

Strategic Asset Management Policy

Purpose

The purpose of this policy is to provide leadership and commitment to the development and implementation of the Municipality of Middlesex Centre's asset management program. It is intended to guide the consistent implementation 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 Municipality will work to ensure that all municipal assets meet expected performance levels and continue to provide desired service levels in the most efficient and effective manner. Linking service outcomes to infrastructure and equipment investment decisions will assist the Municipality in focusing on service, rather than budget driven asset management approaches.

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

Scope

The Strategic Asset Management Policy applies to all tangible assets that enable the Municipality to provide services and that require deliberate management and long-term planning by the Municipality.

The service focus of the Municipality's asset management policy may require assets to be defined differently from the definitions within the Municipality's Tangible Capital Assets Policy (e.g., assets that do not meet the minimum capitalization thresholds set out in the Tangible Capital Assets Policy). The determination of which assets will be covered by the Municipality's asset management planning processes will be independent of the Municipality's Tangible Capital Assets Policy.

Definitions

Unless otherwise noted, the definitions provided in this document align 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 – a tangible 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 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).

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 (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.

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.

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).

Lifecycle – stages involved in the management of an asset from initial construction or development to replacement.

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 water board.

Tangible Capital Assets (TCA) – Tangible capital assets include such diverse items as roads, buildings, vehicles, equipment, land, water and other utility systems, computer hardware and software. These assets are an asset with a useful life longer than a year that is not intended for sale in the regular course of the municipality's operation.

Policy

The Municipality's goals and objectives with respect to its tangible assets relate to the effective delivery of municipal services to constituents and stakeholders. The goals and objectives for Middlesex Centre's asset management policy are:

- to maintain assets at condition levels that are aligned with the expected service levels and strategic intent;
- to provide services and maintain assets in a financially sustainable manner;
- to use asset management to inform the annual budget process and long-term financial plans; and
- to use the AMP as a tool to communicate the needs related to assets to deliver services of the Municipality and the strategies required to meet those needs.

The AMP and its implementation will be evaluated based on the Municipality's ability to meet these goals and objectives.

1.0 Background

Middlesex Centre is responsible for providing a range of essential services to the community, including transportation networks, storm water management, and recreation. To deliver these services, the Municipality owns and manages a diverse municipal infrastructure asset portfolio of roads, bridges, culverts, facilities, vehicles, equipment, hardware, software and water and wastewater. 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 a municipality to realize maximum value from its assets. An asset management approach allows municipalities 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 finance, fire services, community services, public works and engineering, and planning. As such, it is useful to adopt a structured and coordinated approach to outlining the activities, roles and responsibilities required of organizational actors, 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. Such an approach will align the Municipality with provincial and national standards and regulations such as the *Infrastructure for Jobs and Prosperity Act, 2015* and Ontario Regulation 588/17. Additionally, it will enable the Municipality to take full advantage of available grant funding opportunities tied to meeting these regulations.

The approval of this policy is an important step towards integrating the Municipality'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 and sustainable manner.

2.0 Alignment with the Municipality's Strategic Direction

As other strategic policies are developed, they will be aligned with the Municipality's asset management policy.

The Municipality's AMP will be aligned with the following guiding documents:

- Strategic Plan
- Official Plan
- Budgets
- Community Improvement Plan
- Drinking Water Quality Management Standard
- Long-Term Financial Plan
- Water, Wastewater and Stormwater Financial Plans
- Reserve and Reserve Fund Policy
- Development Charge Study
- Debt Management Policy
- Various Master Plans

Following updates or material changes to any of the documents listed above, the Municipality will consider potential impacts on the AMP to ensure continued alignment.

3.0 Policy Statement

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

1. The Municipality will implement a corporate-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 Municipality will develop and establish its asset investment and financial strategies with a focus on ensuring the lowest overall lifecycle (service life) cost of the asset rather than the lowest initial construction cost of building said assets.
3. The Municipality will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
 - a. Complete and Accurate Asset Data
 - b. Condition Assessment Protocols
 - c. Risk and Criticality Models
 - d. Lifecycle Management

- e. Financial Strategy Development
 - f. Level of Service Framework
4. The Municipality will develop and maintain an asset inventory of all municipal infrastructure assets which includes unique ID; description and location information; value (both historical and replacement); performance characteristics and/or condition; estimated remaining life and estimated repair, rehabilitation or replacement date; and estimated cost repair, rehabilitation or replacement costs. The Municipality will strive to enhance their asset inventory by collecting more valuable asset attributes against their infrastructure assets.
 5. The Municipality will develop an AMP that incorporates all infrastructure categories and municipal infrastructure assets that are outlined in the organization's Tangible Capital Asset Policy. The Municipality may include assets that fall below their respective capitalization thresholds as outlined in the Municipality's Tangible Capital Asset Policy. The scope of these assets will be determined, according to relevance, based on the professional judgement of the senior leadership team. The plan will be reviewed annually to address the Municipality's progress and updated at least every five years in accordance with O. Reg. 588/17 requirements, or current provincial legislation, to promote, document and communicate continuous improvement of the asset management program.
 6. The Municipality will integrate the AMP 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.
 7. The Municipality 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.
 8. The Municipality 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.
 9. The Municipality 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.
 10. The Municipality will ensure that all asset management planning is aligned with the following financial plans:
 - a. Financial plans related to the municipality's water assets including any financial plans prepared under the *Safe Drinking Water Act, 2002*.
 - b. Financial plans related to the Municipality's wastewater assets.

11. The Municipality 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 municipal official plans.
12. The Municipality will coordinate planning for interrelated municipal infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.
13. The Municipality will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.

4.0 Roles and Responsibilities

The development and continuous support of the Municipality's asset management program requires a wide range of duties and responsibilities. The following table outlines the positions responsible for these tasks.

Table: Roles and Responsibilities for Asset Management Programs in Middlesex Centre

Stakeholder Group	Responsibilities
Council	• Approve the Strategic Asset Management Policy and AMP (as updated at least every five years). • Receive annual reporting on the status and performance of the AMP. • Review and approve funding associated with asset management through the annual budget process. • Maintain adequate organizational capacity and resources to support the core practices of the AM program. • Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets. • Approve levels of service. • Provide opportunities for the public to provide input into asset management planning. • Approve the AM program direction.

Stakeholder Group	Responsibilities
Executive Lead (Director of Corporate Services)	• Development of the policy and policy updates and presentation to Council. • Provide organization-wide leadership in AM practices and concepts. • Identify resources required for implementation of the strategic asset management policy and AMP. • Coordinate annual reporting on the status and performance of the AMP. • Periodic review of the Strategic Asset Management Policy and AMP, at least every five years. • Complete financial analysis and financial strategies to support the AMP and incorporate these strategies into the budget. • Incorporate lifecycle costing and levels of service considerations when evaluating competing asset investment needs and developing asset management strategies.
Technical Lead (Director of Public Works and Engineering)	• Assist in the development of the policy and policy updates and presentation to Council. • Assist with annual reporting on the status and performance of the AMP. • Incorporate lifecycle costing and levels of service considerations when evaluating competing asset investment needs and developing asset management strategies. • Oversee the AM practices and concepts organization-wide and ensure they are being applied consistently. • Define levels of service measures/metrics and suggest proposed levels of service targets. • Assist with the development of lifecycle costing and levels of service for all assets. • Ensure completeness and accuracy of the asset data in the AMP • Identify data gaps and develops a strategy to address.

Stakeholder Group	Responsibilities
Program Lead (Asset Management Coordinator)	• Manage the AM practices and concepts organization-wide. • Complete annual reporting on the status and performance of the AMP. • Define levels of service measures/metrics and suggest proposed levels of service targets to the senior leadership team. • Assist with the development of lifecycle costing and levels of service for all assets. • Assist the Executive Lead in the development of policy and policy updates. • Maintain the asset management system. • Work with all departments to ensure the plan is updated and accurate for all assets. • Track, analyze and report on all assets. • Address data gaps and develop a plan to close the gaps. • Develop new business processes and technology tools as part of the AM program. • Update the asset management system for all assets. • Reconcile AMP data with tangible capital asset data annually.
Senior Leadership Team	• Define levels of service measures/metrics and suggest proposed levels of service targets. • Incorporate lifecycle costing and levels of service considerations when evaluating competing asset investment needs and developing asset management strategies. • Assist the Executive Lead in the development of policy and policy updates. • Provide corporate oversight to goals and directions and ensure the AM program aligns with the Municipality's strategic plans and master plans. • Provide departmental staff coordination on maintaining the AMP and updating the plan quarterly. • Establish and monitor levels of service. • Ensure the AMP is updated and accurate for all assets under their departmental responsibility. • Track, analyze and report on AM program progress and results to the Asset Management Coordinator annually. • Address data gaps annually.

Stakeholder Group	Responsibilities
Departmental Staff	• Use the new business processes and technology tools developed as part of the AM program. • Participate in implementation task teams to carry-out AM activities. • Update the AMP on a monthly basis for assets under their department's responsibility. • Reconcile AMP data with tangible capital asset data annually. • Address data gaps as required. • Establish and monitor levels of service. • Provide support and direction for AM practices within their department. • Track, analyze and report on AM program progress and results.
Residents, Constituents and Stakeholders	• Engage and voice level of service expectations and concerns to Council and Staff through surveys, participation in the annual budget process, and other public engagement opportunities.

5.0 Key Principles

The Municipality will consider the following principles as outlined in Section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015* where applicable, 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, such as safe drinking water and reliable transportation 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,
 - a. 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
 - b. information with implications for infrastructure planning should be shared between the Municipality 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 Municipality, as the case may be, the Municipality 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.
14. The Municipality will provide opportunities for residents and other interested parties to provide input to asset management planning, for example, through the annual budget process.