

THE CORPORATION OF THE MUNICIPALITY OF STRATHROY-CARADOC

BYLAW NO. 46-18

**A BYLAW TO ESTABLISH A MUNICIPAL STRATEGIC ASSET MANAGEMENT
POLICY**

WHEREAS the Council of The Corporation of the Municipality of Strathroy-Caradoc deems it expedient to establish a Municipal Strategic Asset Management Policy;

NOW THEREFORE BE IT ENACTED BY THE COUNCIL OF THE CORPORATION OF THE MUNICIPALITY OF STRATHROY-CARADOC AS FOLLOWS:

1. **THAT:** The Municipal Strategic Asset Management Policy attached to and forming part of this bylaw be approved;
2. **THAT:** This bylaw shall come into force and effect on the date of its final passage in Open Council.
3. **THAT:** Any bylaw or policy found to be inconsistent with his bylaw is hereby rescinded.

Read a FIRST, SECOND, and THIRD time and FINALLY PASSED IN OPEN COUNCIL this 22nd day of May, 2018.

Mayor

Clerk



Strategic Asset Management Policy

Submission Date:	2018-05-11
Approved by:	Council
Approval Date:	2018-05-22
Effective Date:	2018-05-22
Policy Number:	AMP-01
Next Revision Due:	2020-05-22

1.0 Purpose:

The purpose of this policy is to provide leadership in and commitment to the development and implementation of the Municipality'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 Municipality 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 Municipality 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 improved accountability and transparency to the community through the adoption of best practices regarding asset management planning.

2.0 Background:

The Municipality is responsible for providing a range of essential services to the community, including transportation networks, stormwater management, and recreation. To deliver these services, it owns and manages a diverse municipal infrastructure asset portfolio of roads, bridges, culverts, facilities, and water and wastewater. 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 such Finance, Engineering and Public Works, and Planning. As such, it is useful to adopt a structured and coordinated approach to outlining the activities, roles and responsibilities required of organizational actors, 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 Municipality 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 Municipality'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.

3.0 Alignment with the Municipality's Strategic Direction:

This policy aligns with the Municipality of Strathroy-Caradoc's Official Plan. The following passages outline key strategic priorities listed within this document that the development of an asset management program will support:

1. Purpose:

- a. To establish, in general terms, the type, form, intensity, character and desired pattern of land use and the approach to ensuring the wise management of the resource base;
- b. To establish a growth management strategy;

- c. To provide a rationale and consistent basis for actions and decisions on all matters relating to the use of land, development, redevelopment and physical improvement of the Municipality;
 - d. To ensure the health, safety, welfare, convenience and well-being of existing and future residents;
 - e. To assist other levels of government and public agencies concerned with, or having an interest in, the Municipality in making decisions and in determining their future actions affecting the Municipality;
 - f. To inform the general public, special interest groups, private interests and enterprises of the intended nature and direction of the use of land, development, redevelopment and physical improvements in the Municipality;
 - g. To provide the basis for the preparation, administration and amendment of zoning by-laws and other by-laws affecting the use of land in, and the development of, the Municipality.
- 2. Goals and Objectives:**
- a. To recognize, protect and strengthen the defining and distinct characteristics of both the urban and rural areas of the Municipality;
 - b. To direct the majority of future growth and development to the designated settlement area of Strathroy;
 - c. To protect groundwater and surface water resources for human consumption and recreational activities;
 - d. To undertake community improvements for the purposes of enhancing the quality of life for existing and future residents of the Municipality;
- 3. Infrastructure:**
- a. The Municipality shall improve and maintain, to the extent its resources and priorities permit, the infrastructure necessary to meet the needs of industry located in the Municipality. The Municipality supports the servicing hierarchy that is consistent with the policies of the Provincial Policy Statement.

As other strategic and policies are developed, they will be aligned with the municipality's AM Policy.

4.0 Policy Statement:

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

1. The Municipality will implement an enterprise-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.
2. The Municipality will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:

- i. Complete and Accurate Asset Data
 - ii. Condition Assessment Protocols
 - iii. Risk and Criticality Models
 - iv. Lifecycle Management
 - v. Financial Strategy Development
 - vi. Level of Service Framework
3. The Municipality 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.
4. The Municipality will develop an **asset management plan** that incorporates all infrastructure categories and municipal infrastructure assets that meet the **capitalization threshold** outlined in the organization's Tangible Capital Asset Policy. It will be updated at least every five years in accordance with O. Reg. 588/17 requirements, or current provincial legislation, to promote, document and communicate continuous improvement of the asset management program.

Asset Type	Single Asset Capitalization Threshold	Pooled Asset Capitalization Threshold
Land	-	-
Land Improvements	-	-
Equipment	-	-
Vehicles	-	-
Facilities	-	-
Infrastructure	-	-
Construction in Progress	Capitalize upon substantial completion of work, and/or when asset is placed into service	N/A

5. The Municipality 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.

6. The Municipality 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.
7. The Municipality 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.
8. The Municipality 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.
9. The Municipality will ensure that all asset management planning is aligned with any of the following financial plans:
 - i. Financial plans related to the municipality's water assets including any financial plans prepared under the Safe Drinking Water Act, 2002.
 - ii. Financial plans related to the Municipality's wastewater assets.
10. The Municipality 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.
11. The Municipality 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.
12. The Municipality will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.

5.0 Roles and Responsibilities:

The development and continuous support of the Municipality's asset management program requires a wide range of duties and responsibilities. The following passages outline the persons responsible for these tasks:

1. Council

- i. Development of policy and policy updates
- ii. Approve the AM policy and direction of the AM program
- iii. Maintain adequate organizational capacity to support the core practices of the AM program
- iv. Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets
- v. Establish and monitor levels of service

2. Senior Management Team

- i. Development of policy and policy updates
- ii. Provide corporate oversight to goals and directions and ensure the AM program aligns with the Municipality's strategic plan
- iii. Ensure that adequate resources are available to implement and maintain core AM practices
- iv. Provide departmental staff coordination
- v. Establish and monitor levels of service
- vi. Track, analyze and report on AM program progress and results

3. Executive Lead (Treasurer)

- i. Development of policy and policy updates
- ii. Provide organization-wide leadership in AM practices and concepts
- iii. Provide departmental staff coordination
- iv. Establish and monitor levels of service
- v. Coordinate and track AM program implementation and progress

4. Departmental Staff

- i. Utilize the new business processes and technology tools developed as part of the AM program
- ii. Participate in implementation task teams to carry-out AM activities
- iii. Establish and monitor levels of service
- iv. Provide support and direction for AM practices within their department
- v. Track, analyze and report on AM program progress and results

6.0 Key Principles:

The Municipality 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:

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.
2. Infrastructure planning and investment should take into account any applicable budgets or fiscal plans.
3. Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure.
4. Infrastructure planning and investment should ensure the continued provision of core public services, such as health care and education.
5. Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities.
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. 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.
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,
 - i. 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
 - ii. information with implications for infrastructure planning should be shared between the Municipality and broader public sector entities, and should factor into investment decisions respecting infrastructure.
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 Municipality, as the case may be, the Municipality 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.

10. Infrastructure planning and investment should promote accessibility for persons with disabilities.
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.
12. Infrastructure planning and investment should endeavour to make use of acceptable recycled aggregates.
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.

7.0 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*.

1. **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).
2. **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 2023 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.

3. **Capitalization threshold** – the value of a municipal infrastructure asset at or above which a municipality will capitalize the value of it and below which it will expense the value of it.
4. **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.
5. **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).
6. **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.
7. **Municipal infrastructure asset** – an infrastructure asset, including a green infrastructure asset, directly owned by a municipality or included on the consolidated financial statements of a municipality, but does not include an infrastructure asset that is managed by a joint municipal water board.