



FINANCIAL SERVICES AND CONTROL POLICY MANUAL

Subject: Strategic Asset Management Policy	Approval Date: June 17, 2019	By-Law No. 46-2019
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4.16 STRATEGIC ASSET MANAGEMENT POLICY

1. PURPOSE

The purpose of this policy is to provide leadership in 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 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 service levels 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 improved accountability and transparency to the community through the adoption of best practices regarding asset management planning. The standards and guidelines must adhere to the following:

Statutory requirements

The *Infrastructure for Jobs and Prosperity Act, 2015* sets out principles to guide asset management planning in municipalities in Ontario. The Municipality of Red Lake will strive to incorporate the following principles whenever possible into the day to day operation of the Municipality:

- **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, such as fiscal plans released under the Fiscal Transparency and Accountability Act, 2004 and Budgets adopted under Part VII of the Municipal Act, 2001.
- **Prioritizing:** The Municipality shall clearly identify infrastructure priorities which will drive investment decisions.
- **Economic development:** The Municipality shall promote economic competitiveness, productivity, job creation, and training opportunities.
- **Transparency:** The Municipality shall be evidence-based and transparent. Additionally, subject to any prohibition under an Act or otherwise by law on the collection, use, or disclosure of information, the Municipality shall make



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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:** The Municipality shall ensure the continued provision of core public services.
- **Environmental conscious:** The Municipality shall minimize the impact of infrastructure on the environment by respecting and helping maintain ecological and biological diversity, by augmenting resilience to effects of climate change and by endeavouring to make use of acceptable recycled aggregates.
- **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.
- **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 well-being of a community affected by the project, such as local job creation and training opportunities, improvement of public spaces 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.

Existing Plans and Policies

The Municipality has developed and adopted a Strategic Plan, an Official Plan, an Emergency Management Plan, a Multi-Year Accessibility Plan, a Community Improvement Plan, a Cultural Plan, a Recreation Master Plan and a Sustainable Community 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. These plans will be reviewed regularly by staff. The annual spending requirements in support of the plan's objectives will be incorporated into the budgeting process. All of the Municipality's plans rely to some extent on the physical assets owned by the Municipality 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 in the Municipality.

In addition, the existing Municipality policies complement the planning documents by providing details for the implementation of strategic objectives.



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2. 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, as well as any remaining liabilities. Asset management is holistic and normally involves balancing costs, risks, opportunities and performance benefits to achieve the total lowest lifecycle cost of 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 Municipality 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, urban 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 are not necessarily limited to safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environmental acceptability, cost and availability (ISO 55000).



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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 Municipality, but does not include an infrastructure asset that is managed by a joint municipal water board.

3. POLICY STATEMENT

To guide the Municipality, the following policy statements have been developed:

1. The Municipality will implement an enterprise-wide AMP through all departments. The program will promote lifecycle and risk management of all municipal infrastructure assets, with the goal of achieving the lowest total cost of ownership while meeting the desired levels of service.
2. The Municipality will develop and establish its asset investment and financial strategies with a focus on ensuring the lowest overall lifecycle (service life) cost of the asset rather than the lowest initial construction cost of building said assets.
3. The Municipality will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
 - i. Complete and Accurate Asset Data
 - ii. Condition Assessment Protocols
 - iii. Risk and Criticality Models
 - iv. Lifecycle Management
 - v. Financial Strategy Development
 - vi. Level of Service Framework
4. The Municipality will continue to develop and maintain an asset inventory of all municipal infrastructure assets which includes, at a minimum, a unique 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.
5. The Municipality will continue to develop an AMP that incorporates all infrastructure categories and municipal infrastructure assets that meet the



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capitalization threshold outlined in the Financial Services and Control Policy Manual – Section 4.11.5 as per By-law 02-2015. The new AMP will be a living and breathing document that will be updated on an annual basis until 2024, after which it will be updated at least every five years in accordance with O. Reg. 588/17 requirements, to promote, document and communicate continuous improvement of the AMP.

6. The Municipality will integrate asset management plans and practices with its long-term financial planning and budgeting strategies. 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.
7. The Municipality will continue to 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.
8. The Municipality will continue to develop meaningful performance metrics and reporting tools to transparently communicate and display the current state of asset management practice to Council and the community.
9. The Municipality will continue to 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, infrastructure capacity (e.g., culvert and storm sewer size related to peak and maximum flows), levels of service and lifecycle management.
10. The Municipality 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*. The Municipality shall conform to the provincial plans that are in effect on that date and be consistent with all municipal official plans.
11. The Municipality will coordinate planning for interrelated municipal infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.



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12. The Municipality will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.

13. The Municipality will review and update (if necessary) this Strategic Asset Management Policy at least every five years following July 1, 2019.

4. ROLES AND RESPONSIBILITIES

The development and continuous support of the Municipality's asset management program requires a wide range of duties and responsibilities. The following passages outline the persons responsible for these tasks:

a. **Council**

- i. Approve the AM policy and direction of the AM program through its approval of the Municipality's asset management plan
- ii. Maintain adequate organizational capacity to support the core practices of the AM program
- iii. Prioritize effective stewardship of assets in adoption and ongoing review of policy and asset management plan
- iv. Approve capital and operating budgets delivered by Staff

b. **Strategic Asset Management Team**

- i. Development of policy and policy updates
- ii. Provide corporate oversight to goals and directions and ensure the AM program aligns with the Town's strategic plan
- iii. Ensure that adequate resources are available to implement and maintain core AM practices
- iv. Develop and monitor levels of service and make recommendations to Council
- v. Track, analyze and report on AM program progress and results
- vi. Provide organization-wide leadership in AM practices and concepts

c. **Departmental Staff**

- i. Utilize the new business processes and technology tools developed as part of the AM program
- ii. Participate in implementation task teams to carry-out AM activities
- iii. Implement and maintain defined capital asset levels of service



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- iv. Manage budgets based on lifecycle activities and financial management strategies

d. Public

- i. Engage and voice level of service expectations and concerns to Council and Staff through surveys and public engagement opportunities
- ii. Understand dynamic relationship between performance, cost, and risk of assets to deliver desired services
- iii. Engage in discussions about strategic priorities and target levels of service for next 10 years