Peel Region

2026 Enterprise Asset Management Plan

Investments in
Peel's infrastructure

Executive Summary

Maintaining existing assets in a state of good repair and building new infrastructure which meets current and future needs is critical to the success of Peel Region. Peel's infrastructure is necessary to provide service levels that the public expects, achieve Term of Council Priorities, and realize the vision of the Peel Region as a **Community for Life**.[1]

Peel's infrastructure has a replacement value of approximately **$51.5 billion** (in 2024 values, excluding land). Peel is committed to being a strong steward of the public's infrastructure assets. These assets allow Peel Region to provide high quality and affordable municipal services to the Peel community.

Peel uses a risk based approach to asset management that is integrated with Peel's Strategic Plan and the Long Term Financial Planning Strategy. This supports the desired service outcomes and the long term goal of a Community for Life. It is further strengthened through alignment with a coordinated suite of corporate plans and strategies (e.g., program and service master plans, enterprise risk frameworks, climate initiatives, and DEI strategies), ensuring informed and sustainable decision making across the organization.

Peel is operating in an increasingly uncertain and dynamic environment, characterized by fluctuating inflation, volatility in construction costs, and evolving economic conditions. At the same time, legislative changes, constrained revenue sources, and rising demand for services are placing additional pressure on infrastructure investment decisions. These factors contribute to heightened financial risks and emphasize the need to carefully balance affordability with service delivery. Through its risk based and integrated approach to asset management, Peel is well positioned to respond to these challenges, enabling informed prioritization, optimizing the use of limited resources, and supporting long term financial sustainability while continuing to meet the needs of a growing community.

In addition to these external pressures, Peel is also navigating a period of organizational transition related to the potential realignment of certain

[1] Appendix I Line of Sight shows the link between a single asset and the "Community for Life" vision of the Strategic Plan.

services to lower tier municipalities. While discussions and timelines continue to evolve, and in some cases remain subject to future direction, there is ongoing uncertainty regarding the scope and timing of changes beyond December 2025.

Despite this evolving landscape, the Enterprise Asset Management Plan maintains a comprehensive and forward-looking approach. The Plan continues to include a full 10 year reinvestment strategy and analysis across all existing Peel service areas, ensuring continuity in planning, responsible stewardship of infrastructure assets, and sustained service delivery. This approach enables informed decision making and supports long term financial sustainability, while remaining adaptable as future directions become more clearly defined.

Current State of the Infrastructure

2026 ◐ Good[2]

Peel's goal is to achieve an overall infrastructure Risk Management Rating of '**Good**'. The 2026 Risk Management Rating is in line with this goal due to several factors, including:

- Peel's comprehensive asset management policy and strategy for long range, strategic planning of its infrastructure requirements
- Steady and prudent levels of reinvestments to maintain state of good repair
- Council's priority to maintain Peel's assets in a state of good repair without incurring long term debt

Reinvestment Plan

Reinvestments of **$6,152.5 million** are included in the 10 year Capital Plan. **$3,245.0 million** of this will be required to be funded through Utility Rates and **$2,907.4 million** will be required to be funded through Property Taxes

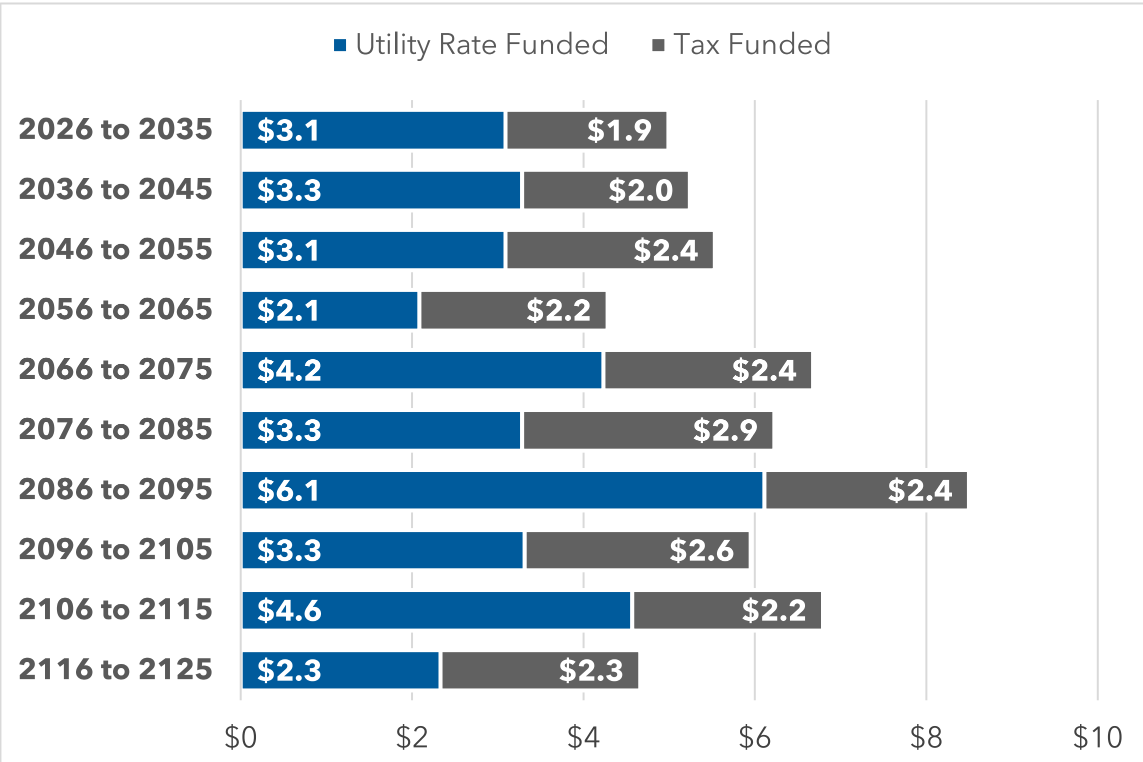
[2] Descriptions of the Infrastructure Risk Management Ratings are included in Appendix II *Reading Guide*

unless alternate funding sources are identified or confirmed and validated for on going availability.

These planned reinvestments are in line with the forecasted infrastructure reinvestment needs.

Long Term Forecast

Figure 1. 100 Year SoGR Forecast (Uninflated) in millions



As shown in Figure 1, Peel's infrastructure reinvestment needs are projected to increase over the next 70 years. Reinvestment needs are relatively steady in the earlier decades but become more variable and higher in the later decades of the forecast.

Both utility rate-funded and tax-funded infrastructure follow a similar pattern, with reinvestment needs increasing over time, reaching peak levels in roughly 60 to 70 years, and then declining in the later periods. Utility-funded infrastructure shows greater variability and higher peaks, while tax-funded infrastructure increases more gradually and then stabilizes.

This is largely because most of the water and wastewater systems, which make up about 80% of Peel's asset replacement value, are still relatively new.

As these systems age, they will require increasingly frequent and significant reinvestments to maintain and upgrade them.

Financing Plan

Peel's Long Term Financial Planning Strategy promotes a "Pay as You Go" philosophy for state of good repair financing and discourages the use of debt to fund such work.

To ensure the sustainability of Peel's services, the condition of its capital assets is regularly monitored and evaluated. Like most municipalities, having sufficient funds to maintain infrastructure remains a key challenge. In response, and following Council direction in 2014, Peel uses long term financial and capital planning, aligned with its 20 year Strategic Plan, to forecast infrastructure needs, inform funding requirements, and support adequate capital reserves. Council further reinforced this approach through the 2026 Budget, approving increases in dedicated capital reserve contributions of 6.0% from utility rates and 1.0% from the tax rate.

Despite these measures, a funding gap remains between forecasted infrastructure needs and available funding over the planning horizon, as illustrated below.

Figure 2. Utility Rate Supported Infrastructure Levy (in $ billions)

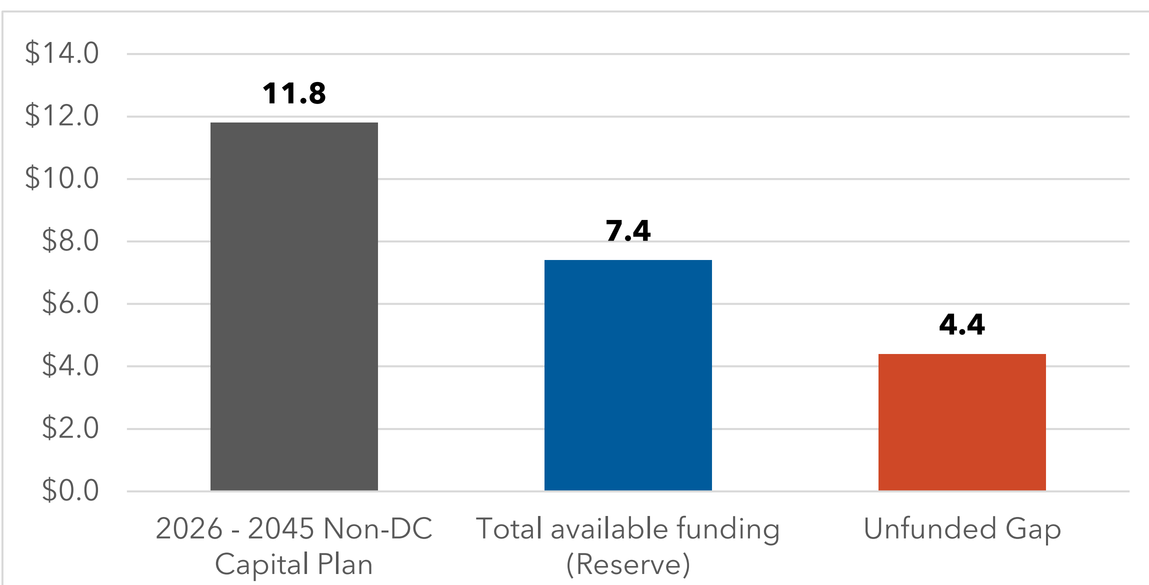


Figure 2 above presents a 20 year outlook (2026 to 2045) for utility rate supported infrastructure, indicating that approximately $11.8 billion is needed to maintain water and wastewater infrastructure and current service levels. With $7.4 billion available in reserves, this leaves a funding gap of $4.4 billion due to infrastructure growth and aging systems. To close this gap, a 6.0% infrastructure levy is proposed in the 2026 utility rate supported capital budget, followed by annual increases of 5.5% through 2029, 4% in 2030, and 3% annually for the remaining years to 2035. These increases ensure adequate funding to maintain Peel's infrastructure in a state of good repair.

Figure 3. Tax Supported Infrastructure Levy (in $ billions)

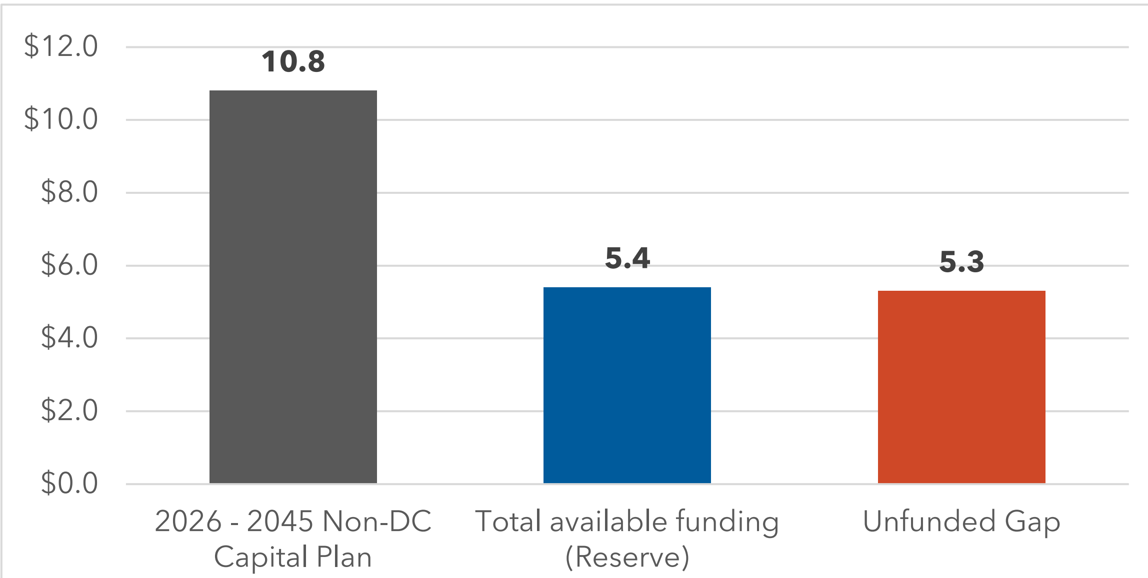


Figure 3 above presents a 20 year outlook (2026 to 2045) for tax supported infrastructure, indicating that approximately $10.8 billion is needed to maintain tax supported infrastructure and current service levels. With $5.4 billion available in reserves, this leaves a funding gap of $5.3 billion. To close this gap, a 1% infrastructure levy is proposed in the 2026 tax supported budget and each subsequent year to sustain the capital plan and ensure adequate funding to maintain Peel's infrastructure in a state of good repair.

As noted above in the Long Term Forecast, Peel's infrastructure reinvestment needs are expected to steadily rise over the next 70 years. Peel will explore options and opportunities to further reduce the unfunded infrastructure investment gap in collaboration with Council and incorporate these solutions into future plans.

Emerging Risks and Challenges

Peel region is a growing, thriving community and a major economic hub, operating in an increasingly complex and evolving environment that introduces new pressures and uncertainties for infrastructure planning.

Notwithstanding the infrastructure financing gap, and despite the overall '**Good**' rating of Peel's infrastructure, there are underlying challenges and uncertainties within Peel's extensive asset portfolio. These factors contribute to increasing service pressures and infrastructure risks that the organization must proactively anticipate and manage, while continuing to advance asset management practices through ongoing improvement and program maturity.

Major trends resulting in increased service pressures and more complex community needs include:

Social and Demographic Trends

Changing demographics, cultural trends, and evolving lifestyle expectations are increasing demand for services and placing pressure on infrastructure. These factors require infrastructure planning to be responsive to shifting community needs.

Aging Infrastructure

Peel's infrastructure is maturing, requiring sustained and increased investment to maintain assets in a state of good repair and ensure continued service reliability.

Climate Change

Climate change and the increasing frequency of extreme weather events presents risks to infrastructure performance, resilience and long term sustainability.

Changing Economic Condition

Fluctuations in economic conditions including inflation, exchange rates, interest rates, energy costs, economic growth, and the availability of grants and subsidies impact Peel's ability to finance infrastructure and maintain long term financial sustainability.

Rapid Technological Change

Advancements in technology are transforming service delivery and resident expectations. Increasing reliance on digital systems also heightens exposure to cybersecurity risks, requiring robust safeguards to protect critical infrastructure and data.

Evolving Legislative and Regulatory Environment

Changes in legislation, regulations, and provincial policy direction continue to influence infrastructure planning, funding requirements, and service delivery obligations.