



Strategic Asset Management Policy	
Version: 1.0	Review Frequency: At least every 5 years, as of July 1, 2019
Approved by:	Township of South-West Oxford Council
Application:	April 16, 2019
Notes:	

PURPOSE

This policy articulates a commitment to the development of the Township’s asset management program and provides leadership in implementing the asset management program. It is intended to guide the consistent use of asset management across the organization, to enable 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.

This policy establishes an organization-wide commitment to good stewardship of municipal infrastructure assets through the adoption of best practices regarding asset management planning.

SCOPE

At a minimum, this policy applies to those areas, departments, and/or business units within the Township that plan for and/or manage municipal infrastructure assets to deliver services to the South-West Oxford community.

BACKGROUND

The Township is responsible for providing a variety of essential services to the community, including safe and reliable transportation infrastructure, environmental management and stewardship, and recreation programs and opportunities. It is also participating in initiatives to improve wireless communications and connectivity capacity within Oxford County with high-speed internet services. To deliver all these services, the Township owns and manages a diverse municipal infrastructure asset portfolio of roads, bridges, culverts, storm sewers, vehicles and equipment, land and land improvements, (e.g., parks), facilities and trails, as well as resources such as a gravel pit. The social, economic, and environmental wellbeing of the community depends on the reliable performance of these municipal infrastructure assets, so it is critical to implement a systematic, sustainable approach to manage them.

Asset management is such an approach. It is the set of activities (policies, practices and procedures) that help an organization minimize the costs and risks of owning municipal

infrastructure assets while still providing the community with the services it expects. It allows organizations to make informed decisions related to planning, building, operating, maintaining, renewing, replacing and disposing of municipal infrastructure assets through a wide range of lifecycle activities.

Since asset management deals with such a wide range of municipal infrastructure assets and services, it requires coordination of multiple activities, processes and people across the entire organization. This includes departments and service areas such as Public Works, Emergency Services, Parks and Recreation, Finance and Administration. Adopting a structured and coordinated approach based on key principles of asset management will help guide the Township in making better-informed decisions.

A comprehensive and holistic asset management approach will support efficient and effective delivery of expected levels of service for the long-term management and stewardship of all municipal infrastructure assets. It will also align the Township with provincial and national standards and regulations such as *the Infrastructure for Jobs and Prosperity Act, 2015* and *Ontario Regulation 588/17*, enabling continued access to available grant funding opportunities.

The approval of this policy is an important step towards integrating the Township's strategic mission, vision and goals with its asset management program. This will help the Township maintain critical municipal infrastructure assets in a state of good repair and continued to provide vital services to the community in a consistent, reliable and sustainable manner.

ALIGNMENT WITH THE TOWNSHIP'S STRATEGIC DIRECTION

For an asset management program to be effective, it is important that staff, elected members of Council, and the public at large understand how the program can help support and achieve strategic community priorities. This policy was developed to align with the Township's approved Strategic Plan (2017).

The policy will guide the asset management program in a way that is consistent with the Township's long-term vision. The following passages outline key strategic priorities listed within the Strategic Plan that the development of an asset management program will support:

1. Promote and maintain economic development and diversity.
2. Promote energy stewardship and work to enhance our natural environment
3. Ensure our residents are actively engaged, well informed, safe and protect.
4. Create well planned communities and support strong infrastructure
5. Exercise good financial stewardship and strive for sustainable, effective and efficient services.

The Strategic Plan outlines service, stewardship, and sustainability goals for each strategic priority, identifies specific action items that staff, Council, and the public can take to achieve these goals. Many of these goals represent key asset management principles related to transparency, accountability, Triple Bottom Line (economic, environmental, and social) sustainability through long-term planning, and informed decisions-making based on verified knowledge. By working together to implement the Strategic Plan's goals, the Township will create a strong foundation for asset management that supports larger community priorities.

The Township has also established an Energy Innovation Committee that includes elected officials, staff and members of the community. The Committee has a mandate to take a leadership role in implementing new energy technologies, improve waste reduction and diversion in the County, and provide input on energy conservation and waste management opportunities when Township buildings are scheduled for renovation or replacement. A holistic asset management program can assist the Committee in achieving positive outcomes related to increasing energy efficiency, reducing carbon footprints, and preparing for potential climate change impacts.

INTENT

By applying sound asset management practices, the Township will work to ensure that municipal infrastructure assets meet expected performance levels and provide desired services in the most efficient and effective manner to reduce both cost and risk. Linking service outcomes to these key principles of asset management will assist the Township in optimizing infrastructure investment where needs are most critical for the betterment of the whole community.

RESPONSIBILITY

The development and continuous support of the Township's asset management program requires organization-wide participation and collaboration from Council and staff over a wide range of duties and responsibilities. The following passages outline the persons responsible for these task:

1. Council

- a. Provide input into policy development and policy updates
- b. Approve the AM policy and direction of the AM program
- c. Maintain adequate organizational capacity to support the core practices of the AM program
- d. Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets
- e. Provide input in developing appropriate levels of service

2. Executive Lead (Treasurer)

- a. Develop policy and policy updates
- b. Provide organization-wide leadership in AM practices and concepts
- c. Provide departmental staff coordination
- d. Establish and monitor levels of service
- e. Coordinate and track AM program implementation and progress
- f. Report to Council on the asset management program based on relevant key performance indicators

3. Corporate Asset Management Group

- a. Develop policy and policy updates
- b. Provide corporate oversight to goals and directions and ensure the AM program aligns with the Township's strategic plan
- c. Ensure that adequate resources are available to implement and maintain core AM practices

- d. Provide departmental staff coordination
 - e. Establish and monitor levels of service and key performance indicators
 - f. Track, analyze and report on AM program progress and results
 - g. Undertake duties as outlined in position job descriptions.
- 4. Department Staff**
- a. Use the new business processes and technology tools developed as part of the AM program
 - b. Participate in implementation task teams to carry out AM activities
 - c. Provide input into establishing levels of service, and monitor key performance indicators for reporting to the Senior Management Team
 - d. Provide support and direction for AM practices within their department
 - e. Track, analyze and report on AM program progress and results

POLICY

To guide the Township's asset management program, the following policy statements have been developed:

1. The Township will continue to implement an enterprise-wide asset management program through all departments. The program will consider lifecycle and risk management of all municipal infrastructure assets, with the goal of minimizing total ownership costs while providing desired levels of service to the community.
2. The Township will implement a continuous improvement approach and work toward adopting best practices in asset management planning, including:
 - a. Collection and maintenance of complete and accurate asset data
 - b. Adoption of condition assessment protocols to gather and verify field information for key asset classes and categories
 - c. Development of risk and criticality models
 - d. Adoption of a lifecycle management approach
 - e. Development of short- and long-term financial strategies
 - f. Development of a level of service framework
3. The Township will continue to develop and maintain an asset inventory of all municipal infrastructure assets which includes ID, description, 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.
4. The Township will develop an asset management plan (AMP) that incorporates all infrastructure types and municipal infrastructure assets that meet the capitalization thresholds outlined in the Tangible Capital Asset Policy, as summarized in Schedule A of the Strategic Asset Management Policy. After completion of an AMP that includes analysis of proposed levels of service by 2024, the Amp will be reviewed and updated at

least every five years in accordance with *O. Reg.588/17* requirements. This will promote, document and communicate continuous improvement of the asset management program.

For management purposes, it can be useful to inventory, track, and report on municipal infrastructure assets that fall below the relevant capitalization threshold. This could include pooled and controlled assets, as outlined in the Tangible Capital Asset Policy. Recognizing that it could be beneficial to include these types of assets in AMPs, the Township will consider incorporating assets with values below the capitalization threshold as appropriate, based on the objective of managing municipal infrastructure in a sustainable way.

Works-In-Progress will not be considered in AMPs until they are placed into service.

5. The Township will integrate asset management plans and practices with its long term financial planning and budgeting strategies, including its 15-year Capital Plan. 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.
6. The Township 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.
7. The Township will develop meaningful performance metrics and reporting tools based on legislative requirements and the community's service expectations. This will help transparently communicate and display the current state of asset management practice to Council and the community.
8. The Township 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.
9. The Township 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*. Asset management planning will conform to the provincial plans that are in effect on that date and will be consistent with all municipal official plans.
10. The Township will coordinate planning for interrelated municipal infrastructure assets with separate ownership structures (e.g., Oxford County, other neighbouring municipalities, etc.) by taking part in collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.

11. The Township will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.
12. The Township will review and if necessary, update this Asset Management Policy at least every five years following July 1, 2019.

KEY PRINCIPLES

The Township will consider the following principles as outlined in section 3 of *the Infrastructure for Jobs and Prosperity Act, 2015*, 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 health care and education.
5. Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities
6. Infrastructure planning 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 Township 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 Township, as the case may be, the Township 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 with the community, and any specific benefits identified by the community.

RELATED POLICIES AND PROCEDURES

- By-Law No. 41-2010, Schedule A: Tangible Capital Asset 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*.

1. **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).
2. **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.

3. **Capitalization threshold** – the value of a municipal infrastructure asset at or above which a Township will capitalize the value of it and below which it will expense the value of it.
4. **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, storm water management systems, street trees, forests, natural channels, permeable surfaces and green roofs.
5. **Level of service** – parameters, or combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers. Parameters can include, but not necessarily limited to, safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environmental acceptability, cost, and availability (ISO 55000).
6. **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.
7. **Municipal infrastructure asset** – an infrastructure asset, including a green infrastructure asset, directly owned by a Township or included on the consolidated financial statements of a Township, but does not include an infrastructure asset that is managed by a joint municipal water board.

Township of South-West Oxford Strategic Asset Management Policy

SCHEDULE A

As per Schedule A of By-Law 40-2010, the Tangible Capital Asset Policy, the Township has established asset categories and capitalization thresholds in accordance with Public Sector Accounting Board reporting guidelines. This includes single asset and pooled asset capitalization thresholds, as follows:

ASSET TYPE	SINGLE ASSET CAPITALIZATION THRESHOLD	POOLED ASSET CAPITALIZATION THRESHOLD
Land	All	
Land Improvements	\$5,000	
Buildings	\$10,000	
Vehicles	\$5,000	
Machinery & Equipment	\$5,000	
Heavy Equipment Vehicles	\$5,000	
Computer Hardware, Software & Communication Equipment	N/A	\$5,000
Furniture & Fixtures	\$5,000	
Leasehold Improvements	\$10,000	
Road Surface	All	
Road Grade	All	
Bridges	\$25,000	
Signs	N/A	\$5,000
Lighting / Traffic Lights	N/A	\$5,000
Safety Devices	N/A	\$5,000
Culverts	\$5,000	
Sidewalks & Curbs	\$5,000	
Drainage Systems	\$5,000	
Water Mains	\$5,000	
Sewer Mains	\$5,000	
Sewer Structure (Wastewater)	\$5,000	
Fire Hydrants	\$5,000	
Water Meters	\$5,000	
Water Tanks & Stand Pipes	\$5,000	
Library Collections	\$2,500	
Work-In-Progress	Capitalized when asset is placed into service.	