



Staff Report to Council

Report From: Erin Moore, Acting Financial Services Director/Treasurer

Meeting Date: September 29 2025

Report: FIN- 18-2025
Proposed Asset Management Reinvestment Rates

Recommendation

That South Huron Council receives Staff Report FIN-18-2025 Proposed Asset Management Reinvestment Rates, for information

Report Overview

Purpose of Report	For Information
Council Priority Alignment	Planning For and Managing Sustainable Growth Infrastructure Investment/Asset Management Plan
Consultations	Rebekah Msuya-Collison, Chief Administrative Officer/Deputy Clerk
Attachment(s) to Report	None.

Report Highlights

- Reviewing recommendations from Asset Management Plan

Context and Background

The Municipality has successfully complied with the regulatory requirements of July 1, 2025, under O. Reg 588/17 with the adoption of the Asset Management plan in June 2025.

A crucial component of developing a sustainable financial plan is the analysis of complete lifecycle costs. The AMP applied a hybrid approach, utilizing both proactive lifecycle strategies and replacement-only strategies to identify the most cost-effective maintenance options for sustaining the proposed levels of service. To adequately meet the infrastructure's capital replacement and rehabilitation needs and prevent backlog accumulation, the Municipality requires an average annual capital investment of \$13.8 million. Presently, the Municipality allocates approximately \$7.1 million yearly towards these capital ventures or reserves, indicating an annual funding gap of \$6.7 million.

It must be emphasized that the AMP represents a current evaluation, leveraging the Municipality's best available data and methodologies. Asset management planning is inherently dynamic, necessitating continuous improvement and resource dedication. The financial strategy developed aims to address the persistent annual capital funding shortfall and ensures long-term asset sustainability.

Discussion and Staff Recommendation(s)

South Huron possesses approximately \$603.3 million in tangible capital assets, necessitating an annual capital requirement of \$13.8 million to fund asset replacement. The 2025 Asset Management Plan indicates that South Huron currently allocates roughly \$7.1 million annually to capital projects from sustainable revenue sources. Consequently, there is an annual funding shortfall of \$6.7 million for capital assets. To achieve sustainable funding levels and bridge the infrastructure gap, the 2025 AMP financial strategy proposed incremental rate adjustments as follows:

- 1.9% annual increase in tax revenue over the next 15 years
- 1.8% annual water rate increase over the next 20 years
- 2.0% annual sewer rate increase over the next 10 years

This information has been provided to Council for budget deliberations.

Impact Analysis

Financial

The 2026 draft staff budget will be developed in accordance with the ongoing strategy of implementing a 0.25% annual increase, initiated in 2023 and planned for a duration of four years. However, unless additional investments are directed toward capital reserves and assets, our service levels will be compromised, making it challenging to sustain current standards.

2026 additional Asset management levy $\$11,417,324 \times 0.25\% = \$28,543.31$

Recommendation from AMP - $\$11,417,324 \times 1.9\% = \$216,929$

There are no legal, operational or community impacts as a result of the recommendation in this report.

Linkages

- [PSD 2025 Asset Management Presentation](#)
- [FIN10-2025 Asset Management Plan 2025 Approval and Next Steps](#)

Respectfully submitted,

Erin Moore, Acting Financial Services Director/Treasurer

Report Approval Details

Document Title:	FIN18-2025 Proposed Asset Management Reinvestment Rates.docx
Attachments:	
Final Approval Date:	Sep 19, 2025

This report and all of its attachments were approved and signed as outlined below:

Alex Wolfe - Sep 12, 2025 - 11:59 AM

Rebekah Msuya-Collison - Sep 19, 2025 - 4:25 PM