


Procedure Title: Strategic Asset Management Policy		Policy Number FIN 080	
Reference <i>Infrastructure for Jobs and Prosperity Act, 2015,</i> Ontario Regulation 588/17 FIN 050 Accounting for Tangible Assets Policy Report FIN 16-18 Resolution 455/18 (Council Meeting - June 25, 2018)	Date Originated (m/d/y) June 25, 2018	Date Revised (m/d/y)	Pages 7
Approval: Chief Administrative Officer 		Point of Contact Senior Financial Analyst, Finance	

Policy Objective

The objective of this policy is to provide leadership and commitment to the development and implementation of the City of Pickering’s asset management program. It is intended to guide the consistent use of asset management across the organization, to facilitate logical and evidence-based decision-making for the management of municipal infrastructure assets and to support the delivery of sustainable community services now and in the future.

By using sound asset management practices, the City will endeavour to ensure that all municipal infrastructure assets meet, through best efforts, performance levels and continue to provide desired service levels in the most efficient and effective manner.

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.

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01 Definitions

- 01.01 **Asset Management (AM)** - the coordinated activity of an organization to realize value from assets. It considers all asset types, and includes all activities involved in the asset's lifecycle 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.
- 01.02 **Asset Management Information System** - a combination of processes, data, software, and hardware applied to provide the essential outputs for effective Asset Management such as reduced risk and optimum infrastructure investment.
- 01.03 **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.
- 01.04 **Capitalization Threshold** - the value of a municipal infrastructure asset at or above which a municipality will capitalize the value of it. If below, the municipality will expense the value of it.
- 01.05 **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.
- 01.06 **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.
- 01.07 **Municipal Infrastructure Asset (MIA)** - an 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.

02 Background

- 02.01 Asset Management (AM) has been an ongoing practice at the City since the development of Section 3150 of the Public Sector Accounting Board (PSAB) Handbook in 2009. At the City, Finance staff, with the assistance of other department staff, have worked continuously towards the development and maintenance of a comprehensive and accurate inventory of all MIAs that serves as a strong foundation for long-term financial planning and budgeting. This policy will ensure that all of the work that has been put into the development of the City's MIA inventory is leveraged to optimize investment and the sustainability of municipal infrastructure.
- 02.02 The City is responsible for providing a range of services to the community, including transportation networks, stormwater management, parks and facilities. To deliver these services, it owns and manages a diverse MIA portfolio of roads, bridges, culverts, parks and facilities. As the social, economic, and environmental wellbeing of the community depends on the reliable performance of these MIAs, it is critical to implement a systemic, sustainable approach to their management.
- 02.03 AM is such an approach, and refers to the set of policies, practices and procedures that allow an organization to realize maximum value from its MIAs. An AM approach allows organizations to make informed decisions regarding the planning, building, operating, maintaining, renewing, replacing and disposing of MIAs 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. As such, it is useful to adopt a structured and coordinated approach to outlining the activities, roles and responsibilities required of corporate staff, as well as the key principles that should guide all AM decision-making.
- 02.04 A comprehensive and holistic AM approach will support cost efficient and 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 MIAs. In addition, it will align the City with provincial standards and regulations such as the *Infrastructure for Jobs and Prosperity Act, 2015*, Ontario Regulation 588/17, or other current provincial legislation, enabling the organization to take full advantage of available grant funding opportunities.
- 02.05 The development, support and maintenance of an AM program requires the ongoing use of an organization-wide suite of software modules. This Asset Management Information System should include at a minimum a digital asset register, a geographic information system, and a financial management system.
- 02.06 The approval of this policy is an important step towards integrating the City's priorities with its AM program, and ensuring that critical MIAs and vital services are maintained and provided to the community in a safe, reliable, sustainable manner.

03 Procedures

- 03.01 The City will implement an AM program throughout all departments. The program will promote lifecycle and risk management of all MIAs, with the goal of achieving the lowest total cost of ownership while meeting desired levels of service.
- 03.02 The City will implement best practices regarding AM planning, including:
- a) Complete and Accurate Asset Data
 - b) Condition Assessment Protocols
 - c) Risk and Criticality Models
 - d) Lifecycle Strategy Development
 - e) Financial Strategy Development
 - f) Level of Service Framework
- 03.03 The City, through best efforts, will maintain an asset inventory of all MIAs which includes 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 repair, rehabilitation or replacement costs, wherever possible. Reliable, consistent, and current asset condition data and costing is fundamental to a comprehensive and sustainable AMP.
- 03.04 The City will develop an AMP that incorporates all infrastructure categories and MIAs that meet the capitalization thresholds outlined in the organization's Accounting for Tangible Capital Assets Policy, as updated.
- 03.05 The AMP will be updated at least every five years in accordance with O. Reg. 588/17 requirements, or current provincial legislation, to promote, document and communicate continuous improvement of the AM program.
- 03.06 The City, through best efforts, will integrate AMPs and practices with its long-term financial planning and budgeting strategies.
- 03.07 The City 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.
- 03.08 The City, through best efforts, will develop meaningful performance metrics and reporting tools.
- 03.09 The City, through best efforts, will consider the risks and vulnerabilities of MIAs 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.

- 03.10 The City will align all AM planning with the Province of Ontario's land-use planning framework, including any relevant policy statements issued under section 3(1) of the *Planning Act*; shall conform with the provincial plans that are in effect on that date; and, shall be consistent with all municipal official plans.
- 03.11 The City will coordinate planning for interrelated MIAs with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.
- 03.12 The City will develop processes and provide opportunities for residents, stakeholders, and other interested parties to offer input into AM planning through the annual budget process.

04 Roles and Responsibilities

04.01 Council:

- a) Approve and support this policy;
- b) Maintain adequate organizational capacity to support the core practices of the AM program; and
- c) Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets.

04.02 Director, Finance & Treasurer:

- a) Development of policy, and updates as required;
- b) Provide corporate oversight to goals and directions and ensure the AM program aligns with the City's strategic priorities; and
- c) Ensure that adequate resources are available to implement and maintain core AM practices.

04.03 Senior Management Team:

- a) Provide departmental staff coordination;
- b) Establish and monitor levels of service; and
- c) Track, analyze and report on AM program progress and results.

04.04 Senior Financial Analyst:

- a) Development of policy, and updates as required;
- b) Provide organization-wide leadership in AM practices and concepts;
- c) Provide departmental staff coordination;
- d) Establish and monitor levels of service; and
- e) Coordinate and track AM program implementation and progress.

04.05 Departmental Staff:

- a) Utilize any business processes and technology tools for the AM program;
- b) Participate in implementation task teams to carry-out AM activities; and
- c) Establish and monitor levels of service.

05 Authority

This policy shall be administered by the Finance Department, and the Treasurer shall have the authority to interpret any provisions in this policy necessary for the good and efficient conduct and business of the City. Any changes shall be approved by Council.

06 Scope

This policy applies to all operations of the City including any Agencies, Boards and Commissions. It applies to the Pickering Public Library to the extent that it does not conflict with the role of the Board or Chief Executive Officer under the *Public Libraries Act*.

07 Principles

07.01 The City shall consider the following principles as outlined in section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015*, when making decisions regarding AM:

- a) Infrastructure planning and investment should take a long-term view;
- b) Infrastructure planning and investment should take into account any applicable budgets, fiscal restraints and fiscal plans;
- c) Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure;
- d) Infrastructure planning and investment should ensure the continued provision of core public services;

- e) Infrastructure planning and investment should promote economic competitiveness and productivity;
- f) Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected;
- g) Infrastructure planning and investment should foster innovation by creating opportunities to make use of innovative technologies, services and practices;
- h) 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;
- i) Information with implications for infrastructure planning should be shared between the City and broader public sector entities, and should factor into investment decisions respecting infrastructure;
- j) 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 City, as the case may be, the City 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.;
- k) Infrastructure planning and investment should promote accessibility for persons with disabilities;
- l) Infrastructure planning and investment should consider the impact of infrastructure on the environment;
- m) Infrastructure planning and investment should endeavor to make use of acceptable recycled aggregates; and
- n) 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.

08 Alignment with the City's Strategic Direction

AM planning should endeavour to align with the strategic business objectives of the City and should be reviewed regularly to ensure that it aligns with the changing and emerging strategic goals and priorities of the organization.

Please refer to all associated Policies, Procedures and Standard Operating Procedures, if applicable, for detailed processes regarding this Policy.