



Office of the Commissioner

Public Works and Finance

Memorandum

FOR INFORMATION

To: Committee of the Whole

Meeting Date: April 10, 2025

From: Laura McDowell, Commissioner of Public Works

Laura Mirabella, Commissioner of Finance and Regional Treasurer

Re: **Corporate Asset Management Progress Report**

The Corporate Asset Management Progress Report ('Progress Report') provides an update on the Region's infrastructure asset portfolio, since the [2024 Corporate Asset Management Plan \(CAMP\)](#) was presented to Council in May 2024, and meets the annual reporting requirement under Ontario Regulation 588/17: [Asset Management Planning for Municipal Infrastructure \(O. Reg. 588/17\)](#).

This memo, along with the [attached Progress Report](#), is based on 2023 year-end data in coordination with the 2024 Budget. Sufficient lead time is required to collect, analyze and consolidate data and information from 13 service areas into one report. While the information is approximately one year behind, the condition of most Regional assets does not drastically change year-to-year. This Progress Report provides important information on trends in replacement costs, pressures on service delivery, and assesses risks across the portfolio.

The Progress Report is a requirement of the provincial regulation and replaces the former "State of Infrastructure" report that was shared with Council annually.

Key highlights in the Progress Report include:

- Replacement cost of the portfolio increased from \$25.3 billion to \$28.8 billion, an increase of \$3.5 billion or 14% from 2022. Most of this increase is associated with revised asset cost estimations and inflationary impacts
- Overall asset condition remains high, with 90% of the portfolio in fair or better condition
- Nearly 95% of full lifecycle cost needs are forecasted to be funded over the 10-year horizon, with a variance of 5% or \$1.1 billion. Service areas reporting variances are Roads (\$618 million), Transit (\$453 million), York Regional Police (\$45 million), and Green Infrastructure (\$10 million)
- In 2023, 87% of the capital plan was delivered for assets included in the CAMP, to build new infrastructure and maintain existing assets in a state of good repair, in alignment with level of service targets

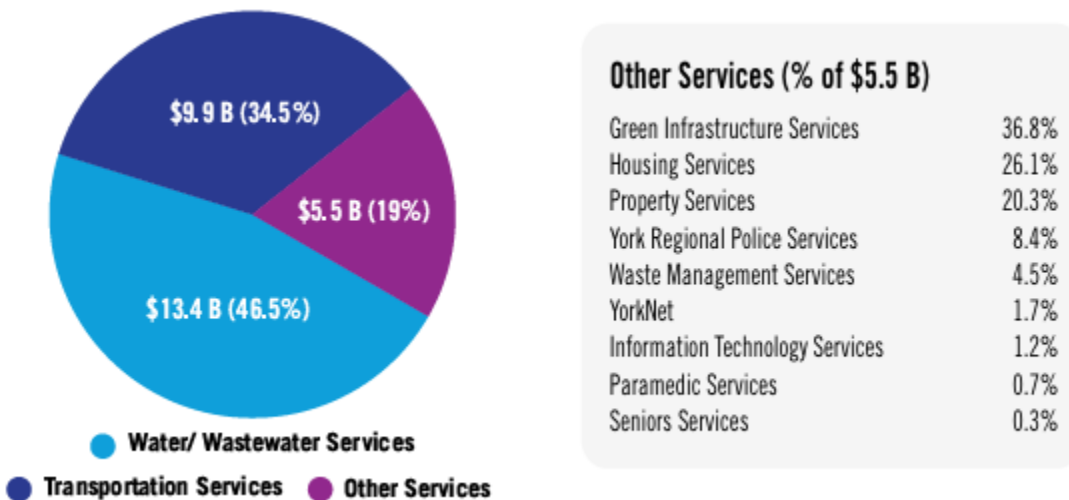
- The Region continues to be a leader in asset management by conducting scenario planning strategies, assessed through the budget process, to reduce overall asset lifecycle cost while balancing intergenerational equity

In 2023, the replacement cost of Regional assets, required to support the needs of businesses and residents, increased to an estimated \$28.8 billion

The replacement cost of the Region’s infrastructure portfolio has increased from \$25.3 billion to \$28.8 billion, an increase of \$3.5 billion or 14% from 2022. Through the Region’s standard practice of assessing asset costs, fluctuations occur due to inflationary pressures and improved asset cost estimation methodologies. Figure 1 illustrates the distribution of service area replacement costs.

Figure 1

2023 Service Area Replacement Cost Distribution



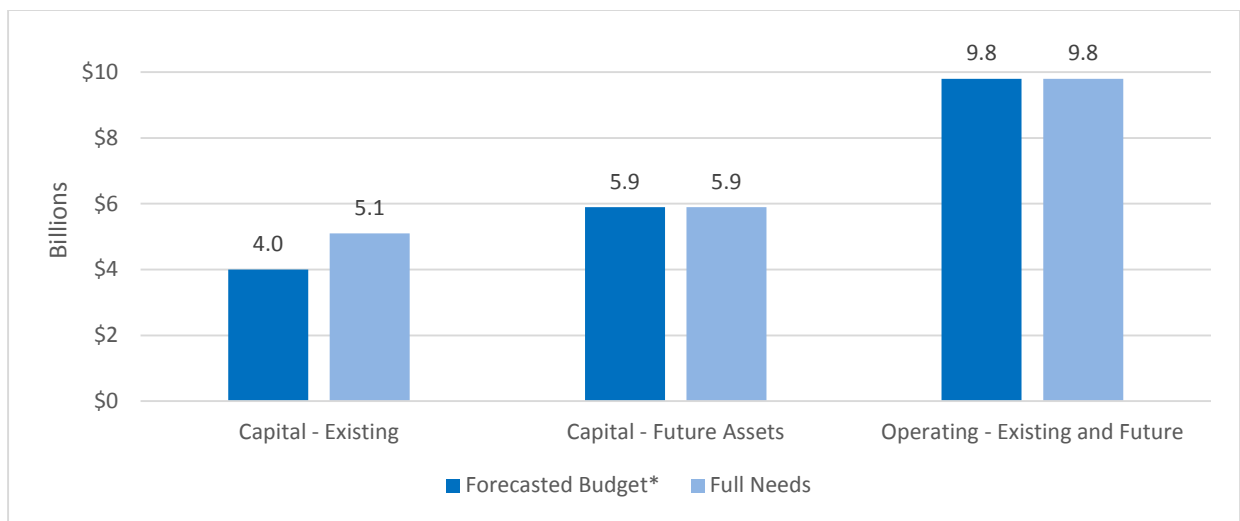
Overall asset condition remains high, with 90% of the portfolio in “fair or better” condition

The Region has been tracking state of infrastructure updates for several years. At the end of 2023, 90% of assets were in fair or better condition. For core assets, comprising of water, wastewater, roads and bridges assets, a rating of 89% was achieved. 2023 conditions are comparable to 2022, with a marginal overall decrease of approximately 3%. Given the size and relatively long life of the Region’s asset portfolio, the overall condition for Regional assets is not expected to significantly change from year to year. That said, conditions within each of the 13 service areas may have more significant changes that are tracked by service area.

The objective for all service areas is to maintain level of service targets while working to achieve lowest lifecycle costs

Service areas regularly review and update estimated spending needs to maintain level of service targets at the lowest lifecycle cost. Lifecycle costs include all expenses associated with an asset throughout its planning, construction, operating, maintenance, and decommissioning phases. Different phases of an assets’ lifecycle costs are funded through the Region’s operating budget and capital plan. The capital plan focuses on rehabilitating and replacing aging infrastructure and adding new assets to support growth in the Region while the operating budget supports operations and maintenance activities to ensure assets provide their intended level of service.

Figure 2
Available Budget vs. Full Spending Needs (2024-2033)



* For capital, forecasted budget reflects the 10-year capital plan from the 2024 Budget; for operating, it reflects the 2024 Budget and endorsed outlook, and planning assumptions for 2027-2033

As shown in Figure 2, almost 95% of lifecycle costs can be accommodated within the projected budget. A variance of approximately \$1.1 billion relates to capital spending needs for existing assets and is largely driven by recent policy changes and investments required to achieve levels of service targets at the lowest long-term cost. A variance to lowest lifecycle cost does not necessarily mean that levels of service targets are not being met. Service areas regularly review options to meet asset needs and may require additional investment from asset management reserves to address reported variances.

Of the total \$1.1 billion variance, \$618 million is attributed to Roads Services, \$453 million for Transit Services, \$45 million for York Regional Police, and \$10 million for Green Infrastructure Services.

- **Roads Services** - Increased investment from asset management reserves in recent years has helped to mitigate the magnitude of the variance, but costs to maintain roads infrastructure will continue to increase without additional investment. While road conditions in the Region remain good overall, minimizing lifecycle costs over the long run requires additional investment to prevent pavement from deteriorating to where it is more costly to repair. That said, there is a limit to the number of roads that can be under repair each year. As a result, a phased approach to additional investment will be considered to address the variance while managing impacts to traffic disruption.
- **Transit Services** – The variance for transit infrastructure is associated with the transition to an all-electric fleet of buses. While this Council commitment supports the Region’s environmental goals of reducing greenhouse gas emissions, it results in additional near-term infrastructure capital costs. Although operating costs for an all-electric bus fleet are expected to be lower than a comparable fleet of diesel buses, the capital investment to purchase electric buses is significantly higher. This is largely driven by inflationary pressures, high demand for electric buses, and limited manufacturing capacity within the industry. As a result, bus deliveries may be delayed beyond initial projections, leading to deferred retirements of diesel buses.
- **York Regional Police (YRP)** – The variance for YRP infrastructure is primarily associated with equipment needs as identified through their recently updated asset management plan. YRP is undertaking further analysis to confirm, as it is believed the magnitude of need may be overstated. YRP asset management needs will be further explored through the 2026 budget process and as part of the 2026 Progress Report.
- **Green Infrastructure Services** – The variance for Green Infrastructure services is associated with implementing the approved Green Infrastructure Asset Management Plan, which aims to expand the York Regional Forest to meet growing demand for greenspace while replacing aging assets that have reached the end of their useful life in ways that maximize environmental and community benefits. Individual project costs, available grants and the ability to deliver on the identified initiatives will be assessed in future plans. Green infrastructure supports the Region’s canopy target, enhances streetscapes, advances environmental priorities, aids climate resilience, and promotes healthy communities.

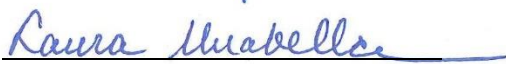
Actual spending for asset management is monitored to understand capital delivery rates and trends related to supply chain, resourcing, procurement, and other challenges. In 2023, 87% of capital plan were delivered to build new infrastructure and maintain existing assets in a state of good repair. More information on capital delivery reporting, by service area, can be found in the [2023 Financial Results – Unaudited Budget to Actual Comparison Report](#).

Overall, the Region continues to review and update level of service performance. Strategies for asset management of Regional service areas will be addressed annually through the budget process and reviewed through the Progress Report.

For more information on this memo, please contact Brian Titherington, Director, Infrastructure Asset Management. Accessible formats or communication supports are available upon request.



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Commissioner of Public Works



Laura Mirabella
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Erin Mahoney
Chief Administrative Officer

March 24, 2025
#16559197

Attachments # 16617452 – 2025 Corporate Asset Management Progress Report

