

## PHYSICAL INFRASTRUCTURE

The City owns a significant amount of physical assets - comprising roads, expressways, bridges, traffic signal controls, water and wastewater treatment facilities, distribution and collection pipes, reservoirs, pumping stations, subways, streetcars, buses, civic centres, recreation facilities, public housing buildings, parkland and other lands. This infrastructure, excluding land, is currently estimated to be worth in excess of \$67 billion. The City's capital program is driven largely by the costs of maintaining these physical assets in a state of good repair.

### City's Physical Infrastructure

	Estimated Physical Asset Value
Transportation Infrastructure	\$ 10 Billion
Water & Wastewater Infrastructure	\$ 28 Billion
Public Transit System	\$ 14 Billion
Buildings, Facilities & Fleet	\$ 9 Billion
Housing Infrastructure	\$ 6 Billion
Note: excludes land & parkland	\$ 67 Billion ++

The City's road network, the majority of which was constructed in the 1950s and 1960s, is in need of major repair and rehabilitation. In recognition of the need to reduce the State-of-Good Repair backlog related to the City's transportation infrastructure, 84% of the 2013-2022 Capital Plan for Transportation Services is dedicated to State-of-Good-Repair projects, compared to approximately 70% across all other Programs. The City's water and wastewater network is similarly aged — 50 % of the water pipes and 30 % of wastewater pipes are more than 50 years old, while 7 % of watermains and 3 % of wastewater infrastructure are more than 100 years old. Recognizing the need to eliminate the State-of-Good-Repair backlog by 2022, successive water rate increases (9% per year from 2012 to 2014 and then 3% thereafter) have been incorporated into the Capital Plan.

In addition, capital requirements resulting from population growth and demographic changes will add additional financial pressures. The City's 2002 Official Plan projects population growth of up to a million people in the City of Toronto, raising the population to 3.5 million people in 30 years. More buses, social housing, recreation centres, etc. are required, which will put pressure on the City's capital and operating budgets to provide additional services, and build and operate new facilities.

The investment in physical infrastructure is typically funded by the following sources: federal and provincial funding where applicable, reserve and/or reserve funds,

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development charges, donations, operating contribution and debt. Debt is the funding source of last resort for capital purposes.

Subsequent to the 2008-2009 recession, the federal and provincial governments introduced economic stimulus program funding (under the Infrastructure Stimulus Fund (ISF) and the Recreational Infrastructure Canada Program in Ontario and the Ontario REC (RInC-REC)). The stimulus funding for the City totalling \$460 million over two years ending March 31, 2011 leveraged the City's capital program and enabled the City to continue to renew the infrastructure that supports its services. In December 2010, the federal government announced an extension for the completion of ISF – RInC projects to October 31, 2011. This allowed the City to maximize the utilization of funds available under these programs. As part of its 2009 stimulus budget, the federal government also created the "Municipal Infrastructure Lending Program (MILP)", which offered low-cost loans for municipalities to invest in residential infrastructure, local transportation infrastructure and wastewater treatment facilities. During 2010 and 2011, the City executed three loans through MILP totalling \$120 million to finance capital works for roads and bridge improvements (\$100 million) and municipal infrastructure related to social housing redevelopment (\$20 million).

In setting the current Capital Budget and Plan, a key objective is to ensure that available resources are utilized to mitigate the State of Good Repair (SOGR) backlog and to minimize risks associated with delayed maintenance of the City's aging infrastructure.