



# 2025 Asset Management Plan & Financial Strategy

Corporate Asset Management

General Committee, June 17, 2025





- 1) Regulatory Requirements
- 2) About this Plan
- 3) 2025 Asset Management Plan's Findings
- 4) Report's Recommendations



# Regulatory Requirement

Strategic Plan – 2020 to 2026

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## Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure







# About this Plan

**Strategic Plan – 2020 to 2026**

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**State of the Infrastructure**



**Financial Strategy**



**Current Service Level  
Assessment**



**Proposed Service Level  
Assessment**

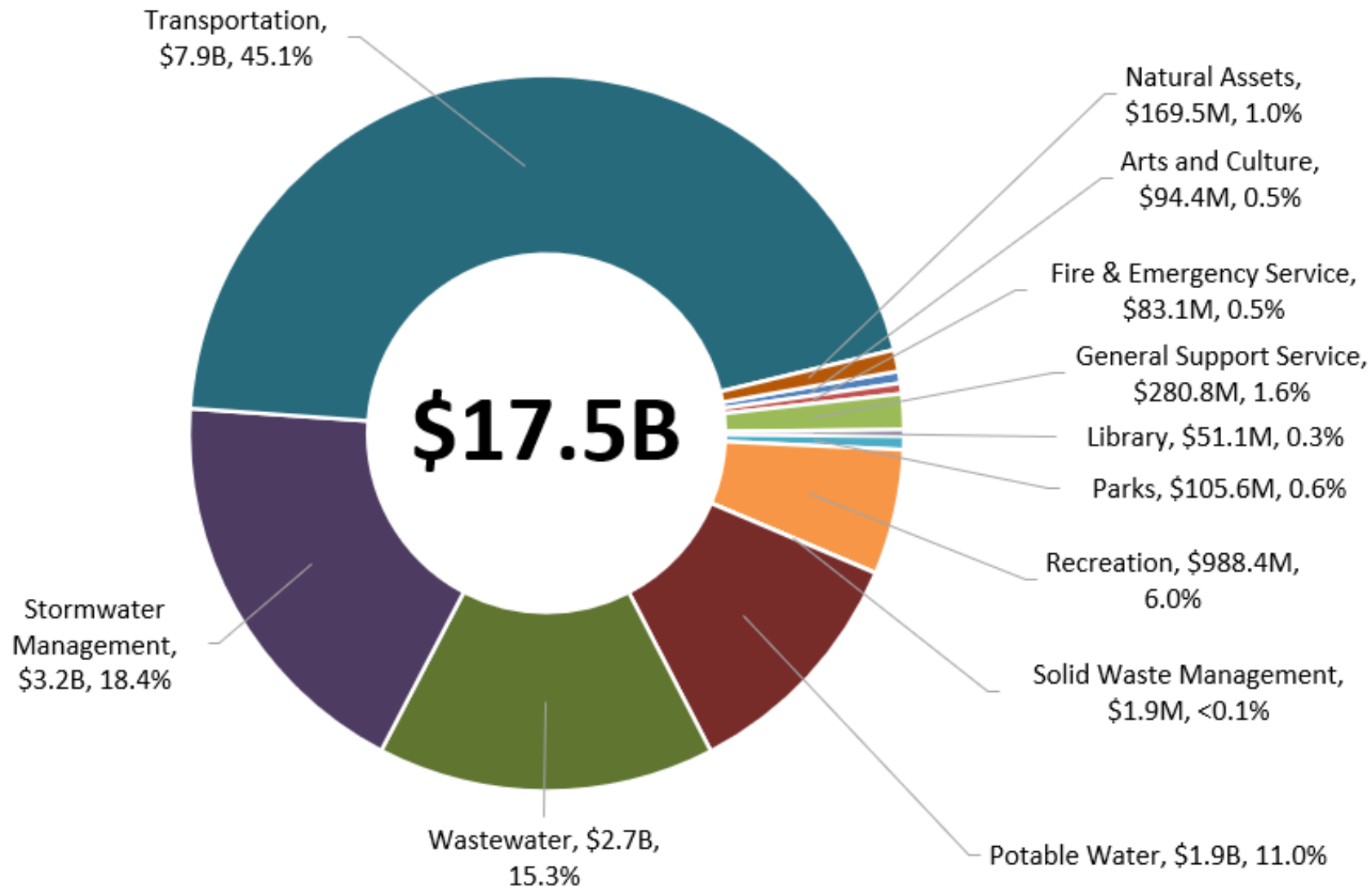


# State of City Infrastructure

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## Current Replacement Value (CRV) by Service





# State of City Infrastructure

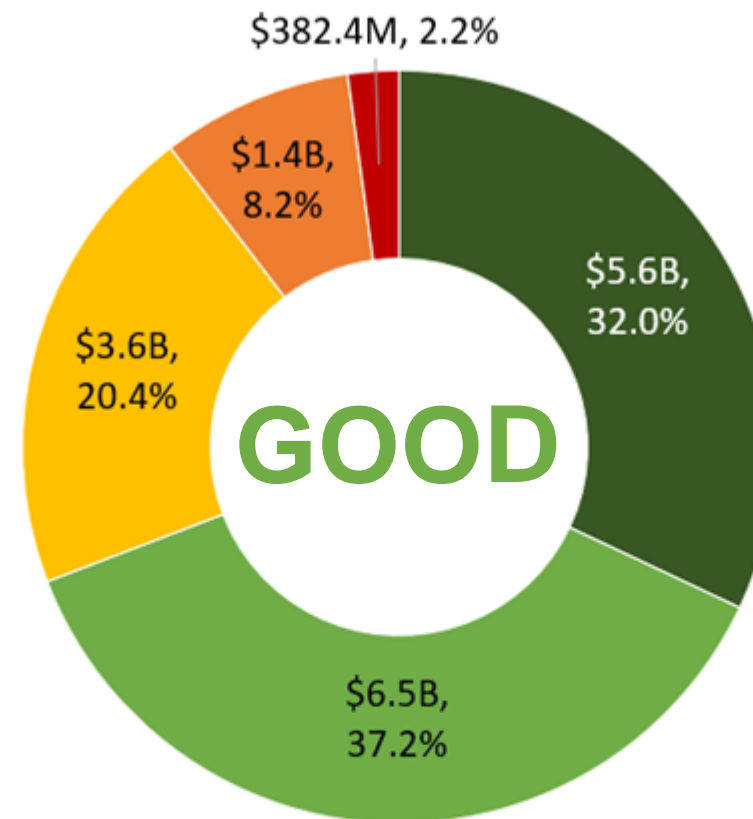
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## Installation & Performance Profiles

### Key Takeaways

- Asset acquisitions peaked from the 1980s through to the 2000s
  - The City's assets are relatively young:
    - Average age of **34** years
    - Average useful service life of **81** years
  - Overall, assets remain in a **GOOD** state of performance since last reported
- ↑ **Improved to 90% or \$15.7B** (from 88% or \$15.4B) of assets performing as intended
- ↓ **Reduced to 10% or \$1.8B** (from 12% or \$2.1B) of assets are subject of planned maintenance or renewal



Asset Useful Service Life Stages	Beginning of Life (Very Good)	Early Life (Good)	Mid-life (Fair)	Past Mid-life (Poor)	Approaching or at end of life (Very Poor)
	Assets are new or recently rehabilitated	Assets are performing as intended	Assets may show signs of deterioration and may require some form of maintenance	Assets have signs of deterioration and require ongoing monitoring or maintenance	Assets may exhibit advanced signs of deterioration and require ongoing monitoring, rehabilitation and/or renewal



# State of City Infrastructure

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## Risk Management Profile

### Key Takeaways

- Highlights the significance of the asset related to the service it supports
- Better informs day to day operating, maintenance and renewal practices

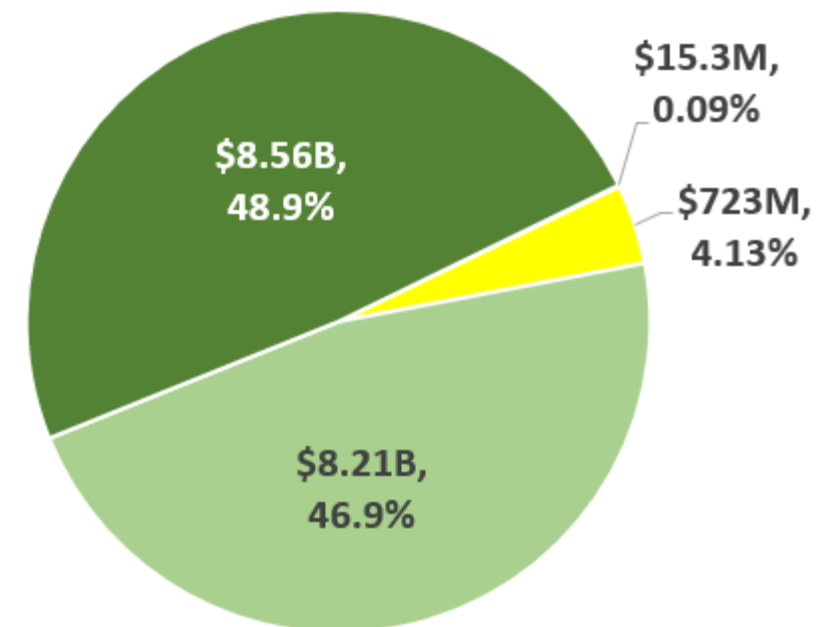
↑ **Increased to 48.9% or \$8.56B** (from 48.8% or 8.54B) assessed as **Very Low** risk

↑ **Increased to 46.9% or \$8.21B** (from 44.4% or \$7.8B) assessed as **Low** risk

↓ **Reduced to 4.13% or \$723M** (from 6.4% or \$1.1B) assessed as **Moderate** risk

↓ **Reduced to 0.09% or \$15.3M** (from 0.4% or \$67.5M) assessed as **High** risk

- **NO ASSETS** assessed as **Very High** risk



Very Low	1-5	Fit for the Future
Low	6-10	Adequate for Now
Moderate	11-15	Requires Attention
High	16-20	At Risk
Very High	21-25	Unfit for Sustained Service



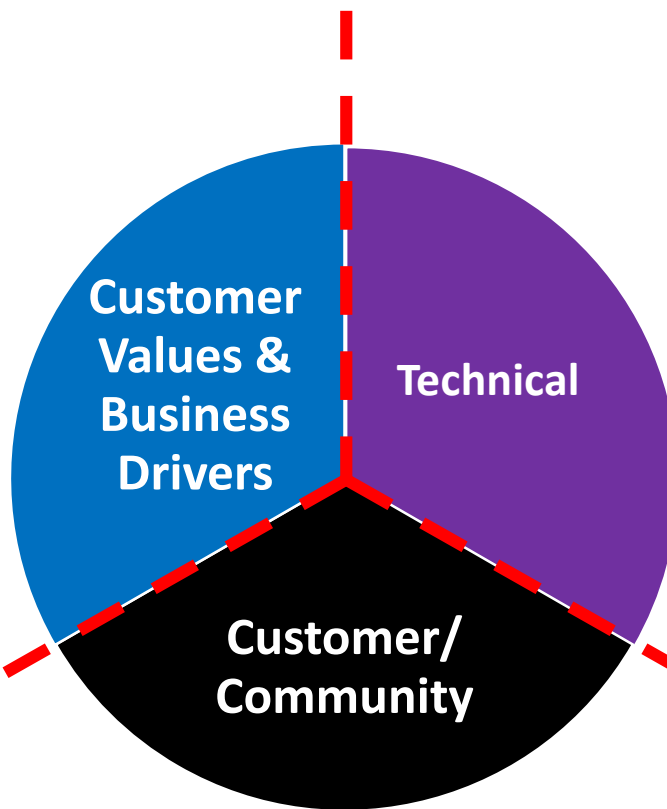
# Levels of Service Framework

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## WHY WE DO THINGS

- Council Direction
- BMFT
- Legislative requirements with mandates & regulations
- Tax payer priorities



## ANNUAL WORK PROGRAMS & BUDGETS

(work we do and cost)

- Bridge, culvert & SWM Pond inspection
- Road resurfacing
- Watermain & Sewer main rehab & replacements
- Building renovation
- HVAC replacement
- Computer replacement

## PERFORMANCE MANAGEMENT

(what our stakeholders experience)

Condition, Capacity, Functionality, Availability/ Accessibility





## Financial implications noted in this report will be addressed as part of the annual budget process

- The City undertakes a Life Cycle Reserve Study **annually** to identify and refine asset management needs
  - the primary avenue to establish, refine, prioritize and as required, reallocate asset management funding needs
  - results inform capital projects and budget requests from departments
  - funded by a variety of sources, including those noted in this report (for example, contributions from annual operating budget and allocations from any year-end surplus)
- To address increasing asset management needs, the City has been gradually escalating budgeted contributions to the Life Cycle Reserve, with a **current target incremental contribution of 1% of the City's tax levy**
- Further incremental contributions may need to be considered to support the City's increasing asset management pressures
- The budget process also identifies, prioritizes and allocates funding for growth-related capital projects (mostly funded by Development Charges) and water infrastructure renewal (covered by water rates)
- This update of the Asset Management Plan **signals increasing operating budget pressures**, which may require higher levels of tax increases to support the required and ongoing resourcing and management of our growing asset base

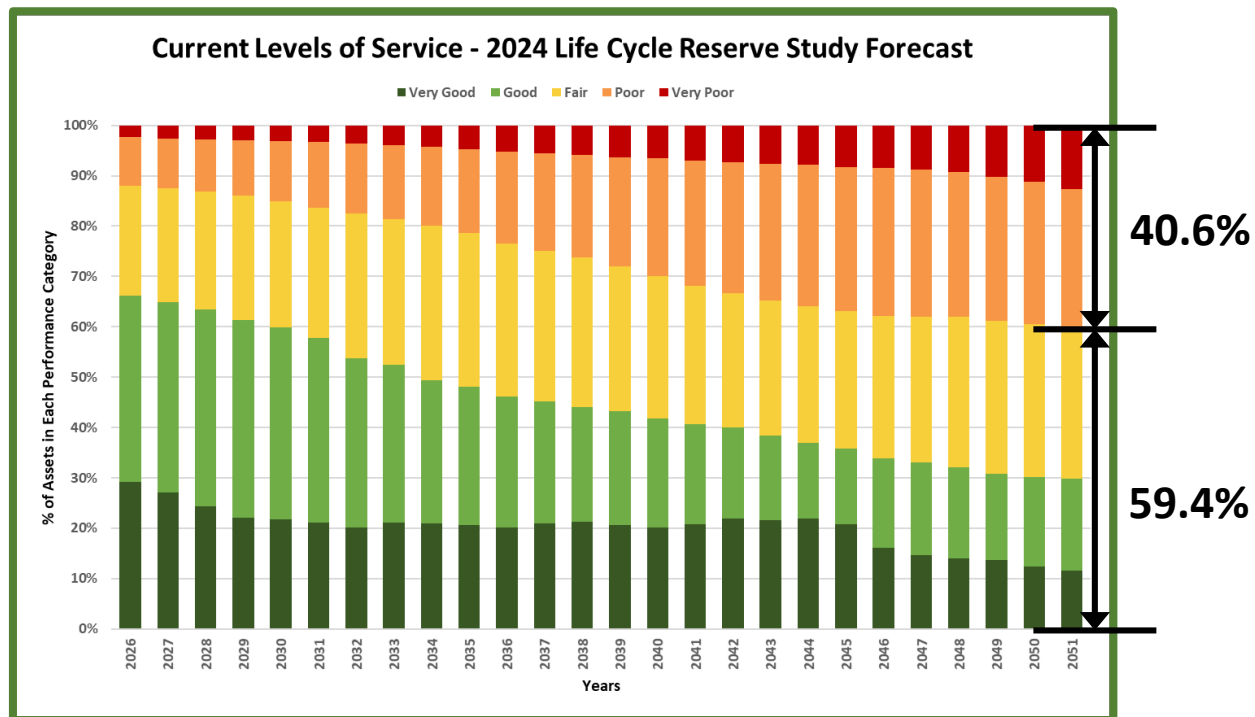


# Current Level of Service

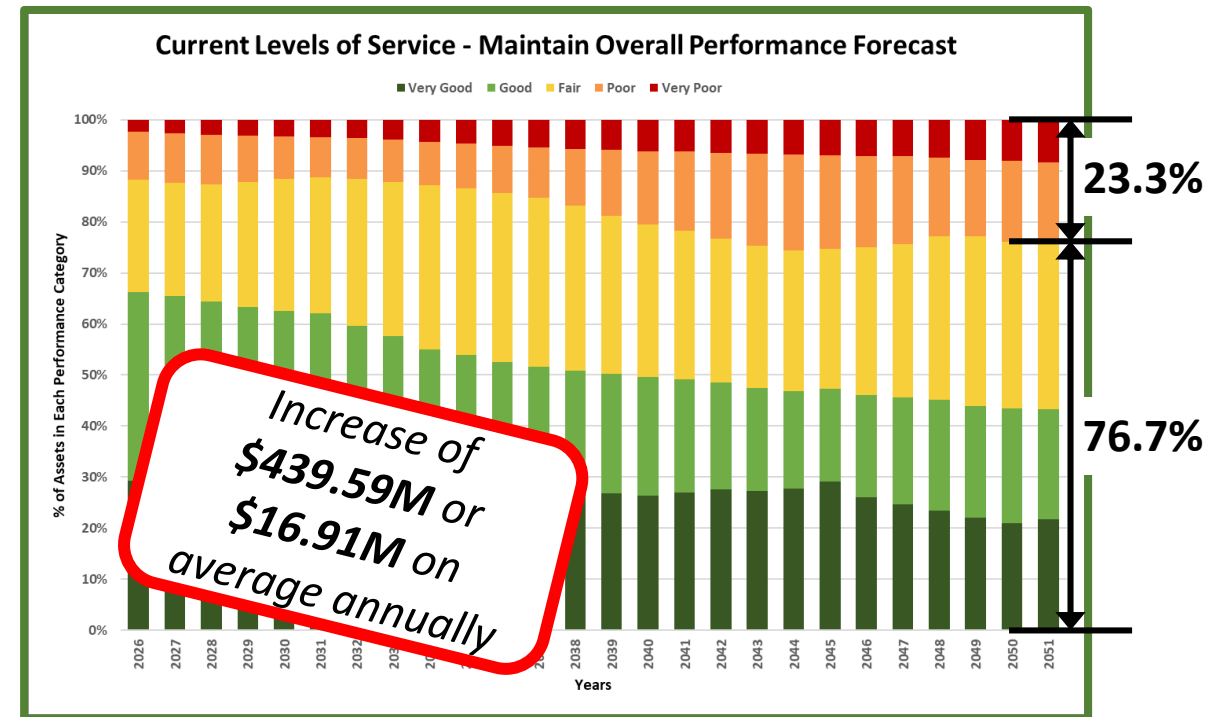
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## Assessment of Funding Levels to Maintain Current Performance



- 2024 LCRS planned spending levels: **\$1.55B**
- Equivalent average annual cost: **\$59.6M**
- Performance outlook **by 2051**:
  - ⬇️ **59.4% or \$10.30B** of assets performing as intended
  - ⬇️ **40.6% or \$7.03B** of assets are subject of planned maintenance or renewal



- Cost to maintain current service levels: **\$1.99B**
- Equivalent average annual cost **\$76.5M**
- Performance outlook **by 2051**:
  - ✅ **76.7% or \$13.30B** of assets performing as intended
  - ✅ **23.3% or \$4.04B** of assets are subject of planned maintenance or renewal



# Proposed Level of Service

## Considerations

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**Road Pavement Management**



**Impact of growth**

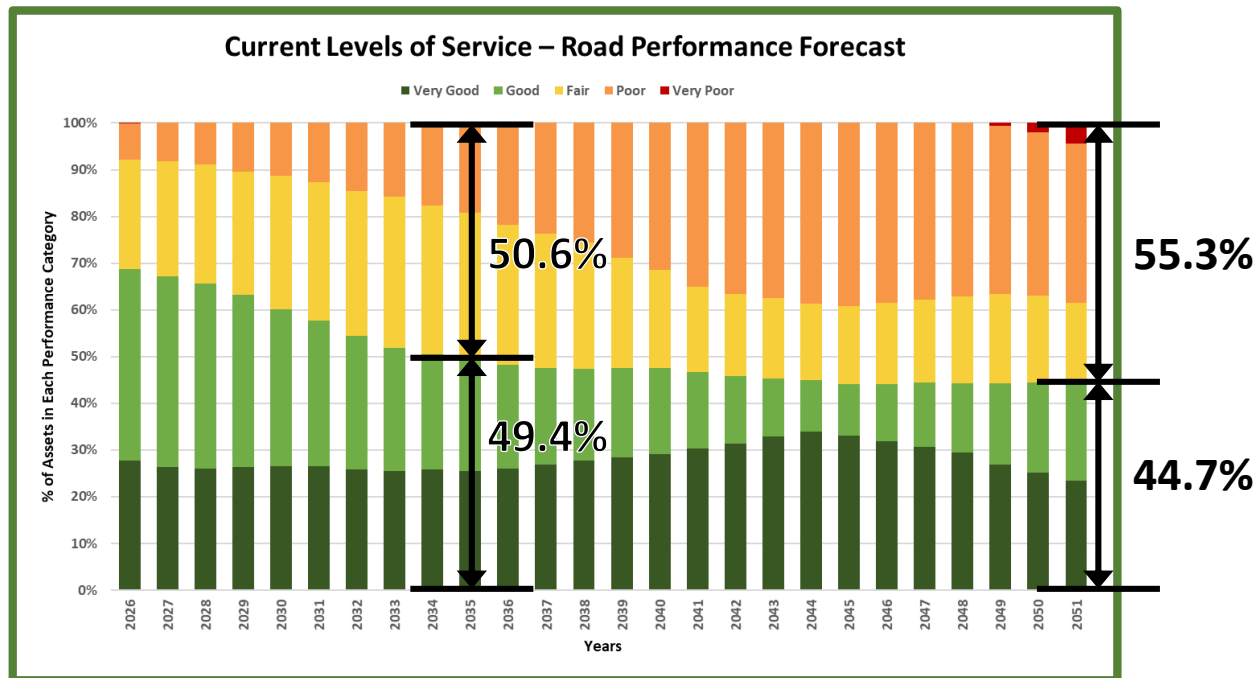


# Proposed Level of Service

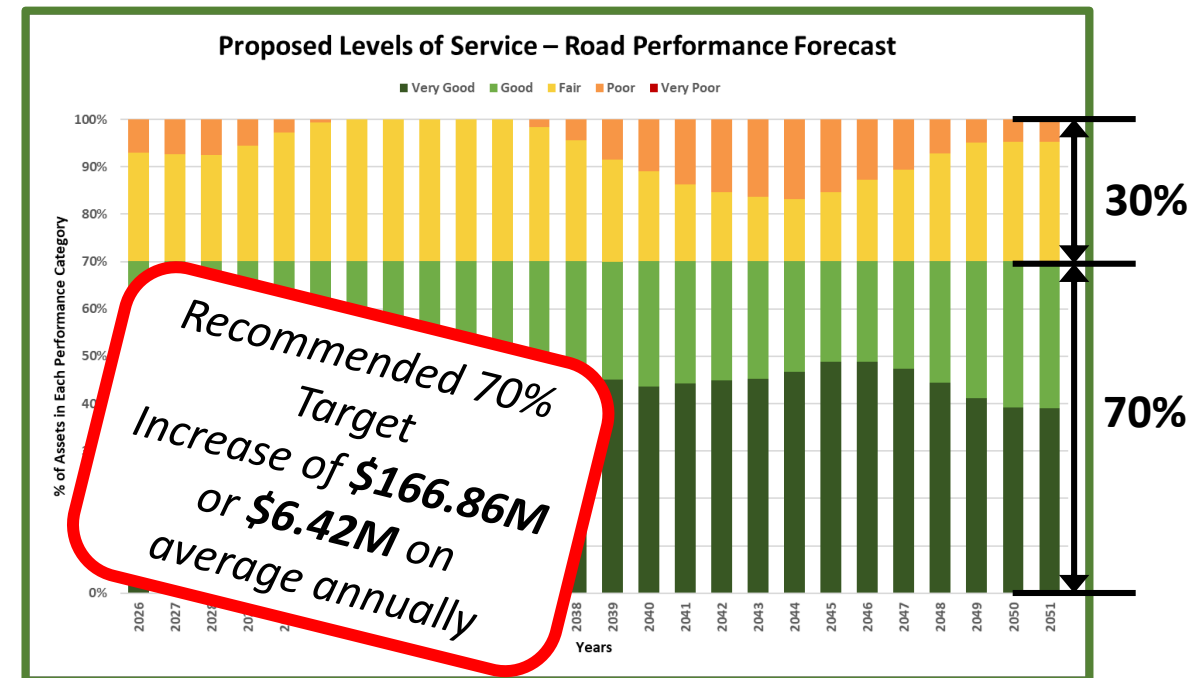
## Road Network

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- Current performance **72.6%**
- 2024 LCRS planned spending levels
- Total cost: **\$183.33M**
- Equivalent average annual cost: **\$7.05M**
- Performance outlook:
  - **↓ by 2035 = 49.4%**
  - **↓ by 2051 = 44.7%**



- Cost to maintain **minimum** service level of **70%**
- Total cost: **\$350.2M**
- Equivalent average annual total cost: **\$13.47M**
  - Inclusive of a recommended increase of **\$6.42M**
- ✓ Performance held to target of **70%**



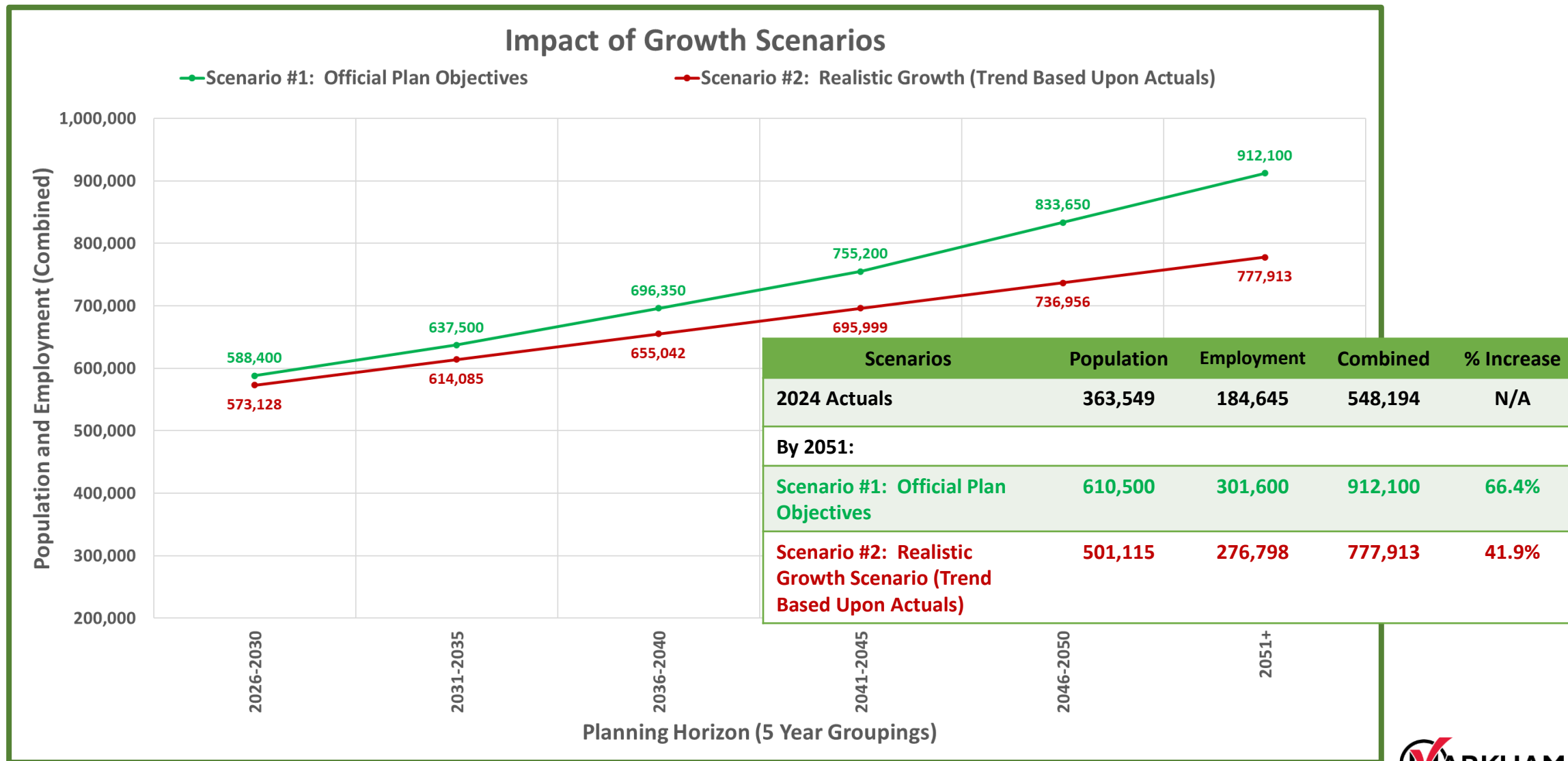


# Proposed Level of Service

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## Impact of Growth – Overview of Approach





# Proposed Level of Service

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## Impact of Growth – By 2051 Summary Forecast

### Acquisition Forecast

- Acquire between **\$4.83B to \$6.89B** additional assets to support the **City's growth objectives by 2051**
- Can represent up to a **76%** increase in quantity of assets with a potential **70%** increase in resource-hours required to manage them
- City-funded growth assets ranging from **\$1.98B to \$2.69B**
- Remaining **\$2.85B to \$4.2B** funded by other sources

### Operating Budget Forecast

- Total increase to Operating Budget funding levels range from **\$128.6M to \$183.5M**
- Equivalent average annual increase ranging from **\$4.9M to \$7.1M**
- Does not including additional contributions the Life Cycle Reserve

### Lifecycle Reserve Forecast

- The City may need to add approximately **\$128.8M to \$232M** to the Life Cycle Reserve to renew growth assets with service lives **12 years or less**
- Equivalent average annual increase ranging from **\$5.2M to \$9.3M annually**
- This is **in addition** to the City's annual and ongoing contribution to manage assets currently in service



# Proposed Level of Service

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## Impact of Growth – Summary Forecast

### *Key Takeaways*

- **By 2051**, the City may be required to fund approximately **\$2.2B to \$3.1B** in total to accommodate the demands caused by growth
- **Equivalent average annual funding requirement** ranging from **\$85.9M to \$119.3M**

### By the numbers:

Scenarios	Acquisition	Operating Budget	Life Cycle Reserve	Total	Combined Average Annual
By 2051					
Scenario #1: Official Plan Objectives	\$2.69B	\$183.5M	\$232.0M	\$3.10B	\$119.3M
Scenario #2: Realistic Growth Scenario	\$1.98B	\$128.6M	\$128.8M	\$2.23B	\$85.9M



# Summary

Markham's assets have a replacement value of **\$17.5B**

- **90%** are performing well and **10%** have planned maintenance, repairs or replacement
- **No** assets are in the **Very High risk** category

Our **Financial Strategy** is sound with a **strong Lifecycle Reserve** working well, of which continues to be updated and improved upon as part of the City's robust annual budget process

Through the annual budget process, give consideration for:

- **\$16.91M/yr** Cost increases to maintain current performance levels; **inclusive of roads**
  - \$6.42M/yr** Recalibrate Road Pavement Management performance target to a **minimum 70%** of the road network be maintained in a **GOOD** or better state of performance
- **\$85.9M - \$119.3M/yr** With a clearer understanding of the **Impact of Growth**, proactively plan for asset acquisition or assumption, their integration into service, and maintain them at current service levels

## The Bottom Line

***Markham's 2025 Asset Management Plan and Financial Strategy shows that our systems and processes are working well, we found areas for improvement and are actively working to address them; and***

***That any financial implications noted be referred to the City's annual budget process***





# Proposed Recommendations

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- 1) That the report and presentation titled “2025 Asset Management Plan and Financial Strategy” be received; and,
- 2) That Council endorse the findings from the update of the City’s asset management plan, for all City owned and/or managed assets, as assessed at current and proposed levels of service; and,
- 3) That Council endorse in principle, a proposed level of service for road pavement management, where short and long term business planning, contributions to the City’s life cycle reserve, annual budgets, and effective program delivery strategies, are based upon a minimum target of 70% of the City’s road network be in a “good” or better state of performance, and subject to funding and resource availability, work towards an aspirational target of 75% of the City’s road network be in a “good” or better state of performance; and,
- 4) That any identified funding variances, shortfalls or gaps related to maintaining current levels of service, or any forecasted funding requirements that support proposed levels of service, as identified in the 2025 Asset Management Plan and Financial Strategy, be referred to the annual budget; and,
- 5) That Council direct staff to submit the 2025 Asset Management Plan and Financial Strategy (the formal document) to the Ministry of Infrastructure, informed by the findings noted under Recommendations 2, 3 and 4, as outlined in this report; and make the document publicly available on the City’s website upon its completion; and,
- 6) That Staff be authorized and directed to do all things necessary to give effect to this resolution.