

CITY OF THOROLD POLICY AND PROCEDURE MANUAL

PERSONNEL		
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City of Thorold – Asset Management Policy

1. Background

The Corporation of the City of Thorold is committed to building an innovative and creative community focused on core public services for residents and businesses, with a commitment to enhancing customer services that improve our quality of life. With this commitment in mind, assets must be pro actively managed in a way that allows the City to achieve its goals, plans and policies, meeting expected performance levels and desired service levels, while maintaining prudent financial planning and decision making.

2. Purpose

The purpose of this policy is to provide a transparent framework for implementing asset management to enable a consistent and strategic approach at all levels of the organization. This means leveraging the lowest total lifecycle cost of ownership with regard to the service levels that best meet the needs of the community while being cognizant of the risk of failure that is acceptable.

3. 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*.

- **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.
- **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. Under O. Reg. 588/17, by 2021 AMPs for core municipal infrastructure assets, and by 2023 for all other municipal 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.

- **Capitalization threshold** – the value of a municipal infrastructure asset at or above which a City will capitalize the value of it and below which it will expense the value of it.
- **Core Municipal Infrastructure Asset** – means any municipal infrastructure asset that is:
 - a water asset relating to the collection, production(a) water asset that relates to the collection, production, treatment, storage, supply or distribution of water,
 - wastewater asset that relates to the collection, transmission, treatment or disposal of wastewater, including any wastewater asset that from time to time manages stormwater,
 - stormwater management asset that relates to the collection, transmission, treatment, retention, infiltration, control or disposal of stormwater,
 - road, or
 - bridge or culvert;
- **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.
- **Infrastructure** Means municipal tangible capital assets primarily for public use or benefit
- **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

- **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.
- **Municipal infrastructure asset** – an infrastructure asset, including a green infrastructure asset, directly owned by a City or included on the consolidated financial statements of a City, but does not include an infrastructure asset that is managed by a joint municipal board.
- **Operating Costs** – the aggregate of costs, including energy costs, of operating a municipal infrastructure asset over its service life.
- **Service Life** – the total period during which a municipal infrastructure asset is in use or is available to be used.

4. Asset Management Principles

The *Infrastructure for Jobs and Prosperity Act, 2015* sets out principles to guide asset management planning in municipalities in Ontario. The City of Thorold will adopt the following principles in managing its infrastructure assets:

- **Customer focused:** The City will have clearly defined levels of service and apply asset management practices to maintain the confidence of customers in how City assets are managed
- **Service Focused:** The City will consider all the assets in a service context and take into account their interrelationships as opposed to optimizing individual assets in isolation.
- **Risk Based:** The City will manage the asset 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 public safety is the priority
- **Value-based affordable:** The City will choose practices, interventions and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying agreed levels of services. Decisions are based on balancing service

- **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 take into account 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 that 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 endeavouring 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.

5. Existing Plans and Policies

The City has developed and adopted an Official Plan, an Emergency Management Plan, a Multi-Year Accessibility Plan, a Community Improvement Plan, and an Asset Management Plan, and an Tangible Capital Asset Policy, and Financial Plans under the Safe Drinking Water Act 2002

The update of the Parks and Recreation Master Plan is presently underway, with the Strategic Plan update, Transportation Master Plan, Water Service Master Plan, starting fiscal 2019.

These plans were/will be designed to meet the legislative requirements and work together to achieve the City's mission of providing innovation and excellence in service delivery. Staff will review these plans regularly and annual spending requirements in support of the plans' objectives will be incorporated into the budgeting process. All of the City's plans rely to some extent on the physical assets owned by the City and the commitment of staff to ensure their strategic use. This includes the long-term maintenance, repair, and replacement of existing assets along with the acquisition of new assets to meet the evolving needs in the City.

6. Policy Statement

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

- The City 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.
- The City will develop and establish its asset investment and financial strategies with a focus on ensuring the lowest overall lifecycle (service life) cost of the asset rather than the lowest initial construction cost of building said assets.
- The City will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
 - Complete and Accurate Asset Data
 - Condition Assessment Protocols
 - Risk and Criticality Models
 - Lifecycle Management
 - Financial Strategy Development
 - Level of Service Framework

- The City will maintain an asset inventory of all municipal infrastructure assets which includes, at a minimum, a 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. Moving forward, the City will strive to enhance their asset inventory by collecting more valuable asset attributes against their infrastructure assets.
- The City will develop an asset management plan (AMP) that incorporates all infrastructure categories and municipal infrastructure assets that are necessary to the provision of services. This may include assets that fall below their respective capitalization thresholds as outlined in the City's Tangible Capital Asset Policy. The scope of these assets will be determined, according to relevance, based on the professional judgment of City senior staff. The AMP will be reviewed annually to address the City's progress in implementing its asset management plan and updated at least every five years in accordance with O. Reg. 588/17 requirements, to promote, document and communicate continuous improvement of the asset management program.
- The City 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.
- The City 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.
- The City 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.
- The City 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.

- The City will ensure that all financial plans and capital forecasts are coordinated and align with the established asset management plan and any other applicable legislation.
- 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.
- The City 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.
- The City 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.
- The City will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.

7. Scope and Responsibility

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, on behalf of the citizens, will be entrusted with the responsibility of overseeing the management of the assets. They will approve the Asset Management Planning documents and required updates every five years. They will review management's implementation of the plan as part of the annual budget process. They will support efforts to improve the plan and ensure it includes changes necessitated by updates to other City strategic documents.

Management will oversee the policy implementation and ensure both the Asset Management Plan and the Asset Management Policy are in compliance with

Provincial Asset Management regulations. Management will ensure that current year and long-range asset requirements are incorporated into the budget presented to Council annually. Management will update the Policy and Plan to reflect changes as needed and present them for Council approval at least every five years. These changes will include those reflected in the updates to the Development Charges Study, Roads Needs Study, Structural assessment reports, and all other condition assessments commissioned for assets covered by the plan.

- The Capital Asset Co ordinator will assume the lead role and be responsible for the maintenance of and reporting on the activity related to the management of City assets. The Director of Public Works & Community Services, or designate, together with the other department heads, or delegates will assist in this task through the utilization of condition assessment information and service level requirements to update the long and short-term asset requirements.

8. General Policy Statement

The asset management plans and progress made on the plans will be considered annually in the development of the City's capital budgets, operating budgets, and long-term financial plans.

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.

The City recognizes the need for stakeholder input into the planning process and will foster informed dialogue using the best available information.