



Town of Newmarket  
395 Mulock Drive P.O. Box 328,  
Newmarket, Ontario, L3Y 4X7

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## **2025 Asset Management Plans**

### **Staff Report to Council**

Report Number: 2025-32

Department(s): Financial Services; Corporate Asset Management Office

Author(s): Erik Wright, Acting Manager of Asset Management

Meeting Date: June 16, 2025

### **Recommendations**

1. That the report entitled 2025 Asset Management Plans dated June 16 be received; and,
2. That the attached 2025 Asset Management Plans be approved, subject to the annual budget process, and;
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

### **Purpose**

This report delivers the final 2025 Asset Management Plans (“AM Plans”) for Council endorsement in accordance with *Ontario Regulation 588/17 – Asset Management Planning for Municipal Infrastructure* (O.Reg. 588/17). The purpose is to secure endorsement prior to July 1, 2025 (the deadline established by the Province).

### **Background**

The key focus of the 2025 AM Plans are the Proposed Levels of Service and the Financial Strategy. O.Reg. 588/17 asks municipalities to:

- Set 10 years of levels of service targets for infrastructure-related services.
- Demonstrate how they will be financed.
- Explain why they are appropriate for the municipality.
- Consider if there are any risks associated with the levels of service targets.
- Annually review targets and asset management progress to confirm the AM Plans are proceeding as intended, and either make changes as needed or update the AM Plans every 5 years.

On March 24, 2025, staff presented the draft Proposed Levels of Service and accompanying Financial Strategy to Council for consideration during a Special Committee of the Whole meeting. The Financial Strategy is aligned to the 2020 Fiscal Strategy and the 2023 Reserve Fund Review. During the meeting, Council passed a motion for staff to proceed with the development of the 2025 AM Plans using the presented assumptions. The final 2025 AM Plans contain the same information [as was presented on March 24](#), plus additional reporting for compliance.

The AM Plans have multiple audiences – they provide insight and transparency to the public, tactical supports to staff, and strategic planning for municipal leaders.

## **Discussion**

There are a few key takeaways from the Plans and how they will be used going forward that are relevant to Council and the public.

### **AM Plans Establish Targets for Levels of Service**

The Town seeks to maximize the use of available funds to benefit residents and the community, maintain service levels, and minimize risks. The AM Plans focus on the capital renewal of existing assets by analyzing financial plans and the future projected condition of Town assets. On this basis, 10-year forecasts show the level of service that would be provided. These become targets which are reported annually and used for recommended annual budgets. The targets align to existing Town practices for tax-supported reserve contributions and rate-supported financial plans. Future annual budget processes will be the start of refinements to these asset replacement costs with additional considerations for detailed cost estimates, resource impacts, and an assessment of staff capacity to delivery.

The key targets set in the 2025 AM Plans are as follows (next page):

**Table 1 – Key Targets Set in 2025 AM Plans for Existing (as of Dec. 2023) Assets**

Asset Management Plans & Targets	Capital Funding (\$ / year, 2024 dollars)		Percent of Existing Assets Not Due for Replacement		Comments
	Current (2025)	Proposed (2034)	Current (2025)	Proposed (2034)	
Tax-Supported Assets					
Roads	\$3.04 M	\$5.66 M	98%	90%	Slight decline in service levels.
Bridges	\$1.10 M	\$1.10 M	100%	100%	Funding aligned to external engineering recommendations.
Parks	\$1.35 M	\$2.48 M	83%	74%	Data limitations, monitor for future updates.
Facilities	\$5.29 M	\$8.48 M	87%	80%	Slight decline in service levels.
Rate-Supported Assets					
Water	\$3.35 M	\$6.85 M	97%	93%	Aligned to financial plans and reserve fund review.
Wastewater	\$4.35 M	\$8.25 M	93%	89%	
Stormwater	\$7.96 M	\$13.05 M	99%	94%	

## Funding Shortfalls Over the Next 10 Years Were Identified

It is understood that an infrastructure funding gap is common among municipalities. Studies have shown Canadian municipalities carry a disproportionate burden for infrastructure investments, relative to the municipal share of all governmental funding seen in Canada. Based on Statistics Canada benchmarking, the Town is in a better than average position for its infrastructure assets. The Town is committed to optimizing the use of limited funds to provide strong services to the community while continuing to seek additional funding.

The AM Plans balance levels of service, risk, and affordability. Financial analysis shows there are increasing needs to maintain assets. The Proposed Levels of Service recognize this by increasing funding with a long-term financial strategy that achieves balance. In the meantime, the Town will experience funding shortfalls associated with natural aging of assets. The capital shortfall represents the theoretical unfunded capital cost to address the full lifecycle needs of existing assets over the next 10 years. It is a one-time cost between 2025 and 2034. Other factors like the Town's ability to deliver capital are assessed during the annual budget process. See previous table for comments to provide context of shortfalls.

**Table 2 – 2025-2034 Capital Funding Shortfalls Identified in 2025 AM Plans for Existing (as of Dec. 2023) Assets**

Asset Management Plans	10 Year (2025-2034) Capital Funding Shortfall
Tax-Supported Assets	
Roads	\$81.8 M
Bridges	\$5.7 M
Parks	\$21.0 M
Facilities	\$34.9 M
Tax Supported Subtotal	\$143.4 M
Rate-Supported Assets	
Water	\$40.1 M
Wastewater	\$48.5 M
Stormwater	\$0
Rate Supported Subtotal	\$88.6 M
<b>10 Year Grand Total</b>	<b>\$232.0 M</b>

Funding shortfalls explain why some asset types are experiencing declines in level of service, despite historical improvements and future commitments to increase funding. Others, like stormwater, are forecasted to experience shortfalls after the 10-year plan due to natural asset aging. Based on current information, the Town forecasts achieving sustainable funding for its assets approximately in the 2040s. The Town will continue to seek additional funding opportunities. The outlook may also be refined through data collection and condition assessments. Reporting the 10-year funding shortfall is part of O.Reg. 588/17 and helps advocate for additional funding from other levels of government to support municipal infrastructure.

### **Risk Is Used as a Best Practice for Future Planning and Managing Shortfalls**

There are risk associated with the natural aging of infrastructure and funding shortfalls, but also opportunities. The 2025 AM Plans show the Town will continue to provide strong asset-related services, but there may be future changes due to aging infrastructure. The AM Plans consider risks associated with the Proposed Levels of Service and adopt mitigation strategies. The Town will continue to monitor for risks while minimizing impacts to residents and optimizing the use of available funds. More information will be shared as the Town's risk program develops and is quantified. Key takeaways include:

- Increases in operations and maintenance needs for aging assets are expected, some of which can be mitigated through inspections and preventive maintenance.

- Service disruptions could arise more often as the number of aging assets being repaired increases with funding and capacity to deliver. This will be minimized by project planning and user engagement.
- Inflation and legislation from other levels of government adds uncertainty to how future service levels will be maintained through growth. This will be monitored through multi-year planning and other procurement strategies.
- Capital delivery capacity may constrain the Town's ability to complete the increased number of projects associated with its financial strategy. The Town will assess its capacity to deliver capital through the annual budget process and workforce planning.

## **Growth in Assets Are Forecasted**

The Town is expected to grow from its current (2021) population of approximately 90,700 residents to a future population of 118,500 by 2051. To support this growth, more assets may be required to provide services. Each AM Plan includes a forecast of growth assets to maintain service levels. Once acquired, growth assets provide service while adding costs for operations, maintenance, and eventual replacements. The Town's strategy for funding growth includes the capital use of Development Charges, followed by assessment growth to operate the assets to the extent possible. The forecast of growth was done on a preliminary basis with available information – estimates will be refined annually through the budget process and through engineering designs.

## **AM Plans Will Be Used Annually During the Budget Process**

The AM Plans include 10 years of reserve contribution targets. These will be the baseline for recommended multi-year capital plans and budgets going forward. A capital planning process will provide further refinements and a tactical approach to achieving the levels of service depicted in the plans. Once complete, these capital plans will be recommended for adoption, subject to the budget process.

## **AM Plans Provide Guidance But Are Not Binding**

The Plans provide important strategic guidance and are designed to help the Town achieve its desired level of service at the minimum cost. Plans should be the starting point for discussions about budgets, service levels, and capital planning. However, the Plans do not supersede other municipal processes. Final decisions are made during the budget process and the Town can divert from the targets, recognizing there are many driving factors for decisions about levels of service.

Through the process of annual AM Plan reviews, the Town may learn more or have a change in perspective. At a minimum, plans need to be refreshed every 5 years but they could be updated at any time to reflect new information and desired service levels. The Town intends to follow the 5 year cycle, barring major new information or direction.

## **Consultation**

AM Plans are prepared in collaboration with Parks & Facilities Services, Public Works Services, Engineering Services, Financial Services, Planning Services, and IT Services.

## **Conclusion**

The Town has worked towards completing a series of milestones under O.Reg. 588/17 – these were an AM Policy in 2019, an AM Plan for core infrastructure in 2022, and an AM Plan for non-core infrastructure in 2024. The 2025 Plan marks the achievement of a multi-year process. Along the way, the Town has made investments in developing and sustaining its asset management practice.

While the AM Plans now provide tangible benefits in managing service levels and having robust financial planning, many more benefits will come from operationalizing the practice of AM within the organization as the Town is working to do. This continuous improvement is part of the Town's ongoing commitment to being Well Beyond the Ordinary.

## **Council Priority Association**

This report aligns with the following Council Priority: Community and Economic Vibrancy

## **Human Resource Considerations**

Not applicable.

## **Budget Impact**

Not applicable.

## **Attachments**

**Attachment 1** – 2025 Asset Management Plans

## **Approval for Submission**

Andrea Tang, Director, Financial Services

Esther Armchuk, Commissioner, Corporate Services

## **Report Contact**

For more information on this report, contact [ewright@newmarket.ca](mailto:ewright@newmarket.ca).