



2026

**Annual Review of Asset
Management Planning Progress**

The Municipality of South Dundas

Executive Summary

This Annual Review of Asset Management Planning Progress has been prepared in accordance with Section 9 of Ontario Regulation 588/17 and all applicable regulatory requirements and deadlines. The Municipality of South Dundas has successfully completed its Asset Management Plans for both core and non-core assets, as well as the 2025 Proposed Levels of Service and 10-Year Plan. This document represents the Municipality's first Annual Review of Asset Management Progress under O. Reg. 588/17.

As part of the ongoing asset management process, the Municipality will continue to maintain and update asset information on a regular basis. This includes recording asset additions and disposals, updating condition data as new information becomes available, and revising replacement costs to reflect current values obtained through engineering assessments or other relevant sources.

This document reviews the proposed levels of service targets established in the 2025 Proposed Levels of Service and 10-Year Plan and compares them against current levels of service as of 2026. Where applicable, level of service metrics are assessed to identify areas of progress as well as areas where targets have not yet been met or where conditions have declined, providing direction for future planning and investment decisions.

Capital Project Delivery Review

The Municipality is making solid progress on its 2026 capital program. The following projects have been completed, are currently in progress, or have been budgeted for the year:

- Morrisburg Plaza Rehabilitation
- Arena Rehabilitation Project
- Asphalt Road Resurfacing
- Beach Avenue Sidewalk Improvements
- Vehicle Replacements: Backhoe, Single Axle Plow Truck, 1-Ton Truck (Unit #95), Zero Turn Mower and Trailer
- Smaller Projects: Shop Ventilation, Bridlewood Swing Replacements, Streetlight Upgrades, Various HVAC Replacements

The Municipality is performing well in implementing its capital program. It is noted that capital projects identified in the Asset Management Plan are not expected to be followed strictly, and flexibility in project timing is anticipated. These projects demonstrate the Municipality's ongoing commitment to asset management planning, ensuring that sufficient assets are maintained and that safety concerns are proactively addressed.

Upcoming Major Projects

The Colquhoun Road Bridge was identified in the Municipality's 10-year capital plan as a 2027 capital project. In the summer of 2025, HP Engineering completed the Municipality's biennial Ontario Structure Inspection Manual (OSIM) inspection, which assigned the bridge a Bridge Condition Index (BCI) of 63 and recommended replacement within one to five years (2026–2030).

The 2025 OSIM report identified an estimated replacement cost of \$862,000, while the Municipality's asset management planning is based on a Class D estimate prepared by CBCL at approximately \$3 million for full replacement. The Class D estimate of \$3 million is the figure used for asset management planning purposes.

Public Works staff are actively reviewing options for the Colquhoun Road Bridge, and preliminary engineering work has been initiated in preparation for the project. The project timeline remains subject to revision should Public Works staff determine that the existing structure can safely remain in service beyond the 2027 target date identified in the Asset Management Plan.

Proposed Level of Service Progress

Road Network

The following table outlines the Municipality's progress toward achieving the proposed technical levels of service for its Road Network.

	Technical LOS Metric	Proposed	2026
Scope	Lane-km of arterial roads (MMS class 1 and 2) per land area (km/km ²):	0 km/km ²	0 km/km ²
	Lane-km of collector roads (MMS class 1 and 2) per land area (km/km ²):	0 km/km ²	0 km/km ²
	Lane-km of local roads (MMS class 1 and 2) per land area (km/km ²):	0.64 km/km ²	0.63 km/km ²
	Kilometers of asphalt (HCB) roads:	333	218
	Kilometers of surface treated (LCB) roads:	0	111
	Kilometers of municipal sidewalks:	27 km	32 km
Quality	For paved roads in the municipality, the average pavement condition index value:	60 (Fair) or higher	53.4
	For unpaved roads in the municipality, the average surface condition (e.g. excellent, good, fair or poor):	Poor or better	Poor
	Number of years since the last road needs study:	2 years	1 year

Road Surfaces

The Municipality's Pavement Condition Index (PCI) is currently performing slightly below the established target. Approximately 14 kilometres of paved roads were resurfaced in 2025, with approximately 9 kilometres budgeted for resurfacing in 2026.

The Municipality of South Dundas has continued to advance its established lifecycle management strategy of applying a 1-inch asphalt overlay to previously surface-treated roadways. In 2025, approximately 10 kilometres of

roads previously maintained as surface treated roads (LCB) were resurfaced with a 1-inch asphalt layer, transitioning those assets to an asphalt (HCB) classification. This work brings the Municipality closer to its proposed Levels of Service targets and increases the total number of roads with an asphalt surface from 208 to 218 road segments. An additional 4 km of road is anticipated to be assumed by the Municipality upon completion of the Merkley Oaks and Dutch Meadows subdivisions currently under development. Additional notable resurfacing activities were completed within the Municipality's villages in 2025 as part of the Iroquois Plaza redevelopment project.

Paved road condition ratings have experienced a slight decline since the completion of the 2025 Proposed Levels of Service and 10-Year Plan. However, through increased reserve fund contributions, sustained capital investment in the road resurfacing program, and enhanced asset condition data obtained through the Road Needs Study process, staff anticipate that the overall condition rating will trend positively over the course of the 10-year plan.

Sidewalks

The Municipality's sidewalk network remains at 32 km. No sidewalks have been removed since the latest asset management deadline, as no replacement work has been undertaken in areas where sidewalks exist on both sides of the road. The proposed reduction in sidewalk infrastructure is not expected to be realized immediately; rather, it will occur gradually throughout the 10-year plan period as sidewalks come due for replacement, at which point a decision can be made to remove redundant sidewalks while ensuring residents retain sufficient and safe pedestrian access.

Road Needs Studies

The most recent Road Needs Study was completed in 2025, confirming that the Municipality is meeting its proposed level of service of conducting road needs assessments on a biennial basis. Looking ahead, the Municipality is on track to further improve its road condition assessment frequency, with the next Road Needs Study planned for 2027.

This increased frequency of assessment is expected to substantially improve the quality and accuracy of road condition data, supporting better decision-making for Council and Public Works staff. More frequent assessments will also allow the Municipality to identify roads requiring rehabilitation or preventative maintenance earlier, enabling lower-cost interventions that can delay major reconstruction events — which represent some of the most significant capital expenditures within the road network.

Bridges and Culverts

The following table outlines the Municipality's progress toward achieving the proposed technical levels of service for its Bridges & Culverts.

	Technical LOS Metric	Proposed	2026
Scope	Percentage of bridges in the municipality with loading or dimensional restrictions:	15% or lower	14%
	Number of municipal bridges:	11	12
	Number of municipal major culverts:	21	21
Quality	Average bridge condition index (BCI) value for bridges in the municipality:	60 (Fair) or higher	67
	Average bridge condition index (BCI) value for culverts in the municipality:	60 (Fair) or higher	65

Loading Restrictions

The percentage of bridges in the Municipality with loading or dimensional restrictions remains unchanged. The Nash Creek Bridge (Colquhoun Road) and South Branch Road Bridge are currently the only municipal bridges with loading or dimensional restrictions. Both structures are anticipated to reach the end of their service life within the 10-year plan period. The planned replacement of the Colquhoun Road Bridge and the decommissioning of the South Branch Road Bridge would eliminate the existing load posting restrictions associated with both structures. It should be noted, however, that as the Municipality's bridge inventory continues to age, there remains a

possibility that additional structures may require load posting restrictions, which could impact this metric going forward.

Number of Bridges & Culverts

The Municipality of South Dundas currently maintains 12 bridges and 21 culverts. Regarding the South Branch Road Bridge, the 2025 OSIM report indicates that the structure is not expected to reach the end of its service life for another 6 to 10 years (2031-2035). At that time, the Municipality will evaluate options including decommissioning the bridge. Until then, the bridge will continue to be maintained as part of the active municipal inventory. The total number of bridges maintained by the Municipality is not expected to decrease from 12 to 11 until the South Branch Road Bridge reaches the end of its service life.

Condition Ratings

Overall bridge and culvert condition ratings have declined slightly since the 2025 Proposed Levels of Service and 10-Year Plan, which is expected given the natural aging of existing structures. Despite this decline, condition ratings for both bridges and culverts remain above the proposed Levels of Service targets.

As major bridge replacement projects are completed throughout the 10-year plan, overall condition index ratings are expected to improve significantly. While existing structures will continue to decline in BCI over time, the Municipality of South Dundas is projected to maintain overall condition levels above the Proposed Levels of Service targets throughout the 10-year planning period.

Buildings and Facilities

The following table outlines the Municipality's progress toward achieving the proposed technical levels of service for its Buildings and Facilities.

	Technical LOS Metric	Proposed	2026
Scope	Number of public works garages:	1 Centralized Facility	2
	Number of parks, recreation, and facilities garages:	0	1
	Number of salt sheds:	1	2
	Number of coverall structures:	1	3
	Number of public works sheds:	1	1
	Number of municipal fire halls:	3	3
	Number of commercial office spaces:	4	5
	Number of municipal recreation halls:	3	5
	Number of municipal arenas:	1	1
Quality	Weighted age-based condition of municipal facilities:	40 (Fair) or better	23 (Poor)
	Weighted percentage of municipal facilities in poor or worse condition:	50% or less	72%
Safety	Percentage of three municipal fire halls with significant health and safety concerns and/or infrastructure deficiencies:	0%	100%

Number of Buildings

There has been no change to the scope or number of municipal buildings and facilities since the 2025 Proposed Levels of Service and 10-Year Plan, as no facilities have reached the end of their useful service life during this period. Accordingly, the technical levels of service for this asset category remain unchanged.

Recreation facilities continue to have remaining service life and no changes to their associated levels of service are anticipated in the near term. Similarly,

the Public Works garage retains remaining service life and has not yet triggered any changes to its levels of service. However, the Public Works garages are planned for replacement within the 10-year plan. At that time, the Municipality intends to consolidate Public Works and Recreation garage facilities into a single centralized facility, which would reduce the overall number of garages maintained by the Municipality. This consolidation is also expected to have an impact on the number of overall structures and salt sheds within the municipal asset inventory.

Building Condition

Overall building condition ratings have declined modestly since the 2025 Proposed Levels of Service and 10-Year Plan, consistent with the natural aging of existing structures. As major facility renovations and replacements are completed through the 10-year capital plan, condition index ratings are expected to improve significantly. In the interim, the weighted percentage of municipal facilities rated in poor or worse condition is anticipated to gradually increase until the next major building replacement is realized.

Safety & Infrastructure Deficiencies

While progress has been made toward addressing deficiencies identified within the Municipality's fire buildings, these efforts have not yet been sufficient to impact the level of service metric identified in the 2025 Proposed Levels of Service document, and notable deficiencies remain outstanding. The Municipality has budgeted in 2026 for the removal and capping of the watch tower at the Iroquois Fire Hall. The brick structure had been experiencing spalling bricks and broken glass causing ongoing damage to the roof below, presenting ongoing health and safety concerns. Debris-related damage has also affected both the Civic Centre and Fire Hall roofs, which have been patched by staff on an interim basis.

The Municipality has also taken proactive steps to address health and safety concerns within its other buildings and facilities, as demonstrated by the inclusion of the shop ventilation project in the 2026 capital program. While this does not directly resolve the outstanding fire hall deficiencies, it reflects the Municipality's commitment to improving health and safety conditions across all buildings and facilities. These deficiencies will continue to be

monitored and addressed as funding and opportunities permit throughout the 10-year planning period.

Storm Sewer Network

The following table outlines the Municipality's progress toward achieving the proposed technical levels of service for its Storm Sewer Network.

	Technical LOS Metric	Proposed	2026
Scope	Percentage of properties in the municipality resilient to a 100-year storm:	No reliable data available	No reliable data available
	Percentage of the municipal stormwater management system resilient to a 5-year storm:	100%	100%
Quality	Weighted age-based condition of municipal storm network assets:	40 (Fair) or better	54 (Fair)

Storm Resiliency

South Dundas currently plans to replace storm sewer catch basins and lines on a like-for-like basis. However, the existing storm sewer network's capability to withstand a specific storm event such as a 50 or 100-year storm remains unclear. While new development is evaluated for storm infrastructure requirements on a case-by-case basis, there is a broader gap in understanding the overall capacity of the Municipality's storm system.

It is worth noting that older storm systems were often designed to handle only 5-year storm events, meaning the existing network may be significantly undersized relative to current design standards.

It would be valuable for South Dundas to explore completing an engineering review of the storm system to identify capacity deficiencies and weak points. This would allow the Municipality to proactively plan necessary upgrades to coincide with or prior to the end of affected assets' useful lives, rather than

replacing infrastructure on a like-for-like basis without addressing capacity limitations.

As a preliminary estimate, storm sewer replacement costs can be raised by increasing each pipe diameter up to the next standard size (for example, 200mm to 250mm, 525mm to 600mm), using existing per-metre unit costs. This exercise increases the estimated total replacement cost from approximately \$12M to \$13.4M, assuming existing catch basins are compatible with the upsized pipes. While this provides a rough figure, it does not account for hydraulic performance or system-wide capacity needs. A formal engineering study would be required to accurately determine the storm system's current design capacity and identify the most effective upgrade strategy.

Machinery and Equipment

The following table outlines the Municipality's progress toward achieving the proposed technical levels of service for its Machinery and Equipment.

	Technical LOS Metric	Proposed	2026
Quality	The average assessed or age-based condition of municipal machinery and equipment:	40 (Fair) or better	35 (Poor)
	Weighted percentage of machinery and equipment currently beyond their estimated service life:	20% or less	26%

Condition Ratings

The average assessed condition of machinery and equipment has seen minimal change since the 2025 Proposed Levels of Service plan, with the Municipality currently performing approximately 5% below the Proposed Level of Service target for this metric. While this target has not yet been met, the gap is modest, and as the Municipality continues to increase and improve its contributions toward asset management needs, this condition rating is expected to gradually improve and meet the proposed target within the 10-year planning period.

Backlog

The percentage of machinery and equipment currently beyond their estimated service life has also seen minimal change and has not yet met the target identified in the 2025 Proposed Levels of Service and 10-Year Plan. Similarly, this figure is not significantly off target, and with continued and improved capital investment in asset replacements, it is expected that this metric will trend toward the target and meet the proposed level of service over the course of the 10-year plan.

Land Improvements

The following table outlines the Municipality's progress toward achieving the proposed technical levels of service for its Land Improvements.

	Technical LOS Metric	Proposed	2026
Scope	Number of square meters of asphalt municipal parking lots:	61,910 sq m	65,435 sq m
	Number of square meters of gravel municipal parking lots:	12,420 sq m	12,760 sq m
	Number of municipal beaches:	2	2
	Number of ball diamonds with lighting:	5	5
	Number of ball diamonds without lighting:	2	2
	Number of tee ball diamonds:	2	2
	Number of tennis courts:	2	2
	Number of outdoor rinks:	3	3
	Number of dog parks:	1	1
Quality	The average age-based condition of municipal parking lots:	20 (Poor) or better	19 (Very Poor)
	The average age-based condition of beach and waterfront assets:	20 (Poor) or better	32 (Poor)
	The average age-based condition of municipal sports fields:	20 (Poor) or better	22 (Poor)

Number of Square Meters of Parking Lots

Approximately 3,300 square metres of asphalt parking lot area was removed from the Municipality's asset inventory as a result of the Iroquois Plaza rehabilitation project. As the decision to undertake this work was made prior to the completion of the Proposed Levels of Service document and was not factored into it at the time, the Proposed Levels of Service figures have since been adjusted to reflect this change. The targeted reduction of approximately 3,500 square metres of asphalt parking lot area at recreation facilities has not yet been fully realized.

Condition Ratings

Condition ratings for the land improvements asset category remain relatively consistent with those reported in 2025. While the Iroquois Plaza rehabilitation project has contributed positively to the overall condition rating, the continued aging of other parking lot assets has offset some of this improvement, resulting in a condition rating that is marginally below the proposed Levels of Service threshold. The overall condition rating is anticipated to improve following the completion of the Morrisburg Plaza rehabilitation project, currently scheduled for 2026, which is expected to bring the condition rating above the proposed Levels of Service target.

Vehicles

The following table outlines the Municipality's progress toward achieving the proposed technical levels of service for its Vehicles.

	Technical LOS Metric	Proposed	2026
Scope	Number of tax-funded municipal vehicles (Public Works, Fire, Building, Bylaw, Drainage, Parks, Recreation & Facilities)	59	59

The Municipality operates a total of 65 vehicles, comprised of 59 tax-funded units and 6 rate-funded units. Fleet-related levels of service have experienced no changes since the Proposed Levels of Service and 10-Year Plan.

In response to the identified funding gap within the vehicle asset category, Council convened a Committee of the Whole meeting on May 8, 2026 to evaluate fleet management options and long-term sustainability strategies. Fire vehicles were identified as a significant cost pressure for the Municipality, and options related to fire fleet management were examined as part of this discussion. The meeting also considered strategies for the Municipality's fleet inventory as a whole, resulting in the following recommendations for all municipal vehicles: extending the service life of light-duty vehicles from 6 to 10 years; facilitating the transfer of vehicles between departments where operationally appropriate; investigating the operational and liability implications of extending the service life of fire vehicles; pursuing the purchase of used equipment where feasible; continuing the practice of redeploying plow equipment across applicable units; and identifying and evaluating additional cost-saving measures and efficiencies across the fleet inventory.

Water Network

The following table outlines the Municipality's progress toward achieving the proposed technical levels of service for its Water Network.

	Technical LOS Metric	Proposed	2026
Scope	Percentage of properties connected to the municipal water system:	41%	37%
	Percentage of properties where fire flow is available:	41%	37%
	Daily rated capacity (m ³) of treated water available to properties connected to the municipal water system:	9,495 m ³	9,495 m ³
Quality	Number of connection-days per year where a boil water advisory notice is in place compared to the total number of properties connected to the municipal water system:	0	0

	Number of connection-days per year where water is not available due to water main breaks compared to the total number of properties connected to the municipal water system:	0.00254 or lower	0.00456
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The Municipality's number of connection-days per year where water is not available due to water main breaks is currently not meeting the target identified in the 2025 Proposed Levels of Service and 10-Year Plan. While this metric is expected to fluctuate from year to year and will not necessarily worsen consistently, the overall trajectory is expected to gradually decline as the existing water infrastructure continues to age. As reserve fund contributions increase over the course of the 10-year plan, the Municipality should continue to prioritize the replacement and relining of aging water mains to reduce the occurrence of these interruptions.

Wastewater Network

The following table outlines the Municipality's progress toward achieving the proposed technical levels of service for its Wastewater Network.

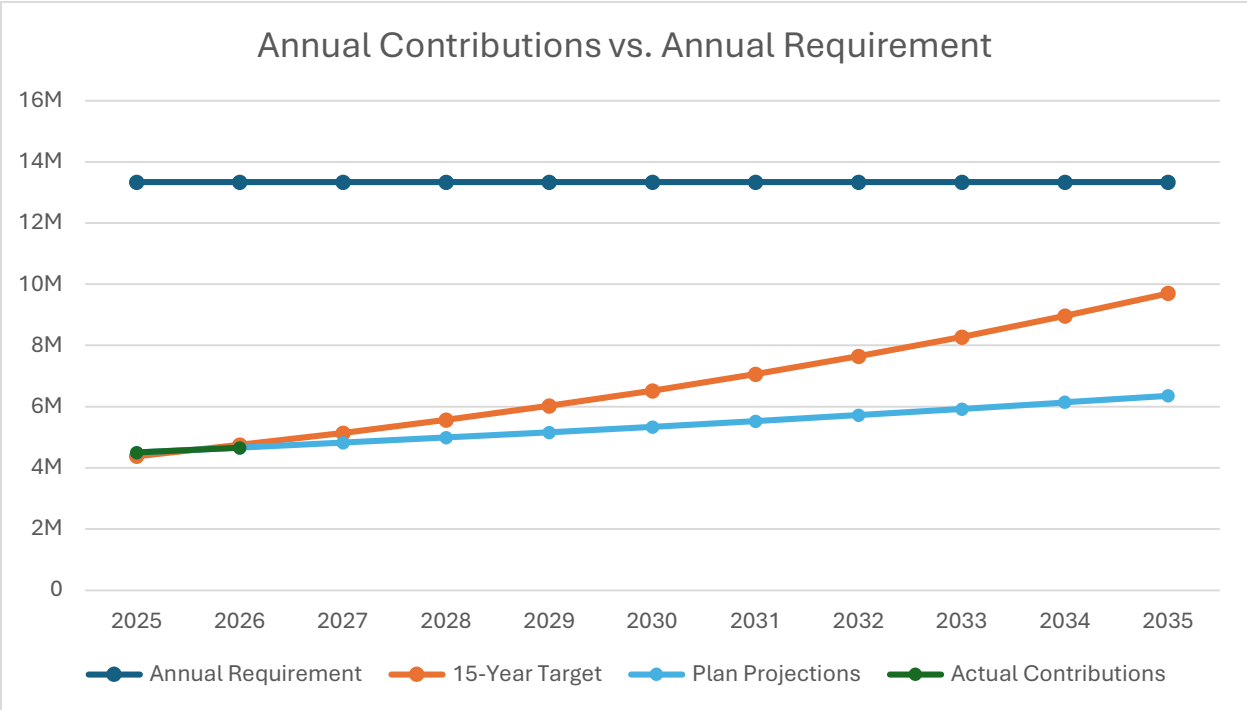
	Technical LOS Metric	Proposed	2026
Scope	Percentage of properties connected to the municipal wastewater system:	40%	35%
	Maximum average raw sewage flow capacity (m ³) of properties connected to Morrisburg's wastewater system:	4,608 m ³	4,608 m ³
	Maximum average raw sewage flow capacity (m ³) of properties connected to Iroquois' wastewater system:	3,300 m ³	3,300 m ³
	Maximum average raw sewage flow capacity (m ³) of properties connected to Williamsburg's wastewater system:	383 m ³	383 m ³

Quality	The number of events per year where combined sewer flow in the municipal wastewater system exceeds system capacity compared to the total number of properties connected to the municipal wastewater system:	0	0
	The number of connection-days per year due to wastewater backups compared to the total number of properties connected to the municipal wastewater system:	0	0
	The number of effluent violations per year due to wastewater discharge compared to the total number of properties connected to the municipal wastewater system:	0	0

Financial Strategy Review

The Municipality's updated annual requirement for all municipal assets totals approximately \$13.3 million. It should be noted that this figure is not fixed and will vary year to year as replacement cost estimates are updated and inflation is applied.

The following chart compares the Municipality's actual funding contributions against the annual requirement and established funding targets. Actual contributions are comprised of reserve and reserve fund contributions, stable and recurring grant funding including OCIF and CCBF allocations, and annual debt charges. The dark blue line represents the full annual funding requirement — the level the Municipality should aim to reach and sustain over the long term. The orange line represents the annual contributions required to achieve full funding within 15 years, as identified in the Municipality's 2024 Core and Non-Core Asset Management Plan. The Plan Projections line reflects the funding trajectory identified in the Municipality's 10-year capital plan. The Actual Contributions line reflects the amounts contributed or budgeted toward asset management purposes in each respective year. All values presented in the following chart are expressed in 2026 dollars and will continue to be tracked and updated through each subsequent annual review.



For the 2026 budget year, approximately \$4.66 million has been allocated toward asset management purposes. This is slightly below the annual funding recommendation of \$4.75 million required to remain on pace to achieve full funding within 15 years, but consistent with the projections outlined in the 2025 Proposed Levels of Service and 10-Year Plan.

For the purposes of this annual review, debt charges have been incorporated into both the actual contributions total and the funding targets, consistent with the trajectory established in the 2025 Proposed Levels of Service and 10-Year Plan. Although debt charges are captured within the operating budget, they represent repayment of previously financed capital projects and are therefore considered relevant to asset management funding. An adjustment has been made accordingly to ensure comparability with the projections outlined in the 2025 plan. It should also be noted that the Municipality is required under O. Reg. 588/17 to complete an updated Asset Management Plan for all municipal assets by 2030, which will provide Council with an opportunity to reassess funding progression and adjust targets moving forward.

The following table compares the Municipality's annual infrastructure funding requirement against both the 15-year target identified in the 2024 Core and Non-Core Asset Management Plan and the funding projections outlined in the 2025 Proposed Levels of Service and 10-Year Plan. Annual requirement values are expressed in 2026 dollars; however, a 2% inflation rate has been applied to the 15-Year Target and Plan Projections columns for 2027 budgeting purposes.

Asset Category	Annual Requirement	2027	
		15-Year Target	Plan Projections
<u>Tax-Funded Assets</u>			
Vehicles (Roads, PRF, Fire, Bylaw, and Drainage)	\$ 1,233,096	\$ 496,614	\$ 765,000
Roads Network, Bridges and Culverts, Storm Sewer Network	\$ 5,115,269	\$ 2,060,112	\$ 1,732,279
Fire Equipment	\$ 151,710	\$ 61,099	\$ 98,940
Buildings and Facilities, Recreation, Land Improvements	\$ 2,444,834	\$ 984,627	\$ 827,940
Vehicles (Building)	\$ 8,333	\$ 3,356	\$ 2,822
Administration Equipment	\$ 16,809	\$ 6,770	\$ 5,692
Total Tax-Funded	\$ 8,970,052	\$ 3,612,578	\$ 3,432,673
<u>Rate-Funded Assets</u>			
Water Network	\$ 2,319,530	\$ 864,516	\$ 787,439
Morrisburg Wastewater Network	\$ 1,019,617	\$ 380,023	\$ 346,142
Iroquois Wastewater Network	\$ 943,757	\$ 351,749	\$ 320,388
Williamsburg Wastewater Network	\$ 87,842	\$ 32,740	\$ 29,821
Total Rate-Funded	\$ 4,370,746	\$ 1,629,029	\$ 1,483,790
Total Annual Requirement	\$ 13,340,798	\$ 5,241,607	\$ 4,916,462

To remain on pace to reach full funding for all assets by 2039, the Municipality would need to target approximately \$5.2 million in asset management contributions in 2027, whether through reserve fund contributions or capital expenditures, compared to \$4.7 million contributed in 2026. Of this amount, approximately \$3.6 million is attributed to tax-funded assets and \$1.6 million to rate-funded assets. To meet this recommendation within the 2027 budget, the Municipality would need to increase tax rates by approximately 3.86%, water rates by approximately 0.23%, and Morrisburg and Iroquois wastewater rates by approximately 2.07% and 34.73%, respectively. No rate increase would be required for the Williamsburg wastewater system to meet this target in 2027.

To remain on pace with plan projections, the Municipality would need to contribute approximately \$4.9 million in 2027 toward asset management purposes, compared to \$4.7 million contributed in 2026. Of this amount, approximately \$3.4 million is attributed to tax-funded assets and \$1.5 million to rate-funded assets. To meet this projection for the 2027 budget, the Municipality would need to increase tax rates by approximately 2.06% and Iroquois wastewater rates by approximately 29.32%. No rate increase would be required for the water system and the Morrisburg and Williamsburg wastewater systems to meet this projection in 2027.

Asset Management Systems Review

The Municipality updated its Asset Management Policy in 2024, aligning it with current asset management planning goals. The policy will continue to be reviewed and updated as required to reflect evolving legislative requirements and municipal priorities.

The Municipality has demonstrated meaningful progress in asset management governance, processes, and overall capability in recent years; however, opportunities for continued improvement remain. The following summarizes the current state across key areas.

The Municipality should continue to review and refine its risk rating criteria to ensure assets are being appropriately prioritized. Ongoing attention to this area will support more informed capital decision-making and help direct resources toward the highest-need assets. The Municipality has also implemented an updated lifecycle strategy through the 2025 Proposed Levels

of Service and 10-Year Plan, including the resurfacing of surface-treated roads with asphalt as recommended by the Director of Transportation. This reflects a proactive approach to extending asset service life and optimizing long-term capital investment.

Addressing Barriers to Implementation

Despite the progress made, two key barriers continue to affect asset management implementation: financial constraints and data limitations.

While asset management plans are in place, it is recommended that a regularly updated asset prioritization list be prepared and provided to directors prior to each budget cycle. This list should include assets prioritized by risk rating, accompanied by any relevant notes, and would serve as a practical and actionable decision-support tool to ensure capital decisions are informed by current asset conditions and lifecycle data. This process would also provide directors with an opportunity to offer input on asset priority levels, facilitating more timely and accurate updates to the Municipality's asset inventory.

Data Limitations

A key gap in South Dundas's current asset management approach is the limited understanding of the storm sewer system's overall capacity. Without a clear picture of what storm event the existing network can handle, the Municipality risks replacing aging infrastructure on an as-is basis without addressing underlying capacity limitations. Commissioning an engineering review of the storm system would allow South Dundas to identify deficiencies and proactively plan upgrades in alignment with asset end-of-life timelines, ultimately supporting more informed and resilient long-term capital planning.

Funding Constraints

The Municipality is currently not contributing enough to meet the proposed levels of service in several asset categories. Fleet reserve contributions in 2026 were \$824,728, against a total annual requirement of approximately \$1.23M. Given the relatively short lifecycle of fleet assets compared to infrastructure such as storm sewers or sidewalks, this funding gap will need

to be addressed in the near term. Additionally, current road reserve balances are insufficient to fully fund the anticipated Colquhoun Road Bridge replacement, expected within the next few years. Given the Municipality's existing debt commitments and recently assumed debt obligations, continued reliance on debt financing may not be sustainable on an ongoing basis. As a result, the Municipality should prioritize building reserve capacity for this project where possible in the near term.

Addressing Barriers

To address these financial constraints, the Municipality should target annual contributions of approximately \$5.2 million toward capital projects and reserves and reserve funds in 2027 to adequately prepare for upcoming major asset replacements and unforeseen capital expenditures. The Municipality should aim to meet the full annual asset management requirement by 2039 — 15 years from the 2024 Core and Non-Core Asset Management Plan baseline — or, at minimum, demonstrate meaningful and consistent progress in alignment with the projections established in the 2025 Proposed Levels of Service and 10-Year Plan. Achieving this will require the sustained commitment of Council and senior leadership in directing resources toward priority areas and upholding the Municipality's long-term financial resilience.