

POLICY

	Policy:	Asset Management Policy		
	Department:	Corporate Services		
	Division:	Finance	By-law No:	N/A
	Administered by:	Treasurer	Approval Date:	November 12, 2019
	Replaces:	Asset Management Policy – February 13, 2013		
	Attachment(s):	N/A		

1. POLICY STATEMENT

The Corporation of the Town of Amherstburg (Town) is committed to protecting and enhancing the quality of life of its residents by making the best possible decisions regarding Town assets in a way that provides targeted levels of service and manages risk in a cost effective manner. As such, all asset related decisions are anchored in the Town of Amherstburg's strategic plans and studies and in accordance with legislation that support the Town's long term economic growth and prosperity.

2. PURPOSE

- 2.1. This policy supports the Town in focusing its infrastructure efforts on managing risks, addressing priorities and meeting short and long term needs within the constraints of funding.
- 2.2. This policy describes the Town's objective to provide levels of service for present and future ratepayers and the community in the most effective and efficient manner, through the planning, design, construction, acquisition, operation and maintenance, renewal and disposal of assets.
- 2.3. This policy ensures the commitment and intention of the Town to plan, design, construct, acquire, operate, maintain, renew, replace and dispose of the Town's infrastructure assets in a way that ensures sound stewardship of public assets while balancing levels of service delivery and risk.
- 2.4. This policy ensures compliance required under Provincial regulation (O.Reg. 588/17 - Asset Management Planning for Municipal Infrastructure) that the Town prepare and adopt an Asset Management Policy.

3. SCOPE

- 3.1. This policy applies to all Town staff involved in Asset Management.
- 3.2. This policy applies to all Tangible (physical) Capital Assets of the town including but not limited to roads, sidewalks, bridges, water mains, sanitary and storm sewers, storm-water ponds, pumping stations, reservoirs, treatment plants, fleet, equipment, buildings and parks.
- 3.3. This policy shall be reviewed every five (5) years from the date it becomes effective, and/or sooner at the discretion of the CAO (or designate).

4. DEFINITIONS

- 4.1. **Asset** is an item, thing or entity that has potential or actual value to an organization.
- 4.2. **Asset Management (AM)** is a combination of management, financial, economic, engineering, and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner at an acceptable level of risk. It involves data-driven decision-making and actions throughout the lifecycle of assets.
- 4.3. **Asset Management Plan** is a plan that documents and specifies how the organizational objectives are to be converted into AM objectives, the approach for developing AM plans and the role of the asset management system in supporting the achievement of AM objectives.
- 4.4. **Asset Management System** is a set of interrelated and interacting elements of an organization, including the AM policy, AM objectives, AM Strategy, AM Plans and the processes to achieve these objectives.
- 4.5. **Capitalization Threshold** is the value of a Town infrastructure asset at or above which the Town will capitalize the value of it and below which it will expense the value of it.
- 4.6. **Green Infrastructure Asset** means 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.
- 4.7. **Life cycle** in this policy means phases involved in the management of an asset.
- 4.8. **Life cycle data** refers to the cost, performance and risk data collected and managed through business processes required to help make well informed, evidence-based decisions in all phases of an asset's life cycle.
- 4.9. **Level of Service** refers to the parameters which reflect social political environmental and economic outcomes that an organization delivers from their assets.
- 4.10. **Operating Costs** means the aggregate costs, including energy costs, of operating a municipal infrastructure asset over its service life.
- 4.11. **Service Life** means the total period which a municipal infrastructure asset is in use or is available to be used.
- 4.12. **Tangible Capital Asset (TCA)** are non-financial assets having physical substance that are acquired or constructed/developed and used on a continuing basis in the Town's operations, have useful lives greater than one year and are not held for re-sale in the ordinary course of operations.

Other common definitions, acronyms, and terms are available in the Glossary located on the Town's Policies webpage.

5. INTERPRETATIONS

Any reference in this policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a by-law or Town policy shall be deemed to be a reference to the most recent passed policy or by-law and any replacements thereto.

6. GENERAL CONDITIONS

The Asset Management approach will strive to develop and maintain an AM System to ensure the right balance of strategy, assets, resources and business processes to deliver established levels of service through an optimized risk-based decision-making approach.

6.1. **Guiding Principles**

The Infrastructure for Jobs and Prosperity Act, 2015 sets out principles to guide asset management planning in municipalities in Ontario. The following principles will be incorporated, whenever possible, into the day-to-day operations of the Town:

- **Forward Looking:** The Town shall take a long-term view while considering demographic and economic trends in the region.
- **Budgeting and Planning:** The Town shall take into account any applicable budgets or fiscal plans, such as fiscal plans released under the Fiscal Transparency and Accountability Act, 2004, and the Budgets adopted under Part VII of the Municipal Act, 2001.
- **Prioritizing:** The Town shall clearly identify infrastructure priorities which will drive investment decisions.
- **Economic Development:** The Town shall promote economic competitiveness, productivity, job creation, and training opportunities.
- **Transparency:** The Town shall be evidence-based and transparent. Additionally, subject to any prohibitions under the Act or otherwise law on the collection, use or disclosure of information, the town shall make decisions with respect to infrastructure based on information that is publicly available or made available to the public, and share information with implications on infrastructure and investment decisions with the Government and broader public sector entities.
- **Environmentally Conscious:** The Town shall minimize the impact of infrastructure on the environment by respecting and helping maintain ecological and biological diversity, augmenting resilience to the effects of climate change, and endeavoring to make use of acceptable recycled aggregates.
- **Health and Safety:** The Town shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- **Community Focussed:** The Town shall 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 spaces within the community, and promoting accessibility for persons with disabilities.
- **Innovation:** The Town shall strive to 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 Town 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.

- **Consistency:** The Town shall ensure the continued provision of core public services.

6.2. **Asset Management Plan**

6.2.1. The Town's Asset Management Plan will support and align with the strategic goals and plans of the Town and outline the approach to continuous improvement and adoption of appropriate practices regarding asset management planning.

6.2.2. The AM Plan will be considered in development of the Town's budgets and long-term financial plans..

6.3. **Community Planning and Stakeholder Engagement**

The Town recognizes the importance of community planning and stakeholder engagement, as an integral component of a comprehensive asset management approach. Accordingly, the Town will foster informed dialogue with the community and various parties using the best information available and providing opportunities to give input in asset management planning; and coordinating efforts with other infrastructure asset owning agencies such as municipal bodies and regulated utilities. Cross-referencing the Towns Official Plan and the Asset Management Plan will ensure that development occurs within the Town's means through an understanding of current and future asset needs.

6.4. **Climate Change**

Climate change will be considered as part of the Town's risk management approach embedded in asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impact and other risks with the cost of reducing these vulnerabilities. Actions will be taken in addition to acquiring or modifying assets based on greenhouse gas reduction targets. The Town will make efforts to strike a balance between its organizational capacity, financial and stakeholder support, and the local risks and vulnerabilities related to climate change such as operations and increased maintenance schedules, levels of service and lifecycle management. The Town will continue to work with the Region to support climate change mitigation and adaptation.

6.5. **Scope and Capitalization Thresholds**

The service rendered by an asset will be the determining factor in whether or not to include it in asset management plans. It is the assets whose role in service delivery requires deliberate management by the Town that will thus be included in the asset management plan. The threshold used to determine which assets are to be included in the asset management plan, is therefore a guideline for the application of Council-endorsed principles in professional judgement. This qualitative approach is unlike the quantitative and dollar value based methodology prescribed in the tangible asset policy.

6.6. **Financial Planning and Budgeting**

The Town will integrate asset management planning into the annual capital budget, operating budget, and its long-term financial plan. The asset management plan will be used as a resource in order to identify all potential revenues and costs (including operating, maintenance, replacement and decommissioning) associated with forthcoming infrastructure asset decisions. The plan will also evaluate the validity and need of each significant new

capital asset, including considering the impact on future operating costs; and incorporate new revenue tools and alternative funding strategies where possible.

6.7. **Annual Review of Asset Management Planning Process**

In accordance with 9.(1) of the Asset Management Planning For Municipal Infrastructure Act, Council shall conduct an annual review of its asset management progress on or before July 1 in each year, starting the year after the Town's asset management plan is completed. The annual review will address the Town's progress in implementing its asset management plan including any factors will impede the Town's ability to implement its asset management plan, and a strategy to address these factors.

7. RESPONSIBILITIES

7.1. **Council** has the authority and responsibility to:

- 7.1.1. Approve by resolution the Asset Management Plan and its updates.
- 7.1.2. Adopt policy and strategic plans in support of AM.
- 7.1.3. Maintain the necessary corporate capacity to support the AM System; including but not limited to staff resources, supporting technology systems and equipment and funding.

7.2. The **CAO** has the authority and responsibility to:

- 7.2.1. Maintain compliance with the Asset Management Policy and provincial asset management regulations.
- 7.2.2. Develop and maintain a governance structure to lead the development of asset management tools and practices and to oversee their application across the organization.
- 7.2.3. Implementation of related policies, procedures, guidelines and practices.

7.3. **Directors** have the authority and responsibility to:

- 7.3.1. Identify all revenues and costs (including operation, maintenance, replacement, and decommission) associated with infrastructure asset decisions, including additions and deletions.
- 7.3.2. Establish departmental accountability and responsibility for asset inventory, condition, use and performance.
- 7.3.3. Recommend levels of service that balance customer expectations with risk, affordability and timing constraints
- 7.3.4. Monitor the performance of the assets and track the effectiveness of AM practices with a view to continuous improvement
- 7.3.5. Consult with stakeholders where appropriate through planning processes.
- 7.3.6. Conduct on-going review of related policies.
- 7.3.7. Seek funding and service delivery opportunities to address infrastructure investment pressures.

- 7.4. The **Treasurer** has the authority and responsibility to:
 - 7.4.1. Develop and maintain financial plans for the appropriate level of maintenance, rehabilitation, extension and decommission of assets.
 - 7.4.2. Report on status of the AM Program through budget and financial reporting.

- 7.5. **Supervisors and Managers** have the authority and responsibility to:
 - 7.5.1. Develop and maintain asset inventories.
 - 7.5.2. Assess infrastructure condition and service levels.
 - 7.5.3. Recommend and monitor infrastructure replacement requirements.

8. REFERENCES AND RELATED DOCUMENTS

- 8.1. Asset Management Planning for Municipal Infrastructure, O. Reg. 588/17
- 8.2. Infrastructure for Jobs and Prosperity Act, 2015, S.O. 2015, c. 15
- 8.3. Building Together – Guide for Municipal Asset Management Plans
- 8.4. Town of Amherstburg Emergency Response Plan
- 8.5. Planning Act, R.S.O. 1990
- 8.6. Town of Amherstburg Official Plan