Asset Management Plan 2025

Township of Hilton

psdcitywide

This Asset Management Plan was prepared by:

psdcitywide

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

April 2026

Key Statistics

$6.5 m	2025 Replacement Cost of Asset Portfolio
$19.4 k	Replacement Cost of Infrastructure Per Household
90%	Percentage of Assets in Fair or Better Condition
82%	Percentage of Assets with Assessed Condition Data
5.3%	Target Investment Rate to meet Proposed Levels of Service
5.3%	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 Township of Hilton can ensure that public infrastructure is managed to support the sustainable delivery of municipal services.

This AMP includes the following asset categories:

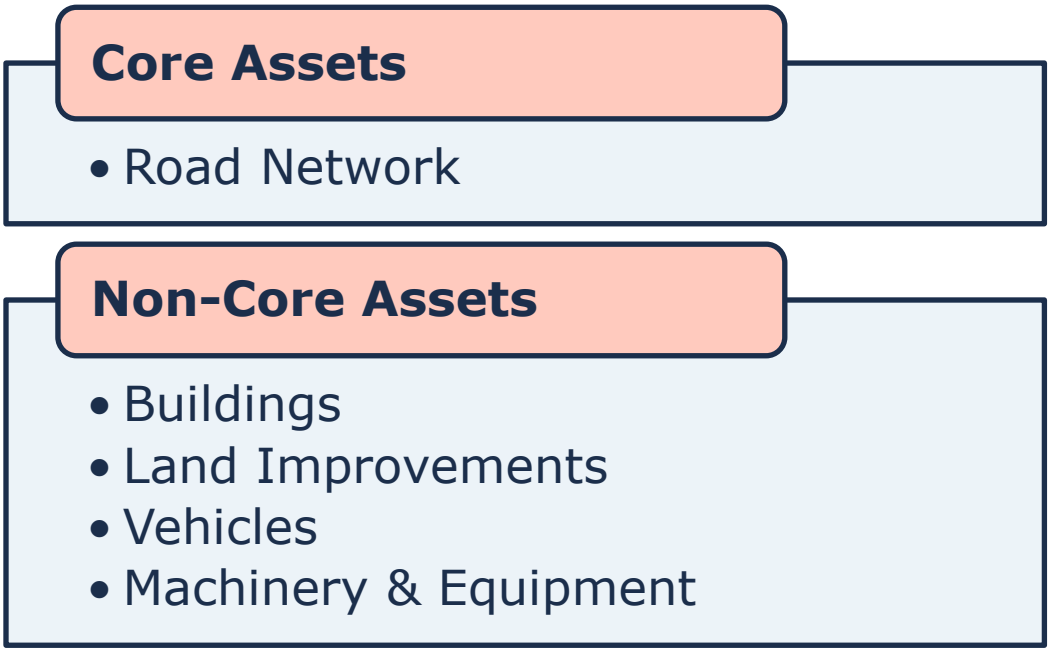


Figure 1 Core and Non-Core Asset Categories

1.2 Compliance

With the development of this AMP the Township of Hilton 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 $6.5 million. 90% of all assets analyzed in this AMP are in fair or better condition and assessed condition data was available for 82% of assets. For the remaining 18% of assets, assessed condition data was unavailable, and asset age was used to approximate condition – a data gap that persists in most municipalities. Generally, age misstates the true condition of assets, making assessments essential to accurate asset management planning, and a recurring recommendation in this AMP.

The development of a long-term, sustainable financial plan requires an analysis of whole lifecycle costs. This AMP uses a combination of proactive lifecycle strategies (paved roads) and replacement only strategies (all other assets) to determine the lowest cost option to maintain the current level of service.

To meet capital replacement and rehabilitation needs for existing infrastructure, prevent infrastructure backlogs, and achieve long-term sustainability, the Township's average annual capital requirement totals $267,000. Based on a historical analysis of sustainable capital funding sources, the Township is committing approximately $343,000 towards capital projects or reserves per year. As a result, there is currently no annual funding gap.

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 Township. Strategic asset management planning is an ongoing and dynamic process that requires continuous improvement and dedicated resources.

1.4 Recommendations

Recommendations to guide continuous refinement of the Township's asset management program 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 identify sustainability of proposed levels of service

2. Introduction & Context

2.1 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.

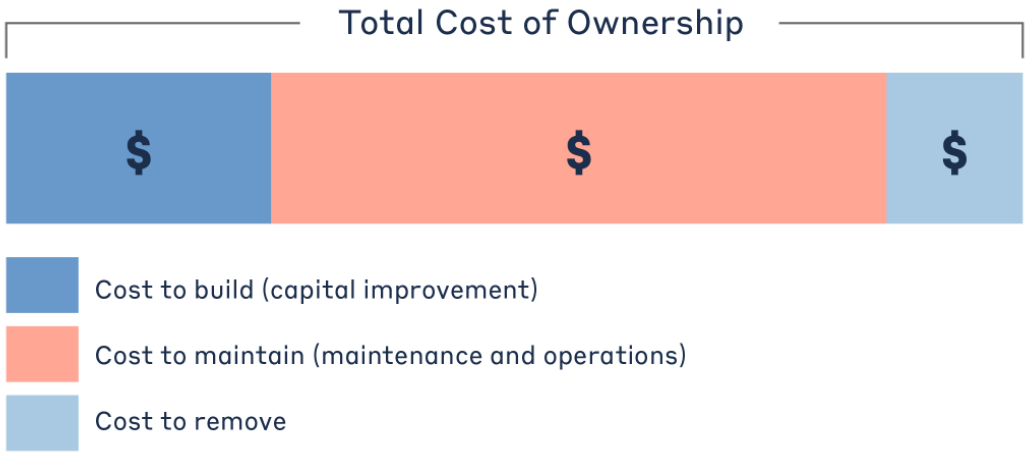


Figure 2 Total Cost of Asset Ownership

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.

2.1.1 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.

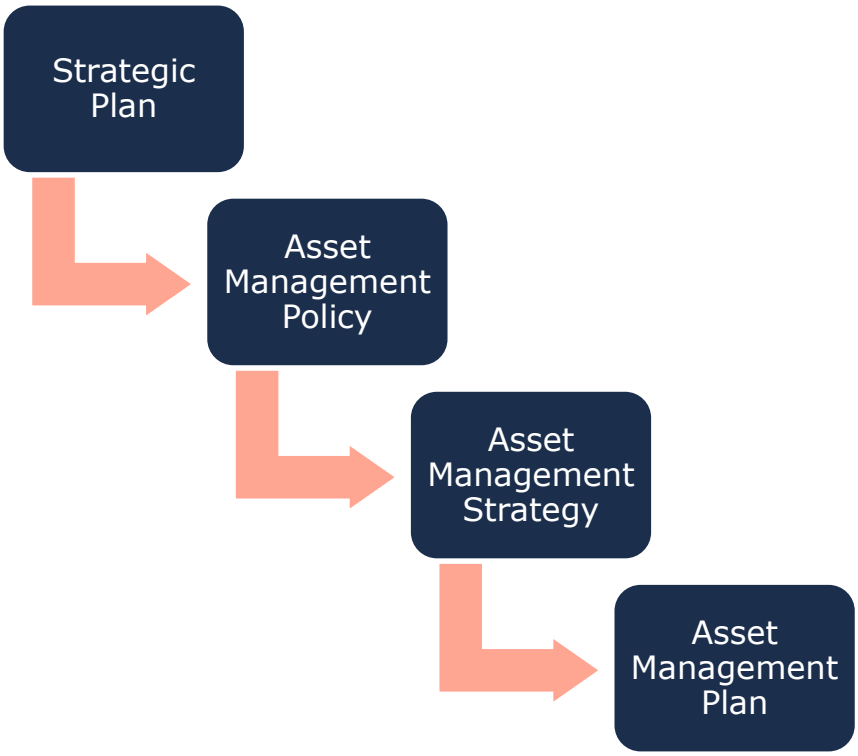


Figure 3 Foundational Asset Management Documents

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 Township'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 Township of Hilton adopted a strategic asset management policy in 2019 in accordance with Ontario Regulation 588/17.

The objectives of the policy include:

- Fiscal Responsibilities
- Delivery of Services/Programs
- Public Input/Council Direction
- Risk/Impact Mitigation

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 Township plans to achieve asset management objectives through planned activities and decision-making criteria.

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

Asset Management Plan

The asset management plan (AMP) presents the outcomes of the Township'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
- 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 Township to re-evaluate the state of infrastructure and identify how the organization's asset management and financial strategies are progressing.

2.1.2 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 an 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	**$$$**	♦ Useful life may not be extended as expected; ♦ May be costlier in the long run when assessed against full reconstruction or replacement; ♦ Loss or disruption of service, particularly for underground assets;
Replacement/ Reconstruction Asset end-of-life activities that often involve the complete replacement of assets	**$$$$$**	♦ 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 1 Lifecycle Management: Typical Lifecycle Interventions

The Township'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.

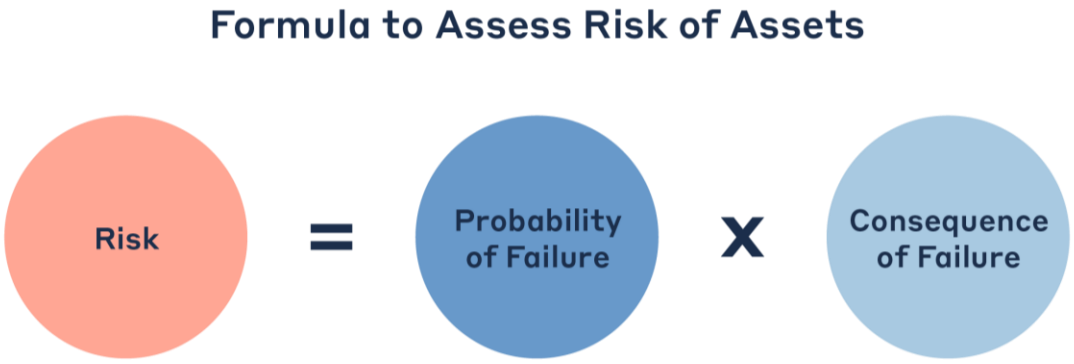


Figure 4 Risk Equations

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 2 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 2 Risk Analysis: Types of Consequences of Failure

This AMP includes a preliminary 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.

These models have been built in Citywide for continued review, updates, and refinements.

Levels of Service

A level of service (LOS) is a measure of the services that the Township is providing to the community and the nature and quality of those services. 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.

The Township 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) 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 Township'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

Current LOS are the past performance metrics of an asset category up until present day. In contrast, Proposed LOS looks toward the municipality's goal for asset performance by a defined future date.

It is important to note that O. Reg 588/17 does not dictate which proposed LOS metrics municipality's need to strive for. A proposed LOS will be very specific to each community's resident desires, political goals, and financial capacity. This can range from increasing service levels and costs, to maintaining or even reducing current performance in order to mitigate future cost increases. Regardless of the proposed LOS chosen, O. Reg 588/17 requires municipalities to demonstrate the achievability of their selected metrics.

2.2 Scope & Methodology

2.2.1 Asset Categories for this AMP

This asset management plan for the Township of Hilton is produced in compliance with O. Reg. 588/17. The July 2025 deadline under the regulation—the third of three AMPs—requires analysis of core and non-core asset categories, as well as proposed service levels and how to fund them.

The AMP summarizes the state of the infrastructure for the Township's asset portfolio, establishes current levels of service and the associated technical and customer oriented key metrics, outlines lifecycle strategies for optimal asset management and performance, and provides financial strategies to reach sustainability for the asset categories listed below.

Figure 5 Tax Funded Asset Categories

2.2.2 Data Effective Date

It is important to note that this plan is based on data as of **December 2025**; therefore, it represents a snapshot in time using the best available processes, data, and information at the Township. Strategic asset management planning is an ongoing and dynamic process that requires continuous data updates and dedicated data management resources.

2.2.3 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 Township incurred. As assets age, and new products and technologies become available, cost inflation becomes a less reliable method.

2.2.4 Estimated Service Life & Service Life Remaining

The estimated useful life (EUL) of an asset is the period over which the Township 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.

By using an asset's in-service data and its EUL, the Township can determine the service life remaining (SLR) for each asset. Using condition data and the asset's SLR, the Township can more accurately forecast when it will require replacement. The SLR is calculated as follows:

Figure 6 Service Life Remaining Calculation

2.2.5 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 Township can determine the extent of any existing funding gap. The reinvestment rate is calculated as follows:

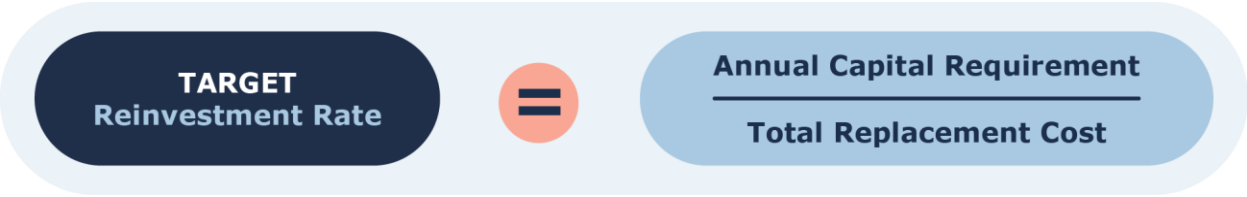


Figure 7 Target Reinvestment Rate Calculation

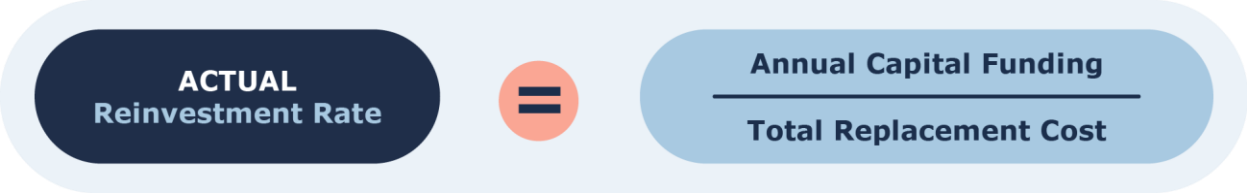


Figure 8 Actual Reinvestment Rate Calculation

2.2.6 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 Township'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, large 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 3 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.

2.3 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 liveable 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.

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

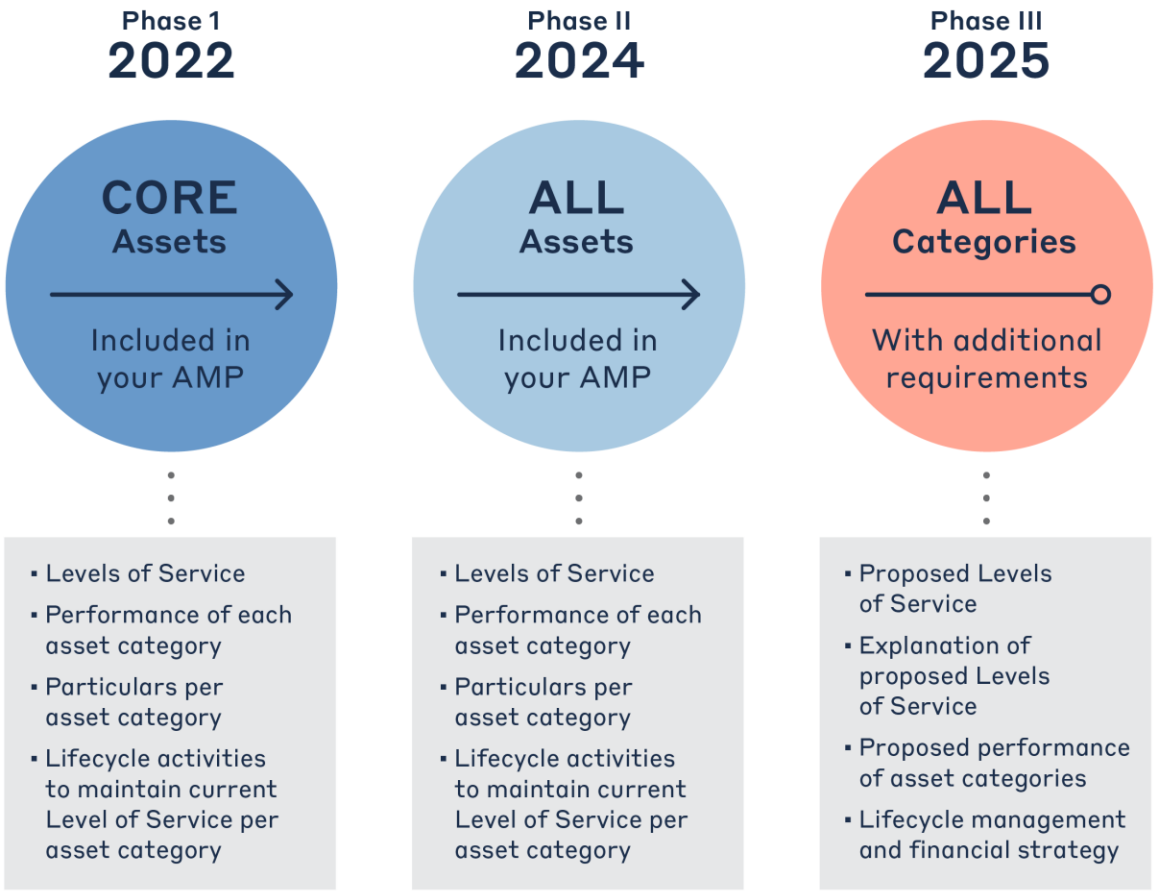


Figure 9 O. Reg. 588/17 Requirements and Reporting Deadlines

2.3.1 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 – 9.1	Complete
Replacement cost of assets in each category	S.5(2), 3(ii)	5.1 – 9.1	Complete
Average age of assets in each category	S.5(2), 3(iii)	5.3 – 9.3	Complete
Condition of core assets in each category	S.5(2), 3(iv)	5.2 – 9.2	Complete
Description of municipality's approach to assessing the condition of assets in each category	S.5(2), 3(v)	5.4 – 9.4	Complete

Requirement	O. Reg. 588/17 Section	AMP Section Reference	Status
Current levels of service in each category	S.5(2), 1(i-ii)	5.7 – 9.7	Complete
Current performance measures in each category	S.5(2), 2	5.7 – 9.7	Complete
Lifecycle activities needed to maintain current levels of service for 10 years	S.5(2), 4	5.4 – 9.4	Complete
Costs of providing lifecycle activities for 10 years	S.5(2), 4	5.5 – 9.5	Complete
Growth considerations	S.6(1), 5	10.1 – 10.2	Complete
Proposed levels of service for each category for next 10 years	S.6(1), 1(i-ii)	4.2	Complete
Explanation of appropriateness of proposed levels of service	S.6(1), 2(i-iv)	4.2	Complete
Lifecycle management activities for proposed levels of service	S.6(1), 4(i)	4.2	Complete
10-year capital costs for proposed levels of service	S.6(1), 4(ii)	Appendix A	Complete
Annual funding availability projections	S.6(1), 4(iii)	4.2	Complete

Table 4 O. Reg. 588/17 Compliance Review

Portfolio Overview

3. State of the Infrastructure

The state of the infrastructure (SOTI) summarizes the inventory, condition, age profiles, and other key performance indicators for the Township'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 five asset categories analyzed in this Asset Management Plan have a total current replacement cost of $6.5 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 71% of the total portfolio, the road network forms the largest share of the Township's asset portfolio, followed by buildings at 13%.

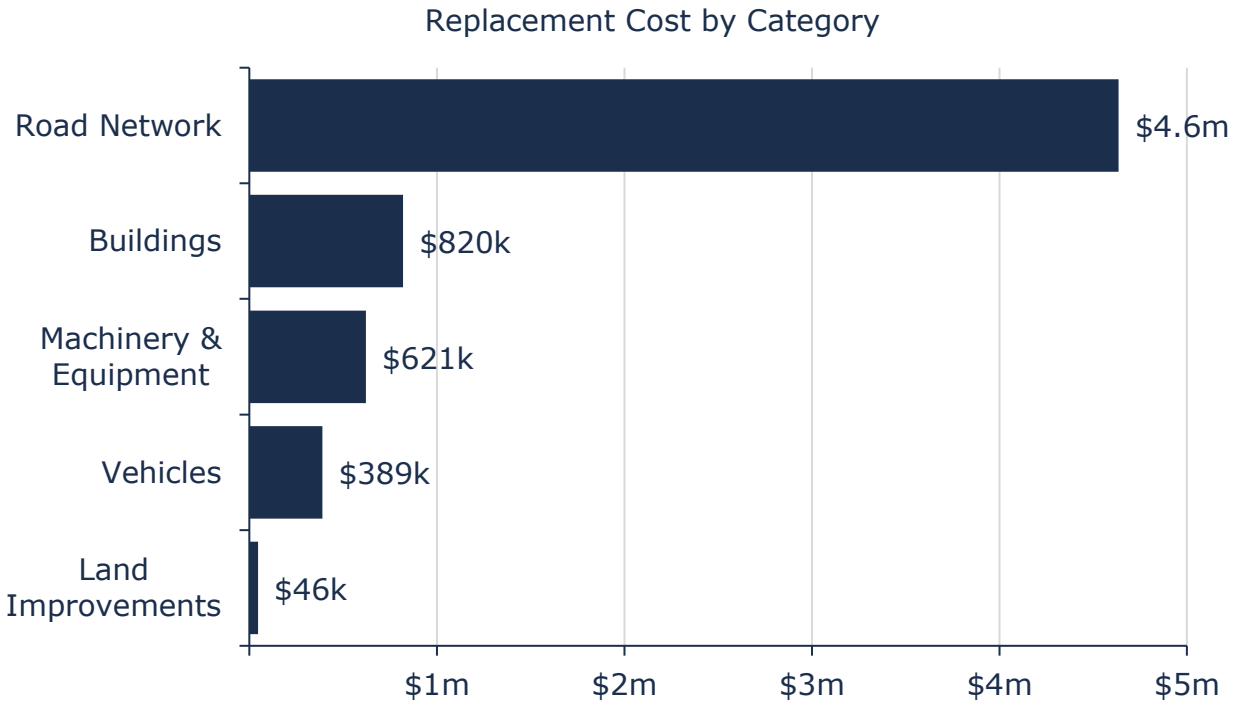


Figure 11 Current Replacement Cost by Asset Category

3.2.2 Condition of Asset Portfolio

Figure 12 and Figure 13 summarize asset condition at the portfolio and category levels, respectively. Based on both assessed condition and age-based analysis, 90% of the Township'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 road network, all land improvements, half of the buildings and machinery and equipment, and a quarter of vehicles. For all remaining age was used as an approximation of condition for these assets. Age-based condition estimations can skew data and lead to potential under- or overstatement of asset needs.

Further, when past assessed condition data was available, it was projected to the current year-end (2025). This 'projected condition' can generate lower condition ratings than those established at the time of the original condition assessment. The rate of this deterioration will also depend on lifecycle curves used to project condition over time.

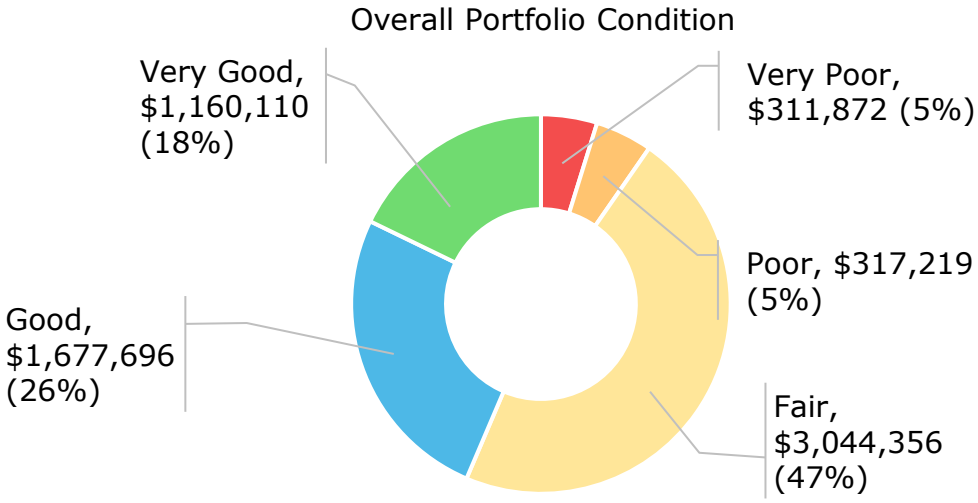


Figure 12 Asset Condition: Portfolio Overview

As further illustrated in Figure 13 at the category level, the majority of all infrastructure is in fair or better condition, based on in-field condition assessment data. See Table 5 for details on how condition data was derived for each asset segment.

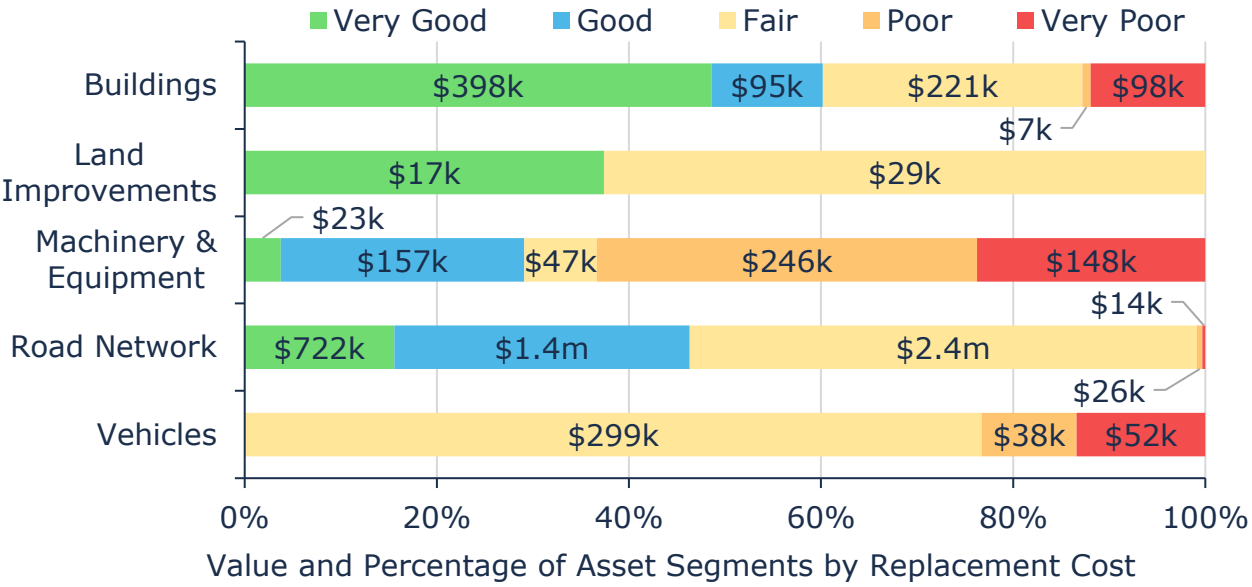


Figure 13 Asset Condition by Asset Category

Source of Condition Data

This AMP relies on assessed condition for 82% 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 5 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	Paved Roads	93%	Staff Assessments
	Unpaved Roads	100%	Staff Assessments
Buildings	All	50%	Staff Assessments
Machinery and Equipment	All	54%	Staff Assessments
Land Improvements	All	100%	Staff Assessments
Vehicles	All	23%	Staff Assessments

Table 5 Source of Condition Data

3.2.3 Service Life Remaining

Based on asset age, available assessed condition data and estimated useful life, 14% of the Township's assets will require replacement within the next 10 years. Refer to Appendix A – 10-Year Capital Requirements.

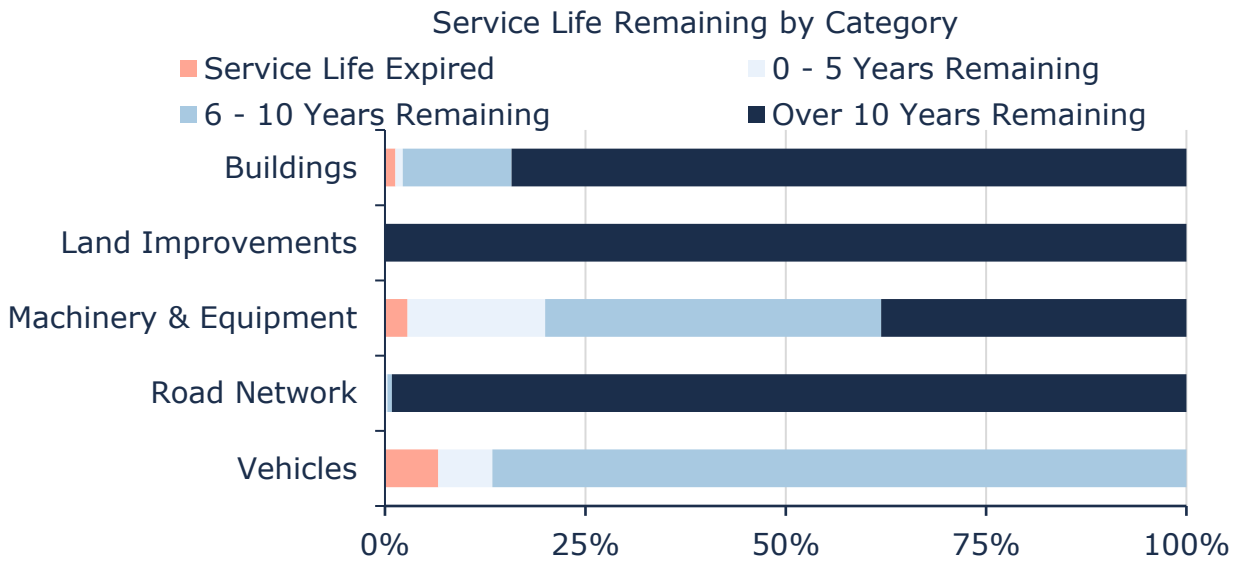


Figure 14 Service Life Remaining by Asset Category

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.

Figure 15 Risk Matrix: All Assets

The analysis shows that based on current risk models, approximately 41% of the Township's assets, with a current replacement cost of approximately $2.65 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 Township.

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 Township 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

Aging assets require maintenance, rehabilitation, and replacement. Figure 16 below illustrates the cyclical short-, medium- and long-term infrastructure replacement requirements for all asset categories analyzed in this AMP over a 60-year time horizon. On average, $267,000 is required each year to remain current with capital replacement needs for the Township'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 $54,000, 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.

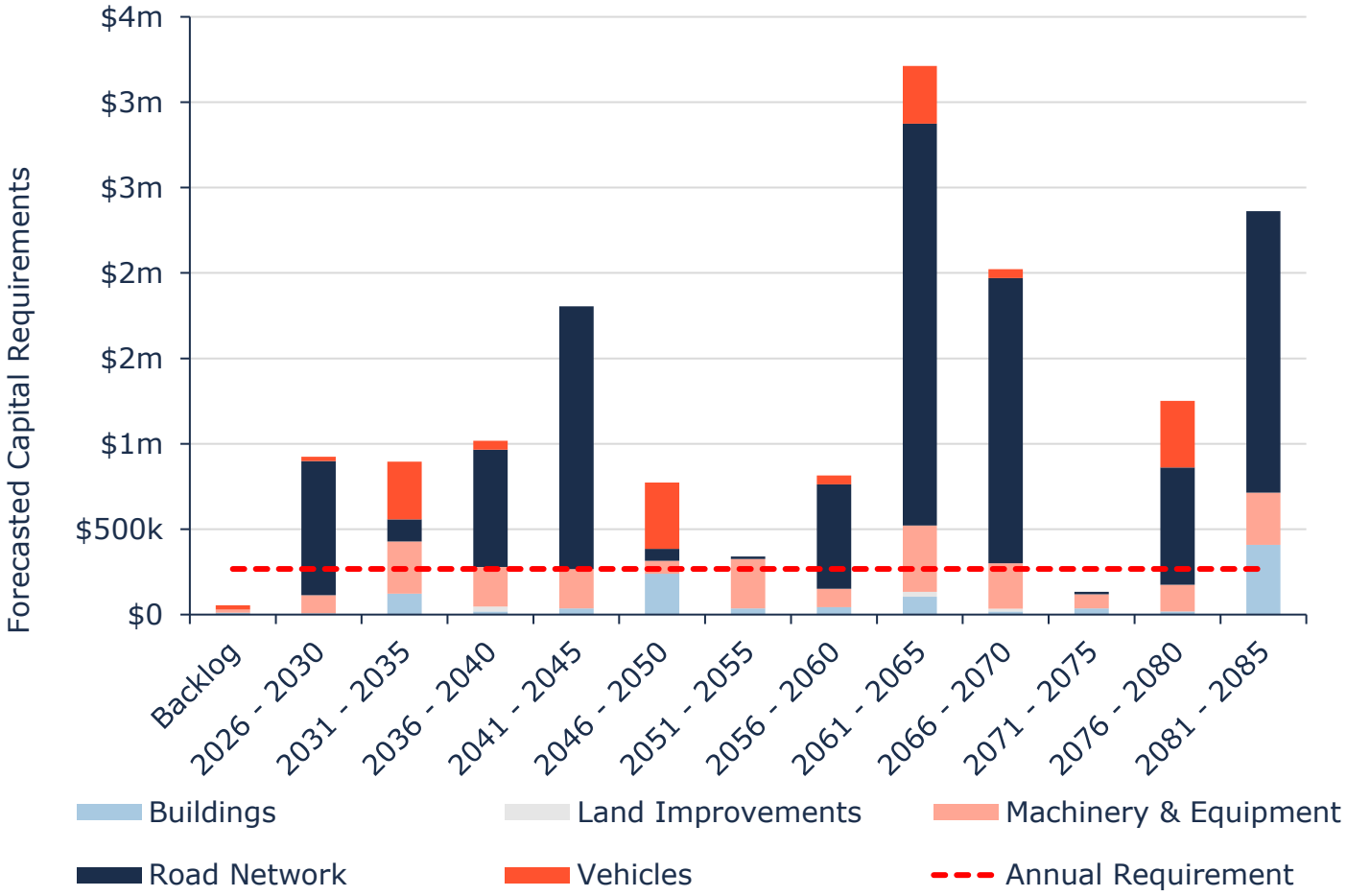


Figure 16 Capital Replacement Needs: Portfolio Overview 2026-2085

Proposed Levels of Service

4. Proposed Levels of Service Analysis

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

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 Proposed Levels of Service Scenario

Based on the results of the asset management analysis, the Township of Hilton has determined that its current levels of service are meeting community needs and expectations. The Township is presently achieving its targeted capital and lifecycle funding levels, and existing assets are being maintained in a manner that supports sustainable service delivery.

In accordance with the requirements of Ontario Regulation 588/17, the Township has evaluated proposed levels of service and associated lifecycle management and financial strategies. Given that current performance outcomes are satisfactory and no significant service gaps have been identified, the Township has elected to maintain its existing levels of service over the planning horizon.

Accordingly, the Township will continue with its current asset management approach, including maintaining existing funding levels and tax rates. This "status quo" strategy is expected to sustain asset condition and service performance while remaining financially responsible and aligned with community expectations. The Township will continue to monitor asset performance, risks, and community needs, and will revisit levels of service and funding strategies as part of future updates to the Asset Management Plan.

4.2.1 Scenario: Maintain Current Funding Levels

This scenario assumes that the Township of Hilton maintains its current funding levels and tax over the planning horizon. Under this scenario, no additional increases are applied beyond those already approved through existing financial plans.

Lifecycle Changes Required

Under this scenario, no changes to existing lifecycle management practices are proposed. The Township will continue to implement its current lifecycle strategies across all asset categories.

In future iterations of the AMP, it is recommended to more closely analyze changes to lifecycle management strategies to find long-term cost savings and efficiencies.

Affordability/Achievability

The status quo scenario represents the most affordable option in the short term, as it does not require additional financial contributions from residents or businesses beyond current levels.

The Township is currently achieving its targeted funding levels and has determined that existing revenues are sufficient to support current service delivery. As such, this scenario is fully achievable within the Township's existing financial framework.

The available capital funding over the next 10 years for the proposed levels of service is indicated in the table below:

Categories	Available Capital Funding									
	2026	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
Tax-Funded	$343k	$343k	$343k	$343k	$343k	$343k	$343k	$343k	$343k	$343k

Table 6 Available Capital Funding Over Next 10 Years

The above table accounts for both current and future expenditures in order to achieve and maintain the proposed levels of service. This requires a combination of capital spending and saving (i.e. reserves) to ensure future large expenditures can be financed. As an example, Hilton owns and maintains multiple buildings with estimated useful lives of 60 years. Because of the long duration between replacements, and low quantity of assets, it is likely that there will be years with no capital expenditures relating to buildings, however, this does not mean that the Township should ignore the funding requirements in these years. Instead, annual funding should be set aside in the form of reserves to ensure funding for upcoming lifecycle events is available when required.

A further breakdown of projected capital expenditures by asset category can be found in Appendix A – 10-Year Capital Requirements.

It is important to note that an AMP is a dynamic document which should be reviewed regularly to ensure up-to-date information is incorporated including accurate replacement costs, changes in inventory, changes in available funding sources, and reflection on progress made on previous recommendations.

Changes to Community and Technical Levels of Service

The Township of Hilton does not anticipate any changes to qualitative community levels of services for any of the asset categories included within this AMP. Technical levels of service are expected to remain stable in the near term. However, over the long term, there is potential for gradual decline in asset condition and performance if funding does not keep pace with asset deterioration and replacement needs.

Associated Risks

There are pros and cons associated the analyzed scenario, and each benefit is counter-balanced with consequences. The following risks have been identified:

- Future infrastructure funding gap:
  - While current funding levels are sufficient today, they may not be adequate to meet future lifecycle requirements as assets age and costs increase.
- Declining asset condition over time:
  - Without increases in reinvestment, asset condition may gradually deteriorate, potentially impacting service reliability.
- Increased reliance on reactive maintenance:
  - Limited funding flexibility may result in a shift from proactive to reactive maintenance, which can increase long-term costs.

- Reduced financial flexibility:
  - Maintaining current tax and rate levels may limit the Township's ability to respond to unexpected asset failures or emerging priorities.

Appropriateness to Meet the Township's Needs

The Township of Hilton has determined that its current levels of service are appropriate and aligned with community expectations. Existing funding levels are presently sufficient to support ongoing operations and asset management activities. As a result, the Township has identified the status quo scenario as an appropriate short-term approach, allowing it to maintain service delivery without imposing additional financial burden on residents.

At the same time, the Township recognizes the importance of ongoing monitoring and continuous improvement in asset management practices. Future updates to the AMP will reassess funding levels, asset condition, and community expectations to determine whether adjustments to this approach are required.

This approach is consistent with the requirements of Ontario Regulation 588/17, which requires municipalities to evaluate and document proposed levels of service and associated financial strategies.

4.2.2 PLOS Analysis Results

Technical LOS Outcomes	Initial Value (2025)	15 Year Projection (2039)	30 Year Projection (2054)
Average Condition	60%	57%	45%
Average Asset Risk	9.95	11.75	14.45
Annual Investment Required		$342,904	
Average Capital re-investment rate		5.27%	

Table 7 PLOS Scenario Analysis

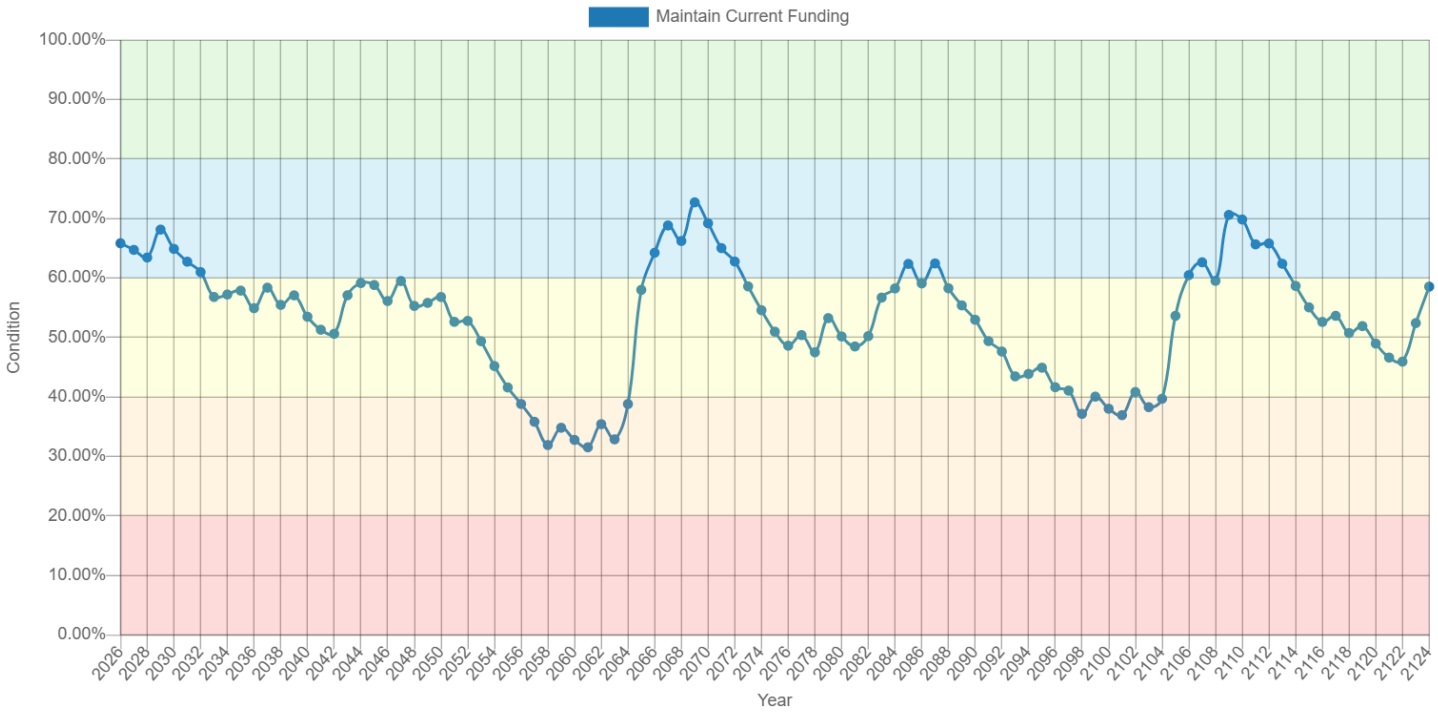


Figure 17 PLOS Scenario Condition Results

Category Analysis

5. Road Network

The road network is a critical component of the provision of safe and efficient transportation services and represents the highest value asset category in the Township's asset portfolio. It includes all municipally owned and maintained roadways.

5.1 Inventory & Valuation

Table 8 summarizes the quantity and current replacement cost of the Township's various road network assets as managed in its primary asset management register, Citywide.

Segment	Quantity	Unit of Measure	Replacement Cost	Primary RC Method
Paved Roads	39	kms	$2,974,474	Cost/Unit
Unpaved Roads	12	kms	$1,660,809	Cost/Unit
TOTAL			**$4,635,283**	

Table 8 Detailed Asset Inventory: Road Network

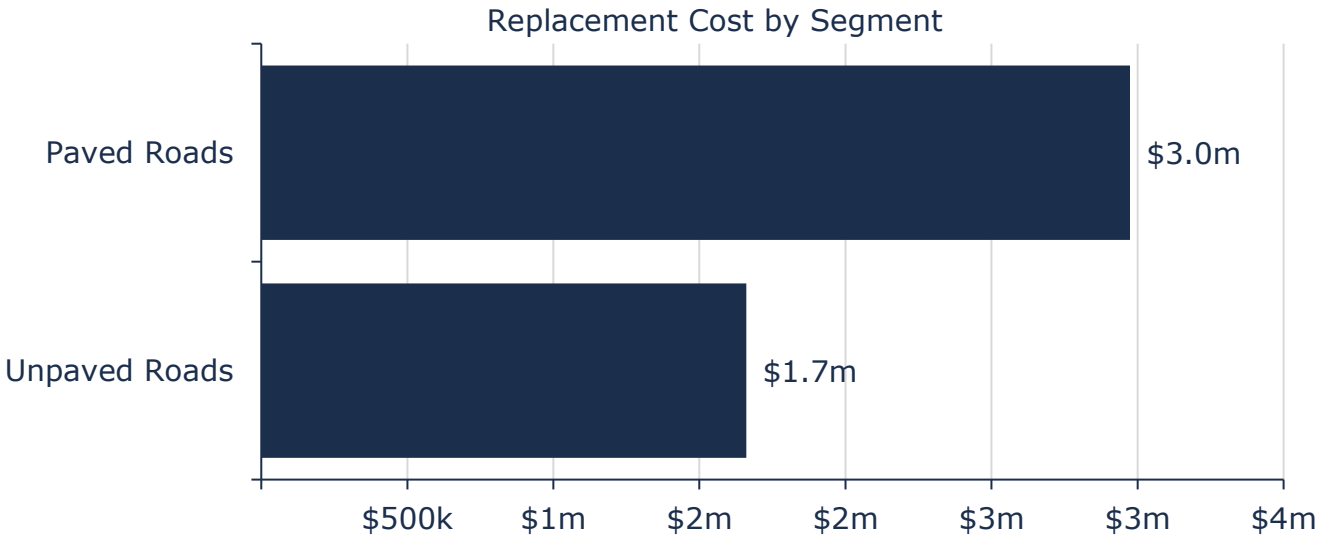


Figure 18 Portfolio Valuation: Road Network

5.2 Asset Condition

Figure 19 summarizes the replacement cost-weighted condition of the Township's road network. Based on a combination of field inspection data and age, 99% of assets are in fair or better condition; the remaining 1% of assets are in poor to very poor condition. Condition assessments were available for 93% of paved roads and 100% of unpaved roads, based on replacement cost. 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 Township's road network assets are in fair or better condition.

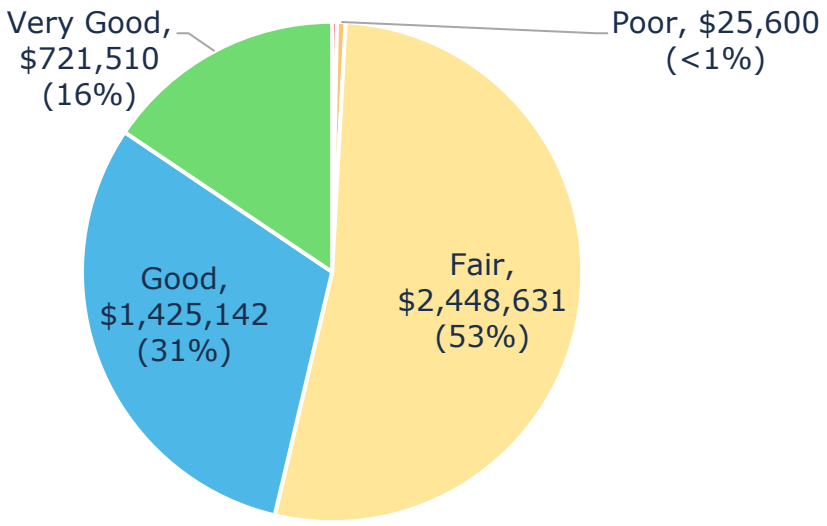


Figure 19 Asset Condition: Road Network Overall

As illustrated in Figure 20, based on condition assessments, the majority of the Township's paved and unpaved road network is in fair or better condition; however, 2% of unpaved roads are in poor or worse condition.

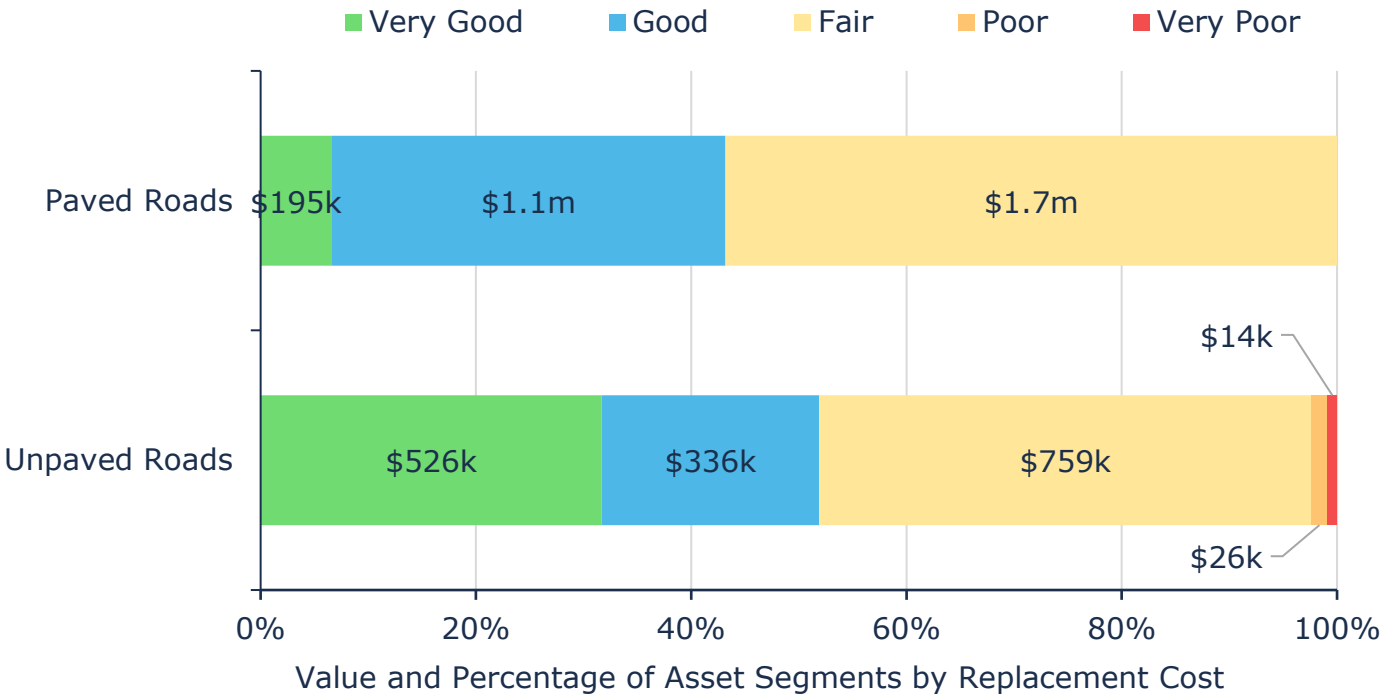


Figure 20 Asset Condition: Road Network by Segment

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.

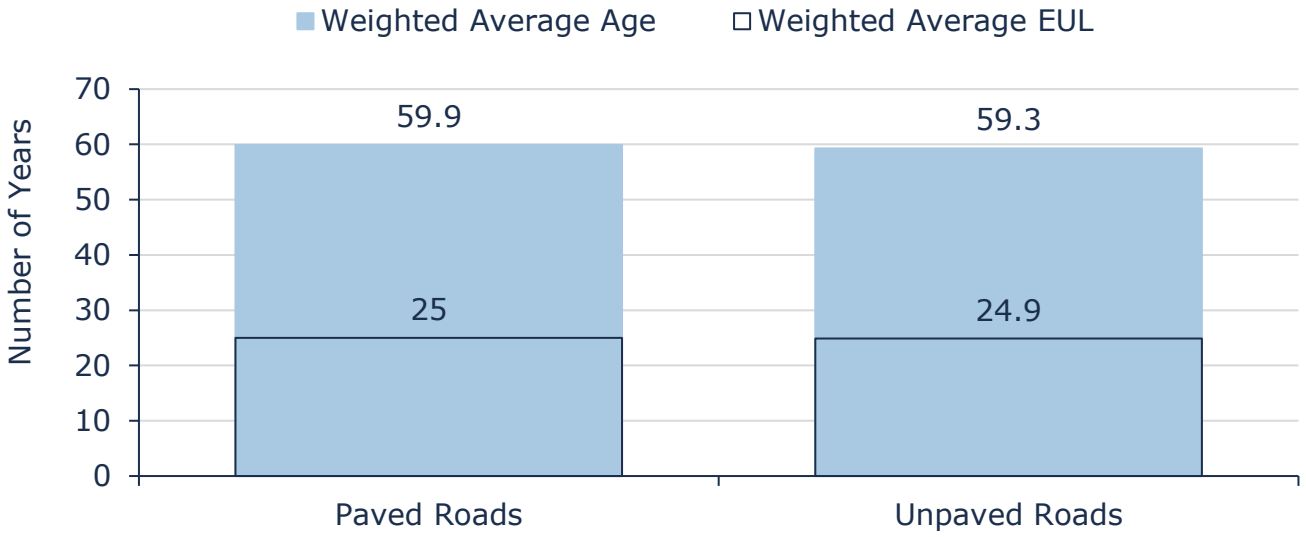


Figure 21 Estimated Useful Life vs. Asset Age: Road Network

Age analysis shows that although the majority of roads continue to remain in service beyond their expected useful life, maintenance and rehabilitation activities have allowed the Township to maintain their roads well beyond the design life of 25 years.

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 condition or performance of most assets will deteriorate over time. This process is affected by a range of factors including an asset's characteristics, location, utilization, maintenance history and environment.

The following lifecycle strategies have been developed as a proactive approach to managing the lifecycle of LCB roads. Instead of allowing the roads to deteriorate until replacement is required, strategic rehabilitation is expected to extend the service life of roads at a lower total cost.

Paved Roads (LCB)		
Event Name	**Event Class**	**Event Trigger**
Double Surface Treatment	Rehabilitation	3-4 Condition
Full Reconstruction	Replacement	End-of-Life

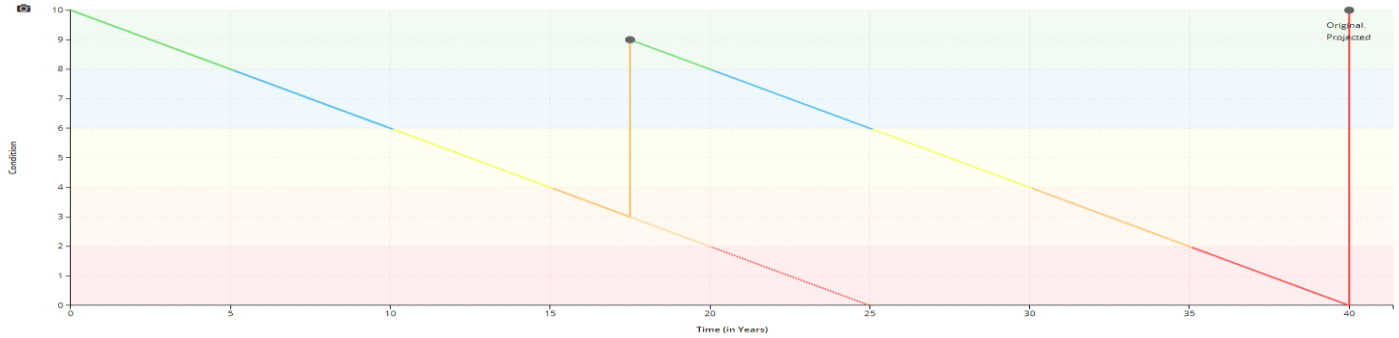


Table 9 Lifecycle Management Strategy: Road Network (LCB Roads)

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

Activity Type	Description of Current Strategy
Maintenance/ Rehabilitation	Road side grass and brush mowing is completed regularly, with grading completed as required
	Calcium is applied to gravel roads once per year, in June
Replacement	When early constructed roads begin to show imperfection, such as boulders from the base beginning to move up to the surface, full reconstruction of the road is completed
	Recommendations from Road Superintendent based on visual inspection will determine road replacement, along with specific direction from Council in some cases
Inspection	Visual inspections are completed 2-3 times weekly by the Road Superintendent
	Annual condition assessments of all roads are completed in February based on Road Superintended recommendations, which helps inform annual municipal budget

Table 10 Lifecycle Management Strategy: Road Network

5.5 Forecasted Long-Term Replacement Needs

Figure 13 illustrates the cyclical short-, medium- and long-term infrastructure rehabilitation and replacement requirements for the Township's road network. This analysis was run until 2070 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Township's primary asset management system and asset register. The Township's average annual requirements (red dotted line) total $177,000 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 capital needs through the forecast period. These projections are based on asset replacement costs, age analysis, and condition data when available, as well as lifecycle modeling (roads only). 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.

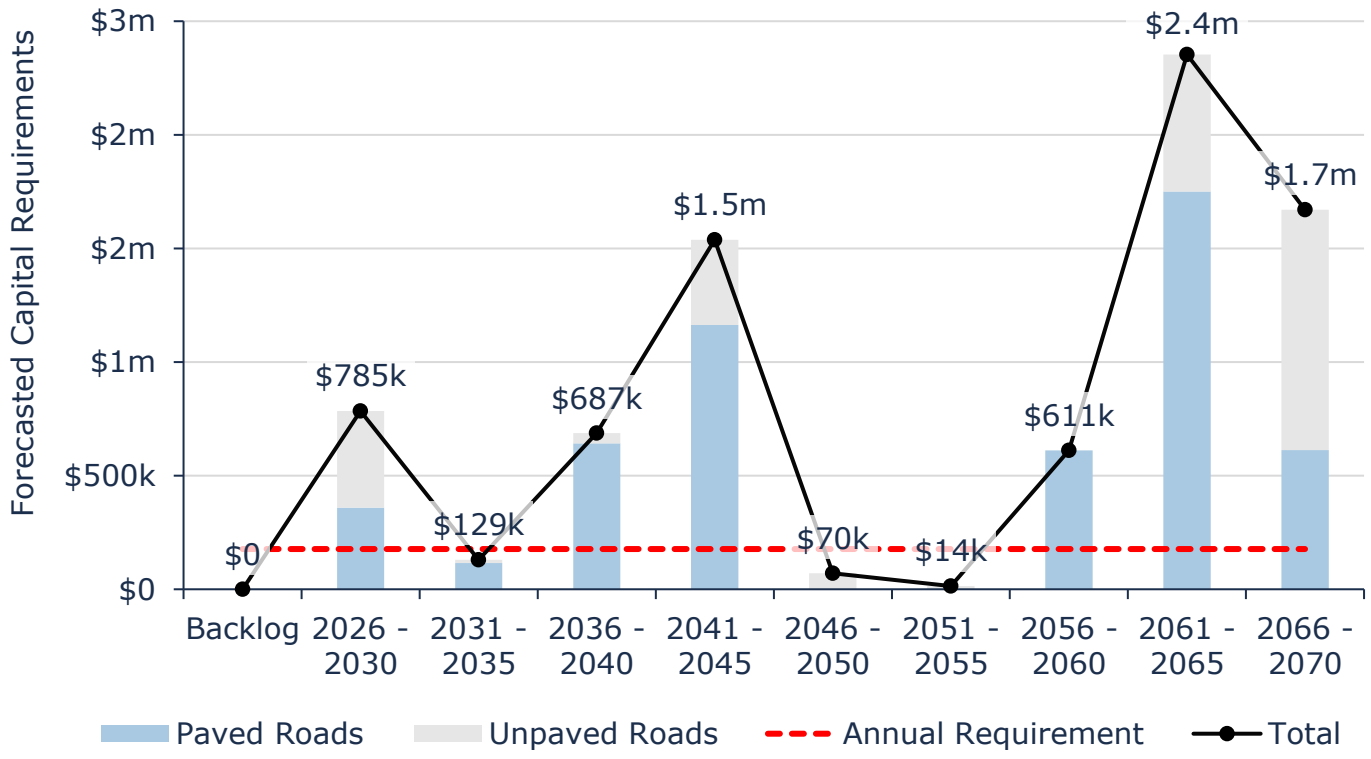


Figure 22 Forecasted Capital Replacement Needs: Road Network 2026-2070

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

5.6.1 Risk Matrix

The risk matrix below is generated using available asset data, including condition, drainage adequacy and replacement cost. The risk ratings for assets without useful attribute data were calculated using only condition 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 Township 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 Township's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

Figure 23 Risk Matrix: Road Network

5.6.2 Risks to Current Asset Management Strategies

The following section summarizes key trends, challenges, and risks to service delivery that the Township is currently facing:

Climate Change & Extreme Events
Asset deterioration is accelerated due to extreme weather, which in some cases can cause unexpected failures. Freeze-thaw cycles, ice jams, and surface flooding from extreme rainfall have been experienced by the Town in recent years. These events make long-term planning difficult and can result in a lower level of service

Growth
The Township and surrounding communities are experiencing population growth which is resulting in additional strain on municipal roads. The road network is experiencing higher traffic volumes, and changes to the type of traffic utilizing the road network. This is causing additional wear and tear to municipal roads, accelerating their rate of deterioration.

5.7 Levels of Service

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

5.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2025)
Scope	Description, which may include maps, of the road network in the municipality and its level of connectivity	See Appendix B – Level of Service Maps & Photos
Quality	Description or images that illustrate the different levels of road class pavement condition	The Township collects condition information for its roads on a regular basis using a 0-10 condition point scale. The condition rating factors in physical surface condition, drainage adequacy and capacity demands.

Table 11 O. Reg. 588/17 Community Levels of Service: Road Network

5.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2025)
Scope	Lane-km of arterial roads (MMS classes 1 and 2) per land area (km/km^2)	0 km/116 km^2
	Lane-km of collector roads (MMS classes 3 and 4) per land area (km/km^2)	31 km/116 km^2
	Lane-km of local roads (MMS classes 5 and 6) per land area (km/km^2)	94 km/116 km^2
Quality	Average pavement condition index for paved roads in the Township	62%
	Average surface condition for unpaved roads in the Township (e.g. excellent, good, fair, poor)	Good

Table 12 O. Reg. 588/17 Technical Levels of Service: Road Network

6. Buildings

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

- Storage sheds and public works garages
- Recreation facilities such as parks
- Municipal offices
- Fire hall

6.1 Inventory & Valuation

Table 13 summarizes the quantity and current replacement cost of buildings.

Segment	Quantity (# of components)	Unit of Measure	Replacement Cost	Primary RC Method
Fire Hall	1	Quantity	$86,909	CPI
Garage	3	Quantity	$84,329	CPI
Municipal Office	1 (3)	Quantity	$240,935	CPI
Park	2	Quantity	$33,833	CPI
Steel Building	3	Quantity	$61,408	CPI
Storage Shed	2	Quantity	$312,087	CPI
TOTAL			**$819,501**	

Table 13 Detailed Asset Inventory: Buildings

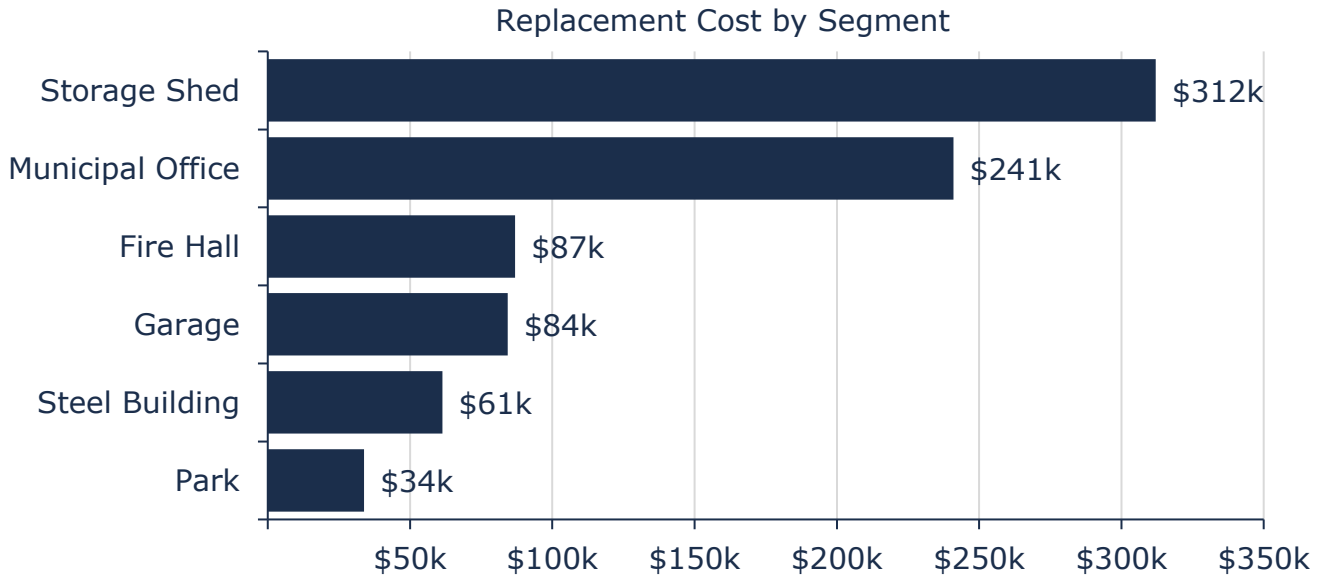


Figure 24 Portfolio Valuation: Buildings

6.2 Asset Condition

Figure 25 summarizes the replacement cost-weighted condition of the Township's buildings. Based on both age-based and assessed condition data, 87% of building assets are in fair or better condition. The remaining 13% are in poor or worse condition.

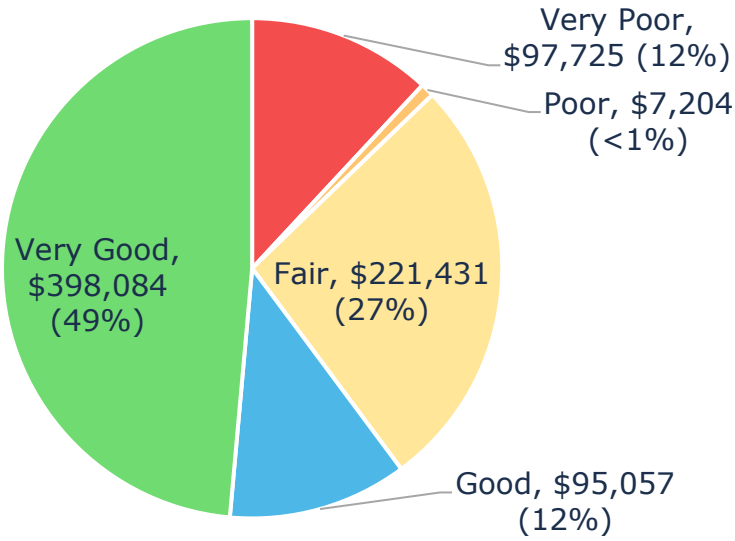


Figure 25 Asset Condition: Buildings Overall

As further detailed in Figure 26, based on in-field condition assessments and age-based data, $87,000 of fire hall assets were assessed as being in poor condition. Similarly, 7% of Municipal Office assets, with a current replacement cost of $18,000 were identifies as poor or worse.

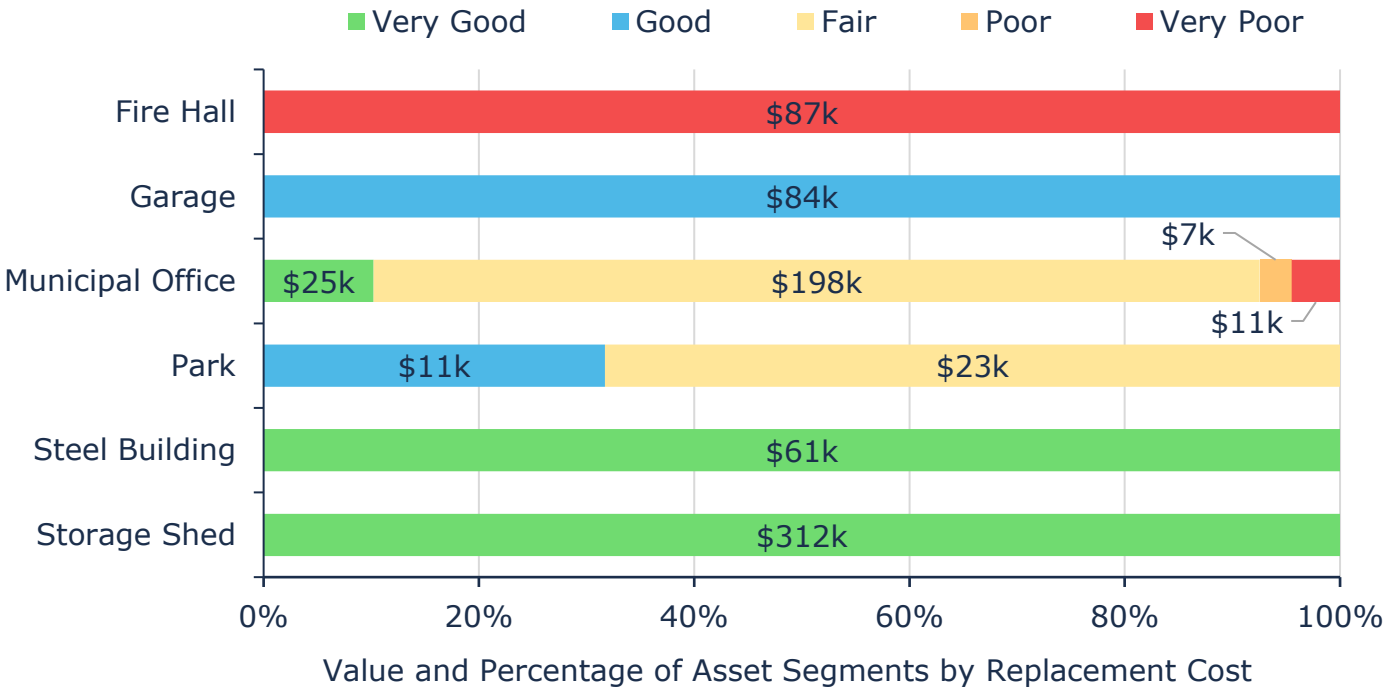


Figure 26 Asset Condition: Buildings by Segment

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 replacement spikes.

Figure 27 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.

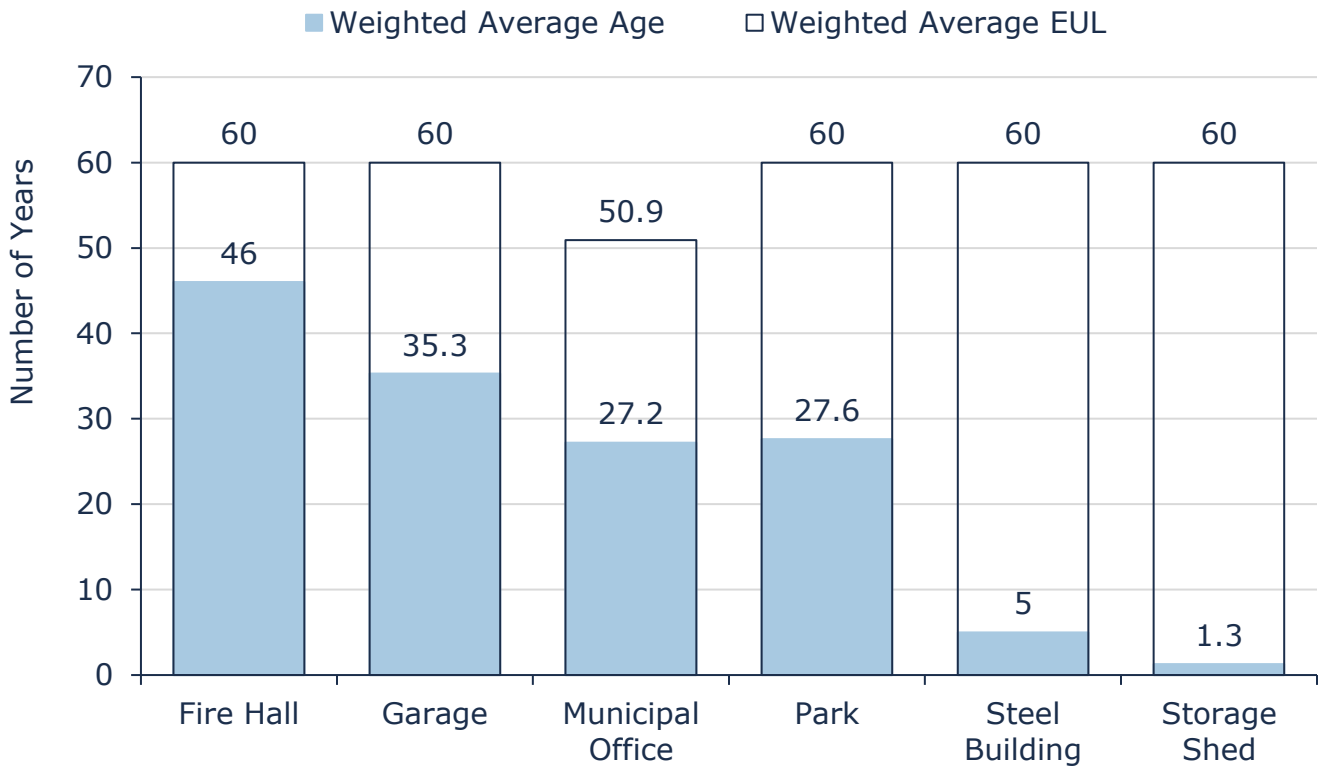


Figure 27 Estimated Useful Life vs. Asset Age: Buildings

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 Township's current lifecycle management strategy.

Activity Type	Description of Current Strategy
Maintenance / Rehabilitation / Replacement	Public Works staff identify concerns and deficiencies on a regular basis. These concerns are documented and prioritized for maintenance, rehabilitation and/or replacement.
	Third-party buildings are completed on an as needed basis when funding is available. Buildings and building components are prioritized based on criticality, physical condition, capacity and functionality concerns, and healthy & safety concerns.
Inspection	There are no formal condition assessment programs in place for municipally owned buildings. Staff visually inspect buildings on a regular basis with the goal of capturing critical and immediate issues.
	Buildings are inspected on a monthly basis for Heath & Safety as set by the Technical Standards and Safety Authorities (TSSA).
	Components such as HVAC and generators are inspected as required by manufacturer recommendations and Building Code Act.

Table 14 Lifecycle Management Strategy: Buildings

6.5 Forecasted Long-Term Replacement Needs

Figure 28 illustrates the cyclical short-, medium- and long-term infrastructure rehabilitation and replacement requirements for the Township's buildings. This analysis was run until 2085 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Township's primary asset management system and asset register. The Township's average annual requirements (red dotted line) for buildings total $18,000. 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.

These projections and estimates are based on asset replacement costs, age analysis, and condition data. 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.

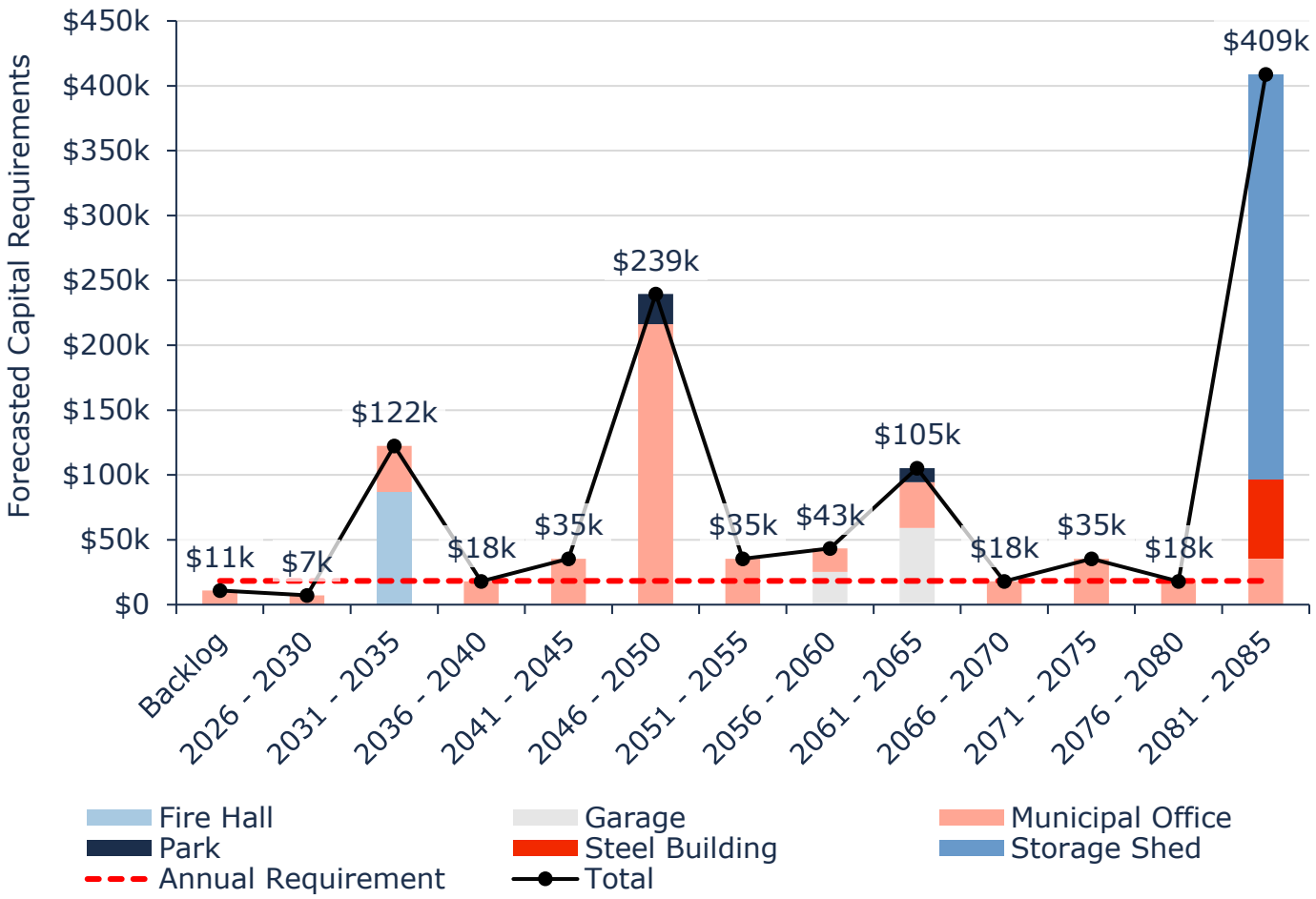


Figure 28 Forecasted Capital Replacement Needs: Buildings 2026-2085

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. OSIM 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.

6.6 Risk Analysis

6.6.1 Risk Matrix

The risk matrix below is generated using available asset data, including condition, replacement cost and function. The risk ratings for assets without useful attribute data were calculated using only condition 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 Township 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 Township's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

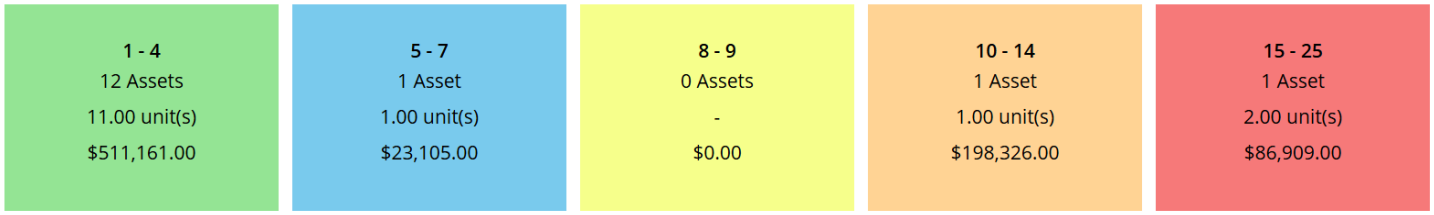


Figure 29 Risk Matrix: Buildings

6.6.2 Risks to Current Asset Management Strategies

The following section summarizes key trends, challenges, and risks to service delivery that the Township is currently facing:

Regulatory Compliance
Municipally owned buildings must comply with Accessibility for Ontarians with Disabilities Act (AODA) standards. Ensuring that all buildings in the Township are in compliance with AODA standards is a challenge for the Township due to limited available funding and frequently changing standards.

Capital Funding Strategies
Major capital rehabilitation and replacement projects are often entirely dependent on the availability of grant funding opportunities. When grants are not available, rehabilitation and replacement projects may be deferred. An annual capital funding strategy could reduce dependency on grant funding and help prevent deferral of capital works.

6.7 Levels of Service

The tables that follow summarize the Township's current levels of service with respect to performance measures that the Township has selected for this AMP.

6.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2025)
Scope	Description, which may include maps, of the types of facilities that the municipality operates and maintains	The munciplaity operates and maintains a variety of facilities including the municipal office, a recently construction steel storage building, pavillion and washrooms at Twin Lakes Park, a public works garage, an additional storage shed, and a fire hall.

Table 15 O. Reg. 588/17 Community Levels of Service: Buildings

6.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2025)
Quality	% of buildings that meet accessibility standards	TBD
Performance	% of buildings that are in good/very good condition	60%
	% of buildings that are in poor/very poor condition	13%

Table 16 O. Reg. 588/17 Technical Levels of Service: Buildings

7. Machinery and Equipment

In order to maintain the high quality of public infrastructure and support the delivery of core services, Township 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
- Tractor, grader, excavator, and float to support public works services

7.1 Inventory & Valuation

Table 17 summarizes the quantity and current replacement cost of the Township's various machinery and equipment assets as managed in its primary asset management register, Citywide Assets.

Segment	Quantity	Unit of Measure	Replacement Cost	Primary RC Method
Backhoe	1	Quantity	$157,497	CPI
Excavator	1	Quantity	$79,045	CPI
Float	1	Quantity	$13,924	CPI
Grader	1	Quantity	$190,227	CPI
IT Equipment	3	Quantity	$45,541	CPI
Lawnmower	1	Quantity	$6,234	CPI
Tractor	1	Quantity	$82,450	CPI
Turnout Gear	4	Quantity	$46,341	CPI
TOTAL			**$621,259**	

Table 17 Detailed Asset Inventory: Machinery and Equipment

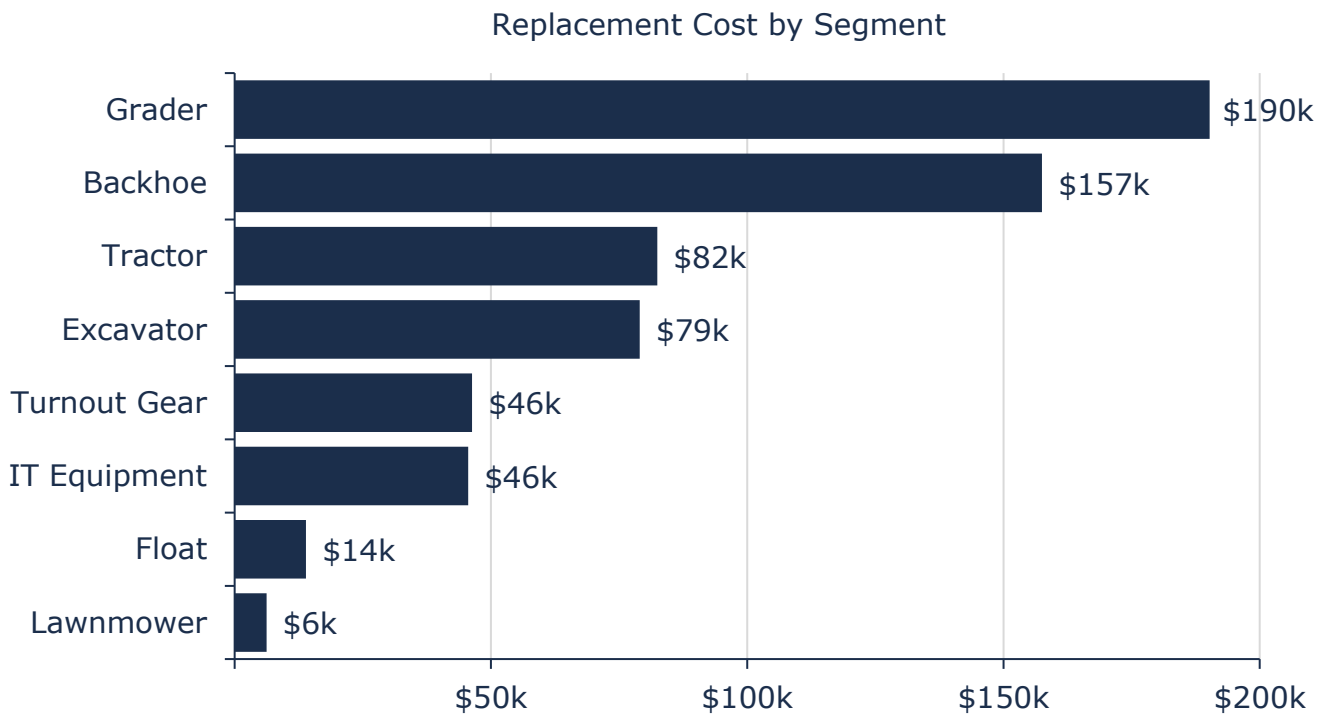


Figure 30 Portfolio Valuation: Machinery and Equipment

7.2 Asset Condition

Figure 31 summarizes the replacement cost-weighted condition of the Township's machinery and equipment. Based on a combination of field inspection data and age, 37% of assets are in fair or better condition; the remaining 63% of assets are in poor to very poor condition. Condition assessments were available for the excavator, float and grader, based on replacement cost. This condition data was projected from inspection date to current year to estimate their condition today. No condition data was available for the remainder of equipment.

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.

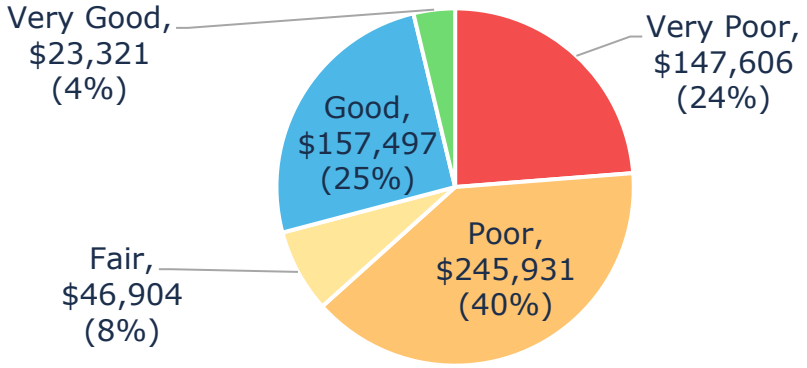


Figure 31 Asset Condition: Machinery and Equipment Overall

As illustrated in Figure 32, based on condition assessments and age-based conditions, the majority of the Township's machinery and equipment is in poor condition.

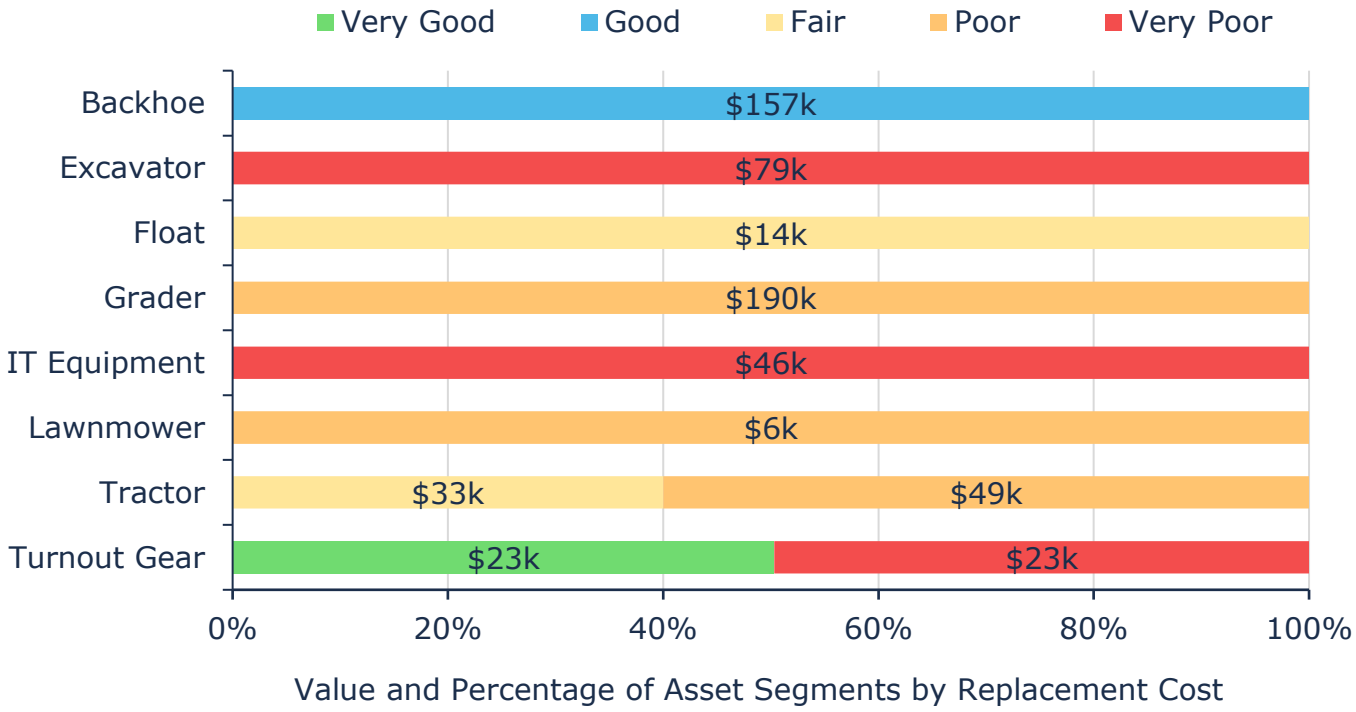


Figure 32 Asset Condition: Machinery and Equipment by Segment

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 33 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.

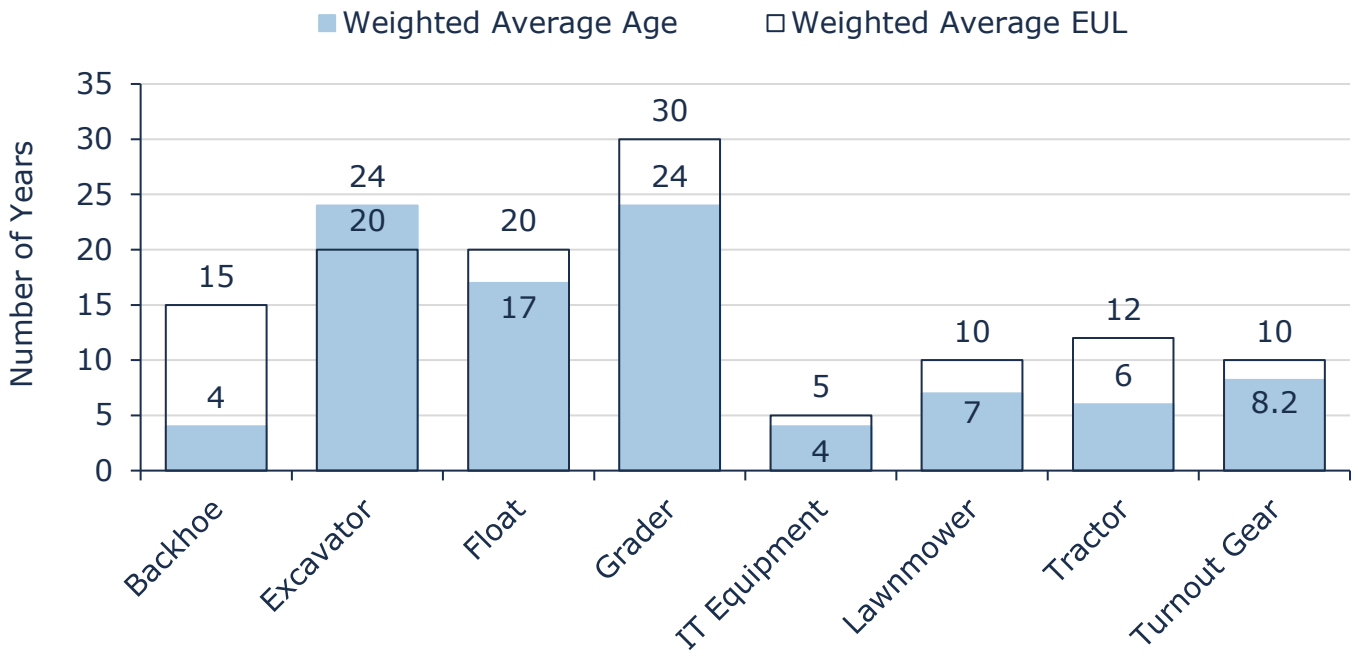


Figure 33 Estimated Useful Life vs. Asset Age: Machinery and Equipment

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 Township's current lifecycle management strategy.

Activity Type	Description of Current Strategy
Maintenance / Rehabilitation / Replacement	Machinery and equipment assets are maintained with the goal of maximizing their useful service life
	Fire equipment is subject to a more rigorous inspection and maintenance program compared to other equipment
	The renewal and/or replacement of machinery and equipment asset is prioritized based on condition, funding available, and criticality of operations
Inspection	Staff complete regular visual inspections of machinery and equipment to ensure they are in state of adequate repair
	There are no formal condition assessment programs in place, although some machinery and equipment were assigned cursory condition ratings for this AMP

Table 18 Lifecycle Management Strategy: Machinery and Equipment

7.5 Forecasted Long-Term Replacement Needs

Figure 34 illustrates the cyclical short-, medium- and long-term infrastructure rehabilitation and replacement requirements for the Township's machinery and equipment. This analysis was run until 2040 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Township's primary asset management system and asset register. The Township's average annual requirements (red dotted line) total $43,000 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.

The chart illustrates substantial capital needs throughout the forecast period. It also shows a backlog $17,000, dominated by the tractor. 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.

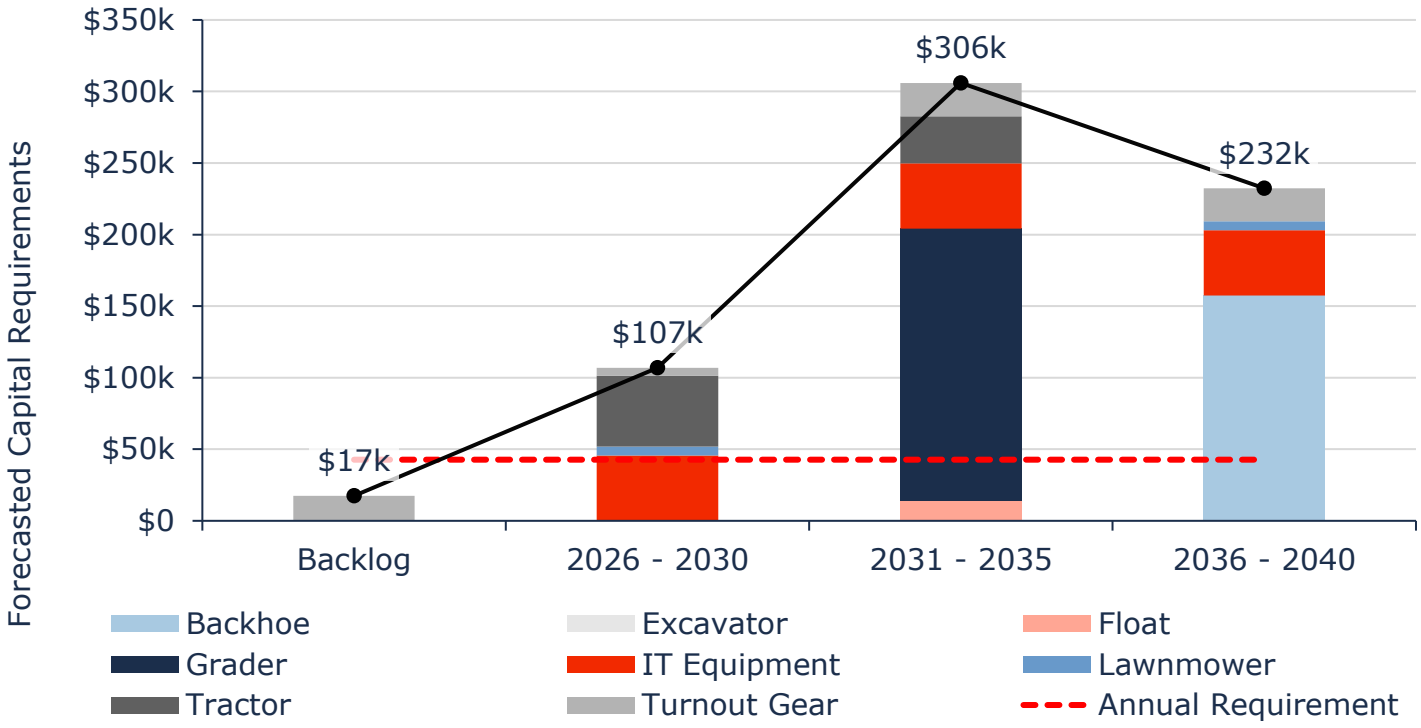


Figure 34 Forecasted Capital Replacement Needs: Machinery and Equipment 2026-2040

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

7.6.1 Risk Matrix

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 Township 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 Township's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

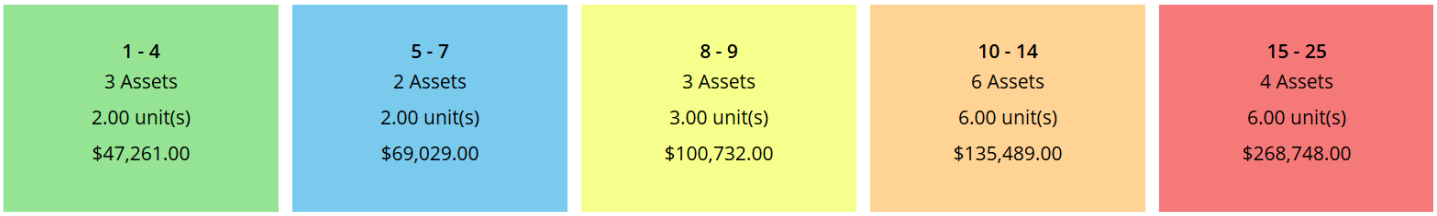


Figure 35 Risk Matrix: Machinery and Equipment

7.6.2 Risks to Current Asset Management Strategies

The following section summarizes key trends, challenges, and risks to service delivery that the Township is currently facing:

Staff Cognizance
Presently there is no documentation or formal standards in place in the municipality for maintenance or life cycle activities. Decisions for replacement or rehabilitation of machinery and equipment is subjective based on staff recommendations. As staff retire, there is a loss of expertise and no formal hand-over process for new staff.

7.7 Levels of Service

The tables that follow summarize the Township's current levels of service with respect to performance measures that the Township has selected for this AMP.

7.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2025)
Scope	Description or images of the types of equipment that the municipality operates and the services that they help to provide to the community	Municipally owned equipment includes equipment to support public works services, such as float, excavator, grader and tractor, landscaping equipment to support the parks including a riding lawnmower, and turnout gear to support the fire department.

Table 19 O. Reg. 588/17 Community Levels of Service: Machinery and Equipment

7.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2025)
Performance	% of equipment that are in good/very good condition	29%
	% of equipment that are in poor/very poor condition	63%

Table 20 O. Reg. 588/17 Technical Levels of Service: Machinery and Equipment

8. Land Improvements

The Township of Hilton owns a small number of assets that are considered land improvements. This category includes:

- A well for the municipal office
- Boat launch in Milford Haven park

The land improvements inventory is currently at a basic level. Staff are working toward building a more robust inventory of their land improvement assets

8.1 Inventory & Valuation

Table 21 summarizes the quantity and current replacement cost of the Township's various land improvements assets as managed in its primary asset management register, Citywide Assets.

Segment	Quantity	Unit of Measure	Replacement Cost	Primary RC Method
Municipal Office	1	Quantity	$17,195	CPI
Parks	1	Quantity	$28,764	CPI
TOTAL			**$45,959**	

Table 21 Detailed Asset Inventory: Land Improvements

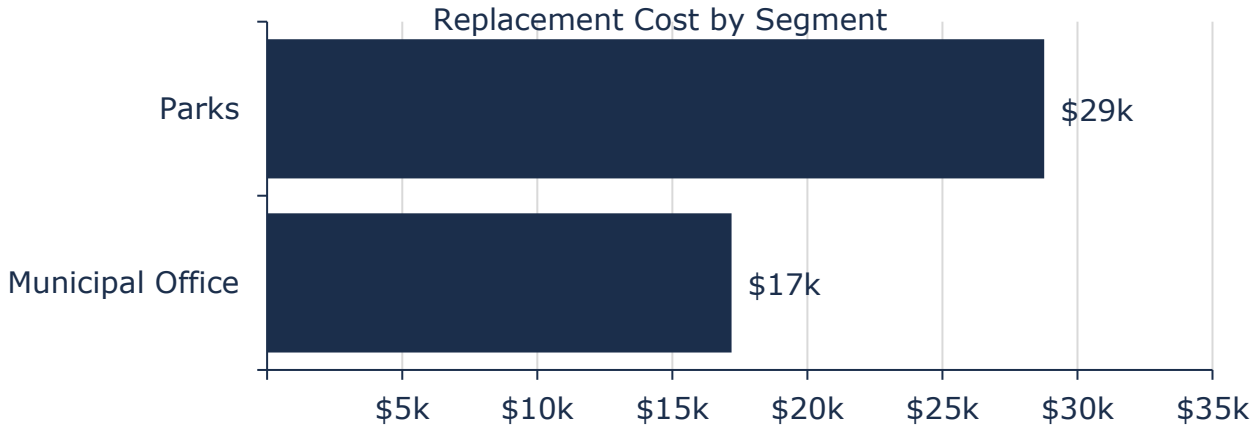


Figure 36 Portfolio Valuation: Land Improvements

8.2 Asset Condition

Figure 37 summarizes the replacement cost-weighted condition of the Township's land improvements. Based on a field inspection data, 100% of assets are in fair or better condition. This condition data was projected from inspection date to current year to estimate their condition today.

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 37 all of the Township's land improvements assets are in fair or better condition.

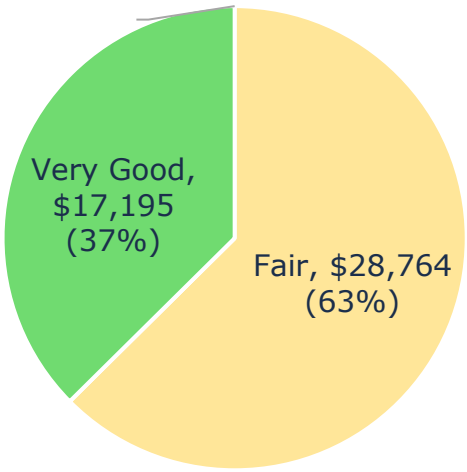


Figure 37 Asset Condition: Land Improvements Overall

As illustrated in Figure 38, based on condition assessments, the municipal office well is in very good condition, and the boat launch in Milford Haven Park is in fair condition.

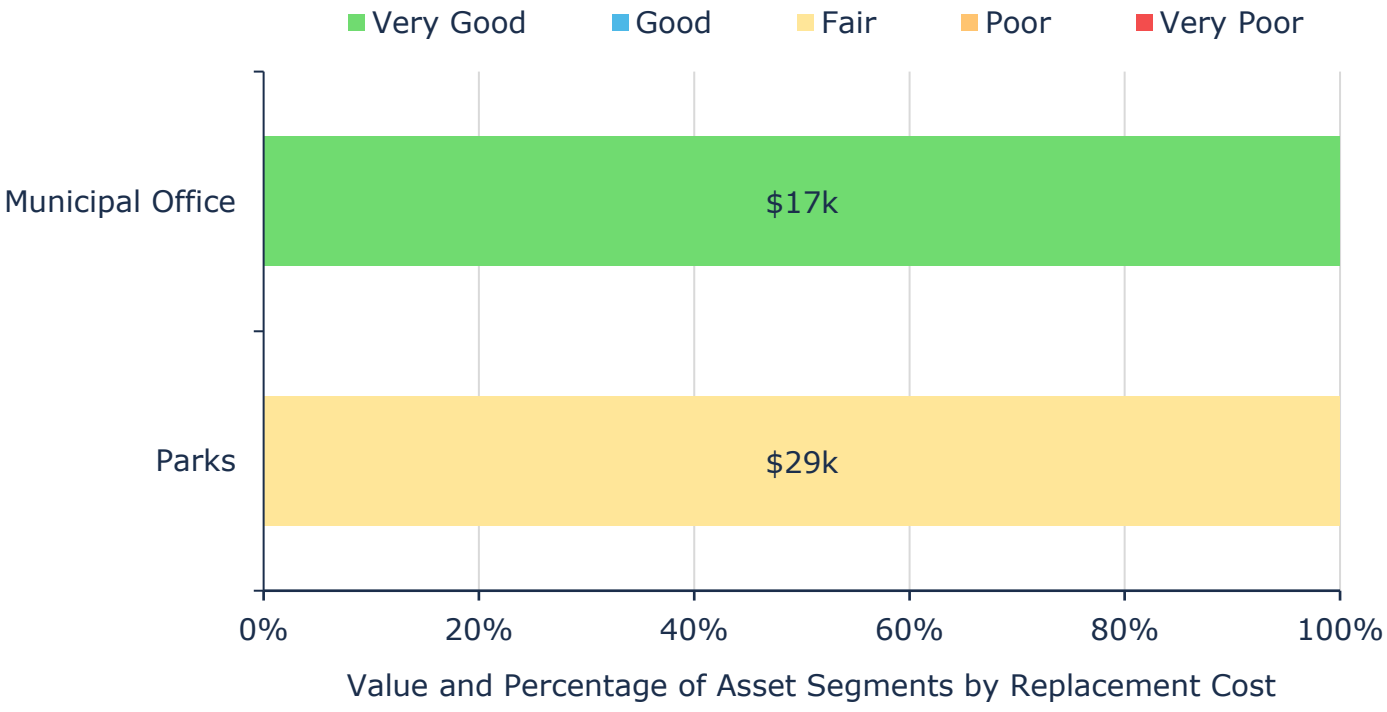


Figure 38 Asset Condition: Land Improvements by Segment

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 long-term replacement spikes.

Figure 39 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.

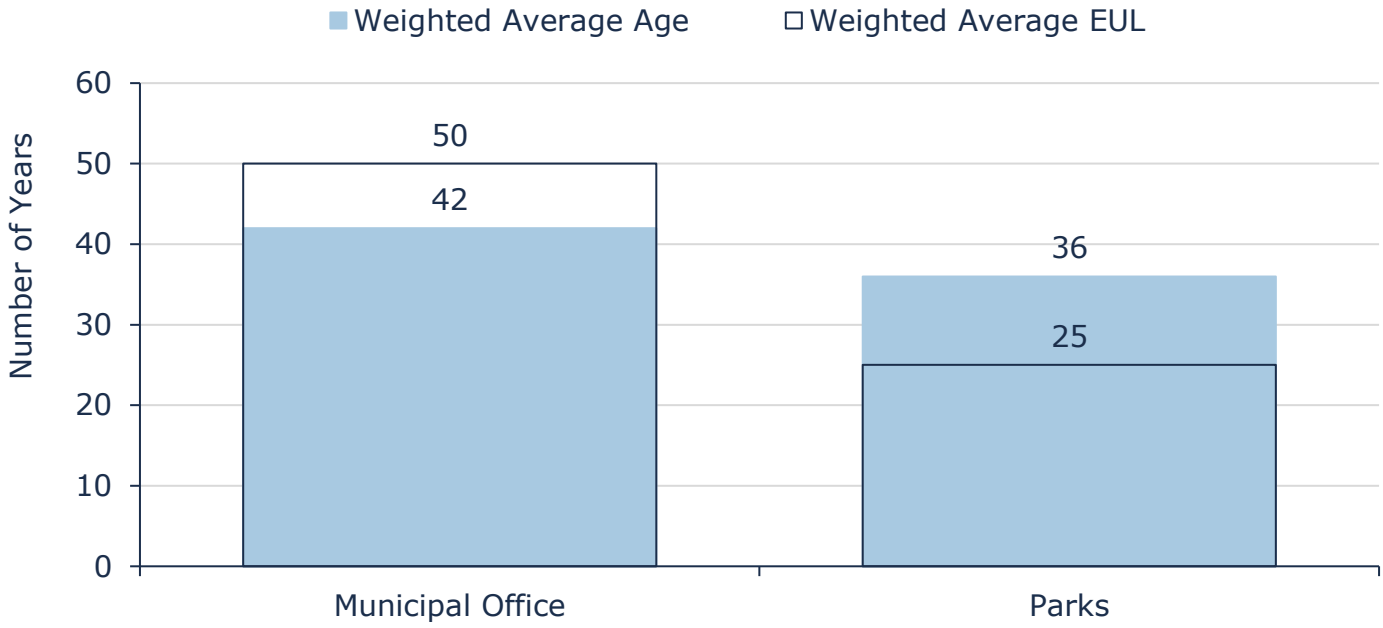


Figure 39 Estimated Useful Life vs. Asset Age: Land Improvements

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.

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

Activity Type	Description of Current Strategy
Maintenance / Rehabilitation / Replacement	Maintenace activities include grass cutting/triming, cleaning of washrooms and change rooms, inspecting beach front for broken glass, visual inspections of playground equipment, and checking for broken limbs of trees in area
	Visual inspections by staff and suggestions from residents that use the facilities determine which assets require renewal or replacement
Inspection	Staff complete regular visual inspections for land improvement assets to ensure they are in an adequate state of repair
	There are no formal condition assessment programs in place for land improvements

Table 22 Lifecycle Management Strategy: Land Improvements

8.5 Forecasted Long-Term Replacement Needs

Figure 40 illustrates the cyclical short-, medium- and long-term infrastructure rehabilitation and replacement requirements for the Township's land improvements. This analysis was run until 2070 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Township's primary asset management system and asset register. The Township's average annual requirements (red dotted line) total $1,000 for all land improvement assets. 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.

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.

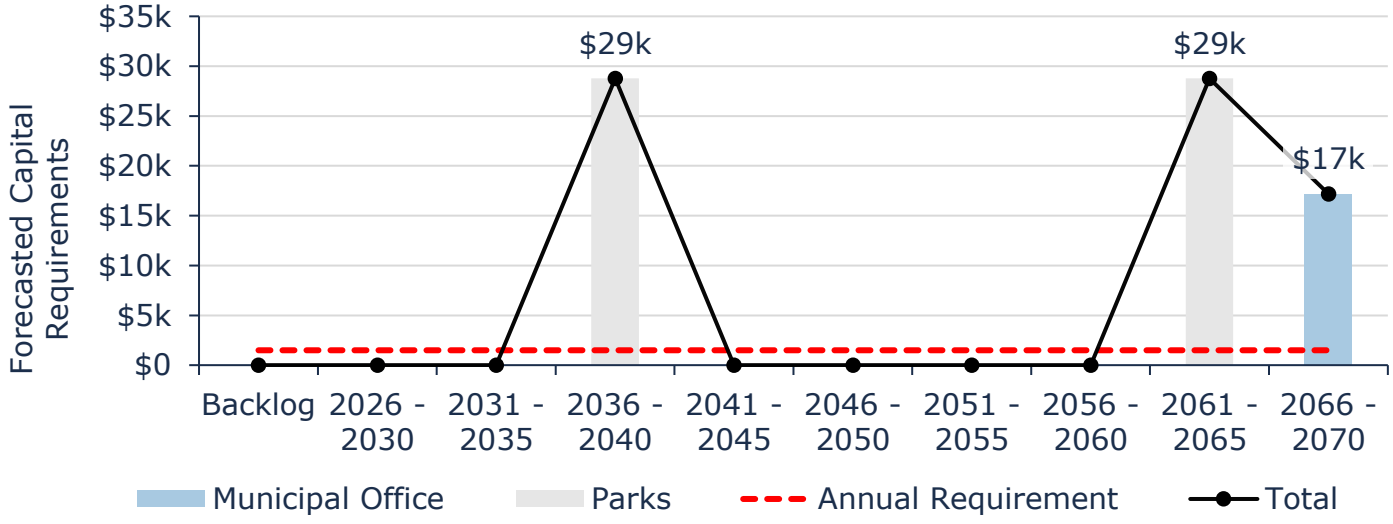


Figure 40 Forecasted Capital Replacement Needs: Land Improvements 2026-2070

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.

8.6 Risk Analysis

8.6.1 Risk Matrix

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 Township 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 Township's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

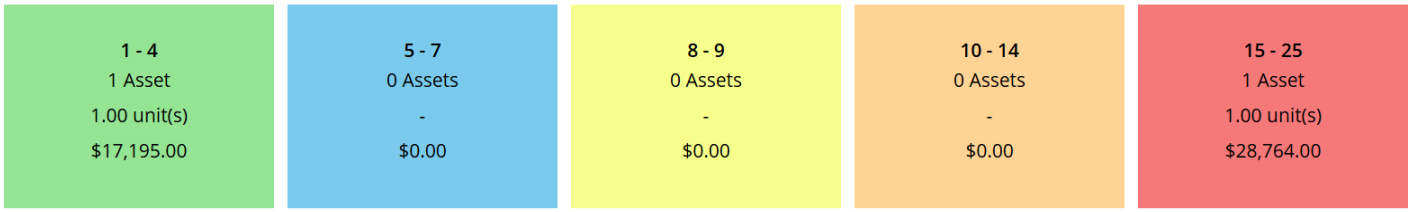


Figure 41 Risk Matrix: Land Improvements

8.6.2 Risks to Current Asset Management Strategies

The following section summarizes key trends, challenges, and risks to service delivery that the Township is currently facing:

Capital Funding Strategies

Major capital rehabilitation and replacement projects are often entirely dependent on the availability of grant funding opportunities. When grants are not available, rehabilitation and replacement projects may be deferred. An annual capital funding strategy could reduce dependency on grant funding and help prevent deferral of capital works.

8.7 Levels of Service

The tables that follow summarize the Township's current levels of service with respect to the performance measures that the Township has selected for this AMP.

8.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2025)
Scope	Description, which may include maps, of the outdoor recreational facilities that the municipality operates and maintains	The municipality owns and operates two parks and a boat launch. Additionally, they own a well for the municipal office. In 2022, they will also be assuming ownership for a cemetery that was previously owned/operated by a local church group, and they plan on creating a 5km trail system.

Table 23 O. Reg. 588/17 Community Levels of Service: Land Improvements

8.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2025)
Performance	% of land improvements that are in good/very good condition	37%
	% of land improvements that are in poor/very poor condition	0%

Table 24 O. Reg. 588/17 Technical Levels of Service: Land Improvements

9. Vehicles

Vehicles allow staff to efficiently deliver municipal services and personnel. Municipal vehicles are used to support several service areas, including:

- Public works vehicles including a plow truck and pickup trucks
- Protection services vehicles including a fire tanker and pumper

9.1 Inventory & Valuation

Table 25 summarizes the quantity and current replacement cost of all vehicles assets available in the Township's asset register.

Segment	Quantity	Unit of Measure	Replacement Cost	Primary RC Method
Fire Pumper	1	Quantity	$38,484	CPI
Fire Tanker	1	Quantity	$26,230	CPI
Pickup Truck	1	Quantity	$25,911	CPI
Plow Truck	1	Quantity	$298,626	CPI
TOTAL			**$389,251**	

Table 25 Detailed Asset Inventory: Vehicles

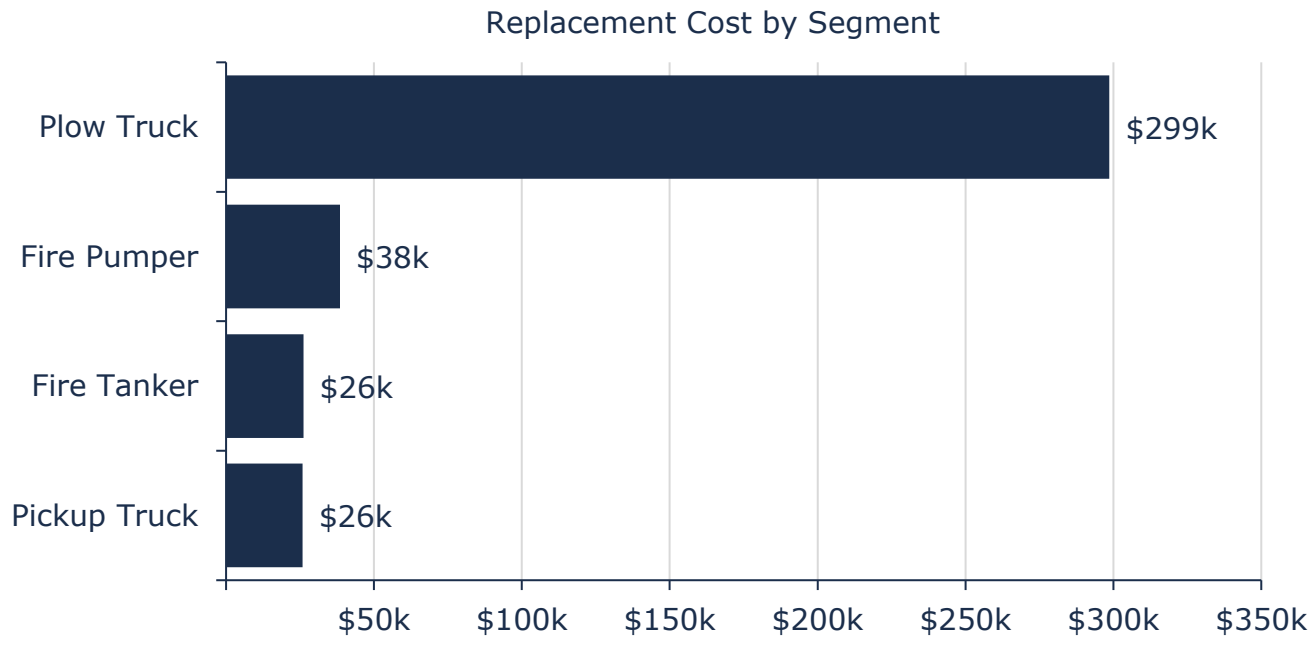


Figure 42 Portfolio Valuation: Vehicles

9.2 Asset Condition

Figure 43 summarizes the replacement cost-weighted condition of the Township's vehicles assets. Based on condition assessment and age data, approximately 23% of assets are in poor to very poor 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.

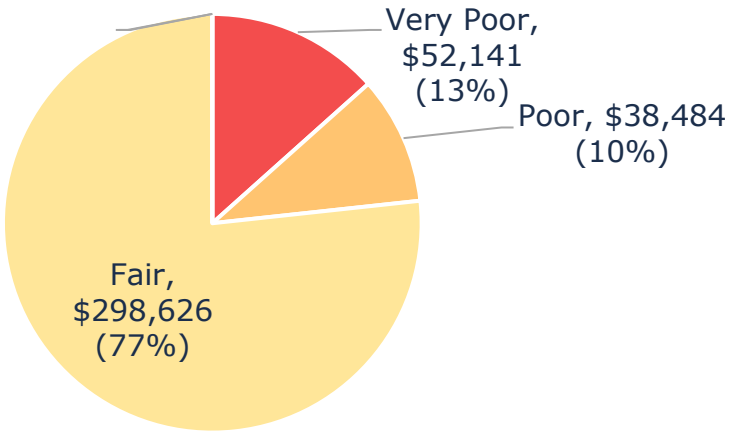


Figure 43 Asset Condition: Vehicles Overall

Figure 44 summarizes the condition of vehicles assets. The analysis illustrates that the plow truck is in fair or better condition. However, 23% of vehicles with a current replacement cost of $91,000, are in poor or worse condition.

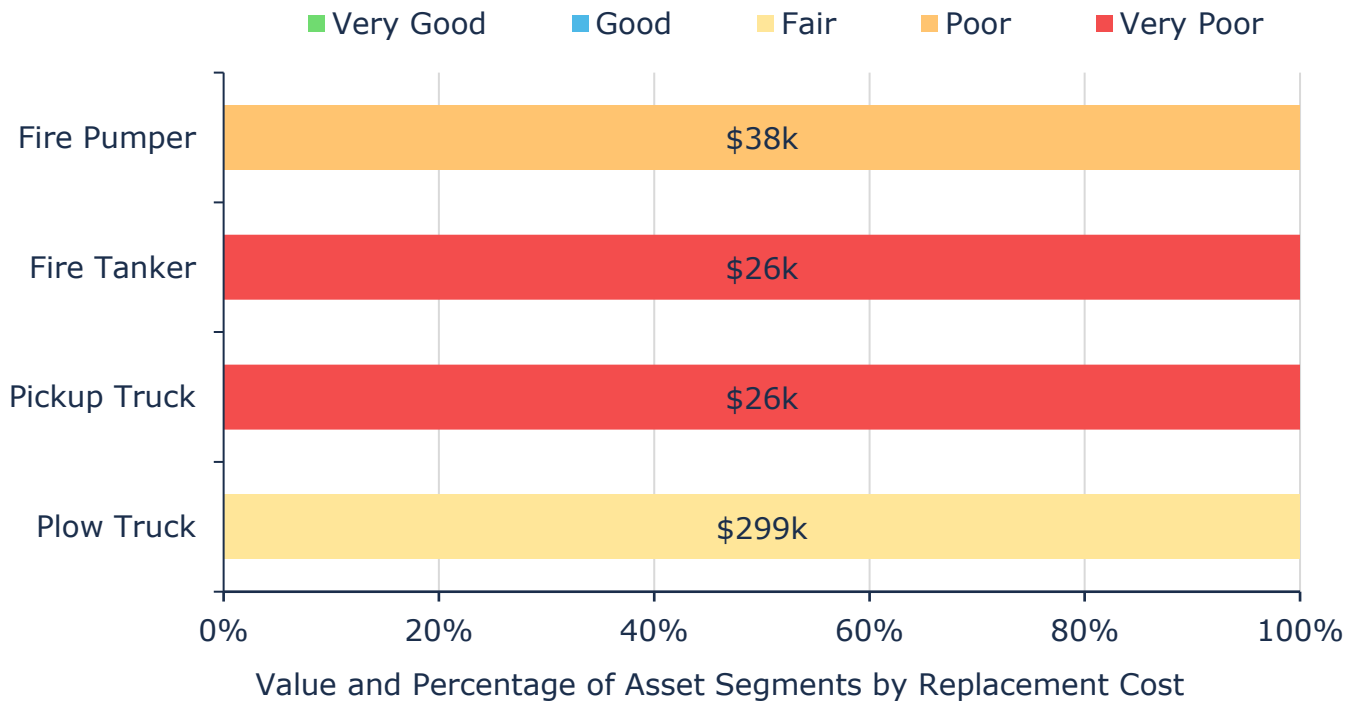


Figure 44 Asset Condition: Vehicles by Segment

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 45 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.

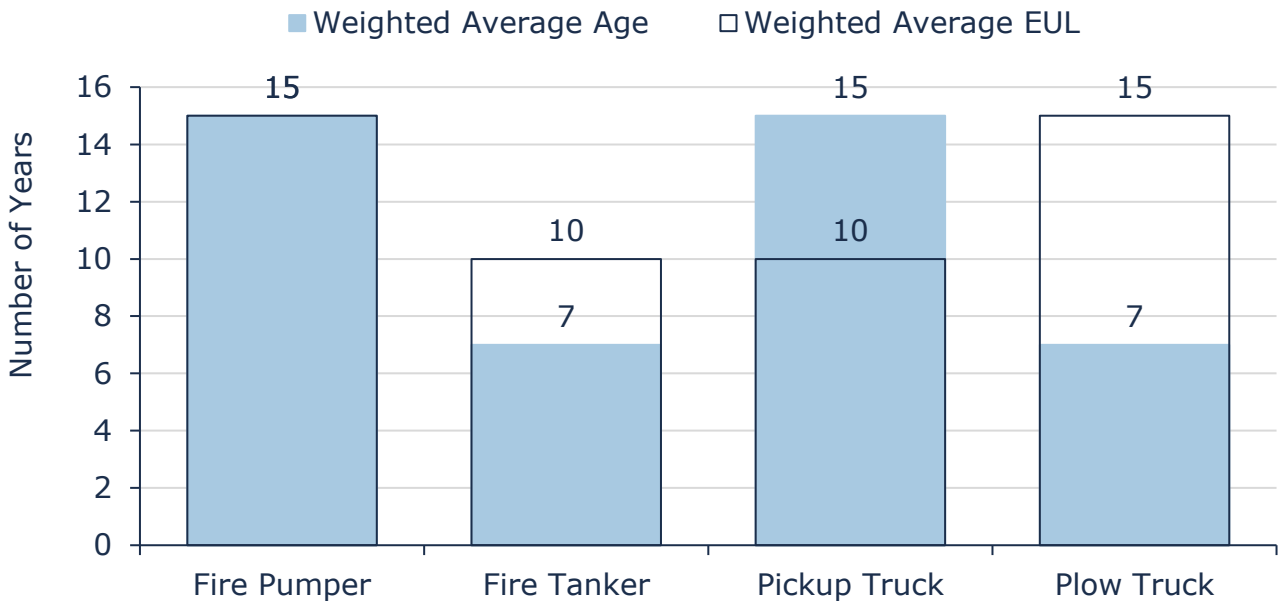


Figure 45 Estimated Useful Life vs. Asset Age: Vehicles

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.

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

Activity Type	Description of Current Strategy
Maintenance / Rehabilitation	Regular maintenance and servicing is completed as needed. Public Works staff inspect vehicle assets on a regular basis
	Mandated inspections are completed on Fire vehicles annually
Replacement	Vehicle age, mileage and annual repair costs are taken into consideration when determining appropriate treatment options
Inspection	Staff complete regular visual inspections of vehicles to ensure they are in state of adequate repair prior to operation
	Annual inspections are completed by external mechanics on all municipal vehicles
	Fire vehicles are inspected annually in accordance with National Fire Protection Association (NFPA) guidelines

Table 26 Lifecycle Management Strategy: Vehicles

9.5 Forecasted Long-Term Replacement Needs

Figure 46 illustrates the cyclical short-, medium- and long-term infrastructure replacement requirements for the Township's vehicles assets. This analysis was run until 2035 to capture at least one iteration of replacement for the longest-lived asset in Citywide Assets, the Township's primary asset management system and asset register. The Township's average annual requirements (red dotted line) total $28,000 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.

The chart illustrates an age-based backlog of $26,000, dominated by the pickup truck. 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.

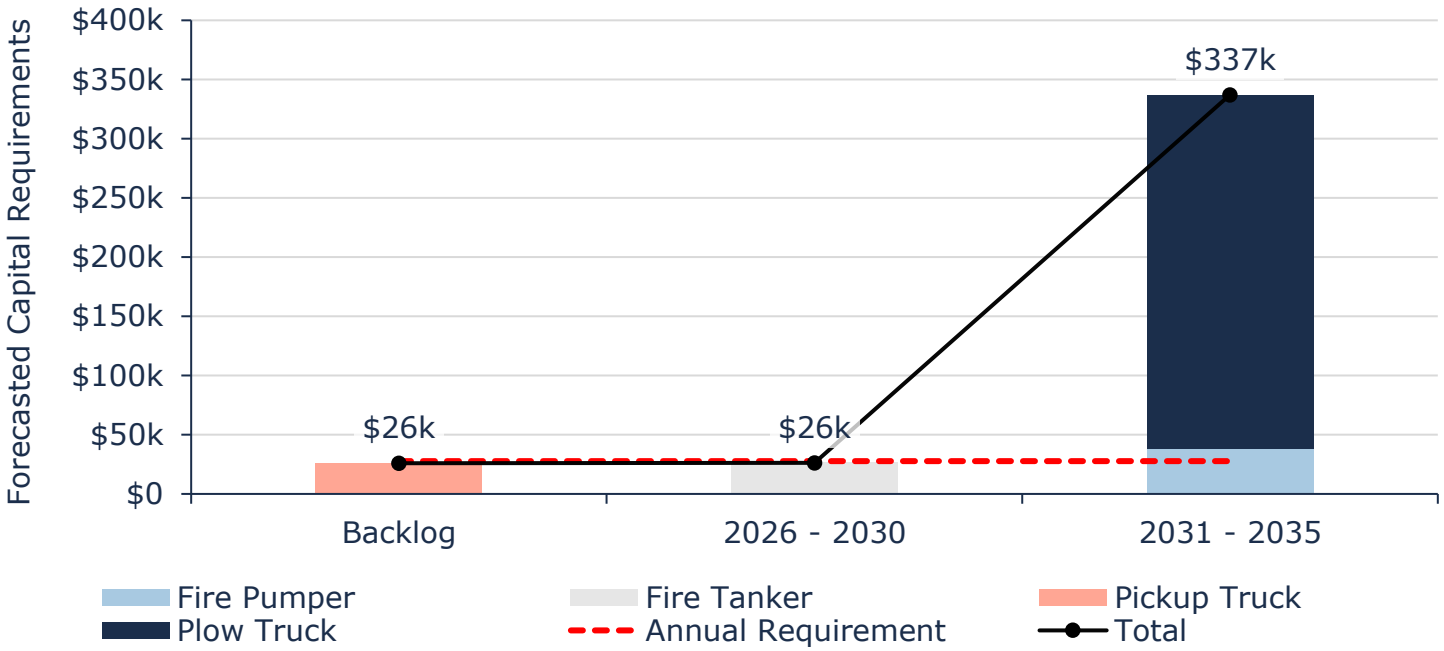


Figure 46 Forecasted Capital Replacement Needs Vehicles 2026-2035

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

9.6.1 Risk Matrix

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

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 Township 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 Township's Asset Management Database (Citywide Assets). See *Risk & Criticality* section for further details on approach used to determine asset risk ratings and classifications.

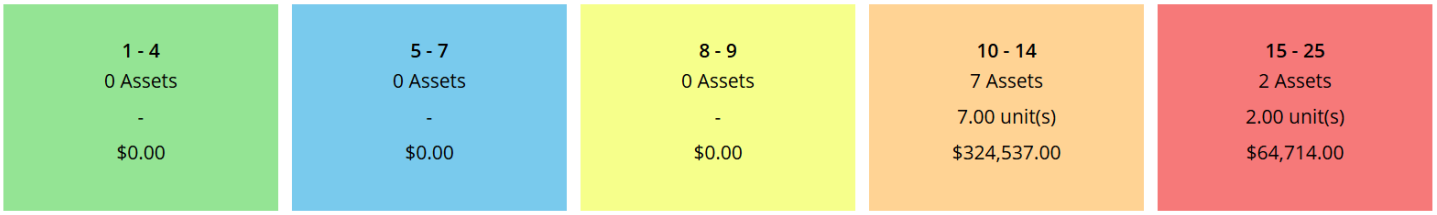


Figure 47 Risk Matrix: Vehicles

9.6.2 Risks to Current Asset Management Strategies

The following section summarizes key trends, challenges, and risks to service delivery that the Township is currently facing:

Regulatory Compliance

Fire vehicle inspections are mandated to ensure regulatory compliance. These inspections involve significant costs to have them performed by an external contractor, however they must be completed annually even when the vehicles have had minimal use throughout the year.

9.7 Levels of Service

The tables that follow summarize the Township's current levels of service with respect to performance measures that the Township has selected for this AMP.

9.7.1 Community Levels of Service

Service Attribute	Qualitative Description	Current LOS (2025)
Scope	Description or images of the types of vehicles (e.g. light, medium and heavy-duty) that the municipality operates and the services that they help to provide to the community	The municipality operates a variety of vehicles including: a pickup truck to support parks, winter control, and road patrols, a plow truck to support winter control of paved and unpaved roads, and a fire pumper and tanker to provide protective services to the municipality.

Table 27 O. Reg. 588/17 Community Levels of Service: Vehicles

9.7.2 Technical Levels of Service

Service Attribute	Technical Metric	Current LOS (2025)
Performance	% of vehicles that are in good/very good condition	0%
	% of vehicles that are in poor/very poor condition	23%

Table 28 O. Reg. 588/17 Technical Levels of Service: Vehicles

10. 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 Township 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.

10.1 Growth Assumptions

10.1.1 Hilton Township Official Plan (2010)

The St. Joseph Island Official Plan, which includes Hilton Township, began preparation in the summer of 2003, with modifications approved on January 6th, 2010. The purpose of the plan is to guide the decisions of public authorities and private interests for the next 20 years.

The Official Plan provides a basis for managing growth that will protect the character, diversity, civic identity, and heritage features of St. Joseph Island. It is intended to be a land use management tool, to positively impact future growth and development on the island. New residential growth is to be directed to the urban town sites in the Official Plan, with limited housing opportunities available in the rural and shoreline areas. A long-term role and function for the rural areas is also established in the Official Plan, to permit limited development on rural lands that is compatible with the character, role, and function of the area.

The population of the island is estimated to increase by between 400 and 850 people in the next twenty years. Most new residential development will be directed to the town sites, with balanced development anticipated in the rural and shoreline areas. The goal of the Island is to strengthen the local economy, continue to develop the Island as a tourist destination and ensuring the schools and hospitals in the community remain viable. Based on 2016 and 2021 Census data, the Township of Hilton is experiencing moderate growth. In 2016, the population of the Township was 307, and in 2021 the population was 382 – a growth of 24%.

The existing pattern of development is not anticipated to change substantially in the future; however, the development of additional recreational residential development is anticipated to contribute to the Island’s economy and accommodate the needs of seasonal residents.

10.1.2 Hilton 10-Year Improvement Plan

In order to accommodate the growing population and community expectations in the Township of Hilton, staff have developed a 10-year improvement plan which outlines all capital projects planned for the next 10 years. Primarily this includes the work completed on the road network, including updates of gravel roads to surface treated, however it also includes several growth assets for buildings, land improvements, and vehicles.

10.2 Impact of Growth on Lifecycle Activities

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 Township's AMP. The Township 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.

For the near- to mid-term, the projected population growth in Hilton is not expected to significantly impact the current portfolio of assets required by the Town to maintain acceptable service levels.

11. 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 Township of Hilton 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.

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.

11.1 Annual Requirements & Capital Funding

11.1.1 Annual Requirements

The annual requirements represent the amount the Township should allocate annually to each asset category to meet replacement needs as they arise, prevent infrastructure backlogs and achieve long-term sustainability. In total, the Township must allocate approximately $267,000 annually to address capital requirements for the assets included in this AMP.

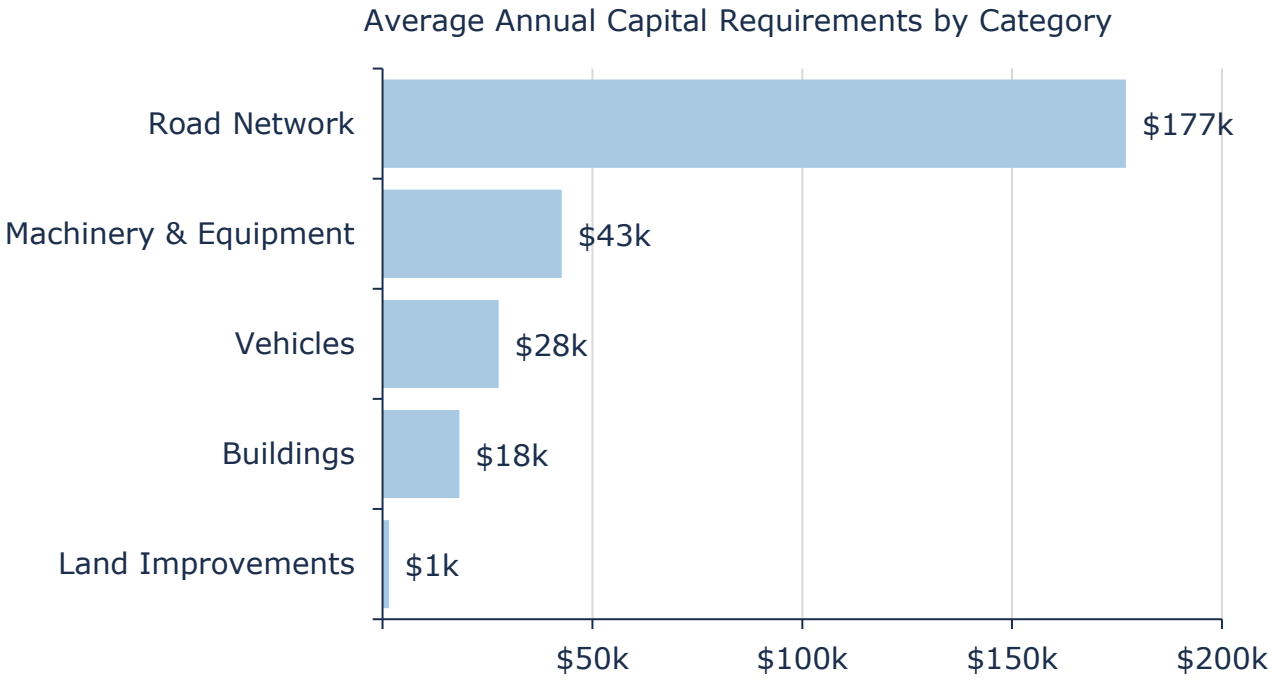


Figure 48 Annual Capital Funding Requirements by Asset Category

For most asset categories the annual requirement has been calculated based on a "replacement only" scenario, in which capital costs are only incurred at the construction and replacement of each asset.

However, for the Road Network, lifecycle management strategies have been developed to identify capital costs that are realized through strategic rehabilitation and renewal of the Township's roads. The development of these strategies allows for a comparison of potential cost avoidance if the strategies were to be implemented.

1. **Replacement Only Scenario**: Based on the assumption that assets deteriorate and – without regularly scheduled maintenance and rehabilitation – are replaced at the end of their service life.

2. **Lifecycle Strategy Scenario**: Based on the assumption that lifecycle activities are performed at strategic intervals to extend the service life of assets until replacement is required.

The implementation of a proactive lifecycle strategy can lead to direct and indirect cost savings. Potential cost savings are influenced by current rehabilitation and reconstruction costs, the coordination of projects, and the criticality of the assets. Beyond cost avoidance, having proactive lifecycle strategies can also improve other valuable levels of service to the Township such as lowering health and safety hazards, decreasing the number of complaints received, and meeting Public expectations.

11.1.2 Annual Funding Available

Based on a historical analysis of sustainable capital funding sources, the Township is committing approximately $340,000 towards capital projects per year. Given the annual capital requirement of $267,000, there is currently no annual funding gap.

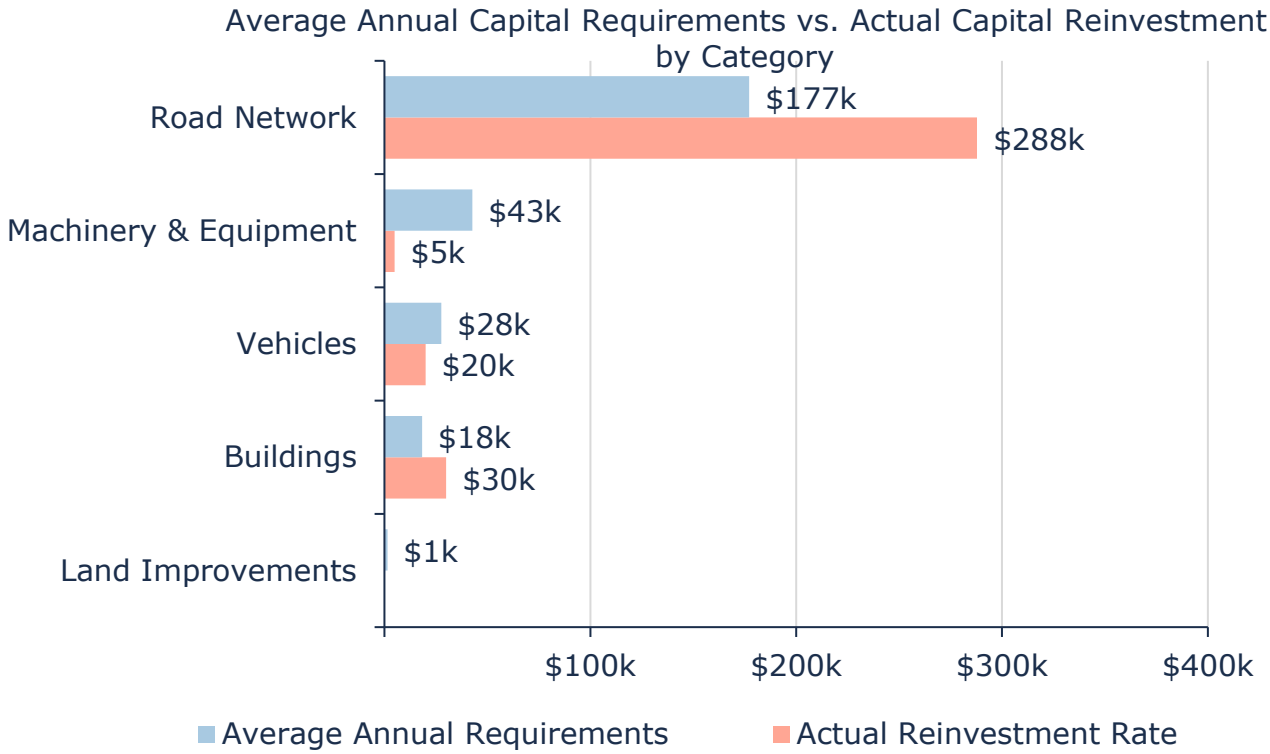


Figure 49 Annual Requirements vs. Capital Funding Available

11.2 Financial Profile: Tax Funded Assets

11.2.1 Current Funding Position

The following tables show, by asset category, Hilton's average annual asset investment requirements and current funding positions.

Asset Category	Avg. Annual Require-ment	Annual Funding Available				Annual Deficit
		Taxes/ Reserves	CCBF	OCIF	Total Available	
Buildings	18,291	5,000	25,021	0	30,021	-11,730
Land Improvements	1,494	9	0	0	0	1,494
Machinery & Equipment	42,726	5,000	0	0	5,000	37,726
Road Network	177,114	162,883	0	125,000	287,883	-110,769
Vehicles	27,688	20,000	0	0	20,000	7,688
Total	**267,313**	**192,883**	**25,021**	**125,000**	**342,904**	**-75,591**

Table 29 Annual Available Funding for Tax Funded Assets

The average annual investment requirement for the above categories is $267,313. Annual revenue currently allocated to these assets for capital purposes is $342,904 leaving no annual deficit. Put differently, these infrastructure categories are currently funded at 100% of their long-term requirements.

11.2.2 Financial Strategy Recommendations

Considering all of the above information, the Township recommends maintaining its current funding levels and associated tax structures at this time. This approach reflects that the Township is presently achieving its targeted funding levels and is satisfied that current levels of service are meeting community needs. This strategy involves:

a) maintaining existing tax revenues at current levels, without implementing additional increases specifically for the purpose of phasing in proposed lifecycle funding for the asset categories addressed in this section of the AMP..
b) allocating the current CCBF and OCIF revenue as outlined previously.
c) reallocating appropriate revenue from categories in a surplus position to those in a deficit position.
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].

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.

11.3 Use of Debt

Debt can be strategically utilized as a funding source with in 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 following graph shows the historical changes to the lending rates:

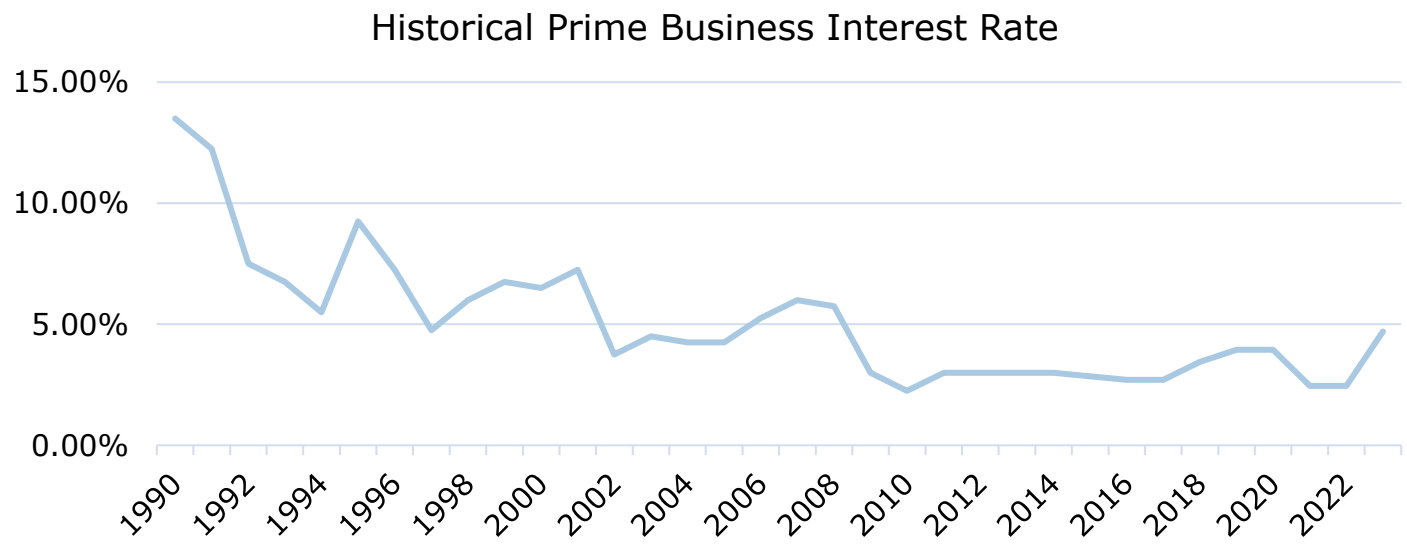


Figure 50 Historical Prime Rate

A change in 15-year rates from 5% to 7% would change the premium from 45% to 65%. Such a change would have a significant impact on a financial plan.

[2] The Township 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.

For reference purposes, the following table outlines the premium paid on a project if financed by debt. For example, a $1 million project financed at 3.0%[3] over 15 years would result in a 26% premium or $260 thousand of increased costs due to interest payments. For simplicity, the table does not consider the time value of money or the effect of inflation on delayed projects.

Interest Rate	Number of Years Financed					
	5	10	15	20	25	30
7.0%	22%	42%	65%	89%	115%	142%
6.5%	20%	39%	60%	82%	105%	130%
6.0%	19%	36%	54%	74%	96%	118%
5.5%	17%	33%	49%	67%	86%	106%
5.0%	15%	30%	45%	60%	77%	95%
4.5%	14%	26%	40%	54%	69%	84%
4.0%	12%	23%	35%	47%	60%	73%
3.5%	11%	20%	30%	41%	52%	63%
3.0%	9%	17%	26%	34%	44%	53%
2.5%	8%	14%	21%	28%	36%	43%
2.0%	6%	11%	17%	22%	28%	34%
1.5%	5%	8%	12%	16%	21%	25%
1.0%	3%	6%	8%	11%	14%	16%
0.5%	2%	3%	4%	5%	7%	8%
0.0%	0%	0%	0%	0%	0%	0%

Table 30 Interest Premiums Paid

The Township of Hilton does not currently have any outstanding debt. The revenue options outlined in this plan allow the Township of Hilton to fully fund its long-term infrastructure requirements without the use of debt.

11.4 Use of Reserves

11.4.1 Available Reserves

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

[3] Current municipal Infrastructure Ontario rates for 15-year money is 4.03%.

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 Hilton.

Asset Category	Balance at December 31, 2025
Buildings	$142,500
Road Network	$95,000
Machinery & Equipment	$100,000
Vehicles	$200,000
Total:	**$537,000**

Table 31 Hilton Reserve Balances

There is considerable debate in the municipal sector as to the appropriate level of reserves that a Township should have on hand. There is no clear guideline that has gained wide acceptance. Factors that municipalities should take into account 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 to full funding. This coupled with Hilton's judicious use of debt in the past, 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.

11.4.2 Recommendation

In 2025, Ontario Regulation 588/17 required Hilton to integrate proposed levels of service for all asset categories in its asset management plan update. We recommend that future planning should reflect adjustments to service levels and their impact on reserve balances.

12. Recommendations & Key Considerations

12.1 Financial Strategies

1. Review the feasibility of maintaining the current funding strategy for long-term capital investments.

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.

12.2 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 labour 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.

12.3 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 in accordance with 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; and 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

Current Levels of Service (No consideration of available capital funding)

Road Network											
Asset Segment	Backlog	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Paved Roads	-	$110k	-	$141k	$53k	$56k	$115k	-	-	-	-
Unpaved Roads	-	$66k	$222k	-	$86k	$52k	-	-	$14k	-	-
	-	**$176k**	**$222k**	**$141k**	**$139k**	**$108k**	**$115k**	**-**	**$14k**	**-**	**-**

Buildings											
Asset Segment	Backlog	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Fire Hall	-	-	-	-	-	-	-	-	-	-	$87k
Garage	-	-	-	-	-	-	-	-	-	-	-
Municipal Office	$11k	-	-	$7k	-	-	$11k	-	-	-	$25k
Park	-	-	-	-	-	-	-	-	-	-	-
Steel Building	-	-	-	-	-	-	-	-	-	-	-
Storage Shed	-	-	-	-	-	-	-	-	-	-	-
	$11k	**-**	**-**	**$7k**	**-**	**-**	**$11k**	**-**	**-**	**-**	**$111k**

Vehicles											
Asset Segment	Backlog	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Fire Pumper	-	-	-	-	-	-	$38k	-	-	-	-
Fire Tanker	-	-	$26k	-	-	-	-	-	-	-	-
Pickup Truck	$26k	-	-	-	-	-	-	-	-	-	-
Plow Truck	-	-	-	-	-	-	-	-	-	$299k	-
	$26k	**-**	**$26k**	**-**	**-**	**-**	**$38k**	**-**	**-**	**$299k**	**-**

Machinery & Equipment											
Asset Segment	Backlog	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Backhoe	-	-	-	-	-	-	-	-	-	-	-
Excavator	-	-	-	-	-	-	-	-	-	-	-
Float	-	-	-	-	-	-	-	-	-	-	$14k
Grader	-	-	-	-	-	-	-	-	-	-	$190k
IT Equipment	-	-	$46k	-	-	-	-	$46k	-	-	-
Lawnmower	-	-	-	-	$6k	-	-	-	-	-	-
Tractor	-	-	-	-	$49k	-	-	$33k	-	-	-
Turnout Gear	$17k	$6k	-	-	-	-	-	-	-	-	$23k
	$17k	**$6k**	**$46k**	**-**	**$56k**	**-**	**-**	**$79k**	**-**	**-**	**$227k**

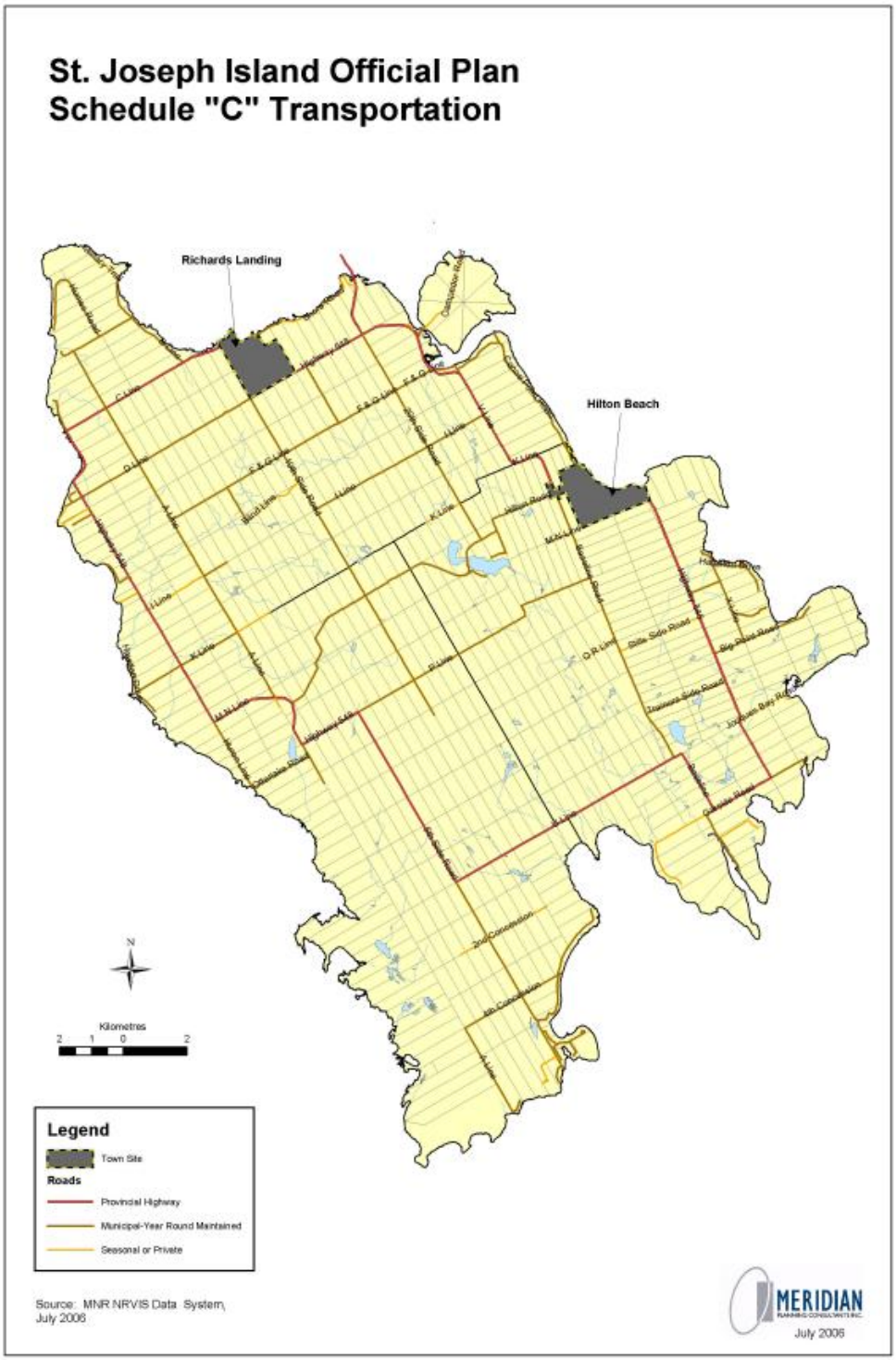
Land Improvements											
Asset Segment	Backlog	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Municipal Office	-	-	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Proposed Levels of Service (Based on available capital funding, following recommended financial strategy)

Categories	Available Capital Funding									
	2026	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
Tax-Funded	$343k	$343k	$343k	$343k	$343k	$343k	$343k	$343k	$343k	$343k

Appendix B – Level of Service Maps & Photos

Road Network Map – St. Joseph's Island



Road Network Map – St. Joseph's Island

Appendix C – Risk Rating Criteria

Road Network

Probability of Failure (POF)	Consequence of Failure (COF)
Condition	Replacement Cost (Financial)
Drainage Adequacy	

Buildings

Probability of Failure (POF)	Consequence of Failure (COF)
Condition	Replacement Cost (Financial)
	Function (Operational)

Vehicles

Probability of Failure (POF)	Consequence of Failure (COF)
Condition	Replacement Cost (Financial)
	Function (Operational)

Machinery & Equipment

Probability of Failure (POF)	Consequence of Failure (COF)
Condition	Replacement Cost (Financial)

Land Improvements

Probability of Failure (POF)	Consequence of Failure (COF)
Condition	Replacement Cost (Financial)

Appendix D – Hilton 10-Year Improvement Plan

Hilton 10-Year Improvement Plan	
2022	
Activity	**Costs**
Base Line Road (Section 85): 2.0 km Reconstruct Park Surface Treatment Single and Double	$165,000
X-Line (Section 120): 1.0 km Surface Treatment - Double	$69,000
X-Line (Section 115): Add gravel 200 m section Surface Treatment Single and Double 200 m section	$34,000
Hilton Road (Section 25): Build up road by Park + over 2 pipes Replace steel culvert Surface Treatment Single	$68,500
New Caterpillar Backhoe	$140,000
Total:	**$476,500**
2023	
Activity	**Costs**
Trainors Side Road (Section 175): Top up Gravel Surface Treatment Double	$141,500
Whybourne Road/Haight Road (Section 10): Reconstruct part Surface Treatment Single and Double	$80,000
M and N (Section 55): Remove overhanging branches Surface Treatment Single	$18,500
P-Line (Section 40): Preliminary work prior to Surface Treatment: Remove trees Replace culvert at creek	$0
Sand Dome	$150,000
Pickleball Court	$60,000
New 2 wheel drive	$40,000
Total:	**$490,000**

Hilton 10-Year Improvement Plan

2024	
Activity	**Costs**
P-Line (Section 45): Remove overburden Gravel	$0
Big Point Road: Surface Treatment Single	$23,000
Big Point Road Turnaround: Remove stone/patch. Add 6" 5/8 from park entrance to base of hill. 200m Double Surface Treatment + Single Surface Treatment Remainder	$51,000
X-Line (Section 105/110): Surface Treament Single	$28,000
Hamilton Drive (Section 95): Surface Treatment Single	$46,000
Hamilton Court (Section 100): Surface Treatment Single	$7,000
Garside Road West (Section 205): Surface Treatment Single	$9,000
Garside Road West (Section 210): Surfance Treament Single	$23,000
Trail Grooming Equipment	$25,000
Total:	**$212,000**

2025	
Activity	**Costs**
Reid Road (Section 30): Surface Treatment Single plus parking lot	$9,000
Base Line Road (Secition 50): Remove stumps from windstorm Surface Treatment - Single	$66,000
20th Side Road (Section 20): Surface Treatment Single	$30,000
Garside Road East (Section 165): Remove stones Surface Treatment Single	$26,000
Red Maple Drive (Section 200): Add 5cm (2") of 5/8 gravel for shaping Remove light brush from east side Surface Treatment Double	$99,000
Satellitle Firehall	$300,000
Playground Equipment: Twins Lake Park	$50,000
Playground Equipment: Big Point Park	$50,000
Total:	**$630,000**

Hilton 10-Year Improvement Plan

2026

Activity	Costs
Canoe Point Road (Setion 60/65): Remove stones New pipe at K Line Surface Treatment mix of double + single	$24,000
K-Line Road (Section 70): Add 10cm (4") of 5/8 gravel Surface Treat Double	$4,700
20th Side Road (Section 20): Surface Treatment Single	$30,000
P-Line (Section 40): Gravel	$38,000
P-Line (Section 45): Gravel	$23,000
Base Line (Section 195): Remove trees down Re-ice storm/ditch Remove overburden from east side 1.1 km - Surface Treatment Single	$56,000
Total:	**$175,700**

2027

Activity	Costs
P-Line (Section 40): Surface Treatment Double	$139,000
P-Line (Section 45): Surface Treatment Double	$83,000
Total:	**$222,000**

2028

Activity	Costs
Hilton Road (Section 5): Surface Treatment Single	$69,500
Neal Drive (Section 125): Surface Treatment Single	$25,000
Base Line (Section 160): Clean Shoulders Surface Treatment Single	$46,000
Total:	**$140,500**

Hilton 10-Year Improvement Plan	
2029	
Activity	**Costs**
Hamilton Bay Road (Section 90): Surface Treatment Single	**$23,000**
Milford Haven Road (Section 220): Surface Treatment Single	**$30,000**
Richmond Bay (Section 225): New guard rails Add 10cm (4") 5/8 gravel Surface Treatment Double	**$86,000**
Total:	**$139,000**
2030	
Activity	**Costs**
Jocques Bay Road (Section 170): Apply 15cm (6") of 5/8 gravel Clean ditches	**$24,000**
Q and R (Section 180): Remove trees Remove stones in road bed Ditch Add 15cm (6") of 2" Add 10cm (4") of 5/8"	**$27,500**
Base Line (Section 185): 2.0km Surface Treatment Single	**$56,000**
Total:	**$107,500**
2031	
Activity	**Costs**
Hilton Road (Section 25): Surface Treatment Single	**$54,000**
Garside Road West (Section 210): Surfance Treament Single	**$19,000**
Ellwood Blvd (Section 215): Surface Treatment Single	**$42,000**
Total:	**$115,000**