

# Strategic Asset Management Policy

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## TABLE OF CONTENTS:

1. PURPOSE
2. OBJECTIVE
3. DEFINITIONS
4. STRATEGIC ALIGNMENT
5. GUIDING PRINCIPLES
6. ROLES & RESPONSIBILITIES
7. CAPITALIZATION THRESHOLDS
8. BUDGETING
9. COMMUNITY PLANNING
10. CLIMATE CHANGE
11. STAKEHOLDER ENGAGEMENT

### 1. PURPOSE

The purpose of this policy is to formalize the Town of Greater Napanee's commitment to asset management by establishing a systematic and coordinated approach to asset management, which aligns asset management principles with the Town's strategic goals and objectives.

Asset management can best be described as an integrated business approach, involving all departments within an organization that aims to minimize the lifecycle costs of owning, operating and maintaining assets, at an acceptable level of risk while continuously delivering the established level of service for present and future stakeholders. By implementing asset management processes, infrastructure needs can be prioritized over time, ensuring municipal assets are maintained cost effectively.

### 2. OBJECTIVE

The Town of Greater Napanee's objective is to proactively manage its assets to enhance the quality of life and sense of place in the Town of Greater Napanee through teamwork, innovation, sustainability and customer service excellence.

### 3. DEFINITIONS

- Asset – a resource with economic value that the Town owns with the expectation that it will provide a future benefit.
- Asset Management Plan – a strategic document that states how a group of assets are to be managed over a period of time. The plan describes the characteristics and condition of the assets, the levels of service expected from them, planned actions to ensure the assets are providing the expected level of service at an acceptable level of risk, and financing strategies to implement the planned actions.
- Capitalization Threshold – the value of the asset at or above which the Town will capitalize the value of it and below which will expense the value of it.
- Level of service – the parameters or combination of parameters that reflect social, political, economic and environmental outcomes that the Town delivers. Levels of service statements describe the outputs or objectives of the Town's activities that are intended to be delivered to customers
- Lifecycle costs – the total cost of an asset throughout its life including planning, design, construction or acquisition, maintenance, rehabilitation, and disposal costs.

### 4. STRATEGIC ALIGNMENT

Asset management planning requires alignment with initiatives previously developed or underway at any point in time in the Town. This alignment is necessary to properly consider whether the level of service provided by our existing and planned assets is consistent with and supports the Town's overall mission and vision.

Town Council and Senior Management will ensure that asset management planning also aligns with Town plans such as:

- Strategic Plan
- Official Plan
- Emergency Plan
- Energy Management Plan
- Accessibility Plan
- Annual Capital and Operating Budgets

## 5. GUIDING PRINCIPLES

The Town shall consider the following principles to asset management planning, which also adhere to the required principles from the Infrastructure for Jobs and Prosperity Act, 2015:

- Customer focused: The Town will have clearly defined levels of service and apply asset management practices focused on customer outcomes and service delivery.
- Service focused: The Town will consider all assets in a service context and consider their interrelationships as opposed to optimizing individual assets in isolation.
- Risk-based: The Town will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures and priorities based upon risk assessments and the corresponding cost/benefit, recognizing that public safety is the priority.
- Value-based: The Town will choose practices, interventions and operations that aim to reduce the lifecycle cost of asset ownership.
- Forward looking: The Town shall take a long-term view while considering demographic and economic trends in the area.
- Budget and planning: The Town shall take into account any applicable budgets or fiscal plans required by Provincial legislation.
- Prioritization: The Town shall clearly identify infrastructure priorities, which will drive investment decisions.
- Economic Development: The Town shall promote economic competitiveness, productivity, job creation and training opportunities.
- Transparency: The Town shall be evidence-based and transparent. Additionally, subject to any prohibitions under an Act or otherwise by law on the collection, use, or disclosure of information, the Town shall:
  - Make decisions with respect to infrastructure based on information that is publicly available or made available to public, and;
  - Share information with implications on infrastructure and investment decisions with the Government and broader public sector entities.
- Consistency: The Town shall ensure the continued provision of core public services.
- Environmentally conscious: The Town shall 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.
- Health and Safety: The Town shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets are protected.
- Community focused: The Town 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,
- Improvement of public space within the community, and;
- Promoting accessibility for persons with disabilities
- Innovation: The Town 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.
- Integration: The Town shall, where relevant and appropriate, be mindful and consider the principles and content of non-binding provincial or municipal strategies established under an Act or otherwise, in planning and making decisions surrounding the infrastructure that supports these strategies.

## 6. ROLES & RESPONSIBILITIES

The policy requires the commitment of key stakeholders within the Town's organizational structure in order to ensure the Town is continually improving its methods and adopting appropriate practices with respect to asset management. The following details the responsibilities of these key stakeholders:

### Council

- Provide strategic direction for asset management planning, including approving a Strategic Asset Management Policy.
- Approve the Asset Management Plan and its updates every five years;
- Review the progress on the implementation of the Asset Management Plan on or before July 1 of every year.
- Support ongoing efforts to continuously improve and implement the Asset Management Plan.

### Chief Administrative Officer

- Ensure that the Town maintains compliance with the Asset Management Policy, strategic direction of Council and provincial asset management regulations.

### Director of Finance/Treasurer and General Manager of Infrastructure Services

- Act as the Executive Leads for the implementation of the Asset Management Policy and the directions of Council and the Chief Administrative Officer, related to asset management planning. The Director of Finance/Treasurer and General Manager of Infrastructure Services will establish a team comprised of representatives from Town departments to guide the asset management process.
- Prepare a report for Council's consideration prior to July 1 of every year which includes:
  - Review of the Strategic Asset Management Policy;

- Progress on ongoing efforts to implement the Asset Management Plan and address the asset funding gap;
- Any factors affecting the ability of the municipality to implement its Asset Management Plan, and;
- A strategy to address these factors including the adoption of appropriate practices.

#### Department Heads

- Oversee Asset Management Plan activities that fall within their service area and in support of other departments, including compilation of data such as condition & risk assessments, levels of service, and lifecycle costs.

### 7. CAPITALIZATION THRESHOLDS

The inclusion of an asset within the Asset Management Plan will be determined based on the service rendered by that asset and whether the service delivery requires management by the Town. The threshold used to determine which assets are to be included in the Asset Management Plan is therefore a guideline for the application of Council-endorsed principles using professional judgment. This differs from the tangible capital asset policy in that it takes a qualitative approach to capitalization for the purposes of the Asset Management Policy.

### 8. BUDGETING

The Asset Management Plan and progress made on the plan will be considered annually in the creation of the Town's capital budgets, operating budgets, and long-term financial plans. Department Heads will reference the Asset Management Plan for their area in order to:

- Look up forecasted spending needs identified in the plan;
- Verify progress made on the plan to identify potential gaps; and
- Prioritize spending needs identified in the plan.

The Director of Finance/Treasurer will be involved in asset management planning to facilitate the bridge between:

- The financial strategy developed in the Asset Management Plan;
- The budget submissions of each service area; and
- The overall budgeting process.

## 9. COMMUNITY PLANNING

Asset management planning will be aligned with the Town's Official Plan. The Asset Management Plan will reflect how the community is projected to change and the related asset impacts. The Town will achieve this with the following:

- Those responsible for managing services impacted by development or redevelopment will:
  - Be consulted about the impact of the development on their service area;
  - Provide input to the analysis of future servicing costs; and
  - Provide information about the financial viability of the development as it pertains to the service they manage.

Methods, assumptions, and data used in the selection of development or redevelopment initiatives documented in the Town's Official Plan will be available in support of the preparation of the Asset Management Plan.

## 10. CLIMATE CHANGE

The Town will develop tailored actions that make the best use of its resources to mitigate and adapt to climate change. These actions will go beyond acquiring or modifying assets based on greenhouse gas reduction targets and risk exposure. Bolstering resistance to climate change in the Town also means modifying the scope of current operations, anticipating possible costs to support contingency funds, leveraging alternative funding mechanisms, integrating disaster response perspective to planning and revising levels of service. The Town will tailor these actions by striking a balance between its organizational capacity, financial and stakeholder support and the local risks and vulnerabilities related to climate change. The Asset Management Plan will encompass this sustainable approach to climate change mitigation and adaptation.

## 11. STAKEHOLDER ENGAGEMENT

The Town recognizes the residents, businesses and institutions in the Town as stakeholders and other municipal bodies, provincial agencies, and regulated utilities as partners in service delivery. Accordingly, the Town will foster informed dialogue with these parties using the best available information and engage with them by:

- Providing opportunities for residents and other stakeholders served by the County to provide input in the development of asset management plans; and
- Coordinating asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.