



# ***City of Temiskaming Shores***

## ***Asset Management Policy***

Schedule "A" to By-law No. 2019-063



## City of Temiskaming Shores - Asset Management Policy

### 1.0 Terms & Definitions

In this policy the following definitions are used:

**"Asset"** - An item, thing or entity that has potential or actual value to an organization;

**"Asset Management" (AM)** – 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;

**"Asset Management Plan" (AMP)** – 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. 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;

**"Asset Management Steering Committee"** – The City has developed a steering committee to assist in developing and administering the Asset Management Plan. The Asset Management Steering Committee is comprised of the following positions: Director of Public Works; Director of Recreation; Director of Corporate Services; Treasurer; and City Manager. Additional staff may be delegated to participate as appropriate;

**"Capitalization Thresholds"** — The City's Asset Management Policy applies to all assets whose role in service delivery requires deliberate management by the Municipality. 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. For this reason, the capitalization threshold developed for financial reporting will not be the guide in selecting the assets covered by the asset management planning process;

**"Green infrastructure asset"** – An infrastructure asset consisting of natural or human-made elements that provide ecological and hydrological functions and processes and includes natural heritage features and systems, parklands, stormwater management systems, trees, urban forests, natural channels, permeable surfaces and green roofs;

**"Level of service" (LOS)** – Parameter 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;

**"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;

**"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 municipal board and/or corporation;

## 2.0 Policy Purpose

The purpose of this policy is to provide leadership in and commitment to the development and implementation of the City's asset management program. It is intended to guide the consistent use of asset management across the organization, to facilitate logical and evidence-based decision-making for the management of municipal capital infrastructure assets and to support the delivery of sustainable community services now and in the future.

By using sound asset management practices, the City aspires to ensure that municipal capital infrastructure assets meet expected performance levels and provide desired service levels in an efficient and effective manner.

This policy demonstrates a commitment to the stewardship of municipal capital infrastructure assets and to improved accountability and transparency.

## 3.0 Policy Statement

The City of Temiskaming Shores aims to uphold the following policy statements in managing its capital infrastructure:

1. The City will implement a municipal-wide Asset Management Program that will promote lifecycle and risk management of the City's capital infrastructure assets. A primary goal will be to achieve the lowest total cost of ownership while meeting desired levels of service. Levels of service (LOS) refer to the outcomes or service attributes that the City aims to deliver for its residents and can include both technical and qualitative components.
2. The City will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
  - i. Comprehensive and Accurate Asset Data
  - ii. Condition Assessment Protocols

- iii. Risk and Criticality Models
  - iv. Lifecycle Management
  - v. Financial Strategy Development
  - vi. Level of Service Framework
3. The City will develop and maintain an asset inventory of all municipal capital infrastructure assets which includes unique ID; description; location information; value (both historical and replacement); performance characteristics and/or condition; estimated remaining life and estimated repair, rehabilitation or replacement date; and estimated repair, rehabilitation or replacement costs.
  4. The City will develop and maintain an Asset Management Plan that incorporates all infrastructure categories and municipal capital infrastructure assets as per the legislated requirements. The capitalization threshold guidelines in the City's Tangible Capital Asset Policy will be applied as a baseline. The Asset Management Plan will address its core municipal capital infrastructure assets by July 1, 2021 and all other municipal capital infrastructure assets by July 1, 2023. The Asset Management Plan will be updated at least every five years thereafter in accordance with O. Reg. 588/17.
  5. The City will integrate asset management plans and practices with its long-term financial planning and budgeting strategies. This includes the development of financial plans 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 municipal capital infrastructure assets based on full lifecycle costing.
  6. The City will identify appropriate funding for its capital infrastructure and for financing service delivery. This may include taxation or user fee revenues, grant programs, debt-financing, public-private partnerships (P3), alternative financing and procurement (AFP), or the shared provision of services.
  7. The City will develop meaningful performance metrics and reporting tools to transparently communicate and display the current state of asset management practice to Council and the community.
  8. The City will consider the risks and vulnerabilities of municipal capital infrastructure assets to climate change and the actions that may be required, including, but not limited to: anticipated costs that could arise from these impacts, adaptation opportunities, mitigation approaches, disaster planning, and contingency funding. Impacts may include matters relating to operations, levels of service and lifecycle management.
  9. The City will ensure that asset management planning is aligned with the following financial plans:

- i. Financial reports related to the City's water capital assets, including any financial plans prepared under the Safe Drinking Water Act, 2002; long-range capital plans developed as part of an Asset Management Plan; and annual Water Regulation and Rating By-laws.
  - ii. Financial reports related to the City's wastewater capital assets, including long-range capital plans developed as part of an Asset Management Plan; and annual Wastewater Regulation and Rating Bylaws.
  - iii. Water & Wastewater Rate Studies and subsequent updates to these studies.
  - iv. Future Development Charge Background Studies and Bylaws and subsequent updates to these studies and bylaws.
  - v. Current Long Range Financial Plan and subsequent updates.
10. The City will align 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 municipal official plans.
  11. The City will coordinate planning for interrelated municipal capital infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.
  12. The City will develop processes and provide opportunities for municipal residents and other interested parties to offer input into the City's asset management planning, where appropriate.
  13. The City's Asset Management Plan will be developed and administered by the Asset Management Steering Committee.

#### **4.0 Policy Scope**

This policy applies to all departments involved in planning, maintaining, or operating the City's capital infrastructure assets.

The City is responsible for providing a range of services to the community, including but not limited to: transportation networks and infrastructure; storm water management; potable water; wastewater collection and treatment; fire & emergency services; and recreation opportunities. To deliver these services, the City owns and manages a diverse capital infrastructure asset portfolio including but not limited to roads, bridges, culverts, parks, watermains, reservoirs, wells, sanitary and storm sewers, water and wastewater treatment plants, trails, libraries, recreational facilities and equipment.

Asset management refers to the set of policies, practices and procedures that enable the City to realize maximum value from its capital infrastructure assets. The City is responsible for operating and maintaining machinery, equipment, and other capital assets

to support the delivery of services to residents. The City recognizes the importance of implementing an effective approach to the management of its capital infrastructure assets in order to maximize asset lifecycles cost-effectively and deliver appropriate levels of service for residents.

The City's Asset Management Plan will align with provincial legislation, such as the Infrastructure for Jobs and Prosperity Act and the Planning Act and its regulations.

The approval of this policy is an important step towards integrating the City's strategic mission, vision and goals with its Asset Management Program and ensuring that critical municipal capital infrastructure assets and vital services are maintained and provided to the community in a reliable, sustainable manner.

## 5.0 Policy Principles

In Section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015* the following principles are set out to guide asset management planning in municipalities in Ontario. Temiskaming Shores will strive to incorporate the following principles whenever possible into the day to day operation of the Municipality:

- Forward looking: The decision-makers shall take a long-term view when considering infrastructure planning and investment while consider the needs of citizens by being mindful of, among other things, demographic and economic trends.
- Budgeting and planning: Infrastructure planning and investment shall consider any applicable budgets or fiscal plans, including those adopted through Ontario legislation.
- Prioritizing: Infrastructure priorities shall be clearly identified in order to better inform decision-makers with respect to infrastructure investment decisions.
- Economic Development: Infrastructure planning and investment shall promote economic competitiveness, productivity, job creation and training opportunities.
- Transparency: Infrastructure planning and investment shall be evidence based and transparent, and, subject to any restrictions or prohibitions under an Act or otherwise by law on the collection, use or disclosure of information.
  - 1) investment decisions regarding infrastructure shall be made on the basis of information that is either publicly available or is made available to the public, and
  - 2) information with implications for infrastructure planning shall be shared between the Municipality and broader public sector entities, and should factor into investment decisions respecting infrastructure.
- Consistency: Infrastructure planning and investment shall ensure the continued provision of core public services, such as health care and education.
- Environmentally conscious: Infrastructure planning and investment shall minimize

the impact of infrastructure on the environment, respect ecological and biological diversity, and support resilience to climate change

Health and safety: Infrastructure planning and investment shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

- Community focused: Infrastructure planning and investment shall promote community well-being, such as local job creation and training opportunities, improvement of public spaces, accessibility for persons with disabilities or other relevant benefits identified by the City and community.
- Innovation: Infrastructure planning and investment shall foster innovation by creating opportunities to make use of innovative technologies, services and practices, particularly where doing so would utilize technology, techniques and practices developed in Ontario.
- Integration: Where provincial or municipal plans or strategies have been established in Ontario, under an Act or otherwise, but do not bind or apply to the Municipality, as the case may be, the Municipality shall nevertheless be mindful of those plans and strategies and make investment decisions regarding infrastructure that support them, to the extent that they are relevant.
- Risk-based: Direct our resources, expenditures, and priorities in a way that achieves the established levels of service & benefits at an acceptable level of risk.
- Compliant: Comply with all relevant legislative, regulatory and statutory requirements.

## **6.0 Guidelines and Practises**

### **Strategic Alignment**

The City of Temiskaming Shores will be, or has previously developed and adopted a Strategic Plan, an Official Plan, an Emergency Management Plan, a Multi-Year Accessibility Plan, a Community Improvement Plan, and an Asset Management Plan. These plans are designed to meet the legislative requirements and work together to achieve the municipality's mission of providing innovation and excellence in service delivery. Spending requirements defined in the budgeting process and in long-term financial planning will reflect the objectives of these plans.

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

Asset management planning therefore will not occur in isolation from other municipal goals, plans and policies.

## **Stakeholder Engagement**

The City recognizes the importance of stakeholder engagement as an integral component of a comprehensive asset management approach. The Municipality recognizes the residents, businesses and institutions in its community as stakeholders and neighboring municipal bodies, provincial agencies, and regulated utilities partners in service delivery. Accordingly, Temiskaming Shores 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 Municipality 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.

## **Community Planning**

Asset management planning will be aligned with the City's Official Plan and the Provincial Policy Statement of the Planning Act. The Asset Management Plan will reflect how the community is projected to change with respect to development. The Municipality 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 requires new assets, or existing asset enhancements. Methods, assumptions, and data used in the selection of projected changes should be documented to support the recommendations in the Asset Management Plan.

Cross-referencing the Municipality's Official Plan and the Asset Management Plan will ensure that development occurs within the Municipality's means through an understanding of current and future asset needs.

## **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 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 City will continue to work with our stakeholders to support climate change mitigation and adaptation.

## **Scope and Capitalization Thresholds**

This policy applies to all assets owned by the Municipality whose role in service delivery

requires deliberate management by the Municipality. The Municipality will use a service-based (qualitative) perspective when applying this policy to municipal assets, rather than a monetary value (quantitative). The service-focus intent of this policy differentiates its requirements for identifying assets from the capitalization thresholds that are developed for the purposes of financial reporting. For this reason, the capitalization threshold developed for financial reporting will not be the guide in selecting the assets covered by the asset management planning process.

## **Financial Planning and Budgeting**

The Municipality will integrate asset management planning into the annual capital budget, operating budget, and its long-term financial plan. The Asset Management Plan will be used as a resource in order to:

- Identify all potential revenues and costs (including operating, maintenance, replacement and decommissioning) associated with forthcoming infrastructure asset decisions; and
- 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 department level budget submission prepared by each Senior Manager will be reviewed and evaluated by the City Manager and Treasurer in the preparation of the Municipality's annual budget. Service area personnel will reference the Asset Management Plan for their area in order to look up forecasted spending needs identified in the plan, verify progress made on the plan to identify potential gaps, and prioritize spending needs, across the gap identified in the plan and recent developments, for the year to be budgeted for. Finance staff will be involved in the asset management planning process to coordinate the information from the service personnel in the preparation of the budget submission.

For the purposes of managing water and wastewater assets, the water and wastewater financial plans will be used as a basis for establishing user fees, and master plans will be referenced in order to ensure alignment with the budgeting process.

## **7.0 Governance and Continuous Improvement**

The policy requires the commitment of key stakeholders within the Municipality's organization to ensure the policy guides the development of a clear plan that can be implemented, reviewed and updated.

The 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. The Council and Senior Management are committed to the success of asset management planning. The following details the responsibilities of

the key stakeholders within the Municipality.

**Council:**

Approve by resolution the Asset Management Plan and its updates every five years;

Conduct annual reviews of the management plan implementation progress on or before July 1st of every year, that includes:

- Progress on ongoing efforts to implement the asset management plans;
- Consideration of the Strategic Asset Management Policy;
- Any factors affecting the ability of the Municipality to implement its Asset Management Plan;
- 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 asset management plans.

**City Manager:**

Maintain compliance with the asset management policy and provincial asset management regulations.

**Asset Management Steering Committee:**

Oversee asset management planning activities that fall within their service area and in support of others.