



THE CORPORATION OF THE TOWNSHIP OF ADJALA – TOSORONTIO

STRATEGIC ASSET MANAGEMENT POLICY

ENACTED BY COUNCIL: June 12, 2019

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1 BACKGROUND

The Corporation of the Township of Adjala-Tosorontio is committed to sustaining the delivery of services to its community stakeholders in a consistent, predictable, and transparent manner. With this commitment in mind, all assets must be managed in way that reflects the Township's various plans and policies while maintaining compliance with provincial regulation.

In delivering municipal services to the community, the Township relies on the performance of its capital assets while recognizing that the levels of service being provided are ultimately dependent on the condition of these assets. Accordingly, prudent financial planning and decision making should be data-driven and based on asset lifecycle management that is fundamentally supported by asset condition ratings.

It must be recognized that the risk of failure is inherent of all municipal assets; this requires that diligent consideration is given to the associated likelihood and consequence of failure for each unique asset as a means of minimizing the degree of risk to acceptable levels. Emerging issues such as local risks related to climate change must be included in this consideration.

By establishing realistic and attainable levels of service that are within the means of the Township, and in line with reasonable community expectations, the Township will be able to implement a structured approach to support the delivery of municipal services to present and future users in a transparent and accountable manner. These levels of service will effectively balance expenditures, services, and inherent risks across a diverse portfolio of assets.

2 PURPOSE

Asset management is the coordinated activity of an organization to derive value from its assets. It does not replace existing municipal processes, such as those related to budgeting and strategic planning. Asset management complements and aligns with these processes. The strategic asset management policy aims to:

- Commit the Township to support the implementation of asset management methods that are consistent with the organization in order to meet the Council's priority objectives, especially the levels of service.
- Provide transparency and accountability while demonstrating to stakeholders the legitimacy of decision-making processes which combine strategic plans, budgets, service levels and risks.
- Communicate to stakeholders the management principles and approach endorsed by the Township.
- Provide a framework for implementing a strategic asset management approach at all levels of the organization, which includes provisions to foster continuous improvement.

3 DEFINITIONS

Asset Management Plan: 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 and ensuring the delivery and sustainability of levels of service.

Lifecycle Cost Savings: Financial savings that are realized when investments in capital rehabilitations result in reduced annualized costs of an asset by extending its expected life, as compared to simply replacing the asset at the end of its service life.

Levels of Service: A combination of parameters which reflect the utility derived by the users of an asset. These parameters include the outcomes delivered by the organization through operations and maintenance activities as well as capital rehabilitation and replacement projects.

Ecological services: Benefits that humans derive from ecosystems without having to act to obtain them. These services are, for example, the production of oxygen in the air, the natural purification of water, or the natural sequestration of carbon in wood.

Institutional memory: The accumulated body of data, information, and knowledge created in the course of an individual organization's existence.

4 AUTHORITY

Corporate (Chief Administrative Officer) with approval by Council

5 POLICY

5.1 Strategic Alignment

The Township's vision "*To enrich our agricultural, rural and residential heritage by promoting a safe, healthy, inclusive, environmentally and economically sustainable community*" requires alignment of many initiatives underway at any given time for it to be achieved. This alignment is necessary to properly consider whether the level of service provided by existing and planned assets is congruent and supports that vision. 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 practical asset management plans that align with the overarching accountabilities and aspirations of the community served by the Township. The Township's asset management planning approach will be integrated with the goals described in its Strategic Plan, as well as any other strategic documents that inform service delivery such as the Emergency Response Plan, the Multi-Year Accessibility Plan, the Capital Investment Plan, relevant and applicable Federal and Provincial Legislations and the Conservation and Demand Management Plan. These plans were designed to meet the legislative requirements and to achieve the Township's mission of working together and serving its community in line with its values.

5.2 Stakeholder Engagement

The Township recognizes the importance of stakeholder engagement as an integral component of a comprehensive approach to asset management. The Township recognizes the residents, businesses, institutions it serves as stakeholders and the County of Simcoe, neighboring municipal bodies, provincial agencies, and regulated utility partners in service delivery. Accordingly, the Township 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 Township to provide input in asset management planning.
- Coordinating asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

5.3 Guiding Principles

To effectively use asset management to support the achievement of the Township's strategic objectives, management must ensure that the following features and principles are applied in the asset management system:

- **Holistic** – The Township shall take a comprehensive approach that looks at the “big picture” (i.e. the combined implications of managing all aspects rather than treating each aspect in isolation). This includes the interdependencies and contributions of

different assets within the asset management system during all phases of the lifecycle.

- **Sustainable** – The Township shall make appropriate decisions and provisions allowing assets to better meet future challenges, notably demographic changes, customer expectations, legislative requirements, technological factors, climate change, and other environmental considerations.
- **Human Capital** – The Township recognizes that the value provided by its human resources goes beyond the costs they represent. They have an impact on the levels of service, in the short and long term. Human resources must therefore be equipped, trained and compensated accordingly to meet the demands placed on them.
- **Affordable** – The Township will choose practices, interventions and operations that aim at minimizing the life cycle cost of asset ownership, while satisfying levels of service. Decisions are based on balancing strategic goals, service levels, risks, and costs.

The Infrastructure for Jobs and Prosperity Act, 2015 sets out principles to guide asset management planning by municipalities in Ontario. The Township shall adopt the following principles in managing its infrastructure assets whenever applicable:

- **Forward looking:** The Township shall take a long-term view while considering demographic and economic trends in the region.
- **Budgeting and planning:** The Township shall take into account any applicable budgets or fiscal plans, including those adopted through Ontario legislation.
- **Prioritizing:** The Township shall clearly identify infrastructure priorities which will drive investment decisions in alignment with the Strategic Plan as well as Council and Corporate Priorities.
- **Economic development:** The Township shall promote economic competitiveness, productivity, job creation, and training opportunities in support of a strong, dynamic, and innovative local economy.
- **Transparency:** The Township shall be evidence-based and transparent, basing decision on publicly shared information and make information available to the public providing leadership in local governance and service delivery.
- **Consistency:** The Township shall ensure the continued provision of core public services, such as water, sanitation, stormwater management, and accessible transportation in support of public health care and education.
- **Environmentally conscious:** The Township 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
 3. Endeavoring to make use of acceptable recycled aggregates.

- **Health and safety:** The Township shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- **Community focused:** The Township 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.
 3. Promoting accessibility for persons with disabilities.
- **Innovation:** The Township 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 Township 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.

5.4 **Community Planning**

Asset management planning will be aligned with the Township's Growth Plan and the 2014 Provincial Policy Statement, or its successor, of the Planning Act. The asset management plans will reflect how the community is projected to change with respect to development.

The combination of lifecycle management and financial sustainability principles will be the driver in the design and selection of community development or redevelopment that requires new assets, or existing asset enhancements, to take place. Parties involved in the development of the asset management plans will reference the direction established in the master plans as well as the methods, assumptions, and data used in their development. The aim of cross-referencing these plans is to ensure that development and redevelopment occur within the Municipality's means through an understanding of current and future asset needs.

5.5 **Climate Change**

Climate change will be considered as part of the Township's risk management approach embedded in its asset management planning methods and its Climate Adaptation Plan. This approach will balance the potential cost of vulnerabilities to climate change impact and other risks with the cost of reducing these vulnerabilities. The Township will foster its resilience to climate change in the levels of service delivered through operations, maintenance schedules, disaster response plans, contingency funding, and capital investments. The Township's contribution to climate change through greenhouse gas

emissions will be mitigated in accordance with its local reduction targets, financial capacity, and stakeholder support.

5.6 Capitalization Thresholds

The capitalization threshold developed for financial reporting will not be the guide in selecting the assets covered by the asset management planning process. Instead, all assets whose role in service delivery requires deliberate management by the Township shall be included in asset management planning, regardless of their financial cost.

5.7 Financial Planning and Budgeting

The Township will integrate asset management planning into the annual capital plan, operating budget, and its long-term financial plan. The Asset Management Plan shall be used as a resource in order to:

- Identify all potential revenues and costs (including operating, maintenance, replacement and decommissioning) associated with forthcoming infrastructure asset decisions.
- Evaluate the validity and need of each significant new capital asset, including a consideration of the impact on future operating costs.
- Utilize revenue tools and funding strategies to ensure that reserve contributions are capable of supporting the investments required to meet the Township's desired levels of service.
- Identify, prioritize and plan for asset rehabilitations that can provide a Return-on-Investment (ROI) through lifecycle cost-savings; despite the reality of budget constraints, in some cases an ROI may be still be applicable when financing through debenture.

Service area personnel will reference the Asset Management Plan for their area in order to look up forecasted spending needs identified in the plan, verify progress made on the plan to identify potential gaps, and prioritize spending needs, across the gap identified in the plan and recent developments, for the year to be budgeted for. Finance staff will be involved in the asset management planning process to coordinate the information from the service personnel in the preparation of the budget submission.

For the purposes of sustainably managing water and wastewater assets, the water and wastewater financial plans will be used as a basis for establishing user fees based on long-term capital renewal plans and the maintenance of adequate reserves.

5.8 Governance and Continuous Improvement

The Policy requires the commitment of key stakeholders within the Township's organization to ensure the Policy guides the development of a clear plan that can be implemented, reviewed and updated. The Council and Senior Management Team are committed to the success of asset management planning.

The Council is entrusted with the responsibility of overseeing, on behalf of residents, 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 the Township. The Chief Administrative Officer is the executive lead for asset management. The following table details further the responsibilities of the key stakeholders within the Township.

Role	Responsibilities
Council	<ul style="list-style-type: none"> • Approve by resolution the asset management plan and its update every five years. • Conduct annual reviews of the management plan implementation progress on or before July 1st of every year, that includes: <ul style="list-style-type: none"> ○ Progress on ongoing efforts to implement the asset management plans ○ Consideration of the Strategic Asset Management Policy ○ Any factors affecting the ability of the Township to implement its asset management plans ○ Consultation with senior management ○ A strategy to address these factors including the adoption of appropriate practices ○ Support ongoing efforts to continuously improve and implement the asset management plans.
Chief Administrative Officer	<ul style="list-style-type: none"> • Authority of the Strategic Asset Management Policy • Executive endorsement of the asset management plans • Maintain the Strategic Asset Management Policy by overseeing its update every five years or as required • Maintain compliance with the Strategic Asset Management Policy and provincial asset management regulations • Clearly identify capital priorities, in accordance with Council and corporate priorities as well as the Strategic Plan, which drive investment decisions.
Infrastructure and Development Department Staff	<ul style="list-style-type: none"> • Carry out the Council and CAO's mandate by: <ul style="list-style-type: none"> ○ Preparing long-term infrastructure renewal plans ○ Supporting asset management policy implementation ○ Supporting continuous improvement through benchmarking service levels. • Report on: <ul style="list-style-type: none"> ○ The status of the Township's infrastructure ○ The adequacy of the annual budget and forecast to meet state-of-good repair requirements and manage related risks.

Role	Responsibilities
Department Heads	<ul style="list-style-type: none"> • Oversee asset management planning activities that fall within their service area and in support of others. • Oversee that levels of risk at each asset class are updated annually based on the degree to which assets are meeting or not meeting approved asset levels of service.

5.9 Benefit of Implementation

Implementation of this Policy will result in the following benefits:

- Planning that optimizes maintenance and replacement of existing assets as well as the development of new assets
- Prevention of conflicts across the investment priorities set by each of the Township’s departments, good coordination, and efficient provision of services
- Capital and urban development projects that are consistent with the Township’s actual needs
- Maintenance of the Township’s institutional memory
- Preservation of the ecological services rendered by natural assets.

These benefits will enable:

- Technical and financial capacity of the Township to provide the expected levels of service to current and future generations
- Security, accessibility, and reliability of services provided through the infrastructure
- Alignment of Township’s strategic objectives with asset management and service delivery activities.

6 POLICY COMMUNICATION

This Policy will be made available to all Members of Council and Staff of the Corporation. In addition, it will be published on the Township’s website for access by wider Township stakeholders. Further communications will be provided through standard communications adopted by the Township, including, but not limited to, email, Township website and Township intranet, posting on staff bulletin boards or any social media deemed necessary.

7 POLICY REVIEW

This Policy shall be reviewed and, if necessary, updated at least every five years following July 1, 2019.