

## Mayor's Minute – December 12, 2019

On Monday, at our last regular meeting of the year, the District of Summerland Council passed first, second and third readings on proposed increases to our water, sewer, and electrical utility rates. The proposal includes five-year annual increases for the water (5%) and sewer (3.5%) utility rates. Council also proposed harmonizing the existing two-tier electrical rate, resulting in an averaged 4.4% rate increase for 2020.

The proposed rates align with three of Council's 2019-2022 strategic priorities: Good Governance, Community Resilience, and Infrastructure Investment.

Discussions about utilities infrastructure do not, generally, spark a lot of interest or excitement by community members. But why is this so? After all, infrastructure provides the services we expect to receive today and into the future.

These systems deliver clean water to our taps and electricity at the flick of a switch; give us roads to drive on and playground equipment for our children to play on. They take care of our waste—from our toilets, sinks, and showers and garbage and yard waste sent to the landfill—and provide kilometres of trails, bike lanes, and sidewalks for recreation and active transportation.

Admittedly, infrastructure—neither the state of District assets nor the costs of maintenance, upgrades, and replacement, let alone how to pay for them—was not something that was top of my mind either.

At least not until 2015 when, as a member of Council, I started to gain a much fuller understanding of how important infrastructure is to building a safe, healthy, and resilient community. I now have a clear understanding of the state of our infrastructure (yes, it **is** owned by the community) and how critical frank and objective staff recommendations are to Council's decision-making.

During two public meetings in November, Council heard from staff about proposed capital projects in 2020 as well as anticipated upgrades or replacements noted in the asset management plan (AMP) for the next five years. Using Council's strategic priorities as guidance, management identifies projects that are important for delivery of their department services. Part of their work in identifying these projects is referring to documents such as Master Plans and the Asset Management Plan (AMP).

Developing strong and reliable AMPs is a systematic and ongoing process. The District of Summerland started this work in 2017 by creating an inventory of all the infrastructure the District owns, operates and maintains, including all components of the water sewer, and electrical systems. The inventory also includes data on association performance, risks and expenditures over the lifecycle of each components.

Following the creation of a robust inventory, the District formalized the asset management process by adopting an AM Policy and developing an AM Strategy. These key foundational documents with the information and quality data in the AM inventory, guide decision-making by better aligning Council objectives and organizational priorities.

These asset management work completed over the past two years also shows that the District's estimated infrastructure deficit—for the three utilities alone—is over \$85 million. This means that, even though the systems are still in operation, approximately 24% of the infrastructure in these utilities has exceeded its anticipated service life.

While the proposed utility rate increases do not include any operating budget increases, there are many major utility capital projects scheduled for 2020. Further, while efforts have been made over the last five years to increase utility reserves, continued investments are required in order to support existing service levels for the community.

Continued annual reserve increases allows the District to sustainably finance assets into the future. This, in turn, creates community resilience and ensures that the people who live here can continue to expect safe and reliable services without incurring a sharp or unexpected increase in utility rates.

Council will continue infrastructure investment: It's just Good Governance.