

ASSET MANAGEMENT POLICY (Policy 2019/180)

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STRATEGIC ASSET MANAGEMENT POLICY

1.0 PURPOSE:

A strategic asset management policy formalizes the Municipality's commitment to asset management, aligns its asset management actions with strategic goals and objectives, and provides direction to guide Council, management, and staff in carrying out its business strategies, plans and activities. This policy will support the Municipality in focusing its infrastructure efforts on managing risks, addressing priorities, and meeting short and long-term needs within the bounds of possible funding.

2.0 VISION:

The Municipality's vision is to proactively manage its assets to best serve the Municipality's objectives, including:

- Prioritizing the need for existing and future assets to effectively deliver services,
- Supporting sustainability and economic development, and
- Maintaining prudent financial planning and decision-making.

3.0 OBJECTIVES:

The objectives of this policy are to:

- Provide a consistent framework for implementing asset management throughout the organization.
- Provide transparency and accountability and to demonstrate to stakeholders the legitimacy of decision-making processes which combine strategic plans, budgets, service levels and risks.

4.0 STRATEGIC ALIGNMENT:

Our vision to maintain a safe community with sustainable growth requires alignment of the many initiatives underway in our organization at any given time in order for it to be achieved. This alignment is necessary to properly consider whether the level of service provided by our existing and planned assets is congruent and supports our vision.

All of the Municipality's plans rely to some extent on the physical assets owned by the Municipality of West Nipissing 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. Rather, an integrated approach will be followed to successfully develop practical asset management plans that align with the overarching accountabilities. Municipality of West Nipissing has developed and adopted an Official Plan, an Emergency Management Plan, a Multi-Year Accessibility Plan, Water financial plan, and an Asset Management Plan. These plans were 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 will reflect the objectives of these plans.

5.0 STAKEHOLDER ENGAGEMENT

The ultimate goal of the municipality is to efficiently provide its various stakeholders with the municipal services they need within the bounds of regulatory requirements, the built environment, and the natural environment. In order 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 municipality recognizes them as an integral part of the asset management approach. Accordingly, the municipality will:

- Provide opportunities for residents and other stakeholders served by the municipality to provide input in asset management planning; and
- Coordinate asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

6.0 GUIDING PRINCIPLES

The Municipality of West Nipissing will strive to incorporate the following principles whenever possible in managing its infrastructure assets

- **Service focused:** The City will consider all the assets in a service context and take into account their interrelationships as opposed to optimizing individual assets in isolation.
- **Risk-based:** The City will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit, recognizing that public safety is the priority.
- **Value-based affordable:** The City 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.
- **Forward looking:** The Municipality shall take a long-term view while considering demographic and economic trends in the region.
- **Budgeting and planning:** The Municipality shall take into account any applicable budgets or fiscal plans, including those adopted through Ontario legislation
- **Prioritizing:** The Municipality shall clearly identify infrastructure priorities which will drive investment decisions.
- **Transparency:** The Municipality shall be evidence-based and transparent, basing decision on publicly shared information and make info available to the public
- **Consistency:** The Municipality shall ensure the continued provision of core public services
- **Health and safety:** The Municipality shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

- **Innovation:** The Municipality shall create opportunities to make use of innovative technologies, services, and practices
- **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.

7.0 COMMUNITY PLANNING

The combination of lifecycle analysis and financial sustainability principles will be the driver in the design and selection of community development or redevelopment that requires new assets, or existing asset enhancements, to take place. Asset management planning will be aligned with the Municipality's Official Plan and the 2014 Provincial Policy Statement of the Planning Act. The asset management plans will reflect how the community is projected to change with respect to development. 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.

8.0 CLIMATE CHANGE

Climate change will be considered as part of Municipality's risk management approach embedded in local asset management planning methods. 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. The Municipality commits to the development of tailored actions that make the best use of its resources to mitigate and adapt to climate change. Bolstering resilience to climate change in Municipality also means modifying the scope of current operations, anticipating possible costs to support contingency funds, leveraging alternative funding mechanisms, integrating the disaster response perspective to planning, and revising levels of service. The Municipality will tailor these actions by striking a balance between its organizational capacity, financial and stakeholder support, and the local risks and vulnerabilities related to climate change. The asset management plan will encompass this sustainable approach to climate change mitigation and adaptation.

9.0 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.

10.0 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;
- 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 CAO 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.

11.0 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. 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
- Supporting ongoing efforts to improve and implement the asset management plan.

CAO:

- The executive lead is ultimately responsible for asset management planning across the municipality
- Maintain compliance with the asset management policy and provincial asset management regulations

Senior Management:

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