



## Town of Penetanguishene Policy/Procedure

<b>Policy Name: Strategic Asset Management Policy</b>		
<b>Policy Division:</b> Finance & Corporate Services	<b>Department:</b> Finance Department	<b>Policy Number:</b> 012-2019
<b>Effective Date:</b>		<b>Revision Date:</b>
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<b>Corporate Policy (Approved by Council)</b>		<input checked="" type="checkbox"/> [ x ]
<b>Administrative Policy (Approved by CAO)</b>		<input type="checkbox"/> [ ]
<b>Related Documents/Legislation:</b> Infrastructure for Jobs and Prosperity Act 2015, Ontario Regulation 588/17		

### **PURPOSE:**

This policy applies to the lifecycle management activities of physical assets that are owned or operated by the municipality, which have a material impact on capital and / or operating budgets. This policy is to provide program principles and a framework to staff for asset management practices that enables a coordinated, cost effective and organizationally sustainable approach across all departments in order to:

- Optimize the lifecycle costs while maintaining acceptable levels of service;
- Link infrastructure investment decisions to service outcomes;
- Improve decision making accountability;
- Demonstrate the long term consideration of assets; and
- Improve customer service.

### **POLICY STATEMENT:**

#### **2.1. Strategic Alignment**

The Strategic Asset Management Policy aligns with the Town's Strategic Plan objectives to continue to deliver and sustain critical infrastructure and manage finances of the Municipality. Corporate documents such as; Official Plan, Growth Management Study & Infrastructure servicing plans (i.e. Master Transportation Plans, Master Water Servicing Plans) will provide critical input to asset management planning.

The policy aligns with the following Strategic Plan Objectives:

- Protect the financial assets by safeguarding the Towns financial assets through implementation of internal controls.
- To preserve and maintain the existing infrastructure network through preventative maintenance and expand that inventory as required to satisfy existing and future demands.

## 2.2. Guiding Principles

The municipality shall adopt the following principles in managing its infrastructure assets:

Forward thinking: Infrastructure planning and investment should take a long-term view and take into account the needs of the community being mindful of demographic and economic trends.

Budgeting & Planning: Infrastructure planning and investment should take into account operating and capital budgets, Water and Wastewater Rate Studies and Development Charges.

Prioritizing: The municipality shall clearly identify infrastructure priorities which will drive investment decisions.

Economic Development: Infrastructure planning and investment should ensure the continued provision of core public services, productivity and opportunities.

Transparency: The municipality shall be evidence based and transparent. Additionally, the municipality shall:

- make decisions with respect to infrastructure based on information that is publicly available or made available to the public; and
- share information with implications on infrastructure and investment decisions with the Government and broader public sector entities.

Consistency: Infrastructure planning and investment should ensure the continued provision of core public services, water & wastewater.

Environmentally Conscious: Infrastructure planning and investment should minimize the impact of infrastructure on the environment by:

- respecting and helping maintain ecological and biological diversity;
- augmenting resilience to the effects of climate change; and
- endeavouring to make use of acceptable recycled aggregates.

Health & Safety: Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets are protected.

Community focused: The municipality shall promote community benefits, being the supplementary social and economic benefits arising from an infrastructure project that are intended to improve the wellbeing of a community affected by the project, such as;

- local job creation and training opportunities;
- improvement of public space within the community; and
- promoting accessibility for persons with disabilities

Innovation: The municipality 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.

Integration: The municipality 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.

### 2.3. Capitalization Thresholds

Capitalization thresholds which are developed for the purpose of financial reporting are outlined in the Town's Tangible Capital Asset Policy 2019-22. For the purpose of asset management, asset roles in service delivery will be the determining factor of whether or not to include them in asset management plans. If the assets role in service delivery requires management by the municipality ie, inspections or maintenance, they will be included in the Asset Management Plan.

### 2.4. Governance

This policy requires commitment from various stakeholders within the Municipality. The Chief Administrative Officer (CAO) ensures staff compliance with the Strategic Asset Management Policy and Provincial Asset Management Regulations such as Infrastructure for Jobs and Prosperity Act, O.Reg.588/17. The executive lead, Asset Manager, is responsible for asset management planning and integration across the municipality as well as maintaining compliance with O. Reg 588/17.

### RESPONSIBILITIES:

Town policies related to governance are approved by Council while the Chief Administrative Officer approves administrative policies. While staff, public and other agencies may provide input on the nature and text of the policy, Council retains the authority to approve, update, amend or rescind corporate policies. The implementation, review and reporting regarding this policy shall be integrated within the organization.

Role	Responsibility
Identification of issues, and development of policy updates	Council & Staff
Establish levels of service	Council, Staff & Public
Exercise stewardship of assets, adopt policy and budgets	Council
Implementation of Policy	CAO & Staff
Development of guidelines and practices	CAO & Staff
On-going review of policies	Council, CAO & Staff

Actions	Responsibility
Adopt and implement a Strategic Asset Management Policy	Council & CAO
Monitor and review infrastructure standards and level of service policies at established intervals	Council, CAO & Staff
Develop and maintain infrastructure strategies including development and service plans	Planning, Public Works & Finance

Develop and maintain asset inventories in conjunction with Asset Manager	Public Works, Parks & Finance
Assess infrastructure condition and service levels	Public Works & Parks
Establish and monitor infrastructure replacement levels through the use of full life cycle costing principles	Public Works, Parks & Finance
Develop and maintain financial plans for the appropriate level of maintenance, rehabilitation, extension and decommission of assets	Public Works, Parks & Finance
Report to citizens on the status of the Town's infrastructure assets and asset management program.	Council & CAO

## PROCESS:

### 4.1 Budgeting

The municipality will integrate findings from the asset management plan into the creation of its capital budgets, operating budgets and long-term financial plans. The asset manager will provide to each Department:

- forecasted spending needs to be added to the long term capital plan;
- identify progress and gaps; and
- prioritize spending needs, in preparations for their budget submission.

The budgets prepared by each Department will then be reviewed by the Director of Finance/Treasurer and the Senior Management Team which forms the staff budget committee.

The Director of Finance/Treasurer will be involved in asset management planning to ensure continuity between: the financial strategy developed in the asset management plan, departmental budget submissions and the overall budgeting process. Water & Wastewater Rate Studies will be completed every 5 years as regulated by the Safe Drinking Water Act, 2002. The rate study will set the guideline for the municipality's water and wastewater rates to ensure the financial sustainability of the system. The Director of Finance/Treasurer, Director of Public Works, Chief Water Operator & Chief Wastewater Operator will work together to align the financial strategy developed in the Water & Wastewater Rate Study with the asset management plan.

### 4.2 Continuous Improvement

Managing the municipality's physical assets through their lifecycle requires the contribution of many individuals across all departments. These contributions over time will develop and will start to form a comprehensive asset management initiative. As this initiative develops there needs to be the ability to foster continual improvement and innovation, as such we will:

- strive to improve our ability to predict the performance of our assets and their ability to support the services they deliver reducing the need to be reactive to problems;
- participate in national asset management initiatives that will help to advance our practices;
- actively pursue research and development opportunities through strategic collaboration with other asset management practitioners, research councils, industry and academic institutions; and
- continually review our strategies, approaches and methods with a goal of assessing their value and improving them where applicable.

As regulated under O. Reg 588/17 the municipality will at a minimum review and update its asset management plan at least five years after the year in which the plan is completed under section 6 of the regulation and at least every five years thereafter.

Additionally council will conduct an annual review of asset management progress each calendar year, starting the year after the municipality's asset management plan is completed under O.Reg 588/17 section 6. Council's annual review shall include:

- the municipalities progress in implementing the plan;
- any factors impeding the municipality's ability to implement its asset management plan; and
- a strategy to address these factors.

### **4.3 Community Planning**

The Town of Penetanguishene adopted a new Official Plan in June 2018 that is in conformity with the *Planning Act*, Places to Grow Act, 2005, and the 2014 Provincial Policy Statement. The Town's Vision in the Official Plan provides direction for long-term planning and development and, embraces economic growth that is diversified, balanced and fiscally sustainable. Asset Management planning will be aligned with the Municipality's Official Plan. Our asset management plan will aim to reflect how the community is projected to change and the related asset impacts.

## **COMMITMENT:**

### **5.1 Climate Change**

The municipality is committed to advancing our responsibilities to climate change initiatives. In consultation with Sustainable Severn Sound, Council approved of a 5% community and 25% corporate reduction target on Greenhouse Gas Emissions. Additionally Council recommended approval of the Town of Penetanguishene's Climate Change Action Plan in accordance with the Partners for Climate Protection Program. The Town will work towards implementing the action items proposed in the Climate Change Action Plan to achieve our Green House Gas reduction goals and introduce

adaptation opportunities. Contingency funding has been initiated with the establishment of a Climate Change Reserve.

## **5.2 Stakeholder Engagement**

The municipality will endeavour to work with upper tier and neighbouring municipal bodies. Every attempt will be made to share and coordinate infrastructure planning where feasible. The municipality's two (2) year capital budget and ten (10) year capital plan is public information and can be obtained from the website.

Residents and other interested parties have ample opportunity to provide feedback on infrastructure planning through public engagement sessions. During the budgeting and capital planning process the public has the opportunity to provide feedback via an online survey as well as a Public Engagement Session hosted at Town hall. Additionally prior to any significant capital projects commencing a project specific Public Engagement Session is held where residents or any interested parties can seek information regarding the project, how it may impact them directly and provide their feedback.