



Corporate Policy & Procedure Manual

Revision Date:

**Subject: Strategic Asset Management Policy
Policy**

Index Number A09-ADM-012

Page 1 of 8

Approved:

Effective Date: June 19, 2019

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*.

Asset management (AM) – the coordinated activity of an organization to realize value from its 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.

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.

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.

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.

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.



Corporate Policy & Procedure Manual

Revision Date:

**Subject: Strategic Asset Management Policy
Policy**

Index Number A09-ADM-012

Page 2 of 8

Approved:

Effective Date: June 19, 2019

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.

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 board.

Purpose:

A strategic asset management policy formalizes the Municipality's commitment to asset management that aligns with strategic goals, provides leadership and commitment to the development and implementation of the County's asset management program.

It is intended to guide the consistent use of asset management practices across the organization while managing risk and implementing evidence-based decision-making on the management of municipal infrastructure assets to support the delivery of sustainable community services.

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. By using sound asset management practices, the County aspires to ensure that municipal infrastructure assets meet expected performance levels and provide desired service levels in an efficient and effective manner.

Background:

The County is responsible for providing a range of essential services to the community, including land ambulance, long-term care, land use planning, economic development, and Frontenac-Howe Islander Ferry services. To deliver these services, it owns and manages a diverse municipal infrastructure asset portfolio of facilities, equipment, vehicles, machinery, recreational trails and bridges. As the social, economic, and environmental wellbeing of the community depends on the reliable performance of



Corporate Policy & Procedure Manual

Revision Date:

**Subject: Strategic Asset Management Policy
Policy**

Index Number A09-ADM-012

Page 3 of 8

Approved:

Effective Date: June 19, 2019

these municipal infrastructure assets it is critical to implement a systemic, sustainable approach to their management.

Asset management 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, 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 these practices are applied to the long-term management and stewardship of all municipal infrastructure assets. In addition, it will align the County with provincial 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.

Objectives:

The County must proactively manage its assets to best serve the Municipality's objectives, including the following:

- Provide a consistent framework for implementing asset management throughout the organization
- Provide transparency and accountability to its stakeholders with evidence-based decision-making processes that align with strategic plans, budgets, service levels and risk management practices
- Prioritize the need for existing and future assets to effectively deliver services to the community and stakeholders
- Maintain prudent financial planning and decision-making
- Support sustainability and economic development



Corporate Policy & Procedure Manual

Revision Date:

**Subject: Strategic Asset Management Policy
Policy**

Index Number A09-ADM-012

Page 4 of 8

Approved:

Effective Date: June 19, 2019

Strategic Alignment:

The County's mission to provide the effective, efficient and sustainable delivery of services to citizens requires alignment of the many initiatives underway in our organization at any given time in order for it to be achieved. This alignment is necessary to properly consider whether the level of service provided by our existing and planned assets supports our mission.

Asset management planning therefore will not occur in isolation from other municipal goals, plans, and policies. Rather, an integrated approach will be followed to successfully develop a practical asset management plan that aligns with our strategic plan, long range financial plan, budgeting strategies, Official Plan and our departmental master plans.

Policy Statement:

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

- The County will implement a municipal-wide asset management program that will promote lifecycle and risk management of the County's capital infrastructure assets. A primary goal will be to achieve the lowest total cost of ownership while meeting desired levels of service. Levels of service refer to the outcomes or service attributes that the County aims to deliver for its stakeholders and can include both technical and qualitative components.
- The service rendered by an asset will be a determining factor of whether or not to include it in the asset management plan. The capitalization threshold used to determine which assets are included in the asset management plan is therefore a guideline. This qualitative approach is unlike the quantitative and dollar value-based methodology prescribed in the tangible capital asset policy.
- The County 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



Corporate Policy & Procedure Manual

Revision Date:

**Subject: Strategic Asset Management Policy
Policy**

Index Number A09-ADM-012

Page 5 of 8

Approved:

Effective Date: June 19, 2019

replace and/or renew municipal infrastructure assets based on full lifecycle costing.

- The County will identify appropriate funding for its capital infrastructure and for financing service delivery. This may include taxation or user fee revenues, grant programs, debt-financing, public-private partnerships (P3), alternative financing and procurement (AFP), or the shared provision of services.
- The County 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.
- The County 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.
- The County 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 the County Official Plan.
- The County will develop processes and provide opportunities for stakeholders and other interested parties to offer input into the County's asset management planning, where appropriate.
- The County will coordinate planning for interrelated municipal capital infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.
- The County's 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.

Corporate Policy & Procedure Manual

Revision Date:

**Subject: Strategic Asset Management Policy
Policy**

Index Number A09-ADM-012

Page 6 of 8

Approved:

Effective Date: June 19, 2019

Guiding Principles

The County will choose practices and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying agreed levels of service. Decisions are based on balancing service levels, risks and cost. In addition, the County will consider all the assets in a service context and take into account their interrelationships as opposed to optimizing individual assets in isolation.

The Infrastructure for *Jobs and Prosperity Act, 2015* sets out the following principles to guide asset management planning for municipalities in Ontario. The County will endeavor to incorporate these principles whenever possible into the day to day operation of the Municipality:

- **Forward looking:** The Municipality shall take a long-term view while considering demographic and economic trends in the region.
- **Budgeting and planning:** The Municipality shall take into account any applicable budgets or fiscal plans, including those adopted through Ontario legislation.
- **Prioritizing:** The Municipality shall clearly identify infrastructure priorities which will drive investment decisions.
- **Economic development:** The Municipality shall promote economic competitiveness, productivity, job creation, and training opportunities.
- **Transparency:** The Municipality shall be transparent by making information available to the public and base decisions on the publicly shared information, and in accordance with the County's Transparency and Accountability policy as required under *Section 270 of the Municipal Act*.
- **Consistency:** The Municipality shall ensure the continued provision of core public services.



Corporate Policy & Procedure Manual

Revision Date:

**Subject: Strategic Asset Management Policy
Policy**

Index Number A09-ADM-012

Page 7 of 8

Approved:

Effective Date: June 19, 2019

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- **Environmentally conscious:** The Municipality shall endeavor to minimize the impact of infrastructure on the environment by respecting and helping to maintain ecological and biological diversity by augmenting resilience to the effects of climate change.
 - **Health and safety:** The Municipality shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
 - **Community focused:** The Municipality shall promote community benefits including both social and economic, arising from infrastructure projects. The infrastructure projects are intended to improve the well-being of a community such as local job creation, improvement of public space within the community and promoting accessibility for persons with disabilities.
 - **Innovation:** The Municipality shall create opportunities to make use of innovative technologies, services, and practices, particularly where doing so would utilize technology, techniques, and practices developed in Ontario.
 - **Integration:** The Municipality 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.

Governance and Continuous Improvement

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

Roles and Responsibilities

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



Corporate Policy & Procedure Manual

Revision Date:

**Subject: Strategic Asset Management Policy
Policy**

Index Number A09-ADM-012

Page 8 of 8

Approved:

Effective Date: June 19, 2019

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 levels of service
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 County'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
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