
2025 CAPITAL BUDGET BRIEFING NOTE

State of Good Repair (SOGR) Backlog

Issue/Background:

This briefing note presents the State of Good Repair (SOGR) Backlog for Tax and Rate Supported City Programs and Agencies, and the impact investments in the 2025–2034 Capital Budget and Plan will have on the City's SOGR Backlog.

The SOGR figures presented in this briefing note are aligned with the current 10-year Capital Plan. It reflects the implementation of the Ontario-Toronto Agreement whereby the Gardiner Expressway (Gardiner) and Don Valley Parkway (DVP) will be uploaded to the Province. This shift allows the City to unlock \$1.9 billion in capital funding over the next decade, with a majority of the funding reallocated to SOGR projects to address the backlog in areas with the greatest funding needs.

The City has an expansive asset inventory, and its infrastructure is aging. The City's capital program is driven largely by the cost of maintaining these physical assets in a state of good repair. Managing the accumulated SOGR backlog is a key capital strategic objective and priority for the City in order to ensure that current assets are able to support the delivery of City services and meet service outcomes.

When capital funding for planned SOGR capital works is less than the annual SOGR need, the unfunded balance is added to the accumulated SOGR backlog. Conversely, should the capital funding in SOGR exceed the planned SOGR need, the excess is applied against the accumulated SOGR backlog, effectively reducing the balance.

In the absence of comparable benchmarks, the City has established its own state of good repair performance measure; "*backlog as a percentage of total asset value (replacement value)*" that is applied across its portfolio of assets. The benefits of gathering accurate asset data are that it:

- provides a true picture of what the accumulated SOGR backlog is;
- identifies areas of growing need and highlights the City's asset condition; and
- shows the impact of City SOGR planned funding on the City's accumulated SOGR backlog for the capital planning period.

This metric provides the City with year over year comparisons and trends that assist City Council in determining how best to apply scarce resources in making strategic investments to reduce the City's SOGR Backlog by Program/Agency and/or by asset type. By employing this practice, the City can measure its progress in achieving SOGR objectives and conversely, can determine where additional investments are required. Details of the SOGR Backlog trend and percentage of total asset value for each Program and Agency can be found in their respective 2025 Budget Notes.

In addition to the SOGR backlog metric, the City employs practices that require comprehensive asset value condition assessments by asset type; the use of decision support tools to rank and prioritize reinvestment needs and debt funding scenario analysis, all of which form part of the City's regular capital planning process. Since 2019, the City has also adopted the Corporate Asset Management Policy to coordinate the management of all infrastructure assets, with the Asset Management Plan (AMP) outlining the strategy for managing the City's infrastructure portfolio.

These actions taken together improve asset lifecycle management, more accurately identify the SOGR needs in the City's portfolio and reflect the City's strategic commitment to address the infrastructure deficit in a holistic fashion.

As the City continues to mature its asset management best practices, on May 22, 2024, City Council adopted report EX14.6, approving the City's 2024 Corporate Asset Management Plan (AMP) for infrastructure assets beyond the 2021 Core Infrastructure AMP, focusing on maintaining current service levels, identifying SOGR needs, and establishing a baseline for infrastructure conditions.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX14.6>

The City will further develop its asset management program over the next few years and implement a 'whole-of-government approach' to asset management that promotes greater integration of asset capital and financial planning. The development of the 2025 Corporate AMP is currently underway which will report on the costs required to provide proposed levels of service for each category of infrastructure assets. This phase is targeted for completion by the provincial deadline of July 1, 2025.

The City currently owns an inventory of physical assets valued at \$178.1 billion as shown in Table 1 below:

Table 1: City's Physical Infrastructure

Tax and Rate Supported Programs		Estimated Asset Value (\$ billion)
Water and Wastewater Infrastructure	<ul style="list-style-type: none"> • 4 water filtration and 4 wastewater treatment plants • 11 reservoirs, 4 elevated water storage tanks • 7 storm storage and detention tanks • 110 pumping stations • 10,500+ km for sanitary, combined storm sewers and trunks • 6,000+ km of distribution and trunk watermains 	\$90.9
Public Transit System	<ul style="list-style-type: none"> • More than 150 bus routes, 11 streetcar routes and 3 subway lines • Fleet of approximately 2,000 buses, 230 streetcars, 143 trains and 250 Wheel-Trans buses 	\$27.4
Transportation Infrastructure	<ul style="list-style-type: none"> • 5,600 km of roads • 900 bridges/culverts and 7,400 km of sidewalks • 2,542 traffic control signals and 490 pedestrian crossovers • 817 centreline km bikeway network 	\$24.6
Buildings, Facilities and Fleet	<ul style="list-style-type: none"> • 483 City-owned facilities covering more than 13 million sq. ft. • 8,000 fleet assets, 345 electric vehicle (EV) chargers and 23 fuel sites. • Library branches, long term homes and solid waste management equipment and other assets 	\$14.7
TCHC	<ul style="list-style-type: none"> • 55,800 public housing units (full responsibility) 	\$13.9
Parkland and Other Land	<ul style="list-style-type: none"> • Asset on 8,000 hectares of parkland 	\$6.6
Estimated Asset Value		\$178.1

At the end of 2024, the value of the City’s physical assets was estimated at \$181.020 billion. In 2025, the total estimated value is slightly reduced to \$178.055 billion mainly as a result of the upload of the Gardiner and DVP to the Province, along with a reduced inflation rate applied to asset value projections in Transportation Services.

Key Points:

The City’s Investments in SOGR

- The 2025–2034 Tax and Rate Supported Capital Budget and Plan will invest \$32.4 billion or 54% of the total \$59.6 billion planned capital investments in SOGR projects to maintain assets in a state of good repair for the next ten years.

This is made available by utilizing the City’s own revenue tools as well as leveraging whole-of-government approach. The plan represents an increase of \$6.0 billion (23%) compared to last year’s 10-Year Capital Plan of \$26.4 billion.

- The increase is consistent with a demonstrated trend of continuously increasing in SOGR funding over the last ten years, with an increased investment in SOGR of \$13.040 billion or 67.2% compared to the 10-Year Capital Plan from 2016 – 2025 of \$19.395 billion. This increase has resulted in added investments in:
 - Transit – more than doubling the overall investment in the Toronto Transit Commission’s Base Capital Plan supported through the introduction of the City Building Fund;
 - Toronto Community Housing Corporation (TCHC) building repairs – \$1.9 billion in City funding over the next ten years to continue to bring the TCHC building portfolio into a state of good repair;
 - Continued growth in our SOGR investments in Water and Wastewater infrastructure; and
 - More than doubling investments in City Fleet renewal.

- The \$6.0 billion increase over last year’s plan includes the funding from the Gardiner Funding Reallocation, with \$1.750 billion dedicated to SOGR. Table 2 provides a breakdown of the allocation of this new resource to programs and agency with the greatest needs.

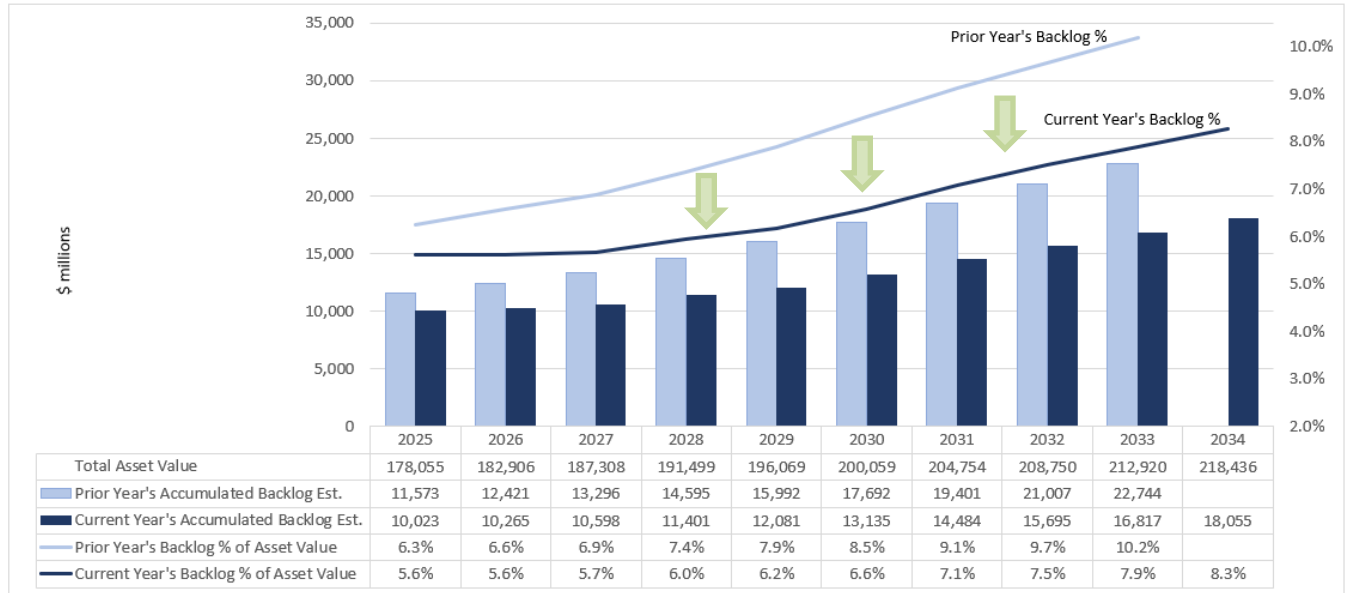
Table 2 – New SOGR Funding Linked to the Gardiner Funding Reallocation

Program/Agency (\$M)	Reallocation of Gardiner Funding
Toronto Transit Commission	500
Parks, Forestry and Recreation	400
Transportation Services	350
Toronto Community Housing Corporation	300
Corporate Real Estate Management	200
Total 2025-2034 SOGR Funding	1,750
Prior Year Gardiner Funding Reallocation: Local Road and Critical Interim Road Rehabilitation	30
Total SOGR Funding Linked to the Gardiner Reallocation	1,780
Prior Year Gardiner Funding Reallocation: Outdoor Recreation and Amenity Improvements	20
Broadview Eastern Flood Protection	100
Total Gardiner Funding Reallocation	1,900

- The areas of focus from the Gardiner funding across the programs and agency is outlined as follows:
 - Toronto Transit Commission (TTC) – Prioritizing the SOGR backlog with a focus on critical bus, streetcar, and subway car overhaul programs.
 - Parks, Forestry, and Recreation (PFR)– Directing funds toward repairs and upgrades to various facilities.
 - Transportation Services – Concentrating efforts primarily on City bridge rehabilitation projects.
 - Toronto Community Housing Corporation (TCHC) – Allocating the majority of funding to building capital repairs.
 - Corporate Real Estate Management (CREM) – Targeting a range of SOGR initiatives to maintain and enhance City assets.

- Although the total accumulated SOGR backlog is projected to increase from \$9.418 billion at the end of 2024 to \$18.055 billion by the end of 2034, with the backlog as a percentage of asset value rising from 5.4% to 8.3%, this represents a \$4.689 billion reduction compared to last year’s 10-year forecast of \$22.744 billion.
 - As shown in Chart 1 (below), the previous year's 10-year SOGR backlog was projected to reach 10.2%. The City’s commitment to reduce the backlog is demonstrated by an increase in SOGR investments in the amount of \$4.252 billion; this will bring the SOGR backlog percentage down to 9.1%. The reallocation of Gardiner Expressway funding further amplifies the City’s effort to reduce the SOGR backlog through the allocation of an additional \$1.750 billion investment. This result in a combined \$6.002 billion SOGR investments to address critical infrastructure needs. This additional investment further reduces the SOGR backlog percentage to 8.3% by the end of 2034.

Chart 1: 10 Year Capital SOGR Backlog – Flattening the Curve



- Table 3 illustrates the accumulated SOGR backlog estimates for key program areas:

Table 3: SOGR Backlog by Key Program – Summary

SOGR Backlog (\$M)	2025 (beg. bal.)	2025 (1 Year)	2029 (5 Year)	2034 (10 Year)	2024-2034 Change
Transportation Services	2,351	2,637	4,391	7,069	4,718 ▲
Toronto Transit Commission	2	5	1,169	4,344	4,342 ▲
Toronto Community Housing Corporation	1,752	1,797	2,098	2,540	788 ▲
Corporate Real Estate Management	1,080	1,336	1,339	1,430	350 ▲
Other	2,040	2,133	1,955	1,882	(157) ▼
Total City Backlog (excl. Toronto Water)	7,224	7,908	10,952	17,264	10,040 ▲
Toronto Water	2,194	2,116	1,129	791	(1,403) ▼
Total SOGR Backlog (Tax & Rate)	9,418	10,023	12,081	18,055	8,638 ▲
Total Asset Value	173,351	178,055	196,069	218,436	45,085
SOGR as % Asset Value	5.4%	5.6%	6.2%	8.3%	

According to the table above, four key program areas contributing to the expected SOGR backlog increase: Transportation Services, TTC, TCHC, and CREM collectively represent \$5.185 billion or 55% of the \$9.418 billion accumulated SOGR Backlog

balance at the end of 2024 and \$15.383 billion or 85% of the \$18.055 billion backlog expected by 2034. Of these four programs:

- Transportation Services will be the largest contributor to the City's SOGR backlog increase, projected to rise by \$4.718 billion in the 10-year period, as SOGR backlog of physical infrastructure needs for major roads and local roads rehabilitation programs are expected to increase over the next 10 years.
- The TTC's SOGR backlog is projected to reach \$4.344 billion by the end of 2034. This represents a significant reduction from last year's estimate of \$8.243 billion over the 10-year period, primarily due to the infusion of funds, with strategic investments in vehicle procurement and overhaul programs (notably new e-Buses, e-Bus charging systems and Line 2 trains) and complemented with subway facility and subway system SOGR program investments.
- Despite the City's funding commitment of \$1.828 billion included in the 10-Year Capital Plan to aid TCHC in reaching building repair industry standard, the SOGR backlog continues to grow and is anticipated to reach \$2.540 billion by 2034.
- The SOGR backlog for CREM will increase from \$1.080 billion or 17.2% of replacement asset value in 2024 to \$1.430 billion or 21.5% by 2034 primarily due to the vast portfolio of aging City facilities and infrastructure that continues to service a growing city.
- While SOGR backlog is expected to increase for Transportation Services and the other three Programs noted above, dedicated SOGR investments are expected to reduce the accumulated SOGR backlog balance for the following Programs;
 - Toronto Water; Toronto Parking Authority (TPA); TOLive; Parks, Forestry and Recreation (PFR); Toronto Region Conservation Authority (TRCA); Economic, Development and Culture; and Toronto Shelter and Support Services based on the current level of capital investments.

Issues and Strategies

The City has adopted a range of capital investment strategies to address the ongoing challenges posed by its accumulated SOGR backlog. These efforts have led to significant progress in key areas such as Toronto Water, PFR and TPA. Additionally, the City has substantially increased SOGR funding for transit and housing through the adoption of City Building Fund, as well as partnership with other levels of government to leverage innovative strategies and collaborations to meet its SOGR needs.

The City will continue to advance capital infrastructure investments and explore sustainable long term financing strategies to address on-going SOGR needs. A balance between SOGR and growth/service improvement capital funding priorities is necessary to maintain the City's current \$178.1 billion of assets in a state of good repair while also improving and adding assets to meet service demand and growth of the City. As previously noted, these strategies will include:

- Leveraging the City Building Fund extension to mitigate growing pressure in Transit and Housing capital, consistent with the City's approved capital funding strategy;
- Continue to explore opportunities to partner with other orders of government to fund major capital projects, in addition to the Gardiner /DVP upload agreement.
- Continue to enhance the capital prioritization process to integrate with the City's asset management planning for all City infrastructure.

Prepared by: Jacky Ng, Senior Financial Planning Analyst, Financial Planning Division, (416-338-3006), jacky.ng@toronto.ca

Further information: Andy Cui, Manager, Financial Planning Division, (416) 397-4207, andy.cui@toronto.ca

Date: Jan 8, 2025

Attachments:

Appendix 1: Change in Accumulated SOGR Backlog 2025 to 2034 by Program

Appendix 1: Change in Accumulated SOGR Backlog 2025 to 2034 by Program

Program Description (\$Millions)	2025					2025-2034				
	Accum. Backlog Beginning Balance	SOGR Needs Added	SOGR Backlog Addressed	Backlog Incr./ (Decr.)	Accum. Backlog Ending Balance	SOGR Needs Added	SOGR Backlog Addressed	Backlog Incr./ (Decr.)	Accum. Backlog 2034 Balance	
Community and Social Services										
Children's Services	3.3	4.5	4.0	0.4	3.7	26.2	26.2	0.0	3.3	▲
Economic Development and Culture	42.9	7.2	5.6	1.6	44.4	69.5	82.5	(13.0)	29.9	▼
Parks, Forestry & Recreation	986.0	249.6	135.5	114.1	1,100.1	1,312.3	1,447.2	(134.9)	851.1	▼
Seniors Services and Long-Term Care	12.7	12.5	5.3	7.1	19.8	98.9	52.4	46.5	59.2	▲
Toronto Shelter and Support Services	10.7	4.0	14.7	(10.7)	0.0	63.9	74.6	(10.7)	0.0	▼
Sub-Total Community and Social Services	1,055.5	277.8	165.2	112.5	1,168.0	1,570.7	1,682.8	(112.0)	943.5	▼
Infrastructure Services										
Transportation Services	2,350.7	535.4	249.0	286.4	2,637.1	6,886.8	2,168.7	4,718.1	7,068.8	▲
Sub-Total Infrastructure Services	2,350.7	535.4	249.0	286.4	2,637.1	6,886.8	2,168.7	4,718.1	7,068.8	▲
Development & Growth Services										
Toronto Community Housing Corporation	1,752.0	266.1	221.0	45.1	1,797.0	2,092.5	1,305.0	787.5	2,539.5	▲
Sub-Total Development & Growth Services	1,752.0	266.1	221.0	45.1	1,797.0	2,092.5	1,305.0	787.5	2,539.5	▲
Corporate Services										
Corporate Real Estate Management	1,079.7	309.3	53.3	256.0	1,335.6	1,033.8	683.6	350.2	1,429.9	▲
Fleet Services	51.0	106.0	86.0	20.1	71.1	955.7	951.9	3.8	54.8	▲
Technology Services	0.0	21.3	21.3	0.0	0.0	316.6	213.0	103.6	103.6	▲
Sub-Total Corporate Services	1,130.7	436.6	160.6	276.0	1,406.7	2,306.1	1,848.4	457.7	1,588.4	▲
Other City Programs										
Accountability Offices	0.0	0.6	0.6	0.0	0.0	1.6	1.6	0.0	0.0	-
City Clerk's Office	0.0	4.7	4.7	0.0	0.0	37.2	37.2	0.0	0.0	-
Sub-Total Other City Programs	0.0	5.3	5.3	0.0	0.0	38.8	38.8	0.0	0.0	-
Total City Operations	6,288.8	1,521.1	801.0	720.0	7,008.9	12,895.0	7,043.7	5,851.3	12,140.1	▲
Agencies										
Exhibition Place	70.6	28.3	21.5	6.8	77.4	197.2	180.0	17.2	87.8	▲
TO Live	169.4	0.0	4.8	(4.8)	164.6	0.0	111.5	(111.5)	57.8	▼
Toronto & Region Conservation Authority	152.3	7.6	16.0	(8.3)	144.0	146.6	197.9	(51.3)	101.0	▼
Toronto Public Library	193.0	24.2	20.4	3.8	196.8	378.1	272.3	105.8	298.8	▲
Toronto Zoo	108.0	29.4	48.5	(19.1)	88.9	270.8	268.0	2.9	110.9	▲
Sub-Total Other City Programs	693.2	89.5	111.1	(21.6)	671.6	992.8	1,029.7	(37.0)	656.3	▼
Toronto Transit Commission										
Toronto Transit Commission	1.9	1,156.1	1,152.9	3.1	5.0	15,049.4	10,707.7	4,341.7	4,343.6	▲
Sub-Total Toronto Transit Commission	1.9	1,156.1	1,152.9	3.1	5.0	15,049.4	10,707.7	4,341.7	4,343.6	▲
Total - Tax Supported Programs	6,984.0	2,766.6	2,065.1	701.5	7,685.5	28,937.2	18,781.2	10,156.0	17,140.0	▲
Rate Supported Programs										
Solid Waste Management	0.0	32.4	32.4	0.0	0.0	368.3	368.3	0.0	0.0	-
Toronto Parking Authority	239.8	0.0	17.8	(17.8)	222.0	6.7	122.5	(115.8)	124.0	▼
Toronto Water	2,194.0	650.2	728.4	(78.2)	2,115.8	7,521.5	8,924.1	(1,402.6)	791.3	▼
Sub-Total Rate Supported Programs	2,433.8	682.6	778.6	(96.0)	2,337.8	7,896.5	9,415.0	(1,518.4)	915.3	▼
Total - Rate and Tax Supported Programs	9,417.7	3,449.2	2,843.7	605.6	10,023.3	36,833.8	28,196.2	8,637.6	18,055.4	▲

Note:

- Funding to address the state of good repair backlog for City-owned facilities for Paramedic Services, Toronto Fire and Toronto Public Health, Police Services and other Corporate Facilities are included in CREM's 10-Year Capital Plan.