

THE CORPORATION OF THE MUNICIPALITY OF NORTH GRENVILLE

BY-LAW NO. 34-17

A By-Law to Adopt an Asset Management Policy and Strategy

WHEREAS the Council of the Corporation of the Municipality of North Grenville deems it desirable to establish an asset management policy and strategy in support of delivering quality, cost-effective services to its customers;

NOW THEREFORE the Council of the Corporation of the Municipality of North Grenville enacts as follows:

1. The Asset Management Policy as outlined in Schedule "A" attached hereto, is adopted by Council.
2. The Asset Management Strategy as outlined in Schedule "B" attached hereto, is adopted by Council.
3. This by-law shall be known as the "Asset Management Policy and Strategy By-Law".
4. The Clerk of the Municipality of North Grenville is hereby authorized to make any minor modifications or corrections of an administrative, numeric, grammatic, semantic or descriptive nature or kind to the by-law and schedule(s) as may be deemed necessary after the passage of this by-law, where such modifications or corrections do not alter the intent of the by-law.
5. This by-law shall come into force and take effect on the date of its passing.

PASSED AND ENACTED
THIS 27th DAY OF MARCH, 2017.



A handwritten signature in blue ink, appearing to read "David Gordon", written over a horizontal line.


DAVID GORDON
Mayor

per A handwritten signature in blue ink, appearing to read "Cahle Pominville", written over a horizontal line.

CAHLE POMINVILLE
Clerk

THE CORPORATION OF THE MUNICIPALITY OF NORTH GRENVILLE

SCHEDULE "A" TO BY-LAW NO. 34-17

	FINANCE POLICY	Policy #
		Approval Date: Revision Date:
Title:	Asset Management Policy	
Applies To:	All Departments	

Asset Management Policy

1. Definitions

Asset Management (AM): Co-ordinated activity of an organization to realize value from its assets. AM involves the balancing of costs, opportunities and risks against the desired performance of assets, to achieve organizational objectives (balancing may need to be considered over multiple timeframes). AM enables an organization to examine the need for, and performance of, assets and asset systems at different levels and in conjunction with non-asset solutions. Additionally, it enables the application of analytical approaches towards managing assets over the different stages of their lifecycle.

Asset Management Objectives: Specific outcome or achievement required of the AM System in order to achieve the AM Strategy, structured as Levels of Service to customers.

Asset Management Policy: The AM Policy describes the organization’s intentions and directions for AM, as formally expressed by its top management. It describes the principles and framework adopted in applying AM to achieve the organization’s strategic objectives.

Asset Management System: The complete set of interrelated or interacting elements used to effect the AM Policy and objectives and the processes to achieve those objectives. These elements that make up the AM System can include documents, procedures, tools, data, and the assets.

Strategic Asset Management Plan (SAMP): Documented information that specifies: how organization objectives are converted into AM Objectives; the scope and role of the asset management system in supporting achievement of the AM Objectives; and the approach for developing AM Plans.

Asset Management Plan (AMP): A plan developed for the management of infrastructure assets that combines multi-disciplinary management strategies (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to deliver a specified level of service. It specifies the activities, resources and timescales required for individual assets (or asset groups) to achieve the organization’s AM Objectives. A significant component of the AMP is therefore a long-term program of works and cash flow projection for the activities. Examples of AMPs include Pavement Management Plans, Bridge Management Plans, and Fleet Management Plans. Each plan will vary in complexity depending on the asset group it pertains to.

Lifecycle Costs: Lifecycle costs refer to the total cost of ownership over the life of an asset. This may include but is not limited to capital costs, operating costs, maintenance costs, renewal costs, replacement costs, environmental costs, and user delay.

Replacement Cost: Used in asset management practices. The total cost of replacing the asset in today’s dollar. It is not the same valuation done for accounting practices which uses the historic cost of assets, or the actual cost of acquiring the asset.

Triple Bottom Line: Expands on the traditional view of an organization’s financial bottom line by also measuring the organization’s commitment to socio cultural and environmental factors.

2. Policy Statement

The Municipality of North Grenville shall adopt and apply asset management practices in support of delivering quality, cost-effective services to its customers. The Municipality will adopt a sustainable approach to asset management, ensuring that the asset base is not increased without considering the impact on the ability of North Grenville to fund future maintenance and rehabilitation.

3. Purpose

Municipalities rely heavily on physical assets in order to function effectively. Managing assets so they can provide products and services now, and into the future, is a core part of asset management. Successful asset management requires the support and understanding from many disciplines and involves participation at all levels of the organization. This policy outlines the fundamental asset management principles that will be developed and implemented across the organization.

4. Scope

This Policy applies to all tangible assets owned and/or managed by the Municipality that are currently supporting provision of Municipal services. The table below provides examples of the asset owned by the Municipality.

Service	Asset Types
Water	Treatment Plant, Reservoirs, Distribution System, Pumping Stations
Sewage	Treatment Plant, Collection System
Storm Water	Storm Mains, Storm Water Ponds
Transportation	Roads, Bridges, Sidewalks, Traffic Signals, Street Lighting
Solid Waste	Landfills/Transfer Station
Parks and Recreation	Playfields, Playgrounds, Trails, Recreation and Cultural Facilities
Facilities	Civic Office, Public Works Garages, Library, Recreation/Culture and Fire Hall
Fleet & Equipment	Fire Apparatus, Vehicles, Heavy Equipment, Zambonis
Information Technology Systems	Hardware, Software, Communication Equipment

5. Responsibility

Municipal Council shall approve policies, procedures and guidelines as they relate to asset management.

The Chief Administrative Officer shall support the Director of Finance in ensuring the requirements contained in this policy are consistently applied.

The Director of Finance shall develop and update this policy as necessary and present changes to Council.

Department Directors shall work with the Director of Finance to develop, implement and update the Strategic Asset Management Plan and Asset Management Plan.

6. Key Principles of Asset Management

In order to achieve the asset management objectives, the following principles will be applied to all aspects of the asset management system:

- a) **Service Delivery to Customers** – the Municipality will define Levels of Service that balance customer expectations with risk, affordability, and time constraints that support council and community priorities. The Municipality will adopt formal, consistent, repeatable approach to the management of its

assets that will ensure services are provided in the most effective manner.

- b) **Holistic** – the Municipality will take an interdisciplinary approach to managing services and assets, with expertise from many different departments, including but not limited to corporate, financial, engineering, maintenance, and operations.
- c) **Sustainable** – the Municipality will make the appropriate decisions and provisions to better enable its services and infrastructure assets to be socio-culturally, economically and environmentally sustainable into the long-term. This will involve triple bottom line consideration, long term planning, climate change awareness, and implementing resiliency actions.
- d) **Innovation & Continual Improvement** – the Municipality will monitor and report on the performance of the services and assets and track the effectiveness of AM practices with a view to innovate and continuously improve.

THE CORPORATION OF THE MUNICIPALITY OF NORTH GRENVILLE

SCHEDULE "B" TO BY-LAW NO. 34-17



Asset Management Strategy

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1.0 ACRONYMS AND ABBREVIATIONS

AM	Asset Management
AMC	Asset Management Coordinator
AMP	Asset Management Plan
CAO	Chief Administrative Officer
IRM	Integrated Risk Management
ISO	International Standards Organization
RBA	Results Based Accountability
AM Strategy	Asset Management Strategy
SMT	Senior Management Team
AM Objectives	Asset Management Objectives
AM Policy	Asset Management Policy
AM Steering Committee	Asset Management Steering Committee
The Municipality	The Municipality of North Grenville
ISO55001	International Standard for Asset Management

2.0 OVERVIEW

The Asset Management Strategy (AM Strategy) is a governance document with the objective of developing and maintaining a sound Asset Management System to implement the principles in the AM Policy.

The AM Strategy is a high level strategy that consists of the following:

- Sets the Context, Goals and Objectives for AM at the Municipality. It defines the scope of the AM System and the roles and responsibilities for the governance of the AM System. It also contains the AM Objectives, identifies important stakeholders in the planning and delivery of services, and describes the processes for the implementation, operation and maintenance of the AM System.
- Describes how the Municipality has implemented AM. It describes the structure of the AM System, as well as the tools, processes, assets, and hierarchy of documents in the AM System. The AM Framework also describes the decision criteria and guiding principles for AM planning by departments, and contains a prioritized improvement plan.

3.0 BACKGROUND

The North Grenville Community Strategic Plan states that any future infrastructure funding decisions will align with the Community Strategic Plan and will follow the concepts and directions as set out in the Strategic Asset Management Plan.

The goals of the Community Strategic Plan are as follows:

- Advise local partners on strategies to diversify the local economy, create jobs, attract new businesses and retain existing businesses;
- Identify actions that will continue the revitalization of the downtown core;
- Help to create opportunities for local residents to be artistically expressive and celebrate local culture and heritage;
- Guide the Municipality on strategies to satisfy the recreational needs of all age groups;
- Be designed in such a way as to allow the strategic actions to be implemented as part of the North Grenville Asset Management Plan;
- Inform the design and implementation of a communication strategy that will help the Municipality to better communicate with ratepayers, and particularly with rural residents seeking to preserve the rural way of life;
- Inspire the Municipality and community of North Grenville to integrate the principles of sustainability into its plans, programs and activities;
- Establish the dialogue of sustainability between North Grenville's community planners and developers by clarifying the expectations of the community and the Municipality and acting as a starting point for future developments; and
- Demonstrate how the Municipality can work with partners to keep residents moving by developing active transportation corridors, improving walkability and maintaining a safe network of roadways.

As a custodian of the community assets, the Municipality has the responsibility to ensure effective and efficient management of all assets in order to deliver sustainable services to its residents. However, more stringent environmental and other requirements along with rapidly increasing construction and other service costs are putting increasing pressures on the already limited funds for infrastructure investment. This makes it more difficult to maintain and upgrade the existing, aging infrastructure, compounded by the fact that although the infrastructure is, on average, rated as being good, much of it is approaching the mid-point in its life, meaning that maintenance costs are expected to increase. All of these have come together to create an infrastructure gap, thus a funding shortfall required to meet the Municipality's infrastructure needs.

In recent years, increased awareness and promotion of AM within Canada has included the federal government highlighting the importance of AM in the New Building Canada Plan, the province of Ontario requiring AM plans as eligibility for some provincial funding, and other provinces indicating municipalities with AM practices would be better positioned for success in funding applications. The most recent Gas Tax Fund Agreement requires administrators of the fund to formally report on "progress made on improving Local Government Asset Management", meaning that applicants must consider their organization's position regarding AM practices and promote continuous improvement programs for AM practices.

AM will help the Municipality determine what is really important and what the options and impacts are for any given situation. It will provide decision makers with the information and the decision support tools: to make well informed, evidence-based decisions; to validate priorities in a robust defensible way; to know what impacts service and cost the most; and to reduce the total cost of service over the lifecycle of the assets. AM will also provide proof of good governance and a measure of both current and long term performance in delivering services to communities.

To advance the management of municipal services while balancing smart growth with a sustainable quality of life, the Municipality is working on the development and implementation of an AM system based on the approach set out in the new international standard for asset management: ISO55001.

In order to guide staff with the effective delivery of services, Council typically adopts policies and strategies for important issues that can be used by staff to make decision that align with Council's vision, goals and objectives. The AM System aims to bring sound AM practices into many aspects of the Municipality's routine business processes

and includes:

- An Asset Management Policy
- An AM Strategy that includes Strategies, Objectives and Governance Structures for Asset Management; and
- Regular reviews and continuous improvements to the AM Policy and AM Strategy.

4.0 PURPOSE AND SCOPE

The purpose of the AM Strategy is to describe how asset management will be structured to implement the principles in the AM Policy. The AM Strategy defines roles and responsibilities as well explains how the AM principles are linked to the Community Strategic Plan, the Long Term Financial Plan, and other relevant plans.

The AM Strategy provides guidance for the implementation and maintenance of the AM system. The following are references to core AM Principles (refer to the AM Policy):

- a) **Service Delivery to Customers** – the Municipality will define Levels of Service that balance customer expectations with risk, affordability, and time constraints that support council and community priorities. The Municipality will adopt formal, consistent, repeatable approach to the management of its assets that will ensure services are provided in the most effective manner.
- b) **Holistic** – the Municipality will take an interdisciplinary approach to managing services and assets, with expertise from many different departments, including but not limited to corporate, financial, engineering, maintenance, and operations.
- c) **Sustainable** – the Municipality will make the appropriate decisions and provisions to better enable its services and infrastructure assets to be socio-culturally, economically and environmentally sustainable into the long-term. This will involve triple bottom line consideration, long term planning, climate change awareness, and implementing resiliency actions.
- d) **Innovation & Continual Improvement** – the Municipality will monitor and report on the performance of the services and assets and track the effectiveness of AM practices with a view to innovate and continuously improve.

5.0 AM FRAMEWORK

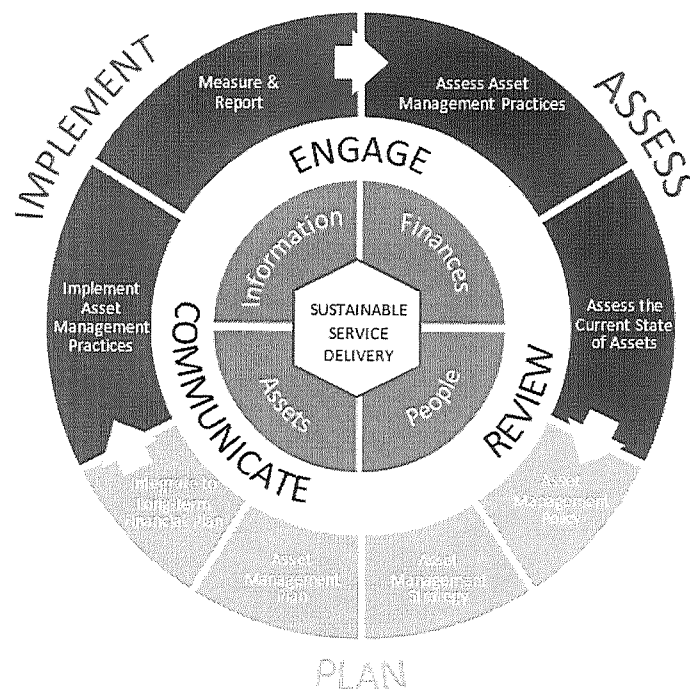
An AM Framework establishes a high-level, systematic approach that supports local governments in moving toward service, asset and financial sustainability through an asset management process.

North Grenville, like many municipalities in the Ottawa region, delivers a consistently high level of service to its residents and businesses. These services depend on the Municipality's range of complex infrastructure. The need for sound asset management practices are rapidly increasing due to the increasing expectations on services for example road conditions or a low tolerance for service disruptions as well as with the increase in legislation such as health, safety and environmental.

The Municipality provides the following services and programs to residents:

- Transportation;
- 911, fire communications and by-law services;
- Parks and trails;
- Economic development including tourism;
- Land-use planning including consent, subdivision and official plan;
- Water, sanitary and storm services; and
- Recreational and other facilities.

These services and programs are supported by general administration, human resources, information technology and GIS, financial and procurement. The diagram below recognizes that there are many components to asset management that all link together and most importantly, it is a continuous quality improvement process.



Communicating, engaging and reviewing are considered to be ongoing activities that are applied throughout the process. Their purpose is to ensure that people within the organization are working efficiently together towards the same goals and while doing so apply the same asset management principles. Communicating and engaging is also critical when trying to receive support from Council and residents.

There are four core elements of the framework that are necessary for sustainable service delivery:

- 1) **People:** For effective delivery of the AM System, it is important to employ an array of people with different skills in the delivery of AM. This will help to bring different perspectives and approaches to the number of problems and obstacles that will be encountered in the delivery of the AM System. There must also be clear definition of the people and their roles and responsibilities within the AM System and each of the departments. This sets the level of accountability for both management of the AM System and the delivery of infrastructure services, and helps the people involved more clearly understand

¹ <http://www.assetmanagementbc.ca/framework/>

how the AM System is to be applied within their position. Roles and Responsibilities for AM System governance are described in the AM Strategy. Key roles and their responsibilities for delivering the infrastructure services are described in this AM Framework.

- 2) **Assets:** Asset portfolios require careful consideration in the development of the AM System. The spectrum of assets included in the portfolio covered by the AM System can vary greatly and the AM System needs to accommodate all asset groups to be effective. In order to ensure that they are properly accounted for, and the Levels of Service will measure the service as fully as possible, each of the service areas need to carefully catalog and classify the assets for which they are responsible for, be they tangible, intangible, financial or non-financial.
- 3) **Information:** Defining the data for the asset portfolios is an essential part of the delivery of the AM System. Collecting only the data that is required helps to streamline work by removing unnecessary work and reinforces the importance of the data that is collected. The accurate collection of data at defined intervals will help to continuously improve the AM Plan (AMP) by providing the best possible picture of the asset portfolio to enable the best possible prioritization of works.
- 4) **Finances:** Holistic understanding of the long-term costs of providing services and the infrastructure required is a critical element of asset management. Proactive asset management will yield fewer service disruptions, more predictable results and lower total lifecycle costs than a reactive approach to repair and replacement.

The framework includes three primary areas of AM practice:

- 1) **Assess:** the appropriateness of AM Practices and the current state of assets (inventory, condition, demand, risk, investment need, and sustainability). The assessment results serve as a foundation for developing and implementing improvement plans and the AMP.
- 2) **Plan:** the AM System (AM Policy & Strategy) and service delivery (AMP and Long Term Financial Plan). These are long-term plans that outline the assets, investment need, and the activities and programs for each service area, including resources required to provide a defined level of service in the most cost effective way. The AMP should be a readable and user-friendly living document that is continuously improved to incorporate new information or changing requirements. The integration of the AMP with the Long Term Financial Plan identifies gaps between long-term costs and available funding, as well as opportunities to close the gap through adjusting service levels (reducing costs) and/or increasing funding (raising revenue).
- 3) **Implement:** the programs of work contained in the AMP and the continuous improvement plan for the AM System. Annual and financial reports are used to communicate service performance and investment outcomes, and demonstrate measurable progress towards achieving asset management objectives and outcomes identified in the AM Strategy and AMP.

6.0 AM SYSTEM COMPONENTS

6.1. Assets

Service	Asset Types
Water	Treatment Plant, Reservoirs, Distribution System, Pumping Stations
Sewage	Treatment Plant, Collection System
Storm Water	Storm Mains, Storm Water Ponds
Transportation	Roads, Bridges, Sidewalks, Traffic Signals, Street Lighting
Solid Waste	Landfills/Transfer Station
Parks and Recreation	Playfields, Playgrounds, Trails, Recreation and Cultural Facilities
Facilities	Civic Office, Public Works Garages, Library, Recreation/Culture and Fire Hall
Fleet & Equipment	Fire Apparatus, Vehicles, Heavy Equipment, Zambonis
Information Technology Systems	Hardware, Software, Communication Equipment

Each of the service areas within the scope of the AM System manages their assets in an environment with various inputs, goals and priorities. A detailed description of assets is provided in the Asset Management Plan.

6.2. Documents

The Municipality's AM System includes the following documents:

Document Title	Scope / Intended Outcome	References/Relationships
AM Policy	Provide leadership and commitment to asset management and provide a set of principles to guide development and implementation across the organization.	Parallel document to support and guide the delivery of AM throughout the organization.
AM Strategy	Document corporate level AM objectives and how they are linked to Council priorities, inform the approach for developing AM Plans and how AM will be carried out throughout the organization.	Parallel document to support and guide the delivery of AM throughout the organization.
Asset Management Plan	Overall organizational plan for managing assets and services. The AM Plan contains Levels of Service, Demand Management Strategies, Lifecycle Management Strategies, Capital Investment and Renewal Plans, Resource Requirements and Resource / Training Plans.	This document provides a link (through levels of service) between higher level Corporate Objectives, and more detailed Operational Objectives. It allows the relationship between cost, performance, and risk to be determined.
Service Area Masterplans	Long range plans that contains planning, developing and operating strategies for each network. Contains major demand and risk forecasts and capital programs as well as any legislated management plans (e.g. Water and Sewer Master Plan).	These documents provides a link (through levels of service) between higher level Corporate Objectives, and more detailed Operational Objectives including specific legislative requirements.

6.3. Processes and Practices

Core practices and processes within the AM system assist staff in the efficient and effective management of assets and delivery of services.

The development, implementation and improvement of asset management practices, and the documentation of associated processes is an ongoing activity. The AM Steering Group is responsible for developing guidance that facilitates a consistent

approach for these processes and practices across the organization.

Core practices and processes within the AM system include (but are not limited to):

Process or Practice	Scope / Intended Outcome	References
Framework Reference: ASSESS		
AM Maturity Assessment	Assessment of the AM System and improvement areas.	AM Strategy
State of Infrastructure	Document the inventory, asset condition/performance, and value of assets. This assessment is the foundation for the development of Asset Management Plans.	AM Plan
Information Management	Define which data on assets and AM practices need be recorded, the process for recording it, and where it is recorded. This includes asset condition, utilization, and performance	AM Plan and Master Plans
Framework Reference: PLAN		
Levels of Service (LOS)	Define Levels of Service measures at the corporate level, at the customer level, and at the asset level. Set targets and track performance against targets.	AM Plan
Long Term Financial Planning	Develop plan for meeting future demand and infrastructure needs.	Financial Plan
Asset Lifecycle planning	Develop life-cycle models to forecast long-term investment needs based on asset lifecycle management strategies.	AM Plan
Risk Management	Use risk to develop short-term (1 to 3 year) investment needs to maintain and deliver target levels of service; empower service areas to plan actions to prevent or reduce undesired effects.	AM Plan
Demand forecasting & Management	Forecast and plan for meeting future growth and demand, including capital, operating and non-asset solutions.	Master Plans
Investment Planning	Apply the LOS, Risk, and Demand Forecasting processes to develop 10 year capital / operating plans.	Capital/ Operating Plans
Framework Reference: IMPLEMENT		
Management & Business Reviews	Continuous improvement in the effectiveness and efficiency of the AM System.	AM Strategy
Performance review & reporting.	Continuous improvement in the effectiveness and efficiency of service delivery.	AM Plan and Master Plans

6.4. Information Management

Good information is necessary when making good decisions. Asset information is a combination of data on physical assets used to inform decision-makers. An asset information management strategy includes a systematic approach to managing asset information and needs to define how an organization intends to assure collection, organization, maintenance, use and analysis of asset information in order to effectively support processes of both strategic and operational execution. Information management strategy includes objectives that need to be specific, measurable, achievable, realistic and timed.

The AM System not only includes people and processes, but also includes all software applications, templates, and analysis tools used by the Municipality to support asset planning, delivery, monitoring and improvement. AM tools used across all Departments are managed by Department Directors and the AM Steering Committee, but other specific tools in use are managed by the Asset Manager for the respective service areas. Tools will vary according to need and may be updated and changed as new technology becomes available or the Municipality's needs change over time.

A high level description of core AM tools, their application and management is provided in the following table:

Tool	Purpose
Information Management	
GIS	Used to track spatial information for assets to create maps both for display and reporting
AutoCAD	Capture the drawings of Infrastructure.
Capital Infrastructure Planning	
TBD	To forecast lifecycle costs, capital planning, scenario modelling, investment optimization
Excel	
Financial Management and Budgeting	
Citywide	TCA Inventory for PSAB 3150 reporting
Infrastructure Delivery	
Excel / Word	To track and report on project execution. Outputs are Project documents and reports (e.g. Project schedule, status reports, change requests, etc.).

The collection of information is done through various methods and includes, but is not limited to, the following:

- condition assessments;
- log reports; and
- external and internal reports.

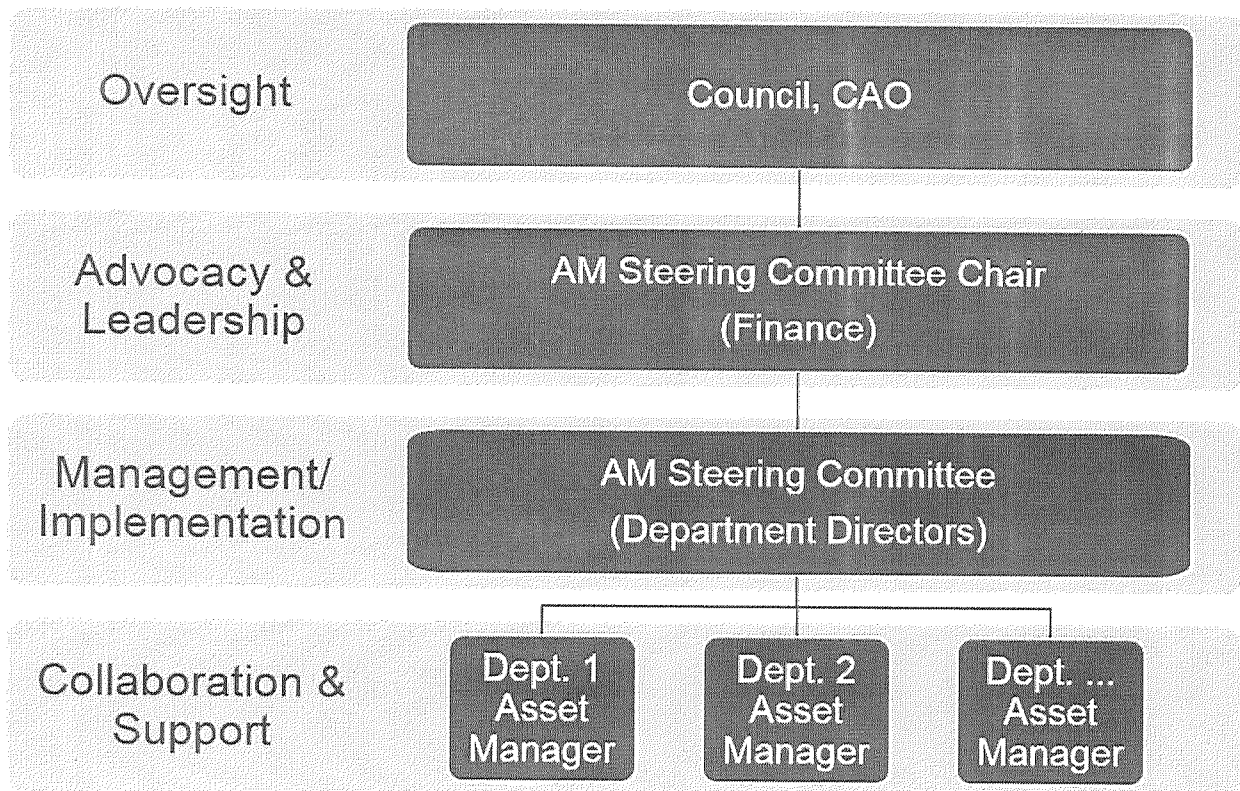
Information is evaluated using internal and external expertise to create annual and long term work plans that are used by each department. Collectively, this information is used to develop the annual budget and other public documents such as the AM Plan and department master plans.

7.0 ROLES AND RESPONSIBILITIES FOR SERVICE DELIVERY

7.1. Overview

When considering how to integrate these roles within the structure and function of an organization, note that one person may fulfill multiple roles or a single role may be shared. How these roles are filled is not as important as defining that these roles need to exist; ensuring that the requirements, authority, and accountability of each role is defined; and assigning each responsibility to a single individual.

The governance structure for the AM System is illustrated in the figure below and the roles and responsibilities are documented in the next section.



7.2. Senior AM Roles & Responsibilities

COUNCIL <ul style="list-style-type: none"> • Represents the interests of Stakeholders • Acts on behalf of the Stakeholder • Establishes vision and service mandates
Responsibilities
1. Liaise with stakeholders
2. Set corporate vision and goals
3. Establish corporate management policies
CHIEF ADMINISTRATIVE OFFICER (CAO) <ul style="list-style-type: none"> • Acts on behalf of Council • Represents the interests of Stakeholders • Provides direction to Senior Management Team
Responsibilities
1. Provide recommendation and advice to assist decision-makers in determining what services to be offered to Stakeholders
2. Provide recommendation and advice to assist decision-makers in determining the level of service (quality) to be provided to Stakeholders for each offered service
3. Establish and lead people practices, including practices of staff recruitment, retention, training & development.
4. Establish and lead organizational culture and priorities, motivate employees, and drive change within the organization.
5. Approve or decline the recommendation for new asset requests
DEPARTMENT DIRECTORS

- Manages the overall delivery of approved Service to Stakeholders at the defined standard, for the best long term balance of cost and risk
- Defines the service level requirements of assets needed to support service delivery to Stakeholders
- Provides relevant direction and information to Staff to facilitate and assist efficient and effective provision of suitable assets to support service delivery

Responsibilities

1. Provide recommendation and advice to assist decision-makers in determining what services to be offered to Stakeholders
2. Provide recommendation and advice to assist decision-makers in determining the level of service (quality) to be provided to Stakeholders for each offered service
3. Monitor and report on cost of service delivery, predict future costs & revenue
4. Presents business case for new asset requests
5. Service financial management & control
6. Manage procurement strategies & supplier relationships
7. Regularly monitor & report on current demand, analyze relevant information affecting demand, predict future demand.
8. Provide definition of Services to be delivered from Assets and the required standards and quality of service
9. Day-to-day management of strategic requests and issues raised by stakeholders and service users
10. Plan, Co-ordinate, integrate and manage activities of the service delivery chain

ASSET MANAGERS

- Acts on behalf of the Department Directors
- Collaborates with and supports SMT with regard to assets needed for Service
- Manages the assets needed for Delivery of approved Service to Stakeholders at the standards and to the agreed level of service
- Responsible for optimizing the lifecycle management (plan, build, maintain, renew/improve, dispose) of infrastructure assets. This means planning and advising on the tactical investments necessary to maintain existing assets, improve or acquire new assets and dispose of surplus assets

Responsibilities

1. Provide recommendation and advice with regard to asset options
2. Collaborate with SMT to identify current and future customer requirements, review asset and non-asset options for service delivery
3. Identify, monitor, and report to SMT any high service delivery risks related to or generated by existing assets
4. Provide inputs to collaboration with SMT for business case for new and improved asset requests
5. Program financial management & control
6. Preparation annual and long term budgets
7. In collaboration with SMT, develop prioritized non-asset and capital works programs for optimized long term delivery of agreed level of service
8. Develop AM Plan documenting assets & programs required to support services; describes how programs are developed, rationale for prioritised work and how it will be resourced, managed and evaluated
9. Specify requirements for supplied products and services based on service requirements
10. Define and justify asset group strategies
11. Define asset condition standards and measures and specify how these should be used in condition assessment and asset replacement forecasts
12. In collaboration with SMT, identify and agree on appropriate condition assessment techniques, and standard categories for defects and failures
13. Regularly review asset condition results with SMT and identify any changes are required to maintenance strategies or operational activities
14. Monitor & report on asset performance & capacity. Regularly review current performance against required performance & correct
15. Specify asset performance management standards, including functionality and service life requirements for all key asset types
16. Review & approve risk based work programs (life-extending, decommissioning, disposal & risk control actions)

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|---|
| 17. Evaluate strategies for extending the life of assets and generally getting more out of existing assets |
| 18. Collaborate to review options, and select optimal lifecycle strategies |
| 19. Forecast & assess products and technological developments for asset lifecycle treatments and the effects of these on optimal asset strategies |
| 20. Provide, manage, maintain and develop AM tools and systems necessary to support and enable effective stewardship of assets |

8.0 ASSET MANAGEMENT DECISION-MAKING APPROACH

8.1. Overall Approach

In preparing the AM Plan, other longer-term strategic documents are consulted for alignment such as the Community Strategic Plan and the Official Plan that incorporates items such as population growth as well as Council's strategic directions. Therefore, when fully developed, the AM Plan will be able to better inform future versions of the longer-term plans, as they will include the desired level of services for the projected population along with a more detailed assessment of the asset capabilities along with costs for maintenance and replacement.

The shorter term plans, such as the departmental specific master plans, will be used to inform the growth needs in the AM Plan and other longer-term documents.

The process of preparing strategic documents and plans is therefore all encompassing. The AM Plan should inform, but not dictate, the strategic planning process and vice versa. Each version of the AM Plan will respond to decisions made in the previous Strategic Plan as well as the changing service environment. This allows each service area to be proactive and agile in responding to change.

In addition to the AM Plan needing to align with Council's priorities, it is essential to consider horizontal alignment with other service areas and community partners. Therefore initiatives and actions contained in the AM Plan need to not only be coordinated but planned in recognition of other needs and opportunities.

8.2. Decision Making Tools

Decision-makers require a rigorous and objective process to compare a multitude of disparate requests for funds.

Currently the Municipality has no formal overall defined method to compare the priority of different recommendations/requests coming from different service areas. However, this is done informally through the annual budget process using the following:

- a) Set evaluation criteria when evaluating a new program and/or service enhancement as follows:
 - i) Legislative requirement;
 - ii) Capital impacts;
 - iii) Growth adjustments;
 - iv) Cost savings or inherent efficiencies;
 - v) Identified need with self-sustaining revenues available; and
 - vi) Identified need with no corresponding revenue possibilities.
- b) Similarly for capital projects, evaluation criteria are as follows:
 - i) Legislative requirements. The projects must be completed to meet statutory or mandated initiatives and are the highest priority for funding. Items included in this ranking are mandated accessibility requirements, minimum maintenance standard requirements.
 - ii) Committed projects. Projects that have already commenced and are simply a continuation from a prior year(s).
 - iii) Serious threat to Public Health and Safety. There is a recognized health and safety issue that could place the Municipality in a situation of high risk if not for immediate corrective action.
 - iv) Phased project. A project, that if not completed, would preclude continuation of another project, result in the loss of external funding opportunities or is a corollary project that is fiscally efficient (e.g. replacement of sewer at same time as road reconstruction).
 - v) Dependent project. A project that would preclude growth if not completed; a project that is tied to one in another jurisdiction and will minimize public disruption or be fiscally efficient.
 - vi) Critical lifecycle maintenance items. These are projects that can no longer be put off.
 - vii) Growth related projects. These projects would be funded in whole or in part by Development Charges but can be done "in their turn" or wait for sufficient Development Charge funding to become available.

- viii) Serious lifecycle maintenance items. These are projects where there may be a one or two year period before it becomes critical;
- ix) Lifecycle maintenance items. These are projects where there may be three to four budgetary periods before it becomes critical.
- x) Operating cost reduction or efficiency. The project will reduce net current and future operating or maintenance costs. The payback period must be less than five years.
- xi) General benefit to the Municipality. These projects would have general benefit to the community as a whole but may not have any funding. These are "nice to have" items.
- xii) Lifecycle maintenance items. These are projects where there is a period of more than four years before they would be deemed critical. These projects would be recommended for postponement or elimination because they require further development of the justification of benefit, need, proper timing or adequate funding.

9.0 Key Improvement Areas

The following planned improvements highlight the Municipality's continued commitment to the sustainable management of its assets to support the delivery of safe, reliable and effective municipal services to its residents:

- Expand the scope of the current AM Plan to include all Municipal assets;
- Develop Asset Information Strategy and a plan to improve data collection and management;
- Formally put in place preventative maintenance programs;
- Enhance the alignment of the AM Plan and the Long Term Financial Plan and all other relevant plans; and
- Develop a risk management policy and framework;
- Develop a level of services (LOS) framework*: Although staff currently track a number of performance indicators for benchmarking operational performance, there is a need to develop a more comprehensive framework to a more service-oriented approach to asset management planning and to further define the level of service standards for the future; and
- Enhance the integration of sustainability within the AM Plan and all other relevant plans.

*Our current approach (traditional): asset oriented, operations and maintenance (O&M) based on age and condition versus where we want to be (customer oriented): O&M based on LOS and risk and considers system capabilities thereby minimizing risk and optimizing service delivery levels

10.0 TERMS AND DEFINITIONS

- 1) **Asset** – an asset is an item, thing or entity that has potential or actual value to an organization. The value can be tangible or intangible, financial or non-financial and includes consideration of risks and liabilities.
- 2) **Asset life cycle** - Time interval that commences with the identification of the need for an asset and terminates with the decommissioning of the asset or any liabilities thereafter (Source: PAS55 2004). This therefore covers all phases of an asset life from planning, design, acquisition, deployment, commissioning, maintenance, repair, refurbishment, decommissioning and disposal.
- 3) **Asset Management (AM)** – Asset Management is the coordinated activity of an organization to realize value from assets. It encompasses all asset types, tangible and intangible, individual components or complex systems, and all activities involved in the asset's life cycle - everything from initial identification of requirements or opportunities, acquisition/creation, operations or utilization activities, asset stewardship or care/maintenance responsibilities through to renewal or disposal and any remaining liabilities. AM is holistic as it considers the whole picture rather than just individual contributions.
- 4) **Asset Management Framework** – sets out the principles and provide guidance for the implementation, operation, and maintenance of the AM System. It defines the scope of the AM System, the components of the system, links to other organizational management systems, roles and responsibilities for components of the system and for reviews and performance reporting, criteria for decision-making, prioritizing, and criticality assessments, and reference other framework and guidance documents for components of the AM System.
- 5) **Asset Management Objective** – Specific outcome or achievement required of assets, asset types and/or groups of assets in order to achieve the AM strategy.
- 6) **Asset Management Strategy** – documented asset management objectives and how they are linked to the Council Priorities; and describes the role of AM in achieving the Council Priorities within the scope of the mandated principles and requirements as stated in the Asset Management Policy (AM Policy).
- 7) **Asset Management System** – An AM System is a management system for Asset Management. It is a management approach that outlines the links between the key elements and practices of an effective AM program. The AM System should be able to accommodate the various levels at which asset units may be managed, ranging from the operational level where discrete assets are managed up to the corporate level where integration across asset systems, networks or portfolios is desired.
- 8) **Asset Management Plan (AM Plan)** – the overall plan for managing specific assets and services & achieving the AM Objectives.
- 9) **Infrastructure** – System of core assets, facilities and/or equipment
- 10) **Integrated Risk Management (IRM)** - A systematic, organization-wide process designed to identify, analyze, mitigate and report on risks, to provide reasonable assurance on the achievement of an organization's objectives.
- 11) **Levels of Service (LoS)** – Levels of Service define the desired output for a particular asset, activity, or service area.
- 12) **Output** – Specific, measurable events that contribute to the desired outcome of a service.
- 13) **Outcome** – The overall desired or actual result of a service. Service level outcomes define what the service is supposed to achieve, for example, a "reliable" service.
- 14) **Performance indicator/measure** – A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.
- 15) **Risk** – An event that impacts the achievement of objectives and deals with the uncertainty. It is measured in terms of consequence and likelihood.
- 16) **Risk management** – The identification, assessment and response to risk to a specific objective.
- 17) **Asset Management Strategy (AM Strategy)** – includes the AM Framework. The AM Strategy specifies how organizational objectives are to be converted into AM Objectives, the approach for developing an AM Plan, and the role of the AM system in supporting achievement of the AM Objectives.
- 18) **Stakeholder** – Person or group having an interest in the organization's performance, success or the impact of its activities.