



Asset Management Policy

POL.COR.17.07 Asset Management Policy

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Policy Statement

The Town of The Blue Mountains (the “Town”) promotes the use of Asset Management principles and practices as outlined in the *Infrastructure for Jobs and Prosperity Act, 2015*. Under this Act, Asset Management Planning for Municipal Infrastructure (O.Reg 588/17) was created to guide municipalities in the creation of Asset Management Plans and the long-term planning of infrastructure.

Purpose

The Asset Management Policy will outline principles, roles and responsibilities for asset management practices that enable a coordinated, cost-effective and organizationally sustainable approach for the Town as per O.Reg 588/17.

Application

This policy applies to all staff using or managing assets to provide public services for the citizens, businesses and visitors of the Town.

Principles of Asset Management

The Act outlines 13 principles that the Town shall consider when making infrastructure related decisions:

1. All long-term capital investment decisions should take a long-term view and should be mindful of demographic and economic trends in Ontario;

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2. All long-term capital investment decisions should consider all applicable budgets or fiscals. This includes annual operating and capital budgets, the harbour long-term financial plan and the water financial plan;
3. Infrastructure priorities should be clearly identifiable;
4. All long-term capital investment decisions should ensure the continued provision of core public services;
5. All long-term capital investment decisions should promote economic competitiveness, productivity, job creation and training opportunities;
6. All long-term capital investment decisions should ensure the health and safety of workers involved in the construction and maintenance of infrastructure of assets is protected;
7. All long-term capital investment decisions should foster innovation and be 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. All long-term capital investment decisions should be evidence-based and transparent;
9. Any other plans or strategies that have been established by another Act that do not bind the Town will be considered to the extent to which they are relevant;
10. All long-term capital investment decisions should promote accessibility for persons with disabilities;
11. All long-term capital investment decisions should minimize the impact of the infrastructure on the environment, respect and help maintain ecological and biological diversity, and should be resilient to the effects of climate change;
12. All long-term capital investment decisions should endeavour to make use of acceptable recycled aggregate; and
13. All long-term capital investment decisions should promote community benefits, which are the supplementary social and economic benefits arising from infrastructure projects that are intended to improve the well-being of a community.

Asset Management Plan

The Asset Management Plan will consist of the following six components:

1. **Asset Registry** - maintains the Town's capital assets inventory including the asset's value and remaining life.
2. **Preventative Maintenance** – assists to schedule regular maintenance activities to ensure assets reach or exceed their service levels and life expectancy by reducing the risk of asset breakdowns or failure.
3. **Lifecycle Management** - guides an asset through its service life including planning, acquisition, operation, condition inspections, rehabilitation, disposal and replacement by utilizing industry best practices to encompass all stages of the asset lifecycle.

4. **Level of Service** - identifies the current assets that the Town should own to meet the Council-directed Level of Service for the citizens, visitors, and businesses of the Town.
5. **Financial Strategy** - prioritizes maintenance and capital funding to ensure long-term financial sustainability for all assets.
6. **Risk Management** – uses probability and consequences of failure as criteria when prioritizing maintenance and capital works.

Asset Management and the Budget

Section 3. (1) 2. of O.Reg 588/17 requires that the Town outline the process under which the Asset Management Plan will be used to develop the annual budgets and any long-term financial plans.

The Town's asset management plan will be the foundation of all future capital budgets as this plan will contain the list of capital priorities for staff and Council. The list will include both the replacement cost of the asset as well as the full lifecycle costs to better inform Council when making decisions regarding both the capital and operating budgets.

In addition, the Town's asset management plan will be used to create the short, medium and long-term capital requirements when completing a long-term financial plan for a department.

Asset Management and the County

Section 3. (1) 9. of O.Reg 588/17 states that the Town is committed to coordinating planning for asset management where there is joint ownership of assets with the County and neighbouring municipalities.

The Town shares ownership of some assets (such as a transit bus shared with the Town of Collingwood) and owns assets on County lands (such as sidewalks). When forecasting the replacement of these assets, the Town will coordinate with the relevant municipal government.

Asset Management and Climate Change

Section 3. (1) 5. of O.Reg 588/17 requires that the Town will consider the following during asset management planning:

- Actions to address the vulnerability that may be caused by climate change to municipal infrastructure assets;
- Anticipated cost of these vulnerabilities;
- Adaption opportunities to manage these vulnerabilities;
- Mitigation approaches to climate change; and
- Disaster planning and contingency funding.

The Town recognizes that climate change will put additional stress on critical infrastructure. Increased frequency and intensity of rainfall and more frequent freeze-thaw cycles can cause soil instability and ground movement causing damage to roads, sidewalks, and underground infrastructure. Furthermore, increased frequency of extreme weather events causes strain not just on linear infrastructure, but also on services critical to an emergency such as fire services, municipal facilities and others. The Town may choose to explore opportunities to adapt infrastructure to a changing climate, most notably through the consideration of alternative and new technologies, though only if costs and benefits are in line with Town objectives. A more comprehensive list of climate change actions are appended to this policy.

Asset Management for Water and Wastewater

Section 3. (1) 6. of O.Reg 588/17 requires the Town to establish a process to ensure that asset management planning aligns with the Town's water financial plan as per the *Safe Drinking Water Act, 2002*, while a similar wastewater financial plan is not legislated, it is encouraged.

The Town has prepared a Water Financial Plan consistent with the requirements of the *Safe Drinking Water Act* and Ontario Regulation 453/07 for the municipal water system. The Financial Plan is for a period of 6 years to assist staff with long-term cost recovery and capital planning. Under Ontario Regulation 453/07, the Town is required to complete a financial plan for municipal water services as part of the application process for renewal of the Drinking Water Licenses.

Asset Management and Land Use Planning

Section 3. (1) 7. of O.Reg 588/17 requires the Town to align asset management planning with Ontario's land use planning framework, including relevant policy statements issued under subsection 3(1) of the Planning Act.

Alignment with Land Use Planning

The alignment of municipal planning initiatives and asset management is particularly important when considering corporate planning initiatives and resources. The Planning and Development Services Department supports provincial land-use legislation and incorporates the key policy principles and issues that affect each community.

There are three key planning related documents that align with the Town's asset management program:

1. Provincial Policy Statement

The Provincial Policy Statement (PPS, 2014) is the statement of the provincial government's policies on land use planning. It applies to the entire province and provides clear policy direction on land use planning to promote strong communities, a strong economy, and a clean and healthy environment. Specifically related to asset management, the PPS has several

policies related to the efficient use and management of land and infrastructure, in order to ensure that infrastructure is financially viable over the lifecycle of the asset.

2. Official Plan

The Town's Official Plan outlines the principles the Town adheres to in regards to land use planning and development. The Official Plan includes a provision for ensuring that land use planning is aligned with asset management. The Official Plan states:

For the purposes of settlement area boundary expansion or employment area re-designation, means an official plan review which is initiated by the County or Town, or an official plan amendment which is initiated or adopted by the County or Town, which:

...is integrated with planning for infrastructure and public service facilities, and considers financial viability over the life cycle of these assets, which may be demonstrated through asset management planning (pg. 247).

3. Development Charges Background Study

The Development Charges Background Study is rooted in identifying the capital infrastructure requirements necessary to accommodate the development expected to occur in the Town. As development charges are only responsible for the first round capital acquisition costs, the Town would be responsible for funding the asset management requirements associated with the new infrastructure emplaced in addition to regular operations. Under the requirements of the new DCA regulations, an asset management plan must be prepared with the completion of the DC Background study illustrating that the assets funded under the by-law are financially sustainable. This analysis has been incorporated in the study currently underway.

Asset Management and Tangible Capital Assets

Section 3. (1) 8. of O.Reg 588/17 requires that the threshold used for asset management planning aligns with those used for Tangible Capital Assets or if they differ then an explanation be included as to why. As per the Town's Tangible Capital Asset Policy, the chart below outlines the threshold:

Tangible Capital Asset Classes	Threshold
Land	All land purchases are capitalized
Land Improvements	\$5,000
Buildings	\$5,000
Vehicles, Machinery and Equipment	\$5,000
Pooled Tangible Capital Assets	\$5,000
Linear (Water, Wastewater, Roads)	\$10,000

For the purposes of asset management, a threshold of \$15,000 will be used for all asset classes. The threshold has been set higher than under the Tangible Capital Asset Policy to eliminate

some of the smaller assets (small pumps, hand tools etc.). To include all of these assets, at this time, would over-burden staff as the implementation of Cityworks continues to be rolled out.

In addition, pooled assets which are allowed under the Tangible Capital Asset Policy, will not be included because as a single stand-alone asset the items (usually computers and books) are much smaller in cost.

Continuous Improvement

The major premise of comprehensive corporate asset management is that an organization will seldom have perfect processes and data to manage the asset portfolio. Instead, the underlying culture of continuous improvement and reliability is its key to success. These improvements will be part of the Town's evolving Asset Management program.

Definitions

Asset Management: a process to guide the planning, acquisition, operation and maintenance, rehabilitation and disposal of assets. Its objective is to maximize asset service delivery potential, manage related risks and minimize costs of ownership while delivering acceptable levels of service to the public in a sustainable manner.

Capital Assets: non-financial assets having physical substance that:

- i. are held for use by the Town in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- ii. have useful lives extending beyond a year and are intended to be used on a continuing basis; and
- iii. are not intended for sale in the ordinary course of operations.

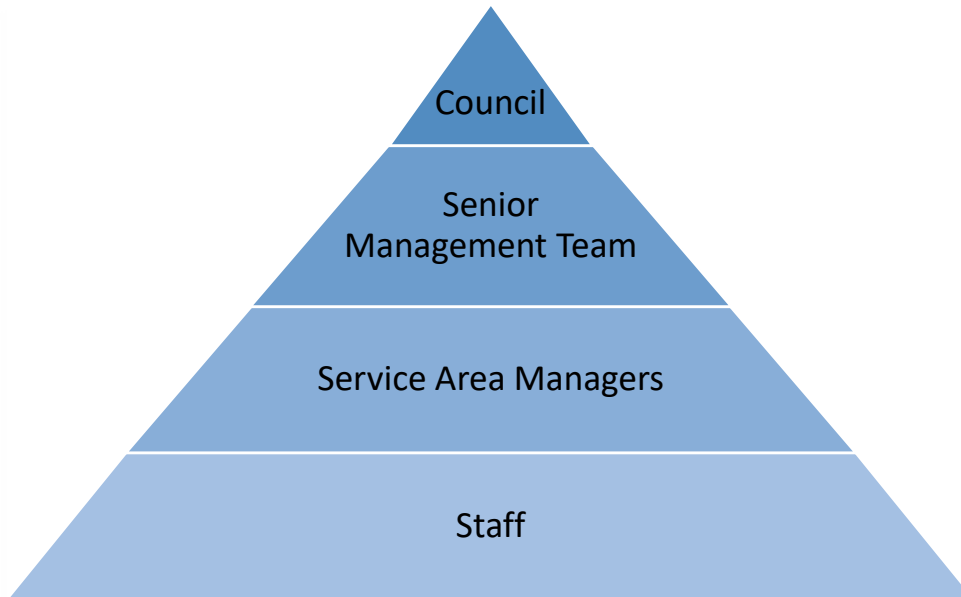
Capital Assets do not include such things as:

- i. inventories held for resale (including land);
- ii. capital grants;
- iii. intangible assets, except for software which is tangible for the purpose of capitalization;
- iv. feasibility studies, business cases, management reviews (post implementation); and
- v. assets below the thresholds outlined in the Tangible Capital Asset Policy (POL.COR.19.XX).

Life-cycle: the time interval that commences with the identification of the need for an asset and terminates with the disposal of the asset.

Procedures

The following chart outlines the governance model for Asset Management as well as the roles and responsibilities of each level of governance:



Council

Responsible for approving the Asset Management Policy and Strategy and other items related to the Asset Management Plan such as Levels of Service and acceptable risk. Council will set the spending levels on capital assets through the annual operating and capital budgets.

Senior Management Team

Provides overall direction throughout the corporation to ensure that the asset management goals are achieved and that this plan aligns with other corporate plans.

Service Area Managers

Responsible for the assets that they are assigned including annual maintenance, reporting obligations, and capital purchases.

Staff

These employees consume the capital assets as they provide services to the citizens, visitors and businesses.

Exclusions

None.

References and Related Policies

POL.COR.19.XX – Tangible Capital Assets Policy

Consequences of Non-Compliance

Non-compliance with the *Municipal Act, 2001* is subject to the remedies prescribed therein.

Review Cycle

This policy will be reviewed once per term of Council.

Appendix 1

