



Policy PW-14: Strategic Asset Management Policy

Public Works

Approval Date: June 18, 2019
Approval Authority: Council Resolution
Effective Date: July 1, 2019
Revision Date/s:

Purpose:

The purpose of this policy is to provide leadership in and commitment to, the development and implementation of the County's asset management system. It is intended to guide the consistent use of asset management (AM) 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 County 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 County 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.

Definitions:

Unless otherwise noted, the definitions provided in this document align with those outlined in *Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure* (O. Reg. 588/17), under the *Infrastructure for Jobs and Prosperity Act, 2015*.

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. AM 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).

Asset Management Steering Committee – a committee to assist in developing and administering the asset management program. The Asset Management Steering Committee is comprised of a cross-departmental team within the County.

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.

Level of Service (LoS) – 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 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.

Scope:

Norfolk County provides a wide range of services to the community that require the ownership and responsible operation, maintenance and rehabilitation of physical assets including, but not limited to; land, buildings, equipment, transportation, stormwater, wastewater, water, vehicles and more. 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.

AM is an integrated approach, involving all Norfolk County departments, to delivering value to the community through the effective management of existing and new infrastructure assets. The intent is to maximize benefits, reduce risk and provide satisfactory levels of service to the community in a sustainable manner. Good asset management practices are fundamental to achieving sustainable and resilient communities.

This policy applies to all departments involved in planning, maintaining, or operating the County’s capital infrastructure assets and outlines the fundamental AM principles to be implemented across Norfolk County.

This Policy is the first requirement in a staged process for compliance with O. Reg. 588/17. Subsequently, this Policy must be reviewed and, if necessary, updated at least every five years afterwards.

Policy Statements

1. Strategic Alignment

Our vision of 'Norfolk County strives to balance a commitment to the land and emerging opportunities for growth and development' requires alignment of the many initiatives underway in our organization at any given time in order for it to be achieved. This alignment is necessary to properly consider whether the level of service provided by our existing and planned assets is congruent and supports our vision.

AM planning therefore will not occur in isolation from other County goals, plans, and policies. Rather, an integrated approach will be followed to successfully develop practical AM plans that align with the overarching accountabilities and aspirations of our community. The elements of our AM planning approach keep us mindful of the goals described in our Strategic Plan, the Official Plan and various Master Plans.

2. Governance & Continuous Improvement

The following details the responsibilities of the key stakeholders within the County:

Council

- Approve by resolution the AMP's and their updates every five years;
- Conduct an annual review on asset management progress on or before July 1st of each subsequent year. The annual review must address:
 - Progress on ongoing efforts to implement the asset management plans;
 - Consideration of the asset management policy and strategy;
 - Any factors affecting the ability of the County to implement its asset management plans;
 - Consultation with Division and Department leads; and
 - A strategy to address these factors including the adoption of appropriate practices; and
- Support ongoing efforts to continuously improve and implement the asset management plans.

Chief Administrative Officer

- Maintain compliance with the Asset Management Policy and provincial asset management regulation.

Department leads

- Oversee asset management planning activities that fall within their service area and in support of others.

The AM strategy will provide a detailed overview of the roles and responsibilities throughout the County.

3. Capitalization Thresholds

The Asset Management Policy applies to all assets whose role in service delivery requires deliberate management by the County. 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 the asset management planning processes.

4. Budgeting

The County will integrate findings from the Asset Management Plan(s) into its long-term financial planning and budgeting processes. Sound financial analysis will be encompassed in asset management planning in order for the asset management plans to be a sought after guide to employees in budgeting and financial planning. The financial strategy included in each asset management plan will be completed by a multi-disciplinary team that will include representative(s) from finance and the concerned service area.

The Asset Management Plans (AMP's) will be referenced by the service area personnel in the preparation of their budget submission to help them:

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

The department level budget submissions prepared by each department will be evaluated by the Senior Leadership Team in the preparation of the County's annual budget.

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 analysis completed in each tangential document will reference the most up-to-date information from the same datasets, will be based on common methods, and will improve upon one another.

5. Community Planning

Asset management planning will be aligned with the County's Official Plan and Secondary Plan(s). The AMP's will reflect how the community is projected to change and the related asset impacts. The County will achieve this with the following.

Those responsible for managing services impacted by development or redevelopment will:

- Be consulted while the community plan is being prepared;
- Provide input to the analysis of future servicing costs; and
- Provide written comment about the financial viability of development as it pertains to the service they manage.

Methods, assumptions, and data used in the selection of development or redevelopment initiatives documented in the community plan will be available in support of the production of the County's AMP's.

6. Climate Change

Climate change will be considered as part of Norfolk County's risk management approach, embedded in local asset management planning methods and will leverage Local Conservation Authorities and other levels of Government. 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 County's contribution to climate change through greenhouse gas emissions will be mitigated in accordance with its local organizational capacity, reduction targets, financial capacity, and stakeholder support.

7. Stakeholder Engagement

The ultimate goal of the County 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. In order to achieve this goal, it is necessary that the County understand the needs of current stakeholders, consider the needs of future generations, and incorporate these perspectives into asset management planning. The County recognizes them as an integral part of the asset management approach. Accordingly, the County will:

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

Key Principles

The policy ensures that County staff follow a consistent and regulatory-compliant approach to making decisions regarding infrastructure planning and investment. The *Infrastructure for Jobs and Prosperity Act, 2015* sets out principles to guide asset management planning in municipalities in Ontario. The County shall incorporate the following principles in its asset management system and decision-making approach:

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Forward looking: The County shall take a long-term view while considering demographic and economic trends in the region.

Budgeting and planning: The County shall 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: The County shall clearly identify infrastructure priorities which will drive investment decisions.

Economic development: The County shall promote economic competitiveness, productivity, job creation, and training opportunities.

Transparency: The County shall 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, the County shall:

- 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.

Consistency: The County shall ensure the continued provision of core public services, such as health care and education.

Environmentally Conscious: The County shall 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: The County shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

Community focused: The County shall 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 (including for apprentices, within the meaning of Section 9 of the Infrastructure for Jobs and Prosperity Act, 2015),
- Improvement of public space within the community, and
- Promoting accessibility for persons with disabilities.

Innovation: The County shall create opportunities to make use of innovative technologies, services, and practices, particularly where doing so would utilize technology, techniques, and practices developed in Ontario.

Integration: The County shall, 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.