



Report Number: 2019-50

Date: April 8, 2019

SUBJECT: City of Port Colborne – Strategic Asset Management Policy

1) PURPOSE:

This report was prepared to present to Council for approval of the updated Strategic Asset Management Policy (SAMP).

2) HISTORY, BACKGROUND, COUNCIL POLICY, PRACTICES

Council first adopted the Asset Management Policy in October 2016, to support the City's Asset Management Program and provide a framework to ensure the development of the City's Asset Management Plan.

On December 13 2017, the province approved *O.Reg 588/17: Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperities Act, 2015*. Under the regulation, the City is required to prepare and Council to approve a Strategic Asset Management Policy (the Policy) by July 1, 2019. Subsequently, the Strategic Asset Management Policy must be reviewed and, if necessary, updated at least every five years afterwards.

The policy must address twelve components:

- 1) The municipality's goals, policies, and plans that are supported by the Asset Management Plan (AMP);
- 2) The process by which the AMP is to be considered in the development of the budget or any long-range financial plans that take into account municipal infrastructure assets;
- 3) The municipality's approach to continuous improvement regarding Asset Management planning;
- 4) The principles to be followed in the municipality's Asset Management planning process. These principles must uphold the points outlined in section 3 of the *Infrastructure for Jobs and Prosperity Act*;
- 5) The municipality's commitment to consider actions that might be required to address climate change impacts upon its infrastructure;
- 6) Alignment of the AMP with financial plans related to the municipality's water and wastewater assets;
- 7) Alignment of the AMP with the Province's land-use planning framework;
- 8) Explanation of the capitalization thresholds used to determine which assets are to be included in the AMP and how the thresholds compare to those in the municipality's Tangible Capital Asset Policy;
- 9) The municipality's commitment to coordinating planning on Asset Management for infrastructure that is jointly-owned (or inter-related) with other municipalities;
- 10) Identification of the persons involved with the Asset Management planning process at the municipality, including the executive lead;

- 11) Explanation of Council's involvement in Asset Management planning; and
- 12) The Municipality's commitment to provide opportunities for residents and other interested parties to provide input into the Asset Management planning process.

The Strategic Asset Management Policy (Appendix A) is the first requirement in the staged process for compliance with *O.Reg 588/17*. The policy will be used as a guiding framework for updating the City's Asset Management Plan.

3) STAFF COMMENTS AND DISCUSSIONS

Asset Management planning is the process of making the best possible decisions regarding the acquisition, operating, maintaining, reviewing, replacing and disposing of infrastructure assets and is regarded as best practice for long-term financial planning. The Asset Management Plan is developed and updated through a series of activities, including assets inventory review, replacement value calculation, condition assessment practice, level of service framework, asset lifecycle management strategy, risk modeling and financial funding strategy.

The objective of the City of Port Colborne's Strategic Asset Management Policy is to provide leadership in and commitment to the development and implementation of the City'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.

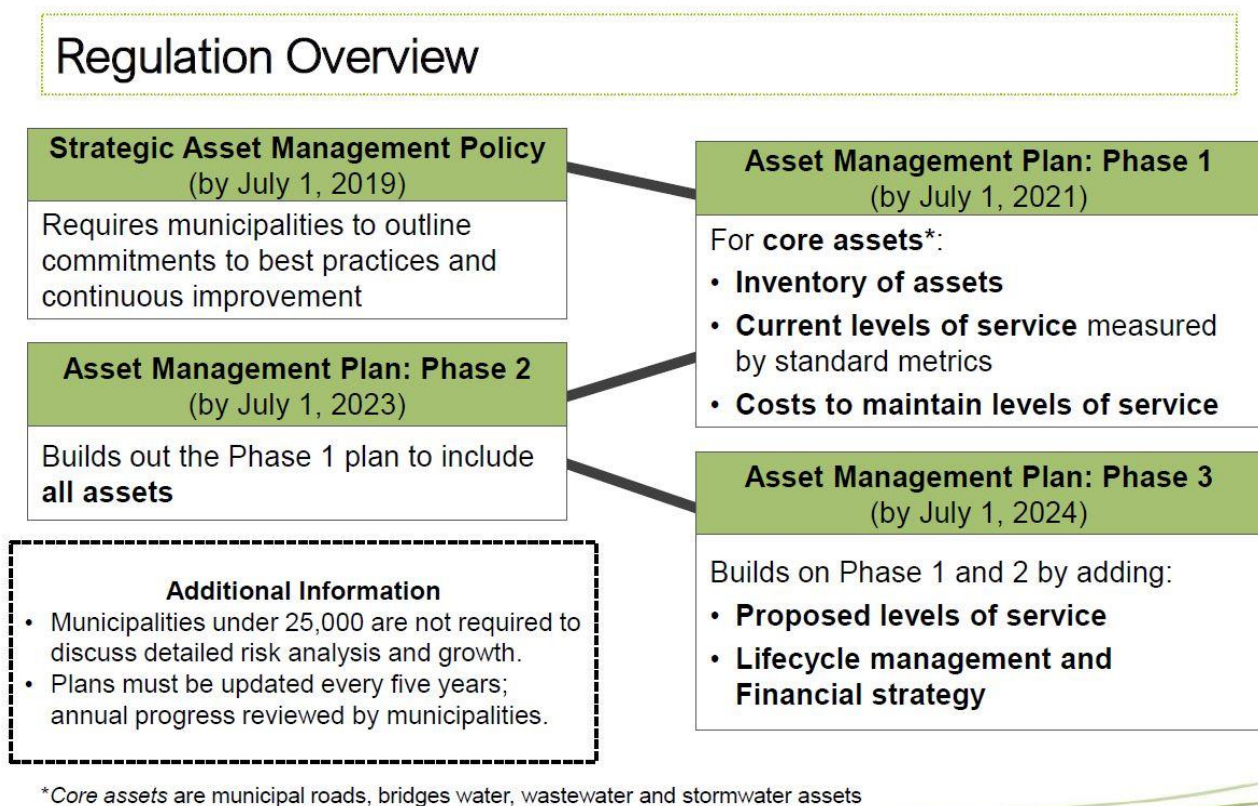
The City, like most Canadian municipalities, must overcome multiple challenges in managing assets including aging infrastructure; expectations of higher levels of service with minimal financial impact; increasingly demanding and complicated legislation with environmental requirements; and mitigation of the increased risk involved with infrastructure failure. Due to these increasing pressures, the City will need to implement a well-developed and detailed plan in order to make best decisions in managing the assets. To achieve this goal, developing the Strategic Asset Management Policy is the first step; it will play a critical role in implementing Asset Management across the organization.

Multiple workshops were held with Department Asset Management leads and our external consultant to review and update the Strategic Asset Management Policy. Changes to the Policy were made to incorporate legislated requirements outlined in the regulation and integrate industry best practices. Key changes to the policy include:

- Illustrating the critical connection between corporate strategic direction (including the Official Plan, Strategic Plan, Parks Master Plan, Transportation Master Plan, and other asset-related plans) and the Asset Management Strategy.
- Integrating Asset Management practices with budgeting process and long-term financial planning.
- Integrating Asset Management industry standards and best practices to drive continuous improvement.

- Aligning Asset Management planning with climate change mitigation and adaptation approaches.
- Identifying the executive lead and Council's involvement in directing and reviewing the Asset Management program.
- Outlining roles and responsibilities across the corporation, which are critical to successful implementation of the City's Asset Management plans. Overall responsibility for Asset Management is shared across City departments to effectively and continuously assess, evaluate and improve the Asset Management program to achieve the level of service in the most cost effective and measurable way.

A recap on the legislative requirements of *O.Reg 588/17*:



The Strategic Asset Management Policy approved and adopted by Council by July 1, 2019 is the first requirement under the regulation. The next deadline is July 1, 2021, by which the Asset Management Plan for core assets is required to be adopted with defined current levels of service and costs to maintain levels of service.

The Asset Management team is actively working on refining the assets inventory for both core and non-core assets, integrating with the GIS mapping system, developing the asset profile and life cycle activities, establishing replacement value and long-term financial strategy. In addition, staff are completing the condition assessment of assets, modeling the risk management strategy, defining the current level of service for each class of service, as well as assisting the implementation of the work order system and

incorporating it with Asset Management program. The team is striving to deliver a high quality Asset Management Plan to guide the City's Asset Management practice and at the minimum, in full compliance with *O.Reg. 588/17*.

4) OPTIONS AND FINANCIAL CONSIDERATIONS:

- a) Doing nothing is not recommended.
- b) It is recommended that Council approve the Strategic Asset Management Policy in compliance with *O.Reg. 588/17*. By adopting the updated Strategic Asset Management Policy, Council will satisfy the first step required by the Regulation before the deadline. Additionally, this will provide a framework and guideline to the further development of the Asset Management Plan, in preparation to meet subsequent steps in the Regulation.

5) COMPLIANCE WITH STRATEGIC PLAN INITIATIVES

To be in compliance with developing the City's Asset Management Plan and *O.Reg 588/17: Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperities Act, 2015..*

6) ATTACHMENTS

- Appendix A - Strategic Asset Management Policy

7) RECOMMENDATION

That the Port Colborne Strategic Asset Management Policy attached as Appendix A to Corporate Services Department, Finance Division Report No. 2019-50, be adopted by Council.

8) SIGNATURES

Prepared on March 25, 2019 by:

Reviewed and Respectfully Submitted:



Jade McDowall
Capital Asset Supervisor



C. Scott Luey
Chief Administrative Officer

Reviewed by:

A handwritten signature in black ink, appearing to read "Peter Senese". The signature is fluid and cursive, with the first name "Peter" and last name "Senese" clearly distinguishable.

Peter Senese
Director of Corporate Services



Strategic Asset Management Policy

Submission Date:	2019-04-08
Approved by:	Enter the approving authority, e.g., CAO.
Approval Date:	Enter date the policy was formally approved.
Effective Date:	Enter the date the policy will become operational.
Policy Number:	Enter policy number.
Next Revision Due:	Enter the date the policy will be reviewed and revised.

1.0 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 City 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 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 water board.

2.0 Objective

The objective of this policy is to provide leadership in and commitment to the development and implementation of the City’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 City 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 City 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.

3.0 Background

The City is responsible for providing a range of essential services to the community, including, but not limited to, safe and reliable transportation networks; accessible community facilities; safe distribution of drinking water; effective collection of sanitary wastewater; and effective fire and emergency service management. To deliver these services, it owns and manages a diverse municipal infrastructure asset portfolio of roads, bridges/culverts, facilities, water/wastewater/storm infrastructure, parks, vehicles and machinery. 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. 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 City 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 City’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.

4.0 Alignment with the City’s Strategic Direction

This policy will reference and incorporate elements of the City’s Strategic Plans, including the Official Plan, Strategic Plan, Parks Master Plan, Transportation Master Plan, and other asset-related plans. As these plans are updated, this policy shall be revised to reflect emerging and evolving strategies, actions and priorities.

5.0 Policy Statement

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

1. The City will implement an organization-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 City 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 City will develop and maintain an asset inventory of all municipal infrastructure assets which includes unique ID, description, location information, GIS software mapping of assets to the asset inventory, 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 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 TCA 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.
5. 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.

6. 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.
7. 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.
8. 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.
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.
 - iii. Financial plans related to the Municipality’s stormwater assets.
10. 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.
11. 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.
12. 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.

6.0 Roles and Responsibilities

The development and continuous support of the City’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. Approve the AM policy and direction of the AM program
- ii. Maintain adequate organizational capacity to support the core practices of the AM program
- iii. Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets
- iv. Establish and monitor levels of service

2. CAO

- i. Provide oversight to the AM Policy to ensure that the AM program aligns with the City’s strategic plan and provincial and federal regulations

3. Executive Lead (Director of Corporate Services or Designate)

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

4. Asset 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 City’s strategic plan
- iii. Ensure that adequate resources are available to implement and maintain core AM practices
- iv. Provide departmental staff coordination
- v. Develop and monitor levels of service and make recommendations to Council
- vi. Track, analyze and report on AM program progress and results

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. Implement and maintain levels of service
- iv. Provide support and direction for AM practices within their department
- v. Track and analyze AM program progress and results

7.0 Key Principles

The City 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.
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 City 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 City, as the case may be, the City 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.