

## The Corporation of the District of Saanich

# Report

**To:** Mayor and Council  
**From:** Harley Machielse, Director of Engineering  
**Date:** March 7, 2025  
**Subject:** Asset Management Program Update 2024  
**File:** 4100.4117

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### RECOMMENDATIONS

That Council receive this report for information.

### PURPOSE

The purpose of this report is to provide Council with an annual update on the Asset Management (AM) Program for the year ending December 31, 2024. This report is in accordance with the *AM Strategy* (Strategy 10, Project 10.3), which was approved by Council on July 10, 2023, and is found on the public website at [saanich.ca/assetmanagement](https://saanich.ca/assetmanagement).

### BACKGROUND

Saanich is responsible for the delivery of a wide range of services to the community, and delivery of these services is enabled by its physical assets, including engineered (i.e. built) and natural assets.

The goal of Saanich's AM Program is "to develop and implement a District-wide, systematic, and consistent approach to managing Saanich's physical assets which ensures that decisions regarding levels of service (LoS), asset maintenance, renewal and replacement, and funding are sustainable over the long term". Implementation of the AM Program involves balancing LoS, risks and costs to achieve sustainable service delivery, as shown in Figure 1.

The first AM Program Update report was provided to Council on March 11, 2024 based on data for the year ending December 31, 2023.



*Figure 1 - Sustainable Service Delivery*

As shown in Figure 2, Saanich has been advancing its AM Program since 2007, and implementation of the *AM Strategy* will further advance Saanich's AM maturity.

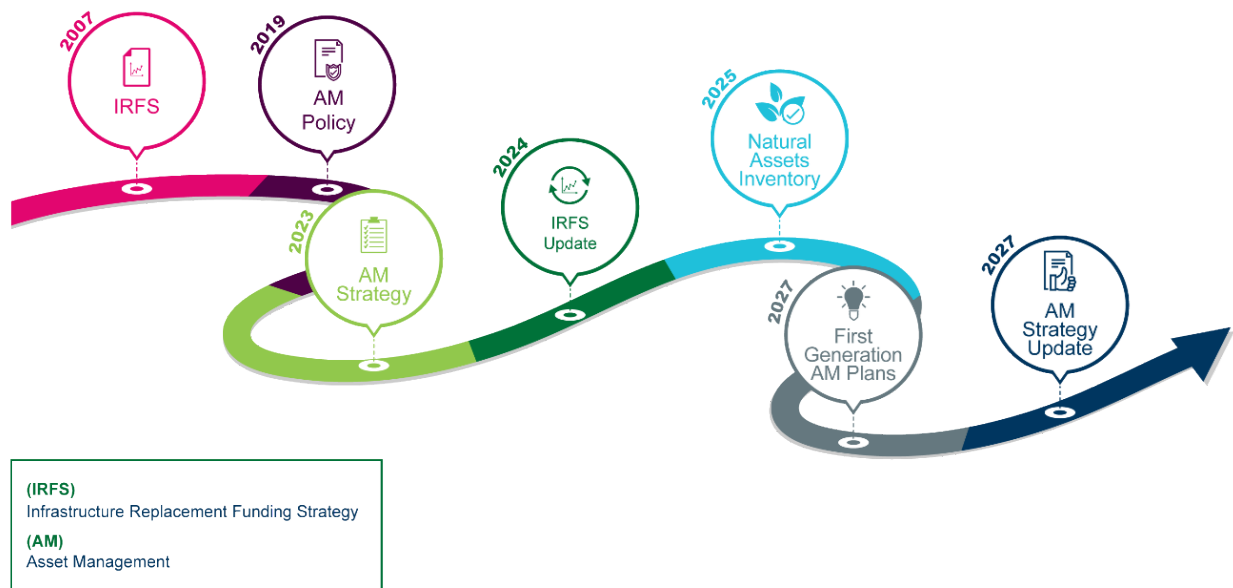


Figure 2 – Saanich's Asset Management Journey

## DISCUSSION

### State of Assets Report

Attachment 1 provides the State of Assets Report (SOAR) 2024, which shows the state of Saanich's assets in terms of information such as quantity, age, value and condition. The information presented is a snapshot of the asset data contained in Saanich's existing systems as of December 31, 2024, and this information is expected to become more accurate over time.

The estimated replacement value (RV) of Saanich's built assets is approximately \$5.2 billion (\$2024). For natural assets, a preliminary estimate of RV (based on rehabilitation costs) is in the range of approximately \$2 to \$10 billion (\$2024), and a preliminary estimate of community benefits in terms of Annual Service Value (ASV) is in the range of approximately \$23 to \$133 million per year (\$2024).<sup>1</sup> These estimates were updated from 2023 dollars to 2024 dollars by adjusting unit costs by an inflation factor of 6.3% based on the Statistics Canada Building Construction Price Index for Victoria BC.<sup>2</sup> In 2024, the District of Saanich continued to experience significant increases in construction costs due to inflation (e.g. increased equipment, labour and material costs) and regulatory changes (e.g. increased contaminated soil disposal costs).

<sup>1</sup> Natural Assets Initiative (NAI). (2024). *Toward natural asset management in the District of Saanich, British Columbia: Summary of inventory results and recommendations*.

<sup>2</sup> Statistics Canada, Table 18-10-0289-01, *Building construction price indexes, by type of building and division, 2023=100*, Industrial buildings/Factory, Victoria, British Columbia.

## Status of the *AM Strategy* Implementation Plan 2023-2027

As shown in Figure 3, the *AM Strategy* Implementation Plan 2023-2027 prioritizes ten strategies for continuous improvement in the short and medium term, and there are a total of forty-eight projects identified under these strategies. Attachment 2 provides the status of each project.

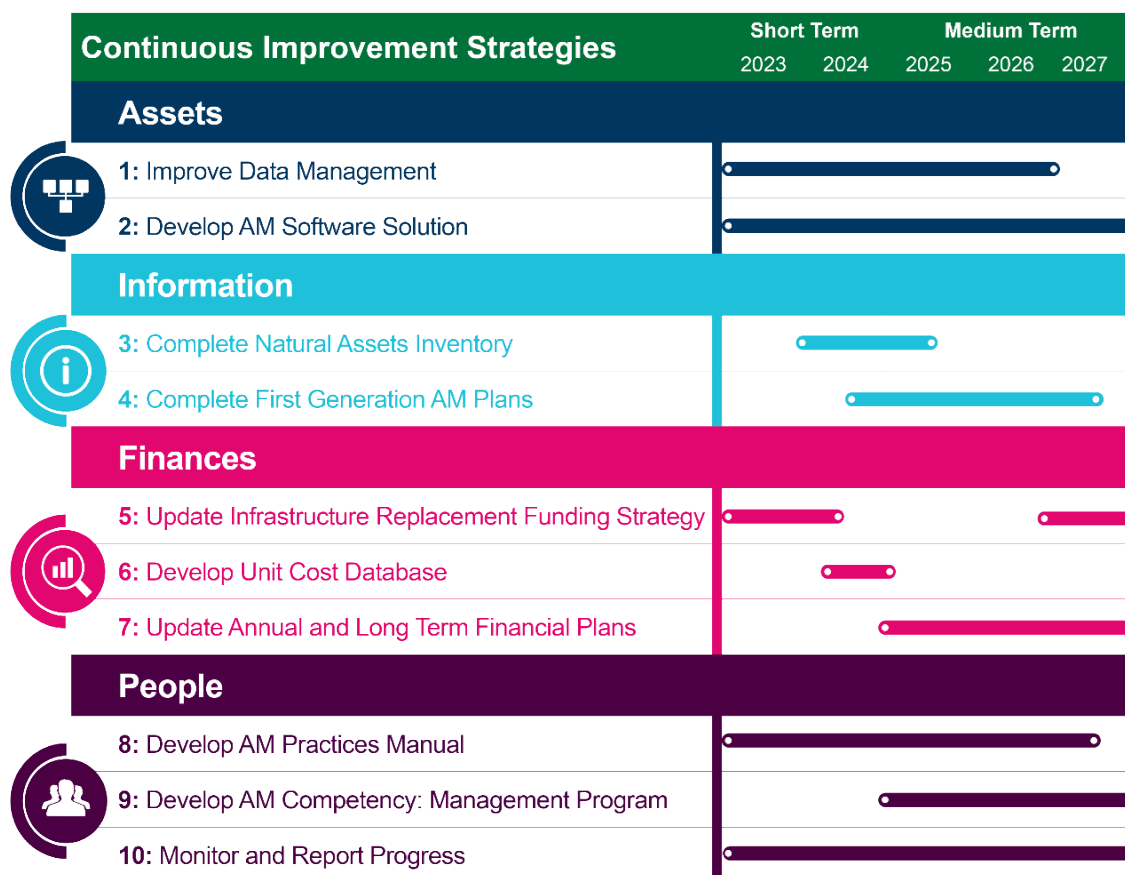


Figure 3 - Implementation Plan 2023-2027

Overall, the status of the forty-eight projects at the end of 2024 is as follows:

- Eight projects are complete
- Four projects are behind schedule either due to competing priorities or a need to align with other work, and are expected to be completed in 2025
- Sixteen projects are underway and on-track
- Four projects are underway and ahead of schedule
- Sixteen projects are scheduled to start in 2025, 2026 or 2027

Key areas of focus for 2025 include:

- Strategy 1 – Continue to improve data management and implement mobile devices
- Strategy 2 – Develop the business case for providing AM software capacity
- Strategy 4 – Continue work on the nine first-generation AM Plans
- Strategy 9 – Develop the AM Competency Management Program

## Asset Management Maturity Assessment

Attachment 3 provides the state of Saanich's overall AM maturity at the end of 2024 as measured using FCM's Asset Management Readiness Scale (AMRS). The AMRS has five Levels representing improvement from informal (Level 1) to advanced (Level 5) AM practices. In 2024, Saanich's overall maturity improved to an average score of 2.5 (from an average score of 2.0 at the end of 2023) through improvements in the following areas:

- Policy and Governance
  - Council received the first annual report on progress of the AM Program towards sustainable service delivery
- People and Leadership
  - The updated *Infrastructure Replacement Funding Strategy (IRFS)* was approved in principle by Council on January 29, 2024, and implementation began through Council approval of the *Financial Plan 2024-2028*
- Data and Information
  - Asset inventory data was consolidated and centralized in Saanich's existing systems, and an AM dashboard was created
  - Council received the *Natural Assets Inventory* report
- Contribution to Asset Management Practice
  - Introductory AM training was provided to an additional 25 Staff from across the organization (total trained to date is 76 Staff)

## Financial Indicators

The *AM Strategy* identifies several financial indicators for tracking progress of the AM Program. As these financial indicators require completed AM Plans, reporting will start after completion of the first-generation AM Plans.

The updated *IRFS* includes an additional financial indicator: the annual funding gap for asset replacement, which is defined as "the percentage of the target annual replacement funding that is not currently funded". This gap is expected to decrease over time as Council implements the recommendations of the updated *IRFS*. To date, the trend of the annual replacement funding gap is as follows (see Figure 4):

- 2007: 70% (average annual funding gap prior to implementation of the original *IRFS*)
- 2019: 0% (average annual funding gap based on the original *IRFS* annual funding target; Council reduced the gap from 2007-2019 by implementing the original *IRFS*)
- 2023: 50% (average annual funding gap based on the updated target prior to implementation of the updated *IRFS*)
- 2024: 47% (average annual funding gap based on the updated target and funding levels in the *Financial Plan 2024-2028*)

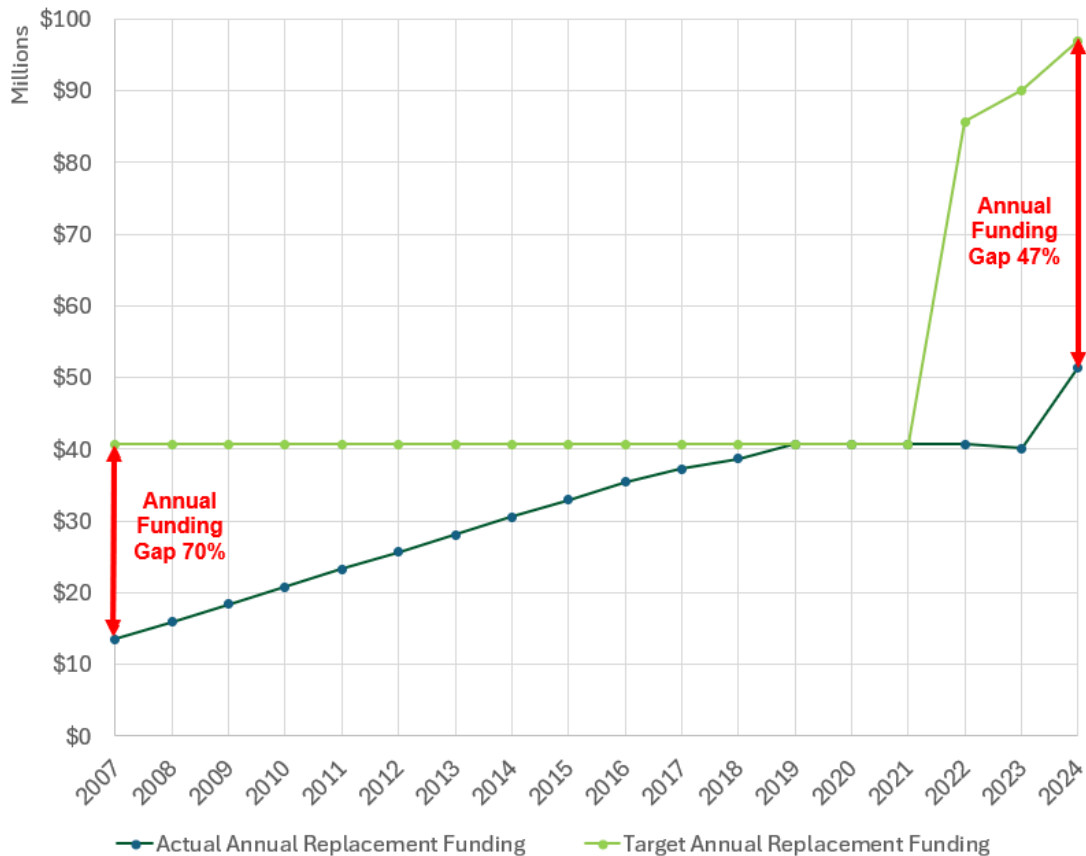


Figure 4 – Infrastructure Replacement Funding Gap

## Communications

This report will be posted on the public website ([saanich.ca/assetmanagement](http://saanich.ca/assetmanagement)), and shared on social media.

The information found in this report will be used to fulfill the Province's new, mandatory AM reporting requirements through the Ministry of Municipal Affairs Local Government Data Entry (LGDE) System. The new reporting requirements are aligned with the AM commitments in the *2024-2034 Community Works Fund Agreement*, including:

- Reporting on continuous improvement of AM practices
- Developing and implementing Long-term Financial Plans
- Providing ongoing AM education and training
- Implementing AM performance measurement

## COUNCIL OPTIONS

1. **Recommended:** That Council receive this report for information.
2. That Council provide alternate direction to Staff.

## **FINANCIAL IMPLICATIONS**

There are no financial implications to this report.

## **STRATEGIC PLAN IMPLICATIONS**

The work outlined in this report supports Council's 2023-2027 Strategic Plan, which includes the following under the theme of Organizational Excellence, Objective 6.5: "We practice asset management to support the sustainability of our services".

## **CONCLUSION**

Saanich's AM Program progressed in 2024 in accordance with the *AM Strategy* Implementation Plan 2023-2027, and this work will continue in 2025. Going forward, Council will continue to receive an annual update on progress of the AM Program towards the goal of sustainable service delivery.

Prepared by:     Jacqueline Weston, Asset Management Program Manager

Approved by:     Harley Machielse, Director of Engineering

### **Attachments:**

1. State of Assets Report 2024
2. Status of the *AM Strategy* Implementation Plan 2023-2027
3. Asset Management Maturity Assessment 2024

## **ADMINISTRATOR'S COMMENTS:**

I endorse the recommendation from the Director of Engineering.

Brent Reems, Chief Administrative Officer