

DATE: April 15, 2019
REPORT NO: RFD-T-08-19
SUBJECT: **Strategic Asset Management Policy**
CONTACT: Donna DeFilippis, Treasurer/Director of Finance

OVERVIEW:

- **On December 13, 2017, the Province of Ontario approved O.Reg. 588/2017-Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperity Act, 2015**
- **Provincial Regulation O.Reg. 588/2017 requires the Township to prepare and Council to approve a Strategic Asset Management Policy by July 1, 2019**
- **The Strategic Asset Management Policy being presented to Council will support a consistent and coordinated approach to Asset Management across the Township.**

RECOMMENDATION:

1. That, report RFD-T-08-19, regarding “Strategic Asset Management Policy”, dated April 15, 2019, be received for information; and,
2. That, Council approve the Strategic Asset Management Policy attached as Appendix A to this report.

BACKGROUND:

On December 13, 2017, the Province of Ontario approved O.Reg. 588/2017-Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperity Act, 2015

The following is an outline of some of the key requirements, their effective dates and the Township’s progress on each item:

July 1, 2019 – all municipal governments are to have a strategic asset management policy in place. This policy is to be reviewed and updated every five years, if necessary. The approval of this report will ensure compliance with this requirement.

July 1, 2021 - all municipal governments are to have an approved asset management plan for core assets (roads, bridges and culverts, water, wastewater and storm water) that discuss current levels of service and the cost of maintaining those services. The Township currently has an Asset Management Plan; however, it does not meet the standard as required in this Regulation.

July 1, 2023 – all municipal governments are to have an approved asset management plan for all other infrastructure assets that discuss current levels of service and the cost of maintaining those services. At the present time, the Township does not measure or have any standard level of services in place.

July 1, 2024 – the asset management plans are to include a discussion of proposed levels of service, the assumptions related to the proposed levels of service, what activities will be required to meet proposed levels of service, and a strategy to fund the activities.

The Township has approved two Asset Management Plans to date: 2013 and 2016. These Asset Management Plans were developed based on the legislation that existed at the time. However, they would not meet the requirements as outlined in the new legislation. The goal of this legislation is that Asset Management becomes an on-going process within a municipality that ensures the effective and efficient management of all its assets. Asset Management is no longer a document that “sits on a shelf”.

At the September 17, 2018 Council meeting, staff were authorized to engage the services of PSD (Public Sector Digest) to assist Township staff with developing an Asset Management “Roadmap”. The overall Roadmap consists of the following steps, at this point PSD has been engaged to assist with the first three items:

1. State of Maturity Report
2. Asset Management Policy
3. Data & Asset Performance Analysis
4. Risk and Criticality Models
5. Lifecycle Activity Framework
6. Level of Service Framework
7. Financial Strategies
8. Asset Management Plan

The development of the Asset Management Policy is the first deliverable on this “roadmap”.

CURRENT SITUATION:

The Strategic Asset Management Policy, attached as Appendix A to this report meets all the requirements of the provincial regulation. The regulation states that the Policy must be reviewed and, if necessary, updated at least every five years afterwards. We have adopted a review at least every four years to align with new terms of Council.

The Policy includes an outline of the roles and responsibilities of both Council, staff and the Public with regards to Asset Management. The role of Council is outlined below.

“The Township of West Lincoln will be a community that values our heritage, preserves our environmental and natural resources, fosters entrepreneurial spirit and provides excellent quality of life”

Role of Council:

- i. Approve the Asset Management policy and direction of the Asset Management program;
- ii. Maintain adequate organizational capacity to support the core practices of the Asset Management program;
- iii. Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets;
- iv. Establish and monitor levels of service;
- v. Approve the asset management plan by resolution;
- vi. Review the Township's asset management progress annually.

FINANCIAL IMPLICATIONS:

At this point there are no financial implications. As staff continues with the State of Maturity and Data & Asset Performance Analysis, it will become clearer where the weaknesses in our Asset Management development lie and requests for additional resources may be presented to Council.

INTER-DEPARTMENTAL COMMENTS:

This policy was reviewed and edited by the Senior Management Team.

CONCLUSION:

Legislated requirements have been incorporated into the Strategic Asset Management Policy to align with the Asset Management Planning for Municipal Infrastructure Regulation. Approval of the Strategic Asset Management Policy will align the Township's asset management practices and ensure responsible stewardship of the Township's assets while continuing to provide sustainable levels of service.

Prepared by:



Donna DeFilippis
Treasurer/Director of Finance

Approved by:



Bev Hendry
CAO

TITLE: Strategic Asset Management Policy
POLICY NO: POL-ADMIN-02-2019
APPROVAL DATE:
EFFECTIVE DATE:

PURPOSE:

The purpose of this policy is to provide a framework for 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 municipal 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 municipal infrastructure assets, and to improved accountability and transparency to the community through the adoption of best practices regarding asset management planning.

BACKGROUND:

The Township is responsible for providing a range of essential services to the community, including transportation networks, water conveyance, wastewater collection, storm water management, and land improvements. To deliver these services, it owns and manages a diverse municipal infrastructure asset portfolio of road network, bridges, culverts, storm water management ponds, water and wastewater linear assets, facilities and parks, green infrastructure assets, machinery and equipment, and fleet. 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 enable an organization to realize maximum value from its municipal infrastructure assets. An asset management approach enables 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 such as Planning and Building, Library, Clerks, CAO Office, Fire & Emergency Services, Public Works & Recreation, and Finance. As such, it is useful to adopt a structured and

coordinated approach to outlining the activities, roles and responsibilities required of organizational participants, 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 municipal infrastructure assets and vital services are maintained and provided to the community in a reliable, sustainable manner.

DEFINITIONS:

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.
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.
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.
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, storm water management systems, street trees, urban forests, natural channels, permeable surfaces and green roofs.
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.
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.

7. Municipal infrastructure asset – an infrastructure asset, including a green infrastructure asset, directly owned by a Township or included on the consolidated financial statements of a Township.

ALIGNMENT WITH TOWNSHIP'S STRATEGIC DIRECTION:

This policy aligns with key municipal and regional plans, including the Township of West Lincoln's Community Strategic Plan and Official Plan. The Community Strategic Plan defines three Pillars to guide the future development of West Lincoln, defined as *Quality of Life, Economic Prosperity & Tourism*, and *Managed Growth and Protecting Natural Assets*. Strategic objectives embedded within the Pillars that closely align with asset management priorities are:

- Invest in Smithville's downtown and create a safe, vibrant, pedestrian-friendly core.
- Increase civic engagement and community involvement through enhanced partnerships, good governance and leadership.
- Communicate Long Term Financial Strategies and Goals to support Sustainability.
- Develop access to natural assets (trails, forests, rivers, and creeks, wetlands) to allow enjoyment while maintaining and protecting their delicate environmental balance.
- Improve supports for rural infrastructure.

The Township of West Lincoln maintains and amends the Official Plan every five years. This document communicates the alignment of the Township's policies to that of the Region of Niagara. Key objectives, complementing the priorities of the Community Strategic Plan, are:

- Promote renewable energy systems, where deemed appropriate, conserve energy and protect air quality.
- Incorporate climate change adaptation and mitigation strategies to protect built and natural environments.
- Design roads and transportation networks that support all users.
- Provide green spaces, places to play and gather, and recreational facilities and opportunities for all.

POLICY STATEMENT:

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

1. The Township will implement an enterprise-wide asset management program through all departments. The program will promote lifecycle and risk management of all municipal infrastructure assets, with the goal of achieving the lowest total cost of ownership while meeting desired levels of service.
2. The Township will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
 - i. Complete and Accurate Asset Data;
 - ii. Condition Assessment Protocols;
 - iii. Risk and Criticality Models;

- iv. Whole Lifecycle Management;
 - v. Financial Strategy Development;
 - vi. Level of Service Framework
3. The Township will develop and maintain an asset inventory of all municipal infrastructure assets which includes unique ID, description, location information, value (both historical and replacement), performance characteristics and/or condition, estimated remaining life and estimated repair, rehabilitation or replacement date; and estimated cost repair, rehabilitation or replacement costs.
 4. The Township will develop an asset management plan that incorporates all municipal infrastructure assets that meet the capitalization threshold outlined in the organization's Tangible Capital Asset Policy. The asset management plan 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.

For management purposes, it can be advantageous to inventory, track, and document municipal infrastructure assets that fall below the relevant capitalization threshold. Recognizing that it may be beneficial to include these types of assets in the asset management plan, the Township will consider incorporating such assets at their own discretion, based on the objective of sustainably managing municipal infrastructure assets.

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. The Township will also strive to include future growth projects in their financial strategies and asset management plan as required by development charge by-laws and any pertinent regulations.
6. The Township shall 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.
7. The Township will consider the risks and vulnerabilities of municipal infrastructure assets to increasingly severe weather events and the impacts to the environment 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.
8. The Township will ensure that all asset management planning is aligned with any of the following financial plans:
 - i. Financial plans related to the Township's water assets including any financial plans prepared under the Safe Drinking Water Act, 2002;

- ii. Financial plans related to the Township's wastewater assets.
9. The Township shall, where applicable, 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 municipal official plans.
10. The Township will coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its neighboring municipalities or jointly-owned municipal bodies wherever viable and beneficial.
11. The Township will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.
12. The Strategic Asset Management Policy shall be reviewed and, if necessary, updated at least every four years.
13. Council will 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 to meet the requirements outlined in O.Reg. 588/17

The annual review must address:

- i. The Township's progress in implementing its asset management plan;
 - ii. Any factors impeding the Township's ability to implement its asset management plan;
 - iii. A strategy to address the factors identified as impeding the Township's ability to implement its asset management plan
14. The Township will post its asset management policy and asset management plan on a website that is available to the public and will provide a copy of the policy and plan to any person who requests it.

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:

1. **Council**
 - i. Approve the AM policy and direction of the AM program;
 - ii. Maintain adequate organizational capacity to support the core practices of the AM program;
 - iii. Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets;
 - iv. Establish and monitor levels of service;

- v. Approve the asset management plan by resolution;
- vi. Review the Township's asset management progress annually.

2. Senior Management Team

- i. Development of policy and policy updates;
- ii. Provide corporate oversight to goals and directions and ensure the AM program aligns with the Township's strategic plan;
- iii. Ensure that adequate resources are available to implement and maintain core AM practices;
- iv. Provide departmental staff coordination;
- v. Develop and monitor levels of service and make recommendations to Council;
- vi. Track, analyze and report on AM program progress and results.

3. Executive Lead (Treasurer)

- i. Manage policy and policy updates;
- ii. Provide organization-wide leadership in AM practices and concepts;
- iii. Provide departmental staff coordination;
- iv. Monitor levels of service;
- v. Coordinate and track AM program implementation and progress;
- vi. Endorse the asset management plan.

4. Departmental Staff

- i. Utilize the new business processes and technology tools developed as part of the AM program;
- ii. Participate in implementation task teams to carry-out AM activities;
- iii. Implement and maintain levels of service;
- iv. Provide support and direction for AM practices within their department;
- v. Track and analyze AM program progress and results.

5. Public

- i. Engage and voice level of service expectations and concerns to Council and Staff through surveys and public engagement opportunities;
- ii. Understand dynamic relationship between performance, cost, and risk of assets to deliver desired services;
- iii. Engage in discussions about strategic priorities and target levels of service.

POLICY REQUIREMENTS:

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

1. Forward Looking

- a. Infrastructure 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.

2. Financially Sustainable
 - a. Infrastructure planning and investment should take into account any applicable budgets or fiscal plans.
3. Evidence-Based
 - a. Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure.
 - b. Infrastructure planning and investment should be evidence based and transparent, and, subject to any restrictions or prohibitions under an Act or otherwise by law on the collection, use or disclosure of information,
 - i. investment decisions respecting infrastructure should be made on the basis of information that is either publicly available or is made available to the public, and
 - ii. Information with implications for infrastructure planning should be shared between the Township and broader public sector entities and should factor into investment decisions respecting infrastructure.
4. Reliable
 - a. Infrastructure planning and investment should ensure the continued provision of core public services.
5. Supports a Thriving Economy
 - a. Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities.
6. Innovative
 - a. Infrastructure planning and investment should foster innovation by creating opportunities to make use of innovative technologies, services and practices, particularly where doing so would utilize technology, techniques and practices developed in Ontario.
7. Supports Community Well-Being
 - a. Where provincial or municipal plans or strategies have been established in Ontario, under an Act or otherwise, but do not bind or apply to the Township, as the case may be, the Township should nevertheless be mindful of those plans and strategies and make investment decisions respecting infrastructure that support them, to the extent that they are relevant.
 - b. Infrastructure planning and investment should promote accessibility for persons with disabilities.
 - c. Infrastructure planning and investment should promote community benefits, being the supplementary social and economic benefits arising from an infrastructure project that are intended to improve the well-being of a community affected by the project, such as local job creation and training opportunities, improvement of public space within the community, and any specific benefits identified by the community.

- d. Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
8. Environmentally Conscious
- a. Infrastructure planning and investment should minimize the impact of infrastructure on the environment and respect and help maintain ecological and biological diversity, and infrastructure should be designed to be resilient to the effects of extreme weather events.
 - b. Infrastructure planning and investment should endeavor to make use of acceptable recycled aggregates.