


<b>STRATEGIC ASSET MANAGEMENT POLICY</b>		
	<b>DEPARTMENT:</b> Finance	<b>POLICY NUMBER:</b> 009-19
	<b>EFFECTIVE DATE:</b> June 24, 2019	<b>LEGISLATIVE AUTHORITY:</b> O-REG 588-17
	<b>APPROVED BY:</b> RESOLUTION 2019-179	

### **Vision and Goals**

The Township's asset management vision is to manage capital assets following sound asset management practices and principles while optimizing available resources and meeting appropriate levels of service.

The objectives of the asset management policy are to:

- Formalize the Township's functions and practices associated with management of capital assets used to support the delivery of services
- Communicate to stakeholders the asset management principles and approach endorsed by the Township
- Outline key responsibilities and review processes for asset management
- Commit the Township to support the implementation of asset management methods that are consistent with the organization and meet Council's strategic objectives.

### **Strategic Alignment**

The Township's vision requires alignment of many strategic goals, policies and plans at any given time. To achieve this vision, the Township will integrate asset management planning with other municipal processes and documents, such as:

- The Strategic Plan
- Financial Plans
- Master Plans
- The Community Growth Plan

### **Guiding Principles**

The following key principles will guide the Township as it aims to achieve its asset management vision.

**Service Focused:** Plan and manage the performance of assets to consistently meet service levels established with residents and other stakeholders.

**Value-Based and Affordable:** Identify the best combination of investments that reduce the lifecycle cost of asset ownership while satisfying agreed levels of service. Decisions are based on balancing service levels, risks, and costs.

**Risk-Based:** Make more informed and better asset management decisions to address existing or potential risks to the Township's objectives while understanding the probable outcomes of those decisions.

**Forward looking:** Take a long-term view while considering demographic and economic trends in the region.

**Budgeting and planning:** Take into account any applicable budgets or fiscal plans, such as fiscal plans released under the following:

Fiscal Transparency and Accountability Act, 2004

Budgets adopted under Part VII of the Municipal Act, 2001

**Prioritizing:** Clearly identify infrastructure priorities which will drive investment decisions.

**Economic development:** Promote economic competitiveness, productivity, job creation, and training opportunities.

**Transparency:** Be evidence-based and transparent. Additionally, subject to any prohibitions under an Act or otherwise by law on the collection, use, or disclosure of information:

- 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.

**Reliable Services:** Ensure the continued provision of core public services, including those provided by broader public sector entities, such as health care and education.

**Environmentally conscious:** 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
- Endeavouring to make use of acceptable recycled aggregates.

**Health and safety:** Ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

**Community focused:** Promote community benefits, being the supplementary social and economic benefits arising from an infrastructure projects 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

Promoting accessibility for persons with disabilities.

**Innovation:** Create opportunities to make use of innovative technologies, services, and practices, particularly where doing so would utilize technology, techniques, and practices developed in Ontario, and improves overall modernization and efficiency in the management of infrastructure.

**Integration:** 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.

Some of the principles above reference services that are provided by external agencies. These external services are considered relevant as they could have direct or indirect implications on the Township's asset management planning.

### **Capital Thresholds**

Assets whose role in service delivery requires deliberate management by the Township, for example those that pose substantial risk to the Township, will be included in asset management plans. The service-focus intent of this policy differentiates its requirements for identifying assets from the capitalization thresholds which 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 asset management planning processes.

### **Budgeting**

Asset management planning will encompass sound financial analysis that will be completed by a multi-disciplinary team comprised of representative(s) from finance and the concerned service area, and documented in the financial strategy section of the asset management plan. The financial analysis used for the water and wastewater asset management plans will align with existing financial plans related to water and wastewater assets. The alignment will stem from a multi-disciplinary team, common analytical methods followed, and common data sources used. The Township will integrate findings from the asset management plans into its long-term financial planning and budgeting processes.

The following elements of the asset management plan will be referenced by the service area in the preparation of their budget submission:

- Forecasted spending needs identified in the plan;
- Prioritization of spending needs;
- All potential revenues and costs (including operating, maintenance, replacement, and decommission) associated with forthcoming infrastructure asset decisions, including new capital assets;
- New revenue tools and alternative funding strategies where possible.

The budget submission prepared by each service area will be evaluated by the Director of Finance, CAO, and subsequently Council in the preparation of the Township's annual budget.

### **Community Planning**

The combination of lifecycle analysis and financial sustainability principles will be the driver in the design and selection of community development or redevelopment that requires new assets, or existing asset enhancements, to take place. Parties involved in the development of the asset

management plans will reference the direction established in the Community Growth Plan as well as the methods, assumptions, and data used in its development. The aim of cross-referencing these plans is to ensure that development and redevelopment occur within the Township's means through understanding and consideration of current and future asset needs.

### **Climate Change**

Climate change will be considered as part of Township's risk management approach embedded in local asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impacts and other risks with the cost of reducing these vulnerabilities. The balance will be struck in the levels of service delivered through operations, maintenance schedules, disaster response plans, contingency funding, and capital investments. The Township's contribution to climate change through greenhouse gas emissions will be mitigated in accordance with its local reduction targets, financial capacity, and stakeholder support.

### **Stakeholder Engagement**

The ultimate goal of the Township is to efficiently provide its various stakeholders with the municipal services they need within the bounds of regulatory requirements, the built environment, and the natural environment. To achieve this goal, the Township will seek to understand the needs of current stakeholders and consider the needs of future generations, and incorporate these perspectives into asset management plans. The Township recognizes the various stakeholders as an integral part of the asset management approach. Accordingly, the Township will:

- Provide opportunities for residents and other stakeholders served by the Township to provide input in asset management planning; and
- Coordinate asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

### **Governance**

The policy requires the commitment and participation of the following key stakeholders within the Township's organizational structure:

#### Council

- Approves, by resolution, the asset management policy, and its updates, as necessary, at least every five years
- Approves, by resolution, the asset management plan and its updates at least every five years.
- Approves, by resolution, the annual reviews of asset management planning improvement progress on or before July 1 of every year.
- Supports ongoing efforts to continuously improve and implement the asset management plans.

#### Chief Administrative Officer and Senior Management Team

- Maintains compliance with the asset management policy and provincial asset management regulation.
- Endorses the asset management policy, and its updates, as necessary, at least every five years

- Endorses the asset management plan and its updates at least every five years.
- Endorses the annual reviews of asset management planning improvement progress before July 1 of every year.

#### Finance Department

- Reviews and updates the asset management policy as necessary at least every five years based on input from department leads
- Prepares the asset management plan and its updates at least every five years based on input from department leads.
- Conducts annual reviews of asset management planning improvement progress before July 1 of every year that includes progress on ongoing efforts to implement the asset management plans, consideration of the asset management policy, any factors affecting the ability of the Township to implement its asset management plans, consultation with department leads and a strategy to address these factors including the adoption of appropriate practices
- Prepares the Annual Budget
- Provide overall guidance and direction for corporate-wide asset management continuous improvement

#### Department Leads

- Communicate with staff within their service area about the asset management system to increase awareness of their role in asset management decision-making including the value of the activities they are undertaking and the asset information they are providing.
- Continuously improve and adopt appropriate asset management planning practices within their service areas based on corporate guiding strategies and supporting frameworks.
- Coordinate asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities
- Provide input to the asset management plan and its updates at least every five years
- Provide input to and review draft operating and capital programs and budgets for the Annual Budget
- Consider the asset management plan in implementing operational plans such as maintenance programs, capital works programs, and asset management improvements