



STRATEGIC ASSET MANAGEMENT POLICY

Policy Category/Section: F06-Assets

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1. Policy Statement:

The City's vision for asset management planning is to effectively manage the City's capital assets to ensure community sustainability and a high quality of life. The ultimate goal of asset management is to ensure the City's financial sustainability by making informed investment decisions that deliver City services at the desired level while minimizing costs and maintaining an acceptable level of risk.

2. Purpose/Application:

The purpose of an asset management policy is to formalize the City's direction, functions, practices and responsibilities associated with the management of all capital assets used to support delivery of the City's services.

This includes:

- Outlining the organizational context including the importance of employing asset management principles to the management of assets to support the City's vision and goals.
- Establishing the broad framework for undertaking asset management in a structured and coordinated way across the City to deliver services.
- Communicating and ensuring a common understanding of key responsibilities and review processes for asset management.

3. Definition(s):

Capital Assets: Assets that are held for use in the production or supply of goods and services, rental, for administrative purposes or development, construction, maintenance or repair of other capital assets; have useful economic lives extending beyond an accounting period; are to be used on a continuing basis; and are not for sale in the ordinary course of operations.

Asset Management Plan: A strategic document that states how a group of assets is to be managed over a period of time. The plan describes the characteristics and condition of infrastructure assets, the levels of service expected from them, planned actions to ensure the assets are providing the expected level of service, and financing strategies to implement the planned actions.

4. Specific Policy Requirements:

4.1 Guiding Principles

Asset management practices will be aligned with the International Standard ISO 55000 Asset Management series and incorporate the principles of balancing risk, cost and performance. The availability and sources of funding affect the level of asset performance that can be achieved and the risks associated with service provision.

ISO 55000 outlines four asset management fundamentals:

- Value: Assets exist to provide value to the organization and its stakeholders;
- Alignment: Asset management translates the organizational objectives into technical and financial decisions, plans and activities;
- Leadership: Leadership and workplace culture are determinants of realization of value; and

- Assurance: Asset management gives assurance that assets will fulfill their required purpose.

The following principles will guide the City as it aims to achieve its asset management vision:

Service Focused: Plan and manage the performance of assets to consistently meet service levels agreed between Council, customers and other stakeholders.

- Provide continuous core public services, including those provided by broader public sector entities, such as health care and education;
- Take a long-term view while considering demographic and economic trends in the region;
- Make evidence based and transparent investment decisions, and, subject to any restrictions or prohibitions under an Act or otherwise by law on the collection, use or disclosure of information;
 - Make investment decisions respecting infrastructure on the basis of information that is either publicly available or is made available to the public, and
 - Share information with implications for infrastructure planning between other levels of government and broader public sector entities, and factor this information into investment decisions respecting infrastructure.
- Consider, where relevant and appropriate, 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; and
- 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 (Ontario) 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.

Value Based and Affordable: Identify the best combination of investments that deliver the greatest value while respecting funding, resource, and timing constraints including customers' willingness and ability to pay.

- Take into account any applicable fiscal plans or budgets, such as those released under the Fiscal Transparency and Accountability Act, 2004 or adopted under Part VII of the Municipal Act, 2001;
- 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
- Promote economic competitiveness, productivity, job creation, and training opportunities.

Risk Based: Use a formal risk framework to make better informed asset management decisions considering the risks to the City's objectives, while understanding the likely outcomes and results of the actions, based on the following:

- Identify infrastructure priorities which will drive the City's investment decisions;
- Minimize the impact of infrastructure on the environment by respecting and helping to maintain ecological and biological diversity, augmenting resilience to the effects of climate change, and endeavouring to make use of acceptable recycled aggregates; and
- Protect the health and safety of workers involved in the construction and maintenance of the City's infrastructure assets.

4.2 Strategic Alignment

The City's vision of asset management planning requires alignment of many strategic goals, policies and plans at any given time. To achieve its vision, the City will integrate asset management planning with other municipal processes and documents including Council's strategic priorities, financial policies, land use policies and by-laws, and master plans.

4.3 Capital Thresholds

The City's Tangible Capital Asset (TCA) Policy and related thresholds will be utilized in determining which assets are to be included in the asset management plans. Any divergence from the TCA policy will be disclosed and explained within the related asset management plans.

4.4 Budgeting

The City's Financial Policies Framework will require asset management plans to be integrated into the preparation of annual business plans and budgets, and long range financial plans. This will include utilizing the financial strategy section of the asset management plans to prioritize both short term and long term investment needs in closing infrastructure gaps.

By utilizing a cross-functional team that includes finance, asset management planning and concerned service areas, it is the intention that all asset management plans will align with all financial plans through the use of common data sources and analytical methods to the best extent possible. Relevant financial plans include but are not limited to:

- Financial plans related to water capital assets as required under the Safe Drinking Water Act, 2002;
- Financial plans related to other service areas such as wastewater, transit, and parking;
- Development Charge Background Study and By-law and any subsequent updates; and
- City-wide long range financial plan and subsequent updates.

4.5 Community Planning

The combination of good planning principles, 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 enhancement of existing assets, to take place. Parties involved in the development of the asset management plans will reference the direction established in the Official 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 City's means through the understanding and consideration of current and future asset and operational needs.

4.6 Climate Change

Climate change and community resiliency shall be considered as part of the City's risk management strategy related to asset management planning. This strategy will balance the potential cost of vulnerabilities to climate change impacts and other risks against the costs of reducing these vulnerabilities. The balance will be struck in the levels of service delivered through operations, maintenance schedules, emergency plans, contingency funding and capital investments. As part of its asset management planning, the City will consider mitigation approaches to climate change.

4.7 Stakeholder Engagement

The City strives to efficiently provide its various stakeholders with the municipal services they require within the bounds of regulatory requirements, the built environment, the natural environment and the social context of the City. To achieve this goal, the City 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 City recognizes the various stakeholders as an integral part of the asset management approach. Accordingly, the City will:

- Ensure appropriate information is available to stakeholders and facilitate an understanding of the key information;
- Provide opportunities for residents and other stakeholders served by the City to provide input in asset management planning; and
- Promote the coordination of asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

4.8 Governance

The policy requires the commitment and active participation of the following key stakeholders within the City'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; and
- Supports the ongoing efforts to continuously improve and implement the asset management plans.

Chief Administrative Officer and Executive Management Team

- Maintains compliance with the asset management policy and provincial asset management regulation.

Executive Lead – General Manager of Infrastructure and Growth Management

- 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;
- Oversees the implementation of activities, strategies, initiatives within the mandate of the Asset Management Steering Committee; and
- Coordinates and prepares status updates to the Executive Management Team.

Asset Management Steering Committee (AMSC)

- Facilitates integration and alignment with other corporate initiatives (e.g. Development Charges By-law, Official Plan, Water Financial Report);
- Ensures the City achieves regulatory compliance;
- Provides overall guidance and direction for corporate-wide asset management continuous improvement;
- Ensures that adequate resources are available for asset management;
- Leads, champions and monitors communication and change for asset management continuous improvement; and
- Reviews, revises and provides recommendations to the Executive Management Team on the Asset Management Policy, and asset management plan.

Planning and Asset Management Branch

- Establishes and leads the Asset Management Steering Committee and champions commitment to lifecycle asset management throughout the City including developing and implementing asset management communication and training plans;
- Establishes and leads the City's Asset Management Centre of Excellence and facilitates the adoption of asset management best practices throughout the City;
- Oversees the compiling and recording of asset information to the various asset registers by department leads;
- 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 each 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 City to implement its asset management plans, consultation with department leads and a strategy to address these factors including the adoption of appropriate practices; and
- Provides opportunities for residents and other stakeholders served by the City to provide input in asset management planning.

Finance Department

- Plans for, acquires, implements and maintains accounting procedures and systems relating to financial activities and information to support asset management including the recording, storing and retrieval of current and historical expenditures against assets;
- Develops and recommends Long Term Funding Plans for the City; and
- Prepares the Annual Business Plan and Budget.

Department Leads

- Communicate with staff within their service areas 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; and
- Implement operational plans such as maintenance programs, capital works programs, and asset management improvements in accordance with the approved asset management plan.

5. Responsibilities:

Members of Council and officers and employees of the Corporation are required to adhere to this Policy and its governing provisions.



6. Rationale and Legislative Authority

O. Reg. 588/17 requires a municipality to prepare its first strategic asset management policy by July 1, 2019 and to review, and, if necessary, update it at least every five years.

7. Related Policies, Legislation and By-laws

- Ontario regulation 588/17 made under the Infrastructure for Jobs and Prosperity Act, 2015
- Development Charges Act, 1997, S.O. 1997, c. 27
- Tangible Capital Asset Policy
- City of Barrie Financial Policies Framework

8. Department Contact

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