

The Municipality of Lambton Shores

Policy # 93

Effective Date: June 18, 2019

Corporate Asset Management Policy

1. Purpose

This asset management policy provides guidance and a framework for the development and implementation of the asset management program at the Municipality of Lambton Shores. This is the Municipality's first iteration of an asset management policy.

It is produced in compliance with Ontario Regulation (O. Reg.) 588/17 of the *Infrastructure for Jobs and Prosperity Act, 2015*. Upon adoption, the policy will formally embed asset management at the Municipality and ensure its continuity across different councils.

Sound asset management ensures that local infrastructure provides desired service levels in the most cost-effective manner, while mitigating risk. It requires a cross-functional team of experts, executive buy-in, and continuous commitment by council. This policy will guide the consistent implementation of evidence-based asset management across the organization. As a result, it will support the delivery of sustainable community services now and in the future.

Linking service outcomes to infrastructure investment decisions will assist the Municipality in focusing on service-driven, 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.

2. Background

Located in Lambton County along the shores of Lake Huron, the Municipality of Lambton Shores is responsible for providing a range of essential infrastructure services to the community, including transportation networks, water distribution, wastewater

collection and treatment, and stormwater management. To deliver these services to its nearly 12,000 residents, the Municipality owns and manages a diverse municipal infrastructure asset portfolio of roadways, bridges and culverts, underground infrastructure, equipment and facilities.

As the social, economic, and environmental wellbeing of the community depends on the reliable performance of these assets, it is critical to implement a systematic, sustainable approach to their management.

Asset management is such an approach, and refers to the set of policies, practices and procedures that allow a municipality to realize maximum value from its infrastructure assets. Asset management allows organizations to make informed decisions regarding the planning, operating, maintaining, renewing, replacing, acquiring and disposing of infrastructure assets through a wide range of lifecycle activities.

Furthermore, it is an organization-wide process that involves the coordination of activities across multiple departments and service areas such as Finance, Community Services, Protective Services, Recreation and Cultural Services and Planning. As such, it is useful to adopt a structured approach to outlining the activities, roles, and responsibilities required of organizational actors, as well as the key principles that should guide all asset management decision-making.

A comprehensive and holistic asset management program will support cost-effective delivery of expected levels of service and ensure that due regard and process are applied to the long-term management and stewardship of all municipal infrastructure assets.

The approval of this policy is an important step towards integrating the Municipality's strategic mission, vision, and goals with its asset management program, and ensuring that critical municipal infrastructure assets and vital services are maintained and provided to the community in a reliable, sustainable manner.

3. Alignment with the Municipality's Strategic Direction

This asset management policy aligns with the Municipality's current Strategic Plan (*Strategic Priorities 2019-2022*) which identified 22 action items for three general areas of public service: Community Growth and Support; Infrastructure Improvement; and, Governance and Organizational Management.

3.1 Community Growth and Support

Infrastructure is the foundation of a strong and adaptable local economy. As such, this asset management policy will indirectly support several key action items for this priority area, including transportation and strategic partnerships.

3.2 Infrastructure Improvements

Several action items within this key service area will be directly supported by the principles of this asset management policy, including, prioritizing the rehabilitation and repair of the Municipality's road system; storm water management; capacity upgrades; develop a parking strategy and, investments in waterfront assets.

4. Governance and Organizational Management

Asset management and judicious financial planning are key elements of this service area. This asset management policy will further reinforce these priorities.

- **Action Item 1:** The Municipality will develop a long-term (10-year +) strategy on reserve funds and debt management to enable effective asset management.
- **Action Item 3:** The Municipality will work to ensure that tax increases during the term are predictable, justifiable, and responsible.

The asset management policy is also aligned with the Municipality's *Recreation and Leisure Services Master Plan 2018 Update*, which outlines 50 proposed recommendations that span municipal delivery of parks, recreation and culture facilities and services. Recommendation 5 (R5) lays the groundwork for establishing proposed levels of service (LOS) in alignment with O. Reg. 588/17.

- **R5** Establish a simple set of quantifiable targets and performance measures that can gauge the efficiency and effectiveness of services, which are offered by the Municipality.

The policy will also align with and support key periodic studies conducted by the Municipality that inform its financial and infrastructure planning, including:

- Development Charges Background Study (2017).
- Roads Needs Study (2018), conducted every six years.
- Ontario Structures Inspection Manual (OSIM) report, conducted every two years.

5. Definitions

Asset management – 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.

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.

Capitalization threshold – the minimum value of the infrastructure asset at or above which it is capitalized. Assets below this value are expensed.

Asset Type	Capitalization Thresholds
Land	capitalize all
Land Improvements	\$7,500
Facilities	\$7,500
Rolling Stock	\$7,500
Equipment	\$7,500
Infrastructure	\$25,000

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, stormwater management systems, street trees, urban forests, natural channels, permeable surfaces and green roofs.

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.

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.

Municipal infrastructure asset – an infrastructure asset, including a green infrastructure asset, directly owned by a municipality or included on the consolidated financial statements of a municipality, but does not include an infrastructure asset that is managed by a joint municipal water board.

6. 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 outline the stakeholders responsible for these tasks:

6.1 Council

1. Represent the needs of community;
2. Approve the asset management policy and direction of the asset management program;
3. Maintain adequate organizational capacity to support the core practices of the asset management program;

4. Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets;
5. Establish and monitor levels of service;
6. Approve the asset management plan by resolution;
7. Review the Municipality's asset management progress annually.

6.2 Senior Management Team

1. Development of policy and policy updates;
2. Provide corporate oversight to goals and directions and ensure the asset management program aligns with the Municipality's strategic plan;
3. Ensure that adequate resources are available to implement and maintain core asset management practices;
4. Provide departmental staff coordination;
5. Develop and monitor levels of service and make recommendations to Council;
6. Track, analyze and report on asset management program progress and results.

6.3 Executive Lead (Treasurer)

1. Manage policy and policy updates;
2. Provide organization-wide leadership in asset management practices and concepts;
3. Provide departmental staff coordination;
4. Monitor levels of service;
5. Coordinate and track asset management program implementation and progress;
6. Endorse the asset management plan.

6.4 Departmental Staff

1. Use the new business processes and technology tools developed as part of the asset management program;

2. Participate in implementation task teams to carry-out asset management activities;
3. Implement and maintain levels of service;
4. Provide support and direction for asset management practices within their department;
5. Track and analyze asset management program progress and results.

7. Policy Requirements and Statement

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

- 7.1 The Municipality will implement an organization-wide asset management program 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 desired levels of service.
- 7.2 The Municipality will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
 1. Complete and accurate asset data;
 2. Condition assessment protocols;
 3. Risk and criticality models;
 4. Whole lifecycle management;
 5. Financial strategy development;
 6. Level of service framework.
- 7.3 The Municipality has developed and will maintain an asset inventory of all municipal infrastructure assets which includes 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.
- 7.4 The Municipality has developed an asset management plan that incorporates all municipal infrastructure assets that meet the capitalization threshold outlined in

its Tangible Capital Asset Policy. The asset management plan 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 asset management program. The Municipality most recently completed an asset management plan in 2014.

For management purposes, it can be advantageous to inventory, track, and document municipal infrastructure assets that fall below the relevant capitalization threshold. Recognizing that it may be beneficial to include these types of assets in the asset management plan, the Municipality will consider incorporating such assets at its own discretion, based on the objective of sustainably managing municipal infrastructure assets. These types of assets would include items such as small equipment.

- 7.5 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.
- 7.6 The Municipality 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.
- 7.7 The Municipality 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.

- 7.8 The Municipality will ensure that all asset management planning is aligned with any of the following financial plans:
1. Financial plans related to the Municipality's water assets including any financial plans prepared under the *Safe Drinking Water Act, 2002*;
 2. Financial plans related to the Municipality's wastewater assets;
 3. Development Charge Study.
- 7.9 The Municipality will align all asset management planning with the Ontario's land-use planning framework, including any relevant policy statements issued under section 3(1) of the *Planning Act*; shall conform with the provincial plans that are in effect on that date; and, shall be consistent with all municipal official plans.
- 7.10 The Municipality will coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its neighbouring municipalities or jointly-owned municipal bodies wherever viable and beneficial.
- 7.11 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.
- 7.12 The Strategic Asset Management Policy should be reviewed and, if necessary, updated at least every five years.
- 7.13 Council will conduct an annual review of the Municipality's asset management progress on or before July 1 in each year, starting the year after the Municipality's asset management plan is completed to meet the requirements outlined in O. Reg. 588/17. As feasible, this review may be aligned with the Municipality's annual budget process.

The annual review must address:

1. The Municipality's progress in implementing its asset management plan;

2. Any factors impeding the Municipality's ability to implement its asset management plan;
3. A strategy to address the factors identified as impeding the Municipality's ability to implement its asset management plan.

7.14 The Municipality will post its asset management policy and asset management plan on a website that is available to the public, and will provide a copy of the policy and plan to any person who requests it.

8. Key Principles

The Municipality shall consider the following principles as outlined in Section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015*, when making decisions regarding asset management:

- 8.1 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.
- 8.2 Infrastructure planning and investment should take into account any applicable budgets or fiscal plans.
- 8.3 Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure.
- 8.4 Infrastructure planning and investment should support the continued provision of core public services.
- 8.5 Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities.
- 8.6 Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

- 8.7 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.
- 8.8 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,
1. 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
 2. information with implications for infrastructure planning should be shared between the Municipality and broader public sector entities, and should factor into investment decisions respecting infrastructure.
- 8.9 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 Municipality, as the case may be, the Municipality 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.
- 8.10 Infrastructure planning and investment should promote accessibility for persons with disabilities.
- 8.11 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.
- 8.12 Infrastructure planning and investment should endeavour to make use of acceptable recycled aggregates.

8.13 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 within the community, and any specific benefits identified by the community.

9. Legislative and Administrative Authorities

This policy is required by the Government of Ontario under Ontario Regulation (O. Reg. 588/17) as part of the *Infrastructure for Jobs and Prosperity Act, 2015*.