

SECTION: Finance

POLICY #: FIN-006

Date Approved:

Asset Management Policy

Revision Date:

Review Date:

PURPOSE

The purpose of this policy is to provide leadership in and commitment to the development and implementation of the Town’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 Town 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 Town 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.

ALIGNMENT WITH THE TOWN’S STRATEGIC DIRECTION

Corporate strategic documents are to be aligned with this Asset Management Policy.

POLICY STATEMENT

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

1. The Town 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 Town 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. Lifecycle Management
 - v. Financial Strategy Development
 - vi. Level of Service Framework
3. The Town is committed to 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.
4. The Town 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

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replacement date; and estimated cost repair, rehabilitation or replacement costs.

5. The Town will develop an **asset management plan** that incorporates all infrastructure categories and municipal infrastructure assets that meet the **capitalization threshold** outlined in the organization’s Tangible Capital Asset Policy, summarized in Schedule A. It 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. The Town 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.
7. The Town will develop meaningful performance metrics and reporting tools and will transparently communicate and display the current state of asset management practice to Council and the community.
8. The Town will consider the risks and vulnerabilities of municipal 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, legislative changes, and lifecycle management.
9. The Town will ensure that all asset management planning is aligned with corporate and financial plans.
10. The Town 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 municipal official plans.
11. The Town will coordinate planning for interrelated municipal infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.
12. The Town will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.

KEY PRINCIPLES

The Town 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. 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. Infrastructure planning and investment should take into account any applicable budgets or fiscal plans.

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3. Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure.
4. Infrastructure planning and investment should ensure the continued provision of core public services.
5. Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities.
6. Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
7. 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.
8. 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 (may be) 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 Town and broader public sector entities, and should factor into investment decisions respecting infrastructure.
9. 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 Town, as the case may be, the Town 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.
10. Infrastructure planning and investment should promote barrier-free accessibility.
11. Infrastructure planning and investment should minimize the adverse impacts of infrastructure on the environment and strive to respect and help maintain ecological and biological diversity, and infrastructure should be designed to be resilient to the effects of climate change.
12. Infrastructure planning and investment may endeavour to make use of acceptable recycled aggregates.
13. 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.

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ROLES AND RESPONSIBILITIES

The development and continuous support of the Town’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. Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets
 - iii. Approve levels of service

2. **Executive Lead (Director of Finance)**
 - 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

3. **Leadership Team**
 - i. Development of policy and policy updates
 - ii. Provide corporate oversight to goals and directions and ensure the AM program aligns with the Town’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
 - vii. Maintain adequate organizational capacity to support the core practices of the AM program

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

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*.

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).

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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). Under O. Reg. 588/17, by 2023 AMPs for core municipal infrastructure assets will be required 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. **Capitalization threshold** – the value of a municipal infrastructure asset at or above which a Town 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, stormwater 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 (ISO 55000).
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 Town or included on the consolidated financial statements of a Town, but does not include an infrastructure asset that is managed by a joint municipal water board.

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Schedule A

Tangible Capital Assets Policy

As per the Tangible Capital Assets Policy, the Town has established asset categories and capitalization thresholds in accordance with Public Sector Accounting Board reporting guidelines. This includes single asset capitalization thresholds for the following assets:

Asset Category	Asset Capitalization Threshold
Land	ALL
Land Improvements	\$10,000
Building	\$10,000
Building Improvements	\$10,000
Leasehold Improvements	\$10,000
Vehicles	\$10,000
Equipment & Machinery	\$10,000
Infrastructure	\$50,000
All other assets	\$10,000
Capital Works in Progress	ALL
Pooled Assets	Equal to Asset Category

The thresholds have been set at levels that will likely capture all material tangible capital assets. Should individual assets that are immaterial when accounted for individually, but when pooled with similar assets have a material value, asset pools will be created. The threshold for asset pools will be set at a level equal to their asset categories.