

DISTRICT OF CENTRAL SAANICH

Sustainable Asset Management Plan



FIFTY YEAR OUTLOOK (2017 – 2066)

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Executive Summary

Council made the introduction of a Long Term Financial Plan a strategic priority for 2016.

The 2015 Community Satisfaction Survey indicated that Fiscal Responsibility and Infrastructure Planning are both in the top 6 important issues for the District. A significant proportion also indicated a willingness to increase taxes and changes to reserve funds for future work.

The 2016 Financial Plan anticipated the introduction of this approach with specific reference to increase asset funding in the general, Water and Sewer funds.

Funding for infrastructure renewal primarily comes from local property taxation and utility charges. The Government of Canada has established the Build Canada Fund which currently provides a contribution to Central Saanich of between \$700,000 and \$750,000 per year for infrastructure renewal. This program is assumed to continue for purposes of this plan and is included in the estimates. Debt financing is anticipated to smooth out fluctuations in capital spending versus reserve contributions.

Long-term financial planning is the process of aligning financial capacity with the community vision and long-term service objectives. Long Term Financial Planning is also designed to encourage progress toward the organization's long-term financial goal of sustainability. This is achieved through a set of financial foundation principles and an effective linkage to the community vision. One of the key principles in the plan is:

“ASSET MANAGEMENT • Maintain assets in an appropriate state of repair • Optimize capital investments to meet public and economic needs while achieving value for the investment”.

Asset Management:

Asset Management is an integrated process, bringing together skills, expertise, and activities of People; with Information about a community's physical Assets; and Finances; so that informed decisions can be made, supporting Sustainable Service Delivery.

The purpose of this report is to provide a high level condition assessment of the District's infrastructure, financial position with respect to asset management and a capital renewal approach to sustain community infrastructure moving forward.

The Challenge:

The challenge facing the community is that the District has a growing capital and infrastructure replacement obligation in the long-term, and also has other assets for which modest investment has been made to date. Many of the existing assets were constructed in the 1970's era with significant



funding support from senior levels of government. These assets will be approaching the end of their useful life and renewal investment is required in order to maintain service to the community and protect the next generation.

Over the last few years good progress has been made through the introduction of Tangible Asset Accounting (TCA) disclosure requirements. Like all Canadian municipalities, public infrastructure is recorded at historical cost and now depreciated. This is a good first step but does not address the question of sustainable infrastructure replacement planning.

The next step in the process to establish a comprehensive asset management program is the development of regular asset condition assessments and future replacement values for all assets. This will be a multiyear program that will evolve as cost estimates are refined, better condition assessment information is established and useful life expectations adjusted each year.

A high level condition assessment has been completed and long term (fifty year outlook) infrastructure replacement expenditure estimates have been prepared. While the estimates can only be considered high level at this stage, they represent a starting point and provide a base for the direction proposed. Further work will be needed to refine the estimates, review condition assessments and reassess remaining useful life estimates of each asset category, each year, in preparation for annual budget discussions. Organizational capacity will be monitored over the next decade and adjusted as the capital renewal program gains momentum. Funding for this capacity will be provided from within the program.

Condition Assessment:

The District's public infrastructure is in reasonable condition and is rated as C overall. This is a combined assessment of Condition and Performance, Capacity versus Need and Funding versus Need. As is the case with most Canadian municipalities increased funding will be required to replace existing infrastructure. **By increasing funding levels over time and focusing on priority infrastructure areas, the current 'C' condition assessment rating is projected to improve to a 'B' by 2027.**

Since it is unrealistic to scientifically rate every asset for a high-level Infrastructure Condition Report, a modified American Society of Civil Engineers (ASCE) alphanumeric system was employed for each asset component grouping. This is explained in more detail in the appendices. Assets are evaluated on a simplified component-by-component basis. Although every rating system is subjective, this process improves accuracy since it incorporates the anecdotal asset knowledge of employees.

If the District continues at current level of funding for the near future, condition ratings will trend downward toward the D rating range, the frequency of infrastructure failures and service interruptions to gradually increase and the cost of operations to become more expensive as a result. The cost of fixing failed infrastructure is generally more expensive than a lifecycle based proactive replacement program.



Capital Renewal Forecast:

The District has over \$264 million dollars in public infrastructure with an estimated average annual replacement cost of \$6.2 million dollars.

Component	Estimated Asset Life	Value at current replacement cost	Average Annual Funding required
Roads	15 to 75 Years	\$ 80.3 Million	\$ 724,000
Drainage	30 to 80 Years	\$ 38.3 Million	\$ 966,000
Facilities	50 plus Years	\$ 22.2 Million	\$1,327,000
Parks and Trails	25 to 75 Years	\$ 17.3 Million	\$ 688,000
Equipment and Vehicles	Varies	\$ 13.5 Million	\$ 824,000
Water	50 to 80 Years	\$ 39.6 Million	\$ 825,000
Sewer	50 to 80 Years	\$ 52.8 Million	\$ 887,000
Total		\$ 264.0 Million	\$ 6,241,000

Over the next fifty years, renewal investment is expected to be approximately \$313 million dollars. A twenty five year capital plan will be developed in 2017 to help guide investment.

Over the next five years the proposed 2017 financial plan includes the following capital renewal spending:

Infrastructure Renewal	2017	2018	2019	2020	2021
Roads	\$ 818,100	\$ 993,500	\$ 841,000	\$ 574,600	\$ 624,200
Drainage	252,800	1,021,300	1,281,400	1,491,500	596,500
Facilities	794,300	682,000	172,000	476,600	251,100
Parks and Trails	155,600	69,500	24,900	84,900	231,000
Vehicles	263,000	1,212,000	785,000	428,000	794,000
Equipment	271,600	121,700	156,700	152,000	122,000
Water	1,962,000	410,000	475,000	525,000	775,000
Sewer	570,000	2,330,000	555,000	555,000	610,000
	\$ 5,087,400	\$ 6,840,000	\$ 4,291,000	\$ 4,287,600	\$ 4,003,800

Upgrading and expansion of infrastructure is also planned each year as follows:

Infrastructure Upgrading	2017	2018	2019	2020	2021
Overall	\$ 630,000	\$ 641,200	\$ 532,000	\$ 1,460,000	\$ 185,000



Financial Position:

Current transfers to reserves from revenues are \$4,230,000 per year and average annual replacement at sustainable levels from revenues is targeted at a minimum of \$6,241,000.

This means that the district is currently funding 68% of average annual replacement needs.

A gradual approach to increase the \$4.2 million current level of capital investment to reach a minimum \$6.2 million sustainable infrastructure replacement level is based on the following:

- Implement a separate Asset Levy in 2017 to clearly identify infrastructure funding for taxpayers. The restated property tax based General Asset Levy at 2016 baseline would be \$409.
- General Capital Program: Fifteen Year Plan to increase infrastructure spending equal to 1.25% property tax increase to average homeowner each year. (\$25 dollars per year to average home)
- Water System: Ten Year Plan to increase infrastructure spending equal to 1.50% water utility rate increase to average homeowner each year. (\$8 dollars per year)
- Sewer System: Fifteen year Plan to increase infrastructure spending equal to 5.0% sewer utility rate increase to average homeowner each year. Some debt financing will be required to bridge the first few years as funding is gradually increased and we begin replacement of ageing sewer mains and lift stations. (\$13 dollars per year)

However, it is also important to understand that \$6.2 million is an average projection figure; it is a baseline over fifty years. In some years, particularly in the first decade or so, the requirement is greater; in future years the requirement will moderate and stabilize. It is incumbent upon the District to manage its asset investments year over year so that annual asset investments are reasonable. In order to catch up the deferred replacement of infrastructure and provide for growth and expansion the funding requirements in the first fifteen years are higher than the long term sustainable level.

Based on this approach the following investment levels (transfer to reserves and debt servicing) and annual cost to the average homeowner could be expected:

Annual Investment

	2017	2018	2019	2020	2021
General Capital	\$3,495,900	\$3,684,100	\$3,872,200	\$4,060,200	\$4,248,300
Sewer Capital	\$ 346,000	\$ 403,100	\$ 459,900	\$ 516,900	\$ 573,900
Water Capital	\$ 815,000	\$ 885,000	\$ 955,000	\$1,025,000	\$1,095,000



Public Infrastructure and Capital Assets

Council made the introduction of a Long Term Financial Plan a strategic priority for 2016.

Long-term financial planning is the process of aligning financial capacity with the community vision and long-term service objectives. Long Term Financial Planning is also designed to encourage progress toward the organization's long-term financial goal of sustainability. This is achieved through a set of financial foundation principles and an effective linkage to the community vision. Council has established a high level plan and a series of next steps to follow in 2017 and beyond. One of the key principles in the plan is:

ASSET MANAGEMENT • Maintain assets in an appropriate state of repair • Optimize capital investments to meet public and economic needs while achieving value for the investment.



Asset Management is an integrated process, bringing together skills, expertise, and activities of **People**; with **Information** about a community's physical **Assets**; and **Finances**; so that informed decisions can be made, supporting Sustainable Service Delivery. **There are three stages: Assess, Plan and Implement.**



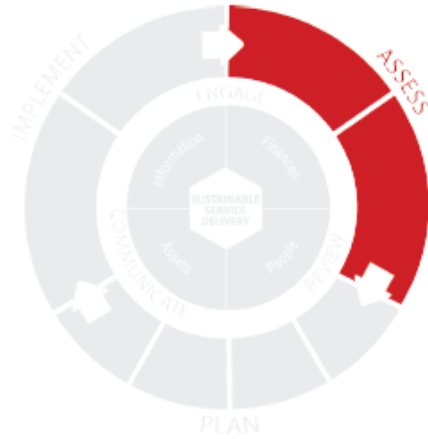
ASSESS

Assess Asset Management Practices

Determine organizational capacity to undertake asset management as an ongoing corporate function. This includes a high level assessment of all the core elements: **people, information, assets, and finances**. The assessment results serve as a foundation for developing and implementing the **Process**.

Assess the Current State of Assets

Assessing the current state of assets includes; knowing the inventory, asset conditions, both defined customer and technical levels of service and risks within each asset group. This assessment is the foundation for the development of **Asset Management Plans**.



The District has made good progress along the Asset Management continuum. The Asset Management BC framework has been embraced and over the last few years good progress has been made through the introduction of Tangible Asset Accounting (TCA) disclosure requirements and the NAMS assessment system. Like all Canadian municipalities, public infrastructure is recorded at historical cost and now depreciated. This is a good first step but does not address the question of sustainable infrastructure replacement planning.

Now that TCA and initial NAMS inventory work is established, the next step in the process to establish a comprehensive asset management program is the development of future replacement values for all assets and establishment of a long term approach to for the lifecycle renewal of that public infrastructure.



PLAN

Asset Management Policy

A document that broadly outlines the principles and mandated requirements for undertaking asset management across the organization in a systematic and coordinated way, consistent with the organization's plans.

Asset Management Plan

Long-term plans that outline the assets, asset conditions, levels of service, asset and service risks, activities and programs for each service area and resources required to provide a defined level of service in the most cost effective way. Each Asset Management Plan is a readable and user-friendly living document that is continuously improved to incorporate new information or changing requirements.

Integrate to Long-term Financial Plan

Asset Management Plans are integral to a robust Long-Term Financial Plan and support **Sustainable Service Delivery**. This integration identifies gaps between long-term costs and available funding. The financial planning process identifies opportunities to close the gap through adjusting service levels (reducing costs) and/or increasing funding (raising revenue).



Asset Management Strategy

The high-level, long-term approach to asset management, including **Asset Management Plans** and objectives for managing assets.

The challenge is that the District has a growing capital and infrastructure replacement obligation in the long-term, and also has other assets for which modest investment has been made to date. Many of the existing assets were constructed in the 1970's era with significant funding support from senior levels of government. These assets will be approaching the end of their useful life and renewal investment is required in order to maintain service to the community and protect the next generation.

In the plan stage an Asset Management Plan is developed and integrated with the Districts Long Term Financial Plan. This will be a multiyear effort that will evolve as cost estimates are refined, better condition assessment information is established and useful life expectations adjusted. To begin this work a high level condition assessment and long term infrastructure replacement expenditure estimates have been completed. While the estimates can only be considered high level at this stage, they represent a starting point and provide a base for the direction proposed. Further work will be needed to refine the estimates, review condition assessments and reassess remaining useful life estimates of each asset category each year in preparation for annual budget discussions.



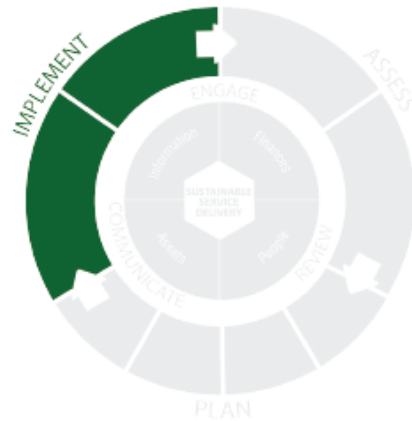
IMPLEMENT

Implement Asset Management Practices

Asset management practices establish and implement ways that integrate people, organizational culture and capacity. The implementation of these practices is guided by an **Asset Management Strategy** and the actions in **Asset Management Plans**.

Measure and Report

Annual and financial reports include asset management objectives and outcomes identified in an **Asset Management Strategy** and **Asset Management Plans**. Reporting demonstrates measurable progress in implementing the **Process** and achieving outcomes that contribute to **Sustainable Service Delivery**.



We will also refine our asset management practices over the next two years and develop measurement and reporting approaches as well.



Infrastructure Report Card

The report indicates that Central Saanich assets overall are in reasonable condition. **The Infrastructure system has an overall C rating.** Projected condition ratings for 2027 indicate deterioration in condition over time if funding levels remain the same as in 2017. If funding levels are improved in line with recommended sustainable levels then overall condition ratings will improve as noted.

District of Central Saanich Infrastructure Report Card				
Asset Group	Rating	Comments	Projected Rating in 2027 at current funding	Projected Rating in 2027 at proposed funding
Roads	B	Good condition. Catch up of deferred road top required.	B-	B+
Drainage	C+	Reasonable condition. Significant renewal of drains and culverts in next decade.	C-	B
Facilities	C	Reasonable condition. Public Works and Municipal Hall complex are next priorities.	D	B
Parks and Trails	C	Reasonable condition. Increased funding will improve rating	C-	B-
Vehicles and Equipment	B-	Reasonable condition. Increased funding will maintain rating.	C	B
Water	C	Reasonable condition. AC Main replacement is priority for next decade	C-	C+
Sewer	D+	Poor condition. Significant investment needed in next decade to replace lift stations and mains.	F	C+
Overall	C		D	B

Like many municipalities across Canada, the District faces the challenge of ageing infrastructure that was constructed with significant financial support from senior levels of government in the 1960's and 1970's.

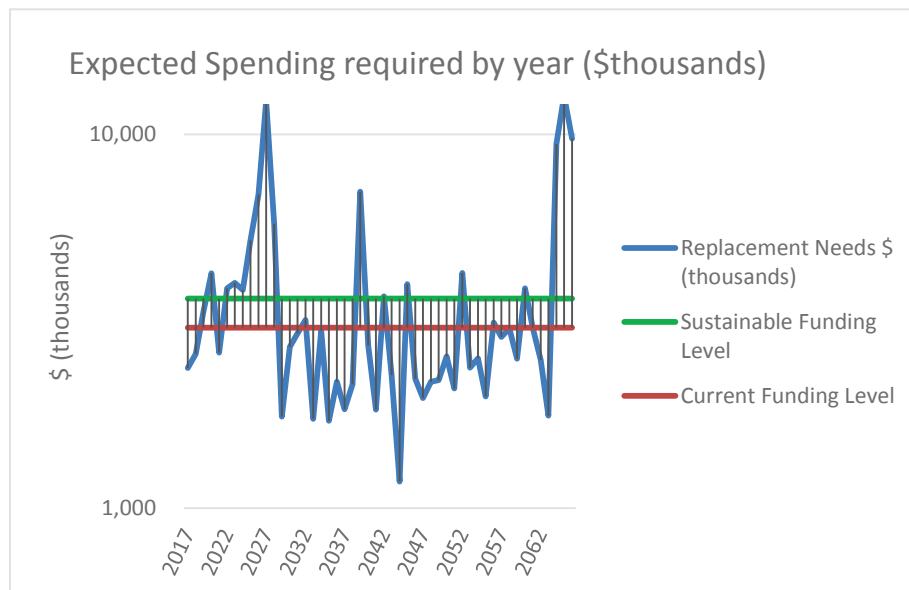
The condition ratings are not unusual and indicate that most assets are in reasonable condition. The sewer system is rated slightly lower than most primarily due to the low level of funding currently available and the significant amount of infrastructure that is reaching end of useful life. This is to be expected and can be significantly improved in the next decade with funding and construction. Major buildings are in reasonable condition, though the public works facility is approaching end of life rating in the next five years to seven years and the Municipal hall within seven to ten years.



Capital Renewal Forecast

Over the next fifty years \$313 million in renewal spending is expected and will slightly fluctuate by decade. In the next decade significant components of the water and sewer and drain systems will require replacement as they reach end of useful life. Critical municipal buildings including the Public Works and Municipal Hall facilities will require significant renovations and eventual replacement. Spending is expected to moderate for some time and then increase again toward mid-century:

Decade 1 (2017 - 2026)	\$69 Million
Decade 2 (2027 - 2036)	\$66 Million
Decade 3 (2037 - 2046)	\$52 Million
Decade 4 (2047 - 2056)	\$48 Million
Decade 5 (2057 - 2067)	\$78 Million



The majority of this spending can be funded through the approaches outlined in this report with some large capital expenditures being supplemented with debt financing from time to time. All debt financing will be repaid through the projected asset levy.

Specific capital programs will be developed during the year for each of the asset categories and will form a Twenty Five Year Capital Plan due for completion in the fall of 2017.

Funding for upgrading, expansion and growth will also be required and will assessed as part of the next phase of asset management planning.



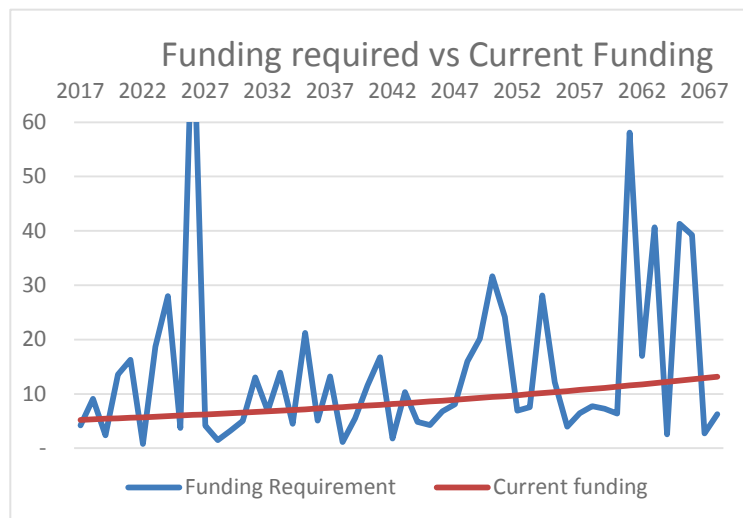
Financial Position

The District owns assets with a current replacement value of \$264 million dollars with estimated asset lives of between 20 and 80 years and a minimum annual average replacement cost of \$6.2 million dollars per year. In other words, if the municipality was sustainably replacing all existing assets on a lifecycle basis our capital replacement program funding level should be at least \$6.2 million dollars. The district currently funds approximately 68% or \$4.2 million per year. This is equal to a 2016 baseline annual infrastructure tax levy of \$409 per average home in Central Saanich. Water and sewer utility charges also include a component of infrastructure funding as well.

Component	Estimated Asset Life	Value at current replacement cost	Average Annual Replacement Cost
Roads	15 to 75 Years	\$ 80.3 Million	\$ 724,000
Drainage	30 to 80 Years	\$ 38.3 Million	\$ 966,000
Facilities	50 plus Years	\$ 22.2 Million	\$ 1,327,000
Parks and Trails	25 to 75 Years	\$ 17.3 Million	\$ 688,000
Equipment and Vehicles	Varies	\$ 13.5 Million	\$ 824,000
Sewer	50 to 80 Years	\$ 52.8 Million	\$ 887,000
Water	50 to 80 Years	\$ 39.6 Million	\$ 825,000
Total		\$ 264.0 Million	\$ 6,241,000

Funding for infrastructure renewal primarily comes from local property taxation and utility charges. The Government of Canada has established the Infrastructure Canada – Building Canada Fund (Gas Tax) which currently provides a contribution to Central Saanich of between \$700,000 and \$750,000 per year for infrastructure renewal. This program is assumed to continue for purposes of this plan.

Senior levels of government occasionally provide grant funding for specific projects, however these cannot be relied upon as a stable source of funding. Examples being the Green Municipal Fund, Canada 150 Program and Build Canada Fund. No funding from these grants is assumed but will be included from time to time on an individual basis if awards are made.



The District has accumulated capital reserves of approximately \$7 million for asset renewal. Funding is transferred to these reserves each year and used to manage the replacement of assets.

Current infrastructure replacement funding from revenues in 2016 (Transfer to Capital Reserves) is \$4,214,000 per year. Sustainable renewal investment from revenues is projected as \$6,242,000. **This means that the district is currently funding 68% of sustainable renewal needs.** To begin to close this gap, in 2016 the District is restructuring the capital program to establish an infrastructure tax levy (\$409) for the average household, which is equivalent to \$4.2 million provided for asset investment. In 2017 an increase to \$435 is proposed which is a good start to reduce the gap of \$2.0 million in required future annual asset investment funding (\$6.2M-\$4.2M).

However, it is also important to understand that \$6.2 million is an average projection figure; it is a baseline over fifty years. In some years, particularly in the first decade or so, the requirement is greater; in future years the requirement will moderate and stabilize. It is incumbent upon the District to manage its asset investments year over year so that annual asset investments are reasonable. In order to catch up the deferred replacement of infrastructure and provide for growth and expansion the funding requirements in the first fifteen years are higher than the long term sustainable level.



Looking Ahead – A Long Term Approach

Three long term alternatives were developed. In each case a recommended approach to increase the current level of capital investment to reach sustainable infrastructure replacement levels, balance debt financing and provide assistance with the catch up of deferred replacements, upgrading, expansion and growth in the future is identified:

General Capital Program:

- **Accelerated** - increase spending to sustainable levels over a five year time frame. This requires an increase of \$450,000 per year or approximately a 3.0% (\$62) property tax increase. This will reach sustainable levels by 2021 and provide \$1,100,000 per year to assist with deferred replacements, upgrading, expansion and growth. No debt financing needed.
- **Moderate** - increase spending to sustainable levels over a five year time frame. This requires an increase of \$375,000 per year or approximately a 2.5% (\$52) property tax increase. This will reach sustainable levels by 2021 and provide \$716,000 per year to assist with deferred replacements, upgrading, expansion and growth. Debt financing of \$4 million needed.
- **Minimal (Recommended)** – increase spending over a fifteen year time frame at \$188,000 per year or approximately a 1.25% (\$25) property tax rate increase each year for fifteen years. This will reach sustainable levels by 2031 and provide \$694,000 per year from 2032 onward to assist with deferred replacements, upgrading, expansion and growth. Debt financing of \$8 million needed.

Water System:

- **Accelerated** - increase spending to sustainable levels over a five year time frame. This requires an increase of \$164,000 per year or approximately a 3.25% (\$16) water rate increase. This will reach sustainable levels by 2021 and provide \$677,000 per year to fund deferred replacements, upgrading, expansion and growth per the Water Master Plan. No Debt financing needed.
- **Moderate (Recommended)** - increase spending over a ten year time frame at \$70,000 per year or approximately a 1.50% (\$7) water rate increase each year for ten years. This will reach sustainable levels by 2027 and provide \$574,000 per year from 2027 onward to fund deferred replacements, upgrading, expansion and growth per the Water Master Plan. No Debt financing needed.
- **Minimal** – increase spending over a fifteen year time frame at \$59,000 per year or approximately a 1.25% (\$6) water rate increase each year for fifteen years. This will reach sustainable levels by 2032 and provide \$833,000 per year from 2032 onward to fund deferred replacements, upgrading, expansion and growth. No Debt financing needed.



Sewer System:

- **Accelerated** - increase spending to sustainable levels over a ten year time frame. This requires an increase of \$115,000 per year or approximately a 10% sewer rate increase each year for ten years. This is approximately \$25 additional per year for the typical residential ratepayer. Sustainability achieved by 2027. Debt financing of \$2.5 million is required. From 2027 onward \$855,000 available to assist in funding deferred replacements, upgrading, growth and expansion.
- **Moderate (Recommended)** - increase spending over a fifteen year time frame. This requires an increase of \$59,000 per year or approximately a 5.0% sewer rate increase each year for fifteen years. This is approximately \$13 additional per year for the typical residential ratepayer. Sustainability achieved by 2032. Debt financing of \$12 million is required over time. From 2032 onward \$533,000 available to assist in funding deferred replacements, upgrading, growth and expansion.
- **Minimal** – increase spending over a fifteen year time frame. This requires an increase of \$41,000 per year or approximately a 3.5% sewer rate increase each year for fifteen years. This is approximately \$8 additional per year for the typical residential ratepayer. Sustainability achieved by 2032. Debt financing of \$13 million is required over time. From 2032 onward \$219,000 available to assist in funding deferred replacements, upgrading, growth and expansion.

Key priority areas in the near term are the catch up of deferred road top, replacement of asbestos cement water mains, main drains, sewer gravity lines and sewer lift stations.



Appendix 1 Road Assets

The District's road system is comprised of approximately 135 kilometers of major roads, Collector roads and residential roads in a semi-rural environment. Three surfaces types are used: chip seal, overlay and concrete.

The road system is valued at a current replacement cost of \$80 million dollars with an average annual investment of approximately \$724,000 required to renew the existing system on a lifecycle basis.

Component	Estimated Asset Life	Value at current replacement cost	Average Annual Replacement Cost
Urban-Arterial	15 Years	\$ 1.2 Million	\$470,000 (PMP)
Urban-Collector	20 Years	\$ 2.7 Million	
Urban-Local	25 Years	\$ 4.2 Million	
Urban-Lane	25 Years	\$ 0.4 Million	
Rural-Arterial	15 Years	\$ 4.1 Million	
Rural-Collector	20 Years	\$ 4.0 Million	
Rural-Local	25 Years	\$ 4.7 Million	
Road Base	75 Years	\$ 59 Million	\$254,000
Total		\$80.3 Million	\$724,000

The road system has an overall B rating. This rating is based on an anecdotal assessment of road base and road top conditions using the most current (2013) Pavement Management Plan. The plan is used to assess and manage the renewal of road top throughout the municipality. Road top is in good condition with only minor defects and deterioration present. The Pavement Management Plan recommends that \$470,000 be spent annually on road top renewal. To date approximately \$360,000 has been spent annually and this has resulted in the deferred renewal of 30% of the municipal road top.

Road Base: Road base generally does not require replacement. Road base renewal usually occurs when other underground works or development improvements are being built. Funding is provided intermittently to date.

Road Base Detailed Rating		
Condition and Performance	B	B+
Capacity vs. Need	B	
Funding vs. Need	A	

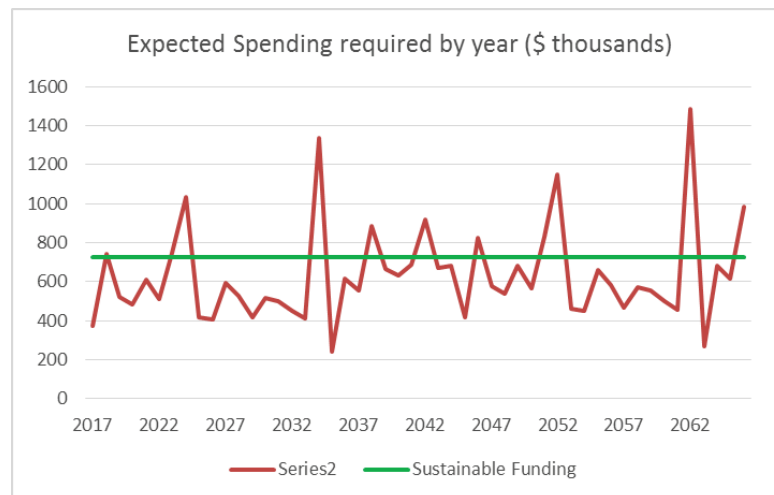
Road Top: The optimal replacement frequency of road top for chipseal and paved roads is outlined in the Districts 2013 Pavement Management Plan and 74% of funding need is provided.

Road Top Detailed Rating		
Condition and Performance	C	C
Capacity vs. Need	C	
Funding vs. Need	C	



When do we need to do it and how much will it cost?

Current annual funding for pavement management \$365,000 and average annual replacement at sustainable levels from revenues is \$724,000. Increase annual road top renewal funding to reach PMP recommended levels (\$110,000/year) and introduce funding for Road Base Replacement of (\$254,000/year).



Near Term focus (2017 - 2026)

Work in the near term will focus on the following:

- Catch up on the 30% backlog of road top renewal
- Increase annual road top renewal funding to reach PMP recommended levels
- Introduce funding for Road Base Replacement (\$254,000/year)
- Update the Pavement Management Plan in 2018
- Refine the road asset inventory to more specifically identify detailed components
- Update costing on an annual basis

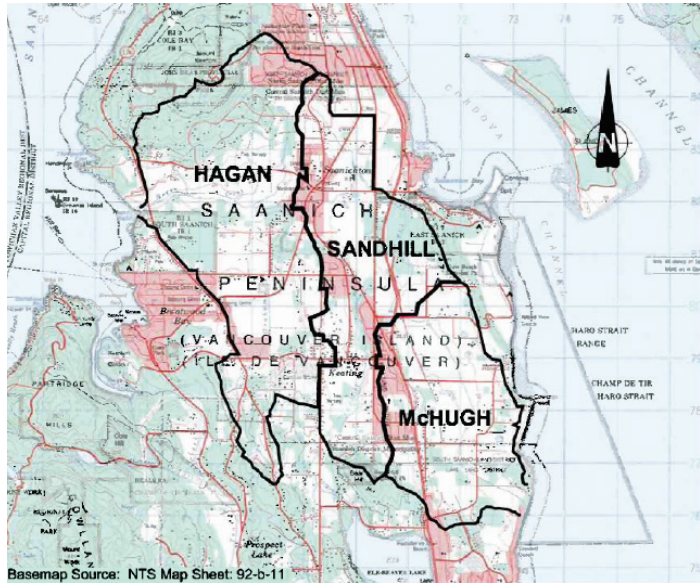


Appendix 2 Drainage Assets

The District's Stormwater drainage system includes natural and constructed systems - 73 kilometers of constructed storm sewers, 120 kilometers of drainage ditches and 32 kilometers of creeks in three watershed areas.

An Integrated Stormwater Management Plan was approved in 2009. The focus of this work is on management of the 73 kilometers of constructed drainage systems.

The drainage system is valued at a current replacement cost of \$38 million dollars with an average annual investment of approximately \$966,000 required to renew the existing system on a lifecycle basis.



Component	Estimated Asset Life	Value at current replacement cost	Average Annual Replacement Cost
Mains & Laterals	50 to 80 Years	\$ 35.7 Million	\$ 822,000
Culverts, Manholes & Other	30 to 80 Years	\$ 2.6 Million	\$ 144,000
Total		\$38.3 Million	\$ 966,000

The drainage system has an overall C+ rating. This rating is based on an anecdotal assessment of the gravity system, laterals and catch basins by the engineering and public works staff. The system is in reasonable condition. Some deterioration or defects are evident but function is not significantly affected. The system supports 80 to 90% of current demand and is funding 70 to 80% of need.

Mains and Laterals: A significant portion of main drains were constructed in the 1970's or earlier and they will begin to require replacement in the next decade. A focus on specific location by location assessments will be a priority.

Detailed Rating		
Condition and Performance	C-	C
Capacity vs. Need	C+	
Funding vs. Need	C	

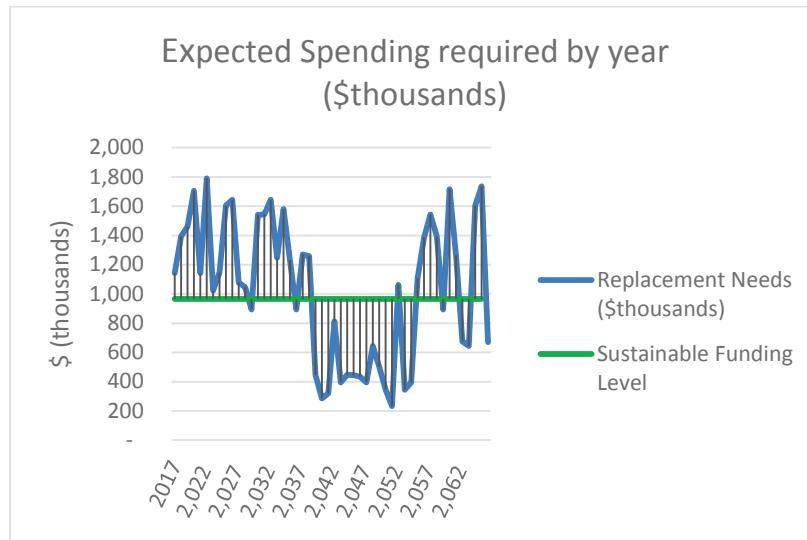
Storm Appliances: Culverts, siphons, manholes and other devices are in good condition. They are generally replaced as needed.

Detailed Rating		
Condition and Performance	B-	B-
Capacity vs. Need	B-	
Funding vs. Need	C	



When do we need to do it and how much will it cost?

- Average annual replacement at sustainable levels from revenues \$966,000



Focus new capital funding on replacement of main drains over the next decade and replace appliances as required.

Near Term focus (2017 - 2026)

- Refine asset inventory identify individual components at more detailed level.
- Assess main drains that are approaching end of useful life and develop priority rankings for twenty five year capital plan.
- Reevaluate cost factors each year
- Continue ISMP Reference as guide



Appendix 3 Facility Assets

The District's facilities are comprised of 46 buildings that support several critical functions of local government, public works/services, community development and emergency operations. They serve as storage for records, historic documents, and specialized vehicles/equipment. They provide recreation, community-based activities and programs, and a regional cultural identity. An F-LAMP program has identified repair and maintenance costs for facilities over a twenty year reporting period.

The facilities are grouped into four categories:

- Municipal Buildings (Municipal Hall, Fire Station, Public Works and Cultural Centre).
- Parks & Recreation (Concessions, Washrooms, Fieldhouse, Park Buildings and Centennial Caretakers Residence).
- Heritage (Newman Farm, Butterfield House and West Saanich School).
- External Users (Fire Museum, Lions Hall, Seniors Centre and Lawn Bowls Clubhouse).

Component	Estimated Asset Life	Value at current replacement cost	Average Annual Replacement Cost
Municipal		\$ 16.2 Million	\$ 831,000
Parks and Recreation		\$ 1.4 Million	\$ 51,000
Heritage	Not Replaceable	Not Applicable	Not Applicable
External Users	Not Replaceable	\$ 4.6 Million	\$ 145,000
FLAMP			\$ 300,000
Total		\$ 22.2 Million	\$ 1,327,000

Facilities are broadly valued at a current replacement cost of \$22 million dollars with an average annual investment of approximately \$1,327,000 required to renew on a lifecycle basis.

What needs to be done in the near term (2017 - 2026)?

- Focus funding on continuation of FLAMP program and establishing funding for building replacement.
- Intermediate Service Upgrade to Municipal Hall (Council Chambers and Front Service Areas)
- Forward planning for Public Works building replacement in 2023 and Municipal Hall in 2027.
- Supplement with Federal/Provincial grant funding and special user group contributions for building replacement if possible.



Buildings have an overall C rating. This is a combined rating reflective of the mixture of individual building conditions, the unique nature of the uses and funding approaches (no significant replacement funding for heritage and special interest/external user buildings)

Municipal

Fire Station 1 has just been replaced and the Library/Cultural Centre is in reasonable condition. Both Public Works and the Municipal Hall complex are ageing and reaching end of useful life.

Detailed Rating		
Condition and Performance	C	C
Capacity vs. Need	C	
Funding vs. Need	C	

Parks and Recreation

Concessions, Washrooms, Fieldhouse, Diamonds and Centennial Caretakers Residence are in generally reasonable condition and meet most user needs.

Detailed Rating		
Condition and Performance	C+	C+
Capacity vs. Need	C+	
Funding vs. Need	C	

Heritage

Heritage buildings are in reasonable condition given their vintage. They continue to be maintained in manner respectful of their heritage nature.

Detailed Rating		
Condition and Performance	C+	C+
Capacity vs. Need	B	
Funding vs. Need	C	

Special Interest External Users

These buildings are sufficient to meet the current needs. They are in reasonable condition and generally maintained by the users. No significant funding is established for replacement at this time.

Detailed Rating		
Condition and Performance	C+	C+
Capacity vs. Need	B	
Funding vs. Need	C	

When do we need to do it and how much will it cost?

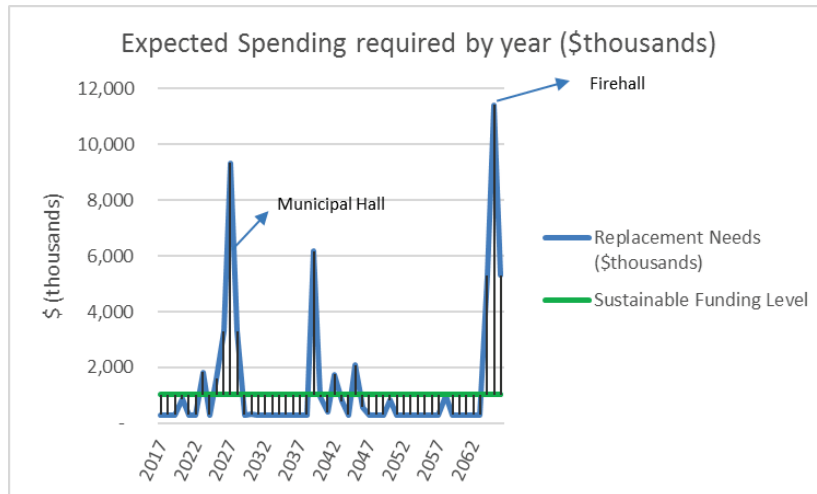
Average annual replacement at sustainable levels from revenues is \$1,327,000. This includes the FLAMP program and replacement of major facilities. The primary municipal buildings are identified for replacement as follows:

- Public Works Buildings 2023
- Municipal Hall Complex 2024/27
- Cultural Centre 2039



Heritage facilities are by nature not replaceable. As such, no estimates of replacement value are included in this analysis. Ongoing F-Lamp based repairs of heritage facilities are included in Community Services capital and operating budgets.

External User facilities such as the Fire Museum, Lions Hall and Lawn Bowls Clubhouse also have been assumed to only be replaced with majority funding provided by the primary user groups. Ongoing F-Lamp based repairs and maintenance of most facilities is also included in Community Services capital and operating budgets



Ongoing capital investment to maintain facilities is outlined in the Districts F-Lamp report.



Appendix 4 Parks and Trails Assets

The District’s park and trail structures are comprised of 37 community, neighborhood and passive parks, 4 tennis courts, 2 sport fields, six ball diamonds, a lacrosse box, 9 children’s play areas, 3 picnic shelters, 2 Docks and many kilometers of trails. Parks and trails assets are valued at a current replacement cost of \$17 million dollars with an average annual investment of approximately \$688,000 required to renew on a lifecycle basis.

Component	Estimated Asset Life	Value at current replacement cost	Average Annual Replacement Cost
Sport Courts	25 to 50 Years	\$ 1.0 Million	\$ 53,000
Sport Fields	25 to 50 Years	\$ 6.3 Million	\$ 390,000
Playgrounds & Picnic Shelters	30 Years	\$ 0.6 Million	\$ 48,000
Parks	30 to 50 Years	\$ 2.3 Million	\$ 115,000
Trails	25 to 75 Years	\$ 6.5 Million	\$ 75,000
Other	75 Years	\$ 0.6 Million	\$ 7,000
Total		\$17.3 Million	\$ 688,000

Parks have an overall C rating. Park grounds are good condition and require little priority work and provide for most use. Replacement of some ageing amenities and accesses will improve condition ratings over time.

Amenities

Ball diamonds, playgrounds, tennis courts and field lighting are generally in reasonable condition. Specific individual amenities will require work soon as part of the ongoing renewal program.

Detailed Rating		
Condition and Performance	C-	C
Capacity vs. Need	C+	
Funding vs. Need	C	

Trails and Accesses

Most trails are in reasonable shape. Some beach accesses require improvement and many are not developed.

Detailed Rating		
Condition and Performance	C+	C
Capacity vs. Need	C	
Funding vs. Need	C	

Grounds

Park grounds are in good condition and require no significant renewal work at this time.

Detailed Rating		
Condition and Performance	B	B
Capacity vs. Need	B	
Funding vs. Need	C	

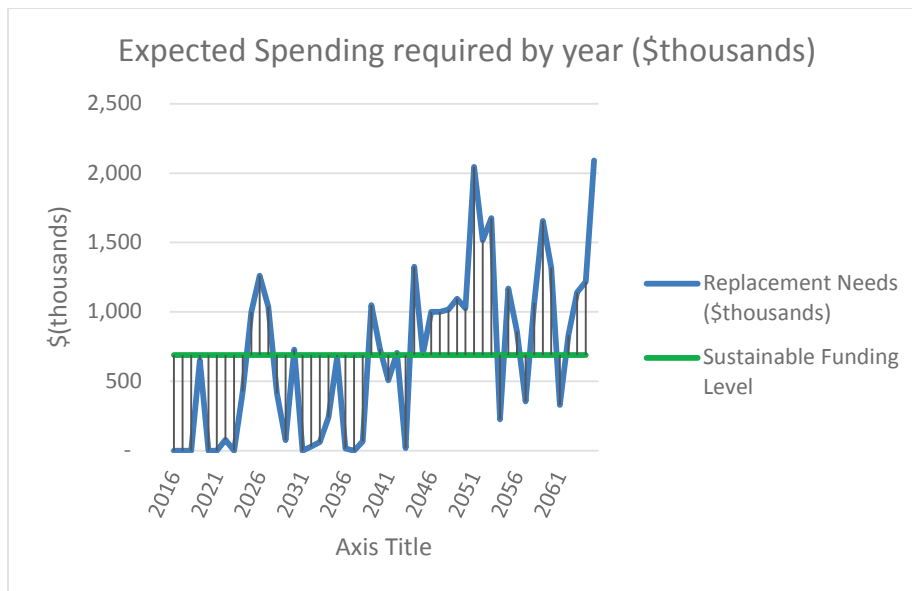


What needs to be done in the near term (2017 - 2026)?

- Refine asset inventory identify individual components at more detailed level.
- Integrate with Parks Master Plan when developed in 2018 - 2020
- Reevaluate cost factors each year
- Supplement with Federal/Provincial grant funding if possible.

When do we need to do it and how much will it cost?

Average annual replacement at sustainable levels from revenues \$688,000



Upgrading, Expansion and growth

In addition to the replacement of existing parks and trail assets a modest series of parks and trail improvements totaling \$4.6 million over a thirty five year timeframe has been identified through the Development Cost Charge Planning process. A Parks Master Plan is also anticipated in 2020 which will refine the list into a comprehensive approach. The cost of these initial enhancements is not included in this replacement plan but will form part of the financial planning process. Approximately 30% of the improvements will be funded from Development Cost Charges with the balance of \$3.2 million from either grants or other revenues.



Appendix 5 Vehicles and Equipment Assets

The District's maintains a vehicle fleet of vehicles for administrative, public works, parks, water utility, sewer utility and public safety use.

A variety of equipment is also maintained, primarily for information technology public works and public safety purposes. Water and Sewer vehicles and equipment are currently included for convenience within the Water and Sewer sections.

Component	Estimated Asset Life	Value at current replacement cost	Average Annual Replacement Cost
General Vehicles	Varies	\$ 7.0 Million	\$ 400,000
Water/Sewer Vehicles	Varies	\$ included in Utility	\$ -
General Equipment	Varies	\$ 6.5 Million	\$ 424,000
Water/Sewer Equipment	Varies	\$ Included in Utility	\$ -
Total		\$ 13.5 Million	\$ 824,000

Vehicles and Equipment have an overall C rating. This is a combined rating reflective of the mixture of vehicle fleet condition, information technology and other equipment.

Vehicles

Fleet vehicles are in reasonable condition. Significant replacements in the near term include a street sweeper, Fire response vehicle and police cruisers.

Detailed Rating		
Condition and Performance	C	C
Capacity vs. Need	C	
Funding vs. Need	C	

Equipment

Information Technology is replaced on a regular cycle. Workstations were just replaced and servers are replaced on a regular cycle.

Detailed Rating		
Condition and Performance	C+	C+
Capacity vs. Need	C+	
Funding vs. Need	C	

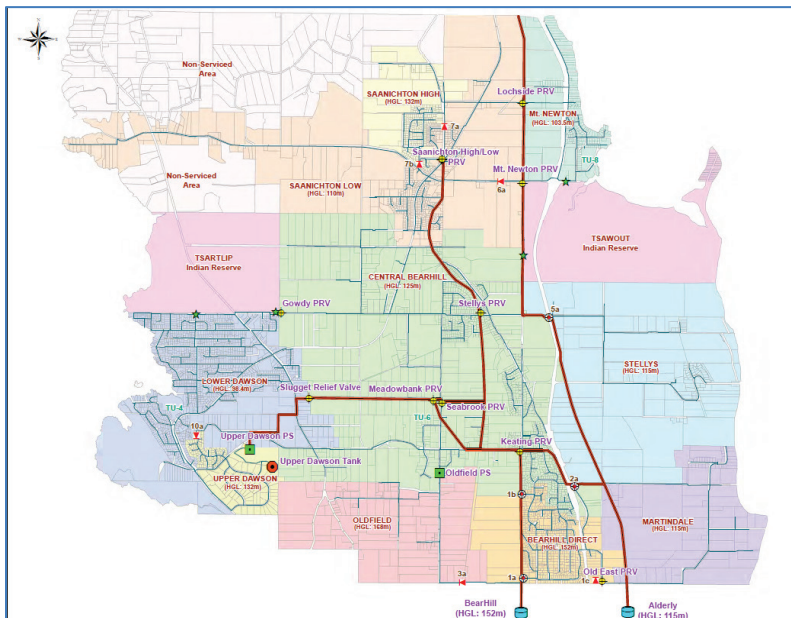
What needs to be done in the near term (2017 - 2026)?

- Refine inventory information, replacement values and detailed condition assessments
- Maintain regular replacement cycles for vehicles and equipment.
- Right size vehicles and equipment wherever possible.
- Continue to innovate new technology approaches



Appendix 6 Water System Assets

The District's water supply system is part of the Saanich Peninsula Water System which receives its water supply from the Capital Regional District Integrated Water System through Bear Hill Reservoir and the Alderly Pressure Reducing Valve (PRV). There are two CRD transmission mains crossing the District with 11 supply points to the municipal distribution network. The Utility provides safe drinking water for domestic, commercial, agricultural and emergency use and meets applicable firefighting standards, health standards and the Drinking Water Protection Act. Water service is also provided to both the Tsartlip and Tsawout First Nations via service agreement.



The District's water system network consists of 125 km of water mains ranging in diameter from 50 mm to 300 mm. Within the distribution network, there are ten pressure zones, two active pump stations, one reservoir, and nine PRV stations.

Because the municipal water system is closely intertwined with the Saanich Peninsula Waster System, some of these facilities are owned and operated by the CRD. The system also includes 4200 meter services and 480 Hydrants.

The water system is valued at a current replacement cost of approximately \$39 million dollars.

An average annual investment of approximately \$825,000 is required to renew the existing system on a lifecycle basis.

Component	Estimated Asset Life	Value at current replacement cost	Average Annual Replacement Cost
Mains, Meters and PRV's	50 to 80 Years	\$ 34.0 Million	\$ 632,000
Hydrants		\$ 4.6 Million	\$ 144,000
Pump Stations	50 Years	\$ 0.6 Million	\$ 20,000
Vehicles and Equipment		\$ 0.4 Million	\$ 29,000
Total		\$ 39.6 Million	\$ 825,000



The water system has an overall C rating. There are some deterioration and defects that are evident but the system generally performs reasonably well. Potable water is provided on a reliable basis and some improvements in fire flows have been identified as part of the Water Master Plan. The system can support 70 to 80% of demand and renewal investment is funded 78%.

Pipes (Mains Meters and PRV's)

Water mains are generally constructed Asbestos Cement and a significant proportion was constructed in the late 1960's and 1970's. This pipe is ending its useful life and a significant program of renewal will be required over the next decade.

Detailed Rating		
Condition and Performance	C-	C
Capacity vs. Need	C	
Funding vs. Need	C+	

Hydrants

Hydrants are in reasonable condition and replaced as needed.

Detailed Rating		
Condition and Performance	C+	B-
Capacity vs. Need	B	
Funding vs. Need	C+	

Pump Stations

The districts two pump stations are in fair condition and are both reaching the end of useful life. Replacement of both in the near term will result in an upgraded rating when that is completed.

Detailed Rating		
Condition and Performance	C	C
Capacity vs. Need	D+	
Funding vs. Need	C+	

What needs to be done in the near term (2017 - 2026)?

In order to improve the overall condition of the water system, additional funding is required with a focus on replacement of AC main pipe and the pump stations.

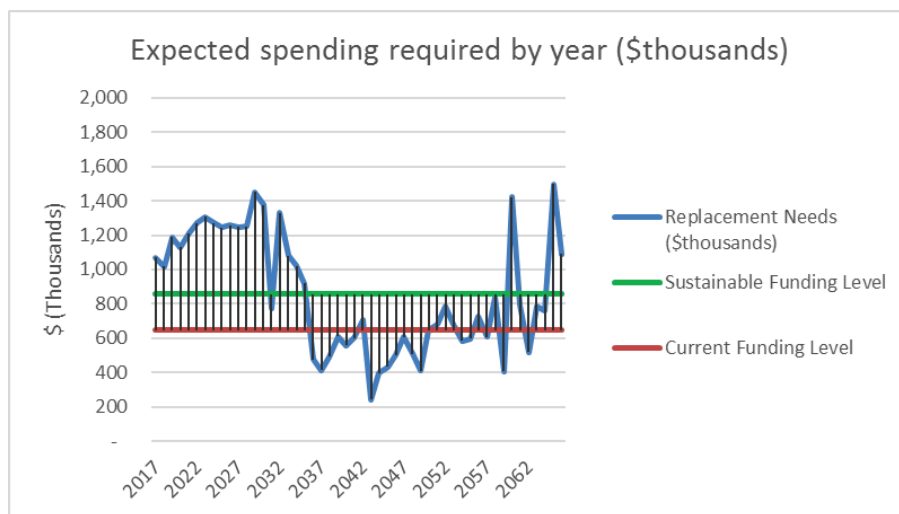
- Focus funding on renewal first, before system upgrades.
- Prioritize pump station replacement and AC mains
- Use modest debt financing to interim fund the replacement of AC mains
- Improve Fire flows as grant funding becomes available.
- Refine asset inventory at more detailed level each year.
- Reevaluate cost factors each year.



How much will it cost and how will we fund this?

Over the next ten years renewal investment will primarily be focused on replacement of AC mains and the two pump stations. Current replacement cost spending from utility revenues in 2016 was \$647,000 per year and this will rise over the next ten years.

This means that the district is currently funding 78% of average annual replacement needs. In order to reach sustainable levels an increase in funding of \$178,000 is needed to reach the long term average of \$825,000 per year. In the interim this amount will fund a combination of capital replacement and the debt servicing that will be required to fund the significant AC Main Replacement program over the next decade. Excess funding will be available after that period to assist with any other upgrading or expansion needs.



An increase of this magnitude is unlikely to be achieved in a single year and will require continued fiscal discipline to achieve over time. Three scenarios have been developed:

- **Accelerated** - increase spending to sustainable levels over a five year time frame. This requires an increase of \$164,000 per year or approximately a 3.25% (\$16) water rate increase. This will reach sustainable levels by 2021 and provide \$677,000 per year to fund upgrading, expansion and growth per the Water Master Plan. No Debt financing needed.
- **Moderate(Recommended)** - increase spending over a ten year time frame at \$70,000 per year or approximately a 1.50% (\$7) water rate increase each year for ten years. This will reach sustainable levels by 2027 and provide \$574,000 per year from 2027 onward to fund upgrading, expansion and growth per the Water Master Plan.
- **Minimal** – increase spending over a fifteen year time frame at \$59,000 per year or approximately a 1.25% (\$6) water rate increase each year for fifteen years. This will reach sustainable levels by 2032 and provide \$833,000 per year from 2032 onward to fund upgrading, expansion and growth.



Upgrading, Expansion and Growth

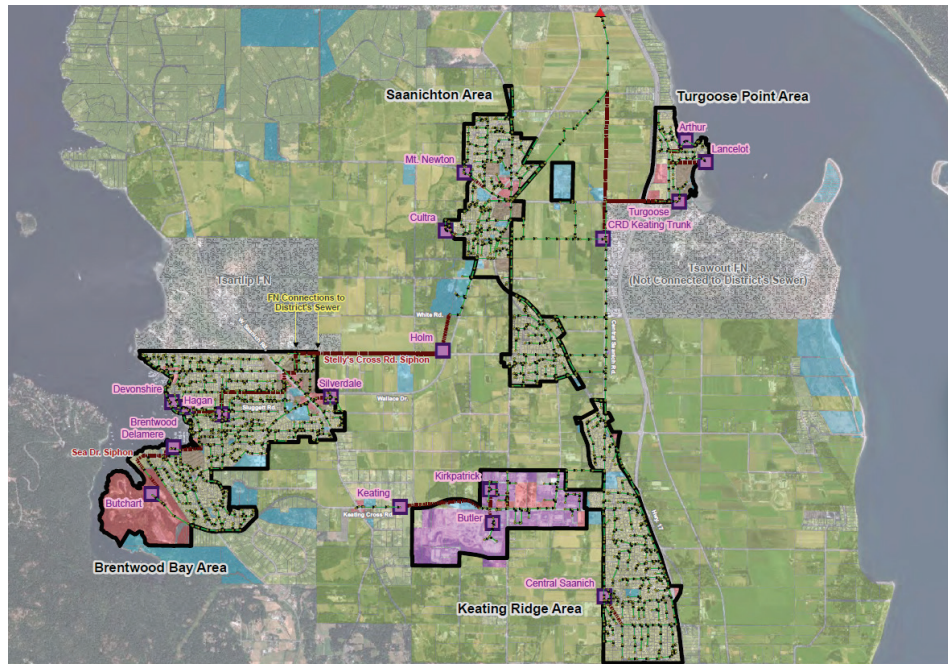
In addition to the replacement of existing water system assets the Water Master Plan has identified a total of \$8.3 million in system improvements over a ten year period to provide future capacity for growth as envisioned by the Official Community Plan. The cost of these improvements is not included in this replacement plan but will form part of the financial planning process. Approximately 30% will be funded from Development Cost Charges with the balance of \$5.8 million from either grants or water utility revenues. The highest priority project – Brentwood Fire Supply and water system improvements recently received 83% Provincial/Federal grant funding and will be constructed in early 2017.

This can be funded under the accelerated option noted above.



Appendix 7 Sewer System Assets

The District's Sewer Utility operates a sanitary only sewer collection system in four core areas (Brentwood Bay, Saanichton, Keating Ridge and Turgoose Point) that consists of 89 kilometers of gravity sewers, 5 kilometers of force mains, 3.9 kilometers of siphons and 15 lift stations.



The system is interconnected with Tsartlip First Nation and two Capital Regional District lift stations. The Tsawout First Nation operates its own system and is not connected to the District's network.

There are approximately 3,800 household and business connections and 28 manholes. Effluent is transferred through the system to a Peninsula Unified Treatment plant operated by the Capital Regional District located in North Saanich. The cost of operating the treatment system is shared by the Peninsula municipalities and recovered by a property tax levy charged to all Central Saanich Taxpayers.

The Sewer system is valued at a current replacement cost of approximately \$53 million dollars.

An average annual investment of approximately \$887,000 is required to renew the existing system on a lifecycle basis. This will increase when CRD assets are transferred to the District in 2017.

Component	Estimated Asset Life	Value at current replacement cost	Average Annual Replacement Cost
Gravity and Force Mains	50 to 80 Years	\$ 49.7 Million	\$ 770,000
Lift Stations	50 Years	\$ 2.7 Million	\$ 86,000
Vehicles and Equipment		\$ 0.4 Million	\$ 31,000
Total		\$ 52.8 Million	\$ 887,000



The sewer system has an overall D+ rating. There is deterioration and defects that are evident but the system generally performs on a reasonable basis. Gravity and force mains are ageing and will require a significant program of replacement in the near term. More importantly, lift stations require replacement and have been identified as a priority. The system can support 70 to 79% of demand; however renewal investment is funded at less than 70% of sustainable target.

Gravity and Force Mains

A significant proportion of the sewer mains were constructed in the 1960’s and 1970’s. This pipe is nearing the end of its 50 to 80 year useful life and a significant program of renewal will be required over the next two decades to avoid increased maintenance costs and higher failure rates. The system supports most of local demand but increased funding will be required to improve the condition rating.

Detailed Rating		
Condition and Performance	C-	D+
Capacity vs. Need	C-	
Funding vs. Need	D	

Lift Stations

There are fifteen lift stations that operate on a fifty year lifecycle and support the sewer system. Most were constructed in the 1960’s and 1970’s are ageing and in fair condition. Replacement of the Arthur, Butcharts, Silverdale and Lancelot Lift Stations in the next three years is a priority.

Detailed Rating		
Condition and Performance	D	D
Capacity vs. Need	D	
Funding vs. Need	D	

What needs to be done in the near term (2017 - 2026)?

In order to improve the overall condition of the sewer system, additional funding is required with a focus on replacement of several lift stations. The transfer of CRD sewer infrastructure to Central Saanich is planned for 2017 and will be incorporated into this plan when that occurs. Further work should continue to refine asset information and cost estimates each year:

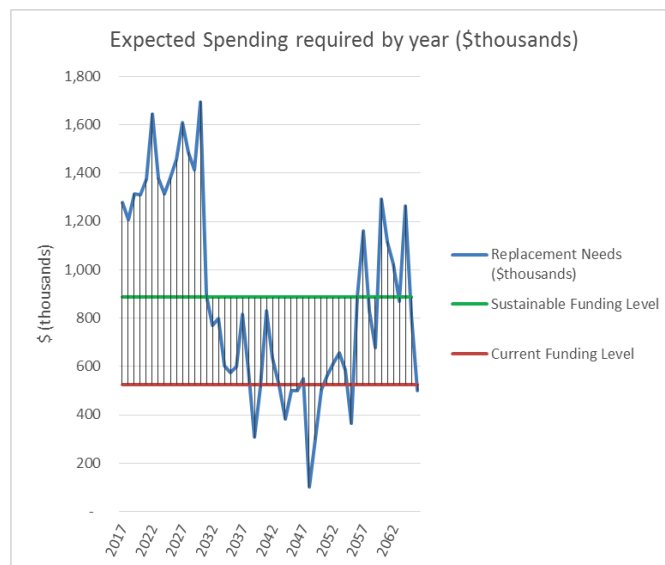
- Increase renewal investment to sustainable replacement levels.
- Use modest debt financing to interim fund the replacement of mains and lift stations.
- Prioritize Arthur, Butcharts, Silverdale and Lancelot lift station replacement and older gravity and force mains.
- Incorporate transferred CRD sewer infrastructure.
- Refine asset inventory individual components at more detailed level each year.
- Supplement with Federal/Provincial grant funding when and if available.
- video inspection to improve sewer infrastructure condition assessments and re-evaluate cost factors each year.

With increased funding and a focus on replacement as indicated a targeted overall 2027 system rating of B- is reasonably achievable.



How much will it cost and how will we fund this?

Over the next ten years a renewal investment of \$14 Million is projected. This is primarily to replace the high priority lift stations and ageing gravity and force mains. An increase in sewer utility rates is needed to be able to replace infrastructure on a sustainable basis. Current replacement cost spending from revenues is \$325,000 per year. Average annual replacement at sustainable levels from revenues is \$887,000.



This means that the district is currently funding 37% of average annual replacement needs. In order to reach sustainable levels an increase in funding of \$535,000 is needed to reach the minimum sustainable average of \$887,000 per year.

An increase of this magnitude is very unlikely to be achieved in a single year and will require continued fiscal discipline and modest debt management to achieve over time. Three scenarios have been developed:

- **Accelerated** - increase spending to sustainable levels over a ten year time frame. This requires an increase of \$115,000 per year or approximately a 10% sewer rate increase each year for ten years. This is approximately \$25 additional per year for the typical residential ratepayer. Sustainability achieved by 2027. Debt financing of \$2.5 million is required. From 2027 onward \$855,000 available to assist in funding upgrading, growth and expansion.
- **Moderate (Recommended)** - increase spending over a fifteen year time frame. This requires an increase of \$59,000 per year or approximately a 5.0% sewer rate increase each year for fifteen years. This is approximately \$13 additional per year for the typical residential ratepayer. Sustainability achieved by 2032. Debt financing of \$12 million is required over



time. From 2032 onward \$533,000 available to assist in funding upgrading, growth and expansion.

- **Minimal** – increase spending over a fifteen year time frame. This requires an increase of \$41,000 per year or approximately a 3.5% sewer rate increase each year for fifteen years. This is approximately \$8 additional per year for the typical residential ratepayer. Sustainability achieved by 2032. Debt financing of \$13 million is required over time. From 2032 onward \$219,000 available to assist in funding upgrading, growth and expansion.

Upgrading, Expansion and Growth

In addition to the replacement of existing sewer system assets the Sewer Master Plan has identified a total of \$9.6 million in capacity improvements over a thirty-four-year period and a further \$5.1 Million in enhancements such as beach sewer relocation and pipe bridge seismic work. The cost of the capacity improvements is not included in this replacement plan but will form part of the financial planning process. Approximately 30% will be funded from Development Cost Charges with the balance of \$6.7 million from either grants or sewer utility revenues. Federal/Provincial Infrastructure funding has been requested for the first phases of this work.



Appendix 7 Basis of Report

Assumptions and Understanding

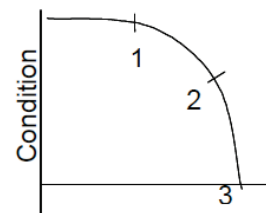
A: Condition Assessment

Since it is unrealistic to scientifically rate every asset for a high-level Infrastructure Condition Report, a modified American Society of Civil Engineers (ASCE) alphanumeric system was employed for each asset component grouping. Assets are evaluated on a simplified component-by-component basis. Although every rating system is subjective, this process improves accuracy since it incorporated the anecdotal knowledge of the employees with respect to the assets.

The assets (by individual components) are rated using a four-step process in order to ensure consistency, focus, and detail:

1. The first step is an overall rating of the assets' current physical condition. A simple illustrative deterioration curve was used for this process, and the overall physical condition of the asset was noted and displayed on this curve:

- 1 being in excellent condition stage where deterioration begins,
- 2 being average but on the way to rapid deterioration, and
- 3 having failed.



2. The second step was a more detailed rating of the current condition in order to start understanding the makeup of the overall rating and identifying what the potential problems the managers were facing.
 - Condition and Performance
 - Capacity versus Need
 - Funding versus Need

Condition and Performance: This first criterion characterizes the current physical condition of infrastructure. The condition index scale below is a general guideline for grading under this category:

- A = Excellent: No noticeable defects. Some aging or wear may be visible.
- B = Good: Only minor deterioration or defects are evident.
- C = Fair: Some deterioration or defects evident, but function not significantly affected.
- D = Poor: Serious deterioration in at least some portion of the structure. Function is inadequate.
- F = Failed: No longer functional. A general failure or complete failure of a major structural component.

Capacity versus Need: For most infrastructure categories, this second criterion relates to



the demand on a system, such as volume or use, versus its design capacity. This is a critical evaluation criterion for municipalities that are facing ongoing population and community growth. It is also important because a particular asset may be in excellent condition and performing well, but it is simply too small to meet the needs. A grading scale in 10-percent increments is suggested as a guideline for purposes of intuitive assessment as follows:

- A = systems that can support > 100% of demand
- B = systems that can support 90 - 99% of demand
- C = systems that can support 80 - 89% of demand
- D = systems that can support 70 - 79% of demand
- F = systems that can support less than 70% of demand

Funding versus Need: The third evaluation criterion reflects the status of funding dedicated to:

- a. Maintaining, replacing and improving the current condition of existing infrastructure, and/or;
- b. Building new infrastructure that is needed to keep up with growth (where development charges may not be applicable or may be difficult to define).

Infrastructure systems need funding that is dedicated, indexed, long-term, and most importantly sustainable. The primary measure is the amount of funding provided versus the estimated funds needed to meet or maintain the community's desired quality or performance standard.

Dedicated funds, such as user fees and development charges, need to be applied only to infrastructure systems for which they are raised. Indexing means that funds need to increase as the use of the system increases, or as the cost of providing the service increases. Maintenance and construction costs also need to be considered in the evaluation of funding. Steady funding provides for maintenance that extends the life of infrastructure. Long-term, multi-year funding plans should account for growth estimates so that projects can be designed and constructed in anticipation of needs where it is logical and feasible to do so, and not simply in reaction to inadequate capacity or problems caused by poor maintenance. Again, a grading scale in 10 percent increments is used as a guideline for purposes of intuitive assessment as follows:

- A = 90 to 100% of need
- B = 80 to 89% of need
- C = 70 to 79% of need
- D = 41 to 69% of need
- F = under 40% of need

Qualitative information collected through the review process can also be incorporated into the grading process.



-
3. The third step was to combine the detailed rating into a single blended rating that represented the overall score of that component, and then totaled into an overall score for the asset class for purposes of the Report Card.

An overall 2016 Report Card Rating is then assigned to each asset category based on a consolidation of Condition & Performance, Capacity vs. Need and Funding vs. Need criteria.

Each factor equally contributes to the overall weighting. In the future the District may want to weight the contribution of one or more factors to better reflect their relative impact on sustainability or other factors related to the service itself.

4. Finally, the fourth step involved generating a ten year forward projected asset rating for 2026. This consisted of using a simple grade system in order to indicate trends, i.e. improving, status quo or deteriorating.

B: Cost Estimates

High level cost estimates have been developed.
Inflation factor used in each year

