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## **2026 Asset Management Update Information Report**

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In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

### **Executive Summary**

This report provides Council with the Town's first annual update on progress since implementing the 2025 Asset Management (AM) Plans, in accordance with Ontario Regulation (O.Reg.) 588/17. The 2025 AM Plans established 10-year service level and financial targets for the Town's infrastructure including roads, bridges, water, wastewater, stormwater, parks, and facilities. These targets guide long-term investment decisions and support a balanced approach to service delivery, infrastructure risk, and affordability.

The update summarizes progress made since the AM Plans were adopted, highlights new information, and addresses any foreseen challenges.

Annual AM updates support transparent reporting to Council, help monitor progress against endorsed targets, and provide an opportunity to identify emerging risks and planning considerations. Continued improvements in asset data, condition assessments, and capital planning processes will support more robust updates over time to help ensure Council remains well-positioned to oversee future investment decisions leading into the next comprehensive AM Plan update scheduled for 2030.

## Purpose

This report provides Council with the Town's first annual update on progress since implementing the 2025 AM Plans.

As a result of this report, Council:

1. Reviews condition and funding targets endorsed in 2025.
2. Receives an update on progress in implementing the AM Plans, supporting Council's oversight role identified in the AM Policy.
3. Advances toward more robust updates as organizational capabilities mature.
4. Identifies key next steps leading to the 2030 AM Plan update.
5. Maintains compliance with O. Reg. 588/17.

## Background

In 2025, Council endorsed the [2025 Asset Management Plans](#). The plans were developed in accordance with O.Reg. 588/17, which requires municipalities to establish 10-year level of service targets, risk assessments, and supporting financial strategies. The 2025 AM Plans align with the Town's Fiscal Strategy and the Reserve Fund Review and established the baseline for ongoing monitoring of asset condition and funding levels. Council's consideration of the 2025 AM Plans was supported through a [Special Committee of the Whole](#) that was held on March 24, 2025.

O. Reg 588/17 also requires Council to conduct an annual review of AM progress on or before July 1<sup>st</sup> each year. The annual review is required to assess progress in implementing AM plans along with factors impeding the ability to implement plans.

Annual AM updates enhance transparency and support informed Council oversight by tracking progress against endorsed targets, incorporating updated condition and financial data, and identifying emerging risks and infrastructure pressures. These updates also strengthen alignment between financial planning and capital budgeting, while supporting continuous improvement and early identification of potential issues ahead of the next comprehensive AM Plan update scheduled for 2030.

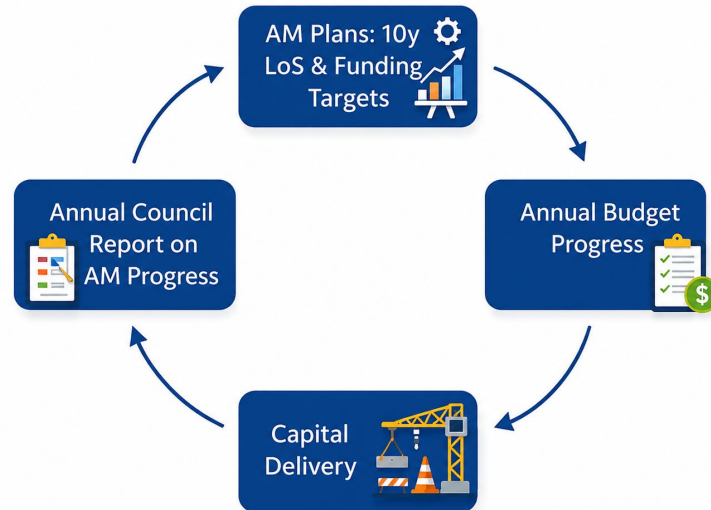
## Discussion

### Role of Council in the Asset Management Planning Cycle

Annual updates to Council and the endorsement of AM Plans are key governance milestones for Council. As illustrated in **Figure 1**, Council's role in AM extends beyond the formal endorsement of AM Plans to include ongoing oversight through the budget process, annual AM reporting, and periodic reassessment of service levels, risk, and affordability through AM Plan updates.

The cycle supports a continuous, transparent, and adaptive AM Plans that enables Council to oversee long-term infrastructure sustainability while responding to changing information, evolving risks, and emerging priorities over time.

**Figure 1 - Role of Council in the Asset Management Cycle**



## **Review of Council-Endorsed AM Targets and Future Outlook of Assets**

The Town is responsible for managing an infrastructure portfolio with an estimated replacement value of approximately \$3.2 billion (as of 2025 AM Plans). These assets provide essential services to the community and, like all infrastructure, deteriorate over time. Ongoing and planned investment is required to maintain service levels, manage risk, and ensure sufficient funding is available for future rehabilitation and replacement.

It is understood that infrastructure funding pressures are a common challenge across Canadian municipalities. Studies have shown Canadian municipalities carry a disproportionate share of responsibility for infrastructure investment relative to the municipal share of all governmental funding. While this creates long-term financial constraints, Statistics Canada benchmarking indicates the Town is currently in a better than average position for its infrastructure assets compared to municipal peers.

To support sustainable service delivery, Council endorsed the Town's AM Plans in 2025 that established 10-year funding targets. These targets are designed to balance service delivery, infrastructure risk, and affordability for residents and form the foundation of the Town's long-term financial and capital planning framework.

The AM Plans endorsed increases in capital investment over time to address aging infrastructure and maintain acceptable levels of service. Based on current assumptions and financial strategies, the Town is expected to experience modest near-term declines in asset condition and service levels for some assets (see **Table 1**). Over the longer term, the Town is forecasted to achieve more sustainable funding levels by the 2040s. Funding forecasts (see **Table 2**) will continue to be refined as condition data, lifecycle strategies, and financial assumptions are updated. Funding for contributions to the Asset Management Funds are reviewed and approved as part of the annual budget process.

Key assumptions regarding forecasted target include:

- The funding forecasts and targets include the endorsed 1.5% infrastructure levy.
- The roads funding target includes \$2.7 million per year in funding through the Building Communities Strong Fund (BCSF).
- The facilities funding target includes \$3.5 million per year of interfund borrowing from rate supported reserves for water, wastewater, and stormwater for a set period of time.

**Table 1 – Level of Services Targets Set in 2025 AM Plans**

AM Plans & Targets	Percent of Assets Not Due for Replacement		Comments
	Current (2025)	Forecast (2034)	
<b>Tax-Supported Assets</b>			
Roads	98%	90%	Slight decline in service levels.
Bridges	100%	100%	Funding aligned to external engineer consultant recommendations.
Parks	83%	74%	Data limitations, monitor for future updates.
Facilities	87%	80%	Slight decline in service levels.
<b>Rate-Supported Assets</b>			
Water	97%	93%	Aligned to financial plans and reserve fund review.
Wastewater	93%	89%	
Stormwater	99%	94%	

**Table 2 – Capital Funding Targets Set in 2025 AM Plans**

Groups of Assets by Revenue Source	Capital Funding (\$ / year, 2024 dollars)	
	Current (2025)	Proposed (2034)
<b>Tax-Supported Assets</b>	\$7.2 M	\$14.2 M
<b>Rate-Supported Assets</b>	\$17.6 M	\$30.1 M
<b>Total</b>	<b>\$24.8 M</b>	<b>\$44.3 M</b>

The AM Plans also highlight the gap between full lifecycle renewal needs and currently planned funding levels and current financial strategies. To address this, the AM Plans apply a risk-based approach to inform investment decisions, assess trade-offs, and identify mitigation strategies that reduce impacts on residents while optimizing the use of available resources. Risks associated with the funding gap include increase reliance on reactive maintenance, reduced asset performance, and a higher likelihood of intermittent service disruptions.

## Aligning Funding & Budgets with Endorsed Targets

The 2025 AM Plans establish Council-endorsed long-term funding targets that form the foundation for the Town’s infrastructure investment strategy. These targets are incorporated into the Town’s annual and multi-year budgeting processes, where final funding decisions remain subject to Council approval.

The Town monitors alignment between funding, budgets, and capital investment relative to endorsed targets through its annual asset management update. This enables Council to assess whether current and planned investments are sufficient to achieve desired service levels, while identifying emerging risks, funding gaps, and opportunities for recalibration.

Variance in any given year between endorsed targets, approved budgets, and actual capital delivery are expected within a dynamic operating environment. This first reporting year also includes budget actions taken before AM Plans were adopted. These variances may reflect factors such as evolving asset condition data, timing of delivery, funding availability, or organizational capacity. The purpose of the annual updates is to help prevent sustained misalignment over several years, which may indicate potential impacts to service performance.

Current alignment in the first year of the plans is shown in **Table 3**. Future annual updates will continue to track alignment between endorsed targets, funding, and capital investment over time to support transparency and inform Council oversight. Overall, there are a few key trends to highlight in **Table 3**:

- The overall final budget aligns well to overall targets. There is variance by funding source due to the mix of immediate project needs.
- Tax-supported funding and targets are aligned. The final budget was higher than the target because delivery of tax-supported projects was stronger than expected. Adjustments will be made in the remaining 9 years of the envelope to maintain balance.
- Rate-supported funding was aligned but the requested budget for capital projects was lower. Condition assessments to enable the scoping of rate-supported projects (discussed at the bottom of *Page 6*) will help lower variance in the future.

**Table 3 – 2025 Financial Targets, Funding, & Budget for Asset Replacements**

2025 Financial Milestones	Tax-Supported Amount (\$ M)	Rate-Supported Amount (\$ M)	Total (\$ M)
<b>2025 Target as per AM Plans</b>	\$7.2 M	\$17.6 M	<b>\$24.8 M</b>
<b>2025 Funding for Asset Replacements</b>	\$7.8 M	\$21.3 M	<b>\$29.1 M</b>
<b>Final Q4 2025 Budget for Asset Replacements</b>	\$16.4 M	\$8.0 M	<b>\$24.4 M</b>

## Factors Affecting Implementation of AM Plans

O.Reg. 588/17 recognizes AM is an emerging practice focused on continuous improvement and asks municipalities to consider the challenges of implementing their plans. Key factors currently affecting implementation and the corresponding strategies to address, are summarized in **Table 4**.

**Table 4 – Factors Affecting Implementation of AM Plans and Strategies to Address**

Factor	Strategy to Address
<b>Condition Data Availability &amp; Consistency</b>	Enhance asset condition data using inspections to inform decisions and increase sample sizes to reduce uncertainty.
<b>Planning Assumptions &amp; Financial Pressures</b>	Refine key planning assumptions related to performance, costs, deterioration rates, growth, and funding capacity through annual reviews, and update capital plans over time as new information and financial conditions evolve.
<b>Integration of AM with Capital Planning &amp; Budgeting</b>	Strengthen capital planning processes by consistently using AM targets, condition data, and risk information to inform project prioritization and funding decisions.

## Positive Condition Assessment Program Updates

Condition inspection programs improve insights into asset performance, reduce uncertainty in planning assumptions, and support more informed investment decisions. Since the adoption of the 2025 AM Plans, new condition information has become available through the sewer and roads inspections programs:

- **Sewer Inspection Program:** The Town continues to expand its sewer inspection program to improve condition information and reduce reliance on age-based estimates. Since the last Council update, an additional 25 km of sewer has been inspected. Initial results indicate that some sewers are performing better than previously forecasted, with observed deterioration rates slightly lower than expected. This information will be incorporated into the 2030 AM Plan update.
- **Road Pavement Scan:** A Road Pavement Scan was completed in 2025 that provided updated pavement condition information for all Town roads. The results indicated that roads are performing slightly better than forecasted. The performance could be explained by improved maintenance activities, or weather-related factors such as warmer winters in years prior to 2025. The pavement scan carries an uncertainty of approximately 10%, and further monitoring will be required to confirm whether this trend continues.

## Ongoing Projects Supporting Improved Decision-Making

As the Town's AM practices continue to mature, ongoing projects are focused on improving data-driven decision-making, data quality, and organizational alignment. These initiatives support a more consistent, enterprise-wide approach to manage the Town's asset-related services holistically.

- **Enterprise Asset Management (EAM) Program:** The Enterprise Asset Management (EAM) Program is a multi-year initiative to improve how assets are managed across their lifecycle with the help of a centralized system, digital processes, tools, and data. The initiative is in the early phases, starting with maintenance management supports for Public Works Services and Parks and Facilities Services.
- **Informed Service Delivery (ISD) Tool:** The Informed Service Delivery (ISD) Tool helps the Town understand the relationship between service levels, costs, and operating resources required to deliver them. It translates the Town's day-to-day service delivery activities into clear information about what resources are required based on varying levels of service. The tool development was completed in 2025, and piloting of implementation will begin in 2026. In 2025, the Town received 3<sup>rd</sup> place for Innovation in Asset Management in Canada for this project.

## Looking Ahead to 2030 - Next Steps and Ongoing Council Oversight

As the Town's Asset Management program matures, future annual updates will apply increasingly consistent methodologies, performance measures, and reporting practices in order to support Council oversight and decision-making leading into the 2030 AM plan update.

These updates will continue to track progress against Council-endorsed service level and funding targets and highlight emerging risks or changes in assumptions that may impact long-term planning. Future updates will be expanded from this year's starting point to include updates on asset condition and growth.

Together, these updates will improve transparency, support informed decision-making, and enable early identification of issues ahead of the 2030 AM Plan refresh.

### Next Asset Management Plans Update Will Be In 2030

The next comprehensive update of the Town's AM Plans is scheduled for 2030 in accordance with provincial requirements. The 2030 AM Plan update will provide Council with an opportunity to assess how infrastructure needs, service expectations, and financial strategies have evolved since 2025.

The 2030 AM Plan will reassess service levels, lifecycle strategies, infrastructure risks, and long-term funding requirements, while considering changes in economic conditions, regulatory requirements, growth pressures, and community priorities. In doing so, the 2030 AM Plans will establish updated targets and strategies to guide sustainable

infrastructure investment until 2040. The 2030 AM Plan will expand in scope to include additional asset categories such as fleet and natural assets.

## **Consultation**

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

## **Conclusion**

This report fulfills the Town's annual requirement under Ontario Regulation 588/17 to update Council on progress implementing the 2025 AM Plans and demonstrates the Town's continued commitment to transparency, continuous improvement, and evidence-based asset management.

## **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**

None

## **Approval for Distribution**

Andrea Tang, Director of Financial Services

Esther Armchuk, Commissioner of Corporate Services

## **Report Contact**

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