



## Memorandum to Council

**To:** Mayor and Council File No: 5700-01  
**Date:** June 23, 2025  
**From:** Rhys Francis, Infrastructure Management Technician  
**Subject:** Impact of Construction Cost Escalation on Infrastructure Replacement

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**Purpose:** To report annually to Council on the impact of construction cost escalation on the City's capacity to replace road infrastructure.

**Recommendation:**

THAT Council receive the memorandum titled "Impact of Construction Cost Escalation on Infrastructure Replacement", dated June 23, 2025.

**Background:**

Construction costs for road infrastructure (sum of road, curb and sidewalk) **decreased by 3.1% from 2024 to 2025**. This is the second consecutive year of decreases in costs (decreased by 0.6% from 2023 to 2024), and is a significant change from the rapid escalation experienced in 2022. For reference, construction costs for road infrastructure increased by 6% from 2022 to 2023, and by 41% from 2021 to 2022.

Since 2014, overall construction costs for road infrastructure have **increased by 118%** compared to 2025. These increases have reduced the capacity of the City's ability to renew infrastructure consistent with Council approved asset management plans.

At the November 12, 2024 Committee of the Whole meeting, Council resolved the following:

*"THAT Council receive the report titled "Organizational Asset Management Plan" dated October 24, 2024, and respectfully submitted by the Manager, Infrastructure Systems and Director, Financial Services;*

*AND FURTHER, that Council direct Administration to bring forward a 10-year 0.96% cumulative Infrastructure Levy for consideration as part of the 2026 Financial Plan;*

*AND FURTHER, that Council direct Administration to implement Financial and Asset Management Policy recommendations as identified in the report titled “Organizational Asset Management Plan” dated October 24, 2024, and respectfully submitted by the Manager, Infrastructure Systems and Director, Financial Services.”*

The funding strategy, reflected in the proposed 10-year 0.96% cumulative Infrastructure Levy, includes an annual increase to accommodate rising construction costs. Administration will continuously assess cost trends and provide Council with recommendations on necessary adjustments (increases or decreases) to the levy over the 10-year period.

Efforts to mitigate escalating construction costs are also being considered through the tender process. These include early tendering, multi-year contracts, extending completion timelines, combining projects, partnering with other local municipalities on projects, and pursuing alternate methods of construction and rehabilitation. The intent is to attract more vendors to increase competition, as well as reduce time constraints that may otherwise drive up costs.

**Communication:**

n/a

**Attachments:**

n/a

Reviewed by: James Rice, Director, Operation Services  
Reviewed by: Kevin Poole, Director, Corporate Administration  
Approved by: Peter Weeber, Chief Administrative Officer