

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Committee Date:</b>	June 13, 2019
<b>Subject / Report No:</b>	FR-CW-15-19
<b>Title:</b>	Strategic Asset Management Policy
<b>Prepared by:</b>	Amanda Brooks, Asset Management Coordinator
<b>Reviewed by:</b>	Asset Management Steering Committee
<b>Lower Tier(s) Affected:</b>	Not applicable
<b>Status:</b>	Recommendation adopted by Committee of the Whole as presented as per Resolution <i>CW137-19</i> ; Endorsed by Council on June 27, 2019 as per Resolution <i>CC47-19</i> .

## Recommendation

1. That Report **FR-CW-15-19** regarding the implementation of the County of Grey's **Strategic Asset Management Policy** be received for information; and
2. That the recommended **Strategic Asset Management Policy** be approved.

## Executive Summary

The Asset Management Steering Committee recommends that the proposed draft Strategic Asset Management Policy for the County of Grey be approved to enforce beneficial asset management practices within the County and to comply with Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure.

## Background and Discussion

Grey County does not currently have a policy relating to asset management. Per the new O. Reg. 588/17, all municipalities within Ontario must have a strategic asset management policy approved and publicly available by July 1, 2019. This regulation became effective on January 1, 2018.

The proposed draft Strategic Asset Management Policy (SAMP) for Grey County is hoped to be effective in guiding the progression of the practice of asset management at the County. This policy will be referenced during the implementation of new asset/work management software and will be referred to throughout the process of asset management planning within Grey County. It is assumed that this policy will be regularly reviewed and updated going forward, both to maintain compliance with O. Reg. 588/17 and to ensure that it is guiding asset management activities at the County in the most beneficial way possible for our residents.

An asset management consultant is presently being procured by the County to help implement asset management best practices within Grey County. This policy will be subject to review by the successful applicant to guarantee this policy is as effective and relevant as possible for the County.

The implementation, reviews, and updates of this policy will be managed by the Grey County Asset Management Steering Committee which consists of Amanda Brooks as Asset Management Coordinator, Trevor Ireton as Asset Management Technologist, Joanna Alpajaro and Mary Lou Spicer as Deputy Treasurers, and Kevin Wepler as Director of Corporate Services.

## Legal and Legislated Requirements

According to Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure, all municipalities within Ontario are required to prepare their first strategic asset management policy by July 1, 2019, and then review and, if necessary, update this policy at least once every five years.

As outlined in O. Reg. 588/17, every municipality's strategic asset management policy must include the following:

- 1) Any of the municipality's goals, policies or plans that are supported by its asset management plan.
- 2) The process by which the asset management plan is to be considered in the development of the municipality's budget or of any long-term financial plans of the municipality that take into account municipal infrastructure assets.
- 3) The municipality's approach to continuous improvement and adoption of appropriate practices regarding asset management planning.
- 4) The principles to be followed by the municipality in its asset management planning, which must include the principles set out in section 3 of the [Infrastructure for Jobs and Prosperity] Act.
- 5) The municipality's commitment to consider, as part of its asset management planning,
  - i. the actions that may be required to address the vulnerabilities that may be caused by climate change to the municipality's infrastructure assets, in respect of such matters as,
    - A. operations, such as increased maintenance schedules,
    - B. levels of service, and
    - C. lifecycle management,
  - ii. the anticipated costs that could arise from the vulnerabilities described in subparagraph i,
  - iii. adaption opportunities that may be undertaken to manage the vulnerabilities described in subparagraph i,
  - iv. mitigation approaches to climate change, such as greenhouse gas emission reduction goals and targets, and
  - v. disaster planning and contingency funding.
- 6) A process to ensure that the municipality's asset management planning is aligned with any of the following financial plans:

- i. Financial plans related to the municipality's water assets including any financial plans prepared under the *Safe Drinking Water Act, 2002*.
  - ii. Financial plans related to the municipality's wastewater assets.
- 7) A process to ensure that the municipality's asset management planning is aligned with Ontario's land-use planning framework, including any relevant policy statements issued under subsection 3 (1) of the *Planning Act*, any provincial plans as defined in the *Planning Act* and the municipality's official plan.
- 8) An explanation of the capitalization thresholds used to determine which assets are to be included in the municipality's asset management plan and how the thresholds compare to those in the municipality's tangible capital asset policy, if it has one.
- 9) The municipality's commitment to coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its upper-tier municipality, neighbouring municipalities or jointly owned municipal bodies.
- 10) The persons responsible for the municipality's asset management planning, including the executive lead.
- 11) An explanation of the municipal council's involvement in the municipality's asset management planning.
- 12) The municipality's commitment to provide opportunities for municipal residents and other interested parties to provide input into the municipality's asset management planning.

It is believed by the members of the Grey County Asset Management Steering Committee that the proposed SAMP meets all of the above requirements set by the Province of Ontario.

## Financial and Resource Implications

It is anticipated that the implementation of this policy and asset management practices will lead to more transparent and justifiable budgeting for capital expenditures. It is also hoped that these practices will lead to more readily available data on both the capital and operating expenses associated with tangible assets and infrastructure, which will over time form a valuable resource upon which strategic decisions can be based to reduce overall costs.

## Relevant Consultation

- Internal – Asset Management Steering Committee, Senior Management Team
- External – Public Sector Digest, Municipal Finance Officers' Association of Ontario, asset management policies of various other municipalities in Ontario

## Appendices and Attachments

[Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure](#)

[A-GEN-010 Strategic Asset Management Policy](#)

## Strategic Asset Management Policy

**Approved by:**

**Policy:** A-GEN-010

**By-law:**

**Date Approved:**

**Replaces:** N/A

**Last Revision Date:** N/A

**Section:** Administration

**Scheduled for Review by:** May 2024

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### Policy Statement

The County of Grey endeavors to implement a complete asset management program to successfully provide Grey County residents with their desired levels of service at the minimum total cost. This will be completed through an iterative process seeking continuous improvement and will be completed in compliance with all applicable regulations.

### Purpose

The purpose of this policy is to ensure the tangible assets owned and/or managed by the Corporation of the County of Grey are managed in a manner that provides the optimal balance of maximizing the usage of these assets while minimizing the cost and risk of usage of these assets. This policy shall guide the County of Grey to ensure the County remains in compliance with Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure.

### Scope

The County of Grey owns a wide range of asset types that deliver services to the people of Grey County. This policy applies to all tangible assets owned and/or managed by the County of Grey that are used to provide services to the community. This includes but is not limited to land, roads, bridges, culverts, stormwater sewers, recreational trails, buildings, parking lots, machinery, equipment, and technological assets.

## 1.0 Definitions

- 1.1 **Asset Management:** The coordinated activity of an organization to realize value from assets.
- 1.2 **Tangible Capital Assets:** Assets which have physical substance that:
  - a) Are used on a continuing basis in the County's operations
  - b) Have useful lives extending beyond one year
  - c) Are not held for re-sale in the ordinary course of operations

## 2.0 Governance and Continuous Improvement

- 2.1 This policy shall be reviewed and/or revised by relevant key stakeholders at least once every 5 years, to ensure it continues to be as beneficial and relevant as possible to the County. The policy will be publicly available on Grey County's website and provided to anyone who requests a copy.
- 2.2 The policy requires the commitment of key stakeholders within the County of Grey's organizational structure.

## 3.0 Responsibilities of the Key Stakeholders

### 3.1 Council

- a) Approves by resolution the asset management plan and its updates every five years
- b) Supports ongoing efforts to continuously improve and implement the asset management plans and asset management policy
- c) Conducts annual reviews of asset management plan implementation progress from reports provided by the Asset Management Steering Committee on or before July 1 of every year including:
  - i) Progress on ongoing efforts to implement the asset management plans
  - ii) Consideration of the asset management policy
  - iii) Any factors affecting the ability of the County of Grey to implement its asset management plans
  - iv) A strategy to address these factors including the adoption of appropriate practices

### 3.2 Chief Administration Officer

- a) Oversees that the County maintains compliance with the asset management policy and provincial asset management regulation

### 3.3 Asset Management Coordinator

- a) Performs the role of the executive lead of the County's asset management planning by coordinating and managing the development and continuous improvements of the County's asset management plans and practices
- b) Develops and update the County's Strategic Asset Management Policy
- c) Leads the efforts of both the Asset Management Steering Committee and the Asset Management Cross-Functional Team

- d) Regularly consults with departmental leads (generally the members of the Asset Management Cross-Functional Team)
- e) Prepares reports for council to utilize in their required review of asset management implementation progress as outlined above

### 3.4 Asset Management Cross-Functional Team

- a) Team contains at least one member from each asset-owning department within the County, which then oversee asset management planning activities that fall within their department and act in support of the other departments

### 3.5 Asset Management Steering Committee

- a) Consists mainly of staff members who specifically work in the practice of asset management
- b) Overseen primarily by the Finance Department as a neutral third party to asset-owning departments that is highly skilled at budgeting and calculating costs
- c) Manages and monitors the progress of asset management practices at the County
- d) Reviews reports for council to utilize in their required review of asset management implementation progress as outlined above

## 4.0 Strategic Alignment

- 4.1 Grey County’s vision as per the Corporate Strategic Plan is “to be the place where people feel genuinely at home and naturally inspired – enjoying an exceptional blend of active healthy living and economic opportunity”. This vision will be upheld by attaining three main strategic goals:

- a) Grow the Grey County Economy
- b) Support Healthy, Connected Communities
- c) Deliver Excellence in Governance and Service

The strategic management of the County’s assets ties to all three of these goals. Determining and maintaining appropriate levels of service through asset management will allow the County’s infrastructure to sustain the growth of the Grey County economy, support healthy and connected communities through well-kept road and paramedic service networks etc., and deliver excellence in service through measurable and managed levels of service.

- 4.2 The County’s vision regarding asset management is to proactively manage its assets to best serve the County’s objectives, including:

- a) Effectively delivering services

- b) Supporting sustainability and economic development
  - c) Maintaining prudent financial planning and decision making
- 4.3 The Council and senior management will review this policy and incorporate it into the asset management planning approach that fosters the integration of municipal documents such as:
- a) The Corporate Strategic Plan
  - b) The County Official Plan
  - c) The Capital Forecasts
  - d) The Emergency Management Plan
  - e) The Transportation Master Plan
  - f) The Budget
- 4.4 The objectives of the policy are to:
- a) Provide a framework for implementing asset management to enable a consistent and strategic approach at all levels of the organization
  - b) Provide guidance to staff responsible for asset management to ensure County assets are optimally utilized to provide appropriate services to the community

## 5.0 Stakeholder Engagement

- 5.1 The ultimate goal of the County of Grey is to efficiently provide its various stakeholders with the municipal services they need within the bounds of regulatory requirements, financial constraints, the built environment, and the natural environment. To achieve this goal, it is necessary that the municipality understand the needs of current stakeholders, consider the needs of future generations, and incorporate these perspectives into asset management plans. The County recognizes these stakeholders as an integral part of the asset management approach. Accordingly, the County will:
- a) Provide opportunities for residents and other stakeholders served by the County to provide input on asset management planning; and
  - b) Coordinate asset management planning with other infrastructure asset owning agencies such as the Province of Ontario, neighbouring and lower-tier municipalities, and regulated utilities.

## 6.0 Guiding Principles

- 6.1 The key guiding principles of the asset management policy that shall be followed when implementing asset management practices at Grey County are outlined below:

- a) **Forward Looking:** The County shall take a long-term view while considering demographic and economic trends in the region.
- b) **Budgeting and Planning:** The County shall take into account any applicable budgets or fiscal plans, such as fiscal plans released under the following:
  - i) Fiscal Transparency and Accountability Act, 2004
  - ii) Budgets adopted under Part VII of the Municipal Act, 2001
- c) **Prioritizing:** The County shall clearly identify infrastructure priorities which will drive investment decisions.
- d) **Economic Development:** The County shall promote economic competitiveness, productivity, job creation, and training opportunities.
- e) **Transparency:** The County shall be evidence-based and transparent. Additionally, subject to any prohibitions under an Act or otherwise by law on the collection, use, or disclosure of information, the municipality shall:
  - i) Make decisions with respect to infrastructure based on information that is publicly available or made available to the public, and
  - ii) Share information with implications on infrastructure and investment decisions with the Government and broader public sector entities.
- f) **Consistency:** The County shall ensure the continued provision of core public services, such as health care and education.
- g) **Environmentally Conscious:** The County shall minimize the impact of infrastructure on the environment by:
  - i) Respecting and helping to maintain ecological and biological diversity, and
  - ii) Augmenting resilience to the effects of climate change.
- h) **Health and Safety:** The County shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- i) **Community Focused:** The County 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:



- i) Local job creation and training opportunities (including for apprentices, within the meaning of section 9 of the Infrastructure for Jobs and Prosperity Act, 2015),
  - ii) Improvement of public space within the community, and
  - iii) Promoting accessibility for persons with disabilities.
- j) **Innovation:** The County 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.
  - k) **Integration:** The County 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.
  - l) **Collaborative:** The County will involve the appropriate departments in asset management decision-making to ensure informed and optimal decisions that consider assets in a larger service delivery context and not just as an isolated asset are made.
  - m) **Compliant:** The County will comply with all relevant legislative, regulatory, and statutory requirements.
  - n) **Continual Improvement:** The County will strive to continually improve its asset management strategies to deliver services perpetually more effectively and efficiently.
  - o) **Sustainable:** The County will consider socio-cultural, environmental, and economic factors and implications when making and implementing asset management decisions.
  - p) **Value-based affordable:** The County 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.

## 7.0 Capitalization Thresholds

- 7.1 The service rendered by an asset will be the determining factor of whether or not to include it in asset management plans. The assets which have roles in service delivery and require deliberate management by the County will be included in the asset management plan. The threshold used to determine which assets are to be included in the asset management plan is a guideline for the application of Council-endorsed principles in professional judgement. This qualitative approach is unlike the quantitative and dollar value-based methodology prescribed in the Tangible Capital

Asset Accounting Policy. However, it is expected that often both approaches will include the same asset types, and so it is expected that there will be a great deal of overlap between those assets capitalized for financial reporting purposes and those assets subjected to asset management practices.

## 8.0 Budgeting

- 8.1 The County of Grey will integrate findings from the asset management plans into its long-term financial planning and budgeting processes. Sound financial analysis will be encompassed in asset management planning so that the asset management plan will become a sought-after guide to employees in budgeting and financial planning. The financial strategy included in each asset management plan will be completed by a multi-disciplinary team that will include representatives from the Finance Department and representatives from the concerned departments.
- 8.2 The asset management plan will be referenced by departmental staff in the preparation of their budget submission to help them:
  - a) Identify all potential revenues and costs (including operating, maintenance, replacement, and decommission) associated with the forthcoming infrastructure asset decisions;
  - b) Evaluate the validity and need of each significant new capital asset, including considering the impact on future operating costs; and
  - c) Incorporate new revenue tools and alternative funding strategies where possible.
- 8.3 The departmental level budget and ten-year capital plan submission prepared by each department with the assistance of the Finance Department will be evaluated by the Director of Corporate Services and the Chief Administrative Officer in the preparation of the County's annual budget as per the County's regular business practices.

## 9.0 Community Planning

- 9.1 Asset management planning will be aligned with the County of Grey's Official Plan. The asset management plans will reflect how the community is projected to change and the related asset impacts. The County will achieve this by maintaining communication between the Planning Department, Finance Department, and those responsible for managing services impacted by development or redevelopment in the following ways:
  - a) Consultation throughout the updating of Grey County's Official Plan
  - b) Providing input on the analysis of future servicing costs

- c) Providing written commentary about the financial viability of development as it pertains to the services they manage
- d) Communication between all relevant departments through the Asset Management Cross-Functional Team

9.2 Methods, assumptions, and data used in the selection of development and redevelopment initiatives documented in the Official Plan will be available in support of the production of asset management plans.

## 10.0 Climate Change

10.1 Climate change will be considered as part of the County's risk management approach embedded in local asset management planning methods. The County commits to the development of tailored actions that make the best use of its resources to mitigate and adapt to climate change. This approach will balance the potential cost of vulnerabilities to climate change impacts and other risks with the cost of reducing these vulnerabilities. The balance will be struck in the levels of service delivered through operations, maintenance schedules, disaster response plans, contingency funding, and capital investments for both new assets and the rehabilitation of old assets. Vulnerabilities of County assets that may be caused by climate change will be addressed throughout the lifecycle management process of these assets. The County's contribution to climate change through greenhouse gas emissions will be mitigated where possible in accordance with its financial capacity, stakeholder support and any local reduction targets.