

Section: Finance	Policy Number: 3.3
Policy: Strategic Asset Management	Effective Date: 07/01/2019
Date Last Revised: N/A - NEW	Current Revision Date: N/A



Strategic Asset Management Policy

1. Purpose

A Strategic Asset Management Policy formalizes the Town’s commitment to asset management, aligns its asset management actions with strategic goals and objectives, and provides direction to guide Council, management and staff in carrying out its business strategies, plans and activities. This Policy will support the Town in focusing its infrastructure efforts on managing risks, addressing priorities, and meeting short and long-term needs within the bounds of possible funding.

Objectives:

The objectives of this Policy are to provide:

- A framework for implementing asset management practices consistently throughout the organization; and
- A link between the asset inventory, future growth-related capital needs, development charges and capital budget (annual and multi-year).

2. Strategic Alignment

The Strategic Asset Management Policy outlines an approach to asset management that aligns with the values and aspirations of our community, the Minto Vision Statement, objectives of the Strategic Plan and official Town documents, (including the Official Plan, Municipal Cultural Plan, Community Improvement Plan, Accessibility Plan, etc.) as well as the Town’s commitment to be a walkable, youth and senior-friendly community that complies with legislative and regulatory directives, (such as those concerning Source Water Protection, Provincial Policy Statements, Road Minimum Maintenance Standards, the County of Wellington Official Plan, etc.).

The Strategic Asset Management Policy will respect the Town Borrowing Policy and Long-term Financial Plans to allow for appropriate consideration of whether the level of service provided by our existing and planned assets is congruent with our vision of financial sustainability and affordability.

All of the Municipality’s plans rely, to some extent, on the physical assets owned by the Town of Minto and the commitment of staff to ensure their strategic use. This includes the long-

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term operation, maintenance, repair, and replacement of existing assets along with the acquisition of new assets to meet the evolving needs of the Municipality.

3. Guiding Principles

The Strategic Asset Management Policy follows four broad principles:

- **Customer-focused:** The Town will have clearly defined levels of service informed by stakeholder engagement activities to maintain the confidence of customers in how assets are managed.
- **Service-focused:** The Town will consider all assets in a service context and take into account their interrelationships and minimize construction-related disruption.
- **Risk-based:** The Town will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities on the information produced by risk assessments and the corresponding cost/benefit, recognizing that public safety is the priority.
- **Value-based:** The Town will choose practices, interventions and operations aimed at reducing the lifecycle cost of asset ownership and balancing service levels, risks and costs.

4. Stakeholder Engagement

The municipality recognizes the local residents, businesses and institutions as the key stakeholders in its asset management activities and neighboring municipal bodies, provincial agencies, and regulated utilities as partners in service delivery. Accordingly, the Municipality will foster informed dialogue with these parties using the best available information by:

- Providing opportunities for parties served by the Town to provide input into its Strategic Asset Management Policy and Plans using moderated community engagement tools, such as Bang the Table, social media platforms and traditional in-person focus groups; and
- Coordinating asset management planning, consultations and construction with other infrastructure-owning agencies through long-standing personal relationships and issue-based meetings.

5. Community Planning

The processes for ensuring Town asset management activities are consistent with Provincial Policy Statements, the County of Wellington’s Official Plan and the Town of Minto’s Zoning By-Law are embedded in compliance with the existing regulatory regime governing land use planning and recovering growth-related capital costs. For example, the checks and reviews triggered by building permit approval, development-related reports to Council and development charge background studies.

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6. Climate Change

Climate change will be considered as part of the Municipality’s risk-based approach to asset management, balancing the likelihood and impact of climate change-related vulnerabilities with the cost of reducing vulnerabilities.

Bolstering resilience to climate change in the Town also means giving consideration to modifying current operations, lifecycle management activities, including adaptation, mitigation and disaster planning, as well as anticipating possible costs to support contingency funds, leveraging alternative funding mechanisms and revising levels of service.

The Municipality commits to develop tailored, value-based actions that go beyond acquiring or modifying assets based on greenhouse gas reduction targets and risk exposure, striking a balance between its organizational capacity, financial and stakeholder support, and localized vulnerabilities.

7. Financial Planning and Budgeting

The primary process by which the Asset Management Plan will be brought forward into financial plans is the annual budget. Financial services personnel are involved in the budget submissions for each service area; the Plan will be used to evaluate the validity and need for each significant new asset and identify potential revenues and costs, (including operating, maintenance, replacement and decommissioning) associated with forthcoming capital budget decisions. Designating the Treasurer as the Executive Lead on the Strategic Asset Management Policy also ensures an ongoing capital lens on micro and macro financial decisions.

The existing financial plans for water and wastewater assets, which are the basis for establishing user fees, are reflected in the inventory, condition, lifecycle and financial sections for these asset classes in the forthcoming asset management plan.

8. Scope and Capitalization Thresholds

This policy applies to all assets owned by the Municipality whose role in service delivery requires deliberate municipal management. The Municipality will use a service-based (qualitative) perspective when applying this policy to municipal assets, rather than a monetary value (quantitative) used for financial reporting per the Tangible Capital Asset Policy. The threshold used to determine which assets are to be included in plans is both the Council-endorsed principles in s. 3 of this Policy and staff professional judgment. (The Town’s Tangible Capital Asset Policy specifies that assets will be capitalized according to the estimated historical cost with the dollar values ranging from \$5,000-\$15,000 and includes all land.)

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9. Roles and Responsibilities

Council:

- After approving specific levels of service, consider the most cost-effective delivery model;
 - For services delivered by staff, support equipment and asset acquisition consistent with fulfilling approved service levels;
- Support investments in technology and software;
- Continue to support full cost recovery pricing in rate setting including the cost of asset management staff;
- Make purchasing decisions based upon total lifecycle costs;
 - For example, support early interventions which will prolong useful lives such as increasing the share of budget going to preventative maintenance;
- Continue to learn and share about best practices through ongoing professional development;

Executive Lead (Treasurer):

- Incorporate the priorities of technical leads in consolidating the annual and multi-year capital budgets and related revenue strategies;
- Ensure net aggregate budget is consistent with established tax rate ranges;
- Continue to prioritize asset management projects in budgeting and grant applications, where eligible use external funding and user fee funding devoted to this work;
- Reflect Asset Management Road Map progress as part of the annual budget based on the recommended spending targets;
- Report the estimated infrastructure deficit calculated by the latest Asset Management Plan, based on the recommended budget;
- Set and communicate standards for data captured in asset management software by asset class.
- Review condition and replacement cost estimates generated by asset management software;
- Manage policy, policy updates, (as needed, at least every five years) and amendments that are minor or administrative in nature as needed;
- Coordinate quarterly inter-departmental meetings on asset management for Plan implementation, Road Map progress; recent developments and opportunities;

Technical Leads (Managers of Roads, Water, Wastewater, Facilities, Fire):

- Ensure the recommended net capital budget brought to the internal budget committee corresponds to previous tax increases, user fee charges, borrowing capacity;
 - Consider non-tax sources of revenue;
 - Consider 10-year forecast needs in annual allocations;
- Evaluate the merits of different asset management strategies (consider the cost, remaining useful life extensions of possible infrastructure options as

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- rehabilitation, replacement and repair) and make recommendations based upon the lowest cost over the long term
- Reflect departmental knowledge with the asset inventory
 - Review replacement schedules in the software to ensure the most up to date information is reflected in the capital priorities recommended in the capital budget.
 - Oversee the gathering of ongoing condition rating data for all asset classes, at intervals based upon their professional judgement beyond regulatory compliance;

Senior Management:

- Appoint a departmental lead responsible for entering and analyzing and ensuring completeness of records for the department;
- Ensure adequate training for program leads and that they reflect current practice including asset categories, attributes, and valuations and cost estimates.
- For any new capital information needs, consider existing software capabilities in consultation with executive lead;
 - Where existing software deemed insufficient, ensure new information is entered in the corporate database and reflects the best available data;

Departmental Lead:

- Input and analyze complete asset condition data in the asset management software.
- Verify data integrity minimum annually for completeness, accuracy, most up-to-date information reflected.
- Report material inconsistencies in approach to Executive Lead.
- Participate and share insights at quarterly asset management meetings;

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Appendix A: Government of Ontario Principles for Municipal Asset Management

Whenever possible, the Town of Minto will strive to incorporate the asset management principles set out in the *Infrastructure for Jobs and Prosperity Act, 2015*:

- *Forward looking*: The Municipality shall take a long-term view while considering demographic and economic trends in the region.
- *Budgeting and planning*: The Municipality shall take into account any applicable budgets or fiscal plans, including those adopted through Ontario legislation
- *Prioritizing*: The Municipality shall clearly identify infrastructure priorities which will drive investment decisions.
- *Economic development*: The Municipality shall promote economic competitiveness, productivity, job creation, and training opportunities.
- *Transparency*: The Municipality shall be evidence-based and transparent, basing decision on publicly shared information and make info available to the public
- *Consistency*: The Municipality shall ensure the continued provision of core public services, such as health care and education.
- *Environmentally conscious*: The Municipality shall minimize the impact of infrastructure on the environment by: 1. Respecting and helping maintain ecological and biological diversity, 2. Augmenting resilience to the effects of climate change, and 3. Endeavoring to make use of acceptable recycled aggregates.
- *Health and safety*: The Municipality shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- *Community focused*: The Municipality 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:
 1. Local job creation and training opportunities (including for apprentices, within the meaning of section 9 of the Infrastructure for Jobs and Prosperity Act, 2015);
 2. Improvement of public space within the community; and
 3. Promoting accessibility for persons with disabilities.
- *Innovation*: The Municipality 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 Municipality 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.