

Clause No. 2 in Report No. 10 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on May 15, 2014.

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ENVIRONMENTAL SERVICES
2013 STATE OF INFRASTRUCTURE UPDATE REPORT

Committee of the Whole recommends:

- 1. Receipt of the presentation by Lucas Cugalj, Director of Strategy and Business Planning.**
- 2. Adoption of the following recommendation contained in the report dated May 8, 2014 from the Commissioner of Environmental Services:**

1. RECOMMENDATION

It is recommended that:

1. The Regional Clerk circulate this report to the Clerks of the local municipalities.

2. PURPOSE

This report provides an update on the State of Infrastructure for Environmental Services through an overview of the 2013 State of Infrastructure Report, which presents a consistent bi-annual snapshot of assets as of 2013 that can be directly compared to previous reports. The State of Infrastructure Report is a key element of the Ministry of Infrastructure's guide for detailed asset management plans and is a requirement for municipalities seeking Provincial capital funding. The financial grades in the State of Infrastructure Report are reflective of the current state of capital replacement reserves. The Drinking Water Quality Management Standard Water Financial Plan (also on this agenda) provides a long-term view of the financial sustainability of the water system.

3. BACKGROUND

York Region owns and operates over \$3.7 billion worth of water, wastewater, waste management and forestry assets

Water, wastewater, waste management and forestry in York Region are integral to the quality of life enjoyed by our citizens. A well maintained infrastructure asset base is

critical to ensure delivery of services in a safe, reliable and efficient manner, while sustaining a growing community.

As part of the Region's commitment to proactively manage and transparently provide information associated with delivery of services, the first State of Infrastructure Report was developed in 2009. This work included a detailed review of industry trends and best practices at that time and developed comprehensive criteria and a method to derive infrastructure grades. It also outlined financial demands and commitments required to maintain infrastructure in good and reliable condition. The need for a bi-annual update of the State of Infrastructure Report was identified to balance the frequency of update reports with providing effective information.

Environmental Services has completed State of Infrastructure Reports for 2009 and 2011, reporting results to Council in April 2010 and February 2012 respectively.

State of Infrastructure reporting is built on four key dimensions: Reliability, Capacity, Soundness and Financial

The same assessment methodology developed as part of the 2009 and 2011 State of Infrastructure Reports has been used for 2013. This approach ensures comparability of results.

Reliability

The reliability dimension relates to the ability of an asset to perform its required functions under stated conditions for a specified period of time. More specifically, the reliability grading provides an assessment of the ability to meet quality and regulatory standards with uninterrupted service.

Capacity

Capacity measures the ability of the Region's assets to ensure that availability of supply is consistent with current and future demands. Knowing the capacity performance of assets can provide an early indication of potential negative service impacts for customers and sustainability of the community. For example, a lower grade in capacity would indicate that further infrastructure is required to meet current and future demands.

Soundness

Soundness is a measure of physical condition of the infrastructure, its age and maintenance performance. This provides knowledge related to maintaining and enhancing asset condition, as well as efficiency and effectiveness of rehabilitation initiatives. Soundness provides an understanding of condition, deterioration and remaining service life of an asset.

Financial

The financial dimension focuses on funding requirements, budgeted funding and reserves. The financial grade can be used to guide rates, identify necessary tax supported funding and highlight economic risks. This information provides the Region with underlying facts to understand whether reserves are sufficient to maintain current levels of service. The financial grade can be used to help establish predictable rates consistent with community expectations and values, while recognizing economic risks.

Dimension grades are determined based on infrastructure's ability to meet current and anticipated purpose

Dimension grades are determined based on each infrastructure type and how fit it is for its current and anticipated purpose in terms of condition, regulatory requirements and capacity processes. Grades have an associated numeric score range, which is based on the criteria used to assess indicators and measures. Approximately 20 indicators and measures are analyzed for each dimension, graded and then rolled up to determine simple alphabetic grades. Table 1 indicates grade, associated numeric score range and description.

Table 1
Dimension Grade Breakdown

Alphabetic Grade	Range of Numeric Scores	Definition of Grades
A	3.5 – 5	Very Good: Functions as designed with little to no wear
B	2.5 – 3.4	Good: Fully functions as designed, shows signs of wear
C	1.5 – 2.4	Adequate: Meets basic functional requirements
D	0.5 – 1.4	Poor: Performance is at a level of high risk
F	0 – 0.4	Very Poor: Asset has failed

Since overall grades are derived from an average of the numeric score associated with each individual alphabetic grade (not the simple average of alphabetic grade), actual scores can result in two 'A's and one 'B' with an overall grade of 'B'. This is demonstrated in Table 2 where the average of the numeric scores for reliability, capacity and soundness are used to determine overall grades.

Table 2
Example of Overall Grade Determination

	Reliability	Capacity	Soundness	Apparent Overall Grade	Actual Overall Grade
Grade	B	A	A	A	B
Numeric Score	2.5	4.0	3.5		3.3
Grade	B	B	A	B	A
Numeric Score	2.5	3.0	5.0		3.5

Data plays an important role in determining accurate and repeatable infrastructure grades

Data collected as part of state of infrastructure reporting provides the foundation for this State of Infrastructure report. Overall data quality for the 2013 State of Infrastructure Report improved from the 2011 and 2009 reports due to improved data collection processes and validation. Improved data sets resulted in increased breadth and depth of completeness and greater accessibility to supporting data allowing for better consistency of the resulting analysis. York Region staff employed a robust data management and data transfer process for the 2013 State of Infrastructure Report by early recognition of data requirements and their sources, as well as determining how all data would be collected, stored and reported on.

Methodology used for State of Infrastructure grading reflects industry best practices

The Region's grading was developed based on methods used by the American Society of Civil Engineers, the Cities of Hamilton and Ottawa and the Region of Durham. Specific grading of infrastructure in York Region has been modified to reflect different types of service delivery.

Forestry is a new asset group included in 2013 Environmental Services State of Infrastructure Report

In early 2012, Natural Heritage and Forestry joined Environmental Services as part of an organizational realignment. As a result, forestry has been included in the 2013 State of Infrastructure Update Report for the first time and includes the Urban Forest (street trees) and York Regional Forest assets, with the Forestry Stewardship Centre scored separately based on criteria consistent with water, wastewater and waste management facilities.

4. ANALYSIS AND OPTIONS

York Region’s water, wastewater, waste management and forestry assets are in a good state with an overall grade of ‘B’ (Good)

Some of York Region’s water and wastewater assets date back to the 1950s having been transferred from local municipalities and the provincial government, while the majority of York Region’s water and wastewater assets were constructed in the 1970s and 1980s with a significant amount upgraded and expanded in the last fifteen years. The majority of York Region’s waste management assets were built to serve the needs of the Region in the last decade.

The Environmental Services Asset Management Program assigns a condition rating to assets similar to the very good to very poor grading system used for State of Infrastructure reporting. The majority of York Region’s water and wastewater assets are in good or very good condition with only the Forestry Stewardship Centre rated as very poor. The State of Infrastructure grades for each service area are summarized in Table 3. The overall forecasted positive trend in asset condition is attributed to investments being made in Regional Environmental Services infrastructure over the next two years.

Table 3
 Comparison of State of Infrastructure Overall Service Grades
 from 2009 to 2013 and Forecasted Trends to 2015

Service Area	2009	2011	2013	Trend to 2015
Water	B	A	A	→
Wastewater	B	B	B	↑
Waste Management	B	B	A	→
Duffin Creek WPCP	C	A	A	→
Forestry*			B	↑
OVERALL	B	B	B	↑

* Forestry includes Urban Forest (street trees) and York Regional Forest (does not include Forestry Stewardship Centre which is under construction)

These grades reflect the younger age of the asset base, rehabilitation efforts made through regulatory requirements, and the rigorous planning processes in place to support continued growth in York Region.

Trend analysis has identified a positive outlook to 2015

Trend analysis focuses on how an indicator or measure is likely to develop over the next two years and considers a range of factors, including new and planned projects and programs and how the outcomes of these initiatives are likely to impact the state of infrastructure in the next two years. As a result of continuous investment in infrastructure projects, grades for water, waste management and Duffin Creek Water Pollution Control Plant (WPCP) are expected to remain steady, whereas positive trends are identified over the next two years for wastewater due to planned facility upgrades. Excellent street tree and Regional forestry programs and the reconstruction of the Forestry Stewardship Centre result in a positive outlook for forestry moving towards 2015. Over the next two years, the overall trend for Environmental Services' assets is positive.

Grades for water, wastewater and Duffin Creek WPCP remain stable compared to 2011, while significant improvement was achieved for waste management

Overall, the state of Environmental Services' assets are good as most service areas scored relatively well. The majority of grades remain stable compared to 2011, with improvements realized for waste management due to equipment upgrades at the Material Recovery Facility and the addition of one new Community Environmental Centre. Trends are neutral to positive in all service areas as a result of current and near-term initiatives. Some notable examples of pending service enhancements to be completed by 2015 include:

- A full scale audit and monitoring program undertaken to reduce inflow and infiltration. As part of this program, the long-term rainfall and sanitary sewer flow are monitored and analyzed
- Beginning in 2010, an environmental assessment was undertaken to determine the optimal strategy for increasing the outfall capacity of Duffin Creek Water Pollution Control Plant to 630 MLD
- In 2009, Council endorsed the Water and Wastewater Master Plan Update, which included a five-year action plan to 2016. Ongoing work on the current five-year action plan includes implementing water and wastewater capital projects, Source Water Protection and Drinking Water Quality Management System, and a long-term water conservation strategy
- The Community Environment Centre at Elgin Mills will be expanded to include a Household Hazardous Waste collection depot, as well as inbound and outbound weigh scales to weigh customer vehicles
- Significant upgrade works for Duffin Creek WPCP (Stage 1 and Stage 2)
- Construction of Southeast Collector Trunk Sewer to ensure wastewater capacity for growth across the Region until 2036 and beyond

Duffin Creek WPCP is graded separately from other York Region wastewater assets as over 80 per cent of the Region's wastewater is treated at Duffin Creek WPCP, which is co-owned with Durham Region. Duffin Creek WPCP represents nearly half the total value of the Department's infrastructure.

As a result, a grade of 'B' for water, wastewater and waste management assets is expected due to the relatively young average age of York Region's assets in combination with completed growth and renewal work.

Water Service Area

Overall trend for water infrastructure is neutral to 2015 with current grade expected to be sustained as result of ability to meet future demand using effective servicing strategy

Trends for reliability and capacity are neutral to 2015 for water infrastructure and trend for soundness is positive. Water capital projects currently underway will provide additional capacity, and cost-shared servicing partnerships with Toronto and Peel Region support the Region's long-term servicing strategy. Key projects underway include Orchard Heights Pumping Station Upgrades, the Richmond Hill (Pugsley) Pumping Station Upgrade, Ridge Road Pumping Station upgrade, Glenway Reservoir expansion, Bathurst watermain replacement, construction of Kennedy Road watermain and Sutton water servicing which will help to sustain or improve the current grades until 2015. Table 4 provides the overall service grades for reliability, capacity and soundness for water. The trend into 2015 remains neutral as water infrastructure is expected to continue to be in very good standing over the next two years.

Table 4
Comparison of Grades for Water Infrastructure
from 2009 to 2013 and Forecasted Trends to 2015

Dimension	2009	2011	2013	Trend to 2015
Reliability	B	B	A	→
Capacity	B	A	A	→
Soundness	B	B	B	↑
OVERALL	B	A	A	→

Wastewater Service Area

Wastewater capital program has successfully increased system capacity to meet Region's current and future growth needs

The Region's ability to maintain wastewater infrastructure in good and reliable condition with effective operations and maintenance, proactive capital planning and rehabilitation and relatively young asset base are key strengths in wastewater services. Council has approved key wastewater capital initiatives over the last several years that provided secure wastewater infrastructure and capacity to achieve sustainable environmental priorities and meet the Region's current and future growth needs; the Inflow and Infiltration Reduction Strategy is an example of such an initiative. Other projects include upgrades underway to the Leslie Street Pumping Station and the recently completed Keswick Water Pollution Control Plant expansion.

Opportunities in this area are centered on continued efforts to proactively manage the wastewater system through timely and effective renewal of sewer assets and the Inflow and Infiltration Reduction Program.

Overall positive trend for wastewater infrastructure to 2015 based on Region's continued efforts to enhance and upgrade existing assets

The soundness grade 'A' in 2013 is a result of reliable operations and reinvestment through planned improvements to existing facilities, including upgrades to the Black Creek, Leslie, Aurora, Newmarket and Humber pumping stations and the York-Durham Sewage System rehabilitation within the Town of Aurora and Cities of Vaughan and Markham. The trend for reliability continues to be positive, whereas trends for capacity and soundness are neutral and indicate a steady grade moving forward due to ongoing and upcoming sewer renewal and expansion projects. Table 5 provides overall service grades for reliability, capacity and soundness for wastewater infrastructure.

Table 5
Comparison of Grades for Wastewater Infrastructure
from 2009 to 2013 and Forecasted Trends to 2015

Dimension	2009	2011	2013	Trend to 2015
Reliability	B	B	B	↑
Capacity	B	A	A	→
Soundness	A	A	A	→
OVERALL	B	B	B	↑

Waste Management Service Area

Community Environmental Centres and Material Recovery Facilities provide capacity for waste management

The Region's ability to provide waste management services with adequate capacity for current and future demand and current condition of assets are key strengths in this service area. Improvement to reliability and soundness grades are a result of operational enhancements, work management updates and upgrades to the Material Recovery Facility.

Opportunities in waste management are centered on continued development of long-term service agreements and relationships with external partners to enhance reliability and assurance in waste management services. This will be guided by the SM4RT Living Waste Management Master Plan completed in 2013.

Trends are neutral for waste management infrastructure to 2015 and current infrastructure grades expected to be sustained as a result of Region's efforts to implement sustainable waste management practices and solutions

The outlook for waste management is neutral as the Region has achieved 'A' scores in all dimensions. The Region continues to develop environmentally, socially and financially sustainable waste management solutions, including the partnership with Durham Region on the energy from waste facility. Table 6 provides overall service grades for reliability, capacity and soundness for waste management infrastructure.

Table 6
Comparison of Grades for Waste Management Infrastructure
from 2009 to 2013 and Forecasted Trends to 2015

Dimension	2009	2011	2013	Trend to 2015
Reliability	A	B	A	→
Capacity	B	A	A	→
Soundness	B	B	A	→
OVERALL	B	B	A	→

Duffin Creek Service Area

2011 grades for Duffin Creek WPCP sustained in 2013 as a result of completing Stage 3 expansion and rehabilitation of Stages 1 and 2

Duffin Creek WPCP is a unique York Region asset that requires partnership and collaboration to effectively operate, maintain and renew. York Region staff worked in partnership with Durham staff to successfully complete Stage 3 with significant progress in rehabilitating Stages 1 and 2. As a result, a grade of 'A' for both reliability and capacity has been maintained for Duffin Creek WPCP.

Continued opportunities for improvement are centered on specific individual processes and equipment to meet future capacity. Current grades are expected to be sustained as all planned upgrade work is completed.

All trends are neutral for Duffin Creek WPCP infrastructure to 2015 and grades are expected to sustain as a result of on-going initiatives to expand and enhance facility

Trends for Duffin Creek WPCP are neutral and current infrastructure grades are expected to be sustained as a result of the current initiatives, including rehabilitation and refurbishing Stages 1 and 2 infrastructure. Table 7 provides the overall service grades for reliability, capacity and soundness for Duffin Creek WPCP infrastructure.

Table 7
Comparison of Grades for Duffin Creek WPCP Infrastructure
from 2009 to 2013 and Forecasted Trends to 2015

Dimension	2009	2011	2013	Trend to 2015
Reliability	B	A	A	→
Capacity	D	A	A	→
Soundness	B	B	B	→
OVERALL	C	A	A	→

Forestry Service Area

All dimension grades for forestry are 'B' (Good) with positive trend to 2015 as a result of excellent street tree and forestry programs

Forestry Services includes the Urban Forest (street trees) and York Regional Forest. Trends for forestry reliability, soundness and capacity are positive, recognizing that the Region plants approximately 1,872 trees each year resulting in diversity of species and a positive difference in age of such trees. The Region is effectively managing the infestation of the emerald ash borer and other invasive species.

The Region manages 20 woodlots certified by the Forest Stewardship Council providing opportunities for the public to enjoy the benefits of natural areas within the Region.

Table 8 provides service grades for reliability, capacity and soundness for forestry. Recognizing that this is the first opportunity to grade forestry, service will trend upward to 2015 with sustained investment in the Urban Forest and York Regional Forest.

Table 8
2013 Grades for Forestry* and Forecasted Trends to 2015

Dimension	2009	2011	2013	Trend to 2015
Reliability	-	-	B	↑
Capacity	-	-	B	↑
Soundness	-	-	B	↑
OVERALL	-	-	B	↑

* Forestry includes Urban Forest (street trees) and York Regional Forest (does not include Forestry Stewardship Centre which is under construction)

The Region has dealt with invasive species infestations, including emerald ash borer, through an aggressive program of new plantings. Natural Heritage and Forestry services removed 1500 dead or dying trees in 2013 and planted more than 2100 new trees as part of the forestry plantation program.

The December 2013 ice storm had a significant impact on the Urban Forest. Impacts included significant costs of approximately \$750,000 and tree damage. The full long-term impact of the 2013 ice storm and potential future weather events on the Urban Forest's reliability dimension are currently being assessed.

All dimension grades for the Forestry Stewardship Centre are 'F' (Very Poor) with positive trend to 2015 as a result of facility replacement

The Forestry Stewardship Centre is included in the 2013 State of Infrastructure Report, but is graded separately with criteria consistent with those used for other Environmental Services facilities. The 2013 grade for the old Forestry Stewardship Centre is an 'F' with all trends positive as a result of the planned reconstruction of the Forestry Stewardship Centre in 2014/2015. Dimension grades are summarized in Table 9.

Table 9
Comparison of Grades for Forestry Stewardship Centre
from 2009 to 2013 and Forecasted Trends to 2015

Dimension	2009	2011	2013	Trend to 2015
Reliability	-	-	F	↑
Capacity	-	-	F	↑
Soundness	-	-	F	↑
OVERALL	-	-	F	↑

As Environmental Services continues to optimize performance by developing strategic asset management methods, a key focus will be ensuring that these grades are sustainable in the long-term by continuing to define and recommend appropriate funding and resource commitments for forestry.

Most of Environmental Services' infrastructure assets have more than half of their designed service life remaining

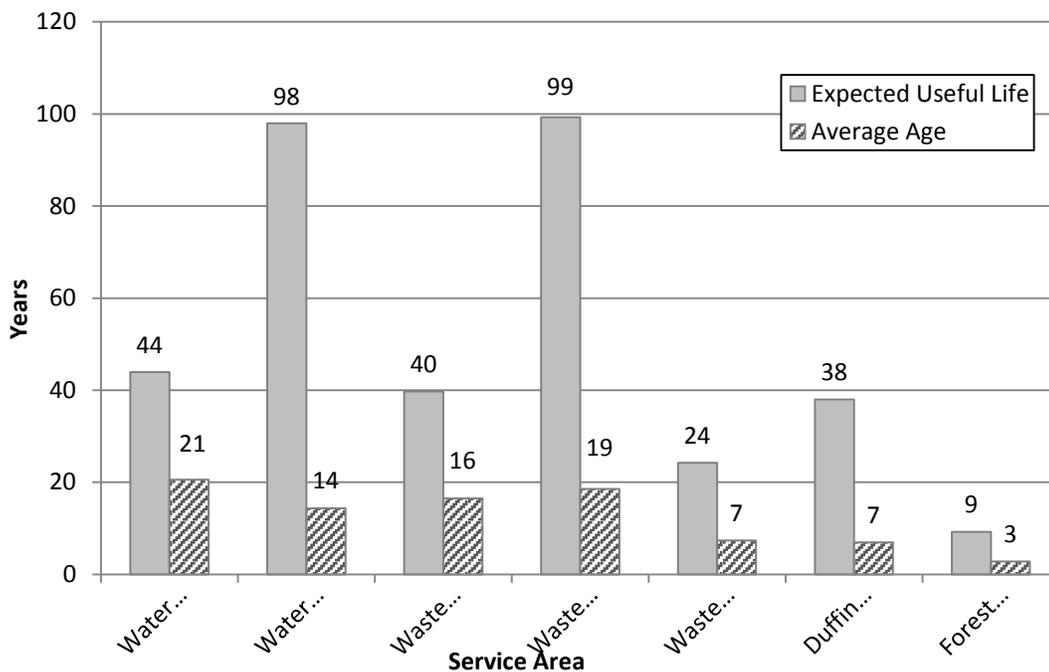
Expected useful life of assets varies considerably from several years to several decades. Useful life is highly dependent on each lifecycle asset category. For example, instrumentation and control assets are expected to last in the 15 year range, process mechanical assets in the 30 year range, structural facility assets in the 60 plus year range and linear assets such as concrete watermains and sewers in the 100 year range.

Figure 1 compares average age with average expected useful life of Environmental Services' infrastructure assets in each service area. To accurately represent the wide range of assets, all averages are weighted by asset replacement value. Average age represents the age of assets and expected life represents how long assets are expected to last notwithstanding any major issues. Remaining service life can be determined by calculating the difference between age and expected life.

Water and wastewater assets are separated into facilities which consist of instrumentation, control and process mechanical components and linear assets such as watermains and sewers which have a significantly longer expected useful life of up to 100 years. Waste management and Duffin Creek WPCP include facilities primarily consisting of a mix of instrumentation, control and process mechanical components. Currently, tangible forestry assets only include equipment, with a useful life of approximately nine years. The Urban and York Regional Forests are not recognized by the Public Sector Accounting Board (PSAB) as tangible capital assets. The Forestry Stewardship Centre will be included in the next State of Infrastructure Report in 2015.

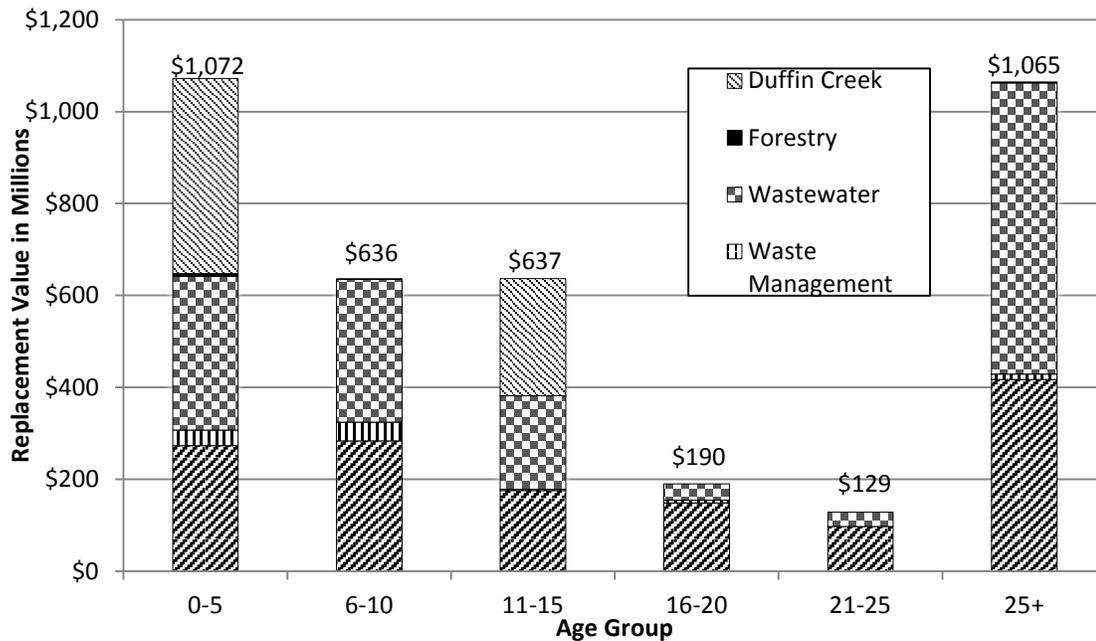
As shown in Figure 1, the average age of assets is substantially less than the expected useful life for all asset categories indicating that Regional Environmental Services assets are relatively young. However, significant growth in new infrastructure conceals the fact that some assets have performed beyond the halfway point in their expected useful life.

Figure 1
 Expected Useful Life versus Average Age of
 Environmental Services Infrastructure Assets



As infrastructure ages, there are increasing financial demands to maintain the same level of reliable service. This presents challenges for provision of continued reliable service and represents a financial demand to maintain and replace assets. Figure 2 presents current replacement value of all Environmental Services assets broken down into five State of Infrastructure asset groups as stated.

Figure 2
Asset Value by Age Group



York Region has been developing a more focused approach to asset management since 2007 to strategically manage infrastructure

To ensure that future capital investments for rehabilitation and replacement are made most effectively, a strategic 10-year Infrastructure Improvement Plan has been developed by Environmental Services. The plan was developed to identify deficiencies, prioritize infrastructure projects and determine appropriate resource levels. By developing these plans, rate models have been established with future requirements, and reserves can continue to be built to match forecasted needs. The Infrastructure Improvement Plan is part of a broader Infrastructure Management Program within Environmental Services. This Program continues to develop and implement service levels required to meet customer expectations, as well as monitor asset performance to support infrastructure planning.

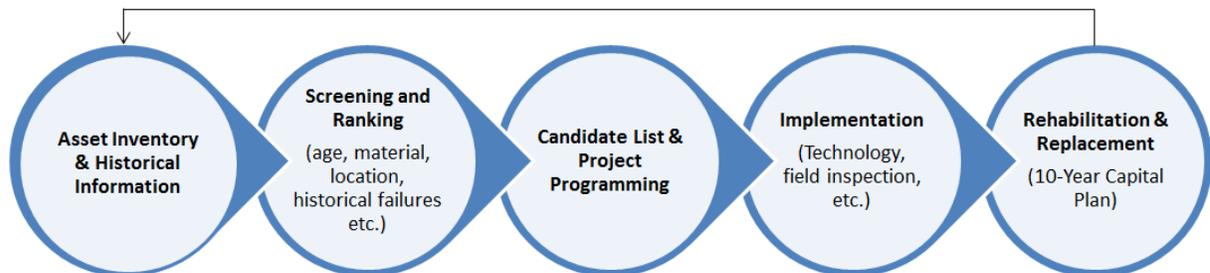
Environmental Services department is also working to develop an asset management strategy and asset management plan based on the Corporate Asset Management Policy and Framework approved by Council in 2013. Completion of these strategic initiatives will enable Environmental Services to further enhance its asset management programs for long-term sustainability.

York Region uses a systematic approach in determining condition assessment needs to balance capital investment and risk mitigation

As part of the asset management program, staff monitor all of the department's infrastructure, identifying when assets require further investigation and the type of condition assessment required to provide information necessary to prioritize condition assessment. For example, a sewer asset that has recently been inspected and is in excellent condition may be scheduled for inspection again between five and ten years in the future. In comparison, a sewer asset that is in poor condition may be scheduled for yearly inspection.

Condition assessment projects are identified based on infrastructure age, material type (e.g. cast iron or ductile iron pipe) past operating and failure history, criticality, risk exposure and feedback from operations staff. Figure 3 presents the condition assessment process used by the Region.

Figure 3
Condition Assessment Process



Condition assessment technology is a critical dependency in determining asset condition to support proactive and reliable asset management planning

Environmental Services continues to develop and implement a best-in-class asset management program by engaging, testing and evaluating emerging technologies, practices and techniques. Condition assessment projects using specialized inspection technologies have been completed as part of the asset management program and provide direct feedback in determining asset condition, measuring and managing risk and providing key inputs to develop reliable asset renewal plans.

Some key condition assessment projects completed in 2012 and 2013 include:

- Condition assessment of 25 km York-Peel feedermain using acoustic and electromagnetic technologies (acoustic leak and electromagnetic structural inspection) completed in 2013
- Condition assessment of 8 km Keele PD6 watermain using acoustic technology (acoustic leak inspection) completed in 2013
- Condition assessment of Newmarket forcemain using acoustic technology (acoustic leak inspection) completed in 2010
- Condition assessment of trunk sewer using CCTV inspection and condition grading system developed by Water Research Centre (WRC), UK

Asset management will require continued investment in condition assessment and infrastructure renewal

In early 2014, Council approved a watermain condition assessment and sewer condition assessment project to assess approximately 7 per cent and 10 per cent of the Region's watermain and sewer infrastructure annually over the next three and four years. As the condition assessments provide asset information, required renewal work and future condition assessments will be identified and require continued investment.

Link to key Council-approved plans

The State of Infrastructure Update Report aligns with the following 2011-2015 Strategic Plan goals:

- Continue to deliver and sustain critical infrastructure – through proactive protection of our infrastructure and assets
- Manage the Region's finances prudently – working to optimize decision making to ensure funds are spent where and when they need to be in order to most efficiently use infrastructure and assets
- Strengthen organizational capacity – through implementation of best practices, continuous improvement, and efficient use of existing resources

5. FINANCIAL IMPLICATIONS

With responsible, prudent fiscal policies, sustainable financial strategies and proactive financial planning processes, York Region strives to ensure that programs and services are delivered to the community in an effective manner at reasonable cost. York Region's financial policies and practices ensure that ongoing operating requirements, as well as growth and development needs, are financed in a fiscally responsible manner to meet current and future needs.

Lower financial grade for water reflects need for continued financial commitments

The 2013 State of Infrastructure grades reflect the younger age of the asset base, rehabilitation efforts made through requirements of the *Safe Drinking Water Act*, and the rigorous planning processes in place that support approved growth and infrastructure expansion in York Region.

Table 10 shows the 2009, 2011 and 2013 financial dimension grades, including trends for Environmental Services. The financial grade for water, wastewater and Duffin Creek WPCP remained a stable ‘C’ while significant improvement has been achieved for waste management primarily due to increased reserves. The overall financial grade for forestry is ‘C’.

Trends for water, wastewater, waste management and forestry remain neutral while Duffin Creek WPCP is expected to have a positive trend to 2015.

Table 10
 Grades for Financial Management

Service Area	2009	2011	2013	Trend to 2015
Water	C	C	C	→
Wastewater	C	C	C	→
Waste Management	C	C	A	→
Duffin Creek WPCP	D	C	C	↑
Forestry	-	-	C	→
OVERALL	C	C	C	↑

For Environmental Services assets, the financial dimension scores the quantity of reserves compared to asset value and approved capital plans.

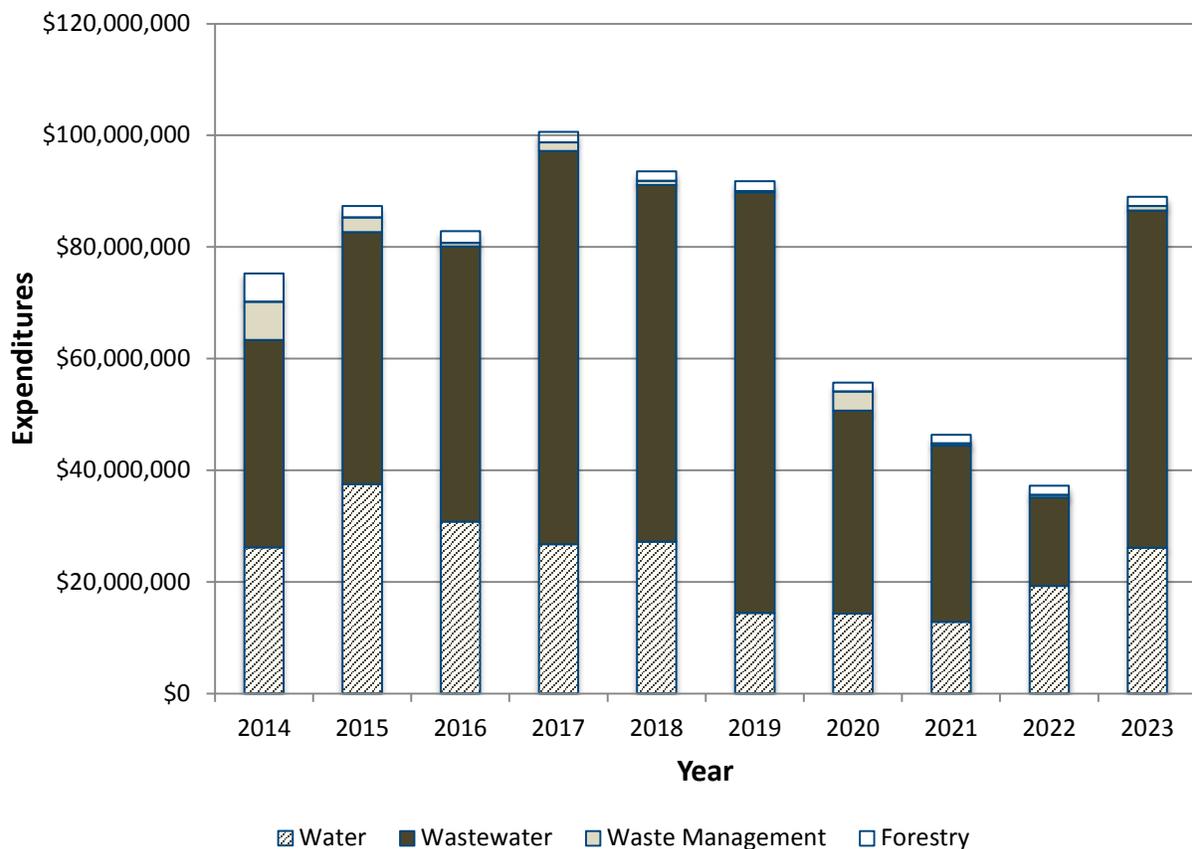
Financial management grades of ‘C’ (Adequate) are expected to trend towards ‘B’ (Good) with a planned review of rates in 2015

The Region’s reserve management strategy includes continued implementation of Council policy to set contributions at a sufficient level to ensure sustainable funding of capital asset renewals. Environmental Services is working to update the current rate model in 2015, which will support rates required to increase sustainability of reserve balances beginning in 2016. Continued reserve building, sound financial strategy and prudent fiscal management will help the Region to improve financial grades towards ‘B’ in the future.

10-year capital plans consider both growth and renewal work required in short-term

Integration of identified rehabilitation needs in the annual budget for water and wastewater service areas are key strengths. Figure 4 presents the Council approved 2014 10-year capital plans for water, wastewater, waste management and forestry service areas. The 10-year capital plan defines essential financial resources required to sustain the current State of Infrastructure grade of 'B'.

Figure 4
2014 10-Year Capital Plans



Multi-year Council approved water and wastewater rate increases are key to building reserves over long-term

Many of York Region's assets are relatively young with significant growth over the past five years. As a result, growing reserves over the next number of years is critical to support future rehabilitation and replacement needs.

In May 2011, Council approved an annual blended rate increase of 10 per cent for water and wastewater user rates for the four-year period from April 1, 2012 to March 31, 2016. Rate increases are required to support operations of growing asset base and future rehabilitation and replacement needs.

Reserves require continued funding to ensure sustainability

Continued funding for infrastructure rehabilitation and replacement needs are critical to sustain an aging asset base in order to deliver quality services to customers.

York Region's long-term planning process, approved capital financial plans and fiscal strategy has positioned the Region to effectively plan for rehabilitation and replacement over a 20 year period, as well as identify any gaps in funding required to build reserves to a sustainable level.

6. LOCAL MUNICIPAL IMPACT

As the Region provides water, wastewater, waste management and forestry services to the local municipalities, they will benefit from the Region's proactive investments in managing infrastructure assets. The asset management program ensures long-range sustainability of Regional assets that provide reliable and cost-effective service to local municipalities. Collaborative efforts will continue to support sharing of expertise and experience in industry best practices, such as inspection and relining techniques, work management systems and field data collection.

York Region staff will continue to maintain strong partnerships with local municipalities to support sustainable asset management practices through programs, such as Water for Tomorrow, the Inflow and Infiltration Reduction Program and data sharing initiatives, similar to the All Pipes model. With continued coordination and development of business processes, best practices, technology and business resources, York Region and the local municipalities will continue to ensure sustainable environmental services.

7. CONCLUSION

The 2013 State of Infrastructure Update Report is a useful resource for focusing improvement efforts and fostering increased understanding of infrastructure issues among stakeholders.

York Region has been actively adopting sustainable asset management practices for the Region's water, wastewater, waste management, and forestry services. York Region has the opportunity to continue developing asset management programs at a time when infrastructure is still relatively young. This is required in order to continue to provide high quality municipal infrastructure to ensure the community's growth, economic development, safety and quality of life.

Overall the reliability, capacity and soundness of water, wastewater, waste management, and forestry are in a good state with assets and systems functioning as designed despite heavy impact and costs to address forestry assets due to the ice storm. The 10-year budget planning adequately supports the required commitment for asset management and Council's commitment to fund reserves ensures that, in the long-term, services can continue to be delivered in a safe, reliable and efficient manner.

For more information on this report, please contact Lucas Cugalj, Director of Strategy and Business Planning at (905) 830-4444 Ext. 75041.

Attachments (1)