



Office of the Commissioner
Public Works Department

MEMORANDUM

To: Members of Committee of the Whole

From: Erin Mahoney, M. Eng.
Commissioner of Public Works

Date: August 25, 2022

Re: 2021 Corporate State of Infrastructure Report

Many of the Region's core services are delivered through critical infrastructure. The Region's 13 Infrastructure Service Areas are reviewed annually as part of the Corporate Asset Management State of Infrastructure Report. Through this regular update, Service Areas refine operational processes and practices to improve data inputs, replacement values and metrics for asset management.

The Corporate Asset Management Strategy is led by the Public Works Department as public works assets (primarily roads, transit, water and wastewater assets) constitute over 85% of the Region's asset replacement portfolio. The Department leads a corporate steering committee to provide corporate asset management direction while balancing cost, risk and performance attributes.

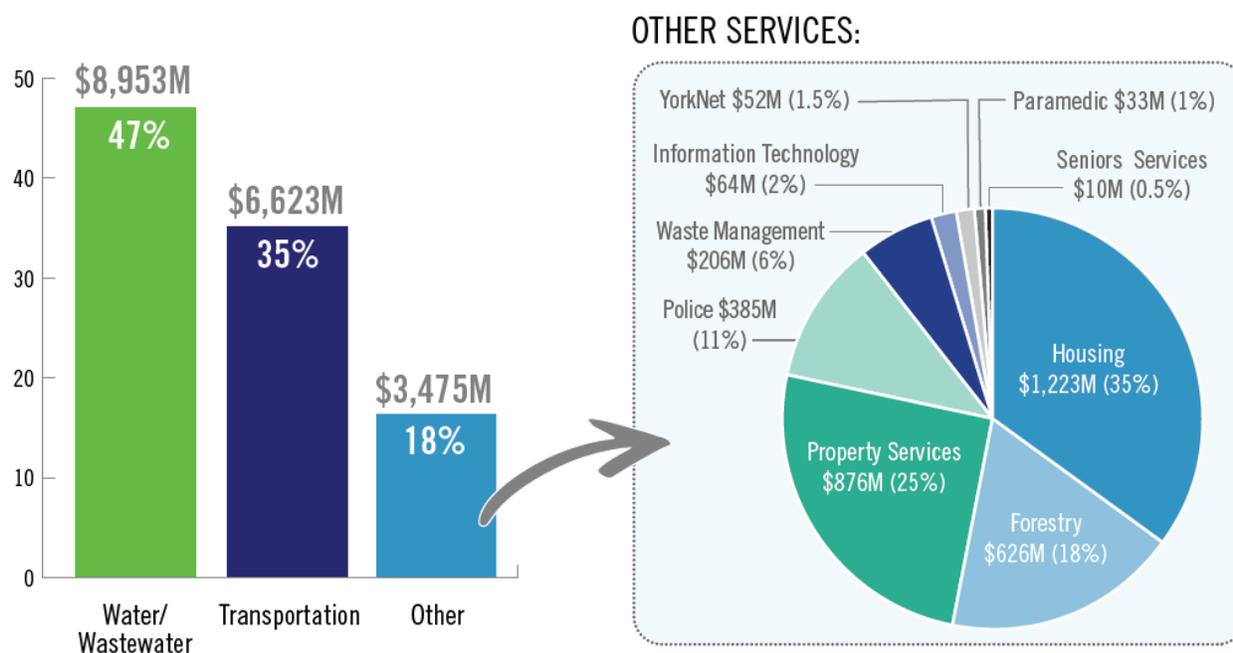
Coordination of asset management deliverables is conducted with key asset management stakeholders across the corporation including York Regional Police, as per the [Corporate Asset Management Policy](#) and framework, and is led by a dedicated Corporate Asset Management team within the Public Works Department.

Last reported to Council in [November 2021](#), information contained in this memo and the attachment provides Council an annual update on the state of Regional infrastructure. The Corporate State of Infrastructure Report (Attachment 1) provides an overview of Region owned assets used to support each Service Area. This Corporate State of Infrastructure Report provides an analysis of the condition of the Region's infrastructure, a snapshot of current services and an outlook for the future.

In 2021, York Region owned and operated assets with an estimated replacement value of \$19 billion, an annual increase of \$2 billion from 2020

Assets are essential in providing services that contribute to the high quality of life enjoyed by York Region residents. Management of infrastructure assets aligns with both the Region’s Vision and provincial asset management regulation ([O. Reg. 588/17](#)) to ensure services are delivered in a safe, reliable, and cost-effective manner, while sustaining a growing community. As of December 31, 2021, the Region owned and operated tangible assets with an estimated replacement value of over \$19 billion. The replacement value of assets for each Service Area is illustrated in Figure 1.

**Figure 1
Asset Replacement Value across Service Areas**



Note 1: Figures are rounded to nearest whole number

Note 2: Transportation includes Roads and Transit Service Areas

Of the Region’s asset portfolio, 89% are in fair to very good condition, achieved through Council’s commitment to making appropriate financial investments

Annual tracking, monitoring, and reporting of asset condition by Service Area and annual assessment of reserves for asset management are undertaken as part of the Corporate Asset Management process. A number of assessment criteria are used to determine the overall service area grade rating, including condition/age, performance and service levels for each asset category. Roads Service Area, for example, has multiple asset categories that are

assessed including pavement on different road types, stormwater structures (retaining walls and culverts), lighting, traffic signals, signs, and bridges. Assessment criteria are applied to all assets within each category and summarized to determine the overall Service Area grade.

Corporate state of infrastructure reporting supports the Good Government pillar in the [Region's Strategic Plan](#) (2019 to 2023) that focuses on financial sustainability and accountability of Regional government and its services. Maintaining assets in a state of good repair is a cost-effective way to manage the lifecycle of infrastructure. Spending the right amount of capital dollars on infrastructure asset management lowers the risk of service disruption and decreases the cost of sustaining Regional infrastructure over time.

Corporate state of infrastructure reporting includes percentage of Regional assets with a condition assessment rating of fair or better for all 13 Service Areas including core assets such as transportation, water and wastewater assets and non-core assets such as York Regional Police and Information Technology. In 2021, 89% of all Regional assets were considered in fair to very good condition up slightly from 88% in 2020. Remaining unchanged from 2020, 86% of the core asset subset was in fair or better condition.

Regional assets provide sustainable Levels of Service through the fiscal strategy which ensures assets are maintained in reasonable condition across the Region's portfolio of services. The 2021 Corporate State of Infrastructure Report indicates Regional assets are performing well and are positioned to maintain a stable performance trend into 2022. All departments prioritize action for assets listed in very poor condition.

In addition to significant inflation impacts to asset replacement costs (about \$1.9 billion due to inflation of existing assets and \$196.5 million due to net increase in new assets compared to decommissioned assets), below are highlights of Service Area asset changes from 2020 to 2021.

- Housing Services portfolio increased by \$217 million; this significant increase was attributed to an inflationary adjustment of 21.7% to replacement values due to construction price increases as indicated by Statistics Canada [Canadian Building Construction Price Index for Residential markets](#)
- Wastewater Services completed a new six kilometre York Durham Sewage System Forcemain twin in Newmarket with a replacement value of \$125 million
- Roads Services added \$51.5 million in new, replaced and/or rehabilitated assets to the portfolio value including: Leslie Street improvement from Elgin Mills Road to 19th Avenue (12 lane kilometres), rehabilitation of 175 lane kilometres and preservation of 82 lane kilometres of Regional roads, and the completion of traffic control system upgrades
- Transit Services added more e-buses to the fleet in 2021, contributing to the \$24.8 million of new assets added, rehabilitated, and replaced. This was balanced by decommissioned assets valued at \$18.6 million, including decommissioning of older fleet vehicles

- YorkNet's portfolio added \$11 million in assets, increasing the portfolio's replacement value by 26% and expanding the network by 452 kilometres
- Property Services portfolio added two new Paramedic Response Stations valued at \$8.3 million and decommissioned two older facilities updating the total property services portfolio to 100% in fair or better condition
- Information Technology Services portfolio decreased by \$8.5 million, which can be attributed to decommissioning of \$20 million in assets (servers, storage hardware, etc.) including: \$9.2 million from an extensive inventory update and \$10.8 million decommissioned in 2021. Globally, the IT sector has transitioned to more software service cloud-based networks to support digital transformation, rather the reliance on discrete capital investments. New and updated assets included network and data centre infrastructure (phones, routers, servers, storage, and security) partially offsetting the decommissioning of assets by \$11.5 million
- Paramedic Service portfolio replaced 13 ambulances and added three new ambulances to the fleet. This, together with decommissioning of assets and updated replacement values, amounted to an overall increase of \$4.6 million

Corporate Asset Management is integral to long-term financial sustainability

Corporate Asset Management supports the Region's Fiscal Strategy to ensure financial sustainability over time. The Region's Corporate Asset Management Policy (Policy) plays an important role in providing guiding principles embedded in the Region's long-term fiscal strategy.

Continued implementation of the Policy and [Corporate Asset Management Plan](#) is essential to manage infrastructure investments and continue to achieve desired Levels of Service. Corporate reporting supports fiscal planning by providing annual insight into the 13 individual Service Areas and their combined portfolios by tracking replacement value and Levels of Service.

The Public Sector Accounting Board (PSAB) issues a Statement of Recommended Practice to provide guidance to governments on reporting supplementary information such as assessment of Tangible Capital Assets. York Region leverages PSAB guidance in our approach and Corporate Asset Management staff work closely with Corporate Controllershship Office staff on asset reporting.

Investments in infrastructure adaptation to a changing climate and risk mitigation measures are important to minimizing future damages that may result from climate change. Research studies such as the [Investing in Canada's Future: The Cost of Climate Adaptation at the Local Level](#) report in 2020 showed investments in infrastructure resiliency can have a return on investment of \$6 in future averted losses for every \$1 spent proactively. [York Region's Climate Change Action Plan](#) and the Corporate Asset Management Plan combined with Regional programs focused on infrastructure management business continuity plans, and a climate change risk assessment (for

transportation, water and wastewater) demonstrate how staff are advancing assessments of infrastructure resiliency to climate change.

The Region is on track to meet regulatory requirements for Asset Management Planning governed by Municipal Infrastructure Ontario Regulation 588/17

In 2018, the Asset Management Planning for Municipal Infrastructure regulation (O. Reg. 588/17) was approved under the *Infrastructure for Jobs and Prosperity Act, 2015*. This regulation requires municipalities to implement best practices for asset management planning. It drives consistency and standardization for full lifecycle asset management plans to ensure the best possible investment decisions for municipal infrastructure assets. Good asset management planning allows municipalities to stretch capital dollars by helping make well-informed, evidence-based decisions.

The next Corporate Asset Management Plan update to Council, to address regulatory requirements, will occur in 2024.



Erin Mahoney, M. Eng.
Commissioner of Public Works



Bruce Macgregor
Chief Administrative Officer

Attachments (1)
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