

	STRATEGIC ASSET MANAGEMENT POLICY	FIN 03
	CATEGORY: FINANCE	Adopted: June 5 2019

1. Purpose

The purpose of this policy is to provide leadership and commitment to the development and implementation of the Township’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 improve accountability and transparency to the community through the adoption of best practices regarding asset management planning.

2. 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.

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).

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 2021. 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.

Capitalization threshold – the value of a municipal infrastructure asset at or above which the Township will capitalize the value of it and below which it will expense the value of it.

Green infrastructure asset – an infrastructure asset consisting of natural or human-made elements that provide ecological and hydrological functions and processes and includes natural heritage features and systems, parklands, stormwater management systems, street trees, urban forests, natural channels, permeable surfaces and green roofs.

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).

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 the Township or included on the consolidated financial statements of the Township.

3. **Background**

The Township is responsible for providing a range of essential services to the community which includes environmental management, planning and development, protection, recreation and culture, government, social, family, health and safe and reliable transportation networks. To deliver these services, it owns and manages a diverse municipal infrastructure asset portfolio of roads, water and sewer utilities, facilities, fire and emergency services, parks and recreation assets. 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. As such, it is useful to adopt a structured and coordinated approach to outlining the activities, roles and responsibilities required of organizational staff, 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. Alignment with the Township's Strategic Direction

This policy aligns with the Township of Chatsworth Strategic Plan 2017 and the Parks and Recreation Master Plan 2018. As the Township's related Plans are updated, this policy shall be revised to align with emerging and evolving policies, strategies, actions and priorities. The following passages outline key strategic priorities listed within this document that the development of an asset management program will support:

4.1 Strategic Plan Adopted 2017

Support and align with the vision of the Township's Strategic Plan: *"Working to meet the needs of our residents through strong leadership, public engagement, fiscal accountability and a proactive community strategy"*;

Support and align with stated pillars of sustainability, goals and strategic direction in the areas of:

- a) Economic Development implementation
- b) Fiscal management, Accountability and Sustainability
- c) Fostering community Development
- d) Continuous improvement, and
- e) Quality of Life

4.2 Parks and Recreation Master Plan Adopted December, 2018

Support the objectives of the Township's Recreation Master Plan in the areas of:

- a) An overview of local demographics;
- b) Identify relevant trends in sport and recreation;
- c) Assess key municipal indoor and outdoor recreation facilities and make recommendations to meet future needs;
- d) Identify the types of parkland required to meet active and passive recreational needs;
- e) Outline the priority, timing and costs associated with the Master Plan's Recommendations;

5. Policy Statement

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

5.1 The Township will implement an organization-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.

- 5.2** The Township will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
- a) Complete and Accurate Asset Data
 - b) Condition Assessment Protocols
 - c) Risk and Criticality Models
 - d) Lifecycle Management
 - e) Financial Strategy Development
 - f) Level of Service Framework
- 5.3** 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.
- 5.4** The Township will develop an asset management plan (AMP) that incorporates all infrastructure categories and municipal infrastructure assets that meet the capitalization threshold outlined in Appendix “A”, the amortization periods outlined in Appendix “B” and the Lifecycle Schedule outlined in Appendix “C”. The AMP will be updated at least once every five years in accordance with O. Reg. 588/17 requirements, to promote, document and communicate continuous improvement of the asset management program.
- 5.5** 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.
- 5.6** 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.
- 5.7** 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.
- 5.8** 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.

- 5.9** 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.
- 5.10** 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.
- 5.11** 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. 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:

6.1 Council

- a) Approve the AM policy and direction of the AM program
- b) Maintain adequate organizational capacity to support the core practices of the AM program
- c) Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets
- d) Establish and monitor levels of service

6.2 Senior Management Team

- a) Development of policy and policy updates
- b) Provide corporate oversight to goals and directions and ensure the AM program aligns with the Township's strategic plan
- c) Ensure that adequate resources are available to implement and maintain core AM practices
- d) Provide departmental staff coordination
- e) Develop and monitor levels of service and make recommendations to Council
- f) Track, analyze and report on AM program progress and results

6.3 Treasurer

- a) Manage policy and policy updates
- b) Provide organization-wide leadership in AM practices and concepts
- c) Provide departmental staff coordination
- d) Monitor levels of service
- e) Coordinate and track AM program implementation and progress

6.4 Chief Administrative Officer (CAO)

- a) Provide organization-wide leadership in AM Practices and concepts
- b) Work in conjunction with CFO for AM implementation and progress
- c) Ensure senior management team staff coordination and participation and progress

6.5 Departmental Staff

- a) Utilize the new business processes and technology tools developed as part of the AM program
- b) Participate in implementation task teams to carry-out AM activities
- c) Implement and maintain levels of service
- d) Provide support and direction for AM practices within their department
- e) Track and analyze AM program progress and results

7. 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:

- 7.1** Infrastructure planning and investment should take a long-term view, and decision-makers should take into account the needs of citizens by being mindful of, among other things, demographic and economic trends.
- 7.2** Infrastructure planning and investment should take into account any applicable budgets or fiscal plans.
- 7.3** Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure.
- 7.4** Infrastructure planning and investment should ensure the continued provision of core public services.
- 7.5** Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities.
- 7.6** Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- 7.7** 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.

- 7.8** 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,
- a) 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
 - b) 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.
- 7.9** 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.
- 7.10** Infrastructure planning and investment should promote accessibility for persons with disabilities.
- 7.11** 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.
- 7.12** Infrastructure planning and investment should endeavour to make use of acceptable recycled aggregates.
- 7.13** 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.

Appendix "A" Capitalization Thresholds

Asset Category	Capitalization Threshold (ranges are dependent on sub class*)
Land	\$0
Building and Building Improvements	\$5,000 or greater
Machinery and Equipment	\$5,000 or greater
Vehicles and equipment	\$5,000 or greater
Infrastructure expenditures	\$25,000 or greater
Pooled Assets	Combined total of \$5,000 or greater
All other Assets	Individual unit cost - \$10,000 or greater

Asset Classes

General Capital	Tangible capital assets that are not part of the Infrastructure Asset class, includes; Parks, Recreation facilities, Fire, EMS, Police, Waste Collection and Disposal, Landfill
Infrastructure Capital	Tangible capital assets are composed of "linear assets" and their associated specific components, generally constructed or arranged in a continuous and connected network. Includes (but not limited to): Transportation Infrastructure (roads, bridges, tunnels, public transit, drainage systems), utilities (telephone, gas, electrical) and Environmental Infrastructure (Water delivery systems, waste water treatment, storm drainage systems).

Primary Categories

Land
Buildings
Equipment
Roads
Water, Sewer and other utility systems
Bridges and Culverts
Motor Vehicles
Furniture and fixtures

Functional Classifications

General Government
Protective Services
Transportation Services
Environmental Services
Health Service
Recreation and Cultural Service
Planning and Development

**APPENDIX “B”
AMORTIZATION METHOD**

Asset Category	Amortization of Cost less Savage Value
Land	Not amortized
Land Improvements	Straight line over useful life of each asset unit
Parks Infrastructure	Straight line over useful life of each asset unit
Buildings & Improvements	Straight line over useful life of each asset unit
Construction in Progress	Not Amortized
Machinery, Vehicles and Equipment	Straight line over useful life of each asset unit
Technology/Communication	Straight line over useful life of each asset unit
Infrastructure (e.g. water, wastewater, roads etc.)	Straight line over average useful life of each segment for cost

APPENDIX "C"
USEFUL LIFE

Estimates of useful life (for annual amortization calculation) will be determined by the Township of Chatsworth based on reasonable assumptions. The following common asset categories will be assigned useful lives as follows:

ASSET CATEGORIES	USEFUL LIFE
Land	0
Land Improvements	20 years
Buildings	40 years
Furniture	20 years
Computer Systems/Photocopiers	3-5 years
Leasehold Improvements	15 years
Machinery and Equipment	5 - 20 years
Vehicles	5-10 years
Roads Surface	3-25 years
Road Base	40 years
Bridges	50 years
Water	40 - 80 years
Communications	10 years
Landfill	Volume
Street Lights	30 years
Road Signs	10 years
Municipal Drains	50 Years