



POLICY

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| TITLE: | Strategic Asset Management Policy |
| NUMBER: | FIN-002 |
| CATEGORY: | Finance |
| DATE: | July 25th, 2018 |
| REFERENCES: | By-Law 2018-69 |

1.0 Purpose:

The purpose of this policy is to provide leadership in and commitment to 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.

2.0 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).
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).
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 (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 municipality or included on the consolidated financial statements of a municipality, but does not include an infrastructure asset that is managed by a joint municipal water board.

3.0 Background:

The Municipality is responsible for providing a range of essential services to the community. To deliver these services, it owns and manages a diverse municipal infrastructure asset portfolio of roads, bridges, culverts, water, wastewater, machinery, vehicles and more. 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 Municipality 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 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.

4.0 Alignment with the Municipality's Strategic Direction:

This policy aligns with The Hastings County Official Plan, 2017. The following passages outline key strategic priorities and objectives listed within this document that the development of an asset management program will support:

Planning Principles of the Official Plan

1. (1.7.1) The intent of the Hastings County Official Plan is to facilitate and achieve a high quality of life, economic growth, healthy, active communities, and environmental sustainability by implementing the following principles of good land use planning:
2. (1.7.1a) Provide members of the public, County and Member Municipality Councils with data, information, and policies that will direct wise and sustainable use and management of lands, including natural and cultural heritage resources, natural or man-made hazards, public infrastructure, built form, and public service facilities.

Objectives

(2.1.2f) To promote the efficient and sustainable use of infrastructure and public service facilities which are planned or available, and avoid the need for premature, unjustified and/or uneconomical expansions of such.

Infrastructure & Public Service Facilities – Goals and Objectives

1. (3.1.1a) To undertake asset management planning and develop asset management plans that will pursue the financial viability of the County's and Member Municipalities' infrastructure and public service facilities over their lifecycle.
2. (3.1.1b) To provide, maintain, finance, and operate infrastructure and public service facilities that are accessible and will provide a high quality of life while protecting the overall health and safety of County residents and visitors.
3. (3.1.1g) To maintain in good repair and condition new and existing infrastructure and public service facilities, including but not limited to water and sanitary sewage systems, roads, recreational trails, pedestrian sidewalks and walkways, bike paths/lanes, social and special needs housing, community halls, arenas, museums, and libraries.
4. (3.1.3) To consider the following before developing new infrastructure and service facilities:
 - i. Optimizing the use of existing infrastructure and public service facilities; and,
 - ii. Considering opportunities for adaptive re-use, wherever feasible
5. (3.2.10) Member Municipality Councils will actively maintain/upgrade their systems and promote water conservation practices in order to "free up" capacity within the municipal water and sanitary sewage treatment plant and distribution systems. Member Municipalities that own and manage municipal water and wastewater plants and systems will develop and implement assessment management plans inclusive of an asset management strategy and financing strategy tailored to their unique needs and the life cycle cost of their infrastructure.
6. (3.6.1.3) Member Municipalities will develop and implement Assessment Management Plans inclusive of an asset management strategy and financing strategy tailored to their unique needs and the life cycle cost of their roads and transportation infrastructure.

5.0 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 implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
 - Complete and Accurate Asset Data
 - Condition Assessment Protocols
 - Risk and Criticality Models
 - Lifecycle Management
 - Financial Strategy Development
 - Level of Service Framework
3. The Municipality 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 Municipality will develop an asset management plan that incorporates all infrastructure categories and municipal infrastructure assets that meet the capitalization thresholds outlined in the organization's Capital Asset Policy. It will be updated regularly

according to the dates outlined in O. Reg. 588/17 until July 1, 2024, after which it will be updated at least every five years. The Capital Asset Policy for the Municipality of Centre Hastings includes the following capitalization thresholds:

| Major Asset Class | Minor Asset Class | Capitalization Threshold |
|---------------------------------------|-------------------|---------------------------|
| Land | | All land will be recorded |
| Land Improvements | | \$10,000 |
| Buildings | | \$10,000 |
| Engineered Structures | Roadway System | \$10,000 |
| | Water System | \$10,000 |
| | Wastewater System | \$10,000 |
| | Storm System | \$10,000 |
| Machinery & Equipment | | \$10,000 |
| Vehicles | | \$10,000 |
| Computer System (Hardware & Software) | | \$10,000 |
| Furniture & Office Equipment | | \$10,000 |
| Group assets (all categories) | | \$10,000 |

5. 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.
6. The Municipality 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.
7. The Municipality 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.
8. The Municipality 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 and lifecycle management.
9. The Municipality will ensure that all asset management planning is aligned with any of the following financial plans:
 - i. Financial plans related to the Municipality's water assets including any financial plans prepared under the Safe Drinking Water Act, 2002.
 - ii. Financial plans related to the Municipality's wastewater assets.
10. 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.
11. The Municipality will coordinate planning for interrelated municipal infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighboring municipalities and jointly-owned municipal bodies wherever viable and beneficial.
12. The Municipality will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.

6.0 Roles and Responsibilities:

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

1. Council

- Development of policy and policy updates
- Approve the AM policy and direction of the AM program
- Maintain adequate organizational capacity to support the core practices of the AM program
- Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets
- Establish and monitor levels of service

2. Senior Management Team

- Development of policy and policy updates
- Provide corporate oversight to goals and directions and ensure the AM program aligns with the Municipality's strategic plan
- Ensure that adequate resources are available to implement and maintain core AM practices
- Provide departmental staff coordination
- Establish and monitor levels of service
- Track, analyze and report on AM program progress and results

3. Executive Lead (Treasurer)

- Development of policy and policy updates
- Provide organization-wide leadership in AM practices and concepts
- Provide departmental staff coordination
- Establish and monitor levels of service
- Coordinate and track AM program implementation and progress

4. Departmental Staff

- Utilize the new business processes and technology tools developed as part of the AM program
- Participate in implementation task teams to carry-out AM activities
- Establish and monitor levels of service
- Provide support and direction for AM practices within their department
- Track, analyze and report on AM program progress and results

7.0 Key Principles:

The Municipality 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.
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, such as health care and education.
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 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 Municipality 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 Municipality, as the case may be, the Municipality 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 accessibility for persons with disabilities.
11. 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 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 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.