

STRATEGIC

ASSET MANAGEMENT PLAN



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Purpose

The purpose of this policy is to provide leadership and commitment to the development and implementation of the Municipality'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 ongoing 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 infrastructure assets meet expected performance levels and continue to provide desired levels of service in the most efficient and effective manner. Linking service outcomes to infrastructure 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 infrastructure assets, and to improve accountability and transparency to the community through the adoption of best practices regarding asset management planning.

Background

The Municipality provides an array of services to the community, including recreation facilities, protection services, safe drinking water, transportation networks, storm water management and waste collection. To deliver these services, the Municipality owns and manages a vast number of physical assets including roads, bridges, sewers, treatment facilities etc. It is imperative that assets are managed properly in order to provide the desired levels of service, manage risks and sustain long-term financial stability.

In 2013, the Municipality produced an Asset Management Plan (AMP), which provided an inventory of assets for roads, bridges, water, and wastewater related assets. It also established Levels Of Services, management and financial strategies for these assets. In 2019, an Asset Management Committee was formed in order to further the Municipality's plan and to help meet the requirements of [Ontario Regulation 588/17](#) "Asset Planning for Municipal Infrastructure."

Policy Statement

The Municipality commits to meeting the requirements as defined in [O. Reg. 588/17](#) for core infrastructure assets by July 1, 2021, all other infrastructure assets by July 1, 2023 and all municipally owned assets by July 1, 2024.

Asset Management Program

The Asset Management Program aims to improve and sustain asset management practices across the organization. Overall, the goal of the Asset Management Program is to help the Municipality maintain its assets at the appropriate levels of service by applying the right intervention, on the right asset, at the right time.

ASSET MANAGEMENT PRINCIPALS

Guiding principles provide direction to establish and improve the asset management approach while ensuring organizational alignment. The core asset management principles are:

1. ADOPT A LIFECYCLE APPROACH

Apply a whole life methodology for managing infrastructure assets including planning, acquisition, operation maintenance, renewal and disposal.

2. ENDORSE EVIDENCE BASED DECISION MAKING

Improve asset decision making by utilizing up to date infrastructure information.

3. EMBRACE CONTINUOUS IMPROVEMENT PRACTICES

Implement and adopt asset management practices that formalize the continuous improvement efforts.

4. PROVIDE OPTIMAL VALUE

Balance costs, risks and performance to ensure long term sustainability is achieved at the anticipated service level.

5. DEVELOP SERVICE KNOWLEDGE

Asset service levels will be clearly defined, communicated and fact based.

The Province of Ontario has provided mandatory principles that should also be considered in the overall Asset Management Program. These have been attached at the end of the Strategic Asset Management Plan.

REGULATORY COMPLIANCE

The Municipality shall consider all applicable legislation in the development and update of this Asset Management Policy, including but not limited to:

- Asset Management Planning for Municipal Infrastructure (Ontario Regulation 588/17)
- The Infrastructure for Jobs and Prosperity Act, 2015
- The Conservation Authorities Act;
- The Development Charges Act, 1997 (Ontario Regulation 82/98);
- The Environmental Assessment Act;
- The Environmental Protection Act;
- The Safe Drinking Water Act (Ontario Regulation 170/03);
- The Planning Act and related regulations;
- Water Financial Plan (Ontario Regulation 453/07);
- The Water Opportunities and Conservation Act, 2010;
- Water Works and Sewer Works (Ontario Regulation 453/93);
- Maintenance Standards for Municipal Highways (Ontario Regulation 239/02);
- Municipal Act 2001, Section 44 (1);
- Ontario Regulations 104/97, 472/10 Standards for Bridges;
- Canadian Navigable Waters Act;
- Great Lakes Accord;
- PSAB 3150, Tangible Capital Assets; and
- Agency Specific By-laws and Policies as applicable

CONDITION SUSTAINABILITY

The minimum outcome of the Asset Management Plan will strive to ensure that the overall condition of an asset service function will not decrease over time, and that, overtime, the asset group will achieve and sustain its Levels of Service. If this target cannot, or is not being met, it will be reported to Council.

RETURN ON INVESTMENT

Lifecycle and return on investment analysis of treatments and improvements will be undertaken in order to support decision-making. Selection of appropriate treatments at the appropriate time and asset condition level are critical to the asset management plan optimization.

FINANCIAL INTEGRATION

The Detailed Asset Management Plans shall be integrated with the Financial Plan. The Municipality believes that the Detailed Asset Management Plans and the Annual Budget are not mutually exclusive processes and functions. The Detailed Asset Management Plans shall inform the Annual Budget and the Financial Strategy.

CROSS ASSET & JURISDICTION INTEGRATION

The Asset Management Plans and resultant strategies will consider other assets that may be affected by, or may affect a specific project scope and timing. This is particularly true of linear assets within the road allowance. Cross asset integration shall consider not only municipal costs, but other assets that may have an effect on municipal asset lifecycle and performance, such as other levels of government and utilities.

NEAR TERM PROGRAMMING

The Detailed Asset Management Plan will document project lists with horizon of a 10 years at minimum, and shall be updated on an annual basis to reflect changes in condition and circumstances that would warrant an adjustment in prioritization. The Strategic Asset Management Plan will be reviewed, at minimum, every five years or when either organizational or legislative changes require it to be updated.

LONG TERM PLANNING INTEGRATION

The development of all asset management strategies and plans shall be informed by the various requirements of the Official Plan and the various current and future Master Plan studies that are undertaken. The Official Plan shall inform both the Strategic Asset Management Policy (SAMP) and all supplementary Detailed Asset Management Plans (DAMP).

PROGRAMMING & FUNDING LEVEL ANALYSIS

High-level analysis of funding levels will be undertaken over the lifecycle of the asset group. This analysis will be updated annually to reflect current cost experience.

ANTICIPATED GROWTH

Budgets shall include anticipated projects for growth. (See also long term planning integration).

CLIMATE CHANGE

As projects move through the design process, the potential effects of climate change, with respect to the specific asset, will be considered and integrated into the final design.

LIFECYCLE COSTING & WHOLE LIFE COST

Lifecycle Costing allows Central Elgin to analyze assets and asset options to understand the various phases of expenditures, to ensure the asset performs as expected. These costs are categorized according to the phases of the lifecycle, which are acquisition, operations, maintenance, and disposal. Analyzing these is critical to ensuring the Municipality knows the long-term implications of asset ownership and informing decisions for creating the right type of asset, for the right reason, at the right time, at the lowest overall whole life cost.

RISK

With asset ownership comes inherent risk. Risk requires consistent monitoring and review to ensure appropriate mitigation efforts are put in place. Central Elgin will adopt a formal Risk Review Process to ensure that risk implications are explicitly considered when making asset decisions. This analysis will be reported on an annual basis within each Detailed Asset Management Plan to ensure that risk is kept to a tolerable level. The following is the Risk Process Model:



ASSET DATA STORAGE

To the greatest extent possible, all data for all assets and asset groups will reside in the corporate / enterprise asset management software. Modification of data shall be undertaken by the competent person(s) as specified by the respective department head.

ASSET VERIFICATION & CONDITION RATING

The overall condition of each asset group and individual asset condition within a group is measurable. Asset condition shall be measured using appropriate engineering or other Asset Management standards that are established, defensible and repeatable. It is understood that this may or may not be possible for all assets. The Asset Management Plans for all asset groups shall have:

- A record of the assumptions that were made in the development of the conditions ratings;
- Condition Evaluation Methodology;
- Identified Historic Costs (PSAB records);
- Identified Current Replacement Costs;
- Identified Asset Age distribution (may not be possible for all assets due to improvement of visible elements (i.e. roads and structures); and
- Condition rating by individual asset and by asset group, where possible

Condition Assessments are a critical element of Asset Management as they;

- Identify assets or areas where interventions are necessary;
- Enable estimates of costs to restore to the appropriate and expected levels;
- Compare assets in a systematic and consistent manner that is repeatable and easily communicated;
- Plan for future maintenance; and
- Typically municipal assets are subject to external factors such as weather, increased traffic which can affect the condition of the asset

CONDITION ASSESSMENT CYCLE

Asset condition shall be reviewed on a regular cycle, appropriate for the asset group. Determination of an appropriate review cycle shall be predicated upon the following factors:

- Regulatory requirements;
- Public health and safety;
- Criticality;
- Asset lifecycle / anticipated deterioration rate; and
- Consequences of lost opportunity for rehabilitation or maintenance

LEVELS OF SERVICE (LOS)

All assets must have Community and Technical Levels of Service defined. The overall Asset Management Plan funds both capital and operational components. Some assets may require both capital and operating Levels of Service. Furthermore, more than one Level of Service measure may be necessary to effectively examine an asset's total Level of Service. Levels of Service for assets must consider the following in their development:

- Regulatory Compliance;
- Criticality;
- Municipal Performance Measure Program compatibility /relevance;
- Physical condition Levels Of Service (i.e. average system);
- Operating capacity Levels Of Service;
- End user relevance, and perception of service; and
- Ease of understanding

FINANCIAL STRATEGY

The Detailed Asset Management Plan shall inform the Long Term Financial Plan. The Financial Strategy shall be developed such that the funding shall be sufficient, as a minimum, to sustain the asset or asset group at its current Level of Service and ideally funded at a level to improve the asset group condition to the target Levels of Service.

The Asset Management Plan financing strategy shall consider inflation and discount rates to the extent possible. The Financial Strategy shall:

- Identify Funding shortfalls to Council to meet planned/approved LOS;
- Identify Funding Sources;
- Identify Capitalization Threshold;
- Review alternate funding opportunities / resources;
- The Financial Plan shall include annual forecasts for:
 - Non-infrastructure solutions;
 - Maintenance Activities;
 - Renewal / Rehabilitation Activities;
 - Replacement Activities; and
 - Expansion Activities



CAPITALIZATION THRESHOLDS

The Capitalization Threshold will be consistent with the Municipality's current Tangible Capital Asset Policy.

FUNDING SOURCES

Asset Management Plan's shall consider the following funding sources:

- Levy Supported Operating Budget;
- Rate Supported Operating Budget;
- Levy Supported Capital Reserve;
- Rate Supported Capital Reserve;
- Federal and Provincial Conditional Grants;
- Gas Tax;
- Debt Financing;
- Development Charges; and
- Other (i.e. Community Enhancement Fund).

PLAN MAINTENANCE CONTINUTIY & CURRENCY

The Detailed Asset Management Plan shall be updated on an annual basis to account for:

- Quantity of the asset or asset group (Expansion/Reduction);
- Specific unit cost changes beyond inflation that negatively affects programming and have a negative impact on the average condition of an asset group or groups;
- Regulatory changes;
- Asset group constitution change;
- Improvements to the Asset group; and
- Premature failure of assets.

CONTINUOUS IMPROVEMENT

Central Elgin has committed to develop and implement practices to achieve a state of continuous improvement. The Municipality will formalize the continuous improvement efforts by adopting the Plan, Do, Check, Evaluate process throughout the annual updates of every Detailed Asset Management Plan. This critical review will provide opportunities for Central Elgin to identify, analyze and implement improvements on a continuous basis. This will enable Central Elgin to maintain and or improve the overall condition of its assets.

ASSET MANAGEMENT ANNUAL REVIEW

To further demonstrate continuous improvement, Central Elgin shall conduct an Annual Review of its asset management progress on or before July 1.

The Annual Review shall explicitly address,

- Central Elgin's progress in implementing its Asset Management Plan.
- Any factors preventing the Municipality from implementing its Asset Management Plans.
- The strategy to address factors impeding the Municipality's ability to implement its Asset Management Plans

ENDORSEMENT & APPROVAL

Detailed Asset Management Plan's will be prepared by staff and will be endorsed by the executive lead. Upon endorsement, each Detailed Asset Management Plan will be presented to Council for approval by resolution.

INNOVATION

The Municipality is committed to research and review of new technologies for usage. Trial projects and technologies are to be reviewed on a project specific basis.

PUBLIC AVAILABILITY

The Strategic Asset Management Policy and Detailed Asset Management Plans will be available on the website and Central Elgin shall provide printed copy of the Strategic Asset Management Plan or Detailed Asset Management Plan to any person who requests it.

SUPPORTING DOCUMENTS FOR THE STRATEGIC ASSET MANAGEMENT POLICY

Official Plan

Strategic Plan

Fire Master Plan

Road Needs Study

Bridge Needs Study

Active Transportation Master Plan

Energy Conservation and Demand Management Plan

Port Stanley Harbour Secondary Plan

Recreation Master Plan

Trails Master Plan

Water and Wastewater Financial Plans

Tangible Capital Assets Policy

ASSET MANAGEMENT ROLES & RESPONSIBILITIES

CENTRAL ELGIN COUNCIL

- Approve the Asset Management Policy and the direction of the Asset Management Program
 - Maintain adequate organization capacity to support the core practices of the Asset Management Program
 - Approve asset funding to ensure required financial stability to asset management through the Annual Budget
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CAO/ CLERK

- Communicate the vision of asset management at a corporate level
 - Review and approve documents and strategies proposed by the Asset Management Working Group
 - Endorse Asset Management Plan and Policy
 - Management through the Annual Budget
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ASSET MANAGEMENT WORKING GROUP

- Create, review, approve and implement Asset Management documents and strategies, where the implications are organization wide or external
 - Endorse every Asset Management Policy and Plan
 - Participate in the process of aligning Asset Management Strategies and Plans with organizational strategies and objectives
 - Communicate the visions of asset management at a corporate level, encourage engagement with the processes, and provide the guidance necessary to ensure
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EXTERNAL PARTIES (RESIDENT, TOURISTS)

- Provide feedback related to levels of service, service experience and service expectations
- Notify the Municipality via appropriate means, when service deficiencies or failures are observed.
- Understand the relationship between levels of service and cost
- Engage in discussions about strategic priorities and 10 Year Capital Project Plan

PROVINCIALY MANDATED PLANNING PRINCIPALS

1. Infrastructure planning and investment should take a long-term view, and decision-makers should take into account the needs of Ontarians by being mindful of, among other things, demographic and economic trends in Ontario.
2. Infrastructure planning and investment should take into account any applicable budgets or fiscal plans, such as fiscal plans released under the Fiscal Sustainability, Transparency and Accountability Act, 2019.
3. Infrastructure priorities should be clearly identified to better inform investment decisions respecting infrastructure.
4. Infrastructure planning and investment should ensure the continued provision of core public services, such as health care and education.
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 Government 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 Government or the broader public sector entity, as the case may be, the Government or broader public sector entity should nevertheless be mindful of those plans and strategies and make investment decisions respecting infrastructure that support the, to the extent they are relevant. Examples of plans and strategies to which this paragraph may apply include
 - i. Policy statements issued under section 3 of the Planning Act, and provincial plans as defined by that Act.
 - ii. Municipal Water Sustainability Plans submitted under the Water Opportunities Act, 2010
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 endeavor 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 (including for apprentices, within the meaning of section 9), improvement of public space within the community, and any specific benefits by the community.