



Report to Council

Department: Corporate Services

Date: June 17, 2019

Prepared by: Kate Giurissevich,
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Submitted by: Jeffrey Morrison, Director of Corporate Services

Report Number: Corporate Services-2019-004

Subject: Asset Management Policy

Number of Pages: 8 (including attachments)

Recommendation(s)/Conclusion(s)

It is recommended that:

1. Corporate Services-2019-004 entitled "Asset Management Policy" **be received**; and
2. Council **approve** the adoption of the "Asset Management Policy" .

Purpose

In accordance with Section 3 of Ontario Regulation 588/17, "Asset Management Planning for Municipal Infrastructure" council approval of the Asset Management Policy is required.

Background

Under the Infrastructure for Jobs and Prosperity Act, 2015 deadlines were imposed for municipalities in regards to asset management requirements. The deadlines are as follows:

July 1, 2019 – Strategic Asset Management Policy Implemented

July 1, 2021 – Asset Management Plan: Phase 1

July 1, 2023 – Asset Management Plan: Phase 2

July 1, 2024 – Asset Management Plan: Phase 3

Financial Impact

There is no financial impact associated with the adoption of the asset management policy however future analysis or plans may contain an impact at which point a report would be presented for approval.

Reviewed By:

| | |
|---|--------|
| Doug Sweet, Director of Community Services | Concur |
| Jeffrey R. Morrison, Director of Corporate Services | Concur |
| Chris Nepszy, Chief Administrative Officer | Concur |
| Lori Chadwick, Director of Development Services | Concur |



POLICY MANUAL

| THE CORPORATION OF THE TOWN OF ESSEX | | |
|--------------------------------------|-----------------------------------|--|
| SECTION: CORPORATE - COUNCIL | DOCUMENT NO: 2019-004 | |
| | EFFECTIVE DATE: July 1, 2019 | |
| SUBJECT: ASSET MANAGEMENT POLICY | REPLACES ISSUE OF: N/A | |
| | PREPARED BY: Kate Giurissevich | APPROVED BY: Council |
| | | APPROVAL DATE: June 17 th , 2019 |

1.0 PURPOSE

The purpose of this Policy is to establish the guidelines for implementing and monitoring effective asset management plans and processes within the Town of Essex.

The Town developed and adopted a strategic plan in 2016 with one of its main strategic objectives being to “Manage the Town’s infrastructure in a responsible and efficient manner” which is supported through the adoption of this policy.

The requirement for this policy is established under Section 3 of Ontario Regulation 588/17, “Asset Management Planning for Municipal Infrastructure”.

2.0 DEFINITIONS

Definitions for purposes of this policy

Asset- An item, thing or entity that has potential or actual value to an organization.

Asset Management- A systematic process to guide the planning, acquisition, operation and maintenance, rehabilitation and disposal of Assets. Its objective is to maximize Asset service delivery potential, manage related risks and minimize costs of ownership while delivering acceptable levels of service to the public in a sustainable manner.

Asset Management Plan- A strategic document that states how a group of assets are to be managed over a period of time. The plan describes the characteristics and condition of infrastructure assets, the levels of service expected from them, planned actions to ensure the assets are providing the expected level of service, and financing strategies to implement the planned actions.

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.

Levels of Service- the parameters or combination of parameters that reflect the social, political, economic, and environmental outcomes that the organization delivers. Levels of service statements describe the outputs or objectives an organization or activity intends to deliver to customers.

3.0 VISION, GOALS and POLICY STATEMENT

The organization shall have:

- A strategic and proactive approach that places a premium on data, information, collaboration and interdisciplinary management;
- A comprehensive long-term view of infrastructure performance and cost;
- An explicit, visible and transparent approach that requires effective communication among all stakeholders; and
- A business case involving investment choices that are policy driven with trade-offs among competing priorities.

4.0 POLICY PRINCIPLES and GUIDELINES

The Town will consider all principles detailed in Section 3 of the Infrastructure for Jobs and Prosperity Act, 2015 with respect to asset management planning, in addition to/including the following:

Budgetary

The Town will integrate asset management plans and practices with its long-term financial planning and annual capital and operating budget strategies.

Capitalization Thresholds

The Town will use a service-based (qualitative) perspective when applying this Policy to municipal asset planning, rather than a monetary value (quantitative). The service-focus intent of this Policy differentiates its requirements for identifying assets from the capitalization thresholds that are developed for the purposes of financial reporting. For

this reason, the capitalization threshold developed for financial reporting will not be the guide in selecting the assets covered by the asset management planning process.

Climate Change

Climate change will be considered as part of the Town's risk management approach embedded in local 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. Bolstering resilience to climate change includes adapting to opportunities to manage vulnerabilities, anticipating possible costs to support contingency funds, and disaster planning to allow for business continuity.

Continuous Improvement

The Town will strive to continually enhance and improve asset management practices.

Official Town Document Integration:

Council, and Administration shall ensure that the principles contained within the following official Town documents are continually integrated into the asset management plan:

- The strategic plan
- The current year budget and 4 year forecast thereafter
- The community plan
- Master plans
- Development Charges Study
- Roads Needs Study
- Wastewater Financial Plan
- Bridge Assessment

Upper-tier/neighborhood Municipality Partnership

The Town commits to explore opportunities with upper tiers and neighboring municipalities where infrastructure assets are interrelated or jointly owned.

5.0 IMPLEMENTATION

Implementation of this Policy will result in the following benefits:

- Asset planning that optimizes maintenance and replacement of existing assets as well as the development of new assets;
- Prevention of conflicts across the investment priorities set by each of the Town's departments, good coordination, and efficient provision of services; and
- Capital and urban development projects that are consistent with the Town's actual needs.

6.0 ROLES

Council

- Responsible for overseeing the management of assets and supporting ongoing efforts to continuously improve and implement the asset management plans.
- Approve by resolution this policy and the asset management plan and its updates every five years per the requirement of Appendix A;
- Conduct annual reviews of asset management plan implementation progress as part of the annual budget approval and allocating resources to the plan if necessary; and
- Establishing desired levels of service across the municipality.

Senior Leadership

- Maintain compliance with the asset management policy and applicable asset management regulations;
- Oversee asset management planning activities that fall within their service area and in support of others;
- Provide strategic leadership and advice to council regarding asset management plans; and
- Facilitate stakeholder engagement by providing opportunities for input into asset management planning.
- The Director Corporate Services/Treasurer and CAO will be responsible for the maintenance of and reporting on the activity related to the management of the Town's Assets.

Department Managers

- Assist with updates to the policy and plan through the utilization of condition assessment information and service level requirements to update asset requirements and provide integration into the annual budgeting process.

Community Stakeholders

- Engage in desired levels of service discussions;
- Understand the relationship between levels of service and cost; and
- Engage in discussions about strategic priorities and major 5 year capital budget plans through participation of an annual budget survey or other means of communication.

7.0 REVIEW

This Policy shall be reviewed and, if necessary, updated at least every five years following July 1st, 2019 per the requirements of Appendix A.

Appendix A will be replaced should a change in legislation occur.

Appendix A

ONTARIO REGULATION 588/17

made under the

INFRASTRUCTURE FOR JOBS AND PROSPERITY ACT, 2015

Made: December 13, 2017

Filed: December 27, 2017

Published on e-Laws: December 27, 2017

Printed in *The Ontario Gazette*: January 13, 2018

ASSET MANAGEMENT PLANNING FOR MUNICIPAL INFRASTRUCTURE

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INTERPRETATION AND APPLICATION

STRATEGIC ASSET MANAGEMENT POLICIES

Strategic asset management policy

- 3.** (1) Every municipality shall prepare a strategic asset management policy that includes the following:
1. Any of the municipality's goals, policies or plans that are supported by its asset management plan.
 2. The process by which the asset management plan is to be considered in the development of the municipality's budget or of any long-term financial plans of the municipality that take into account municipal infrastructure assets.
 3. The municipality's approach to continuous improvement and adoption of appropriate practices regarding asset management planning.
 4. The principles to be followed by the municipality in its asset management planning, which must include the principles set out in section 3 of the Act.
 5. The municipality's commitment to consider, as part of its asset management planning,
 - i. the actions that may be required to address the vulnerabilities that may be caused by climate change to the municipality's infrastructure assets, in respect of such matters as,
 - A. operations, such as increased maintenance schedules,
 - B. levels of service, and
 - C. lifecycle management,
 - ii. the anticipated costs that could arise from the vulnerabilities described in subparagraph i,
 - iii. adaptation opportunities that may be undertaken to manage the vulnerabilities described in subparagraph i,
 - iv. mitigation approaches to climate change, such as greenhouse gas emission reduction goals and targets, and
 - v. disaster planning and contingency funding.
 6. A process to ensure that the municipality's 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.

7. A process to ensure that the municipality's asset management planning is aligned with Ontario's land-use planning framework, including any relevant policy statements issued under subsection 3 (1) of the *Planning Act*, any provincial plans as defined in the *Planning Act* and the municipality's official plan.
8. An explanation of the capitalization thresholds used to determine which assets are to be included in the municipality's asset management plan and how the thresholds compare to those in the municipality's tangible capital asset policy, if it has one.
9. The municipality's commitment to coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its upper-tier municipality, neighbouring municipalities or jointly-owned municipal bodies.
10. The persons responsible for the municipality's asset management planning, including the executive lead.
11. An explanation of the municipal council's involvement in the municipality's asset management planning.
12. The municipality's commitment to provide opportunities for municipal residents and other interested parties to provide input into the municipality's asset management planning.

(2) For the purposes of this section,

“capitalization threshold” is 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. (“seuil de capitalisation”)

Update of asset management policy

4. Every municipality shall prepare its first strategic asset management policy by July 1, 2019 and shall review and, if necessary, update it at least every five years.