



TOWNSHIP OF RED ROCK POLICY/PROCEDURE

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A-23

Strategic Asset Management

APPROVED:

03 12 2018
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STRATEGIC ASSET MANAGEMENT POLICY

1.0 Purpose

The purpose of this policy is to provide leadership in and commitment to the development and implementation of the Township of Red Rock's asset management program. It is intended to guide the consistent use of **asset management** across the organization, to facilitate logical and evidence-based decision-making for the management of **municipal infrastructure assets** and to support the delivery of sustainable community services now and in the future.

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

This policy demonstrates an organization-wide commitment to the good stewardship of municipal infrastructure assets, and to improved accountability and transparency to the community through the adoption of best practices regarding asset management planning.

2.0 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*.

1. **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).
2. **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, by 2023 AMPs for core municipal infrastructure assets will be required to include the current levels of service being provided; the current 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.
3. **Capitalization threshold** – the value of a municipal infrastructure asset at or above which a Township will capitalize the value of it and below which it will expense the value of it.
4. **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).
5. **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.
6. **Municipal infrastructure asset** – an infrastructure asset, including a green infrastructure asset, directly owned by a Township or included on the consolidated financial statements of a Township, but does not include an infrastructure asset that is managed by a joint municipal water board.
7. **P3** – public-private partnership, also known as P3, is the cooperative arrangement between various public and private sectors for the maintenance and operation of infrastructure assets for a lengthy period of time.

3.0 Background

The Township is responsible for providing a range of essential services to the community, including roads network, stormwater management, facilities, parks and water and wastewater networks. To deliver these services, it owns and manages a diverse municipal infrastructure asset portfolio of roads, bridges, culverts, fleet, sewers, etc. As the social, economic, and environmental wellbeing of the community depends on the reliable performance of these municipal infrastructure assets it is critical to implement a systemic, sustainable approach to their management.

Asset management is such an approach, and refers to the set of policies, practices and procedures that allow an organization to realize maximum value from its municipal infrastructure assets. An asset management approach allows organizations to make informed decisions regarding the planning, building, operating, maintaining, renewing, replacing and disposing of municipal infrastructure assets through a wide range of **lifecycle activities**. Furthermore, it is an organization-wide process that involves the coordination of activities across multiple departments and service areas such as Public Works, Finance, Operations, and Administrative Services. As such, it is useful to adopt a structured and coordinated approach to outlining the activities, roles and responsibilities required of organizational actors, as well as the key principles that should guide all asset management decision-making.

A comprehensive and holistic asset management approach will support efficient and effective delivery of expected **levels of service** and ensure that due regard and process are applied to the long-term management and stewardship of all municipal infrastructure assets. In addition, it will align the Township with provincial and national standards and regulations such as the Infrastructure for Jobs and Prosperity Act, 2015 and Ontario Regulation 588/17, enabling the organization to take full advantage of available grant funding opportunities.

The approval of this policy is an important step towards integrating the Township's strategic mission, vision and goals with its asset management program, and ensuring that critical municipal infrastructure assets and vital services are maintained and provided to the community in a reliable, sustainable manner.

4.0 Alignment with the Township's Strategic Direction

This policy aligns with the Township of Red Rock's Official Plan 2011 and Asset Management Plan 2013. The following passages outline key strategic priorities listed within these documents that the development of an asset management program will support:

1. Official Plan 2011

a. Vision

- i. Financial Stability and Community Sustainability
- ii. Arts, Cultural and Social

- iii. Economic Development
- iv. Natural and Built Environment
- v. Energy and Air Quality
- vi. Services and Infrastructure
- vii. Sense of Community
- viii. Municipal Leadership and Governance

b. Goals

- i. To guide the Township's response to closure of its primary industry and employer, and to re-establish and maintain ongoing economic stability;
- ii. To promote and guide land use change within the Township so as to achieve an orderly, economic and attractive land use pattern, with an emphasis upon a clearly defined and distinct Rural Area and Settlement Area;
- iii. To optimize delivery of infrastructure and services;
- iv. To encourage local economic initiatives, entrepreneurship and small business;
- v. To promote and facilitate public awareness and participation in decision making relating to planning matters;
- vi. To promote, enhance, and guide the use of natural heritage, cultural, aggregate, highway, and groundwater resources within the Township;
- vii. To minimize land use conflict and the adverse effects and/or negative impacts that might arise from land use changes;
- viii. To provide opportunities for increased energy generation, supply and conservation, including alternative energy systems and renewable energy systems.
- ix. To seek to ensure that access and participation is available for the disabled and the elderly and remove barriers that may impede such access and participation.

2. Township of Red Rock Asset Management Plan 2013

a. Purpose

- i. To identify the state of the municipality's infrastructure today and the projected state in the future if current funding levels and management practices remain status quo.
- ii. To serve as a strategic, tactical, and financial document ensuring the management of the municipal infrastructure follows sound asset management practices and principles, while optimizing available resources and establishing desired levels of service.

b. Objectives

- i. To outline and establish a set of planned actions, based on best practice, that will enable the assets to provide a desired and

sustainable level of service, while managing risk, at the lowest life cycle cost.

5.0 Policy Statement

To guide the Township, the following policy statements have been developed:

1. The Township will implement an enterprise-wide asset management program through all departments. The program will promote lifecycle and risk management of all municipal infrastructure assets, with the goal of achieving the lowest total cost of ownership while meeting desired levels of service.
2. The Township 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
 - vi. Level of Service Framework
3. The Township will develop and maintain an asset inventory of all municipal infrastructure assets which includes unique ID, description, location information, value (both historical and replacement), performance characteristics and/or condition, estimated remaining life and estimated repair, rehabilitation or replacement date; and estimated cost repair, rehabilitation or replacement costs.
4. The Township will develop an **asset management plan** (AMP) that incorporates all infrastructure categories and municipal infrastructure assets that are necessary to the provision of services. This may include assets that fall below their respective **capitalization thresholds** as outlined in the Township's Tangible Capital Asset Policy. The scope of these assets will be determined, according to relevance, based on the professional judgment of Township senior staff. The AMP will be **reviewed annually** to address the Township's progress in implementing its asset management plan and updated at least every five years in accordance with O. Reg. 588/17 requirements, to promote, document and communicate continuous improvement of the asset management program.
5. The Township 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 assets based on full lifecycle costing.

6. The Township will explore innovative funding and service delivery opportunities, including but not limited to grant programs, public-private partnerships (P3), alternative financing and procurement (AFP) approaches, and shared provision of services, as appropriate.
7. The Township will develop meaningful performance metrics and reporting tools to transparently communicate and display the current state of asset management practice to Council and the community.
8. The Township will consider the risks and vulnerabilities of municipal infrastructure assets to climate change and the actions that may be required including, but not limited to, anticipated costs that could arise from these impacts, adaptation opportunities, mitigation approaches, disaster planning and contingency funding. Impacts may include matters relating to operations, levels of service and lifecycle management.
9. The Township will ensure that all asset management planning is aligned with any of the following financial plans:
 - i. Financial plans related to the Township's water assets including any financial plans prepared under the Safe Drinking Water Act, 2002.
 - ii. Financial plans related to the Township's wastewater assets.
10. The Township will align all asset management planning with the Province of Ontario's land-use planning framework, including any relevant policy statements issued under section 3(1) of the *Planning Act*; shall conform with the provincial plans that are in effect on that date; and, shall be consistent with all municipal official plans.
11. The Township will coordinate planning for interrelated municipal infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.
12. The Township will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.

6.0 Roles and Responsibilities

The development and continuous support of the Township's asset management program requires a wide range of duties and responsibilities. The following passages outline the persons responsible for these tasks:

1. Council

- i. Approve the AM policy and direction of the AM program
- ii. Maintain adequate organizational capacity to support the core practices of the AM program
- iii. Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets
- iv. Approve capital and operating budgets delivered by Staff

2. Leadership Team/Senior Management Team

- i. Development of policy and policy updates
- ii. Provide corporate oversight to goals and directions and ensure the AM program aligns with the Township's strategic plan
- iii. Ensure that adequate resources are available to implement and maintain core AM practices
- iv. Develop and monitor levels of service and make recommendations to Council
- v. Track, analyze and report on AM program progress and results
- vi. Provide organization-wide leadership in AM practices and concepts

3. Executive Lead (Treasurer)

- i. Manage policy and policy updates
- ii. Provide organization-wide leadership in AM practices and concepts
- iii. Provide departmental staff coordination
- iv. Monitor levels of service
- v. Coordinate and track AM program implementation and progress

4. Departmental Staff

- i. Utilize the new business processes and technology tools developed as part of the AM program
- ii. Participate in implementation task teams to carry-out AM activities
- iii. Implement and maintain levels of service
- iv. Manage budgets based on lifecycle activities and financial management strategies

5. Public

- i. Engage and voice level of service expectations and concerns to Council and Staff through surveys and public engagement opportunities

- ii. Understand dynamic relationship between performance, cost, and risk of assets to deliver desired services
- iii. Engage in discussions about strategic priorities and target levels of service for next 10 years

7.0 Key Principles

The Township shall consider the following principles as outlined in section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015*, when making decisions regarding asset management:

1. Infrastructure planning and investment should take a long-term view, and decision-makers should consider the needs of citizens by being mindful of, among other things, demographic and economic trends.
2. Infrastructure planning and investment should consider any applicable budgets or fiscal plans.
3. Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure.
4. Infrastructure planning and investment should ensure the continued provision of core public services, such as health care and education.
5. Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities.
6. Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
7. Infrastructure planning and investment should 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.
8. Infrastructure planning and investment should be evidence based and transparent, and, subject to any restrictions or prohibitions under an Act or otherwise by law on the collection, use or disclosure of information,
 - i. investment decisions respecting infrastructure should be made on the basis of information that is either publicly available or is made available to the public, and

- ii. information with implications for infrastructure planning should be shared between the Township and broader public sector entities and should factor into investment decisions respecting infrastructure.
9. Where provincial or municipal plans or strategies have been established in Ontario, under an Act or otherwise, but do not bind or apply to the Township, as the case may be, the Township should nevertheless be mindful of those plans and strategies and make investment decisions respecting infrastructure that support them, to the extent that they are relevant.
 10. Infrastructure planning and investment should promote accessibility for persons with disabilities.
 11. Infrastructure planning and investment should minimize the impact of infrastructure on the environment and respect and help maintain ecological and biological diversity, and infrastructure should be designed to be resilient to the effects of climate change.
 12. Infrastructure planning and investment should endeavour to make use of acceptable recycled aggregates.
 13. Infrastructure planning and investment should 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 space within the community, and any specific benefits identified by the community.

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