

County of Essex Policy and Procedures Manual

Strategic Asset Management

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Office of Responsibility:	Financial Services
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1.0 Introduction

The Corporation of the County of Essex is committed to providing service to residents in a fiscally responsible manner that supports a healthy and vibrant community. With this commitment in mind, assets must be managed in a way that supports the County's goals, plans and policies.

2.0 Scope

This policy applies to all tangible capital assets that enable the County to provide services and that require deliberate management and long-term planning by the County.

The service focus of the County's Strategic Asset Management Policy may require assets to be defined differently from the definitions within the County's Accounting for Tangible Capital Assets Policy (i.e. assets that meet the minimum capitalization thresholds set out in the Policy but are not planned for future replacement). The determination of which assets will be covered by the County's asset management planning processes will be independent of the County's Accounting for Tangible Capital Assets Policy.

3.0 Definitions/Glossary

Asset means an item, thing or entity that has potential or actual value to the County.

Asset Management means the coordinated activity of an organization to realize value from its 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 lower lifecycle cost for each asset (ISO 55000).

Asset Management Plan means a strategic document that states how a group of assets are to be managed over a period of time. The plan describes 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). The specific criteria to be included in a municipality's Asset Management Plan is defined in Ontario Regulations 588/17.

Municipal infrastructure asset means an infrastructure asset directly owned by the County or included on the consolidated financial statements of the County.

Level of Service means the parameters or a combination of parameters, which reflect social, political, environmental and economic outcomes that the County 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).

Lifecycle activities means the 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.

4.0 Purpose

The purpose of this policy is to provide leadership and commitment to the development and implementation of the County's Asset Management Plan. It is intended to guide the consistent implementation 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 County will work to ensure that all municipal assets meet expected performance levels and continue to provide desired service levels in the most efficient and effective manner. Linking service outcomes to infrastructure and equipment investment decision will assist the County in focusing on service, rather than budget driven asset management approaches.

This policy demonstrates an organization-wide commitment to the good stewardship of municipal assets and to improved accountability and transparency to the community through the adoption of best practices regarding asset management planning.

5.0 Guiding Principles

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

- a) **Forward Looking** – The County shall take a long-term view while considering demographic, economic and environmental trends.
- b) **Budget and Planning** – The County shall consider any applicable budgets adopted under Part VII of the Municipal Act, 2001.
- c) **Prioritizing** – The County shall clearly identify infrastructure priorities which will drive investment decisions.
- d) **Economic Development** – The County shall promote economic competitiveness, productivity, job creation and training opportunities.
- e) **Transparency** – The County asset management plan 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 County shall

make 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 investment decisions with the Government and broader public sector entities.

- f) **Consistency** – The County shall ensure the continued provision of core public services.
- g) **Environmental Consciousness** – The County shall minimize the impact of infrastructure on the environment by respecting and helping maintain ecological and biological diversity, by augmenting resilience to the effects of climate change and by endeavoring to make use of acceptable recycled aggregates.
- h) **Health and Safety** – The County shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- i) **Community Focused** – The County 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 and promoting accessibility for persons with disabilities.
- j) **Innovation** – The County 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.
- k) **Compliance** – The County must adhere to the requirements outlined in the Minimum Maintenance Standards, currently in force, and any other legislation specific to the Municipality in respect of assets

In addition to these guiding principles, the County's Asset Management Plan also outlines a set of overarching principles that complement those listed above. These principles encompass an asset management program that is holistic, systematic, systemic, risk-based, optimal, sustainable and integrated.

6.0 Policy

6.1 Framework

- a) The County will implement a corporate-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.
- b) The County 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.
- c) The Municipality will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
 - Complete and accurate asset data
 - Condition assessment protocols
 - Risk and criticality models
 - Lifecycle management
 - Financial strategy development
 - Level of service framework
- d) The County will develop and maintain an asset inventory of all municipal infrastructure assets which includes unique ID; description and 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. The County will strive to enhance their asset inventory by collecting more valuable asset attributes against their infrastructure assets.
- e) The County will develop an AMP that incorporates all infrastructure categories and municipal infrastructure assets

that are outlined in the County's Accounting for Tangible Capital Assets Policy. The County may include assets that fall below their respective capitalization thresholds as outlined in the County's Accounting for Tangible Capital Assets Policy. The scope of these assets will be determined, according to relevance, based on the professional judgement of the senior leadership team. The plan will be reviewed annually to address the County's progress and updated at least every five years in accordance with Ontario Regulation 588/17 requirements, or current provincial legislation, to promote, document and communicate continuous improvement of the asset management program.

- f) The County will integrate the AMP 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.
- g) The County 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.
- h) The County will ensure that all financial plans are coordinated and align with the established asset management plan and any other applicable plans, objectives and legislation.
- i) The County 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.

6.2 Roles and Responsibilities

a) Council

- Council will be entrusted with responsibilities for overseeing the management of the assets.
- Council will approve the Asset Management Planning documents and required updates every five years.
- Council will review Management's implementation of the plan as part of the annual budget process.
- Council will support efforts to improve the plan and ensure it includes changes necessitated by updates to other County strategic documents.

b) Administration

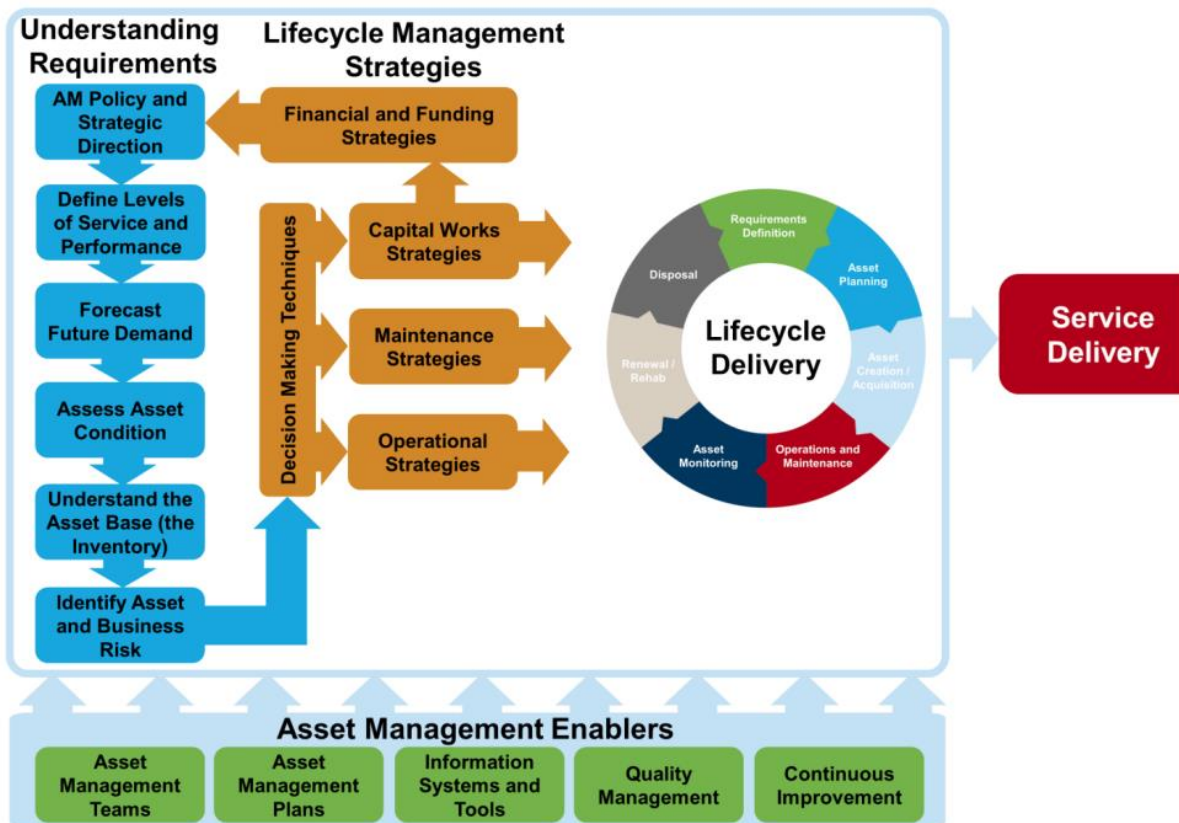
- The executive lead responsible for the Asset Management Plan and Strategic Asset Management Policy will be the Director of Financial Services / Treasurer in consultation with all department heads.
- Management will oversee the policy implementation and ensure both the Asset Management Plan and the Strategic Asset Management Policy comply with Provincial Asset Management Regulations.
- Management will ensure that current year and long-range asset requirements are incorporated into the budget presented to Council annually.
- Management will update the Policy and Plan to reflect changes as needed and present them for Council approval at least every five years. These changes will include those reflected in updates to the condition assessments commissioned for assets covered by the plan

6.3 Process

The County’s asset management system can be categorized into the key processes and resources shown within **Figure 1**. The asset management processes include:

- a) Functional Processes: The processes involved in understanding and defining requirements, and asset lifecycle management strategies; and
- b) Enabling Processes/Resources: The supporting processes and resources that make the functional processes possible.

Figure 1: The Asset Management Process



*Source: City of Guelph, Strategic Asset Management Policy, 2018

6.4 Implementation

- a) **Annual Consideration** - The asset management plans and progress made on the plans will be considered annually in development of the County's capital budgets, operating budgets and long-term financial plans.
- b) **Link to Performance Metrics**- Department staff will reference the asset management plan for their area in order to identify forecasted spending needs outlined in the plan, verify progress made on the plan, identify potential gaps and prioritize spending needs. Referencing will be undertaken on an as needed basis throughout the fiscal year and undertaken a minimum of once annually as part of the preparation of the budget.
- c) **Role of Finance** - Finance staff will be involved in the asset management planning process to coordinate the information from all departments in the preparation of the budget submission.
- d) **Link to the Official Plan** - Asset management planning will be aligned with the County's Official Plan. The asset management plan will reflect how the community is projected to change and the related asset impact.
- e) **Link to Other Master Plans** – The County has developed and adopted a number of long-range master plans (i.e. Emergency Management Plan, Accessibility Plan) designed to meet legislative requirements and work together to achieve the County's mission of providing innovation and excellence in service delivery. These plans will be reviewed regularly by staff and annual spending requirements in support of the plans' objectives will be incorporated into the budgeting process. All of the County's plans rely to some extent on the physical assets owned by the County and the commitment of staff to ensure their strategic use.
- f) **Consultation** – The County will foster informed dialogue to ensure a broad range of perspectives from key stakeholders is obtained. The County will consult with those responsible for managing the services to analyze future costs and viability of projected changes. Methods, assumptions and

data used in the selection of projected changes should be documented to support the recommendations in the Asset Management Plan. The County will also commit to providing opportunities for municipal residents and other interested parties to provide input into County's asset management planning.

- g) **Continuous Improvement** – The County's implementation of the Asset Management Plan will be based on the goal of continuous improvement and adoption of appropriate practices regarding asset management planning.
- h) **Consideration of Climate Change** – Climate change will be considered as part of the County'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, disaster response plans, contingency funding and capital investments. The asset management plan will encompass this sustainable approach to climate change mitigation and adaptation.
- i) **Coordination** – The County's asset management plan will endeavor to coordinate the planning for asset management where municipal infrastructure assets connect or are interrelated with those of its lower tier municipalities, neighbouring municipalities, jointly-owned municipal bodies, ministries and/or agencies.

7.0 Responsibility

- 7.1 Department Heads are responsible for assisting in the maintenance and reporting of activities related to the management of County Assets by providing condition assessment information and service level requirements which determine long- and short-term asset requirements.
- 7.2 The Director of Financial Services / Treasurer is responsible for the maintenance of and reporting on the activity related to the management of County Assets.

8.0 Related Documents/Legislation

- Ontario Regulation 588/17
- County of Essex Asset Management Plan

9.0 Summary of Amendments

Date	Amendment(s)
2019-06-19	Council Report 2019-0619-FIN-R010-SZ initiated policy. Approved by Council Resolution 119-2019.
2023-xx-xx	Council Report 2023-1101-FIN-RXXX-HM updates policy in accordance with Ontario Regulation 588/17. Approved by Council Resolution xxx-2023.