



# Municipality of Dysart et al Policies and Procedures Manual

## Strategic Asset Management Policy

Policy No. 57

### SCOPE:

The policy applies to all members of the Municipal organization and all physical assets identified in the Asset Management Plan.

### PURPOSE:

The purpose of this policy is to provide a framework for the development and implementation of the Municipality'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 Municipality 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 Municipality 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 Municipality is responsible for providing a range of services to the community, including, but not limited to, transportation networks, emergency management, and parks and facilities services. To deliver these services, it owns and manages a diverse municipal infrastructure asset portfolio of roads, bridges, culverts, waste water, facilities, and vehicles. 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 Municipal staff, 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 Municipality with municipal, provincial, and national standards and regulations, enabling the organization to take full advantage of available grant funding opportunities.

The approval of this policy is an important step towards integrating the Municipality'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.

## **POLICY STATEMENT:**

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

1. The Municipality 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 Municipality will develop and establish asset investment and financial strategies with a focus on ensuring the lowest overall lifecycle (service life) cost of the asset rather than the lowest initial construction cost of building said assets.
3. The Municipality will develop and maintain an asset inventory of all capital 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.
4. The Municipality 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
5. The Municipality will develop an asset management plan (AMP) that incorporates all infrastructure categories and municipal infrastructure assets that are necessary for the provision of services. This may include assets that fall below their respective capitalization thresholds as outlined in the Municipal Policy #30 Tangible Capital Asset Policy.

6. The Municipality 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 Municipality will develop performance metrics and reporting tools to transparently communicate and display the current state of the asset management practice.
8. The Municipality will consider the risks and vulnerabilities of 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 funds.
9. The Municipality 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.
10. The Municipality will coordinate planning between interrelated infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighboring municipalities and jointly-owned municipal bodies wherever viable and beneficial.
11. The Municipality will provide opportunities for municipal residents and other interested parties to provide input into asset management planning wherever and whenever possible.
12. The Strategic Asset Management Policy should be reviewed and, if necessary, updated at least every five years.

### **KEY PRINCIPLES:**

The Municipality shall consider the following principles as outline 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 demographic and economic trends.
2. Infrastructure planning and investment should take into account any applicable budgets or fiscal plans.
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.
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 Municipality, the Municipality should 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 accessibility for persons with disabilities.
11. Infrastructure planning and investment should minimize the impact of infrastructure on the environment, 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 should endeavor 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 the community.

## **ROLES AND RESPONSIBILITIES:**

The policy requires the commitment of key stakeholders within the Municipality's organization to ensure the policy contains a clear plan that can be implemented, reviewed and updated.

### **1. Council**

- i. Approves policies, procedures and guidelines as they relate to Asset Management.
- ii. Articulates community values and defines priorities as they apply to Tangible Capital Assets.
- iii. Approves Departmental asset management strategies and plans, as required.
- iv. Approves asset funding through the annual budget process, multi-year financial plans and long-range financial plans.

### **2. Chief Administrative Officer**

- i. Supports the Treasurer in ensuring the requirements obtained in the Policy are consistently applied.

### **3. Treasurer**

- i. Develops and updates this policy as necessary and presents changes to Council, as required.
- ii. Provides financial direction to the Department Heads.
- iii. Responsible for the stewardship of the financial assets and records.

#### 4. Department Heads

- i. Work with the Treasurer to develop, implement and update the Asset Management Plan.
- ii. Responsible for asset management functions.

#### 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.
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 municipality 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 municipality or included on the consolidated financial statements of a municipality.