

The Corporation of the City of Stratford

Policy Manual

F.1 Financial and Fiscal

Dept: Infrastructure and
Development Services

Committee: Finance and Labour Relations

F.1.17 Strategic Asset Management Policy

Adopted: June 24, 2019

Amended:

Reaffirmed:

Related Documents:

Council Policy Administrative Policy

1.0 Purpose

The purpose of this policy is to provide a framework for 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 infrastructure assets** and to support the delivery of sustainable community services now and in the future.

By using sound asset management practices, the City will work to ensure that all municipal infrastructure assets meet expected performance levels and continue to provide desired service levels in the most efficient and effective manner. Linking service outcomes to infrastructure investment decisions will assist the City in focusing on service, rather than budget, driven asset management approaches.

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

2.0 Background

The City is responsible for providing a range of essential services to the community, including, but not limited to, transportation networks, water and wastewater services, stormwater management, and parks and recreation. To deliver these services, it owns and manages a diverse municipal infrastructure asset portfolio of facilities, roads, bridges, culverts, and underground infrastructure assets. As the social, economic, and environmental wellbeing of the community depends on the reliable performance of these municipal infrastructure assets it is critical to implement a systemic, sustainable approach to their management.

Asset management is such an approach, and refers to the set of policies, practices and procedures that allow an organization to realize maximum value from its municipal infrastructure assets. An asset management approach allows organizations to make informed decisions regarding the planning, building, operating, maintaining, renewing, replacing and disposing of municipal infrastructure assets through a wide range of **lifecycle activities**. Furthermore, it is an organization-wide process that involves the coordination of activities across multiple departments and service areas such as Corporate Services, Infrastructure and Development, Social Services, Fire Services and Community Services. As such, it is useful to adopt a structured and coordinated approach to outlining the activities, roles and responsibilities required of organizational participants, as well as the key principles that should guide all asset management decision-making.

A comprehensive and holistic asset management approach will support efficient and effective delivery of expected **levels of service** and ensure that due regard and process are applied to the long-term management and stewardship of all municipal infrastructure assets. In addition, it will align the City with provincial and national standards and regulations such as the Infrastructure for Jobs and Prosperity Act, 2015 and Ontario Regulation 588/17, enabling the organization to take full advantage of available grant funding opportunities.

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 infrastructure assets and vital services are maintained and provided to the community in a reliable, sustainable manner.

3.0 Alignment with the City's Strategic Direction

This policy aligns with the City of Stratford's strategic priorities package and asset management plan moving forward. The following passages outline key strategic priorities listed within these documents that the development of an asset management program will support:

1. Strategic Priorities

a. Vision

- i. *Mobility, Accessibility, and Design Excellence*: Improving ways to get around, to and from Stratford by public transit, active transportation, and private vehicle. Designing options that are accessible to people of all levels of ability.
- ii. *Strengthening our Plans, Strategies, and Partnerships*: Partnering with the community to make plans for our collective priorities in arts, culture, heritage, and more. Communicating clearly with the public around our plans and activities.
- iii. *Developing Our Resources*: Optimizing Stratford's physical assets and digital resources. Planning a sustainable future for Stratford's resources and environment.
- iv. *Widening Our Economic Opportunities*: Strengthening Stratford's economy by developing, attracting, and retaining a diversity of businesses and talent.

b. Objectives

- i. *Software and Process revisions*: Updating our software programs and processes to ensure that asset information collected at the source properly flows through our systems and into the asset management database.
- ii. *Data Verification*: Ensuring that the data in our asset inventory is correct and reasonable. An example is ensuring that the useful life of an asset in the system properly reflects the real-life cycle of those assets.
- iii. *Including more asset classes*: Other important asset classes like public housing, buildings, and fleet need to be included in our asset management plan.

4.0 Policy Statement

To guide the City, the following policy statements have been developed:

1. The City will implement an enterprise-wide asset management program through all departments. The program will promote lifecycle and risk management of all municipal infrastructure assets, with the goal of achieving the lowest total cost of ownership while meeting desired levels of service.
2. The City will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:

- i. Complete and Accurate Asset Data;
 - ii. Condition Assessment Protocols;
 - iii. Risk and Criticality Models;
 - iv. Whole Lifecycle Management;
 - v. Financial Strategy Development;
 - vi. Level of Service Framework
3. The City will develop and maintain an asset inventory of all municipal infrastructure assets which includes unique ID, description, location information, value (both historical and replacement), performance characteristics and/or condition, estimated remaining life, estimated repair, rehabilitation or replacement date, and estimated repair, rehabilitation or replacement costs.
4. The City will develop an **asset management plan** that incorporates all municipal infrastructure assets that meet the **capitalization threshold** outlined in the organization's Tangible Capital Asset Policy. The asset management plan will be updated at least every five years in accordance with O. Reg. 588/17 requirements, to promote, document and communicate continuous improvement of the asset management program.

For management purposes, it can be advantageous to inventory, track, and document municipal infrastructure assets that fall below the relevant capitalization threshold. Recognizing that it may be beneficial to include these types of assets in the asset management plan, the City will consider incorporating such assets at their own discretion, based on the objective of sustainably managing municipal infrastructure assets.

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 infrastructure assets based on full lifecycle costing.
6. The City will explore innovative funding and service delivery opportunities, including but not limited to grant programs, public-private partnerships (P3), alternative financing and procurement (AFP) approaches, and shared provision of services, as appropriate.

7. The City will consider the risks and vulnerabilities of municipal 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.
8. The City will ensure that all asset management planning is aligned with any of the following financial plans:
 - i. Financial plans related to the City's water assets including any financial plans prepared under the Safe Drinking Water Act, 2002;
 - ii. Financial plans related to the City's wastewater assets.
9. The City 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.
10. The City will coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its neighbouring municipalities or jointly-owned municipal bodies wherever viable and beneficial.
11. The City will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.
12. The Strategic Asset Management Policy should be reviewed and, if necessary, updated at least every five years.
13. Council will conduct an annual review of the City's asset management progress on or before July 1 in each year, starting the year after the City's asset management plan is completed to meet the requirements outlined in O.Reg. 588/17

The annual review must address:

- i. The City's progress in implementing its asset management plan;
- ii. Any factors impeding the City's ability to implement its asset management plan;

- iii. A strategy to address the factors identified as impeding the City's ability to implement its asset management plan
14. The City will post its asset management policy and asset management plan on a website that is available to the public and will provide a copy of the policy and plan to any person who requests it.

5.0 Roles and Responsibilities

The development and continuous support of the City's asset management program requires a wide range of duties and responsibilities. The following passages outline the persons responsible for these tasks:

1. Council

- i. Approve the AM policy and direction of the AM program;
- ii. Maintain adequate organizational capacity to support the core practices of the AM program;
- iii. Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets;
- iv. Establish and monitor levels of service;
- v. Approve the asset management plan by resolution;
- vi. Review the City's asset management progress annually

2. Senior Management Team

- i. Development of policy and policy updates;
- ii. Provide corporate oversight to goals and directions and ensure the AM program aligns with the City's strategic plan;
- iii. Ensure that adequate resources are available to implement and maintain core AM practices;
- iv. Provide departmental staff coordination;
- v. Develop and monitor levels of service and make recommendations to Council;
- vi. Track, analyze and report on AM program progress and results

3. Executive Lead

- i. Manage policy and policy updates;
- ii. Provide organization-wide leadership in AM practices and concepts;
- iii. Provide departmental staff coordination;
- iv. Monitor levels of service;
- v. Coordinate and track AM program implementation and progress;
- vi. Endorse the asset management plan

4. Departmental Staff

- i. Utilize the new business processes and technology tools developed as part of the AM program;
- ii. Participate in implementation task teams to carry-out AM activities;
- iii. Implement and maintain levels of service;
- iv. Provide support and direction for AM practices within their department;
- v. Track and analyze AM program progress and results

5. Public

- i. Engage and voice level of service expectations and concerns to Council and Staff through surveys and public engagement opportunities
- ii. Understand dynamic relationship between performance, cost, and risk of assets to deliver desired services
- iii. Engage in discussions about strategic priorities and target levels of service

6.0 Key Principles

The City shall consider the following principles as outlined in section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015*, when making decisions regarding asset management:

1. Infrastructure planning and investment should take a long-term view, and decision-makers should take into account the needs of citizens by being mindful of, among other things, demographic and economic trends.
2. Infrastructure planning and investment should take into account any applicable budgets or fiscal plans.
3. Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure.
4. Infrastructure planning and investment should ensure the continued provision of core public services.
5. Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities.
6. Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

7. Infrastructure planning and investment should 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.
8. Infrastructure planning and investment should 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,
 - i. investment decisions respecting infrastructure should be made on the basis of information that is either publicly available or is made available to the public, and
 - ii. information with implications for infrastructure planning should be shared between the City and broader public sector entities and should factor into investment decisions respecting infrastructure.
9. 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 City, as the case may be, the City should nevertheless be mindful of those plans and strategies and make investment decisions respecting infrastructure that support them, to the extent that they are relevant.
10. Infrastructure planning and investment should promote accessibility for persons with disabilities.
11. Infrastructure planning and investment should minimize the impact of infrastructure on the environment and respect and help maintain ecological and biological diversity, and infrastructure should be designed to be resilient to the effects of climate change.
12. Infrastructure planning and investment should endeavour to make use of acceptable recycled aggregates.
13. Infrastructure planning and investment should 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, improvement of public space within the community, and any specific benefits identified by the community.

7.0 Definitions

1. **Asset management (AM)** – the coordinated activity of an organization to realize value from assets. It considers all 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.
2. **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.
3. **Capitalization threshold** – the value of a municipal infrastructure asset at or above which a City will capitalize the value of it and below which it will expense the value of it.
4. **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, street trees, urban forests, natural channels, permeable surfaces and green roofs.
5. **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.
6. **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.
7. **Municipal infrastructure asset** – an infrastructure asset, including a green infrastructure asset, directly owned by a City or included on the consolidated financial statements of a City, but does not include an infrastructure asset that is managed by a joint municipal water board.