



## (Schedule 'A') Strategic Asset Management Policy

	All Departments		
<b>Section:</b>	Asset Management	<b>Effective Date:</b>	July 1, 2019
<b>Subject:</b>	Strategic Asset Management	<b>Revised Date:</b>	
<b>Authority:</b>	By-Law 2019-019		

### 1. Purpose

The purpose of this policy is to provide leadership and commitment to the development and implementation of the Township’s asset management program. It is intended to guide the consistent use of asset management across the organization, to facilitate logical and evidence-based decision-making for the management of municipal infrastructure assets and to support the delivery of sustainable community services now and in the future.

By using sound asset management practices, the Township will work to ensure that all township infrastructure assets meet expected performance levels and continue to provide desired service levels in the most efficient and effective manner. Linking service outcomes to infrastructure investment decisions will assist the Township in focusing on service rather than budget driven asset management approaches.

This policy demonstrates an organization-wide commitment to the good stewardship of township infrastructure assets, and to improve accountability and transparency to the community through the adoption of best practices regarding asset management planning.

### 2. Goals

- 2.1 Financial Stability** – continuously demonstrate fiscal responsibility while ensuring Township owned infrastructure is maintained to an appropriate level of service.
- 2.2 Risk Reduction** – achieve a balance between desired levels of service and the amount of acceptable risk, while managing resources and infrastructure priorities.
- 2.3 Levels of Service** - Provision and maintenance of defined service quality for a particular activity or service area, against which service performance may be measured.

### 3. Definitions

Unless otherwise noted, the definitions provided in this document align with those outlined in Ontario Regulation 588/17 (O. Reg. 588/17), Asset Management Planning for Municipal Infrastructure, under the Infrastructure for Jobs and Prosperity Act, 2015.

- 3.1 Asset management (AM)** – the coordinated activity of an organization to realize value from assets. It considers all asset types, and includes all activities involved in the asset’s life cycle from planning and acquisition/creation; to operational and maintenance activities, rehabilitation, and renewal; to replacement or disposal and any remaining liabilities. Asset management is holistic and normally involves balancing costs, risks, opportunities and performance benefits to achieve the total lowest lifecycle cost for each asset (ISO 55000).

- 3.2 Asset management plan (AMP)** – Documented information that specifies the activities, resources, and timescales required for an individual asset, or a grouping of assets, to achieve the organization’s asset management objectives (ISO 55000). For core municipal infrastructure assets, data collection may be expanded to include the current levels of service being provided; the current performance of each asset category; a summary of assets in each asset category, their replacement cost, average age, condition information, and condition assessment protocols; lifecycle activities required to maintain current levels of service; discussion of population and economic forecasts; and documentation of processes to make inventory- and condition-related background information available to the public.
- 3.3 Capitalization threshold** – the value of a municipal infrastructure asset at or above which a Township will capitalize the value of it and below which it will expense the value of it.
- 3.4 Green infrastructure asset** – an infrastructure asset consisting of natural or human-made elements that provide ecological and hydrological functions and processes and includes natural heritage features and systems, parklands, stormwater management systems, street trees, urban forests, natural channels, permeable surfaces and green roofs.
- 3.5 Level of service** – parameters, or combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers. Parameters can include, but are not necessarily limited to, safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environmental acceptability, cost, and availability (ISO 55000).
- 3.6 Lifecycle activities** – activities undertaken with respect to a municipal infrastructure asset over its service life, including constructing, maintaining, renewing, operating and decommissioning, and all engineering and design work associated with those activities.
- 3.7 Municipal infrastructure asset** – an infrastructure asset, including a green infrastructure asset, directly owned by a municipal government or included on the consolidated financial statements of a municipal government.

#### **4. Background**

The Township is responsible for providing a range of essential services to the community which include environmental management, planning and development, protection, recreation and culture, government, social, family, health and safe and reliable transportation networks. To deliver these services, it owns and manages a diverse municipal infrastructure asset portfolio of roads, facilities, fire and emergency services, parks and recreation assets. As the social, economic, and environmental wellbeing of the community depends on the reliable performance of these municipal infrastructure assets it is critical to implement a systemic, sustainable approach to their management.

Asset management is such an approach, and refers to the set of policies, practices and procedures that allow an organization to realize maximum value from its municipal infrastructure assets. An asset management approach allows organizations to make informed decisions regarding the planning, building, operating, maintaining, renewing, replacing and disposing of municipal infrastructure assets through a wide range of lifecycle activities. Furthermore, it is an organization-wide process that involves the coordination of activities across multiple departments and service areas. As such, it is useful to adopt a structured and coordinated approach to outlining the activities, roles and responsibilities required of organizational actors, as well as the key principles that should guide all asset management decision-making.

A comprehensive and holistic asset management approach will support efficient and effective delivery of expected levels of service and ensure that due regard and process are applied to the long-term management and stewardship of all municipal infrastructure assets. In addition, it will align the Township with provincial and national standards and regulations such as the Infrastructure for Jobs and Prosperity Act, 2015 and Ontario Regulation 588/17, enabling the organization to take full advantage of available grant funding opportunities.

The approval of this policy is an important step towards integrating the Township's strategic mission, vision and goals with its asset management program, and ensuring that critical township infrastructure assets and vital services are maintained and provided to the community in a reliable, sustainable manner.

**5. Alignment with the Township's Strategic Direction**

This policy aligns with the Township of Strong's Strategic Plan and the Procurement By-law. As the Township's related Plans are updated, this policy shall be revised to align with emerging and evolving policies, strategies, actions and priorities. Respective plans and policies will be updated as the strategic direction is updated.

**6. Policy Statement**

To guide the Township, the following policy statements have been developed:

- 6.1** The Township will implement an organization-wide asset management program through all departments. The program will promote lifecycle and risk management of all township infrastructure assets, with the goal of achieving the lowest total cost of ownership while meeting desired levels of service.
- 6.2** The Township will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
  - a) Complete and Accurate Asset Data
  - b) Condition Assessment Protocols
  - c) Risk and Criticality Models
  - d) Lifecycle Management
  - e) Financial Strategy Development
  - f) Level of Service Framework
- 6.3** The Township will develop and maintain an asset inventory of all township infrastructure assets. This will be developed according to the information and reporting needs of the Township. Costs/Benefit analysis will be key for this aspect of the policy.
- 6.4** The Township will develop an asset management plan (AMP) that incorporates all infrastructure categories and township infrastructure assets that meet the capitalization threshold outlined in the Township's 'Accounting Treatment of Tangible Capital Assets' By-law 2008-1582 (summarized in Appendix A) and the amortization periods, by component. The AMP will be updated at least every five years in accordance with O. Reg. 588/17 requirements, to promote, document and communicate continuous improvement of the asset management program.
- 6.5** The Township will integrate asset management plans and practices with its long-term financial planning and budgeting strategies. This includes the development of financial plans that determine the level of funding required to achieve short-term operating and maintenance needs, in addition to long-term funding needs to replace and/or renew municipal infrastructure assets based on full lifecycle costing.

- 6.6 The Township will explore innovative funding and service delivery opportunities, including but not limited to grant programs, public-private partnerships (P3), alternative financing and procurement (AFP) approaches, and shared provision of services, as appropriate.
- 6.7 The Township will develop meaningful performance metrics and reporting tools to transparently communicate and display the current state of asset management practice to Council and the community.
- 6.8 The Township will consider the risks and vulnerabilities of township infrastructure assets to climate change and the actions that may be required including, but not limited to, anticipated costs that could arise from these impacts, adaptation opportunities, mitigation approaches, disaster planning and contingency funding. Impacts may include matters relating to operations, levels of service and lifecycle management.
- 6.9 The Township will align all asset management planning with the Province of Ontario's land-use planning framework, including any relevant policy statements issued under section 3(1) of the Planning Act; shall conform with the provincial plans that are in effect on that date; and, shall be consistent with all township official plans.
- 6.10 The Township will coordinate planning for interrelated township infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.
- 6.11 The Township will develop processes and provide opportunities for residents and other interested parties to offer input into asset management planning wherever and whenever possible.

## 7. Roles and Responsibilities

The development and continuous support of the Township's asset management program requires a wide range of duties and responsibilities. The following passages outline the persons responsible for these tasks:

### 7.1 Council

- a) Approve the AM policy and direction of the AM program
- b) Maintain adequate organizational capacity to support the core practices of the AM program
- c) Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets
- d) Conduct an annual review of the Township's asset management progress on or before July 1 in each year, starting the year after the Township's asset management plan is completed. (Required under O. Reg. 588/17)
- e) Establish and monitor levels of service

### 7.2 Lead/Governance – Clerk or Contracted Individual

- a) Communicate the vision of asset management at a corporate level
- b) Provide organization-wide leadership in AM Practices and concepts
- c) Provide corporate oversight to goals and directions and ensure the AM program aligns with the Township's sustainable strategic plan
- d) Provide departmental staff coordination and delegate asset management-related tasks within their defined job descriptions/competencies and recruit for external assistance, as needed.

Staff may include the Treasurer, Deputy Treasurer, Department Leaders and Administrative/Office Assistants

- e) Ensure that adequate resources are available to implement and maintain core AM practices
- f) Develop and monitor levels of service and make recommendations to Council
- g) Ensure senior management team staff coordination and participation and progress
- h) Track, analyze and report on AM program progress and results and encourage the input of ratepayers and other interested parties
- i) Ensure the following Ontario regulation milestones are met:
  - **July 1, 2019** – deadline to have a finalized strategic asset management policy that promotes best practices and links asset management planning with budgeting, operations, maintenance and other municipal planning activities,
  - **July 1, 2021** – deadline to have an approved asset management plan for core assets (roads, bridges and culverts, water, wastewater and stormwater management systems) that identifies current levels of service and the cost of maintaining those levels of service.
  - **July 1, 2023** – deadline to have an approved asset management plan for all township infrastructure assets that identifies current levels of service and the cost of maintaining those levels of service.
  - **July 1, 2024** – deadline to have an approved asset management plan for all township infrastructure assets that builds upon the requirements set out in 2023. This includes the identification of proposed levels of service, and a strategy to fund these activities.

### **7.3 Asset Management Working Group (Clerk, Treasurer, Deputy Clerk & Departmental Leadership)**

- a) Create, review, approve and implement Asset Management documents and strategies, where the implications are organization wide or external
- b) Endorse every asset management policy and plan
- c) Provide organization-wide leadership in AM practices and concepts
- d) Participate in the process of aligning asset management strategies and plans with organizational strategies and objectives
- e) Provide departmental staff coordination
- f) Monitor levels of service
- g) Coordinate and track AM program implementation and progress

### **7.4 Departmental Staff**

- a) Utilize the new business processes and technology tools developed as part of the AM program
- b) Participate in implementation task teams to carry-out AM activities
- c) Implement and maintain levels of service
- d) Provide support and direction for AM practices within their department
- e) Track and analyze AM program progress and results

## **8. Key Principles**

The Township shall consider the following principles, as derived from section 3 of the Infrastructure for Jobs and Prosperity Act, 2015, when making decisions regarding asset management:

**8.1 Value Based/Affordability** - The Township will choose practices, interventions and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying levels of service. Decisions are based on balancing service levels, risks and costs.

**8.2 Budgeting and Planning** – The Township shall take into account any applicable budgets or fiscal plans. Planning and investment should take a long-term view, and decision-makers

should take into account the needs of citizens by being mindful of, among other things, demographic and economic trends.

- 8.3 Prioritizing** - The Township shall clearly identify infrastructure priorities which will drive investment decisions.
- 8.4 Economic Development** - The Township shall promote economic competitiveness, productivity, job creation, and training opportunities.
- 8.5 Transparency** – The Township shall be evidence-based and transparent. Additionally, subject to any prohibitions under an act or otherwise by law on the collection, use, or disclosure of information, the Township shall:
- a) Make decisions with respect to infrastructure based on information that is publicly available or made available to the public, and
  - b) Share information with implications on infrastructure and investment decisions with the Government and broader public sector entities
- 8.6 Consistency** - The Township shall ensure the continued provision of core public services.
- 8.7 Innovation** - The Township shall create opportunities to make use of the innovative technologies, services, and practices, particularly where doing so would utilize technology, techniques, and practices developed in Ontario.
- 8.8 Risk-based** - The Township will manage the asset risk associated with attaining the levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit recognizing that public safety is the priority.
- 8.9 Integration** - The Township shall, where relevant and appropriate, be mindful and consider the principles and content of non-binding provincial or municipal plans and strategies established under an Act or otherwise, in planning and making decisions surrounding the infrastructure that supports them.
- 8.10 Health and Safety** - The Township shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- 8.11 Stakeholder Focused** - The Township will have clearly defined levels of service and apply asset management practices to maintain the confidence of stakeholders in how Township assets are managed.
- 8.12 Forward Looking** - The Township shall take a long-term view while considering the impacts of demographic and economic trends on infrastructure needs.
- 8.13 Environmentally Conscious** - The Township shall minimize the impact of infrastructure on the environment by:
- a) Respecting and helping maintain ecological and biological diversity,
  - b) Augmenting resilience to the effects of climate change, and
  - c) Endeavoring to make use of acceptable recycled aggregates & materials.
- 8.14 Climate Change Adaptability** - The Township's is committed to include, as part of its asset management planning:
- a) The actions that may be required to address the vulnerabilities that may be caused by climate change to the municipality's infrastructure assets, in respect of such matters, as,
    - Operations, such as increased maintenance schedules,
    - Levels of services,
    - Lifecycle management,
  - b) The anticipated costs that could arise from the vulnerabilities described in subparagraph above,
  - c) Adaptation opportunities that may be undertaken to manage the vulnerabilities

described above,

- d) Mitigation approaches to climate changes, such as previously established greenhouse gas emission reduction goals and targets, and
- e) Disaster planning and contingency funding.

**8.15 Community Focused** - The Township shall promote community benefits, being the supplementary social and economic benefits arising from an infrastructure project that are intended to improve the quality of life of a community affected by the project, such as:

- a) Local job creation and training opportunities (including for apprentices, within the meaning of section 9 of the Infrastructure for Jobs and Prosperity Act, 2015)
- b) Improvement of public space within the community, and
- c) Promotion accessibility for persons with disabilities.

**8.16 Service Focused** - The Township will consider all the assets in a service context and take into account their interrelationship as opposed to optimizing individual assets in isolation.

**8.17 Collaboration** - The Township is committed to coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of our upper-tier municipality, neighbouring municipalities or jointly-owned municipal bodies. The Township is committed to provide opportunities for municipal residents and other interested parties to provide input in to the Township's asset management planning.

#### **Appendix A: Capitalization Thresholds and Amortization Values**

With the exception of land, all assets meeting the single asset capitalization thresholds are defined in By-law 2008-1582, with a threshold value of \$3,000. This includes the Township's proportionate share of the assets or any shared or fully-controlled services. All assets are individually assessed – the 'pooling' of assets are excluded in the By-law. Amortization method and rates are defined in By-law 2008-1582.

This policy shall be updated to align with any changes made to the Township's 'Accounting Treatment of Tangible Capital Assets' By-law 2008-1582.