



THE CORPORATION OF THE TOWNSHIP OF O'CONNOR

STRATEGIC ASSET MANAGEMENT POLICY

PURPOSE:

A Strategic Asset Management Policy formalizes a municipality's commitment to **asset management**, aligns its asset management actions with strategic goals and objectives and provides direction to guide Council, management and staff in carrying out its business strategies, plans and activities. This policy will support logical and evidence-based decision-making for the management of **municipal infrastructure assets**, efforts to manage risks, address priorities and meet short and long-term needs within the bounds of possible funding.

SCOPE:

The Township of O'Connor provides services to its residents that require the acquisition, responsible operation, maintenance, rehabilitation and replacement of assets. The Township is proactively managing its assets to best serve its objectives that include:

- Prioritizing the need for existing and future assets to effectively deliver services,
- Maintaining prudent financial planning and decision making, and
- Encourage new development that maintains and improves the quality of life of its residents.

The Township is responsible for providing services which include transportation infrastructure, stormwater management, recreation opportunities, fire protection and administrative functions. To deliver these services the Township owns and manages municipal roads, bridges and culverts, a community centre, municipal office, municipal garage, fire hall, disposal site, cemetery and machinery and equipment that support the delivery of these services.

OBJECTIVES:

The objectives of this policy are to:

- Provide a consistent framework for implementing asset management throughout the organization.
- Provide transparency and accountability and to demonstrate to stakeholders the legitimacy of decision-making processes which combine strategic plans, budgets, service levels and risks.

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GUIDING PRINCIPLES:

The Infrastructure for Jobs and Prosperity Act, 2015 sets out principles to guide asset management planning in municipalities in Ontario. The Township of O'Connor will strive to incorporate the following principles whenever possible into the day to day operation of the Township.

- **Forward looking:** The Township shall take a long-term view while considering demographic and economic trends in the region.
- **Budgeting and planning:** The Township shall take into account any applicable budget or fiscal plans, including those adopted through Ontario legislation.
- **Prioritizing:** The Township shall clearly identify infrastructure priorities which will drive investment decisions.
- **Economic development:** The Township shall promote economic competitiveness, productivity, job creation and training opportunities.
- **Transparency:** The Township shall be evidence-based and transparent, basing decision on publicly shared information and make information available to the public.
- **Consistency:** The Township shall ensure the continued provision of core public services such as health care and education.
- **Environmentally conscious:** The Township shall minimize the impact of infrastructure on the environment by
 - Respecting and helping maintain ecological and biological diversity,
 - Augmenting resilience to the effects of climate change, and
 - Endeavoring to make use of acceptable recycled aggregates.
- **Healthy and safety:** The Township shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- **Community focused:** The Township 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 improvement of public space within the community and promoting accessibility for persons with disabilities.

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- **Innovation:** The Township 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 Township 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.
- **Customer focused:** The Township will have clearly defined levels of service and apply asset management practices to maintain the confidence of customers in how Township assets are managed.
- **Service focused:** The Township 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 Township 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 that public safety is the priority.
- **Value-based affordable:** The Township 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.

ROLES AND RESPONSIBILITIES:

The development and continuous support of the Township's Asset Management Plan (AMP) requires a wide range of duties and responsibilities of:

Council

- Development of policy and policy updates,
- Approve, by resolution, the AMP and its updates every five years,
- Conduct annual reviews of the AMP progress on or before July 1st of every year, that addresses:
 - The Township's progress in implementing its AMP;
 - Any factors impeding the Township's ability to implement its AMP,
 - Consultation with senior management,
 - A strategy to address these factors including the adoption of appropriate practices, and
 - Support ongoing efforts to continuously improve and implement the AMP.

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Clerk-Treasurer

- Maintain compliance with the Asset Management Policy and provincial asset management regulations,
- Provide departmental staff co-ordination in asset management practices,
- Track, analyze and report on asset management program progress and results.

Department Heads

- Oversee asset management planning activities that fall within their service area and in support of others,
- Monitor levels of service,
- Provide support and direction for asset management practise within their department.

STRATEGIC ALIGNMENT:

The Township of O'Connor has developed and adopted an Official Plan, an Emergency Management Plan, a Multi-Year Accessibility Plan, an **Asset Management Plan** and a Wildland Fire Protection Plan. These plans were designed to work together to achieve the Township's objective of providing excellence in service delivery and to building a healthy rural community through the delivery of essential services, providing responsible leadership and planning and provide effective management of municipal resources.

All of these plans rely to some extent on the physical assets owned by the Township and the commitment of its staff to ensure their strategic use. This includes the long-term maintenance, repair, and replacement of existing assets and the acquisition of new assets to meet the evolving needs of the Township.

STAKEHOLDER ENGAGEMENT:

The Township of O'Connor recognizes the importance of stakeholder engagement as an integral component of its comprehensive asset management approach. The Township recognizes the residents, businesses, institutions within its boundaries as stakeholders and neighboring municipalities, provincial agencies and regulated utilities, partners in service deliver. Accordingly, the Township will foster informed dialogue with these parties using the best available information and engage with them by:

- Providing opportunities for residents and other stakeholders served by the Township to provide input in asset management planning; and
- Coordinating asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

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BUDGETING:

The Township will integrate findings from the AMP into its long-term financial planning and budgeting processes. Sound financial analysis will be encompassed in asset management planning in order for the AMP to be a sought-after guide to department heads and Council in budgeting and financial planning. The Asset Management Plan will be used as a reference document when department heads prepare budget submissions in order to help them;

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

The department budget submissions will be evaluated by Council in preparation of the municipality's annual budget.

LEVEL OF SERVICE

Level of Service when compared to expected level of service becomes the driving force behind asset management decisions on when and how an asset will be rehabilitated, replaced or retired. The safety and wellbeing of the residents of the Township of O'Connor are a priority and it is imperative that all assets perform at their optimal condition rating and provide the level of service that is expected.

The Township's AMP details the level of service for each municipally owned asset.

CAPITALIZATION THRESHOLDS:

This Asset Management Policy applies to all assets whose role in service delivery requires deliberate management by the Township. The service-focus intent of this policy differentiates its requirements for identifying assets from the **capitalization thresholds** which are developed for the purpose of financial reporting. For this reason, the capitalization thresholds developed for financial reporting will not be the guide in selecting the assets covered by asset management planning processes.

The Township's AMP incorporates all infrastructure categories and municipal infrastructure assets that meet the capitalization threshold that is outline in the Township's Accounting Policy for Tangible Capital Assets (TCA).

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Tangible capital assets will be capitalized according to the following thresholds:

Asset Category	After January 1, 2009
Land	\$5,000
Land improvements	\$5,000
Buildings	\$5,000
Roads	\$5,000
Bridges & Culverts	\$5,000
Equipment & Machinery	\$5,000
Licensed Vehicles	\$5,000
Computer Hardware	\$5,000
Computer Software	\$5,000

Works in progress shall be capitalized in the year and month that the asset comes in service.

COMMUNITY PLANNING:

Asset management planning will be aligned with the Township's Official Plan and the Provincial Policy Statement. The AMP will reflect how the community is projected to change with respect to development. The Township will achieve this by consulting with those responsible for managing the services to analyze the future costs and viability of projected changes. The combination of lifecycle analysis and financial sustainability principles will be the driver in the selection of community development or redevelopment that require new assets, or existing assets enhanced. Methods, assumption and data used in the selection of projected changes should be documented to support the recommendation in the AMP.

Cross-referencing the Township's Official Plan and the AMP will ensure that development occurs within the Township's means through an understand of current and future asset needs.

CLIMATE CHANGE:

Climate change will be considered as part of the Township'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. Bolstering resilience to climate change includes adapting to opportunities to manage vulnerabilities, anticipating possible costs to support contingency funds, and disaster planning to allow for business continuity. These actions will be taken in addition to acquiring or modifying assets based on greenhouse gas reduction targets. The Township will continue to work with the District to support climate change mitigation and adaptation.

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DEFINITIONS OF TERMS:

Unless otherwise noted, the definitions provided in this document are consistent 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 – the coordinated activity of an organization to realize value from assets. It considers all capital 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)

Municipal Infrastructure Asset – an infrastructure asset, including a green infrastructure asset, directly owned by a Municipality or included on the consolidated financial statements of a Municipality, but does not include an infrastructure asset that is managed by a joint board.

Asset Management Plan – 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.

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).

Capitalization thresholds – The value of a municipal infrastructure asset at or above which a municipality will capitalize the value of it and below which it will expense the value of it.

EFFECTIVE DATE:

This policy is in effect as of July 1, 2019