AUSABLE BAYFIELD CONSERVATION

CREATING AWARENESS | TAKING ACTION

CAPITAL ASSET MANAGEMENT PLAN

2024

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Ausable Bayfield Conservation Authority
Capital Asset Management Plan (CAMP)

Executive Summary

Conservation Authorities are watershed-based, non-profit organizations, that are often located across multiple municipalities. In Ontario there are 36 Conservation Authorities all of whom adhere to the *Conservation Authorities Act*. This includes Ausable Bayfield Conservation Authority (ABCA) who works to manage natural hazards through planning comments, development permits, and flood forecasting as well as the management of natural resources that are essential to sustaining water quality and quantity through watershed planning, stewardship, environmental monitoring and research, and the management of conservation and natural areas.

The Authority owns a variety of infrastructure assets that are used to support the services they deliver. The goal of asset management is to deliver an adequate level of service in the most cost-effective manner. This involves the development and implementation of asset management strategies and long-term financial planning.

Scope

This Capital Asset Management Plan (CAMP) identifies the current infrastructure management practices and strategies and makes recommendations where they can be further refined. Assets within scope of this plan must meet the Tangible Capital Threshold as identified by the Tangible Capital Asset (TCA) policy. Generally, assets of low acquisition costs are not a TCA asset and are therefore excluded.

Through the implementation of sound asset management strategies, ABCA has an enhanced and documented understanding of the capital asset under ownership and their condition, short-term and long-term investment needs, and the proposed financial adjustments to sustainably meet the identified capital requirements. This better positions ABCA and their infrastructure assets to support the sustainable delivery of conservation authority services.

Natural Asset management is not a requirement for conservation authority asset management plans. Although, the ABCA recognizes that activities such as restoring wetlands or upland forests, can be used to manage river flooding and erosion in a way that is less costly and provides benefits for both people and nature, at this stage assets management planning is a relatively new concept, and valuing these services was not completed for this CAMP. This exercise should be considered in the future for any CAMP updates.

Findings

The overall replacement value of the asset categories included in this CAMP totals $27.7 million. The majority of the assets analysed in this CAMP are in fair or better condition.

The development of a long-term, sustainable financial plan requires an analysis of whole lifecycle costs. This CAMP uses a combination of proactive lifecycle strategies (buildings) 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, ABCA's average annual capital requirement totals $200,542.

Historically, ABCA has not had a dedicated capital budget and has instead used operational funding for capital projects, and reserve contributions. Alternatively, ABCA has predominantly relied upon one-time grant funding which is not a means of sustainable replacement funding. The calculated funding gap is represented by the full $200,542 annual average capital requirement.

It is important to note that this plan represents data as of December 2023**,** and is based on the best available processes, data, and information at ABCA. Strategic asset management planning is an ongoing and dynamic process that requires continuous improvement and dedicated resources.

Key Statistics

Replacement Value of the asset portfolio including erosion and flood control structures	$27,772,500
Value per capital (population within CA jurisdiction)	$722
Percentage of assets in fair or better condition	75 %
Average annual capital requirement	$200,542
Recommended timeframe for reducing the annual infrastructure deficit	10 Years
Target capital reinvestment rate	0.72 %

Recommendations

A financial strategy was developed to address the annual capital funding gap. A municipal capital levy would eliminate the ABCA's infrastructure deficit based on a 10-year plan. This would require an average annual levy change of 1.39 percent. This would resolve the funding gap associated with municipally funded assets. The remaining funding gap associated with

assets is recommended to be resolved through asset specific agreements and Water and Control Infrastructure (WECI) funds when they become available.

Other recommendations to guide the continuous refinement of the ABCA's asset management program include:

- Review ABCA's Tangible Capital Asset (TCA) Policy for appropriateness, consider the capital thresholds, the use of pooling assets, and the accuracy of the Financial Estimated Useful Life.
- Beginning with the highest valued and most critical assets, develop a condition assessment strategy that identifies assessment methodology, persons responsible, and frequency of re-assessment by asset category.
- At least annually, review and update asset information including but not limited to attribute data such as quantity, make, model, assessed condition etc.
- Regularly measure current levels of service and ensure roles, responsibilities, frequency of collection and reporting are clearly documented.

Introduction and Context

Asset Management at ABCA

The ABCA requires a diverse range of capital assets including land, buildings, erosion control structures, flood control structures, monitoring stations, vehicles and equipment in order to fulfill its mandate of integrated watershed management including protecting life and property from the natural hazards of flooding and erosion, managing conservation lands and providing passive recreation facilities, research and monitoring, education and outreach, and watershed stewardship and restoration.

Key Concepts in Asset Management

The development of a capital asset management plan is an essential part of ABCA's ongoing fiscal responsibility framework, as it guides the purchase, use, maintenance, and disposal of every asset ABCA needs to conduct business. The goal of every capital asset management plan is to define the use of asset to streamline productivity and delivery with minimal loss of capital.

The CAMP will support ABCA's budgeting, planning, and forecasting processes – all of which will bring benefits in speeding the budget process, improving collaboration between user groups, and enhancing data quality and reliability.

This plan seeks to identify what we have, what condition it is in, and what the anticipated needs are to maintain our infrastructure as we move forward. It will also discuss estimates regarding

future needs both from the perspective of preserving existing infrastructure and also anticipated future asset acquisitions and capacity enhancements.

A CAMP is a requirement of the *Conservation Authorities Act* update. It is part of the requirements of the Operational Plan for flood and erosion control structures. However, there is merit in completing a more comprehensive CAMP that includes all ABCA capital assets.

The CAMP was coordinated and developed with input from staff of several departments of the Authority in regard to their applicable assets. A determination was made of which assets need to be managed and replaced based on various life cycles ranging from 5, 10, 20 and 50 years depending on the respective asset.

Methodology

Portfolio Overview

ABCA capital assets include:

a. Buildings, furniture and fixtures.
b. Flood control structures and erosion control structures.
c. Water quality and quantity monitoring equipment and other equipment.
d. Land improvements, bridges and boardwalks at ABCA properties.
e. Vehicles and equipment.
f. Information technology.

Flood control structures and erosion control structures are either owned by the ABCA or were constructed by the ABCA (i.e., on private lands). All these structures are inspected annually by ABCA staff who identify minor maintenance activities such as vegetation removal or repairs to gabion structures. Minor repairs and maintenance are performed by ABCA staff.

The ABCA retains engineering consultants to perform more detailed inspections on a regular basis. Any identified significant maintenance is completed by third party contractors. All maintenance, whether major or minor, is performed based on cost share funding formulae.

The total replacement value of ABCA's asset portfolio, including erosion and flood control structures is $27,772,500 with a target portfolio capital re-investment rate of 0.72 percent.

Historically, asset replacement has been funded from operational dollars or one-time grant funding. This includes a vehicle and equipment pool, and information technology (IT) pool that allocate operational dollars based on asset usage, repairs, and maintenance to their respective

reserve fund. However, since funding is sourced from operational dollars, the amounts can fluctuate year-to-year and are not guaranteed.

Seventy-five percent of all assets are in fair or better condition.

Over the next 10 years, a capital investment of about $2.8 million is projected to be needed. This represents about 10 percent of the current replacement value of the portfolio.

Average annual capital requirements total $280,931 per year across all assets. Of this amount, the IT pool, and vehicles and equipment pool are funded internally by users. The Operating Levy contributes money towards the buildings reserve. This leaves a shortfall of $200,542 annually.

Average Annual Capital Requirement	$280,931
Internal IT	($21,473)
Internal Vehicle and Equipment	($53,600)
Specific Amortization – Operating Levy	($5,406)
Currently Net Unfunded	**$200,542**

Asset Categories

Tangible capital assets have physical substance that:

- Are used on a continuing basis in the Authority's operations.
- Have useful lives extending beyond one year.
- Are not held for re-sale in the ordinary course of operations.

Tangible capital assets are divided into two categories: infrastructure and general capital asset. Infrastructure is composed of linear assets and their associated specific components, generally constructed or arranged in a continuous network. A general capital asset is any tangible capital asset that is not part of the infrastructure asset class.

Assets are further classified into the sub-categories of land, land improvements, buildings, machinery and equipment, vehicles and linear assets.

A tangible capital asset is defined in PS3150, having a minimum value given by category in the following table, including taxes and directly attributable acquisition expenses.

Asset Category	Capitalization Threshold
Land	Capitalize only
Land Improvements	$12,500
Buildings	$25,000
Construction in Progress	Capitalize only
Machinery & Equipment	$2,500
Vehicles	$5,000
Linear Assets	$100,000

All assets with an individual total value of less than the amounts provided in the above table are expensed in the year of acquisition and charged against the operating budget. Different thresholds may be used for group assets.

Notwithstanding the above, the following classes of assets are pooled, and the pool deemed to be itself a tangible capital asset:

- Computers and peripherals
- Furniture and fixtures
- Workshop equipment
- Outdoor furniture
- Signage

Relationship to Public Sector Accounting Board (PSAB) and Structures Operational Plan

The Accounting Policies and Procedures with Respect to Tangible Capital Assets document was approved by the ABCA board of directors on September 18, 2008, and came into effect January 1, 2009, to comply with Public Sector Accounting Board (PSAB) standards.

The policy recommended an Asset Management Policy be developed that would include asset ledgers, asset controls (asset inventory, maintenance records, other documentation), surplus asset lists including policies on dealing with surplus assets, budget requirements and any risk management, health and safety issues and environmental concerns.

The information required to be PSAB compliant was primarily backward looking. It considered historical cost (or reasonable estimate where necessary), annual amortization, accumulated amortization, and the resultant current net book value of assets. The CAMP takes the PSAB information and looks forward introducing life expectancy based on actual asset condition, expected rates of deterioration, future required service levels, and estimated future replacement costs.

Deriving Replacement Costs

There are a range of methods to determine the replacement cost of an asset. Some are more accurate and reliable than others. This CAMP relies on three methodologies:

- **User-Defined Cost and Cost/Unit:** Based on costs provided by Conservation Authority staff which could include average costs from recent contracts; data from engineering reports and assessments; staff estimates based on knowledge and experience.
- **Cost Inflation/Consumer Price Index Tables:** Historical cost of the asset is inflated based on Consumer Price Index (CPI) or Non-Residential Building Constructions Price Index, or user-defined costs from an earlier year are inflated to the data effective date.
- **Insured Value:** As determined through the annual insurance renewal process.

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

Estimated Useful Life and Service Life Remaining

The estimated useful life (EUL) of an asset is the period over which it is expected to be available for use. The EUL for each asset in this CAMP was assigned according to the knowledge and expertise of CA staff and supplemented by existing industry standards when necessary.

By using an asset's in-service date, its EUL, and where available the assessed condition, the service life remaining (SLR) can be determined. The SLR is calculated as follows:

Service Life Remaining (SLR) = In Service Date + Estimated Useful Life (EUL) – Current Year

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. The reinvestment rate is calculated as follows:

$$\text{Target Reinvestment Rate} = \frac{\text{Annual Capital Requirement}}{\text{Total Replacement Cost}}$$

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 ABCA's asset portfolio. The table below outlines the condition rating system used in this CAMP 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	60-79
Fair	Requires attention	Signs of deterioration, some elements exhibit significant deficiencies	40-59
Poor	Increasing potential of affecting service	Approaching end of service life, condition below standard, large portion of system exhibits significant deterioration	20-39
Very Poor	Unfit for sustained service	Near or beyond expected service life, widespread signs of advanced deterioration, some assets may be unusable	0-19

The analysis in this CAMP 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.

Analysis of Assets

Buildings, Furniture and Fixtures

Administration Building, Annex, Workshop, Conservation Area Buildings

The Administration Building and Workshop were built in the early 1980s. The Annex was built in 1972 and was a private residence before being purchased for office space in 2011. The building is connected to the ABCA IT system. Interior painting was completed at that time. In 2023, a

section of the wood floors was refinished. The building does not have any accessibility features, and is not open to the public.

The Arkona Lions Museum and Information Centre at Rock Glen Conservation Area was built in 1986. It has had capital improvements including a metal roof, siding, ceiling panels and heating, ventilation and air conditioning system (HVAC).

It is important to take the age of the buildings into consideration. Various aspects of the buildings included above will need capital improvements over the next 5-20 years, whether it be related to the HVAC systems, roofs, flooring, windows, improved insulation, etc. Fortunately, that the Administration Centre complex and Rock Glen CA are on municipal water.

The Administration Centre/Workshop, Annex and Rock Glen septic systems are all beyond the expected lifetime. Regular septic tank pump-outs and ensuring the weeping beds are maintained and protected are important.

Two fuel tanks (one for diesel and one for gasoline) are located within the workshop compound. The fuel tanks should be inspected on a specified schedule, (ie every five years) and replaced if determined necessary.

As utility costs continue to increase, the ABCA may want to do energy audits to identify areas for savings.

Accessibility improvements have been completed at the museum but are still needed at the Administration Centre complex.

Financial Implications

Buildings are amortized over a 50-year cycle and the amortization rate for ABCA's inventory of buildings is 52 percent as of December 31, 2023. ABCA's inventory of buildings is considered to be in good condition. Buildings and major costs are reviewed annually and as part of the five-year forecast. Amounts, tied to amortization over 50 years, are set aside annually into reserves to help with replacement costs. Assets are amortized over 10-75 years depending on the asset.

	Buildings	Furniture and Fixtures	Total
Replacement Value	$4,607,459	$1,245,612	$5,853,071
Annual Amortization	$61,433	$24,912	$86,345

Flood Control Structures and Erosion Control Structures

The ABCA flood control structures and erosion control structures which are included in this CAMP protect life and property from the natural hazards of flooding and erosion. Some are owned by the ABCA and some are the property of others but are managed by the ABCA on their behalf.

There are erosion control structures on ABCA properties that benefit others. For example, the Tuckersmith Erosion Control Project on the Bayfield River at Clinton Conservation Area protects private residential dwellings and property at the top of the bank.

Several other erosion control structures such as the Walker Drain and Armstrong West are not on property owned by the ABCA but the ABCA manages the structures. These structures are inspected regularly by ABCA, and funds are set aside annually to coincide with special benefitting monies from municipalities and Water and Erosion Control Infrastructure (WECI) funds when they become available.

The ABCA owns and maintains two dams within its watershed: Parkhill Dam in North Middlesex and Morrison Dam in South Huron.

The risks associated with not conducting major maintenance and upgrading the infrastructure include:

- Liability concerns
- Increased maintenance and repair costs
- Health and safety concern for staff and public.

Financial Implications

Linear assets are amortized over a 50-year cycle and the amortization rate for these ABCA assets is 72 percent as at December 31, 2023. The ABCA's inventory for these assets is considered to be in fair condition. Amounts are set aside annually into reserves and when required, as a result of inspections, these dollars, along with special benefitting monies from municipalities, are matched with Provincial monies from the WECI fund. In determining replacement values, Historic Costs have been adjusted for CPI to determine current $'s. Amounts needed through any Capital Levy would be consistent with the annual amortization rates.

	Flood Control Structures	Erosion Control Structures	Total

Replacement Value	$11,611,995	$7,793,711	$19,405,706
Annual Amortization	$70,388		$70,388
Annual Amount to Reserve	($18,350)		($18,350)
Net	$52,038		$52,038

The following structures are owned by the ABCA:

- Parkhill Dam and Reservoir
- Morrison Dam and Reservoir
- Ausable River 1949 Cut.

The following structures are on private or municipal property, but ABCA is involved in inspections and maintenance:

- Walker Drain Erosion Control Project
- Port Franks Armstrong West Erosion Control Works
- Stewart Gully
- Seaforth CNR Culvert
- Port Franks River Management
- Plan 41 Erosion Control Works
- Pergel Gully
- Nairn Cemetery
- Mud Creek
- Kingsmere Gully
- Grand Bend Erosion Control Areas A through E
- Exeter Dam Gabion Baskets
- Bayfield River – Tuckersmith
- Ausable River Cut – Lazy Acres
- Ausable River Cut
- Cameron Gillis.

Water Quality and Quantity Monitoring Equipment and Other Equipment

Hydrometric Monitoring Network

ABCA owns and operates a variety of monitoring stations to collect weather and hydrologic data that is used in flood and drought monitoring as well as supporting other programs (e.g., fisheries, watershed planning and climate change). The equipment ABCA owns is maintained to a high standard to ensure data accuracy. Most monitoring stations consist of a data logger,

sensors and some have equipment shelters. It is important to note that equipment and the stations need ongoing maintenance, and in some cases, eventual replacement.

ABCA also relies on Environment Canada's (EC) hydrometric network of 10 stations where some equipment owned by ABCA have been installed such as rain gauges, air and water temperature probes, and auto-samplers. Dataloggers, Telemetry and in most cases, the station structures, are owned by EC. In addition, ABCA owns three additional stream gauges and five weather stations. Some data is also collected from the Provincial Groundwater Network sites. While these stations are operated and maintained by ABCA, the equipment is fully owned by the province.

Water Quality Monitoring Equipment

To carry out various monitoring programs, a variety of equipment is necessary. This equipment includes highly specialized items such as backpack electro fishers, microscopes, water chemistry data loggers, and automatic water samplers. Cameras, boats, motors, and related safety equipment are also required.

The risks associated with not replacing equipment include:

- Unreliable of lost data
- High maintenance and repair cost
- Disruption of service to residents and visitors
- Increased maintenance and repair costs
- Health and safety concern for staff and public
- Liability concerns.

Financial Implications

The amortization rate for ABCA's inventory of equipment as of December 31, 2023, is at 55 percent. The ABCA inventory of equipment is considered to be in fair to good condition. The equipment is amortized over a ten-year cycle. The need for purchases is reviewed annually in connection with the five-year forecast.

Historic Cost	Insured Replacement Value	Average Annual Amortization
$150,056	$407,319	$40,732

Land Improvements (Conservation Area Infrastructure)

The ABCA maintains lands and associated infrastructure throughout its watershed. This includes signage, walkways, trails, parking lots and gates to the various conservation areas (CAs). Various capital improvements over the next five to 20 years will be needed at the various CAs.

The ABCA hired BM Ross and Associates to conduct structural inspections of bridges and elevated boardwalks in 2019. The report evaluated the condition of the structures and timeframes for major maintenance.

The report did not evaluate other structures such as pavilions and privies. Pavilions at Rock Glen CA, Morrison Dam CA and Clinton CA were built in the 1970s or earlier. Privies and vaults are various ages.

The risks associated with not making land improvements include:

- Increased maintenance and repair costs
- Health and safety concerns
- Liability concerns
- Disruption of service to residents and visitors.

Financial Implications

Land and infrastructure are amortized over a 20-year cycle and the amortization rate for ABCA's inventory of buildings is 78 percent as of December 31, 2023. The infrastructure is considered to be in fair condition and major costs are reviewed annually and as part of the five-year forecast.

	Historic Costs	Replacement Value Increase	Total
Costs	$830,110	$525,733	$1,355,843
Annual Amortization	$16,228	$10,515	$26,743

Vehicles and Equipment

ABCA owns and maintains a small fleet of vehicles and field equipment (mowers, utility vehicles etc.) for staff to use in their work. During peak months, vehicles are fully utilized, and staff are occasionally required to use personal vehicles as necessary. There is a replacement schedule based on kilometers logged or age of equipment. Speciality equipment, such as a mini-excavator or scissor-lift, is rented as needed.

The risks associated with not replacing vehicles include:

- High maintenance and repair costs
- Health and safety concerns
- Liability concerns
- Disruption of service.

Financial Implications

ABCA's fleet of vehicles is considered to be in good condition and is at 70 percent amortization rate as of December 31, 2023. Vehicles are amortized over a five-year cycle. Internal charges, based on determined values for the usage of the various vehicles are charged to the respective departments and placed into reserves. The need for purchases is reviewed annually in connection to the five-year forecast.

Total value of capital purchases 2024-2033	$536,000
Average annual value of capital purchases	$53,600

Information Technology, Networking and Workstations

ABCA depends heavily on Information Technology (IT) for its operations and management. Dependencies include:

- Access to the internet (Wide Area Network – WAN) for e-mail, video and other communications with partners, clients and stakeholders, monitoring data retrieval and maintenance, information gathering, and training.
- Access for remote workers into the Local Area Network (LAN).
- Access to application, files and information running and stored in/on the LAN; and
- Access to phone and phone messaging systems.

These dependencies, on information technology services for all ABCA operations, necessitate the need for continued preparation, implementation and maintenance of a comprehensive IT Business Continuity Strategy.

The ABCA maintains a network of equipment, that includes physical and virtual servers, workstations, router/firewall, switches, Wi-Fi access points, security cameras, network drives, cooling system, and modems. Software and other applications, running on network equipment or in the cloud, are critical to the day-to-day operations of the Authority and play a vital role in key program areas such as flood forecasting and warning. The following server roles or software

applications are critical to maintain the ABCA identity, security, and for the day-to-day operations:

- Active Directory (AD), Domain Controllers, Certificate Services, and Azure AD Connect
- Dynamic Host Configuration Protocol (DHCP), Windows Server Backup, File Server
- Office 365 with Exchange (hybrid cloud)
- MS SQL Server.
- ArcGIS Enterprise
- QuickBooks accounting
- Backup Exec, Endpoint Protection
- Water Information System by KISTERS (WISKI) (cloud).

Network Infrastructure Replacement

The Authority must replace critical components within the predicted lifespan of the hardware, to ensure the network is highly available. Staff actively plan and replace critical network components and workstations on a regular basis to ensure the Authority is on pace to meet the needs of its users and clients. This set schedule of renewal ensures a stable and sustainable work environment free from disruption and failure.

Financial Implications

The Authority's core servers and network infrastructure are maintained, are in good condition, and are at 90 percent amortization rate as of December 31 ,2023.

IT and Networking assets are funded through internal charges and included in annual budgets in accordance with five-year forecasts.

Workstations are reviewed annually and as part of the five-year forecast. Amounts, tied to amortization over five years, are set aside annually into reserves to help with replacement costs.

Total value of capital purchases 2024-2033	$214,730
Average annual value of capital purchases	$21,473

Managing the Assets

Inspections and Maintenance

ABCA staff complete regular inspections on structures with written reports. As well, professional engineers at consulting firms are used as needed for specialized inspections. Staff complete routine maintenance with contractors being used as necessary.

Issues of Concern

Flood Control and Erosion Control Structures

While a rigorous maintenance schedule is prolonging the useful life of these structures, their replacement or decommissioning will eventually become necessary. Failure to maintain structures adequately could lead to catastrophic loss.

Most of the structures are around 40 - 50 years old and deterioration is appearing to accelerate. The ABCA is due for another engineering review of the structures to identify maintenance priorities.

Infrastructure used to monitor flood and watershed conditions is also aging. The ABCA has entered into cost saving initiatives with provincial and federal partners for the upkeep of gauge housing and internal equipment. One gauge installation will require wholesale replacement in the near future. Gauge instruments require regular update and replacement.

Maintenance and replacement concerns are exacerbated by dwindling provincial funding, Provincial funding of flood and erosion control infrastructure has remained static, or in some cases, reduced over the last several years. Municipal funding partners will need to address funding shortcomings.

Financial Strategy

Overview

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 ABCA 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 funds:
    a. Municipal levies
    b. User fees
    c. Reserves
    d. Debt
3. Use of non-traditional sources of Conservation Authority funds:
    a. Reallocated budgets
    b. Sponsorship and other Partnerships
4. Alternative funds:
    a. Government transfers
    b. Government grants
    c. Fundraising and donations

Note: Periodic grants are normally not included since they are not sustainable or predictable funding sources. 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.

Average Annual Requirement (AAR) for Funding	
Buildings, Furniture and Fixtures	$86,345
Flood Control Structures and Erosion Control Structures	$70,388
Water Quality and Quantity Monitoring Stations and Other Equipment	$40,732
Land Improvements (Conservation Area Infrastructure)	$26,743
Vehicle and Equipment (internal funding)	$53,600
Information Technology, Networking and Workstations (internal funding)	$21,473
Less: Flood and Erosion Control Annual Reserves	($18,350)
Sub – Total	**$280,391**
Less: Current Funding	

Internal IT	($21,473)
Internal Vehicle and Equipment	($53,600)
Specific Amortization – Operating Levy	($5,406)
Total	**$200,452**

Full Funding Requirements

Over the next 10 years, a capital investment of about $2.8 million is projected to be needed. This represents about 10 percent of the current replacement value of the portfolio.

Average annual capital requirements total $280,931 per year across all assets. Of this amount, IT and Vehicle and Equipment are funded internally by users. The Operating Levy contributes money towards the buildings reserve. This leaves a shortfall of $200,542 annually.

Cost Recovery Programs

The information technology, networking and workstation services are funding by annual charges per staff person. The money is allocated to a reserve and used for capital purchases. These fees do/do not cover the cost of staff wages.

The Vehicle and Equipment program includes motor vehicles, tractors, trailers, boats, mowers, tree planter etc. Each piece of equipment is charge to users at a set rate. The rate increases by a standard CPI Percent Equivalent each year as part of the budget process. The mileage rate is set based on the estimated costs of replacement/acquisition, maintenance, fuel, repairs, and other associated expenses. The revenue is used for capital purchases, maintenance, and associated staff costs. Excess funds go into a reserve account and are withdrawn as needed. This system removes the need to use the municipal levy directly for capital purchases.

Reserves

The accumulated surplus has been segregated into the following respective categories and are all internally restricted by either management or the Board of Directors. The respective funds and the use of the funds are described as follows:

Internally Restricted Surplus	**Balance December 31 2023**
Property Management	$377,801
Flood and Erosion Control Major Maintenance	$800,038
Vehicles and Equipment	$119,725
Barrier-Free Trails, Facilities	$144,196
Outdoor Education	$194,062
Administration IT	$91,522

Stewardship Endowment	$5,600,655
Administration Building	$234,475
Operating Reserve	$159,935
Total	**$7,722,409**