS analysis at the portfolio level can be found in Section 4. Proposed Levels of Service Analysis.

Proposed Levels of Service Scenarios

The scenarios for Land Improvements are analyzed using three funding models: Optimal Budget, Current Funding, and Recommended Funding.

1. The Current Funding scenario is based on the current available funding.
2. The Optimal Budget scenario represents the average annual funding required to maintain or improve the network's condition, allowing for proactive asset management
3. The Recommended Budget scenario is a financial strategy designed to gradually close the funding gap over the next 15 years, which includes a 1.9% yearly tax increase.

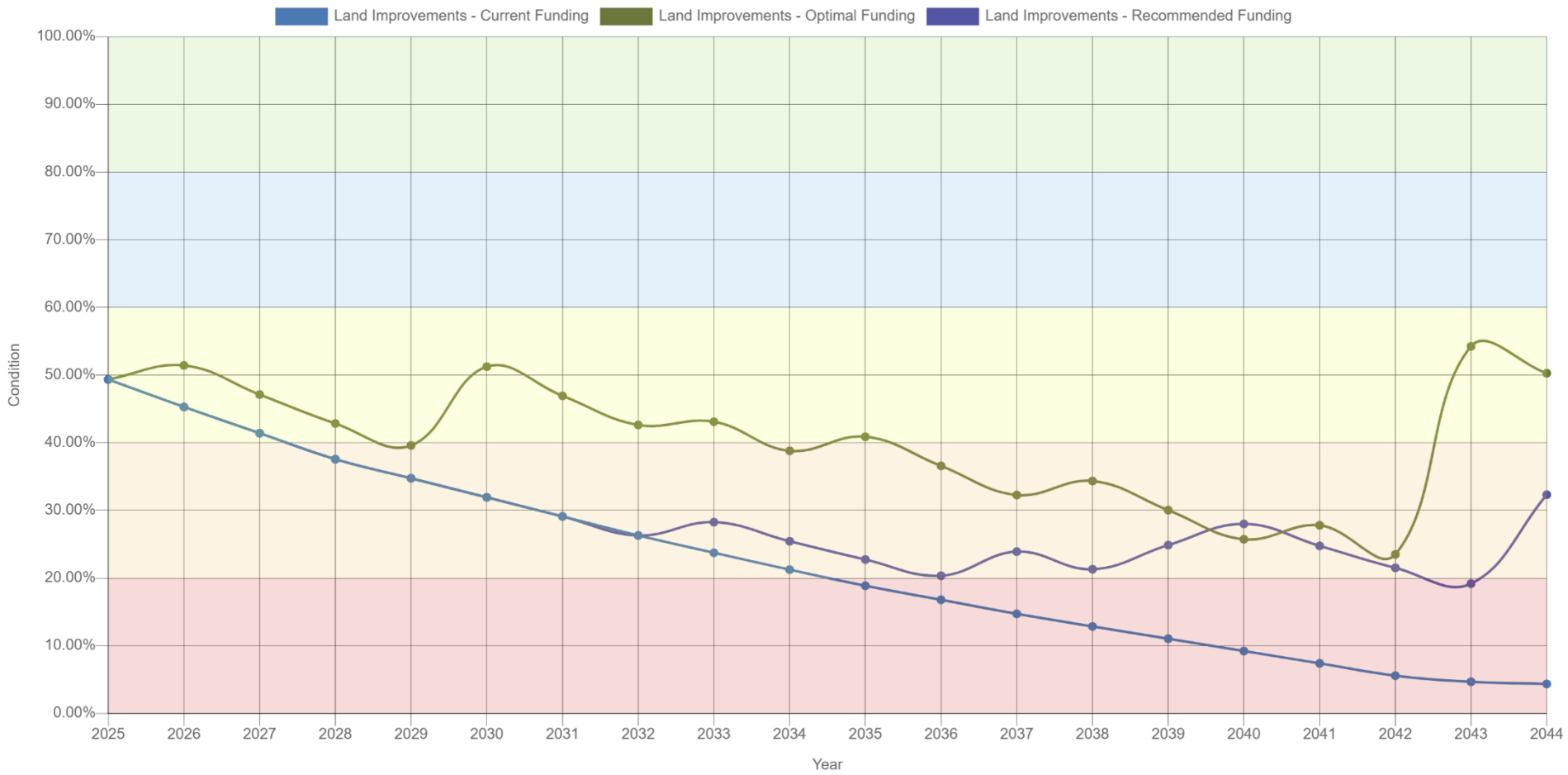


Figure 53: PLOS: Land Improvements – Current vs Optimal vs Recommended Funding (20-year Forecast)

Figure 53 compares current, optimal & recommended budget scenarios, and provides a forecast of corresponding average condition of Land Improvements assets.

- Current Funding scenario shows a consistent downward trend. Starting near the 50% mark, the condition quickly drops into the 'Poor' range. By the mid-2030s, it falls below the 20% threshold into the 'Very Poor' range and continues to decline to below 5% by the end of the term, indicating a significant accumulation of deferred maintenance that the current budget cannot address.
- In contrast, the Optimal Budget scenario largely maintains the condition within the 'Fair' range for the first decade. Although it experiences a decline into the 'Poor' range between 2036 and 2042, it demonstrates a strong recovery at the end of the forecast period, rebounding back above 50%.
- The recommended budget separates from the current funding trajectory around 2032. Instead of declining to near zero, the condition stabilizes primarily within the 'Poor' range (between 20% and 30%). While it fluctuates near the 'Very Poor' threshold towards the end of the period, it finishes on an upward trend above 30%, preventing the total asset failure seen in the current funding scenario.

Recommendations

- Implement the recommended financial strategy of a 1.9% annual tax increase. The analysis shows that current funding levels result in a decline to near zero conditions. This steady investment is required to support the parks and land improvements that residents identified as valuable soft services.
- Direct attention to the maintenance of recreational trails. Public feedback highlighted specific gaps in this area, noting a lack of maintenance. prioritizing these assets aligns with the community desire for accessible outdoor spaces.
- Review funding allocation for parks. While staff noted that current inspections keep assets in good shape, they identified increased funding for parks as a potential future need to maintain service levels.

Risk for Not Maintaining Acceptable LOS

- Without the recommended funding, the condition of land improvements is projected to fall into the Very Poor range. This will likely result in the closure of specific park amenities or trails due to safety concerns, directly opposing the resident desire for improved recreational access.
- Deteriorating pathways and park equipment increase the Municipalities liability exposure. As assets age without replacement, the likelihood of trips, falls, or equipment breakage increases, posing a safety risk to the public.

10. Vehicles

Vehicles allow staff to efficiently deliver municipal services and personnel. Municipal vehicles are used to support fire department services and public works services.

10.1 Inventory & Valuation

Table 26 summarizes the quantity and current replacement cost of all vehicles assets available in the Town's asset register, citywide assets.

Segment	Quantity	Unit of Measure	Replacement Cost	Primary RC Method
Fire Department	3	Quantity	$101,680	CPI
Public Works	3	Quantity	$253,907	CPI
TOTAL			**$355,587**	

Table 26 Detailed Asset Inventory: Vehicles

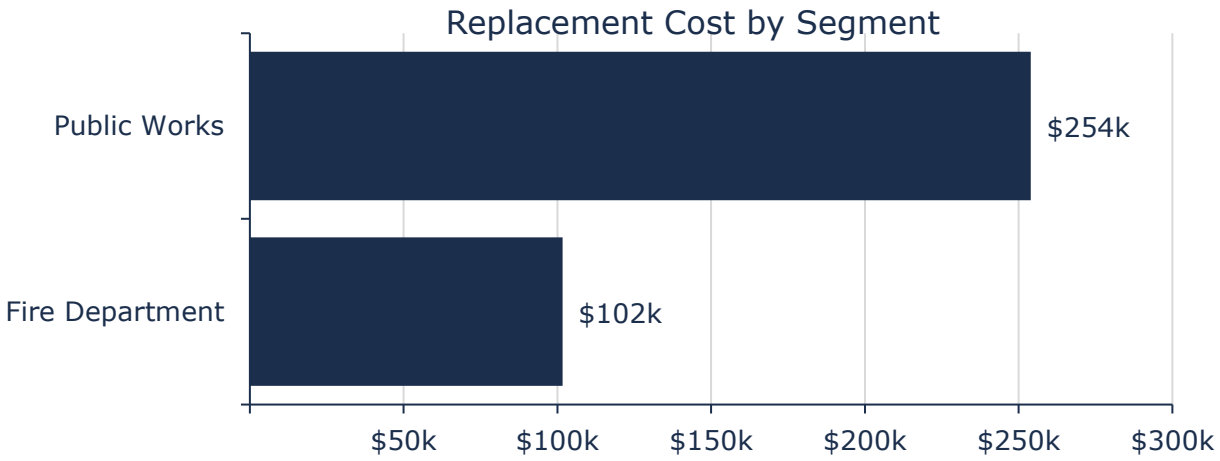


Figure 54 Portfolio Valuation: Vehicles

10.2 Asset Condition

Figure 55 summarizes the replacement cost-weighted condition of the Town's vehicles portfolio. Based on age-based condition data, 96% of vehicles are in poor or worse condition, with the remaining 4% in fair condition. These assets may be candidates for replacement in the short term; similarly, assets in fair condition may require rehabilitation or replacement in the medium term and should be monitored for further degradation in condition.

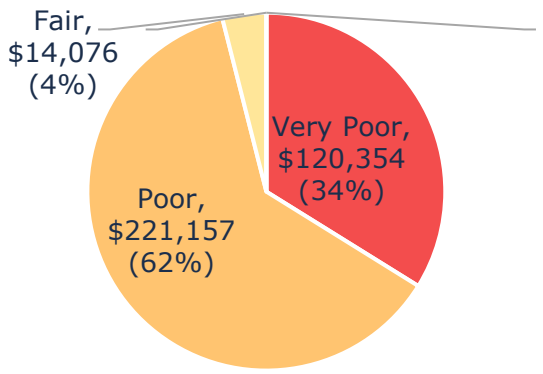


Figure 55 Asset Condition: Vehicles Overall

Figure 56 summarizes the condition of vehicles by each department. Based on age-based data, almost all fleet assets are in poor or very poor conditions.

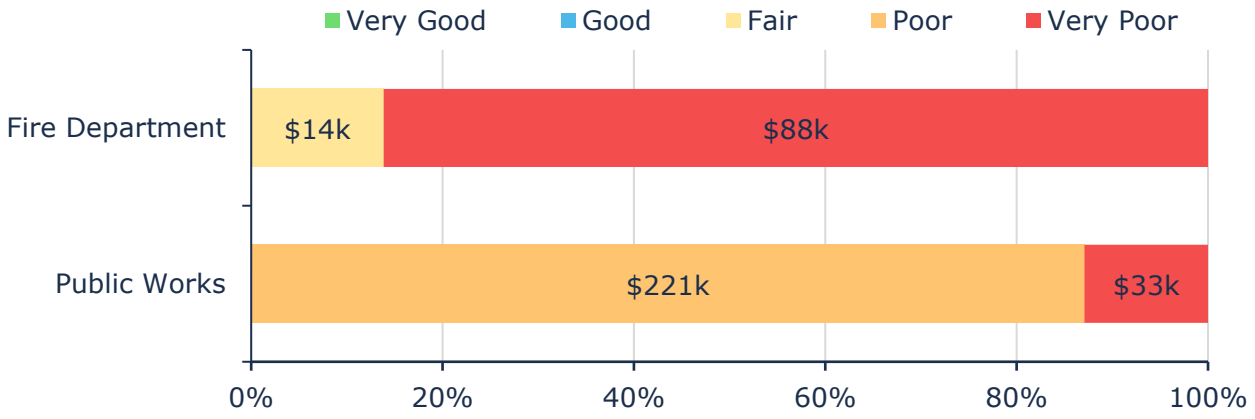


Figure 56 Asset Condition: Vehicles by Segment

10.3 Age Profile

An asset's age profile comprises two key values: estimated useful life (EUL), or design life; and the percentage of EUL consumed. The EUL is the serviceable lifespan of an asset during which it can continue to fulfil its intended purpose and provide value to users, safely and efficiently. As assets age, their performance diminishes, often more rapidly as they approach the end of their design life.

In conjunction with condition data, an asset's age profile provides a more complete summary of the state of infrastructure. It can help identify assets that may be candidates for further review through condition assessment programs; inform the selection of optimal lifecycle strategies; and improve planning for potential replacement spikes.

Figure 57 illustrates the average current age of each asset type and its estimated useful life. Both values are weighted by the replacement cost of individual assets.

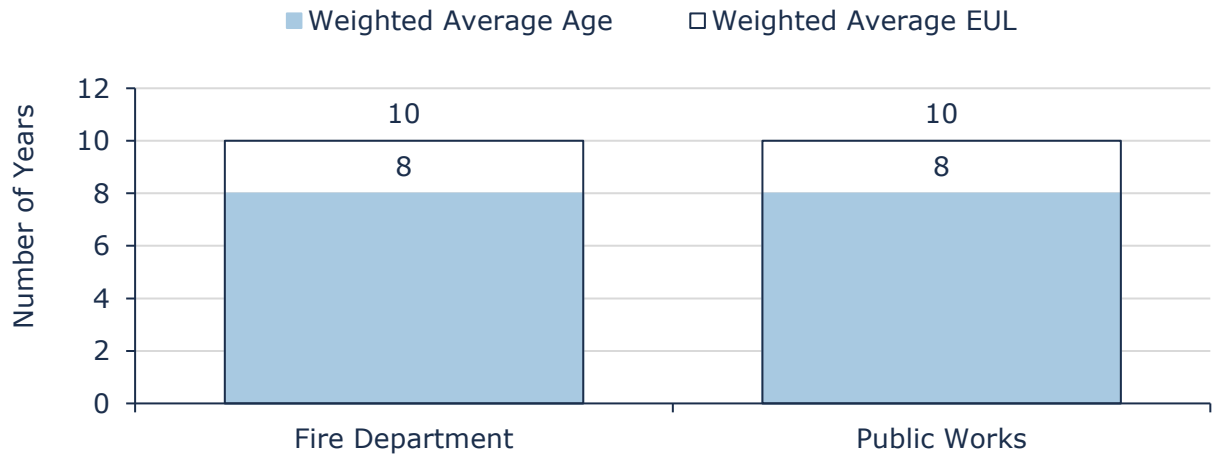


Figure 57 Estimated Useful Life vs. Asset Age: Vehicles

Age analysis reveals that, on average, all vehicles are approaching their expected useful lives.

10.4 Current Approach to Lifecycle Management

The condition or performance of most assets will deteriorate over time. To ensure that municipal assets are performing as expected and meeting the needs of customers, it is important to establish a lifecycle management strategy to proactively manage asset deterioration.

The following table outlines the Town's current lifecycle management strategy.

Activity Type	Description of Current Strategy
Maintenance	Oil changes and routine maintenance is completed as per manufacturer recommendations
	All other maintenance activities are completed on a reactive basis when operational issues are identified (e.g., mechanical breakdown, deficiencies identified during daily inspections)
Replacement	Without the availability of up-to-date condition assessment information replacement activities are purely reactive in nature

Table 27 Lifecycle Management Strategy: Vehicles

10.5 Forecasted Long-Term Replacement Needs

Figure 58 illustrates the cyclical short-, medium- and long-term infrastructure replacement requirements for the Town's vehicles portfolio. This analysis was run until 2034 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Town's primary asset management system and asset register. The Town's average annual requirements (red dotted line) total $22,000 for all vehicles. Although actual spending may fluctuate substantially from year to year, this figure is a useful benchmark value for annual capital expenditure targets (or allocations to reserves) to ensure projects are not deferred and replacement needs are met as they arise.

Replacement needs are forecasted to rise considerably in the current decade, peaking at $235 thousand by 2031 as vehicles reach the end of their useful life. These projections and estimates are based on asset replacement costs and age analysis. They are designed to provide a long-term, portfolio-level overview of capital needs and should be used to support improved financial planning over several decades.

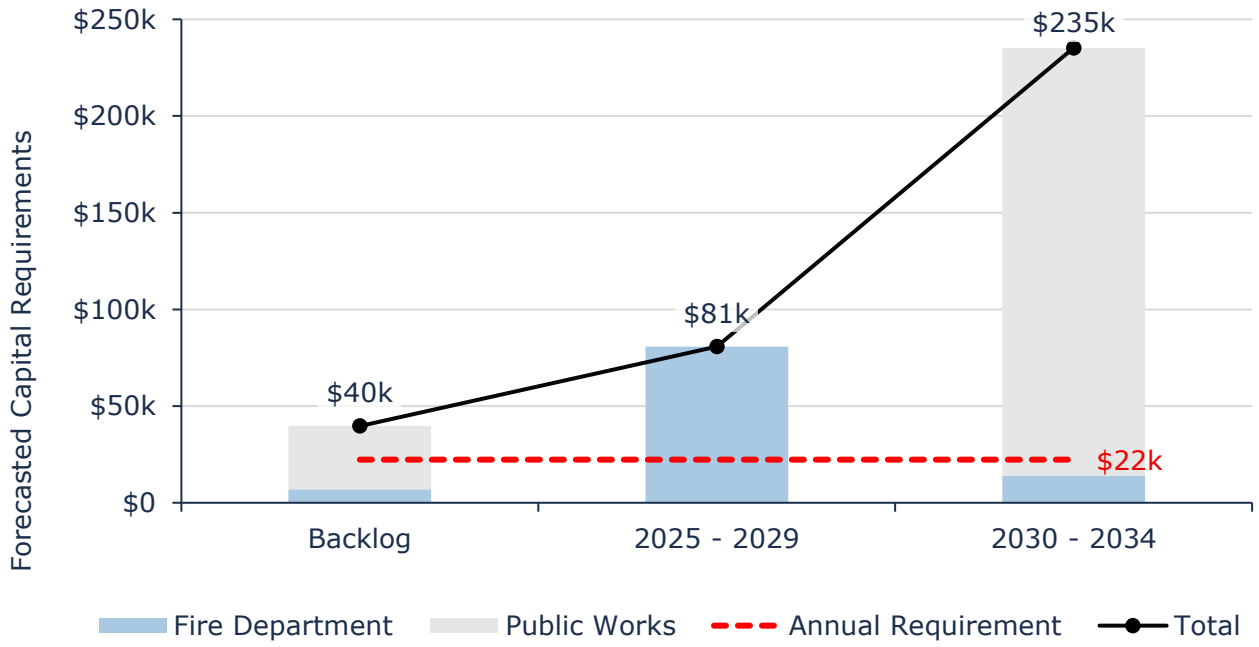


Figure 58 Forecasted Capital Replacement Needs: Vehicles 2025-2034

Often, the magnitude of replacement needs is substantially higher than most municipalities can afford to fund. In addition, most assets may not need to be replaced. However, quantifying and monitoring these spikes is essential for long-term financial planning, including establishing dedicated reserves. In addition, a robust risk framework will ensure that high-criticality assets receive proper and timely lifecycle intervention, including replacements.

A summary of the 10-year replacement forecast can be found in Appendix A – 10-Year Capital Requirements.

10.6 Risk Analysis

The risk matrix below is generated using available asset data, including condition and replacement costs.

The matrix stratifies assets based on their individual probability and consequence of failure, each scored from 1 to 5. Their product generates a risk index ranging from 1-25. Assets with the highest criticality and likelihood of failure receive a risk rating of 25; those with lowest probability of failure and lowest criticality carry a risk rating of 1. As new data and information is gathered, the Town may consider integrating relevant information that improves confidence in the criteria used to assess asset risk and criticality.

These risk models have been built into the Town's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

1 - 4 Very Low - (0%)	5 - 7 Low - (0%)	8 - 9 Moderate $14,076 (4%)	10 - 14 High $15,074 (4%)	15 - 25 Very High $326,437 (92%)

Figure 59 Risk Matrix: Vehicles

10.7 Levels of Service

The tables that follow summarize the Town's current levels of service. There are no specifically prescribed KPIs under Ontario Regulation 588/17 for non-core assets, therefore the KPIs below represent performance measures that the Town has selected for this AMP.

10.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2024)
Scope	Description, which may include images, of the types of vehicles (i.e. light, medium, and heavy duty) that the municipality operates and the services that they help to provide to the community	Fire vehicles include a freightliner, a rescue van, and a fire truck Public Works vehicles, such as snowplows and pick-up trucks, are vital for ensuring safe road conditions and managing infrastructure during inclement weather and construction projects.

Table 28 Community Levels of Service: Vehicles

10.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2024)
Quality	Average condition of vehicles	27%
Performance	Capital reinvestment rate	0%

Table 29 Technical Levels of Service: Vehicles

10.7.3 Proposed Levels of Service

As per O. Reg. 588/17, by July 1, 2025, municipalities are required to consider proposed levels of service (PLOS), discuss the associated risks and long-term sustainability of these service levels, and explain the Town's ability to afford the PLOS.

The below tables and graphs explain the proposed levels of service scenarios that were analyzed for the road network. Further PLOS analysis at the portfolio level can be found in Section 4. Proposed Levels of Service Analysis.

Proposed Levels of Service Scenarios

The scenarios for vehicles are analyzed using three funding models: Optimal Budget, Current Funding, and Recommended Funding.

1. The Current Funding scenario is based on the current available funding.
2. The Optimal Budget scenario represents the average annual funding required to maintain or improve the network's condition, allowing for proactive asset management
3. The Recommended Budget scenario is a financial strategy designed to gradually close the funding gap over the next 15 years, which includes a 1.9% yearly tax increase.

Figure 60 compares current, optimal & recommended budget scenarios, and provides a forecast of corresponding average condition of Vehicle assets.

- Current Funding scenario indicates a rapid decline to critical condition levels. Starting in the low 20% range in 2025, the average condition drops steadily, reaching 0% by 2032. The condition remains flat-lined at 0% for the remainder of the forecast, indicating a significant accumulation of deferred maintenance and a fleet that is operating well beyond its intended useful life.
- In contrast, the Optimal Budget scenario prevents the depletion of the asset base. Due to the nature of vehicle assets (which are often replaced rather than maintained indefinitely), the condition fluctuates significantly, peaking above 25% during replacement cycles. This scenario ensures the assets represent a viable service level and avoids the flatline trajectory seen in the current funding model.
- The recommended budget scenario closely tracks the current funding levels for the first decade, indicating that the benefits of this strategy are realized over time. This financial strategy is designed for long-term improvements; once funding targets are met and the maintenance plan is fully set (around 2040), the condition and service levels are expected to be higher. By the end of the forecast, the recommended scenario converges with the optimal scenario, pulling the fleet condition up from the critical zone to match the optimal performance levels.

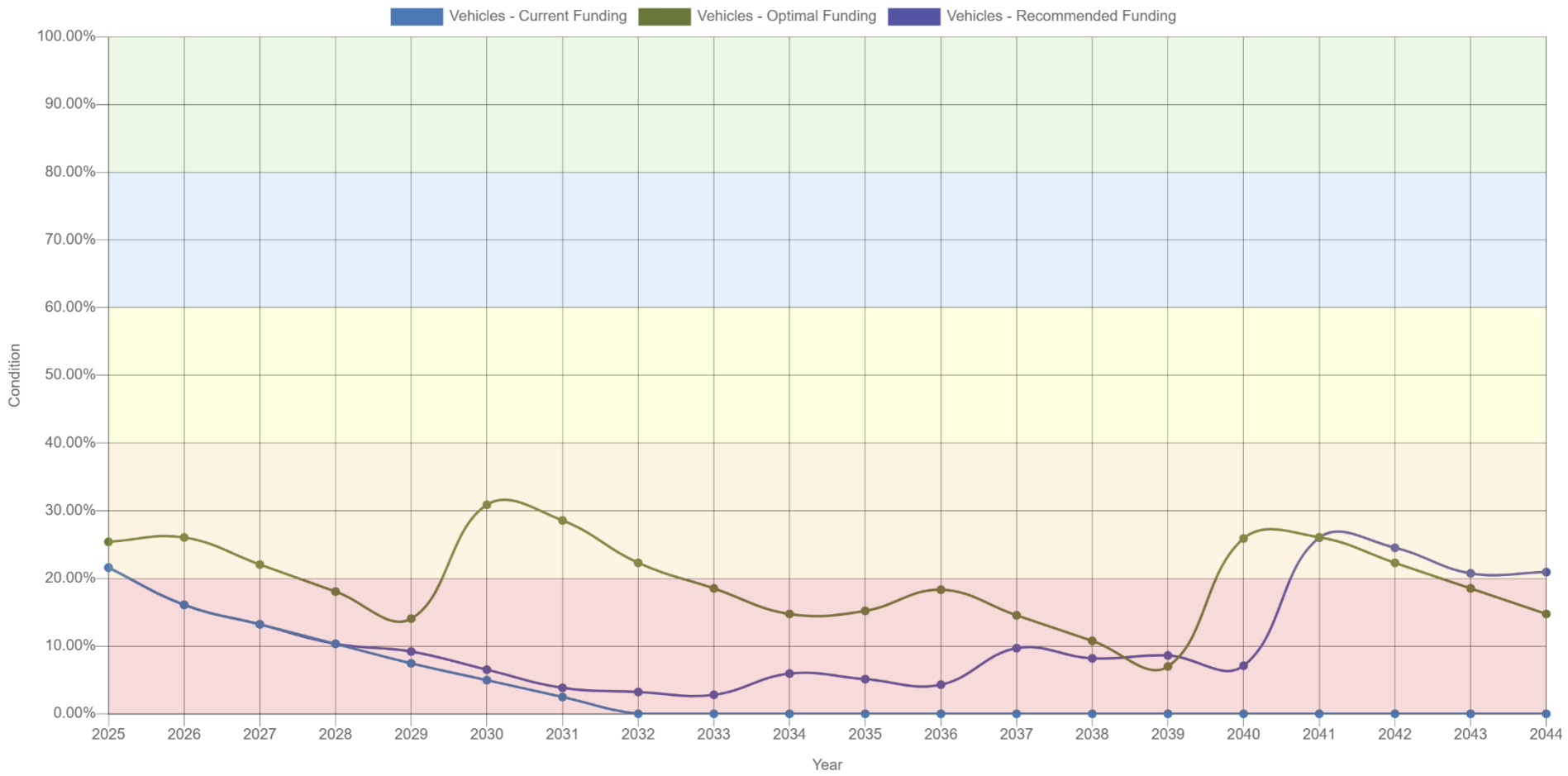


Figure 60: PLOS: Vehicles – Current vs Optimal vs Recommended Funding (20-year Forecast)

Recommendations

- Adopt the recommended strategy of a 1.9% annual tax increase to build reserves for future fleet replacement. While the current fleet is reliable, the graph indicates a flatline in condition without new investment, suggesting the fleet will eventually reach obsolescence.
- Leverage the low mileage of the fleet to extend useful life where safe to do so. Staff indicated that the fleet is well suited to the needs of a small town, and this operational reality allows the Municipality to maximize the value of each vehicle before replacement.
- Continue the current practice of prioritizing safety issues. Staff report that resources are sufficient for necessary maintenance, and this focus must remain central to ensure emergency response vehicles and work trucks are always ready for operation.

Risk for Not Maintaining Acceptable LOS

- The Current Funding scenario shows a decline to 0% condition within a decade. While low mileage helps, aging vehicles eventually face parts obsolescence and reliability issues. Without the recommended funding, the Town risks having critical vehicles out of service during emergencies.
- As the fleet ages beyond its optimal lifecycle, maintenance costs typically rise. Relying on older vehicles increases the risk of expensive, unexpected repairs that can strain the operating budget.

11. Machinery & Equipment

In order to maintain the high quality of public infrastructure and support the delivery of core services, Town staff own and employ various types of machinery and equipment. This includes:

- Landscaping equipment to maintain public parks
- Fire equipment to support the delivery of emergency services
- Equipment to complete lifecycle activities for roads, water, and sanitary
- Computers and technical equipment in municipal offices

Keeping machinery and equipment in an adequate state of repair is important to maintain a high level of service.

11.1 Inventory & Valuation

Figure 61 summarizes the quantity and current replacement cost of all machinery and equipment assets available in the Town's asset register.

Segment	Quantity	Unit of Measure	Replacement Cost	Primary RC Method
Fire Equipment	223	Quantity	$409,075	CPI
Office Equipment	18	Quantity	$60,833	CPI
Public Works Equipment	21	Quantity	$249,052	CPI
Recreation Equipment	13	Quantity	$214,862	CPI
TOTAL			**$933,822**	

Table 30 Detailed Asset Inventory: Machinery & Equipment

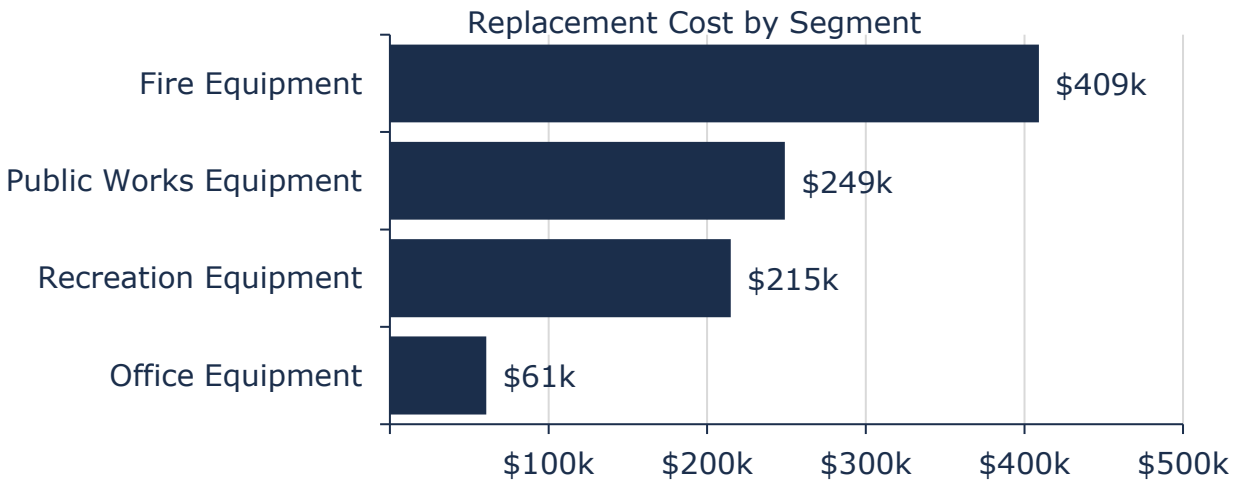


Figure 61 Portfolio Valuation: Machinery & Equipment

11.2 Asset Condition

Figure 62 summarizes the replacement cost-weighted condition of the Town's machinery and equipment portfolio. Based only on age data, 67% of assets are in fair or better condition; the remaining 33% are in poor or worse condition. These assets may be candidates for replacement in the short term; similarly, assets in fair condition may require rehabilitation or replacement in the medium term and should be monitored for further degradation in condition.

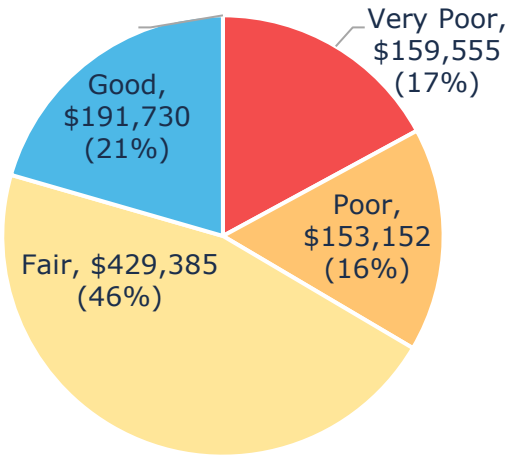


Figure 62 Asset Condition: Machinery & Equipment Overall

Figure 63 summarizes the age-based condition of machinery and equipment by each department. The majority of assets that support fire services are in fair condition. Assets in poor or worse condition are concentrated primarily in recreation, and office equipment.

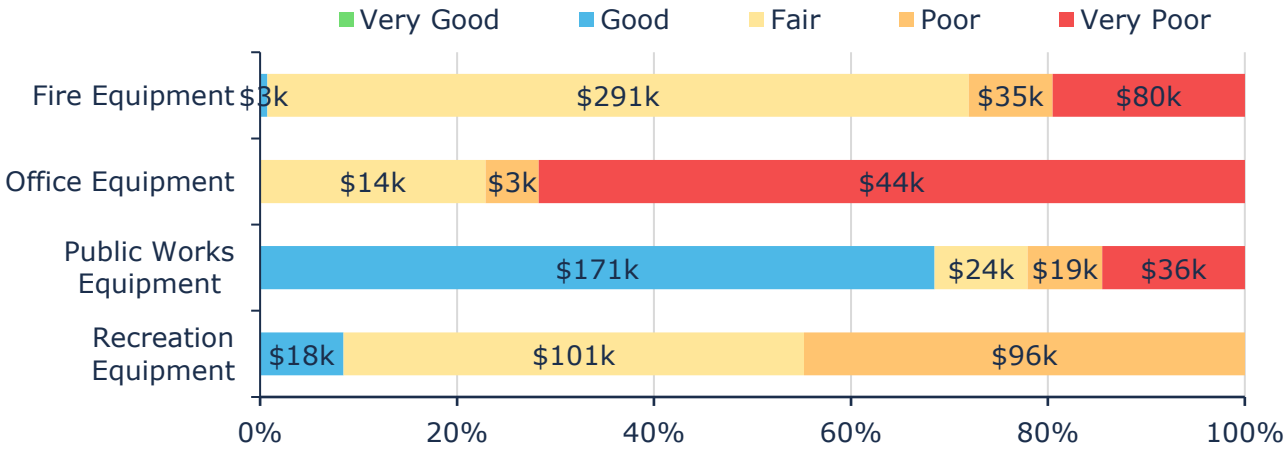


Figure 63 Asset Condition: Machinery & Equipment by Segment

11.3 Age Profile

An asset's age profile comprises two key values: estimated useful life (EUL), or design life; and the percentage of EUL consumed. The EUL is the serviceable lifespan of an asset during which it can continue to fulfil its intended purpose and provide value to users, safely and efficiently. As

assets age, their performance diminishes, often more rapidly as they approach the end of their design life.

In conjunction with condition data, an asset's age profile provides a more complete summary of the state of infrastructure. It can help identify assets that may be candidates for further review through condition assessment programs; inform the selection of optimal lifecycle strategies; and improve planning for potential replacement spikes.

Figure 64 illustrates the average current age of each asset type and its estimated useful life. Both values are weighted by the replacement cost of individual assets.

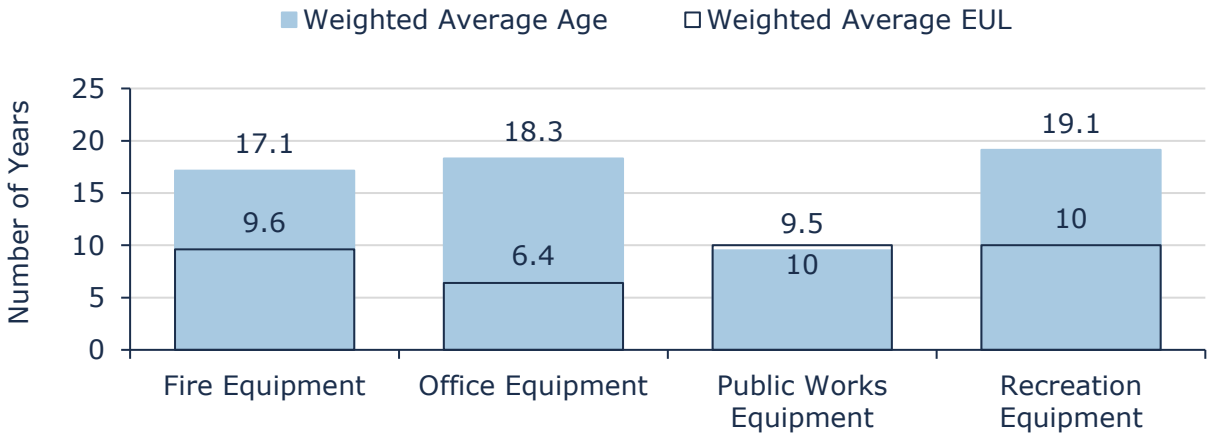


Figure 64 Estimated Useful Life vs. Asset Age: Machinery & Equipment

Age analysis reveals that, on average, with the exception of fire services, most machinery and equipment assets are well beyond their expected life.

11.4 Current Approach to Lifecycle Management

The condition or performance of most assets will deteriorate over time. To ensure that municipal assets are performing as expected and meeting the needs of customers, it is important to establish a lifecycle management strategy to proactively manage asset deterioration.

The following table outlines the Town's current lifecycle management strategy.

Activity Type	Description of Current Strategy
Maintenance	All other maintenance activities are completed on a reactive basis when operational issues are identified (e.g., mechanical breakdown, deficiencies identified during daily inspections)
Replacement	Without the availability of up-to-date condition assessment information replacement activities are purely reactive in nature

Table 31 Lifecycle Management Strategy: Machinery & Equipment

11.5 Forecasted Long-Term Replacement Needs

Figure 65 illustrates the cyclical short-, medium- and long-term infrastructure replacement requirements for the Town's machinery and equipment portfolio. This analysis was run until 2034 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Town's primary asset management system and asset register. The Town's average annual requirements (red dotted line) total $100 thousand for all machinery and equipment. Although actual spending may fluctuate substantially from year to year, this figure is a useful benchmark value for annual capital expenditure targets (or allocations to reserves) to ensure projects are not deferred and replacement needs are met as they arise.

Replacement needs are forecasted to increase over the next decade, peaking at $605 thousand in the next five years. These projections and estimates are based on asset replacement costs and age analysis. They are designed to provide a long-term, portfolio-level overview of capital needs and should be used to support improved financial planning over several decades.

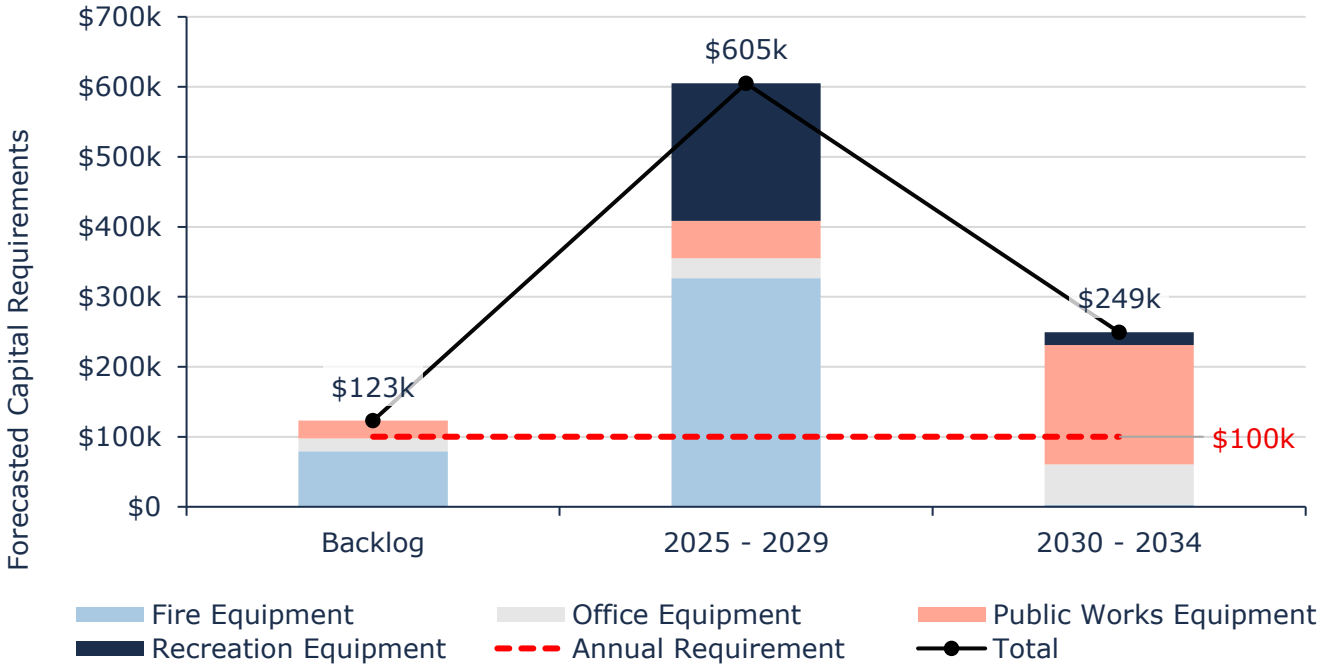


Figure 65 Forecasted Capital Replacement Needs: Machinery & Equipment 2025-2034

Often, the magnitude of replacement needs is substantially higher than most municipalities can afford to fund. In addition, most assets may not need to be replaced. However, quantifying and monitoring these spikes is essential for long-term financial planning, including establishing dedicated reserves. In addition, a robust risk framework will ensure that high-criticality assets receive proper and timely lifecycle intervention, including replacements.

A summary of the 10-year replacement forecast can be found in Appendix A – 10-Year Capital Requirements.

11.6 Risk Analysis

The risk matrix below is generated using available asset data, including condition and replacement costs.

The matrix stratifies assets based on their individual probability and consequence of failure, each scored from 1 to 5. Their product generates a risk index ranging from 1-25. Assets with the highest criticality and likelihood of failure receive a risk rating of 25; those with lowest probability of failure and lowest criticality carry a risk rating of 1. As new data and information is gathered, the Town may consider integrating relevant information that improves confidence in the criteria used to assess asset risk and criticality.

These risk models have been built into the Town's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

1 - 4 Very Low	5 - 7 Low	8 - 9 Moderate	10 - 14 High	15 - 25 Very High
$2,990 (<1%)	$143,665 (15%)	$539,031 (58%)	$138,046 (15%)	$110,090 (12%)

Figure 66 Risk Matrix: Machinery & Equipment

11.7 Levels of Service

The tables that follow summarize the Town's current levels of service. There are no specifically prescribed KPIs under Ontario Regulation 588/17 for non-core assets, therefore the KPIs below represent performance measures that the Town has selected for this AMP.

11.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2024)
Scope	Description, which may include images of the types of equipment that the municipality operates and the services that they help to provide to the community	In order to maintain the high quality of public infrastructure and support the delivery of core services, Town staff own and employ various types of machinery and equipment. This includes: • Landscaping equipment to maintain public parks • Fire equipment to support the delivery of emergency services • Equipment to complete lifecycle activities for roads, water, and sanitary • Computers and technical equipment in municipal offices

Table 32 Community Levels of Service: Machinery & Equipment

11.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2024)
Quality	Average condition of equipment	41%
Performance	Capital reinvestment rate	0%

Table 33 Technical Levels of Service: Machinery & Equipment

11.7.3 Proposed Levels of Service

As per O. Reg. 588/17, by July 1, 2025, municipalities are required to consider proposed levels of service (PLOS), discuss the associated risks and long-term sustainability of these service levels, and explain the Town's ability to afford the PLOS.

The below tables and graphs explain the proposed levels of service scenarios that were analyzed for the road network. Further PLOS analysis at the portfolio level can be found in Section 4. Proposed Levels of Service Analysis.

Proposed Levels of Service Scenarios

The scenarios for machinery & equipment are analyzed using three funding models: Optimal Budget, Current Funding, and Recommended Funding.

1. The Current Funding scenario is based on the current available funding.
2. The Optimal Budget scenario represents the average annual funding required to maintain or improve the network's condition, allowing for proactive asset management
3. The Recommended Budget scenario is a financial strategy designed to gradually close the funding gap over the next 15 years, which includes a 1.9% yearly tax increase.

Figure 67 compares current, optimal & recommended budget scenarios, and provides a forecast of corresponding average condition of Machinery & Equipment assets.

- Current Funding scenario shows a sharp decline, dropping from the 'Poor' range (~32%) in 2025 to the 'Very Poor' range (below 20%) by 2027. The condition reaches 0% by 2031 and remains flat for the rest of the forecast, indicating a significant accumulation of deferred maintenance and assets operating well beyond their useful life.
- In contrast, the Optimal Budget scenario largely maintains the average condition within the 'Fair' range (40-50%) for most of the forecast period. It experiences some fluctuations due to lifecycle replacement events but generally avoids the critical condition zones seen in the current funding scenario, ensuring a consistent level of service.
- The recommended budget scenario initially tracks the decline of the current funding, bottoming out in the early 2030s. However, this financial strategy is designed for long-term recovery. Once funding targets are met, the condition begins a steady ascent, recovering from the 'Very Poor' range to the 'Fair' range (above 40%) by 2043. By the end of the forecast, the recommended scenario converges with and eventually surpasses the optimal scenario, indicating a renewed asset base.

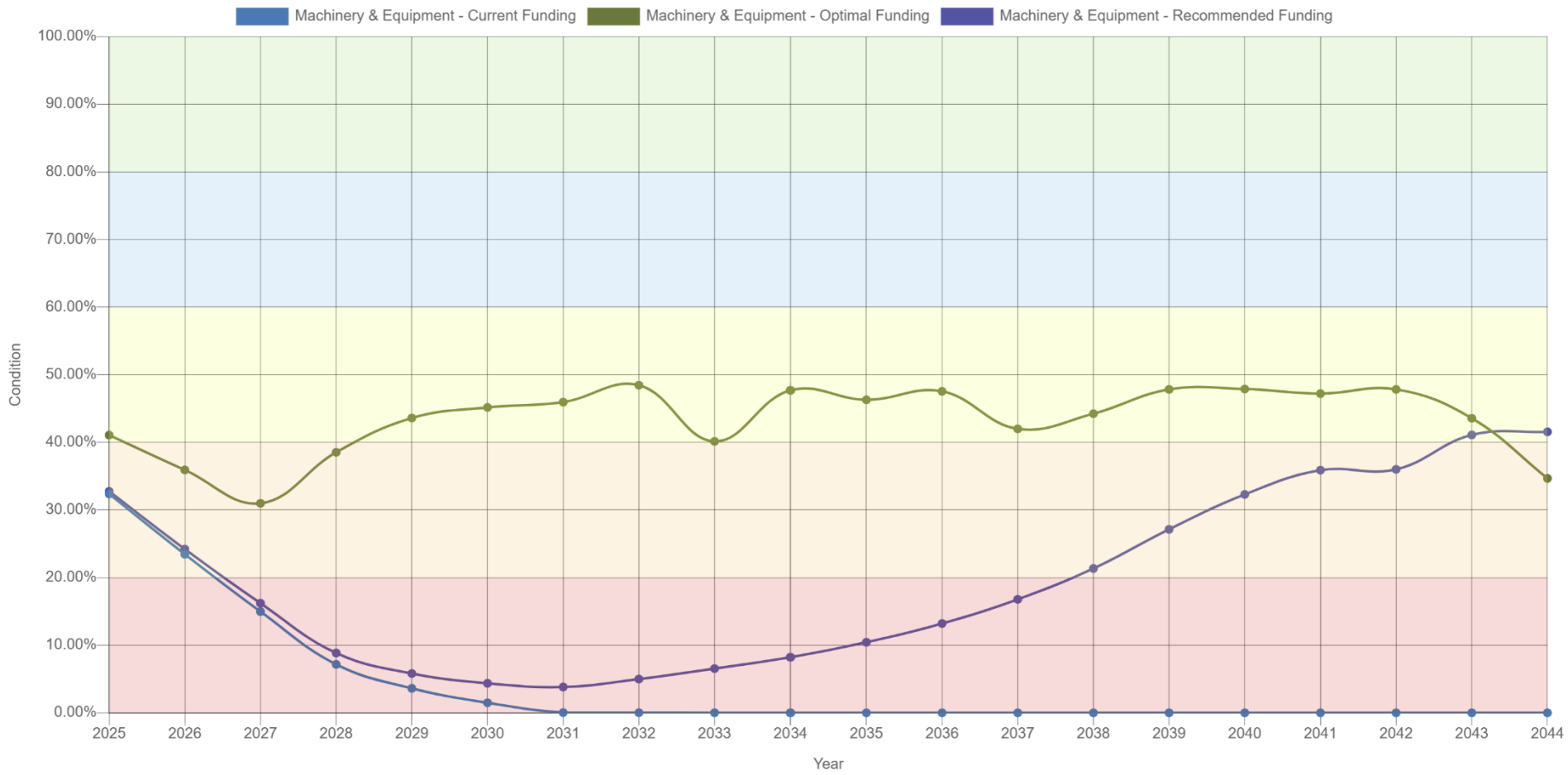


Figure 67: PLOS: Machinery & Equipment – Current vs Optimal vs Recommended Funding (20-year Forecast)

Recommendations

- Implement the 1.9% annual tax increase to ensure funds are available for equipment replacement. The analysis shows a sharp decline in condition over the next few years under the status quo, which could impact the Towns ability to deliver core services like snow removal or road repairs.
- Maintain the current strategy of budgeting for unexpected repairs. Staff view this approach as effective and sustainable, ensuring that equipment availability remains adequate to meet operational demands.

Risk for Not Maintaining Acceptable LOS

- A decline in equipment condition directly impacts operational efficiency. If machinery is frequently down for repairs due to age, municipal staff cannot perform their duties effectively, leading to delays in service delivery for residents.
- Similar to the vehicle fleet, aging equipment becomes more costly to maintain. Without the capital turnover provided by the recommended budget, the Municipality may face higher operating costs to keep older machinery running.

Strategies

12. Growth

The demand for infrastructure and services will change over time based on a combination of internal and external factors. Understanding the key drivers of growth and demand will allow the Town to plan for new infrastructure more effectively, and the upgrade or disposal of existing infrastructure. Increases or decreases in demand can affect what assets are needed and what level of service meets the needs of the community.

12.1 Latchford Official Plan (December 1981)

The Town of Latchford has an Official Plan from 1981. The Official Plan serves as a development guide for the Latchford planning area. The Plan makes several assumptions for growth based on historical population figures. The Latchford planning area has experienced notable changes since the Plan was developed, therefore, the assumptions in the plan are no longer reliable.

To analyze growth, the following table was developed using census data from 2001 to 2021.

Historical Figures	2001	2006	2011	2016	2021
Population	363	390	387	313	355
Population Percentage Change	5.2%	7.4%	-0.8%	-19.1%	13.4%
Private Dwellings	183	191	202	227	206

Population levels in the Town have increased and declined at varying rates in the last two decades. The population has ranged between 313 and 390 with no discernible trend of growth.

12.2 Impact of Growth on Lifecycle Activities

By July 1, 2025, the Town's asset management plan must include a discussion of how the assumptions regarding future changes in population and economic activity informed the preparation of the lifecycle management and financial strategy.

Planning for forecasted population growth may require the expansion of existing infrastructure and services. As growth-related assets are constructed or acquired, they should be integrated into the Town's AMP. While the addition of residential units will add to the existing assessment base and offset some of the costs associated with growth, the Town will need to review the lifecycle costs of growth-related infrastructure. These costs should be considered in long-term funding strategies that are designed to, at a minimum, maintain the current level of service.

13. Financial Strategy

For an asset management plan to be effective and meaningful, it must be integrated with financial planning and long-term budgeting. The development of a comprehensive financial plan will allow the Town of Latchford to identify the financial resources required for sustainable asset management based on existing asset inventories, desired levels of service, and projected growth requirements.

This report develops such a financial plan by presenting several scenarios for consideration and culminating with final recommendations. As outlined below, the scenarios presented model different combinations of the following components:

1. The financial requirements for:
    a. Existing assets
    b. Existing service levels
    c. Requirements of contemplated changes in service levels (none identified for this plan)
    d. Requirements of anticipated growth (none identified for this plan)
2. Use of traditional sources of municipal funds:
    a. Tax levies
    b. User fees
    c. Debt
    d. Development charges
3. Use of non-traditional sources of municipal funds:
    a. Reallocated budgets
    b. Partnerships
    c. Procurement methods
4. Use of Senior Government Funds:
    a. Canada Community-Building Fund (CCBF)
    b. Annual grants

Note: Periodic grants are normally not included due to Provincial requirements for firm commitments. However, if moving a specific project forward is wholly dependent on receiving a one-time grant, the replacement cost included in the financial strategy is the net of such grant being received.

Only reliable and predictable sources of capital funding are used to benchmark funds that may be available on any given year. The funding sources used in this financial strategy include:

- Revenue from taxation allocated for capital purposes
- Revenue from water and wastewater rates allocated for capital purposes
- The Ontario Community Infrastructure Fund (OCIF)
- The Canada Community Benefits Fund (CCBF), formerly the Federal Gas Tax Fund

If the financial plan component results in a funding shortfall, the Province requires the inclusion of a specific plan as to how the impact of the shortfall will be managed. In determining the legitimacy of a funding shortfall, the Province may evaluate a Township's approach to the following:

1. In order to reduce financial requirements, consideration has been given to revising service levels downward.
2. All asset management and financial strategies have been considered. For example:
    a. If a zero-debt policy is in place, is it warranted? If not the use of debt should be considered.
    b. Do user fees reflect the cost of the applicable service? If not, increased user fees should be considered.

13.1 Annual Requirements & Capital Funding

13.1.1 Annual Requirements

This financial strategy is designed around two key elements: the average annual capital requirement, and the average annual capital funding currently available. The annual requirement is calculated based on the replacement cost and service life of each asset, and where possible, includes lifecycle modeling through proposed levels of service. These values are then aggregated to determine category-level funding needs.

The Town of Latchford currently lacks a formal lifecycle strategy, so annual requirements are calculated based on a Replacement Only scenario. In this model capital costs are incurred only at the initial construction and final replacement of each asset.

Developing specific lifecycle management strategies would be beneficial. Through strategic rehabilitation and renewal of the Town's main assets Latchford could identify potential capital cost avoidances while maintaining desired levels of service.

The difference between the two scenarios is outlined below:

- **Replacement Only Scenario:** Assumes assets deteriorate without regularly scheduled rehabilitation and are replaced at the end of their service life.
- **Lifecycle Strategy Scenario:** Assumes activities are performed at strategic intervals to extend the service life of assets until replacement is required.

The annual requirements represent the amount the Town should allocate annually to each asset category to meet replacement needs as they arise, prevent infrastructure backlogs and achieve long-term sustainability based on the proposed levels of service outlined in Section 4.

The table below compares the system-generated total replacement cost of each asset category with the total average annual capital requirements for existing assets in each category, based on the proposed levels of service. The total replacement cost divided by the average annual capital requirements provides the equivalent target reinvestment rates for the proposed levels of service for each category. With a total replacement cost of $29.6 million, the estimated annual capital requirement across all asset categories is approximately $751 thousand. The cumulative target reinvestment for these categories is estimated at 2.55%.

Table 34: Target Re-investment Rate by Asset Category

Asset Category	Replacement Cost	Annual Capital Requirements	Target Reinvestment Rate
Buildings & Facilities	5,412,798	132,752	2.5%
Land Improvements	356,603	15,353	4.3%
Machinery & Equipment	933,822	100,090	10.7%
Road Network	1,786,045	55,121	3.3%
Sanitary Network	7,655,865	159,768	2.1%
Vehicles	355,587	22,289	6.3%
Water Network	13,203,805	265,445	2.0%
Total	**29,704,524**	**750,819**	**2.5%**

13.1.2 Annual Funding Available

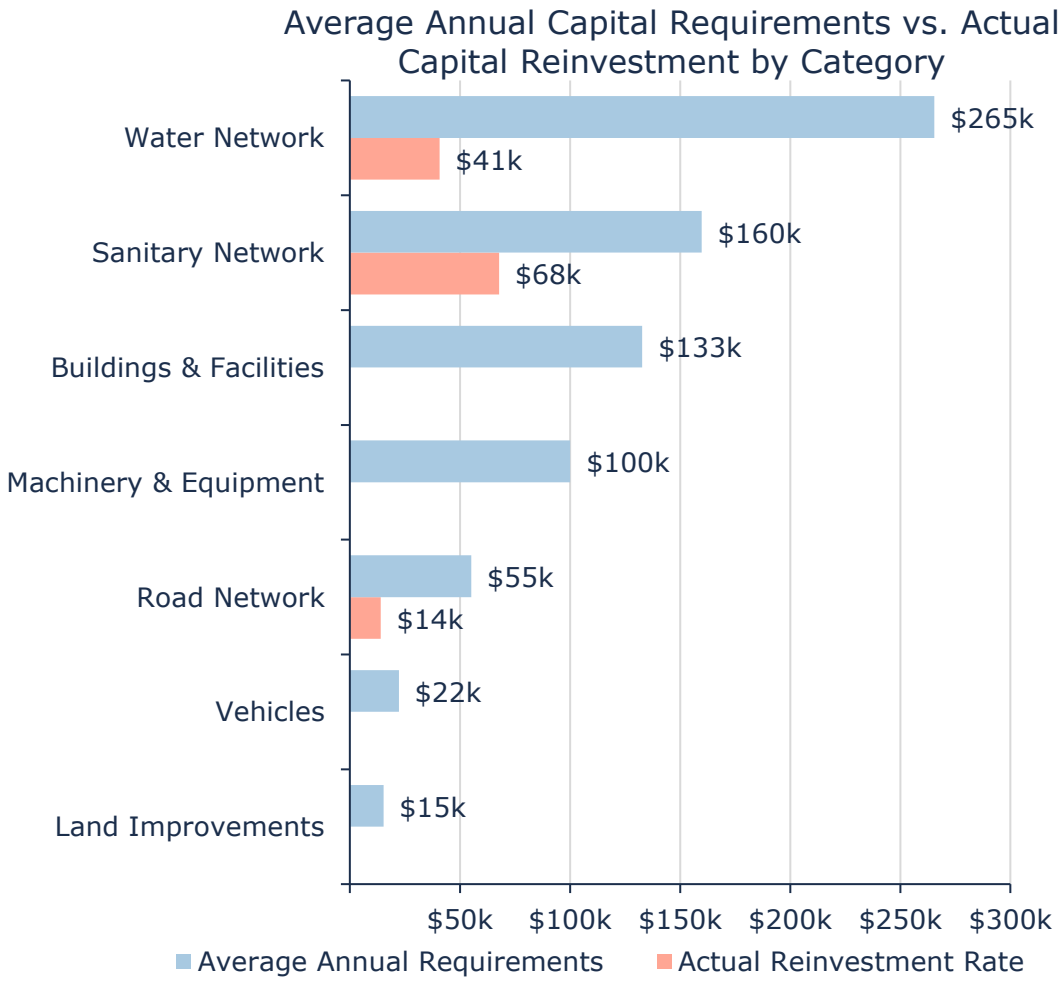


Figure 68 Annual Requirements vs. Capital Funding Available

Based on a historical analysis of sustainable capital funding sources, the Town is committing approximately $123 thousand towards capital projects per year. Given the annual capital requirement of $751 thousand, there is currently a funding gap of $628 thousand annually.

13.2 Financial Profile: Tax Funded Assets

13.2.1 Current Funding Position

The following tables show, by asset category, Latchford's average annual asset investment requirements, current funding positions, and funding increases required to achieve full funding on assets funded by taxes.

Asset Category	Avg. Annual Requirement (PLOS)	Annual Funding Available				Annual Deficit
		Taxes	CCBF	OCIF	Total Available	
Buildings & Facilities	132,752	0	0	0	0	132,752
Land Improvements	15,353	0	0	0	0	15,353
Machinery & Equipment	100,090	0	0	0	0	100,090
Road Network	55,121	0	2,597	11,475	14,073	41,048
Vehicles	22,289	0	0	0	0	22,289
Total	**325,606**	**0**	**2,597**	**11,475**	**14,073**	**311,533**

Table 35 Annual Available Funding for Tax Funded Assets

The average annual investment requirement for the above categories is $326 thousand. Annual revenue currently allocated to these assets for capital purposes is $14 thousand leaving an annual deficit of $312 thousand. Put differently, these infrastructure categories are currently only funded at 4.3% of their long-term requirements.

13.2.2 Full Funding Requirements

In 2024, Latchford had annual tax revenues of $871 thousand. As illustrated in the following table, without consideration of any other sources of revenue or cost containment strategies, full funding of the proposed levels of service would require the following tax change over time:

Asset Category	Tax Change Required for Full Funding
Buildings & Facilities	15.2%
Land Improvements	1.8%
Machinery & Equipment	11.5%
Road Network	4.7%
Vehicles	2.6%
Total	**35.8%**

Table 36 Tax Increase Requirements for Full Funding

The following changes in debt costs over the next number of years are also being considered in the financial strategy as they are currently funded through property taxes:

a) Latchford's debt payments for these asset categories will be decreasing by approximately $34K within the next 5 years.

Our scenario modeling includes capturing the above changes and allocating them to the infrastructure deficit outlined above. The table below presents several phase-in period lengths for achieving the proposed levels of service:

	5 Years	10 Years	15 Years	20 Years
Infrastructure Deficit	311,533	311,533	311,533	311,533
Change in Debt Costs	(34,342)	(34,342)	(34,342)	(34,342)
Resulting Infrastructure Deficit:	**277,191**	**277,191**	**277,191**	**277,191**
Tax Increase Required	31.8%	31.8%	31.8%	31.8%
Annually:	**5.7%**	**2.9%**	**1.9%**	**1.4%**

Table 37 Tax Increase Options 5-20 Years

13.2.3 Financial Strategy Recommendations

Considering all the above information, we recommend the 15-year option. This involves full funding being achieved over 15 years by:

a) When realized, reallocating the debt cost reductions of $31,342 to the infrastructure deficit as outlined above.
b) increasing tax revenues by 1.9% each year for the next 15 years solely for the purpose of phasing in the proposed levels of service for asset categories covered in this section of the AMP.
c) allocating the current CCBF and OCIF revenue as outlined previously.
d) increasing existing and future infrastructure budgets by the applicable inflation index on an annual basis in addition to the deficit phase-in.

Notes:

1. As in the past, periodic senior government infrastructure funding will most likely be available during the phase-in period. By Provincial AMP rules, this periodic funding cannot be incorporated into an AMP unless there are firm commitments in place. We have included OCIF formula-based funding, if applicable, since this funding is a multi-year commitment[2].
2. We realize that raising tax revenues by the amounts recommended above for infrastructure purposes will be very difficult to do. However, considering a longer phase-in window may have even greater consequences in terms of infrastructure failure.

[2] The Town should take advantage of all available grant funding programs and transfers from other levels of government. While OCIF has historically been considered a sustainable source of funding, the program is currently undergoing review by the provincial government. Depending on the outcome of this review, there may be changes that impact its availability.

Although this option achieves full funding of the proposed levels of service on an annual basis in 15 years, and provides financial sustainability over the period modeled, the recommendations do require prioritizing capital projects to fit the resulting annual funding available.

Prioritizing future projects will require the current data to be replaced by condition-based data. Although our recommendations include no further use of debt, the results of the condition-based analysis may be required otherwise.

13.3 Financial Profile: Rate Funded Assets

13.3.1 Current Funding Position

The following tables show, by asset category, Latchford's average annual asset investment requirements, current funding positions, and funding increases required to achieve the proposed levels of service for assets funded by rates.

Asset Category	Avg. Annual Require-ment	Annual Funding Available			Annual Deficit
		CCBF	OCIF	Total Available	
Water Network	265,445	12,507	55,263	67,770	197,676
Sanitary Network	159,768	7,528	33,262	40,790	118,978
Total	**425,213**	**20,035**	**88,525**	**108,559**	**316,654**

Table 38 Annual Available Funding for Rate Funded Assets

The average annual investment requirement for the above categories is $425 thousand to meet the proposed levels of service. Annual revenue currently allocated to these assets for capital purposes is $108 thousand leaving an annual deficit of $317 thousand. Put differently, these infrastructure categories are currently funded at 25.5% of their long-term/ideal requirements.

13.3.2 Full Funding Requirements

In 2024, Latchford had annual water revenues of $154 thousand and annual sanitary revenues of $111 thousand. As illustrated in the table below, without consideration of any other sources of revenue, achieving the funding required for the proposed levels of service would require the following changes over time:

Asset Category	Rate Change Required for Full Funding
Water Network	128.0%
Sanitary Network	107.5%

Table 39 Rate Increase Requirements for Full Funding

In the following tables, we have expanded the above scenario to present multiple options. Due to the significant increases required, we have provided phase-in options of up to 20 years:

Water Network				
	5 Years	**10 Years**	**15 Years**	**20 Years**
Infrastructure Deficit	197,676	197,676	197,676	197,676
Change in Debt Costs	(24,276)	(24,276)	(24,276)	(24,276)
Resulting Infrastructure Deficit:	**173,400**	**173,400**	**173,400**	**173,400**
Rate Increase Required	112.2%	112.2%	112.2%	112.2%
Annually:	**16.3%**	**7.9%**	**5.2%**	**3.9%**

Table 40 Water Rate Increase Options 5-20 Years

Sanitary Network				
	5 Years	**10 Years**	**15 Years**	**20 Years**
Infrastructure Deficit	118,978	118,978	118,978	118,978
Rate Increase Required	107.5%	107.5%	107.5%	107.5%
Annually:	**15.8%**	**7.6%**	**5.0%**	**3.8%**

Table 41 Sanitary Rate Increase Options 5-20 Years

13.3.3 Financial Strategy Recommendations

Considering all of the above information, we recommend the 20-year option for both networks. This involves the proposed levels of service being achieved over 20 years by:

a) When realized, reallocating the debt cost reductions of $31,342 to the water network deficit as outlined above.
b) increasing rate revenues by 3.9% for the Water network and 3.8% for the Wastewater network each year for the next 20 years solely for the purpose of achieving full funding to the asset categories covered in this section of the AMP.
c) allocating the current CCBF and OCIF revenue as outlined previously.
d) increasing existing and future infrastructure budgets by the applicable inflation index on an annual basis in addition to the deficit phase-in.

Notes:

1. As in the past, periodic senior government infrastructure funding will most likely be available during the phase-in period. This periodic funding should not be incorporated into an AMP unless there are firm commitments in place.
2. We realize that raising rate revenues for infrastructure purposes will be very difficult to do. However, considering a longer phase-in window may have even greater consequences in terms of infrastructure failure.
3. Any increase in rates required for operations would be in addition to the above recommendations.

As the above option achieves funding requirements for the proposed levels of service on an annual basis in 20 years and provides improvements to financial sustainability over the period

modeled, the recommendations do require prioritizing capital projects to fit the resulting annual funding available.

Prioritizing future projects will require the current data to be replaced by condition-based data. Although our recommendations include no further use of debt, the results of the condition-based analysis may require otherwise.

13.4 Use of Debt

Debt can be strategically utilized as a funding source within the long-term financial plan. The benefits of leveraging debt for infrastructure planning include:

a) the ability to stabilize tax & user rates when dealing with variable and sometimes uncontrollable factors
b) equitable distribution of the cost/benefits of infrastructure over its useful life
c) a secure source of funding
d) flexibility in cash flow management

Debt management policies and procedures with limitations and monitoring practices should be considered when reviewing debt as a funding option. In efforts to mitigate increasing commodity prices and inflation, interest rates have been rising. Sustainable funding models that include debt need to incorporate the now current realized risk of rising interest rates

The revenue options outlined in this plan allow Latchford to fully fund its long-term infrastructure requirements without further use of debt.

13.5 Use of Reserves

13.5.1 Available Reserves

Reserves play a critical role in long-term financial planning. The benefits of having reserves available for infrastructure planning include:

a) the ability to stabilize tax rates when dealing with variable and sometimes uncontrollable factors
b) financing one-time or short-term investments
c) accumulating the funding for significant future infrastructure investments
d) managing the use of debt
e) normalizing infrastructure funding requirement

By asset category, the table below outlines the details of the reserves currently available to Latchford.

Asset Category	Balance at December 31, 2024
Roads	$22,770
Fire Equipment	$18,253
Fire Building	$38,907
Fire Uniform	$10,323
Building	$42,209
Modernization	$156,012
Water	$20,000
Fitness Centre	$2,500
Museum	$8,111
General Surplus	$627,626

Table 42 Latchford Reserve Balances

There is considerable debate in the municipal sector as to the appropriate level of reserves that a Town should have on hand. There is no clear guideline that has gained wide acceptance. Factors that municipalities should consider when determining their capital reserve requirements include:

a) breadth of services provided
b) age and condition of infrastructure
c) use and level of debt
d) economic conditions and outlook
e) internal reserve and debt policies.

These reserves are available for use by applicable asset categories during the phase-in period towards achieving the proposed levels of service. This allows the scenarios to assume that, if required, available reserves and debt capacity can be used for high priority and emergency infrastructure investments in the short- to medium-term.

14. Recommendations & Key Considerations

14.1 Financial Strategies

1. Review the feasibility of adopting a full-funding scenario to achieve 100% of average annual funding requirement for the asset categories analyzed. This includes:
    a. Increasing taxes by 1.9% per year over a period of 15 years.
    b. Increasing water rates by 3.9% per year over a period of 20 years; and
    c. Increasing sanitary rates by 3.8% per year over a period of 20 years.
2. Continued allocation of OCIF and CCBF funding as previously outlined.
3. Reallocating appropriate revenue from categories in a surplus position to those in a deficit position.
4. Increasing existing and future infrastructure budgets by the applicable inflation index on an annual basis in addition to the deficit phase-in.
5. Continue to apply for project specific grant funding to supplement sustainable funding sources.

14.2 Asset Data

1. Continuously review, refine, and calibrate lifecycle and risk profiles to better reflect actual practices and improve capital projections. In particular:
    a. the timing of various lifecycle events, the triggers for treatment, anticipated impacts of each treatment, and costs
    b. the various attributes used to estimate the likelihood and consequence of asset failures, and their respective weightings
2. Asset management planning is highly sensitive to replacement costs. Periodically update replacement costs based on recent projects, invoices, or estimates, as well as condition assessments, or any other technical reports and studies. Material and labor costs can fluctuate due to local, regional, and broader market trends, and substantially so during major world events. Accurately estimating the replacement cost of like-for-like assets can be challenging. Ideally, several recent projects over multiple years should be used. Staff judgement and historical data can help attenuate extreme and temporary fluctuations in cost estimates and keep them realistic.
3. Like replacement costs, an asset's established serviceable life can have dramatic impacts on all projections and analyses, including condition, long-range forecasting, and financial recommendations. Periodically reviewing and updating these values to better reflect in-field performance and staff judgement is recommended.

14.3 Risk & Levels of Service

1. Risk models and matrices can play an important role in identifying high-value assets, and developing an action plan which may include repair, rehabilitation, replacement, or further evaluation through condition assessments. As a result, project selection and the development of multi-year capital plans can become more strategic and objective. Initial models have been built into Citywide for all asset groups. These models reflect current data, which was limited. As the data evolves and new attribute information is obtained, these models should also be refined and updated.
2. Available data on current performance should be centralized and tracked to support any calibration of service levels ahead of O. Reg. 588's 2025 requirements on proposed levels of service.
3. Staff should monitor evolving local, regional, and environmental trends to identify factors that may shape the demand and delivery of infrastructure programs. These can include population growth, and the nature of population growth; climate change and extreme weather events; economic conditions and the local tax base. This data can also be used to review service level targets.

Appendices

Appendix A – 10-year Capital Requirements (Proposed Levels of Service)

Appendix B – Levels of Service Maps & Photos

Appendix C – Risk Rating Criteria

Appendix A – 10-Year Capital Requirements (Proposed Levels of Service)

The tables below summarize the projected costs of lifecycle activities (rehabilitation and replacement) expected over the next 15 years (for tax funded assets), and 20 years (for rate funded assets) to support the proposed levels of service. These projections are based on a 1.9% annual tax increase for tax-funded assets, 3.9% annual rate increase for water network assets, and 3.8% annual rate increase for wastewater network assets. The estimates are generated using Citywide, drawing from data in the asset register.

Where available, condition assessments and replacement costs were used to forecast asset replacement needs. For assets lacking condition data, age-based estimates were applied. Projected needs were then compared to available funding, and any shortfalls are reflected as backlog—indicating overdue investment at the time of analysis.

These projections may differ from actual capital forecasts. Ongoing updates to condition data, replacement costs, and lifecycle models will improve alignment between system-generated requirements and the City's capital planning.

Road Network

No forecasted requirements for the next 10 years.

Water Network

Table 43: PLOS - 10 Year Capital Requirements: Water Network

Segment	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Watermains	-	-	-	-	-	-	-	-	-	-
Water Treatment Plant	-	-	-	-	$15k	-	-	-	-	-
Hydrants	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**$15k**	**-**	**-**	**-**	**-**	**-**

Sanitary Sewer Network

Table 44: PLOS - 10 Year Capital Requirements: Sanitary Sewer Network

Segment	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sanitary Mains	-	-	-	-	-	-	-	-	-	-
Lift Stations	-	-	-	-	$83k	-	-	-	-	-
Sanitary Treatment Plant	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**$83k**	**-**	**-**	**-**	**-**	**-**

Buildings & Facilities

Table 45: PLOS - 10 Year Capital Requirements: Buildings & Facilities

Name	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Municipal Office	-	$12k	$1.k	$5.0k	-	-	-	-	-	-
Medical Clinic	-	-	-	-	-	-	-	-	-	$65.4k
Fire Hall	-	-	-	$3.1k	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Community Centre	-	-	-	-	$18.8k	$13.7k	$6.4k	-	-	-
Museums	-	-	$6.6k	-	-	-	-	$33.9k	-	-
Comfort Station	-	-	-	-	-	-	-	-	-	-
Total	**-**	**$12k**	**$8.1k**	**$8.1k**	**$18.8k**	**$13.7k**	**$6.4k**	**$33.9k**	**-**	**$65.4k**

Land Improvements

Table 46: PLOS - 10 Year Capital Requirements: Land Improvements

Name	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Pavilions	-	-	-	-	-	-	-	-	-	-
Pavement	-	-	-	-	-	-	-	-	-	-
Campground	-	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	$17.0k	-
Docks	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**$17.0k**	**-**

Vehicles

Table 47: PLOS - 10 Year Capital Requirements: Vehicles

Name	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Fire Department	-	-	-	-	$6.9k	-	-	-	-	$14.0k
Public Works	-	-	-	-	-	-	-	$8.2k	-	-
Total	**-**	**-**	**-**	**-**	**$6.9k**	**-**	**-**	**$8.2k**	**-**	**$14.0k**

Machinery & Equipment

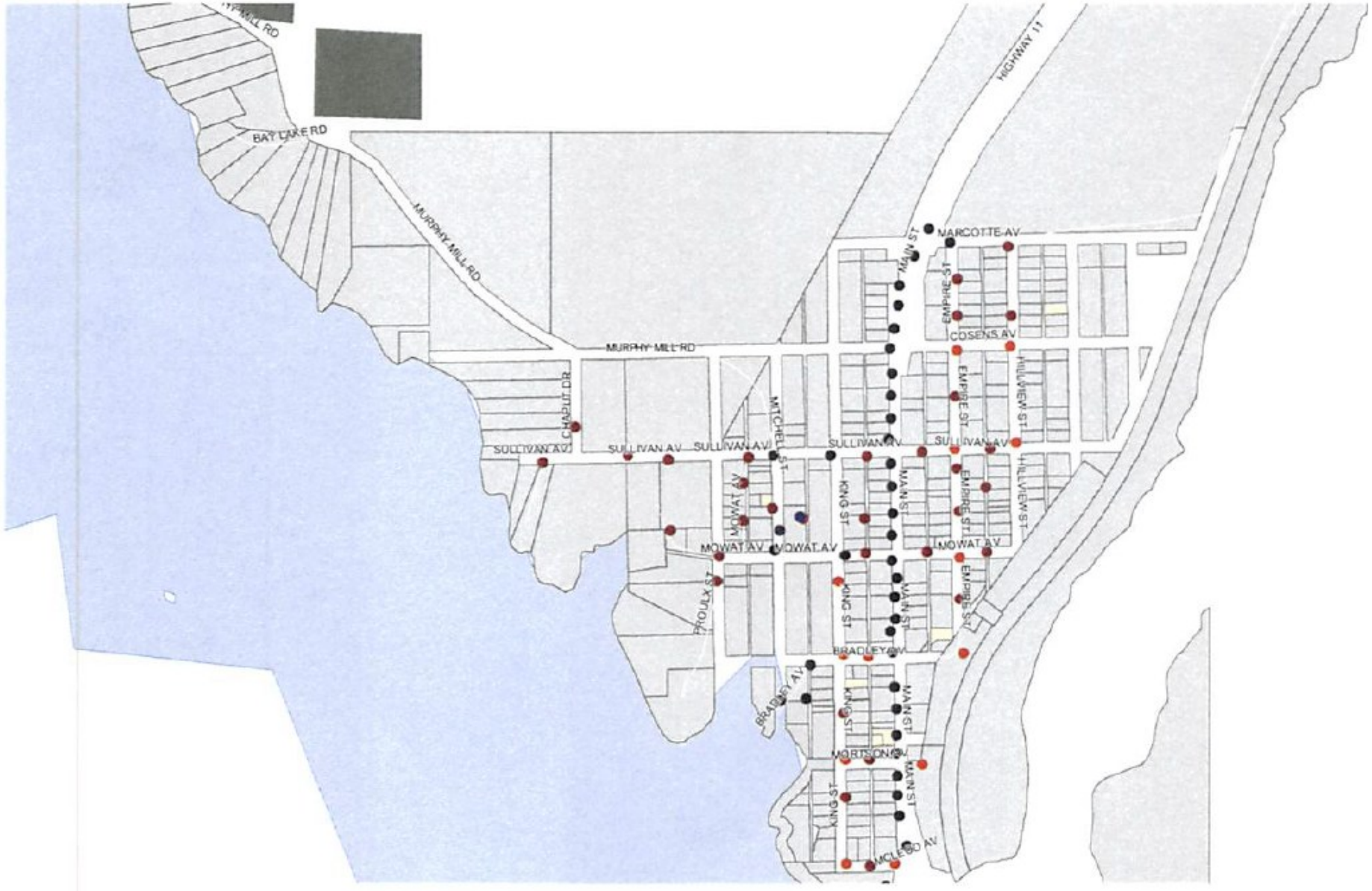
Table 48: PLOS - 10 Year Capital Requirements: Machinery & Equipment

Name	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Office Equipment	$1.6k	$4.8k	$7.0k	$7.6k	$3.2k	$3.7k	$16.4k	$8.8k	$9.7k	$19.0k
Fire Equipment	$2.4k	$0.3k	-	$0.7k	$6.2k	$9.9k	-	$12.0k	$16.5k	$13.1k
Public Works Equipment	-	-	-	$0.3k	$1.0k	-	-	-	-	$0.5k
Recreation Equipment	-	-	-	-	-	-	-	-	-	-
Total	**$4.0k**	**$5.1k**	**$7.0k**	**$8.6k**	**$10.4k**	**$13.6k**	**$16.4k**	**$20.8k**	**$26.2k**	**$32.5k**

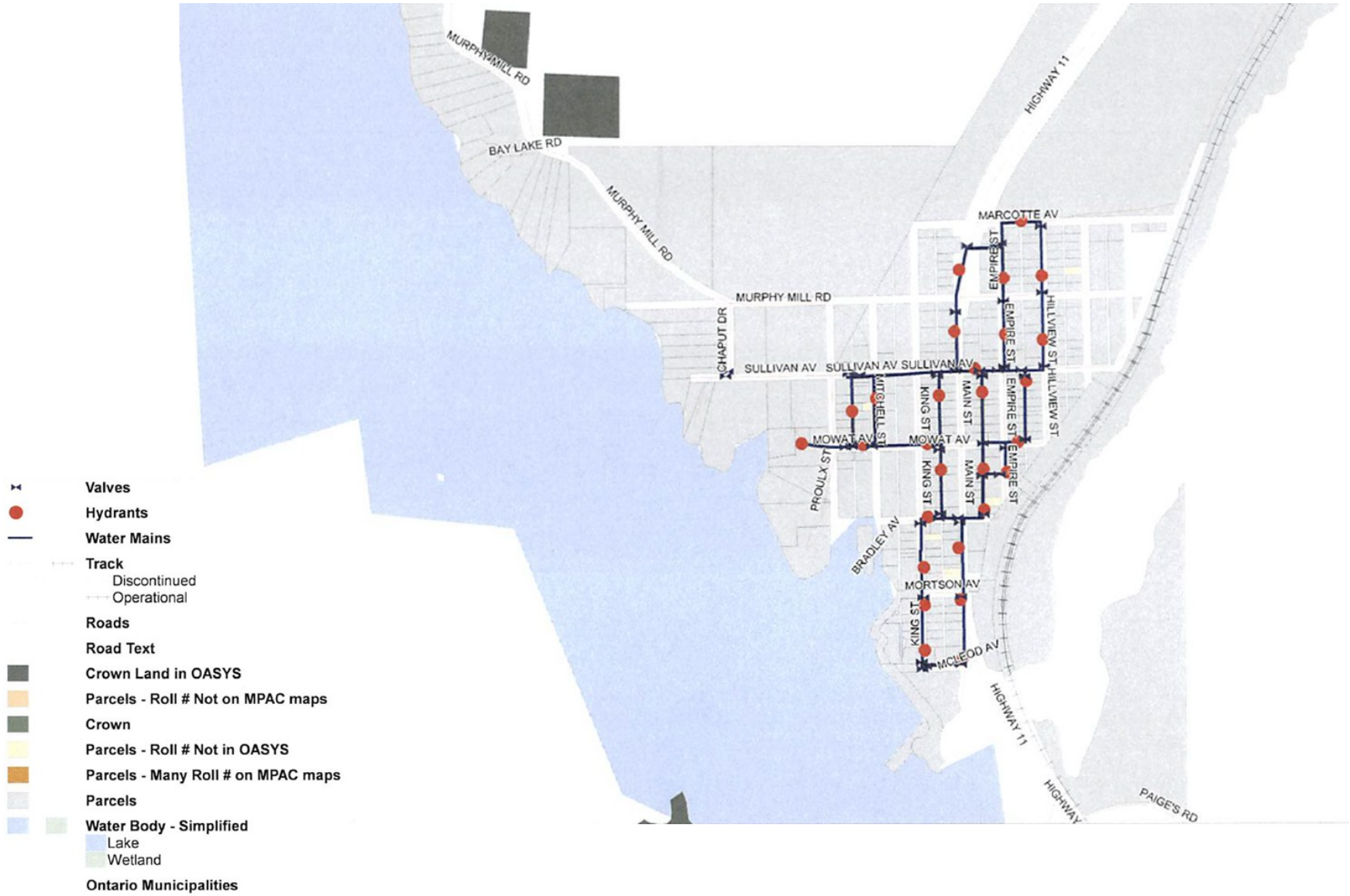
Appendix B – Level of Service Maps & Photos

Road Network and Sanitary Network Map

Streetlights



Water Network



Appendix C – Risk Rating Criteria

Probability of Failure

Asset Category	Risk Classification	Risk Criteria	Value/Range	Probability of Failure Score
Roads	Structural	Condition (80%)	80 - 100	1
			60- 79	2
			40 - 59	3
			20 - 39	4
			0 - 19	5
		Material (20%)	HCB	2
			LCB	3
			G/S	4

Table 49: Probability of Failure: Roads

Asset Category	Risk Classification	Risk Criteria	Value/Range	Probability of Failure Score
All other assets	Economic (100%)	Condition	80 - 100	1
			60- 79	2
			40 - 59	3
			20 - 39	4
			0 - 19	5

Table 50: Probability of Failure: All Other Assets

Consequence of Failure

Asset Category	Risk Classification	Risk Criteria	Value/Range	Consequence of Failure Score
Roads	Economic (100%)	Replacement Cost (100%)	$0 and below	1
			$40000 and below	2
			$100000 and below	3
			$300000 and below	4
			$400000 and below	5

Table 51: Consequence of Failure: Roads

Asset Category	Risk Classification	Risk Criteria	Value/Range	Consequence of Failure Score
Sanitary Mains	Structural (100%)	Pipe Size (mm)	200	3
			250	4

Table 52: Consequence of Failure: Sanitary Mains

Asset Category	Risk Classification	Risk Criteria	Value/Range	Consequence of Failure Score
Water Mains	Structural (100%)	Pipe Size (mm)	150	2
			200	3

Table 53: Consequence of Failure: Water Mains

Asset Category	Risk Classification	Risk Criteria	Value/Range	Consequence of Failure Score
All other Assets	Economic (100%)	Replacement Cost (100%)	0-$10,000	1
			$10,001 - $250,000	2
			$250,001 - $50,0000	3
			$500,001 - $1,000,000	4
			$1,000,001+	5

Table 54: Consequence of Failure: All Other Assets