



## Policy Manual

Section:	Infrastructure Services
Subject:	Asset Management Policy
Policy Number:	078
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Approved By:	Resolution # R24-08-338
Prepared By:	Assistant Manager of Capital Works and Asset Management

### 1. Objective

The Corporation of the Town of Essex is committed to providing sustainable and reliable services to residents, optimizing municipal infrastructure asset value while minimizing lifecycle costs, and managing risks to service delivery. The Town of Essex will strive to continually improve the organization-wide asset management program through involvement of all departments.

### 2. 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

A tangible item, thing or entity that has potential or actual value to an organization.

#### 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).



## **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). Under O. Reg. 588/17, in 2023 AMPs for core municipal infrastructure assets were required to include levels of service being provided; the performance of each asset category; a summary of assets in each asset category, their replacement cost, average age, condition information, and condition assessment protocols; lifecycle activities required to maintain current levels of service; discussion of population and economic forecasts; and documentation of processes to make inventory- and condition-related background information available to the public.

## **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 (ISO 55000).

## **Lifecycle**

Stages involved in the management of an asset from initial construction or development to replacement or retirement.

## **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 water board.

## **Tangible Capital Assets (TCA)**

Tangible capital assets include such diverse items as roads, buildings, vehicles, equipment, land, water and other utility systems. These assets are an asset with a useful life longer than a year that are not intended for sale in the regular course of the municipality's operation.

## **3. Scope**

The purpose of this policy is to establish the requirement to facilitate and maintain an asset management program at the Town of Essex. This policy outlines that asset management must be an organization-wide commitment to facilitate good stewardship of municipal assets. This policy provides guidelines and standards for implementing and monitoring effective asset management plans and processes within the Town of Essex.

By using sound asset management practices, the Town will work to ensure that all municipal assets meet expected performance levels and continue to provide desired service levels in the most efficient and effective manner. Linking service outcomes to infrastructure and equipment investment decisions will assist the Town in focusing on service, rather than budget driven asset management approaches.

## **4. Policy**

### **4.01 Policy Overview**

This policy shall align with the requirements outlined in Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure. This policy applies to all functional areas involved in planning, maintaining, assessing, operating, acquiring and/or disposing of the Town of Essex's assets. The Town of Essex will strive to implement continuous improvement protocols and adopt best practices regarding asset management planning, including:

- i. Complete and Accurate Asset Data
- ii. Condition Assessment Protocols, where economically feasible with the approval of Council.
- iii. Risk and Criticality Models
- iv. Lifecycle Management



- v. Financial Strategy Development
- vi. Level of Service Framework

## **4.02 Asset Management Plan**

The Town of Essex shall develop, implement and maintain an Asset Management Plan (AMP) that follows the requirements outlined in Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure.

## **4.03 Asset Inventory**

The Town of Essex shall maintain an asset inventory of all tangible assets which includes:

- i. Unique ID, description and location information
- ii. Value (both historical and replacement)
- iii. Performance characteristics and/or condition
- iv. Estimated remaining life and estimated repair, rehabilitation or replacement date
- v. Estimated cost repair, rehabilitation or replacement costs

## **4.04 Financial Planning**

The Town of Essex 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.

## **4.05 Capitalization Thresholds**

The Town will use a combination of service-based (qualitative) perspective and monetary value (quantitative) when applying this policy to municipal asset planning. 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.



#### **4.06 Official Town Document Integration**

The Town will align all asset management planning with the Province of Ontario's land-use planning framework and shall conform with the provincial plans that are in effect on that date and shall be consistent with all municipal official plans including but not limited to:

- The Town's Strategic Plan
- The current year budget and 4 year forecast thereafter
- The Official Plan
- Servicing Master Plans & Environmental Assessments
- Development Charges Study
- Infrastructure Studies
- Water and Wastewater Financial Plans
- Bridge & Culvert Assessments
- Climate Change Adaptation Plan

Following updates or material changes to any of the documents listed above, the Town will consider potential impacts on the Asset Management Policy and the affected asset management plans to ensure continued alignment.

In addition to ensuring alignment between the Town's general asset management practices and the Town's various strategic documents listed above, the Town will ensure that its asset management plan is considered when developing annual budgets and long-term financial plans. This will be achieved, in part, by adding an asset management section to staff reports and in being part of the budget process

#### **4.07 Upper-tier/neighbouring Municipality Partnership**

The Town commits to explore opportunities to coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of upper-tier municipalities, neighboring municipalities or jointly-owned municipal bodies.

### **5. Principles**

The Town commits to following the principles set out in this section when making asset management decisions. These principles encompass those contained in section 3 of the Infrastructure for Jobs and Prosperity Act, 2015. 7.1



### **5.01 Service delivery**

Service levels and performance targets will be established and form the basis for strategic asset management decision making. The Town will ensure that infrastructure planning and investment is focused on promoting community benefits by ensuring alignment with the Town's various strategic documents, as identified in section 4.07 of this policy. Furthermore, the Town will ensure that infrastructure planning and investment reflects the community's unique needs and circumstances, and promotes accessibility for persons with disabilities.

### **5.02 Long-term sustainability**

As part of its commitment to long-term sustainability, the Town will consider potential vulnerabilities that may be caused by climate change. These vulnerabilities will be considered in developing asset management strategies that outline the actions and associated costs that may be required to manage risk of infrastructure failure and reliability. The Town will review asset design standards, asset lifecycles, asset maintenance requirements, and level of service targets to determine if changes are needed in response to climate change. The Town will consider mitigation strategies, disaster planning, and contingency funding as part of its asset management planning. The Town will seek to minimize the environmental impacts to infrastructure and will endeavour to make use of acceptable recycled aggregates where appropriate.

### **5.03 Holistic approach**

The Town will take a holistic approach to asset management that takes into consideration all aspects and stages of the asset lifecycle and the inter-relationships between them. Within this approach, the Town will consider not only capital costs, but also significant capital planning costs, operating costs, and service performance impacts. The Town will collect and maintain the data needed to support asset management decisions throughout the lifecycle of assets. The Town will approach asset management from a multi-disciplinary perspective, building support for asset management throughout the organization.

### **5.04 Fiscal responsibility**

The Town will use an evidence-based approach to decision making that balances service levels, risks, and costs in order to maximize value from assets and services. Data needed to support decision making, such as condition and capacity, will be kept up-to-date. To improve affordability, the Town's purchasing policy will support lowest lifecycle cost approaches to meeting identified service level targets rather than focusing on up-front capital costs. The Town will consider affordability, indebtedness, and availability of external funding when determining service levels. Once affordable



service levels are set, the Town will recommend the funding needed to support the service levels is provided in a consistent manner.

### **5.05 Risk management**

The Town will manage the risk of failure and reliability associated with the defined service levels and performance targets by building resiliency into asset management planning. The Town will improve resiliency by ensuring that sufficient operating resources are in place to manage risks and having contingency plans in place to mitigate asset failures. Priority will be given to assets with a high consequence of failure. If capital investment is deferred, the Town will need to ensure that there is sufficient operating funding available to manage service level risks created by the deferment.

### **5.06 Innovation and Continual Improvement**

The Town views continual improvement as an essential element of successful asset management. As required by the Infrastructure for Jobs and Prosperity Act, 2015, the Town will review its asset management progress annually, and will present the findings of these reviews to Council on an as needed basis. The annual review will address the Town's progress in implementing its asset management plan, factors impeding the Town's ability to implement its asset management plan, and strategies to address these impeding factors. The Town will ensure that all people who contribute to asset management have the competency and capacity needed to perform their duties. The Town will continue to monitor industry best practices and innovation opportunities, and periodically update its asset management process. As part of this commitment to continual improvement, the Town will support staff professional development initiatives in this area.

### **5.07 Public engagement**

The Town will provide opportunities for residents and other interested parties to engage in discussions regarding the Town's asset management planning, strategic priorities and major 5-year capital budget plans through participation in the annual budgeting process or other means of communication.

## **6. Responsibilities**

### **6.01 Council**

- i. Oversee the management of assets and support ongoing efforts to continuously improve and implement the asset management plans;



- ii. Approve the Asset Management Policy and AMP (as updated at least every five years);
- iii. 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
- iv. Provide opportunities for the public to provide input into asset management planning.

## **6.02 Assistant Manager, Capital Works and Asset Management (Asset Management Lead)**

- i. To coordinate and oversee required updates to the Asset Management Plan and this Asset Management Policy;
- ii. Maintain compliance with the asset management policy and applicable asset management regulations;
- iii. Provide organization-wide leadership in AM practices and concepts.
- iv. To be the liaison between department managers throughout the organization regarding asset management requirements and establish a working group asset management team;
- v. Communicate the vision of asset management at a corporate level, encourage engagement with the processes, and provide the guidance necessary to ensure alignment and integration across the organization; and
- vi. To manage the asset inventory and coordinate with department members for acquisitions and disposals of assets.

## **6.03 Finance**

- i. Complete financial analysis and recommend financial strategies to support the AMP requirements and incorporate these strategies into the budget;
- ii. Incorporate lifecycle costing and levels of service considerations when evaluating competing asset investment needs and developing asset management strategies; and



- iii. Input financial details for acquisitions and disposals and maintain financial reporting of asset inventory.

#### **6.04 Corporate Working Group (Asset Management Team)**

- i. Will consist of at least one member from each department across the organization;
- ii. Provide input on needs of department, current status of assets, and current levels of service;
- iii. Support and comply with data collection requirements related to their areas of expertise;
- iv. Participate in the development of the Asset Management Work Plans pertaining to their areas of expertise;
- v. Address data gaps as required;
- vi. Assist with updates to the Asset Management Plan and this policy through the utilization of condition assessment information and service level requirements to update asset requirements and provide integration into the annual budgeting process;
- vii. Participate in the regular review of all documentation, data, and asset measurement tools to ensure continued relevance and applicability of existing policies and practices as pertains to their area of expertise; and
- viii. Oversee asset management planning activities that fall within their departmental area and in support of others;

#### **6.05 Departmental Staff**

- i. Use business processes and technology tools developed as part of the AM program;
- ii. Monitor levels of services;
- iii. Provide support for AM practices within their department;
- iv. Track and report on AM program progress and results; and



- v. Supply information to AM working group leads as required.

## 7. References

Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure  
<https://www.ontario.ca/laws/regulation/170588>

### Revision Log

Revision No.	Approval Date	Prepared By: (Position Title)	Approved By:	Description of Change
1	July 1, 2019	Kate Giurissevich (Manager, Finance)	Council	Creation of policy
2	August 12, 2024	Erica Tilley (Assistant Manager, Capital Works and Asset Management)	Council	<ul style="list-style-type: none"><li>- Update format and template.</li><li>- Revisions to policy to modernize with legislative requirements.</li><li>- Improvements to policy and processes.</li><li>- Establish individual and corporate responsibilities.</li></ul>