

Draft

# 2024

## CORPORATE ASSET MANAGEMENT PLAN

May 2024

The logo for York Region, featuring a stylized white bird or wing icon above the text "York Region" in a white serif font, all set against a green and teal abstract background.

# **Strong, caring, safe communities.**

**Working together to serve  
our thriving communities -  
today and tomorrow.**



Chairman & CEO  
Wayne Emmerson

## A MESSAGE FROM YORK REGION CHAIRMAN AND CEO AND MEMBERS OF REGIONAL COUNCIL

The Regional Municipality of York provides a variety of programs and services to more than 1.2 million residents and 55,600 businesses. Regional owned and operated assets are essential to providing these services and contribute to the high quality of life enjoyed by our residents.

York Region owns and manages over \$25 billion worth of infrastructure assets, including buildings, facilities, roads, fleet vehicles, information technology and living assets like street trees. These assets play a critical role in delivering the programs and services that enhance the quality of life across York Region.

While many Regional assets are relatively new and in good condition, others will require rehabilitation or replacement in the coming years. Understanding the replacement cost, condition and proportion of the remaining life cycle of the Region's assets provides insight into potential risk and the potential need for renewal.

The Corporate Asset Management Plan outlines assets currently owned and managed on behalf of the community and how they support the services delivered by the Region. The plan identifies what efforts and infrastructure strategies are needed in the future and how to financially manage the planned assets throughout all lifecycle phases.

Through this plan, Regional Council remains committed to sustaining Regional infrastructure and lowering the risk of service disruptions in a manner that is respectful and accountable to York Region taxpayers today and in the future.



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City of Markham



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City of Markham



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City of Markham



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Bill Fisch Forest Stewardship and Education Centre - Town of Whitchurch-Stouffville



# Table of Contents

<b>Executive Summary .....</b>	<b>5</b>
Assets worth over \$25 billion across 13 service areas provide important services .....	6
92% of assets are in fair or better condition .....	6
Service area portfolio summary (Assets worth over \$25 billion across 13 service areas provide important services) .....	7
Levels of service reflect commitments to customers and others .....	8
Asset management strategies balance costs, risks, and levels of service .....	8
Financial plans in 2023 expect enough funding to meet most needs .....	9
Continuously improving asset management .....	10
Corporate Asset Management Plan will evolve as conditions change .....	11
<b>Introduction .....</b>	<b>13</b>
<b>Alignment with Regional Direction .....</b>	<b>17</b>
2.1 Vision .....	17
2.2 Strategic plan .....	18
2.3 Growth management .....	19
2.4 Master plans, capital plans and asset management plan .....	20
2.5 Regional fiscal strategy .....	21
2.6 Coordinated procurement and other activities .....	21
<b>Asset Management Planning at York Region .....</b>	<b>23</b>
3.1 Corporate Asset Management Policy .....	23
3.2 Governance .....	23
3.3 Legislation and standards .....	25
3.4 Service areas .....	26
3.5 Levels of service .....	27
<b>Overview of York Region Assets .....</b>	<b>45</b>
4.1 State of infrastructure .....	45
4.2 Asset age and condition by service area .....	48
<b>Strategies for Managing Asset-Enabled Services .....</b>	<b>51</b>
5.1 Corporate Asset Management Strategy .....	51
5.2 Lifecycle management strategies .....	53
5.3 Managing risk .....	55
5.4 Measuring asset management maturity .....	56
5.5 Priorities to improve level of maturity .....	57
5.6 Continuous improvement plan .....	60
5.7 A corporate-wide management system .....	65
<b>Financial Summary .....</b>	<b>67</b>
6.1 Fiscal strategy and background .....	67
6.2 Lifecycle spending .....	68
6.3 Fiscal strategy considerations .....	72
<b>Overview of Service Area Plans .....</b>	<b>75</b>
<b>8. Conclusion and Next Step.....</b>	<b>249</b>
<b>9. Appendix.....</b>	<b>251</b>



York Region Paramedic Services Ambulance Bay - 80 Bales Drive East, Town of Whitchurch-Stouffville.

# Executive Summary

Residents and businesses across York Region rely on services provided by public assets, including roads, buses, watermains and green spaces, for work, travel and quality of life.

This [Corporate Asset Management Plan](#) explains how York Region will continue to provide services in a safe, reliable and cost-effective manner, today and into the future, by caring properly for the assets that deliver them.

The Plan follows the requirements of the Infrastructure for Jobs and Prosperity Act, 2015 and related regulations. It describes:

- State of infrastructure by asset category
- Current and proposed levels of service
- Lifecycle activities to achieve levels of service, including actions that may be needed to address climate change impacts
- Estimated costs to provide both levels of service over the next 10 years and availability of needed funding
- Estimated costs to meet growth needs over the same period and availability of funding
- How we are continuously improving asset management planning across the organization

Updating the previous 2018 Corporate Asset Management Plan, this document explains what has changed, where asset management is now across Regional government and where it needs to go. As well as meeting provincial requirements, the Plan also aligns with the Region's Vision, Strategic Plan, Official Plan, internal policies and industry best practices on asset management.

This Plan outlines how the Region will continue to meet the needs of its 1.2 million residents and more than 50,000 businesses in ways that manage risks while being affordable today and into the future.

## Key terms in asset management

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**Asset:** A physical structure, vehicle, piece of equipment, or other object used to deliver a service.

**Asset portfolio:** Group of assets used by a service area to deliver its services. For example, the roads portfolio includes Regional roads, bridges, culverts, streetlights, traffic signals and multi-use paths. For the Region as a whole, the portfolio is all assets it owns or co-owns.

**Asset class:** A group of similar assets, such as all transit vehicles or all water valves.

**Infrastructure:** A system of fixed assets that together provide a service. For example, wastewater infrastructure is made up of trunk sewers, pumping stations and treatment plants. Some definitions, such as the one used in the State of Infrastructure Report, also include standalone and/or mobile assets such as buses.

**Renewal:** Action to continue providing service as an asset ages either through major work to rehabilitate it or by replacing it with a new asset. This is distinct from ongoing operation and maintenance, which also includes repairs.

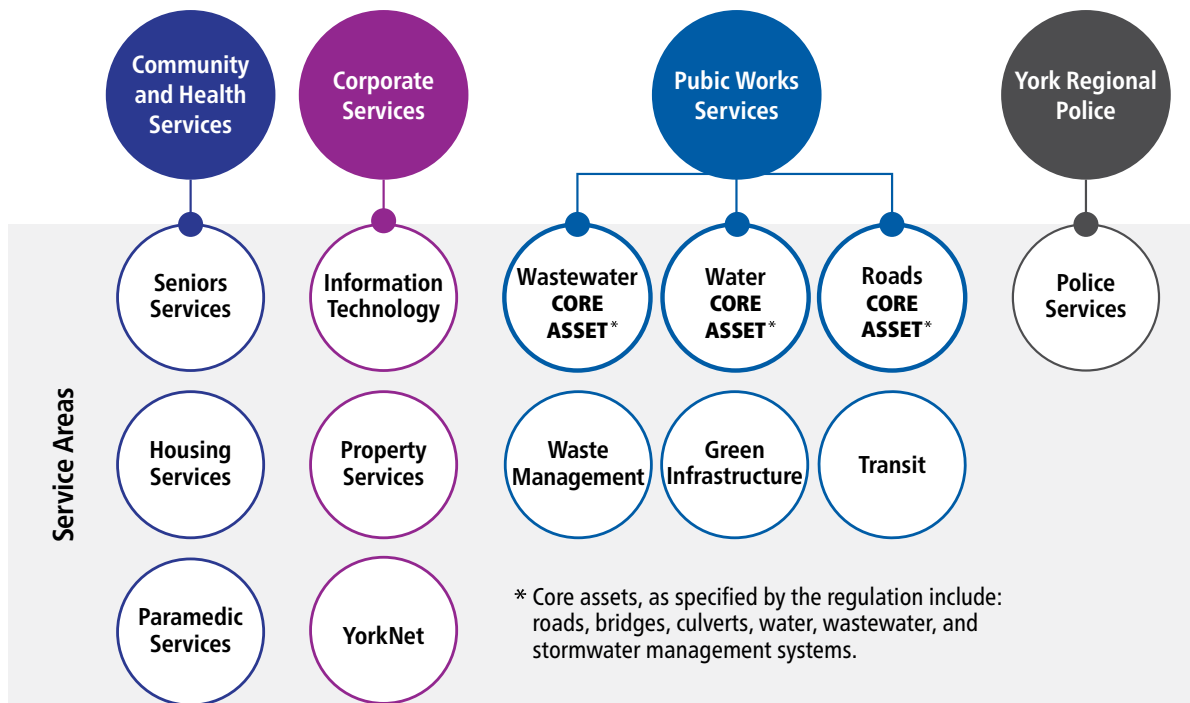


Assets worth over \$25 billion across 13 service areas provide important services

This Plan reports on 13 service areas:

At the end of 2022, the estimated cost to replace all Regional assets was \$25.3 billion, an increase of \$10.7 billion over the previous five years. Overall growth reflects new assets added to the base, inflation, and more refined methods of estimating costs, including the use of third-party expertise to assess value of some asset types. An increase of \$6.3 billion from 2021 to 2022 was largely driven by the last two factors.

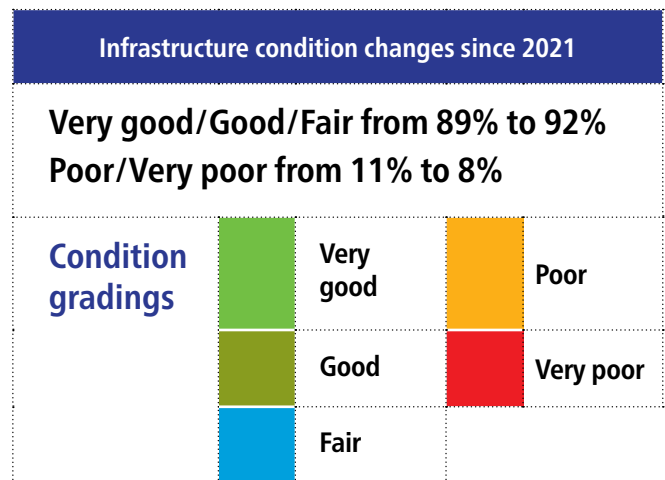
**Figure 1:13 asset-enabled services**



92% of the Region's assets are in fair or better condition

Many of the Region's assets have been in service for a short time and overall grades for most of these assets range from fair to very good and have been regularly reported to Council since 2013. For further grading detail, see Appendix C.

The grade is made up of three elements that examine the reliability of an asset, whether there is enough capacity to meet demand and the asset's condition. Table 1 provides individual grades by service area with arrows showing the trend to 2024. Grades can be stable (flat arrow), improving (up arrow) or declining (down arrow). This Plan includes measures to manage all assets, including the 8% graded below fair.





**Table 1: 2022 service area portfolio summary**

The following table provides a summary of the 2022 replacement costs, grades, trends and future outlook by service area. The overall service area portfolio grades are based on asset reliability, capacity and condition metrics. These metrics are subject to change as a result of continuous improvement efforts.

Service Area	Overall Grade and Trend	Replacement Cost (\$ M)	Grade and Trend (→) to 2024		
			Reliability	Capacity	Condition
Wastewater Services	A →	\$8,727.6	A →	A →	A →
Roads Services	B →	\$5,648.0	A →	B →	B →
Water Services	A →	\$3,883.5	A →	A →	B →
Transit Services	B →	\$2,182.9	A →	B ↗	B →
Green Infrastructure Services	B →	\$1,810.1	A →	B →	B →
Housing Services	B →	\$1,186.0	B →	B →	C ↗
Property Services	A →	\$1,025.3	A →	n/a*	A →
York Regional Police Services	B →	\$460.4	A →	B →	B →
Waste Management Services	B →	\$236.0	B →	A →	B →
YorkNet	A →	\$72.0	A →	A →	A →
Information Technology Services	B →	\$68.4	A →	B →	C →
Paramedic Services	A →	\$35.6	A →	A →	B →
Seniors Services	B →	\$13.7	B ↗	A →	B →

\* For Property Services, capacity refers to ability to accommodate Regional staff. In 2022, the service area was assessing the impacts of a hybrid work model on needs.

## Proposed levels of service

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The term “proposed levels of service” is used throughout this Plan to align with the wording in O.Reg. 588/17. It is important to note that all “proposed” levels of service metrics in the Plan have been reflected in annual budgets, master plans or other Council reports.

## Corporate Asset Management Plan

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The Corporate Asset Management Plan is aligned with the Region's Vision and Strategic Plan, which sets priorities according to the four areas of focus: Economic Vitality, Healthy Communities, Sustainable Environment and Good Government.

## Levels of service reflect commitments to customers and others

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The Region measures how well service is delivered by defining levels of service and measuring performance against them. Levels of service are shaped by the expectations and needs of those who use services and may also be set out in law and/or industry standards.

In line with provincial requirements, the Region uses two types of levels of service:

- **Customer levels of service** are qualitative statements that describe the intended purpose of a service. To understand what customers expect and are experiencing, the Region regularly surveys residents
- **Technical levels of service** that use numerical values. An example is the percentage of collected wastewater treated prior to returning to the environment

Under O. Reg. 588/17, municipalities had to set and report the current levels of service for core assets – water, wastewater and roads – by July 1, 2022. The Region’s 2018 Corporate Asset Management Plan fulfilled that requirement. This Plan meets the deadline of July 1, 2024 for non-core assets.

**Proposed levels of service** are metrics a service area intends to deliver over the next 10 years. O. Reg. 588/17 requires municipalities to set and report their proposed levels of service for all assets by July 1, 2025. This Plan fulfills this requirement.

By defining or accepting a level of service, the Region aims to allocate the necessary financial, technical and/or staff capacity to meet it.

## Asset management strategies balance costs, risks, and levels of service

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The Corporate Asset Management Strategy helps the Region meet its level of service commitments with available financial resources while managing risk. Guided by the Corporate Asset Management Policy, the strategy provides a framework to ensure consistency while allowing for differences among service areas’ asset portfolios.

For service areas, asset lifecycle strategies set out activities and timing to manage assets in line with the overall corporate strategy and policy. The lifecycle strategy relies on addressing such issues as:

- Whether the need for new assets can be reduced or eliminated by managing demand or improving performance of existing assets
- Considering how to minimize costs throughout a new asset’s lifecycle by looking at ongoing operation and maintenance needs and decommissioning costs as well as up-front costs



- Whether it is more cost-effective to rehabilitate an asset or replace it when it is no longer able to provide the required level of service
- The \$0.2 billion difference is comprised of \$161 million attributable to Roads, \$21 million to Property Services, \$9 million to Green Infrastructure and \$5 million to Senior Services

Throughout this process, an important focus is understanding risks to service and implementing methods to manage them.

## Financial plans in 2023 expect enough funding to meet most needs

The Financial Summary, developed in line with the provincial regulation, estimates the asset-related costs to maintain current levels of service and to meet proposed levels of service as reflected in annual budgets, master plans and other Council reports over the next 10 years (2023-2032).

These financials are then compared to resources provided in the 10-year Capital Plan and the 2023 operating budget and forecast.

The analysis found that over the 10-year period:

- For existing assets, total capital-related cost to deliver current levels of service is expected to be \$4.0 billion, while the funding set out in the 2023 budget was \$3.8 billion, resulting in a difference of \$0.2 billion
- The \$4.6 billion allocated to growth-related assets in the 10-year capital plan is expected to be adequate to meet both current and proposed levels of service
- Asset-related operating needs are expected to be in line with funding, which is projected to rise from \$820 million in the 2023 budget to roughly \$1.1 billion by 2032

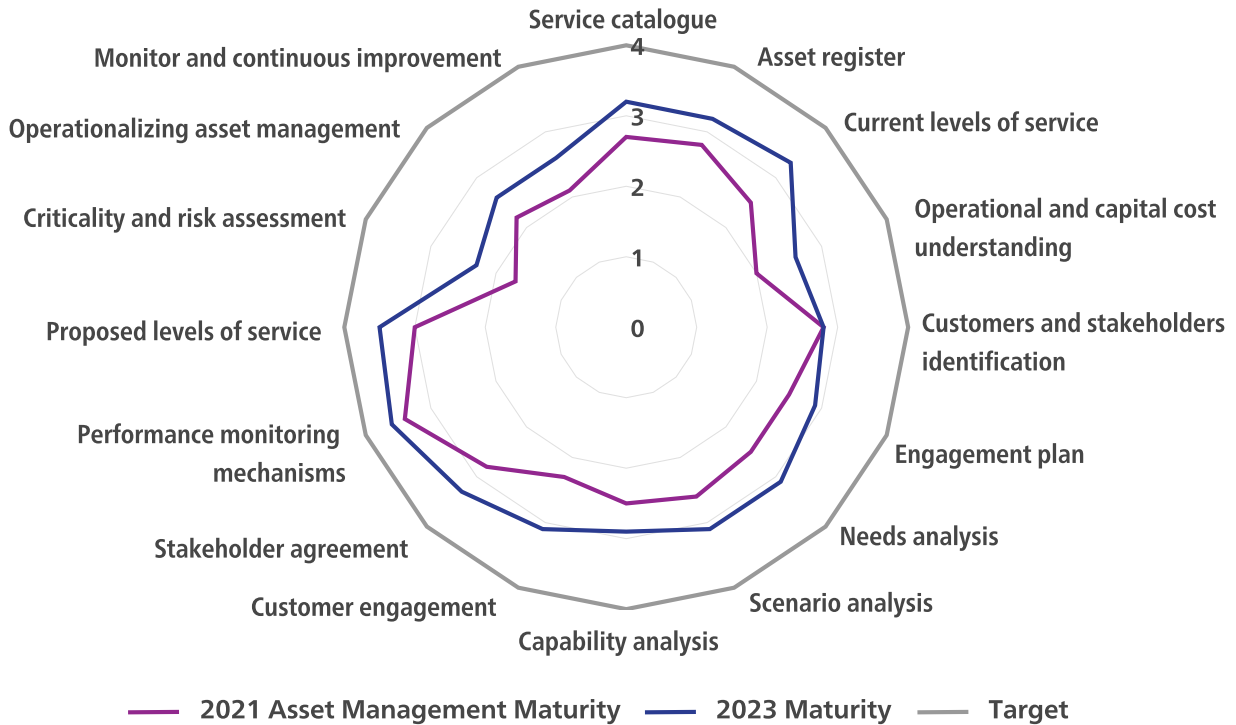
The Regional Fiscal Strategy has been key to ensure funding, including reserves, is enough to keep assets in a state of good repair and renew them when needed. Asset replacement reserves, which may also be used for major asset rehabilitation, totaled \$2.3 billion as of December 31, 2023. Given the major costs to achieve proposed levels of service, building reserves must be continued over the 10-year period and beyond.



## Continuously improving asset management

The Region regularly assesses the maturity of its asset management program and looks for opportunities to improve. Maturity in 16 categories is assessed, with scores running from a low of zero to a maximum of four. The results point to strengths and areas for improvement.

**Figure 2: York Region’s asset management maturity**



The graph above brings together results for all 13 service areas. The purple inner line shows ratings in 2021, while the blue line shows 2023 rating. Between 2021 and 2023, the overall score improved from two-and-half out of four (63%) to three out of four (75%). Specific results for each service area are included in the discussions that begin on page 76 of the Plan.



This Plan outlines goals and actions in five priority areas to improve level of maturity before the Plan's next update:

**Figure 3: Strategic asset management priorities**



Asset management continually evolves, which calls for continuous improvement efforts. The table in Section 5.6 outlines 2025-2028 actions to advance practices and improve asset management maturity across the organization. Maturity levels are measured every two years.

As the practices of service areas continue to mature, the Corporate Asset Management team will monitor how well the Region's maturity tool is capturing progress. It will remain open to broadening its maturity tool or adopting an internationally recognized assessment, such as those offered by the Asset Management Council or the Institute of Asset Management.

### **Corporate Asset Management Plan will evolve as conditions change**

In line with O. Reg. 588/17, Regional Council will get updates through an annual Corporate Asset Management Progress Report starting in 2025. This Progress Report will also incorporate information that was previously captured in the annual State of Infrastructure Report. It should be noted that the 2024 budget outlined potential impacts on the Region's fiscal outlook as a result of recent provincial measures that will increase capital spending needs while decreasing revenues. This work was done after the tabling of the 2023 budget on which this Plan is based. As a result of new and updated information, status of information contained in this plan may have changed. Additionally, the Corporate Asset Management Progress Report will be used to inform Corporate Strategic Plan metrics.

