



STRATEGIC ASSET MANAGEMENT POLICY

POLICY No FD-01-2019

EFFECTIVE DATE: June 24th, 2019

Applies To:

All Departments

Members of Council



Strategic Asset Management Policy

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1. Governance & Continuous Improvement

- 1.1 The Municipality shall adopt and apply recognises asset management (AM) practices in support of delivering services to its customers. The program will promote Lifecycle Activities and risk management of all existing assets and new acquisitions, with the goal of achieving the lowest total cost of ownership while meeting desired levels of service.
- 1.2 The Municipality asset management plan will respect O. Reg 588/17 requirements and will include , but will not be limited to the following information:
 - 1.2.1 Levels of service
 - 1.2.2 Performance of assets
 - 1.2.3 Performance measures
 - 1.2.4 Replacement cost
 - 1.2.5 Age of assets
 - 1.2.6 Remaining life
 - 1.2.7 Condition of assets
 - 1.2.8 Condition assessment
 - 1.2.9 Lifecycle management
- 1.3 The Council is entrusted with the responsibility of overseeing, on behalf of citizens, a large range of services provided through a diverse portfolio of assets. Council, having stewardship responsibility, is the final decision maker on all matters related to asset management in Municipality. The Council and the Department Head are committed to the success of asset management planning.
- 1.4 Within asset management planning, the Council is responsible for:
 - 1.4.1 Approving by resolution the asset management plan and its updates every five years;
 - 1.4.2 Conducting annual reviews of management plan implementation
 - 1.4.3 Progress on or before July 1 of every year; and
 - 1.4.4 Supporting ongoing efforts to improve and implement the asset management plan. The Department heads are ultimately responsible for asset management planning across the municipality and maintaining compliance with the regulation. Department heads are responsible for asset management planning activities that fall within their service area and in support of others.



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2. Definitions

2.1 Unless otherwise provided in this document, the definitions of capitalized terms are those as contained in the Ontario Regulation 588/17 (Asset Management Planning for Infrastructure) and the Infrastructure for Jobs and Prosperity Act, 2015, as amended from time to time, which are incorporated herein by reference.

“Asset Management and Infrastructure Coordinator” means the designated employee that coordinates all related asset management duties and has an active role in promote the asset management evolution.

“Council” means the council of the Corporation of The Nation Municipality.

“Department Head” means the person responsible for the management and operation control of the department within the Corporation of The Nation Municipality.

“Finance Department” means the Finance Department of the Corporation of The Nation Municipality.

“Municipality” means the “Corporation of The Nation Municipality”.

“Treasurer” means the Treasurer of the Corporation of The Nation Municipality

3. Purpose

- 3.1 The purpose of this policy is to detail the AM program principles with the aim of:
- 3.1.1 Striving to deliver services at approved levels of service;
 - 3.1.2 Improving decision-making accountability and transparency;
 - 3.1.3 Better demonstrating the long term consideration of short term decisions;
 - 3.1.4 Improving customer service;
 - 3.1.5 Reducing the life cycle costs while maintaining acceptable levels of service; and
 - 3.1.6 Linking infrastructure investment decisions to service outcomes



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4. Policy Requirements

4.1 Strategic Alignment

- 4.1.1 Our vision to maintain a safe community with sustainable growth 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.
- 4.1.2 Asset management planning therefore will not occur in isolation from other municipal goals, plans, and policies. Rather, an integrated approach will be followed to successfully develop a practical asset management plan that align with the overarching accountabilities and aspirations of our community.
- 4.1.3 The Council, and senior management will review this policy and incorporate it into the asset management planning approach that fosters the integration of municipal documents such as:
 - a) The strategic plan
 - b) The water financial plan 179-301A
 - c) Tangible Capital Assets FD-2016-02
 - d) Official plan
 - e) Recreation Master plan

4.2 Guiding Principles

- 4.2.1 In order to attain the goal of asset management, the following key principals should applied within an asset management system
 - a) Customer Focused: The Municipality will have clearly defined levels of service and applying asset management practices to maintain the confidence of customers in how the municipality assets are managed.
 - b) Forward looking: The Municipality will make the appropriate decisions and provisions to better enable its assets to meet future challenges, including changing demographics and populations, customer expectations, legislative requirements, technological and environmental factors.
 - c) Serviced focused: The Municipality will consider all the assets in a service context and taking into account their interrelationships as opposed to optimizing individual assets in isolation.



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- d) Risk-based: The Municipality will manage the risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit recognizing that public safety is the priority.
- e) Holistic: The Municipality will take a comprehensive approach that looks at the “big picture” and considers the combined impact of managing all aspects of the asset life cycle.
- f) Value-Based / Affordable: The Municipality will choose practices, interventions and operations that aim at reducing the life cycle cost of asset ownership, while satisfying agreed levels of service. Decisions are based on balancing service levels, risks, and costs.
- g) Systematic: The Municipality will adopt a formal, consistent, repeatable approach to the management of its assets that will ensure services are provided in the most effective manner.
- h) Innovation: The Municipality will continually improve its asset management approach, by driving innovation in the development of tools, practices and solutions.
- i) Infrastructure planning and investment should promote accessibility for persons with disabilities.

4.3 Capitalization Thresholds

- 4.3.1 The Municipality will develop an asset management plan that includes all Asset Categories that meets the capitalization/recognition threshold outlined in the Municipality Tangible Capital Assets (FD-2016-02). The Municipality acknowledge that thresholds outlined in the Municipality’s Policy on Accounting for Tangible Capital Assets(TCA) should not be the basis for asset management planning however, the small dollar value assets own by the Municipality are minimal and are not majorly critical to the safe and reliable operation of the Infrastructure therefore they are indirectly covered under the TCA. The municipality TCA threshold/recognition are set at low reasonable amounts that covers both financial and asset management perspectives. The financial perspective focuses on the monetary value of an asset and the asset management perspective focuses on the service provided.



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4.4 Budgeting

- 4.4.1 The asset management plan and progress made on the plan will be considered annually in the creation of the Municipality's capital budgets, operating budgets, and long-term financial plans. The asset management plan will be referenced by each specific department in the preparation of their budget submission in order to:
- a) Look up forecasted spending needs identified in the plan;
 - b) Verify progress made on the plan to identify potential gaps; and
 - c) Prioritize spending needs, across the gap identified in the plan and recent developments, for the years to be budgeted for.
- 4.4.2 The budgets thus prepared by each department will then be processed in accordance with the municipal budget process.
- 4.4.3 The Finance Department will be involved in asset management planning to facilitate the bridge between:
- a) The financial strategy developed in the asset management plan;
 - b) The budget submissions of each service area; and
 - c) The overall budgeting process they ultimately oversee.
- 4.4.4 The Finance department, the public works and utilities services personnel will work together to align the financial strategy developed in the asset management plan with the financial plans related to the water and wastewater assets.

4.5 Community Planning

- 4.5.1 The asset management planning will be aligned with the Municipality's official plan. The asset management plans will reflect how the community is projected to change and the related asset impacts. The Municipality will achieve this with the following:
- a) 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.



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- b) 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.

4.6 Climate Change

- 4.6.1** The Municipality commits to the development of tailored actions that make the best use of its resources to mitigate and adapt to climate change. These actions that will go beyond acquiring or modifying assets based on greenhouse gas reduction targets and risk exposure. Bolstering resilience to climate change in Municipality also means modifying the scope of current operations, anticipating possible costs to support contingency funds, leveraging alternative funding mechanisms, integrating the disaster response perspective to planning, and revising levels of service. The Municipality will tailor these actions by striking a balance between its organizational capacity, financial and stakeholder support, and the local risks and vulnerabilities related to climate change. The asset management plan will encompass this sustainable approach to climate change mitigation and adaptation.

4.7 Stakeholder Engagement

- 4.7.1 The ultimate goal of the municipality 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 municipality understand the needs of current stakeholders, consider the needs of future generations, and incorporate these perspectives into asset management plans. The municipality recognizes them as an integral part of the asset management approach. Accordingly, the municipality will:
- a) Provide opportunities for residents and other stakeholders served by the municipality to provide input in asset management planning; and
 - b) Coordinate asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

5. References

- MFOA Strategic Asset Management Policy Toolkit