

CITY POLICY

SECTION: FINANCE

NO: FI – AM - 01

REFERENCE: ASSET MANAGEMENT

Date: June 24, 2019

**Next Review Date:
June 2021**

TITLE: ASSET MANAGEMENT POLICY

1.0 Policy Statement

- 1.1 The City of Dryden is committed to creating a vibrant, diverse, safe, healthy and sustainable community. With this commitment in mind, assets must be managed in a way that allows the City to achieve its goals, plans and policies. Good Asset Management practices are fundamental to achieving sustainable and resilient communities.
- 1.2 Asset Management is an integrated approach, involving all City of Dryden departments, to delivering value to the community through effective management of existing and new infrastructure assets.
- 1.3 The intent of this policy is to maximize benefits, reduce risk and provide satisfactory levels of service to the community in a sustainable manner.
- 1.4 This policy outlines the fundamental Asset Management principles to be implemented across the City of Dryden.

2.0 Scope

- 2.1 This Asset Management Policy applies to all existing and new physical assets owned by the City of Dryden.

3.0 Purpose

- 3.1 This Asset Management Policy will establish consistent standards and guidelines for the management of City assets by applying sound technical, social and

economic principles that consider present and future needs of users and the service expected from the assets.

This means leveraging the lowest total Life Cycle cost of ownership regarding the service levels that best meet the needs of the community, while being cognizant of the risk of failure that is acceptable.

4.0 Responsibilities

- 4.1 The policy requires the commitment of key stakeholders within the City's organization to ensure the policy contains a clear plan that can be implemented, reviewed and updated.

Council

- Accountable to the public for approving policies, procedures and guidelines as they relate to the management and financing of city owned assets.
- Approve the Asset Management Policy and Asset Management Plan, as well as the required updates every five years.
- Approve funding and resources to implement the Asset Management Policy and associated requirements as part of the annual budget process.
- Support efforts to improve the plan and ensure it includes changes necessitated by updates to other City strategic documents.

Chief Administrative Officer (CAO)

- Accountable for the development of processes to reflect corporate priorities.
- Accountable for the development of Asset Management Plans for Council that will provide long-term sustainability of services.
- Lead the implementation of the Asset Management Policy across the City.
- Ensure that the Policy and Plan are updated to reflect changes as needed and present them for Council approval at least every five years.

Department Heads

- Accountable to the CAO to ensure that the management of capital assets are carried out within departmental approved budgets, reflect departmental business plans and follows policies and procedures.
- Accountable, as part of the senior management team, for evaluating and prioritizing capital submissions against competing needs of all departments through the utilization of condition assessment information and service level requirements.

- Ensure that current year and long-range asset requirements are incorporated into the budget presented to Council annually.
- Ensure that the Asset Management Plan reflects updates to all condition assessments commissioned for assets covered by the plan.

Treasurer/Executive Lead

- Review and endorse the Asset Management Plan.
- Accountable for ensuring adherence to legislative and policy requirements.
- Accountable for monitoring the application of this policy and updating the policy on a regular basis.

5.0 Definitions

Asset Management – means an application of sound technical, social and economic principles that consider present and future needs of users and the service from the asset.

Asset Management Plan - means a strategic document that states how a group of assets are to be managed. 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.

City - means The Corporation of The City of Dryden.

Department Head - means a member of the Senior Management Team

Infrastructure - means municipal tangible capital assets primarily for public use or benefit in Ontario.

Life Cycle – means the time interval that commences with identifying needs for an asset and terminates with disposal of the asset.

6.0 Strategic Alignment

6.1 The City will review this policy and incorporate it into the asset management planning approach that fosters the integration of municipal documents such as:

- The City's Strategic Plan
- The City's Official Plan

- The City's Emergency Management Plan
- The City's Community Improvement Plan

7.0 Principles

7.1 Required Principles from the Infrastructure for Jobs and Prosperity Act, 2015:

- **Forward Looking:** The City shall take a long-term view while considering demographic and economic trends in the region.
- **Budgeting and Planning:** The City shall consider any applicable budgets or fiscal plans, such as fiscal plans released under the Fiscal Transparency and Accountability Act, 2004 and Budgets adopted under Part VII of the Municipal Act, 2001.
- **Prioritizing:** The City shall clearly identify infrastructure priorities which will drive investment decisions.
- **Economic Development:** The City shall promote economic competitiveness, productivity, job creation, and training opportunities.
- **Transparency:** The City shall be evidence-based and transparent. Additionally, subject to any prohibition under an Act or otherwise by law on the collection, use, or disclosure of information, the City 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 City shall ensure the continued provision of core public services.
- **Environmental Conscious:** The City shall minimize the impact of infrastructure on the environment by respecting and helping maintain ecological and biological diversity, by augmenting resilience to effects of climate change and by endeavoring to make use of acceptable recycled aggregates.
- **Health and Safety:** The City shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

- **Community Focused:** The City 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, improvement of public spaces within the community, and promoting accessibility for persons with disabilities.
- **Innovation:** The City 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 City 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.

7.2 Service Delivery to Customers

- The City will define level of service objectives that balance community expectations, regulatory requirements, affordability and resource availability.
- The City will manage assets appropriately to efficiently and effectively deliver the defined level of service.
- The City will monitor and periodically review level of service objectives to ensure that they meet or support community and council expectations and other strategic objectives.
- The City will ensure transparency and accountability to the community on service delivery. This will include regular communications to council to share information on service performance as well as technical information such as asset condition.
- The City will comply with all relevant legislative, regulatory and statutory requirements.
- The City will implement an asset management system that incorporates risk-based and information driven decision-making frameworks that appropriately consider the potential impacts of asset failure on ongoing service delivery.

- The City will ensure that decisions regarding the need for new assets are made with appropriate due diligence; and that these needs are evaluated with a focus on service delivery to the community and supported with a valid business case that articulates costs and benefits.
- The City will prioritize and direct resources and expenditure to deliver levels of service and other community benefits at an acceptable level of risk.

7.3 Long-term Sustainability and Environmental Adaptability

- The City's asset management decision-making will consider the needs of both current and future generations and the potential challenges associated with changing community demographics and expectations related to service delivery, as well as potential modifications to legislative requirements.
- The City's asset management decision-making will consider the potential effects of climate change and other environmental changes, and how the increased severity and frequency of climatic events may directly affect levels of service. Where appropriate, the City will adopt a proactive approach to mitigating the potential impacts of climate change.
- The City will consider sociocultural, environmental and economic factors and implications when making and implementing asset management decisions.

7.4 Holistic Approach

- To support asset management decision making, the City will take steps to connect the appropriate departments, functions and support activities to build effective working relationships and encourage information-sharing. These departments and functions include planning, engineering, operations, maintenance, finance and other strategic planning functions such as sustainability.
- Asset management decision-making will drive optimum value for the community by focusing on the "big picture." The City will therefore ensure that decisions are made collaboratively and consider all Life Cycle stages and the interrelationships between asset performance, operational performance and overall service performance. Decision-making will also recognize the interconnected nature of asset systems and how decisions

about one set of assets may potentially interact with or affect assets controlled by other departments or functions.

7.5 Fiscal Responsibility and Asset Management Decision-making

- The City will develop and maintain appropriate plans for infrastructure renewal, for the purchase or construction of new infrastructure and for the decommissioning of redundant infrastructure. This includes:
 - Developing long-term projections of investment needs.
 - Applying rigorous analysis, including consideration of risk, to identify short-term investment needs.
 - Implementing processes to ensure that proposed investment plans address needs efficiently and effectively.
 - Implementing processes to address the operational budget implications of capital investments.
 - Exploring efficiency opportunities where appropriate, including new technologies.
 - Analyzing investment plans and associated funding requirements and putting in place mechanisms to ensure long-term financial sustainability.
- The City will evaluate relevant asset investment decisions based on consideration of the whole-life costs associated with managing those assets through their entire life cycle.
- The City will develop prioritized capital investment plans that reflect community and stakeholder expectations regarding level of service and other strategic objectives. The City will evaluate the magnitude, nature and overall balance of investment plans considering the aggregate value derived for the community, affordability, willingness to pay and intergenerational equity.

7.6 Innovation and Continual Improvement

- The City views continual improvement as a key part of our asset management approach and will focus on driving innovation in the development of tools, techniques and solutions.
- The City will monitor and periodically review the effectiveness of asset management processes and the wider asset management system in supporting the delivery of strategic objectives and will adjust as required.

- The City will assess the asset management competencies required to implement the AM system and provide the necessary support, education and training to AM staff.
- The City will review the asset management policy in conjunction with its review of the asset management strategy, every four to five years.

8.0 Capitalization Threshold

- 8.1 The service rendered by an asset will be the determining factor of whether it is included in the City's Asset Management Plan. Assets that require inspections, maintenance, and overhauls which need to be planned for will therefore be included in the City's Asset Management Plan.
- 8.2 The threshold used to determine which assets are to be included in the Asset Management Plan is therefore a guideline for the application of principles in professional judgment. This qualitative approach is unlike the quantitative and dollar value-based methodology prescribed in the City's Tangible Capital Asset Policy.

9.0 Budgeting

- 9.1 Asset Management Plans must be aligned with financial plans and considered in the budgeting process.
- 9.2 The Asset Management Plan 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.
- 9.3 The department level budget submission prepared by each service area will be evaluated by the Senior Management Team in the preparation of the City's annual budget.

- 9.4 The Asset Management Plan will align with existing and future financial plans related to water and wastewater assets.

10.0 Community Planning

- 10.1 The Asset Management Plans will reflect how the community is projected to change and the related asset impacts. The City 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.

- 10.2 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 Asset Management Plans.

11.0 Climate Change

- 11.1 Climate change will be considered as part of the City's risk management approach embedded in local asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impact 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.

- 11.2 The City's contribution to climate change through greenhouse gas emissions will be mitigated in accordance with its local reduction targets, financial capacity, and stakeholder support.

12.0 Stakeholder Engagement

- 12.1 The City recognizes the residents, businesses, institutions within its municipal boundary as stakeholders and neighbouring municipal bodies, provincial agencies, and regulated utilities partners in service delivery. Accordingly, the

City will foster informed dialogue with these parties using the best available information and engage with them by:

- Providing opportunities for residents and other stakeholders served by the City to provide input in asset management planning; and
- Coordinating asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

History			
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