



NEW WESTMINSTER



Associated

STRATEGIC ADVISORY SERVICES

After the AMP

Sewer AMP Implementation & Strategic Momentum at the City of New Westminster

Jaimie Sokalski P.Eng.

Kwaku Agyare-Manu P.Eng., PMP, MBA

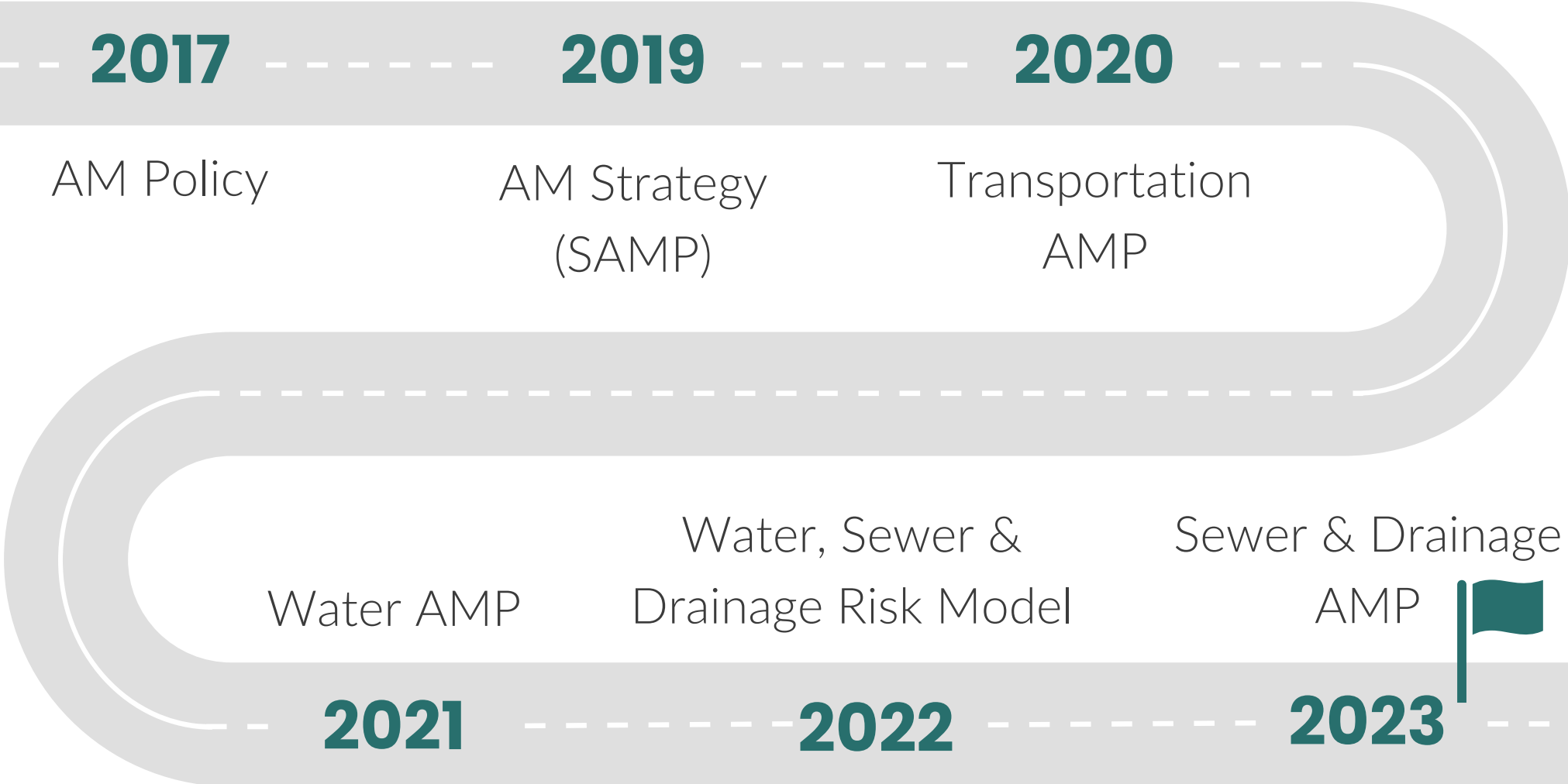
November 7, 2024

Agenda

- 1 Introduction & Overview
- 2 The AMP, as presented to City Council
- 3 After the AMP: What now? What's next?

Introduction & Overview

Asset Management at the City



Project Background

- Pump Station Condition Assessments & Asset Management Plan for Sanitary & Drainage (Sewers)
- Focus on forecasting sewer separation requirements jointly with asset renewals
- First AMP at the City to be endorsed by Council


Sewer AMP Highlights



Sewer & Drainage Assets
Current Replacement Value: **~\$918 M**



Reserve level target: **5% - 10%**
Required annual rate : **8.3 -8.7%**
Annual rate currently set at 7.0%



| | |
|-----------------------------|------------|
| Good – Very Good condition: | 46% |
| Fair condition: | 20% |
| Poor - Very Poor condition: | 34% |



5-Year Capital Need: **\$8.2M/yr**
Covers renewal and sewer separation



| | |
|--------------------|---------------------|
| Combined sewers: | 153 km |
| Separated to date: | 36% |
| Regulated target: | 100% by 2075 |



Needs: **Council Consideration for future asks**

Today's Presentation

Today we will:

- Outline the AMP findings in a similar way which it was presented to Council
- Discuss impact and momentum following AMP endorsement

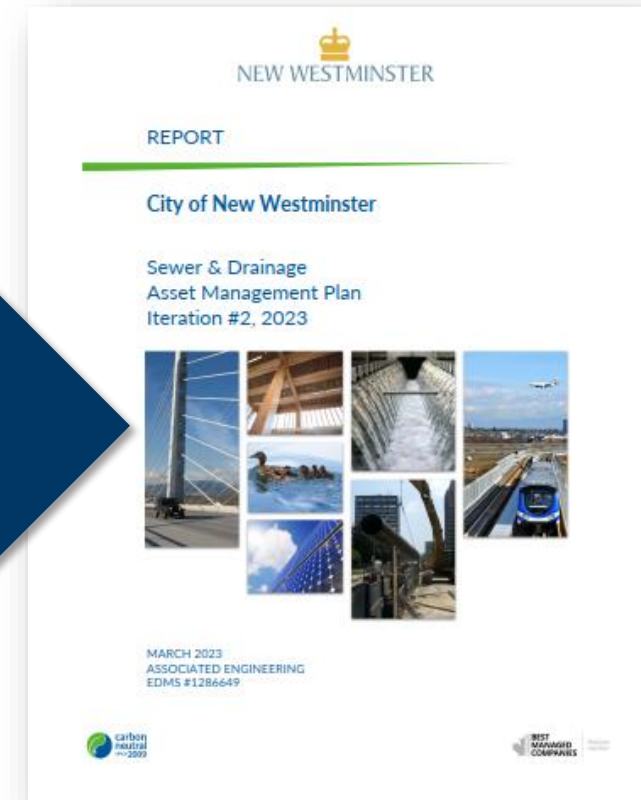
Alignment with Strategic Plan & Corporate Objectives

Alignment with the Strategic Plan

| Outcome | Objective | AMP |
|---|---|---|
| <ul style="list-style-type: none">Rigorous approach | <ul style="list-style-type: none">Expand the use of data and information to inform planning & decision makingClearly communicate AM & infrastructure information | <ul style="list-style-type: none">A Systematic report that translates data into information to support long-term planning and decision making. Place information into a format that can be communicated out on. |
| <ul style="list-style-type: none">Long-term financial planning & resilience | <ul style="list-style-type: none">Maximize infrastructure reliability & ensure long-term financial health | <ul style="list-style-type: none">Projects the capital cost of delivering sewer and drainage services out to 2075 |
| <ul style="list-style-type: none">Sustainable service delivery | <ul style="list-style-type: none">Champion AM leadership & staff capabilities | <ul style="list-style-type: none">Identifies key roles and responsibilities for implementation & improvement planning |

Alignment with Corporate Objectives

- Metro Vancouver Integrated Liquid Waste & Resource Management Plan
- City's Asset Management Strategy (SAMP)
- Corporate Asset Management Policy
- 2041 Official Community Plan
- Integrated Stormwater Management Plan
- City Bylaws
- Council Strategic Plan
- Envision 2032
- Environmental Strategy and Action Plan

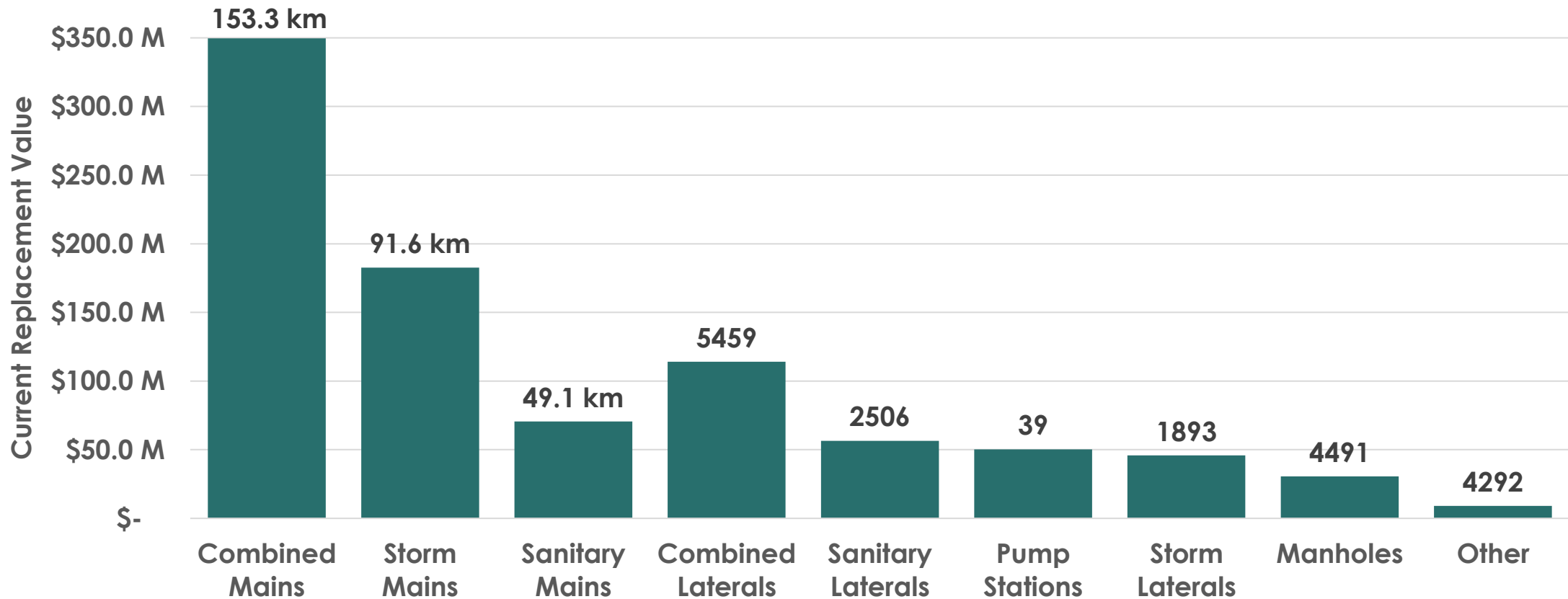


Asset Valuation & Condition

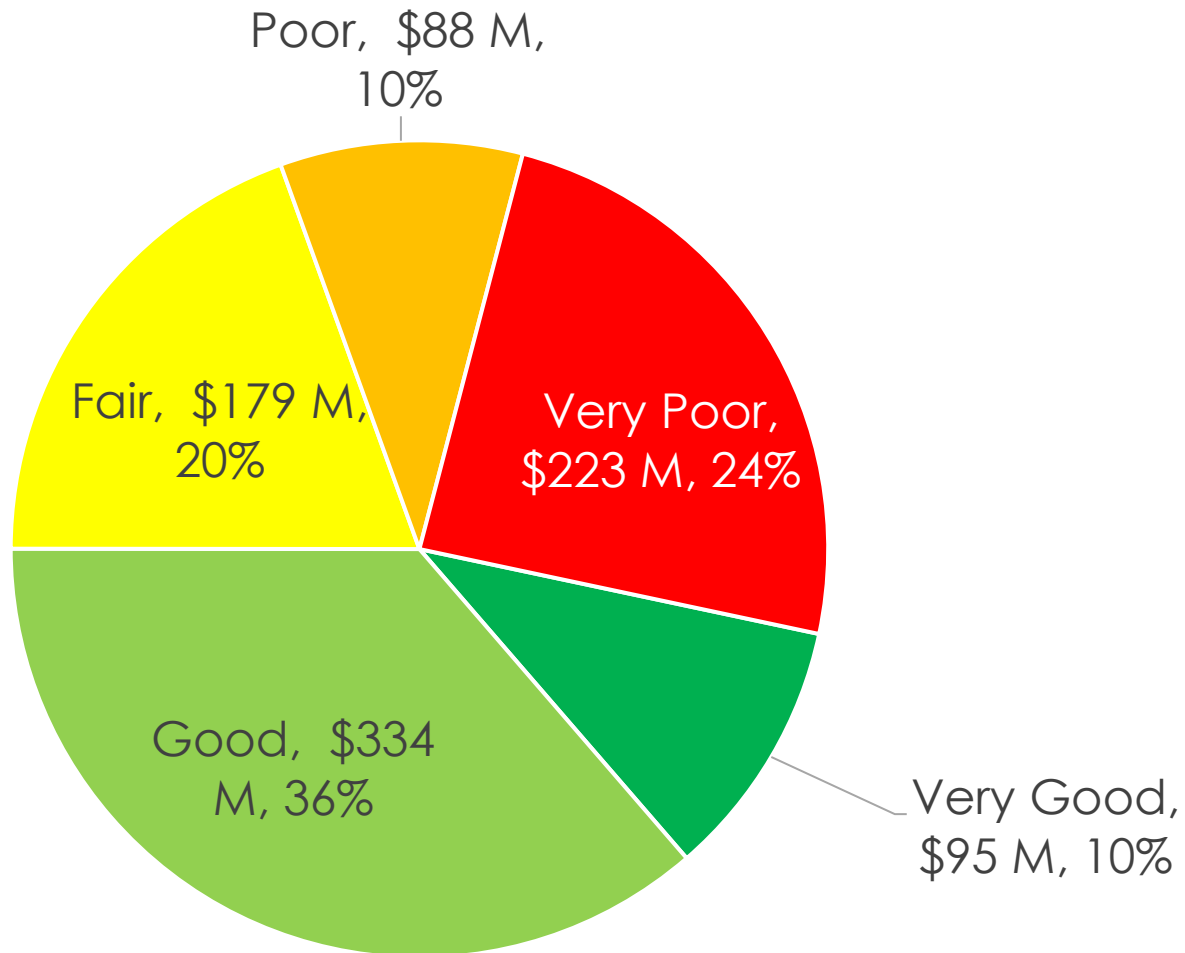


Asset Valuation

The asset portfolio has a total current replacement value (CRV) of **\$918M**



Asset Condition – All Assets



| Grade | % Remaining Service Life |
|-----------|--------------------------|
| 1: V Good | >90% |
| 2: Good | 60-90% |
| 3: Fair | 30-60% |
| 4: Poor | 10-30% |
| 5: V Poor | <10% |

Reserve & User Rates

Current Situation

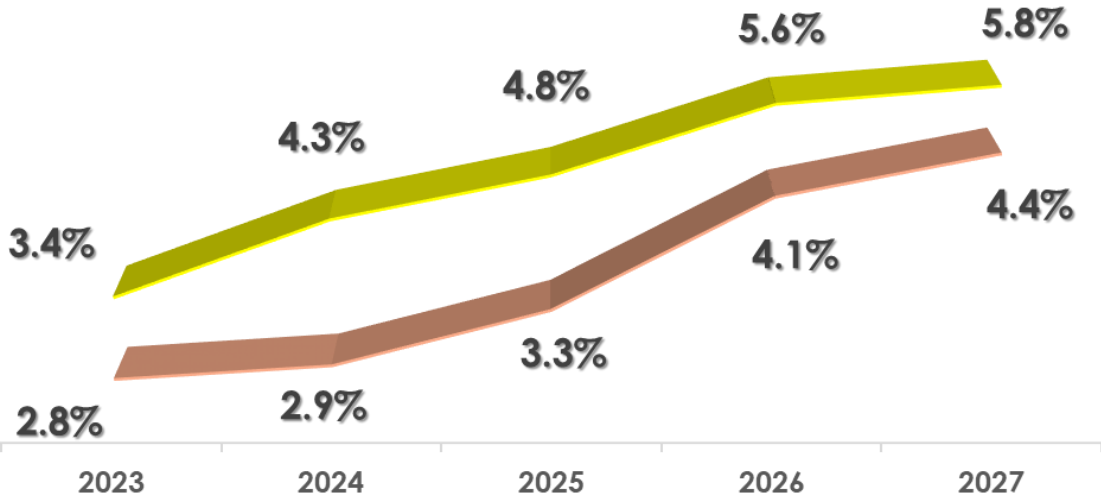
Reserves: **\$29.4M** (2022)



Estimated CRV= **\$750M** (in 2023 – 2027 Plan)

Updated CRV = **\$918M**

Reserves as a % of Replacement Value



The same amount of savings can longer cover the same amount of purchases



Future Consideration



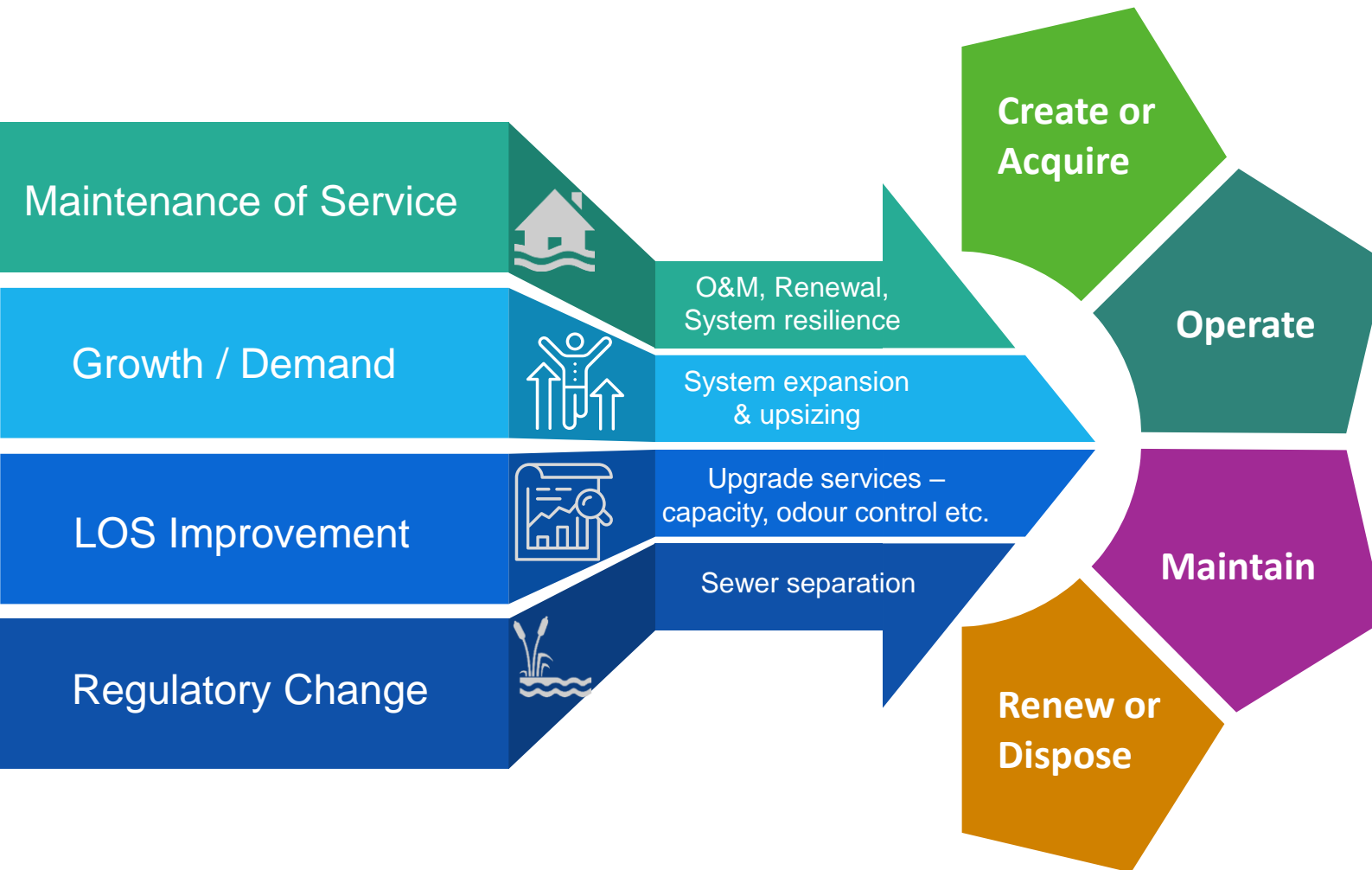
Raise sewer utility rates to build reserves, or “savings” to target 5% of the current replacement value.

To achieve this YoY sewer rates need to increase **1.3% – 1.7%** from the current level of 7% per year to **8.3 – 8.7%** per year.



Renewal Forecast & 5-Year Capital Budget

Lifecycle Strategies



This AMP focused on:

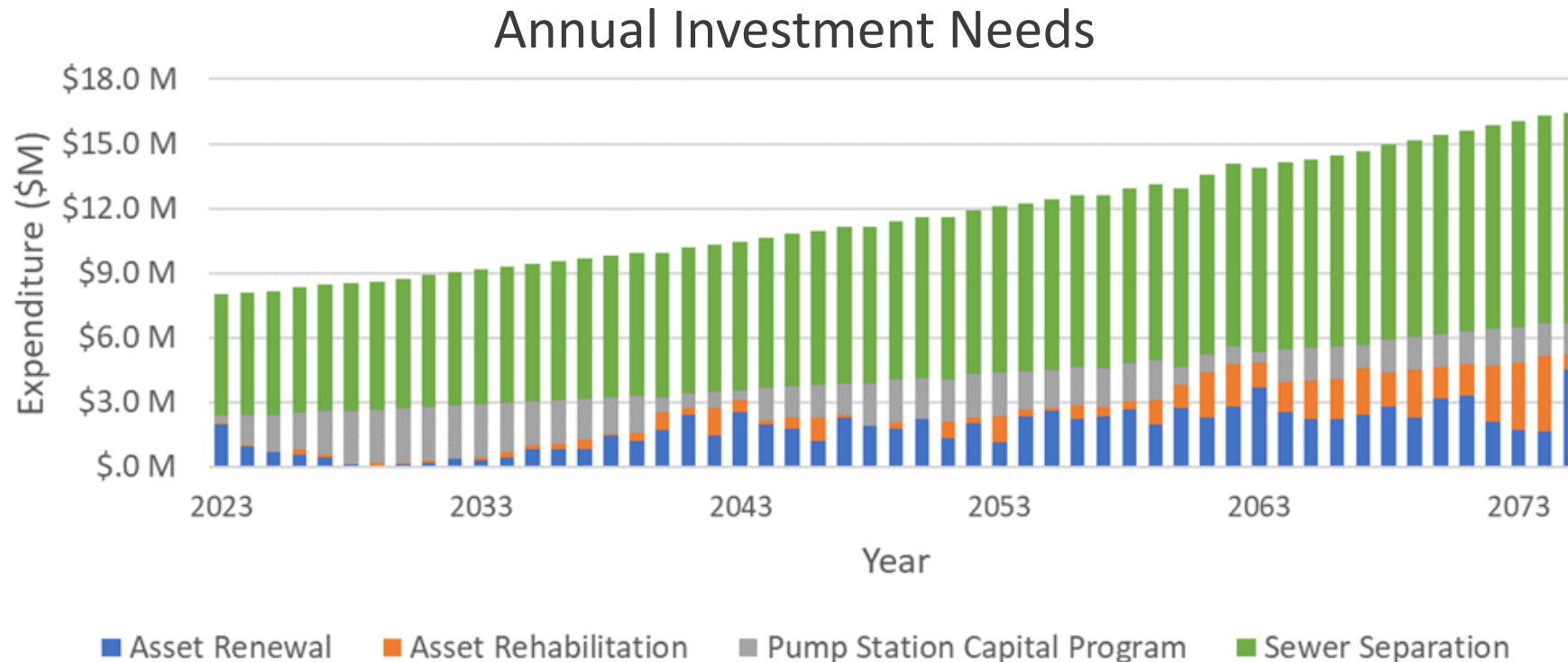
- **Creation** of new storm sewers
- **Maintenance** of sewers through relining
- Asset **renewal** and replacement

Renewal Forecast

- Minimum annual budget increase
- Maintain an average asset condition of fair
- Achieve sewer separation targets by 2075

Renewal Forecast

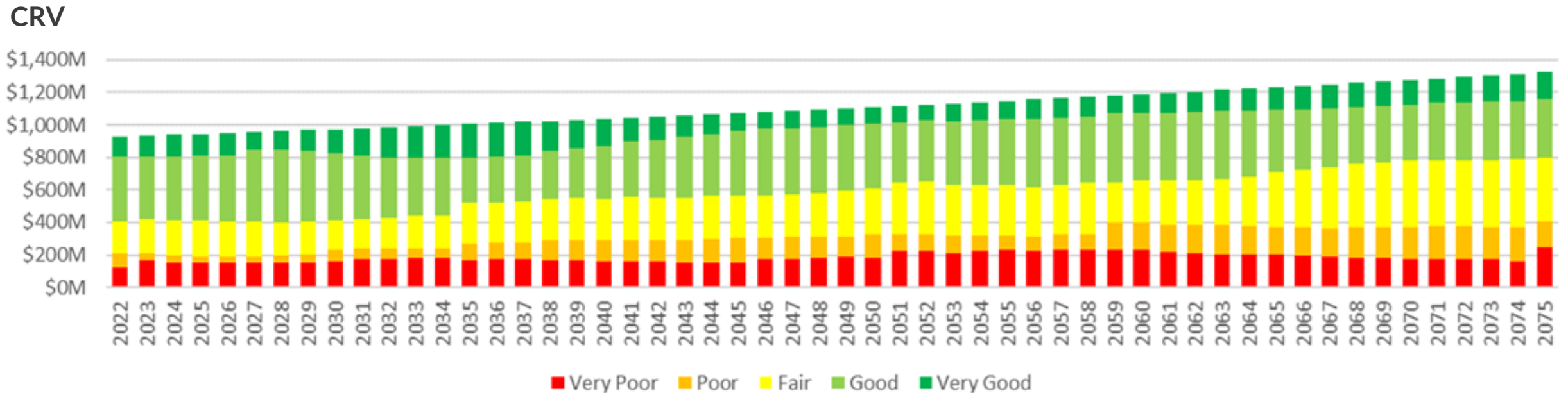
- A 1.41% annual budget increase (based on 2023 budget of \$8M) is required, excluding inflation
- Total expenditure of \$620M between 2023 and 2075



Recommended Forecast

- Average asset condition is maintained at fair

Projected Condition of Overall Asset Portfolio



5-Year Benchmarking

- The Canadian Infrastructure Report Card recommends a minimum annual reinvestment ratio of 1% of current replacement value

| | |
|--|--------|
| CAPITAL REINVESTMENT (5-YEAR AVERAGE) 2017-2021 CAPITAL SPEND | \$7.7M |
| REINVESTMENT RATIO (5-YEAR AVERAGE) | 0.8% |

- The 5-year (2023-2027) average of capital reinvestment proposed by the AMP is \$8.2M, which translates to a 0.9% reinvestment ratio

Delivery Risk and Uncertainties

The City faces several uncertainties that may impact effective delivery of the Sewer & Drainage AMP's forecasted approach. Notable risks include:

- Insufficient funding for increased capital investment
- Changes to Metro Vancouver levies or fees
- Insufficient resources for increased capital investment
- Mis-timing and coordination of capital projects
- Development activities misaligned with separation strategy for laterals

Recommendation

Recommendation

THAT Council endorse the next steps as outlined in the Council report

The opportunities for improvement and recommendations from the Sewer Asset Management Plan are:

- Implement process changes and enhancements to support tracking of level of service indicators,
- Improve asset data quality and accuracy and integrate available data sets to support lifecycle costing and planning,
- Develop long-term funding strategies to address funding deficits and build reserves.

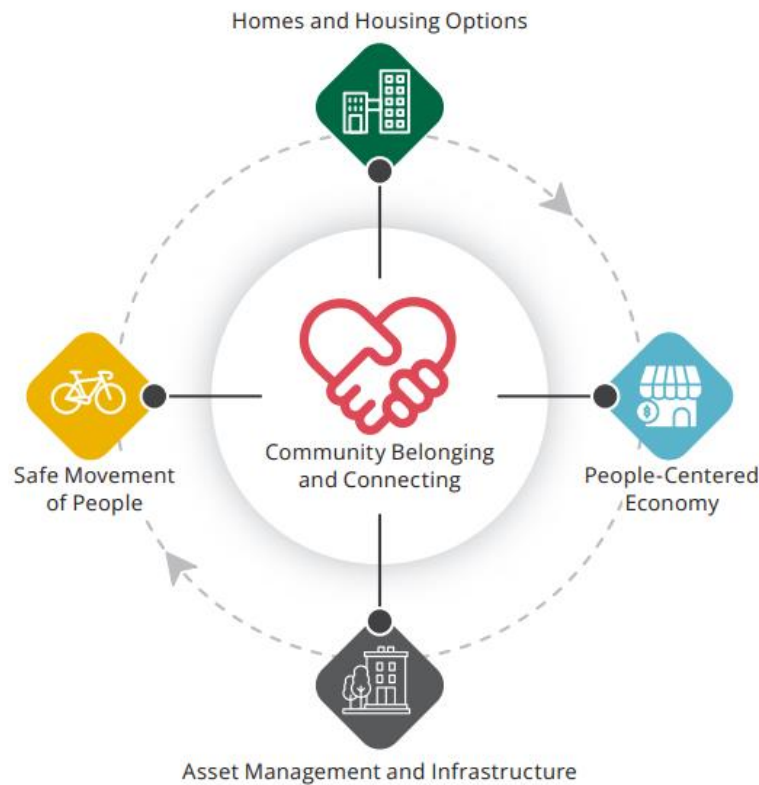
ENDORSED

After the AMP

Council Strategic Priority Plan 2023-2026


 NEW WESTMINSTER

COUNCIL STRATEGIC PRIORITIES PLAN 2023-2026



Community Belonging and Connecting
 A community where everyone belongs and has the opportunity to connect and contribute.

Homes and Housing Options
 Clear the way for all types of homes needed by people today and tomorrow, prioritizing homes for those with the greatest need.

People-Centered Economy
 A local, nimble, resilient economy that serves our local community.

Safe Movement of People
 Prioritize the movement of people on foot, cycle and transit on streets that are safer for all.

Asset Management and Infrastructure
 Resilient infrastructure that meets the community's needs today and into the future.

Council Strategic Priority Plan 2023-2026

Objectives

- ✍ Champion asset management leadership and staff capabilities across the organization to enhance how we plan, deliver, maintain, and operate our infrastructure to meet the community's needs.
- ✍ Expand the use of data and information to inform long-term infrastructure planning and decision-making.
- ✍ Clearly communicate asset management and infrastructure information to the public.
- ✍ Maximize infrastructure reliability and ensure long-term financial health through a rigorous approach to asset management.

Outcomes

- ✔ **Sustainable Service Delivery:** Deliver sustainable service today and into the future, including several asset management and master plans.
- ✔ **Rigorous Approach:** Benchmark and improve data management and improve communication and information sharing.
- ✔ **Long-term Financial Planning and Resilience:** Continue to deliver on the five-year plans and major capital projects currently planned or underway, and improve on internal capacity.

Council's response

- ✓ Council have now become Asset Management advocates and champions.
- ✓ Actively using asset management language (even if they use it incorrectly sometimes).
- ✓ Better understanding of budgets/finances and the need to build reserves to enable the replacement of existing assets vs new.
- ✓ Championing data driven decision making.

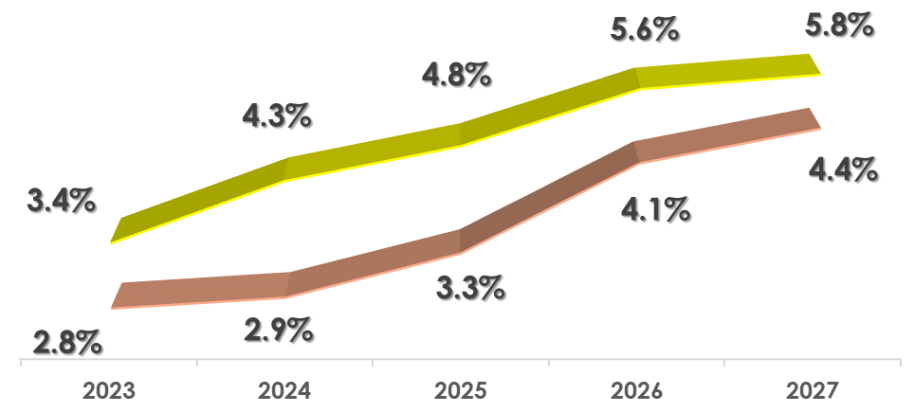
Short Term AMP Implementation Successes

- ✓ Developed risk register for sanitary & drainage
- ✓ Improved data collection methodology for CCTV inspections

In Progress: Long-term Financial Strategy

- Working with finance to:
 - Better understand utility rate needs
 - Better reporting of TCA
 - Data driven decision making
- Building reserves to ensure long term asset management forecasts can be implemented

Reserves as a % of Replacement Value



In Progress: Data and Maintenance Management

- Implementing Cityworks CMMS software
 - O&M data collection and tracking for water and sewer works.
 - Future cloud software migration and integration with finance and time keeping software (integrated enterprise system)
- Developing Cityworks business processes for Water, Sewers, Roads & Sidewalks in preparation for CMMS implementation

Next Steps

- Continue to improve data gaps and updates to AMP
- Benchmark LOS
- Implement CMMS
- Continue working on improving Councils asset management knowledge, and keeping them engaged until the end of their term
- Keep the organizational Asset Management Momentum going by working with other groups to develop AMPS and other AM documentation

Questions?



NEW WESTMINSTER



Jaimie Sokalski | sokalskij@ae.ca

Kwaku Agyare-Manu | kagyaremanu@newwestcity.ca