

<i>Policy Category</i>	<i>Name of Policy</i>
FINANCIAL	ASSET MANAGEMENT POLICY

Policy Owner	Enterprise Resource Management Services – Corporate Asset Management Division
Approval Body	Regional Council
Approval Date	
Effective Date	May 1, 2019
Review by Date	

1. Policy

The Region shall manage its assets through a coordinated approach that ensures the delivery of a sustainable level of service that strives to be fully funded.

Budgeting

Asset management planning will encompass sound financial analysis that will be completed by a multi-disciplinary team comprised of representative(s) from finance, the corporate asset management office and the concerned Regional department or ABC, and documented in the financial strategy section of the asset management plan. The financial analysis will align with existing financial plans including plans developed in response to the Safe Drinking Water Act. The alignment will stem from the multi-disciplinary team and its use of common analytical methods and common data sources.

The Region will integrate findings from the asset management plans into its long-term financial planning and budgeting processes. This will include the development of financial strategies that determine the level of funding required to achieve the short-term operating and maintenance needs (operating budget), as well as the long-term funding required to replace or rehabilitate the assets throughout their lifecycle (capital budget).

The asset management plan will be referenced by the Regional department or ABC in the preparation of their budget submission to:

- Determine forecasted spending needs identified in the plan;
- Identify all potential revenues and costs (including operating, maintenance, replacement, and decommissioning) associated with forthcoming infrastructure asset decisions;
- Evaluate the validity and need of each significant new capital asset, including considering the impact on future operating and capital costs;
- Incorporate new revenue tools and alternative funding strategies where possible;

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- Analyze risks;
- Prioritize spending needs for the budget submission; and
- Quantify progress in delivering asset management plan requirements and identify potential gaps.

The business cases submitted to support the annual operating and capital budgets are prepared by each Regional department or ABC and will be provided to the Budget Review Committee of the Whole for the approval of the Region's annual budget.

Capital Thresholds

Capital assets whose role in service delivery requires deliberate management by the Region, for example those that are deemed to provide benefits or pose substantial risks to the corporation, will be included in asset management plans. This may include assets that fall below the capitalization threshold as outlined in the Region's tangible capital asset policy.

The scope of these assets will be determined based on their criticality to delivering services, and the professional judgment of senior staff. This qualitative approach is unlike the quantitative and dollar value-based methodology prescribed in the tangible capital asset policy. For this reason, the capitalization threshold developed for financial reporting will not be the guide in determining which assets are to be included in the asset management process.

Community and Long Range Planning

The combination of lifecycle analysis and financial sustainability principles will be the driver in the design and selection of community development or redevelopment that requires new assets, or existing asset enhancements, to take place. Parties involved in the development of the asset management plans will reference the direction established in the community plan as well as the methods, assumptions, and data used in its development. The aim of cross-referencing these plans is to ensure that development and redevelopment occur within the Region's means through understanding and consideration of current and future asset needs and are integrated with infrastructure strategic documents such as master servicing plans and the development charge background study. Areas identified for population and employment growth will be required to consider infrastructure requirements through policies in the Regional Official Plan that link land use to infrastructure master plans such as the Transportation and Water and Wastewater Master Plans.

Climate Change

Climate change will be considered as part of Region's risk management approach embedded in local asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impacts and other risks with the cost of reducing these vulnerabilities. The balance will be struck in the levels of service delivered through operations, maintenance schedules, emergency management program,

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contingency funding, and capital investments. The Region's contribution to climate change through greenhouse gas emissions will be mitigated in accordance with its local reduction targets, financial capacity, and stakeholder support. Climate change will be addressed by establishing land use policies in the Regional Official Plan that will consider both mitigation and preservation of natural features.

Stakeholder Engagement

The ultimate goal of the Region is to efficiently provide its various stakeholders with the municipal services they need within the bounds of regulatory requirements, the built environment, and the natural environment. To achieve this goal, the Region will seek to understand the needs of current stakeholders and consider the needs of future generations, and incorporate these perspectives into asset management plans. The Region recognizes the various stakeholders as an integral part of the asset management approach. Accordingly, the Region will:

- Provide opportunities for residents and other stakeholders served by the Region to provide input in asset management planning through engagement in public information sessions related to infrastructure master plans, public meetings in advance of approval of the development charge background study and/or approval of budgets;
- Include opportunities for public engagement which may include public meetings and the use of technology including web-based tools; and
- Coordinate asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

Strategic Alignment

The Region's mission to offer its citizens a healthy, secure, and prosperous lifestyle at an affordable cost requires alignment of many strategic goals, policies and plans at any given time. To promote a shared and involved community, the Region will integrate asset management planning with the overarching accountabilities and aspirations of our community for the good of all. Asset management planning will be aligned with other municipal documents including, but not limited to the following:

- Council strategic plans;
- Growth strategies;
- Infrastructure master plans;
- Development charge background study;
- Financial strategies, such as the 10-year capital forecast and those required under the Safe Drinking Water Act.

2. Purpose

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The Region's vision is to achieve excellence and efficiency in service delivery through all capital assets (owned in whole or in part, leased or managed by the Region), at sustainable asset lifecycle costs, and acceptable levels of risk.

The objective of the AM Policy is to provide a framework and guidance to enable provision of levels of service that are appropriate and affordable for the community.

The AM Policy communicates a shared purpose to staff and other stakeholders to:

- Provide a common corporate approach to asset management with clear accountabilities, roles and responsibilities, and governance;
- Inform lifecycle management decision-making related to growth, upgrades, operations, maintenance, and renewal based on levels of service, cost of service and risk considerations;
- Enable objective prioritization of capital needs across Regional departments and ABC's;
- Foster communication and collaboration among stakeholders;
- Address financial, operational, administrative, regulatory and strategic Region-wide requirements; and
- Establish Guiding Principles as provided in Appendix 1 of the policy (service focused, value-based and affordable, and risk-based principles).

3. Scope

Roles and Responsibilities

The policy requires the commitment and participation of the following key stakeholders within the Region's organizational structure:

Council

- Approves, by resolution, the asset management policy and its updates as necessary every five years.
- Approves, by resolution, the asset management plan and its updates every five years.
- Approves, by resolution, the annual reviews of asset management planning improvement progress on or before July 1 of every year for every year following adoption of the policy.
- Supports ongoing efforts to continuously improve and implement the asset management plans.

Chief Administrative Officer

- Ensures compliance with the asset management policy and provincial asset management regulation.

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Commissioner of Enterprise Resource Management Services (acting as the Executive Lead)

- Endorses the asset management policy and its updates as necessary every five years.
- Endorses the asset management plan and its updates every five years.
- Endorses the annual reviews of asset management planning improvement progress before July 1 of every year for every year following adoption of the policy.
- Supports ongoing efforts to continuously improve and implement the asset management plans.

Corporate Leadership Team and Appointees (acting as the Corporate Asset Management Steering Team)

- Current Corporate Leadership Team and appointees from any applicable Regional ABC.
- Champions and promotes asset management planning activities for capital assets that fall within their Regional department or ABC.
- Supports continuous improvement opportunities and oversees development and adoption of appropriate asset management planning practices including people, processes, data and systems.
- Communicates with stakeholders about the asset management system to increase awareness of their role in asset management decision-making including the value of the activities they are undertaking and the asset information they are providing.

Corporate Asset Management Office

- Reports to the Executive Lead.
- Reviews and updates the asset management policy as necessary every five years based on input from department and ABC leads.
- Prepares the asset management plan and its updates every five years based on input from department and ABC leads.
- Creates necessary guiding strategies, supporting frameworks and procedures at the corporate level to continuously improve and adopt appropriate asset management planning and management practices.
- Conducts annual reviews of asset management planning improvement progress before July 1 of every year that includes progress on ongoing efforts to implement the asset management plans, consideration of the asset management policy, any factors affecting the ability of the Region to implement its asset management plans, consultation with department and ABC leads and a strategy to address these factors including the adoption of appropriate practices.

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- Ensures consistency and standardization for asset management practices across the organization and monitors compliance with the established practices.
- Makes recommendations for system improvements and enhancements to further advance asset management initiatives across the organization.
- Communicates with stakeholders about the asset management system to increase awareness of their role in asset management decision-making including the value of the activities they are undertaking and the asset information they are providing.
- Provides opportunities for residents and other stakeholders served by the Region to provide input in asset management planning.

Corporate Asset Management Practice Networks

- Facilitate coordination and collaboration around the asset lifecycle in the form of knowledge sharing and continuous improvement.

Department and ABC Leads

- Provide input to the asset management plan and its updates every five years.
- Provide input to and review draft operating and capital programs and budgets for the annual budget.
- Communicate with staff within their service area about the asset management system to increase awareness of their role in asset management decision-making including the value of the activities they are undertaking and the asset information they are providing.
- Continuously improve and adopt appropriate asset management planning practices within their service areas based on corporate guiding strategies, supporting frameworks and procedures and ensuring compliance with the corporate Asset Management Policy.
- Coordinate asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.
- Implement operational plans such as maintenance programs, capital works programs, and asset management practice improvements in accordance with approved the asset management plan.
- Ensure continuous maintenance and quality of the information in the asset management system.

4. References and Related Documents.

4.1. Legislation, By-Laws and/or Directives

- Ontario Regulation 588/17 – Asset Management Planning for Municipal Infrastructure
- By-law 2017-63 – Budget Control By-law
- By-law 02-2016 – Procurement By-law

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5. Related Policies

- C-F-003 Capital Asset Management Policy

6. Document Control

The electronic version of this document is recognized as the only valid version.

Approval History

Approver(s)	Approved Date	Effective Date

Revision History

Revision No.	Date	Summary of Change(s)	Changed by

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Appendix 1: Guiding Principles

Guiding Principles (led by AM Policy Champion)

Asset Management practices will be aligned with best practices in asset management which incorporates the important principle of balancing risk, cost and performance. The availability and sources of funding affect the level of asset management performance that can be achieved and the risks associated with service provision.

The following key principles will guide the Region as it aims to achieve its asset management vision:

Service Focused: Plan and manage the performance of assets to consistently meet service levels expected by customers and other stakeholders.

- Ensure continued provision of core public services for which the Region has taken on the responsibility to deliver, as well as services provided by the broader public sector, such as healthcare and education
- Take a long-term view while considering demographic and economic trends in the region.
- Make evidence based and transparent investment decisions, and, subject to any restrictions or prohibitions under an Act or otherwise by law on the collection, use or disclosure of information,
 - Make investment decisions respecting infrastructure on the basis of information that is either publicly available or is made available to the public, and
 - Share information with implications for infrastructure planning between the Government and broader public sector entities, and factor this information into investment decisions respecting infrastructure.
- 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 (Ontario) job creation and training opportunities (including for apprentices, within the meaning of section 9 of the Infrastructure for Jobs and Prosperity Act, 2015), improvement of public space within the community, and promoting accessibility for persons with disabilities.
- Consider, where relevant and appropriate, the principles and content of non-binding provincial or municipal plans and strategies established under an Act or otherwise, in planning and making decisions surrounding the infrastructure that supports them.

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Value-Based and Affordable: Identify the best combination of investments that deliver the greatest benefit while respecting funding, resource, and timing constraints including customers' willingness and ability to pay.

- Take into account any applicable fiscal plans or budgets, such as those released under the Fiscal Transparency and Accountability Act, 2004 or adopted under Part VII of the Municipal Act, 2001.
- Promote economic competitiveness, productivity, job creation, and training opportunities.
- Create opportunities to make use of innovative technologies, services, and practices, particularly where doing so would utilize technology, techniques, and practices developed in Ontario.

Risk-Based: Make more informed and better asset management decisions to address existing or potential risks to Regional objectives while understanding the likely outcomes and results of the actions.

- Identify infrastructure priorities while considering the potential risks to the community from asset failures and the resulting service interruptions, which will drive investment decisions.
- Ensure that the identification, evaluation and prioritization of the effects of uncertainty is collaborative, transparent and understood by all stakeholders.
- Minimize the impact of infrastructure on the environment by respecting and helping maintain ecological and biological diversity, augmenting resilience to the effects of climate change, and endeavouring to make use of acceptable recycled aggregates.
- Where possible, invest in green technologies to improve economic and social impacts.
- Protect the health and safety of workers involved in the construction and maintenance of infrastructure assets.