

Municipality of Grey Highlands Policy

Policy Name: Strategic Asset Management Policy

Policy Number: A09-F-07

Department: Finance

Authority: Council

Effective Date: 2019-07-17

1 Purpose

The purpose of this policy is to promote the strategic management of the Municipality's tangible assets. This includes managing the lifecycle of assets so that usage is maximized, and cost and risk are minimized. This policy shall guide the Municipality in ensuring that it is in compliance with Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure. This policy will embed asset management as a Municipal priority and ensure its continuity across councils.

2 Scope

The Municipality of Grey Highlands owns a wide range of assets and asset types that deliver services to its residents. This policy applies to all tangible assets owned and/or managed by the Municipality of Grey Highlands that are used to provide services to the community and includes roads network, bridges & culverts, buildings & facilities, storm, water, wastewater, equipment, land improvements, and fleet & machinery.

3 Policy

Guiding Principles and Statutory Requirements

The Infrastructure for Jobs and Prosperity Act, 2015 sets out principles to guide asset management planning for municipalities in Ontario, and which shall be followed when implementing asset management practices at the Municipality of Grey Highlands:

The Municipality shall take a long-term view while considering demographic and economic trends in the region.

The Municipality shall take into account any applicable budgets or fiscal plans, such as fiscal plans released under the Fiscal Transparency and Accountability Act, 2019 and Budgets adopted under Part VII of the Municipal Act, 2001

The Municipality shall clearly identify infrastructure priorities which will drive investment decisions.

The Municipality shall promote economic competitiveness, productivity, job creation, and training opportunities.

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 the Government and broader public sector entities.

The Municipality shall ensure the continued provision of core public services, such as health care and education.

The Municipality shall minimize the impact of infrastructure on the environment through implementing best practices and controls in maintenance works, project designs and construction works in advance of any required assessments and studies to maintain ecological and biological diversity. This environmental consciousness strategy for future infrastructure projects will mitigate the effects of climate change and by making use of acceptable recycled materials that provides value of asset investment and will reduce our carbon footprint.

The Municipality shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

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:

- Local job creation and training opportunities (including for apprentices, within the meaning of section 9 of the Infrastructure for Jobs and Prosperity Act, 2015),

- Improvement of public space within the community, and

- Promoting accessibility for persons with disabilities.

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.

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.

The Municipality will involve the appropriate departments in asset management decision-making to ensure informed and optimal decisions that consider assets in a larger service delivery context and not just as an isolated asset are made.

The Municipality will comply with all relevant legislative, regulatory, and statutory requirements.

The Municipality will strive to continually improve its asset management strategies to deliver services perpetually more effectively and efficiently.

The Municipality will consider socio-cultural, environmental, and economic factors and implications when making and implementing asset management decisions.

The Municipality will choose practices, interventions, and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying agreed levels of service. Decisions are based on balancing service levels, risks, and costs.

Stakeholder Engagement

The goal of the Municipality is to efficiently provide its various stakeholders with the municipal services they need within the bounds of regulatory requirements, financial constraints, the existing assets and services, and the natural environment. 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 these stakeholders 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 on asset management planning; and
- Coordinate asset management planning with other infrastructure asset owning agencies such as the Province of Ontario, neighbouring municipalities, and the County.

Responsibilities of the Key Stakeholders

The policy requires the commitment of key stakeholders within the Municipality of Grey Highlands' organizational structure.

Council

On behalf of its citizens, Council is entrusted with the responsibility of overseeing the management of the Municipal assets. Council will:

- a) Approve by resolution the asset management plan and its updates at least every five years
- b) Support ongoing efforts to continuously improve and implement the asset management plans and asset management policy
- c) Maintain adequate organizational capacity to support the core practices of the asset management program
- d) Conduct annual reviews of asset management plan implementation progress from reports provided by the Asset Management Team on or before July 1 of every year including:
 - Progress on ongoing efforts to implement the asset management plans
 - Any factors affecting the ability of the Municipality of Grey Highlands' to implement its asset management plans
 - A strategy to address these factors including the adoption of appropriate practices
 - Review implementation of the plan as part of the annual budget process

Chief Administration Officer and Treasurer

Oversees that the Municipality maintains compliance with the asset management policy and provincial asset management regulation

Asset Management Coordinator

Performs the role of team lead of the Municipality's asset management planning by coordinating and managing the development and continuous improvements of the Municipality's asset management plans and practices with the Asset Management Team

Responsible for updating and maintaining the tangible capital asset database with information obtained in conjunction with the Asset Management Team

In conjunction with the Director of Finance, ensures that the Municipality maintains compliance with the asset management policy and provincial asset management regulation

Asset Management Team

The Asset Management Team will contain at least one member from each asset-owning department within the Municipality and will oversee asset management planning activities that fall within their department and act in support of the other departments. The Asset Management Team will promote best practices for asset management planning and meeting or exceeding provincial regulations.

Supported by all departments in the Municipality

Manages and monitors the progress of asset management practices at the Municipality

Reviews and creates reports for council to utilize in their required review of asset management implementation progress as outlined above

Regularly consults and reports to Senior Management

Regularly reviews and updates the Municipality's Strategic Asset Management Policy

Governance and Continuous Improvement

This policy shall be reviewed and/or revised by relevant key stakeholders at least once every 5 years, to ensure it continues to be as beneficial and relevant as possible to the Municipality of Grey Highlands. The policy will be publicly available on Grey Highlands' website and provided to anyone who requests a copy.

Strategic Alignment

Grey Highlands' vision as per its Strategic Plan is to be a "healthy and vibrant rural "community of communities" celebrating its diverse and creative culture, promoting its agricultural base, natural heritage and environment". This vision will be upheld by attaining five main strategic priorities. The strategic priorities of fiscal and asset management, and operational excellence, are directly related to asset management.

The Municipality's commitment regarding asset management is to provide services essential to the maintenance of a high quality of life, within a framework of equality and equity. The provision of service will adhere to the highest values of fiscal stewardship, responsibility and fairness while ensuring excellence in planning and implementation of programs. To this end, the Strategic Asset Management Policy and the Asset Management Plan is an essential part of meeting these commitments.

The Municipality has adopted and/or plans to update or develop various plans, including a Strategic Plan, an Official Plan, an Asset Management Plan, a Development Charges Study, a Water and Sewer Rate Study, a Community Improvement Plan, a Master Fire Plan, a Water and Wastewater Servicing Master Plan, a Trails Master Plan, a Road Need Study, a Stormwater Management Plan, a Master Recreation Plan, and a multi-year Budget. These plans will be reviewed regularly by staff and annual spending requirements in support of the plans' objectives will be

incorporated into the budgeting process and into asset management planning.

Capitalization Thresholds

The threshold used to determine which assets are to be included in the asset management plan align with the Tangible Capital Asset Policy. The Asset Management Team, in consultation with Senior Management, will review and provide recommendations for any changes to the Tangible Capital Asset Policy.

Budgeting

The Municipality will integrate findings from the asset management plans into its long-term financial planning and budgeting processes. Sound financial analysis will be encompassed in asset management planning so that the asset management plan will guide the budgeting and financial planning of the Municipality.

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

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

The departmental level budget and ten-year capital plan submission prepared by each department with the assistance of the Finance Department will be evaluated by the Director of Finance/Treasurer and the Chief Administrative Officer in the preparation of the Municipality's annual budget.

Community Planning

Asset management planning will be aligned with the Municipality's Official Plan. The asset management plans will reflect how the community is projected to change and the related asset impacts. The Municipality will achieve this by maintaining communication between the Planning Department, Finance Department, and those responsible for managing services impacted by development or redevelopment in the following ways:

Consultation throughout the updating of the Municipality's Official Plan

Providing input on the analysis of future servicing costs

Communication between all relevant departments through the Asset Management Team

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

Climate Change

Climate change will be considered as part of the Municipality's risk management approach embedded in local asset management planning methods. The Municipality commits to the development of tailored actions that make the best use of its resources to mitigate and adapt to climate change. 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 for both new assets and the rehabilitation of old assets. Vulnerabilities of Municipal assets that may be caused by climate change will be addressed throughout the lifecycle management process of these assets. The Municipality's contribution to climate change through greenhouse gas emissions will be mitigated where possible in accordance with its financial capacity, stakeholder support and any local reduction targets.

4 Definitions

Asset Management: The coordinated activity of an organization to realize value from assets.

Asset management Plan - a 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.

Tangible Capital Assets: Assets having physical substance that:

- a) Are used on a continuing basis in the Municipality's operations
- b) Have useful lives extending beyond 1 year
- c) Are not held for re-sale in the ordinary course of operations
- d) Maintenance and expenditures for repairs that do not prolong an asset's economic life or improve its efficiency are not capitalized.

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

5 References

O. Reg. 588/17 Asset Management Planning for Municipal Infrastructure
Infrastructure for Jobs and Prosperity Act 2015