



## MUNICIPALITY OF SOUTH BRUCE

# Strategic Asset Management Policy/Procedure

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| <b>Department:</b>        | <b>All Departments</b>              |
| <b>Prepared by:</b>       | <b>K Reinhart, Treasurer</b>        |
| <b>Management Review:</b> | <b>May 2018</b>                     |
| <b>Council Approval:</b>  | <b>By-law #2019-46 – Schedule A</b> |

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### 1. TITLE

This Policy may be cited as the “**Strategic Asset Management Policy**” of the Municipality of South Bruce.

### 2. BACKGROUND

The Municipality of South Bruce is committed to providing a wide range of services to the community in a fiscally responsible manner that support a healthy and vibrant community. With this commitment in mind, assets must be managed in a way that allows the Municipality to achieve its goals, plans and policies. The Strategic Asset Management Policy has been developed to meet legislative requirements of Regulation 588/17 and to provide a guiding framework for updating the Municipality’s Asset Management Plan.

### 3. PURPOSE

The purpose of this policy is to provide leadership in and commitment to the development and implementation of the Municipality’s Asset Management program. It is intended to formalize processes to align asset management actions with strategic goals and objectives, and provide direction to Council, management and staff to facilitate logical and evidence-based decision-making for the management of municipal infrastructure and assets to support the delivery of sustainable community services now and in the future.

By using sound asset management practices, the Municipality will work to ensure that all municipal infrastructure and assets meet expected performance levels and continue to provide desired service levels in the most efficient and effective manner.

#### 4. SCOPE

This policy applies to all tangible assets, existing and new physical assets, owned, operated, and/or maintained by the Municipality of South Bruce. It will apply to the activities and information that supports asset planning, commissioning, maintenance and disposal.

#### 5. STRATEGIC ALIGNMENT & COMMUNITY PLANNING

The Municipality of South Bruce has developed and adopted numerous plans to meet legislative requirements and to work together to achieve the Municipality's Mission of providing excellence in service delivery.

**Official Plan:** The general purpose of the Official Plan is to provide a consistent policy framework to guide the public and private sectors in making decisions concerning future development and investment within the Municipality of South Bruce. Asset Management planning will be aligned with the Municipality's Official plan reflecting how the community is projected to change and the related asset impacts.

**Corporate Strategic Plan:** The Mission statement of the Municipality of South Bruce Corporate Strategic Plan is to provide appropriate and efficient services and programs to the residents of the Municipality of South Bruce that will enhance the quality of life, and provide a safe and desirable environment to work and raise their families.

**Multi Year Accessibility Plan:** The Multi Year Accessibility Plan improves opportunities for people with disabilities and to provide for their involvement in the identification, removal and prevention of barriers to their full participation in the life of the Municipality.

**Water and Sewer Financial Plan:** The Water and Sewer Financial Plan provides for full cost recovery of the municipality's Water and Sanitary Sewer systems and for proper asset management in accordance with provincially established standards.

**Other Plans:** The Municipality may develop and adopt other plans and policies from time to time that impact service delivery and asset management activities. Master plans will be considered to ensure alignment with the budgeting process. The Municipality will consider other applicable plans as necessary.

All of the Municipality's plans rely to some extent on the physical assets owned by the Municipality. These plans will be reviewed regularly by staff and will be considered when making decisions concerning asset management to meet the evolving needs of the Municipality.

#### 6. GUIDING PRINCIPLES

The Infrastructure for Jobs and Prosperity Act, 2015 sets out principles to guide asset management planning in Ontario. The Municipality shall consider the following principals when making decisions regarding asset management.

6.1 **Forward Looking** – The Municipality shall take a long-term view, and be mindful of demographic and economic trends in the region.

- 6.2 **Budgeting & Planning** – The Municipality shall take into account applicable budgets and fiscal plans, including those adopted through Municipal, Provincial and Federal legislation.
- 6.3 **Prioritizing** – The Municipality shall clearly identify infrastructure priorities in order to better inform investment decisions respecting infrastructure.
- 6.4 **Consistency** – The Municipality shall ensure the continued provision of core public services.
- 6.5 **Economic Development** – The Municipality will promote economic competitiveness, productivity, and job creation and training opportunities.
- 6.6 **Health & Safety** – The Municipality will ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- 6.7 **Innovation** - The Municipality will foster innovation by creating opportunities to make use of innovative technologies, services and practices, particularly where doing so would utilize technology, techniques and practices developed in Ontario.
- 6.8 **Integration** – The Municipality shall, where relevant and appropriate, be mindful of and consider the principles and content of binding and non-binding provincial or municipal plans and strategies and make investment decisions respecting infrastructure that support them.
- 6.9 **Accessibility** – The Municipality will consider Infrastructure planning and investment that promotes accessibility for persons with disabilities.
- 6.10 **Environmentally Conscious** –The Municipality will consider Infrastructure planning and investment that minimizes the impact of infrastructure on the environment and help maintain ecological and biological diversity, be resilient to the effects of climate change, and make use of acceptable recycled aggregates.
- 6.12 **Community Focused** – The Municipality will consider Infrastructure planning and investment that promotes 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 space within the community and any specific benefits identified by the community.
- 6.13 **Transparent** - Infrastructure planning and investment will be evidence based and transparent and will ensure information is available to the public, the Government, and broader sector entities.

## 7. GENERAL POLICY STATEMENTS

The Municipality will implement continuous improvement protocols and adopt best practices regarding asset management planning including

- i. Complete and Accurate Asset Data
- ii. Condition Assessment Protocols
- iii. Risk and Criticality Models
- iv. Lifecycle Management
- v. Financial Strategy Development and

## vi. Level of Service Framework

The Municipality will develop an Asset Management Plan that incorporates all infrastructure categories and municipal capital infrastructure assets in accordance with legislated requirements.

### 7.1 Asset Inventory

The Municipality will develop and maintain an asset inventory of all capital assets which includes unique IDs, description, location information, historical and replacement values, condition assessments or performance characteristics, estimated useful life, estimated remaining life, estimated repair, rehabilitation or replacement dates, and estimated costs of repairs, rehabilitation or replacement.

### 7.2 Levels of Service

Service delivery is the key purpose of municipal assets. The municipality will define level of service objectives that balance community expectations and regulatory requirements with risk, affordability and available resources.

The Municipality will manage assets appropriately in order to efficiently and effectively deliver the defined levels of service. The Asset Management Plan will include an explanation of why the proposed levels of service are appropriate based on an assessment of the municipality's ability to afford the proposed levels of service.

The Municipality will monitor and periodically review level of service objectives to ensure they meet or support community and council expectations and other strategic objectives.

The Municipality will ensure transparency and accountability to the community on service delivery. This will include an annual report to council to share information on service performance as well as technical information such as asset condition.

### 7.3 Lifecycle & Risk Management

The Municipality will implement a municipal asset management program through all departments that will promote lifecycle and risk management activities, with the goal of achieving the lowest total cost of ownership while meeting desired levels of service.

The Municipality will develop a lifecycle management and financial strategy that sets out the following information with respect to the assets in each asset category for a 10 year period:

- Annual funding projected to be available to undertake lifecycle activities and an explanation of options examined by the municipality to maximize the estimated available funding.

### 7.4 Capitalization Thresholds

The Capitalization Threshold established in the Municipality's Tangible Capital Asset Policy will serve as a guide in the development of the Municipality's Asset Management Plan.

However, the Asset Management Plan will also include any assets where work is completed through approved capital projects, regardless of whether these assets meet capitalization thresholds. They may include assets such as computer hardware and software, pooled tools and equipment, studies and plans, etc.

The inclusion of individual assets will be based on the needs associated with managing the municipality's assets in a sustainable way to the benefit of the community and its services. Approaches to determining the assets considered in the asset management plan will evolve with best management practices and improvements to asset management.

### **7.5. Climate Change**

The Municipality will consider the risks and vulnerabilities of municipal infrastructure assets to climate change and the potential effects of climate change, and how the increased severity and frequency of climatic events may directly affect levels of service. Where appropriate, the municipality will adopt a proactive approach to mitigating the potential impacts of climate change and reducing greenhouse gas emissions.

### **7.6 Financial Planning & Budgeting**

The Municipality 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:

- a) Identify all potential revenues and costs (including operating, maintenance, replacement and decommissioning) associated with infrastructure asset decisions;
- b) Evaluate the validity and need of each significant new capital asset, including consideration of the impact on future operating costs; and
- c) Incorporate new revenue tools and alternative funding strategies where possible.

The department level budget submission prepared by each Department Head will be reviewed and evaluated by the CAO and Treasurer in the preparation of the Municipality's annual budget. Department Heads will reference the asset management plan for forecasted spending needs identified in the plan.

For the purpose of managing water and wastewater assets, the water and wastewater financial plans will be used as a basis for establishing user fees.

### **7.7 Stakeholder Engagement**

The Municipality recognizes the importance of stakeholder input into the Asset Management process and will foster informed dialogue and provide opportunities for municipal residents and other interested parties whenever possible.

The Municipality will co-ordinate planning and pursue collaborative opportunities with neighboring and upper tier municipalities and jointly-owned or managed assets when viable and beneficial.

### **7.8 Monitoring and Reporting**

Performance metrics and reporting tools will be developed to communicate and display the current state of asset management practice.

The Municipality will monitor and periodically review level of service objectives to ensure they meet or support community and council expectations and other strategic objectives.

### **7.9 Review and Update of the Policy**

The Municipality will undertake a review and update this policy as needed and every five years at a minimum.

## **8. GOVERNANCE AND RESPONSIBILITIES**

### **8.1 Council**

Council is entrusted with the responsibility of overseeing a large range of services provided through a diverse inventory of assets, on behalf of citizens. Council is the final decision maker on all matters related to asset management in the Municipality and is committed to the success of asset management planning in South Bruce. Council shall be responsible for the following;

8.1.1 Approve by resolution or by-law, the Municipal Asset Management Plan and its updates at least every 5 years.

8.1.2 Conduct annual reviews of the management's progress regarding implementation of the plan, before July 1 every year that includes:

- Progress on ongoing efforts to implement the asset management plan;
- Any factors and organizational capacity affecting the municipality's ability to implement its plan.
- Support ongoing efforts to continuously improve and implement the asset management plan.
- Prioritize the effective stewardship of assets in adoption and ongoing review of policy, budgets and long term financial plans.
- Approve Levels of Service

**8.2 Chief Administrative Officer** will provide oversight and ensure compliance with Asset Management policy and Provincial Asset Management regulations

**8.3 Treasurer will be the Executive Lead** of the Asset Management Program responsible for:

- Development of Asset Management Policies and Policy updates
- Provide leadership in AM practices and concepts
- Establish, Monitor and Report on Levels of Service and Performance Measures to Council annually
- Co-ordinate, track and report on AM program implementation and progress
- Co-ordinate information from Department Heads in preparation of the budget submission.

**8.4.1 Department Head/Senior Management** will oversee asset management planning activities that fall within their service area including:

- Development of policy and policy updates within their Service Areas.
- Oversee the goals and directions of their respective departments and ensure the AM program aligns with the Municipality's Strategic and Master plans and policies.
- Ensure that adequate resources are available to implement and maintain AM practices
- Provide external and internal departmental support as needed
- Establish and Monitor Levels of Service and performance measures within their respective departments
- Monitor, analyze and report on Departmental Asset Management Program Activities and results

- Establish and develop condition ratings, asset valuations and costs, lifecycle activities, risk analysis and management. External resources may be hired to assist with such activities as approved by Council
- Incorporate the priorities and projects identified in the Asset Management Plan into the Department's Annual Budget and Long Term Financial plan

## **9. PUBLISHING THE POLICY**

Once formally adopted by Council, the Strategic Asset Management Policy will be available and posted on the Municipality's website at [www.town.southbruce.on.ca](http://www.town.southbruce.on.ca).