



<b>Policy Name:</b> <b>Strategic Asset Management</b>	<b>AD-66</b>
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Approved by Council

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### **Policy Statement:**

The Municipality of Trent Lakes shall adopt and apply asset management practices in support of delivering quality, cost-effective services to its ratepayers. The Municipality will adopt a sustainable approach to asset management, ensuring that the asset base is not increased without considering the impact on the ability of the Municipality to fund future maintenance and rehabilitation.

### **Purpose:**

The purpose of the policy is to ensure the Municipality of Trent Lakes is dedicated to the continued development and maintenance of its asset management program in order to provide current and future residents with sustainable, reliable services that are appropriate for this Municipality, are regulatory compliant, and optimize lifecycles for all assets.

This policy demonstrates an organization-wide commitment to the good stewardship of infrastructure assets, and the adoption of best practices regarding asset management planning.

### **Definitions:**

“Asset Management Plan (AMP)” is the strategic document that states how a group of assets are to be managed over a period of time. The plan describes the characteristics and condition of infrastructure assets, the levels of service expected from them, planned actions to ensure the assets are providing the expected level of service, and financing strategies to implement the planned actions.

“Capitalization Threshold” is the value at which a municipality capitalizes purchases or constructed assets and this includes pooled assets when appropriate. Values below capitalization thresholds are expensed operationally.

“Infrastructure” means municipal tangible capital assets primarily for public use or benefit in Ontario.

**Scope:**

This policy applies to all assets owned by the Municipality.

**Policy (or Procedure):**

Ontario Regulation 588/17 states that every municipality shall prepare and approve a Strategic Assessment Management Policy by July 1, 2019 and shall review it at least every five years. Policy requirements and associated procedures are as follows:

**Policies/Plans AMP Supports, Objective and Continued Plan Development:**

**Master/Strategic Plan Integration** – The AMP continued development shall support any requirements of all approved Master Planning and Strategic studies that have been or will be undertaken.

**Climate Change Action Plan** – The AMP will consider the risks and vulnerabilities of all infrastructure assets to climate change and the actions that may be required because of this including anticipated costs that could arise from these impacts. As such, the Municipality will also consider adaptation opportunities, mitigation approaches to climate change such as greenhouse gas emission reductions, increased maintenance, changing service levels and disaster planning. These costs may include matters relating to operations and lifecycle management.

**Long-Term Financial Plan and Budget Strategies** – The Municipality will integrate the AMP with its Long-Term Financial Policy AD-41 which includes previously defined budgeting strategies. Financial plans will be updated/prepared 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 assets based on full lifecycle costing.

**Water Financial Plan (Safe Drinking Water Act, 2002)** – The AMP will ensure new tangible capital assets/rehabilitation required to provide water services and all associated costs are all included.

**Official Plan and Planning Act** – 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.

**Principles That Guide the AMP, Best Practice Assurances and Continuous Improvement Initiatives:**

The regulation states that every Municipality shall prepare an AMP in respect of its core infrastructure assets (roads, bridges and culverts) by July 1, 2021, and in respect to all other assets by July 1, 2023. Municipalities are expected to continuously improve and implement their Asset Management Plans according to the requirements under this regulation. The original AMP

and subsequent Updated AMP in 2017 along with the approving of this policy demonstrates this Municipality's commitment to best practices and continuous improvement.

Guiding principles for the AMP include all asset or asset types and the Municipality shall consider all applicable legislation in the continued development and update of its AMP, including but not limited to:

- *Infrastructure for Jobs and Prosperity Act, 2015, Section 3*
- *The Environmental Assessment Act*
- *The Environmental Protection Act*
- *The Safe Water Drinking Act 2002 (Ontario Regulation 170/03)*
- *The Water Opportunities and Conservation Act, 2010*
- *The Development Charges Act, 1997 (Ontario Regulation 82/98)*
- *Water Financial Plan (Ontario Regulation 453/07)*
- *Maintenance Standards for Municipal Highways (Ontario Regulation 239/02)*
- *Municipal Act 2001, Section 44(1)*
- *104/97, 472/10 Standards for Bridges*
- *Ontario's land-use planning framework (Planning Act)*

Specific protocols, adoption of best practices and continuous improvement in asset management planning include:

- Complete and accurate asset data
- Condition assessment procedures
- Risk and criticality models
- Lifecycle management
- Financial strategy development
- Level of Service (LOS) framework

Ensuring condition sustainability, return on investment, consideration of interrelated infrastructure assets and collaborative opportunities include the following:

- Ensure that overall condition of an asset type will not decrease over time, or the asset type will achieve and sustain its LOS
- To support decision making, lifecycle and return on investment analysis of actions and improvements will be undertaken
- Ensure selection of appropriate actions, at the appropriate asset condition level are made for AMP optimization
- Ensure strategies consider other assets that may be affected by, or may affect a specific project scope and timing. Cross asset integration shall consider not only Municipal assets, but other assets that may have an effect on the Municipality's asset lifecycle and performance, such as assets owned by other levels of government
- Project lists will be developed/updated for infrastructure assets for a 10-year period and these will be updated on an annual basis.

**Programming and Funding Level Analysis** – High level analysis of funding levels will be undertaken over the lifecycle of the asset. This analysis will be updated annually to reflect updated costing.

**Capitalization Thresholds** – The AMP will incorporate all assets that meet established capitalization thresholds identified in the Capital Asset Policy AD – 39. The capitalization thresholds will be reviewed annually with the AMP and modified when required.

**Financial Integration and Strategy** – The financial strategy shall be developed that is at a minimum, enough funding to sustain the asset or asset type at its current LOS and ideally funded at a level to improve the asset type condition to the target LOS. The financial integration will result in the Municipality integrating the AMP with its Long-Term Financial Plans and budgeting process with regard to all infrastructure assets.

**The Financial Strategy shall:**

- Identify funding shortfalls to Council to meet planned/approved LOS
- Identify funding sources
- Identify capitalization thresholds
- Review alternate funding opportunities/resources

**Funding Sources** – The AMP shall consider the following but not limited to:

- Tax Levy
- User Fees
- Reserve and Reserve Funds
- Federal and Provincial Grants
- Gas Tax Funding
- Debt Financing
- Development Charges

**Plan Maintenance Continuity** – The AMP will be reviewed on an annual basis to account for:

- Quantity of the asset or asset group (expansion/reduction)
- Inflationary changes
- Specific unit cost changes beyond inflation that have a negative impact on the average condition of an asset group or groups
- Regulatory changes
- Asset group organization change
- Improvements to the asset group
- Premature failure of assets

**Roles and Responsibilities** – The AMP will be updated in a prescribed process that involves Council, management, staff and the public. Each group's responsibilities are as follows:

**Council**

- Approve the Strategic Asset Management Policy
- Maintain adequate organizational capacity to support the core practices of the AMP
- Approve future amendments to the Asset Management Policy and Plan
- Establish and monitor levels of service

### **Senior Management Team**

- Will provide corporate oversight for goals and directions and ensure the AMP aligns with approved Strategic or Master Plan Studies

### **Executive Lead (Treasurer)**

- Provide organization-wide leadership in Asset Management practices and concepts
- Provide departmental staff coordination
- Coordinate and track AMP implementation and progress

### **Departmental Staff**

- Participate in implementation task teams as part of Asset Management development
- Provide support and direction for Asset Management practices within their department

### **Public**

- Participate in regular Level of Service surveys to provide valuable feedback on how existing assets are performing and where improvements may be required
- Municipality will provide opportunities for residents and other interested parties to provide input into Asset Management planning whenever and wherever possible.

### **Review Cycle:**

- Annually