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	<b>PROCEDURES:</b>	
	<b>APPLICATION(S):</b> Council, Municipal Staff and Legislative Boards	
	<b>EXCLUSION(S):</b>	
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## **Purpose**

The Municipality's Asset Management vision is to proactively manage its assets to best serve the Municipality's objectives, including:

- Meeting the agreed service levels in the most efficient and effective way possible through asset lifecycle management,
- Prioritizing the need for existing and future assets to effectively deliver services, and
- Maintaining prudent financial planning decision making.

The objectives of the policy are to:

- Provide a framework for implementing asset management to enable a consistent and strategic approach at all levels of the organization,
- Provide guidance to staff responsible for asset management,
- Provide transparency and demonstrate to stakeholders the legitimacy of decision-making processes which combine strategic plans, budgets, service levels, and risk, and
- Commit the Municipality to support the implementation of asset management methods that are consistent with the organization and meet Council's priority objectives.

### **1. Asset Management Principles**

The policy ensures that Municipal staff follow a consistent and regulatory-compliant approach to making decisions regarding infrastructure planning and investment. The decision making approach shall be in line with the following principles, as set out in the Infrastructure for Jobs and Prosperity Act, 2015:

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**Forward looking:** The Municipality shall take a long-term view while considering demographic and economic trends in the area.

**Budgeting and planning:** The Municipality shall take into account any applicable budgets or fiscal plans, such as fiscal plans released under the following:

1. Fiscal Transparency and Accountability Act, 2004
2. Budgets adopted under Part VII of the Municipal Act, 2001

**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. Additionally, subject to any prohibitions under an Act or otherwise by law on the collection, use, or disclosure of information, the Municipality 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 other levels of government and broader public sector entities.

**Consistency:** The Municipality shall ensure the continued provision of core public services, such as clean drinking water and roads.

**Environmentally conscious:** The Municipality shall minimize the impact of infrastructure on the environment by:

1. Respecting and helping maintain ecological and biological diversity,
2. Strengthening resilience to the effects of climate change,

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3. Endeavouring to make use of acceptable recycled products, and
4. Incorporating green infrastructure, where appropriate.

**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,
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.

## **2. Governance & Continuous Improvement**

Council is entrusted with the responsibility of overseeing, on behalf of citizens, 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 Municipality. Council, Municipal Staff and Legislative Boards are committed to the success of asset management planning.

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Within asset management planning, Council is responsible for:

- Approving by resolution the asset management plan and its updates a minimum of every five years;
- Reviewing the strategic asset management policy and, if necessary, approving updates at least every five years;
- Conducting annual reviews of asset management plan implementation progress on or before July 1 of every year; and
- Supporting ongoing efforts to improve and implement the asset management plan.

The executive lead is ultimately responsible for asset management planning across the Municipality and maintaining compliance with the current regulation. The executive lead is the Asset Management Steering Committee, which consists of the following positions:

- Director of Finance / Treasurer
- Director of Works and Engineering
- Director of Parks, Recreation and Culture
- Director of Fire and Emergency Services / Fire Chief
- Director of Corporate Services / Clerk
- Director of Community Development
- Police Chief
- Financial Planning Coordinator

The Asset Management Team is responsible for asset management planning activities that fall within their service area and in support of other service areas. Planning activities consists of guiding staff on the corporate objectives of asset management, reviewing and updating asset information in the asset management plan, developing policies and practices that ensure uniformity of

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approach across the Municipality and asset management training. The Asset Management Team consists of the following positions:

- Engineering Manager
- Transportation Operations Manager
- Water Operations Manager
- Wastewater Operations Manager
- Parks & Facilities Manager
- Facilities Foreman
- Deputy Fire Chief
- Legislative Services Manager/Deputy Clerk
- Planning Manager
- Port Hope Police Financial Controller
- Financial Planning Coordinator

Terms of reference have been established for both the Asset Management Steering Committee and the Asset Management Team.

Council's annual asset management reviews are an integral step of the Municipality's approach for continually improving its methods and adopting appropriate practices. The annual review will be completed in consultation with the Asset Management Steering Committee. It will include:

- Progress on ongoing efforts to implement the asset management plan;
- Consideration of the asset management policy;
- Any factors affecting the ability of the Municipality to implement its asset management plan;
- Consultation with the Asset Management Team, and
- A strategy to address these factors including the adoption of appropriate practices.

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### **3. Stakeholder Engagement**


The ultimate goal of the Municipality is to efficiently provide its various stakeholders with the municipal services they need within the bounds of regulatory requirements, the built environment, and the natural environment. In order to achieve this goal, it is necessary that the Municipality understand the needs of current stakeholders, consider the needs of future generations, and incorporate these perspectives into asset management plans. The Municipality recognizes them as an integral part of the asset management approach. Accordingly, the Municipality will:

- Provide opportunities for residents and other stakeholders served by the Municipality to provide input in asset management planning; and
- Coordinate asset management planning with other infrastructure asset owning agencies such as neighbouring municipalities, or jointly owned municipal bodies.

### **4. Strategic Alignment**

Our corporate mission ‘To meet the needs of our residents and business community by delivering efficient and effective government services with an approach that is financially sustainable and environmentally responsible’ requires alignment of the many initiatives underway in our Municipality at any time in order for it to be achieved. This alignment is necessary to properly consider whether the level of service provided by the existing and planned assets is consistent and supports the Municipality’s mission.

Asset management planning, therefore, will not occur in isolation from other municipal goals, plans and policies. Rather, an integrated approach will be


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followed to successfully develop practical asset management plans that align with the overarching accountabilities and aspirations of the Municipality.

Council and senior management will review this policy and incorporate it into the asset management planning approach that fosters the integration of municipal documents such as:

- The Strategic Plan
- The Official Plan and Zoning By-law
- Development Charges Background Study
- The Water and Wastewater Financial Plans and Rate Study
- Strategic Financial Plan
- Corporate Climate Action Plan
- Energy Conservation Management Plan
- Leisure Services Master Plan
- Active Transportation Master Plan
- Age-Friendly Master Plan
- Waterfront Master Plan
- Port Hope Police Services Board Business Plan
- Other Plans Adopted by Council and all relevant Government Legislation and Policies

Going forward, all master plans will identify any potential financial implications and will include estimates of the capital and operating expenses, which can be used to identify the impacts to the asset management plan.

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## 5. Budgeting

The Municipality will integrate findings from the financial strategy of the asset management plan into its long-term financial planning and budgeting processes. Sound financial analysis practices will be encompassed in asset management planning in order for the asset management plan to be a sought after guide to employees in budgeting and financial planning. The financial strategy included for each service area in the asset management plan will be completed by a multi-disciplinary team that will include representation from finance and the concerned service area.

The asset management plan will be referenced by the service area staff in the preparation of their budget submission to help them:


1. Identify all potential revenues and costs (including operating, maintenance, replacement, and decommission) associated with forthcoming infrastructure asset decisions;
2. Evaluate the validity and need of each asset, including considering the impact on future operating costs; and
3. Incorporate new revenue tools and alternative funding strategies where possible.

The department level budget submission prepared by each service area will be evaluated by the Budget Committee in the preparation of the Municipality's annual budget.

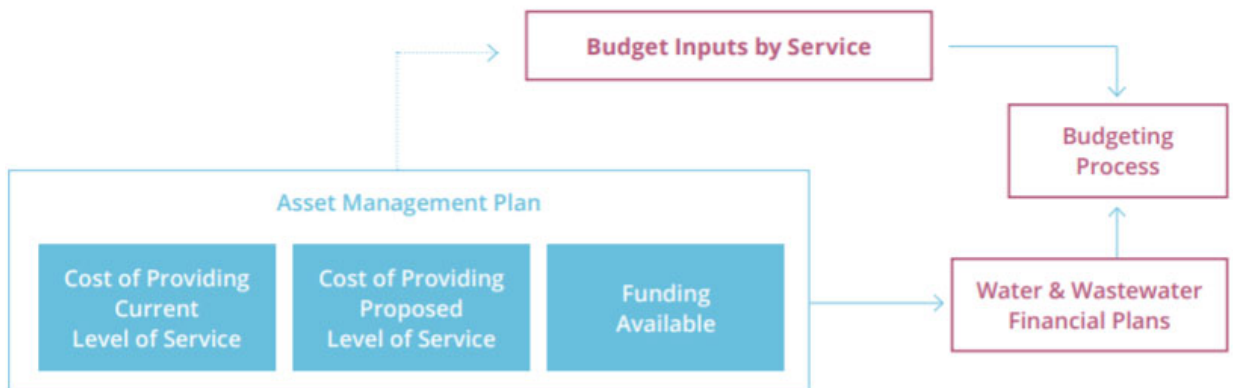
Finance Staff will be involved in asset management planning to facilitate the bridge between:

- The financial strategy developed in the asset management plan;
- The budget submissions of each service area; and
- The overall budgeting process.



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Finance, Water and Wastewater Staff will work together to align the financial strategy developed in the asset management plan with the financial plans related to the water and wastewater assets. The alignment will stem from a multi-disciplinary team, common analytical methods followed, and common data sources used.



Assets of the external boards, such as the Police Services Board and Library Board will be incorporated into the Comprehensive Municipal Asset Management Plan. Decisions on specific assets remain the authority of the specific board. Each external board will provide an annual review of their assets in the Asset Management Plan, such that the information can be included in the annual review by Council.

## 6. Capitalization Threshold

Capitalization Threshold' is defined as the value above which assets are capitalized and reported in the financial statements. The Strategic Asset Management Policy applies to all assets whose role in service delivery requires

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deliberate management as well as contracts and agreements with other parties related to municipal infrastructure. The service-focus intent of this policy differentiates its requirements for identifying assets from the capitalization thresholds which are developed for the purposes of financial reporting. This may include more assets than what is included for financial reporting purposes.

## **7. Climate Change**

Climate change will be considered as part of the Municipality’s risk management approach embedded in local asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impacts 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 asset management plan will review the hazards and risks created by climate change for its impact on an asset’s lifecycle and provide recommendations for the monitoring, review and actions required. The Municipality’s contribution to climate change through greenhouse gas emissions will be mitigated in accordance with its local reduction targets and financial capacity.

The Municipality will continue to work with the County of Northumberland and the Ganaraska Region Conservation Authority in regard to climate change mitigation and adaptation.

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## 8. Land Use Planning

Asset management planning will be aligned with the Municipality’s Official Plan and Zoning By-law. The asset management plans will reflect how the community is projected to change and the related asset impacts. The Municipality will achieve this with the following:

- Those responsible for managing services impacted by development or redevelopment will:
  - Be consulted while the Official Plan and Zoning By-law is being prepared;
  - Provide input to the analysis of future servicing costs; and
  - Provide written comment about the financial viability of development as it pertains to the service they manage.

Methods, assumptions, and data used in the selection of development or redevelopment initiatives documented in the Official Plan and Zoning By-law will be available in support of the production of asset management plans.



**Municipality of Port Hope**  
56 Queen Street  
Port Hope, ON  
L1A 3Z9

REPORT TO: Finance Committee  
FROM: Amanda Aasen, Financial Planning Coordinator  
SUBJECT: Strategic Asset Management Policy  
DATE: June 18, 2019

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**RECOMMENDATION:**

That a resolution be prepared for presentation to Council on July 2, 2019 to approve the Strategic Asset Management Policy.

**BACKGROUND:**

The requirement for Asset Management Planning has become more structured and regulated over the past 10 years, with both Federal and Provincial Governments recognizing that many municipalities are facing challenges to fund their infrastructure at levels that ensure sustainability.

The Municipality adopted their first version of the Asset Management Plan (AMP) in 2013. This AMP was prepared by R.V. Anderson and included all core assets, such as roads, bridges, water, wastewater and storm sewer assets. In December 2016, the AMP was updated by staff to include all municipal assets, including facilities, vehicles, land improvements, machinery, and technology and communication assets. Staff are continually improving the asset data to ensure a better basis for decision making purposes. Since the latest version of the AMP, there have been several areas of improvement, such as detailed condition assessments for roads and sanitary sewer mains. Staff are also in the process of implementing asset management software to ensure an integrated approach to asset identification, analysis and management of assets. In order to improve the asset management competency within the Municipality, several staff members have or are taking asset management certification courses.

In December 2017, Ontario passed Regulation 588/17 that requires municipalities to engage in asset management planning. The Regulation requires municipalities to prepare a strategic asset management policy by July 1, 2019. The other requirement from the Regulation, that is phased-in to be completed between 2021 and 2024, include preparing an asset management plan which contains the following:

- Inventory of assets
- Current and proposed levels of service
- Costs to maintain current and proposed levels of service
- Lifecycle management of assets
- Financial strategy for a minimum 10 year period

The first phase to improve asset management practices was to prepare a strategic asset management policy. The attached policy (Appendix 'A') was prepared using the guide developed by MFOA and was reviewed and amended by the Asset Management Team, as well as the Asset Management Steering Committee. Areas in the policy are:

1. Asset Management Principles
2. Governance & Continuous Improvement
3. Stakeholder Engagement
4. Strategic Alignment
5. Budgeting
6. Capitalization Threshold
7. Climate Change
8. Land Use Planning

The policy outlines the principles that will be followed in the development of updating the Municipality's Asset Management Plan. The policy will be reviewed and, if necessary, updated at least every five years.

**RESOURCE IMPLICATIONS:**

The policy does not have any specifically identified financial implications; however, the overall ongoing asset management process assists in reducing the lifecycle costs of maintaining assets.

**CONCLUSION:**

Asset management planning is an essential practice in supporting the long term infrastructure needs of the Municipality and is an ongoing requirement for all Ontario Municipalities. Adopting the Strategic Asset Management Plan will not only meet the requirements identified in the legislation, it will also assist with ensuring consistent asset management practices across the Municipality.

Completion of a strategic asset management plan is identified as a key objective within the Strategic Plan to support Infrastructure Sustainability.

Respectfully submitted,

Amanda Aasen  
Financial Planning Coordinator