Municipality of Chatham-Kent

Infrastructure and Engineering Services

Asset & Quality Management

To: Mayor and Members of Council

From: Sean Hilderley, Manager, Asset & Quality Management

Date: July 13, 2026

Subject: Consolidated Detailed Asset Management Plans - 2026

Recommendations

It is recommended that:

1. The proposed levels of service for the Consolidated Detailed Asset Management plans be adopted by Council and the funding implications of those levels of service be implemented into the 2028-2031 Multi-Year Budget process.
2. The consolidated Detailed Asset Management Plans for be adopted by Council.

Background

The Municipality of Chatham-Kent is the steward a wide range of public services supported by an extensive infrastructure network developed over decades. Its large inventory of municipal assets requires careful planning and coordination to ensure resources are available to operate, maintain, and renew assets at the optimal time and lowest lifecycle cost.

In 2018, Ontario enacted O. Reg. 588/17 under the *Infrastructure for Jobs and Prosperity Act (2015)*, requiring municipalities to implement Asset Management (AM) programs to better understand long-term financial and service responsibilities. Chatham-Kent's Asset Management System (AMS) provides Council with the data and insights needed to make informed decisions regarding infrastructure costs, obligations, and service delivery.

In 2024, staff presented 19 non-core Detailed Asset Management Plans (DAMPs), marking the first phase of AMS implementation and supporting legislative compliance and evidence-based decision-making. On April 28, 2025, Core DAMPs for Roads, Bridges & Culverts, Water, Wastewater, and Stormwater were introduced, outlining current and proposed levels of service (LOS) to guide investment decisions.

This report presents the consolidated non-core DAMPs and seeks approval of proposed LOS, as required by legislation. Compliance with fully developed DAMPs is critical for accessing funding programs such as the Canada Community Building Fund and the Ontario Community Infrastructure Fund.

Under O. Reg. 588/17, Chatham-Kent must assess service costs and define achievable LOS over at least a 10-year horizon by July 1, 2025. While the regulation sets a minimum 10-year requirement, the municipality has adopted a 30-year planning horizon to address an infrastructure gap of approximately $2.4 billion and support long-term sustainability.

Levels of Service

Levels of Service (LOS) describe the value that assets and services provide to the community, focusing on public benefits rather than financial value. Each DAMP defines LOS to communicate what residents can expect, and in alignment with the Strategic Asset Management Policy (SAMP), Chatham-Kent monitors and reports on these annually.

A consistent framework is essential to help Council compare diverse services and understand the impact of funding decisions. Historically, comparing services such as Police and Library functions has been challenging. To address this, Chatham-Kent follows a SAMP-based process aligned with international best practices and provincial standards, enabling effective comparison across services.

To effectually measure each services LOS Chatham-Kent has adopted four key standardized measures. These are utilized by all service providers to ensure a consistent evaluation, despite the significant differences in the purpose of each service. The DAMPs will utilize a Level of Service statement that describes at a high level of what Chatham-Kent intends to provide to the public. To ensure each service is comparable the LOS statements are centered around central concepts that are true for each service which are condition, function and capacity.

- Condition LOS – This pertains to the physical state and quality of the assets, or the overall quality of the service provided.
- Function LOS – These focuses on how well the asset or service meets its intended purpose.
- Capacity LOS – These focus on how often asset or service is being utilized for its designated purpose. This helps determine if Chatham-Kent should consider having more or fewer of these assets.
- Sustainability – These focuses on whether the service should be maintained and consider long-term service viability.

The LOS statement utilizes standardized descriptions that focus on customer value by narrowing statements using terms such as reliability, accessibility, responsiveness, affordability, quality, timeliness, responsiveness and cost. The LOS statements are attached in Appendix A as a part of this report.

The plans which include their current level of service and proposed LOS's can be found at the following location Detailed Asset Management Plans.

Comments

The current proposed levels of service outlined within each DAMP are statements and measures to provide a starting point for Chatham-Kent and will continue to be developed in conjunction with the development of the Long-Term Financial Plan (LTFP). The LTFP will be ingrained in the budget process to clearly identify what targets Council needs to fund so that CK can be legislatively compliant and to meet the service level goals over time.

The Long-Term Financial Plan (LTFP) is crucial for addressing the infrastructure gap, currently estimated at approximately **$2.663 billion**. The table below, titled "Infrastructure Gap by Asset Class," highlights Chatham-Kent's ownership of valuable assets and underscores the substantial disparity between available funding and the resources needed to sustain the current level of service.

Table 1: Infrastructure Gap by Asset Class

Funding Method	Asset Plans	Replacement Cost ($Billion)	Annual Gap ($)	10 Year Gap ($)	% Funded
Taxation	**Bridges / Culverts**	$1.49	$ 21,521,000	$ 215,210,000	44%
Taxation	**Roads**	$4.01	$ 46,340,000	$ 463,400,000	58%
Taxation	**Storm Water**	$1.68	$ 58,401,000	$ 584,010,000	21%
Taxation	**Non-Core Assets**	$1.92	$ 78,988,000	$ 789,880,000	63%
PUC Rates	**Waste Water**	$1.76	$ 32,284,000	$ 322,840,000	53%
PUC Rates	**Water ***	$2.47*	$ 28,789,000*	$ 287,890,000*	79%*
	Total	**$13.33**	**$266,323,000**	**$2,663,230,000**	

The asterisk next to the annual and ten-year gap for Water services signifies that this gap is derived from studies conducted for the water service, which expect substantial development charge revenue that may not be achievable and would misrepresent the total and annual gap. There are significant greenhouse water DC charges included in the rate water study and the Municipality is working with the greenhouse industry and the province to look at other non-potable water source options.

The increase in replacement cost is largely attributable to ongoing data collection efforts that have improved data quality and confidence as asset registry information and reliability continue to improve. This work will remain a joint effort between A&QM and each service area to ensure the accuracy of asset data and long-term financial forecasts.

Improved data quality has also resulted in a more accurate assessment of the infrastructure funding gap. For example, the Parks & Recreation Master Plan identified several additional assets that are currently unfunded. Addressing the funding needs of these assets will form part of ongoing Long-Term Financial Plan (LTFP) efforts and will help further refine the funding gap over time.

When a gap is as considerable as $2.663 billion and in conjunction of the available funding resources to the Council it is clear that the current LOS cannot be maintained as they are, and considerable work will be required to manage and achieve sustainability over time.

Options to Manage the Gap

The gap cannot be fixed in a singular year. Instead, the best methodology to manage the gap is to set an annual target to reach sustainability over a longer period which is recommended to be 30 years. To achieve sustainable levels of service for the current and future generations Council will need to consider implementing all approaches to managing the gap which include:

- **Reductions of levels of service –** changing and setting appropriate levels of service for what is affordable.
- **Fund the gap** – increase/reallocate funding for the gap, utilize debt, advocate for increased funding from other levels of government.
- **Disposals or closures of assts –** reduces long term costs for operations, maintenance, and renewal.
- **Relocate services for Co-habitation** – focus efforts on reducing costs of services at facilities by optimizing facility usage.
- **Defer projects** – Prioritize projects to manage the infrastructure gap.

Achieving a balance among suitable tax rates, effective use of debt, optimizing and right-sizing assets and services, along with securing funding from higher levels of government, is essential for Chatham-Kent to attain intergenerational equity and the desired service levels. It is crucial for Chatham-Kent to focus on making its services sustainable; otherwise, service levels will significantly decline over time. Some future reductions in service levels may not be intentional but rather a result of assets deteriorating to a point where the maintenance costs become unmanageable.

Council Sets the Level of Service

Each level of service requires resources to ensure it can be achieved and sustained. Council provides all the resources through the budget process and as such, is responsible for setting the levels of service. In the future, the AMS and LTFP will assist Council in prioritizing the most critical needs to ensure that resources are deployed where they can have the most significant impact on meeting levels of service.

Staff will provide support and information session for Council to continue to develop their understanding of the relationship between the budget and LOS outcomes which will include setting goals and targets over time.

Overview Document

The overview document aims to give the council a comprehensive view of the details related to the DAMP at a high level. It outlines:

- Chatham-Kent's total municipal infrastructure gap
- The current gap for each service
- Context regarding each service's assets, including average condition and total replacement cost

Additionally, the document explains how the individual DAMPs are organized, while also providing insights into the levels of service, associated risks, and current demands. The overview document content will be improved annually to ensure the document supports the delivery and understanding of the Detailed Asset Management Plans.

Council Term Priorities

This report supports the following Council Term Priorities:

Deliver Excellent Service	**Promote Safety & Well-Being**	**Grow Our Community**	**Ensure Environmental Sustainability**
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Consultation

Over the last year, A&QM staff have organized 104 meetings with 26 municipal services to collect data necessary for DAMPs. A&QM has continued to develop its corporate program and continues to hold educational sessions and training as the municipality's AM knowledge evolves and matures.

Communication

Upon Council approval, the DAMPs and accompanying overview document will be published on the Chatham-Kent municipal website for public access.

All staff engaged in AM planning have undergone training to equip them with the skills and knowledge needed to start implementing and utilizing the AMS, DAMPs, and strategy. Ongoing educational sessions will continue to be held to ensure that Service Levels are established, communicated, and integrated into every plan. Additionally, training will be extended to include specific operational staff, ensuring that Chatham-Kent maximizes service delivery and reporting through the DAMP process.

Going forward, each service will seek feedback through the new Community Satisfaction Survey, which is designed to capture customer preferences regarding service levels and inform the budget process. It will also provide an opportunity for ongoing dialogue with the community to support education and gather valuable insights. The objective is to formally engage with the community on an annual basis, enabling the municipality to adapt and proactively respond to evolving trends and expectations for service delivery.

Additionally, the administration has begun the process of developing a financial advocacy plan as part of the Long-Term Financial Plan (LTFP) development.

Diversity, Equity, Inclusion and Justice (DEIJ)

This report specifically does not have implications related to diversity, equity, inclusion, or justice. The DEIJ area will be consulted in the preparation of the public AM survey to ensure the survey considers diversity, equity, inclusion, and justice elements as appropriate.

Financial Implications

The overall financial implications are challenging to articulate however the obvious impact stems from the identified Infrastructure Gap. Over the 10-year planning horizon of the DAMPs it is estimated that the 10-year gap is **$2.663 Billion** or on average, **$266,300,000** per year. As the DAMPs evolve over the next 2 years and better data is gathered and incorporated, the gap accuracy will improve and increase data confidence.

The primary implications of a budget gap pertain to the sustainability of service levels. A significant discrepancy between the projected budget and the forecasted costs indicates that the current service levels are not sustainable. The consequences of operating with such a significant gap include:

1. Unsustainable maintenance activities (increased reactive maintenance costs, increased risk to human safety, reductions to availability of services).

2. Unsustainable operational activities (reductions in staff availability, reduced operating hours, reduction in efficiency).
3. Forced reductions in LOS.
4. Unable to perform renewals in a timely manner.
5. Unable to afford the acquisition of new assets for services or to renew assets.
6. Reputational damage and harm.
7. Increased risk of fines, penalties, or lawsuits.
8. Reduced likelihood of receiving grants from both senior levels of government.

Recognizing the financial gap enables Council and staff to make informed decisions on how to manage it over time, with the goal of achieving intergenerational equity. It is unrealistic to expect that this gap can be closed within the 10-year planning horizon of the DAMPs; instead, a longer-term approach is required. Chatham-Kent will work toward closing the gap over a 30-year period.

To assess financial sustainability, Chatham-Kent will use three key metrics: the Asset Renewal Funding Ratio, the Operating Sustainability Ratio, and the Lifecycle Funding Ratio. These measures will serve as benchmarks and targets to support sustainable decision-making and intergenerational equity and will be incorporated into both the DAMPs and the Long-Term Financial Plan (LTFP).

Another financial aspect of the DAMPs is that the Province of Ontario has begun linking the completion and sustainability of these DAMPs to access specific funds, such as the Ontario Community Infrastructure Fund (OCIF) which provides Chatham-Kent with approximately $10 Million in annual funding.

The Federal Government also links the DAMPs to funding of the Canada Community Infrastructure Fund with approximately $6.5 Million in annual funding and various housing funding programs. Furthermore, certain grant opportunities now rely on the specific outcomes of the DAMPs to influence Provincial or Federal funding decisions for various initiatives, including the Canada Public Transit Fund. The trend of government agencies using DAMP outcomes to shape funding allocations is expected to increase in the future and is often required in one-time grants that become available. Therefore, it is crucial for Chatham-Kent to enhance its strategies to maximize funding opportunities.

Next Steps

The next phase of the AM program will include:

1. Undertaking level of service information sessions with Council to outline the process for setting future levels of service and review the potential financial impacts of DAMPs on the next multi-year budget process.
2. Completing the Corporate Services DAMP to consolidate multiple services.
3. Complete the Long-Term Financial plan to align DAMPs with the budget process for both property tax and rate funded (PUC) areas.
4. Annual updates for current DAMPs – financial plans, demand drivers, asset data, risks, lifecycle costs, etc.

5. Develop legislatively required annual Asset Management Progress report to Council that must address:
    a. Chatham-Kent's progress in implementing its asset management plan.
    b. Any factors impeding Chatham-Kents ability to implement the DAMPs.
    c. The strategy and plan to address any factors impeding the ability to implement the DAMPs.
6. Develop long term Asset & Quality Management program strategy.
7. Develop a list of assets to be considered for disposal
8. Redesigning the DAMP documents to improve clarity and integration with budget processes and the LTFP.
9. Financial Advocacy plans are developed to aid Council and PUC to both educate the public and upper-level governments.

Prepared by:

Sean Hilderley, Manager Asset & Quality Management

Reviewed by:

Edward Soldo, General Manager, Infrastructure and Engineering Services

Gord Quinton, General Manager, CFO/Treasurer – Finance, Budget, Information Technology & Transformation

Attachment: Appendix A – 2026 Level of Service Statements