

CORPORATE POLICY



Policy Title: **Strategic Asset Management Policy**
Policy Category: **Administration Policy**
Policy No.: A-030
Department: Chief Administrative Officer
Approval Date: November 16, 2016
Revision Date: December 7, 2020
Author: Cassandra Pacey
Attachments:
Related Documents/Legislation: Jobs and Prosperity Act, 2015, ONT REG 588/17
Key Word(s): Asset, Management, Infrastructure, Sustainability, Service

POLICY STATEMENT:

The principles and governance models found within this policy are intended to support and guide the organization to develop a coordinated approach to the management of municipal assets by establishing good stewardship practices.

PURPOSE:

The purpose of the Strategic Asset Management Policy is to ensure the City has sufficient information and understanding about the long-term and cumulative consequences of managing public infrastructure. This is achieved by ensuring that the systems and processes are in place to enable people to determine the optimal choices to deliver sustainable infrastructure related services.

This policy will guide the City of Waterloo in developing its detailed Asset Management (AM) Plans and provides the principles under which plans and strategies are to be developed. The City will combine evidence-based analysis with professional management in a structured method to evaluate assets in order to:

1. Facilitate effective decision-making and risk assessments;
2. Meet legislative and regulatory requirements;
3. Establish levels of service and adjust as necessary to accommodate asset efficiency, effectiveness, sustainability and growth; and,
4. Prepare for climate change

SCOPE:

This policy applies to all members of the City's organization and all assets identified in the Asset Management Plan.

Mandatory Policy, *Municipal Act*: Yes

Policy Administration Team, Review Date

October 2, 2020

Corporate Management Team, Review Date

October 30, 2020

POLICY COMMUNICATION:

Council will receive the policy for approval. Once approved, the policy is to be posted on the city website and staff will be advised via distribution to Managers, the Operational Leadership Team (OLT) and the Corporate Management Team (CMT).

DEFINITIONS:

Asset: Any item, thing or entity that has potential or actual value to the organization.

Asset Management (AM): Co-ordinated activities to realize optimal value from the organizations assets throughout its life-cycle

Asset Management Plan (AMP): Documents that detail how groups of assets are to be managed over a period of time. The plan describes the characteristics and condition of infrastructure assets, the levels of service expected from them, planned operational and maintenance actions to help with the accomplishment of assets providing the expected level of service, and financing strategies to try to implement the planned actions. This document also addresses the impacts and maintenance risks associated with owning the asset.

Asset Management System: A set of processes and procedures which govern how Asset Management is to be implemented.

CIRRF: Capital Infrastructure Reinvestment Reserve Fund which is a specified envelope of funding to address existing infrastructure needs for condition improvement and sustainability.

Waterloo Decision Support System (DSS): The city's customized analytical support system designed to aid asset project prioritization and provide analysis of asset class strategies

Life-cycle: The various phases of an asset's life that are identified as; planning & construction, operations, maintenance and disposal. Each phase has its own opportunities, risks, impacts and costs.

Optimization: The City will apply consistent application of practices, interventions and operations to achieve sustainability and provide optimum value for the public through the:

- Implementation of a life-cycle approach to managing infrastructure;
- Evaluate risk related to environmental, social and external impacts; and,
- Incorporate sustainability criteria into infrastructure projects to help ensure a responsible balance between cost, performance and risk

Level of Service: Defined service for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

Subject Matter Expert (SME): A person who has specialized knowledge in a particular area or topic.

Sustainable: Achieving or retaining an optimum compromise between performance, costs and risk of the asset life, while avoiding adverse long term impacts to the organization from short term decisions.

Treatment: Any infrastructure improvement activity, including but not limited to maintenance, betterment, renewal, rehabilitation, reconstruction, replacement, lifecycle management activity.

POLICY:

Corporate Policy Principles

The City's Corporate Asset Management (CAM) methodology is designed to be an integrated network that will create a systematic framework to critically evaluate municipal infrastructure decisions. The principles in this policy will guide the City in developing an effective approach to managing its assets and deliver optimal value. The City will:

1. **Adopt a Lifecycle Approach:** Applying a whole life methodology for managing infrastructure assets through the various phases of its lifecycle;
2. **Provide Optimal Value:** Balance Cost, Risk and Performance of Assets;
3. **Ensure Sustainability:** Prioritize Environmental, Financial and meeting Customer Levels of Service;
4. **Develop Service Knowledge:** Asset service levels will be clearly defined and communicated;
5. **Continuously Improve:** Adopt and improve asset management practices and processes throughout the City; and,
6. **Endorse Evidence Based Decisions:** Improve asset optimization by utilizing up to date infrastructure information.

Objectives

The City has a social, environmental and fiduciary responsibility to develop a structured method of effectively managing assets on behalf of the public. Significant portions of the City's assets are long lived in nature and often have useful lives measured in decades. Through the establishment of good asset management practices planning for assets will critically evaluate the impact of the assets lifecycle to ensure the asset is providing optimum value for the public.

The City's assets support many services and requires significant resources over their lifecycle to continue to deliver those services effectively. Evaluating assets to find the optimal value will allow the City to realize efficiencies and support the long-term sustainability of both the *services* and the *assets*. The Province of Ontario has identified 14 guiding principles to be incorporated in municipal asset management plans and they can be found in Section 3 of the [Infrastructure for Jobs and Prosperity Act, 2015](#). The City's objectives are:

1. Align processes and procedures to meeting the Asset Management Planning for Municipal Infrastructure Legislation (O.Reg 588/17)
2. Develop and implement a life-cycle approach to the management of city assets
3. Attain optimum value by critically evaluating cost, risk and performance:
4. Develop sustainable asset management practices
5. Clearly communicate service level information and expectations
6. Achieve a state of continuous improvement
7. Expand upon or create evidence-based decision making practices

Asset Management Planning

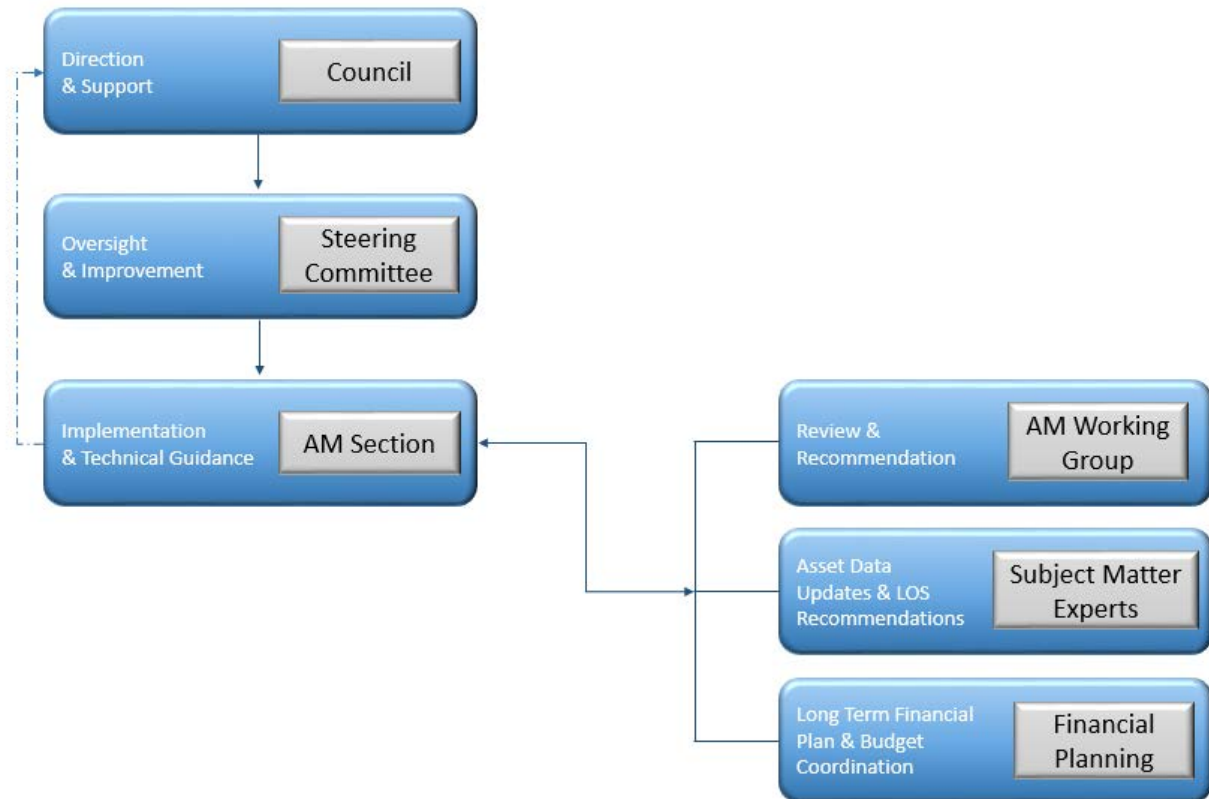
The combination of lifecycle analysis, financial sustainability and risk analysis will be the driver in the recommendations and design of community development or redevelopment that requires new assets, or existing asset enhancements, to take place. Parties involved in the development and maintenance 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 help ensure that development and redevelopment occur within the municipality's means through an understanding of current and future demands for assets

Asset management planning itself will not occur in isolation from other municipal goals, plans, and policies. An integrated approach will be followed to successfully develop practical asset management plans that align with the overarching accountabilities and aspirations of our community. Council, CMT, the AMP Steering Committee, AM Working Group and staff will review this policy and incorporate AM principles into every day decisions that encompass the City's goals and objectives detailed in the:

- Strategic Plan;
- Official Plan;
- Long Term Financial Plan;
- Climate Adaptation Plan; and
- Various Master Plans.

Asset Management Key Roles & Responsibilities

The model described is the internal governance structure to outline the connections and flow of information in regards to the City's AM model.



Council's Role

The policy requires the commitment of key stakeholders within the City's organizational structure. Council is entrusted with the responsibility of overseeing, on behalf of citizens, a large range of services provided through a diverse portfolio of assets. Council, having stewardship responsibility, is the final decision maker on all matters related to asset management in the City.

1. Council serves as the public's advocates and bring forth the community's perspectives when managing the City's Assets.
2. Council will approve significant policies, strategic asset management plans developed by the AM section.
3. Council will approve customer facing level of service adjustments (e.g. amendments to the pavement quality index target) recommended by the Asset Management Steering Committee.
4. Council will direct staff to report on & consider factors such as lifecycle costs, risks and asset purpose and performance to help in Council decision making.

5. Council will conduct an annual review of its asset management progress on or before July 1 of each year beginning in 2025 that must address:
 - The city's progress in implementing its AM plan
 - Any factors impeding the city's ability to implement its AM plan
 - A strategy to address the factors impeding the city's ability to implement its AM plan.
6. Council will receive an AMP for endorsement once every four years post approval of the three-year budget.
7. Council will evaluate and consider funding associated with AM through the City's budget process in alignment with the Long Term Financial Plan.
8. Support ongoing efforts to continuously improve and implement the asset management plans.

Executive Lead Role – CAO

1. Provide input on all AMPs, policies and strategies within the organization including the review, approval and alignment with the City's goals and compliance with the AM principles and legislative requirements.
2. Support and encourage corporate adoption and integration of AM Principles, Objectives and Practices.
3. Encourage an integrated approach to planning and communication to help ensure the AM goals are achieved.
4. The Executive Lead will endorse the AMP in advance of seeking Council approval.

Asset Management Steering Committee Role

1. Committee will be comprised of CMT, Director of Financial Planning, Manager of Asset Management and the Chair of the Finance & Strategic Planning Committee.
2. Approve technical level of service adjustments (e.g. watermain replacement strategies/timeline) recommended by the Asset Management Working Group and recommend customer facing recommend level of service changes (e.g. amendments to the pavement quality index target) to Council for approval.
3. Provide input and direction on plans, policies and strategies and review processes.

Asset Management Section

1. The AM Manager is the centralized point of contact for asset management and is responsible for the integration of AM principles within the City.
2. The AM section will work with SMEs to evaluate and recommend proposed level of service changes to the Asset Management Working Group.
3. The AM section is responsible for developing and writing the City's AMPs and report cards.
4. This section will ensure that the policy and AMPs are publicly available on the City's website and shall provide a copy of the policy and plan to any person who requests it.

Asset Management Working Group

1. Will be comprised of directors specifically responsible for each individual asset class and the related support(*) divisions. The committee includes the following areas:
 - Transportation Network^
 - Public Art
 - Water Distribution
 - Stormwater & Natural Assets
 - Fire
 - Parks
 - Facilities
 - Sanitary Collection
 - Bridges & Culverts
 - Information Technology

- Transportation Network[^]
- Parking
- Cemeteries
- Financial Planning*
- Manager, AM*
- Parks
- Fleet
- Forestry
- Engineering*

[^]The Transportation Network is comprised of roads, sidewalks & trails.

2. Will be responsible for supporting and recommending level of service changes proposed by subject matter experts and the Asset Management section, to the Steering Committee.
3. Will review and provide input on the detailed AMPs which will be developed through coordination between the specific department / section and the AM section.
4. Will review and provide input on AM report cards, policies and strategies prepared by the AM section.
5. Shall coordinate planning with stakeholder municipalities with shared and interrelated assets.

Financial Planning

1. Shall incorporate AM data into the Long Term Financial Plan, the Capital and Operating budgets to help inform senior management and Council.
2. Assist in the development of lifecycle costing methodologies.

Subject Matter Experts

1. SMEs will provide updates to asset data including but not limited to the following:
 - Treatment strategies;
 - Deterioration rates;
 - Treatment costs; and
 - Estimated service life.
2. SMEs will work with the AM section to evaluate and recommend proposed level of services changes to the Asset Management Working group.

Residents, Stakeholders and Customers

Public input is vital to the success of the AM program. The public shall be encouraged to become as engaged as possible. It is necessary that the City understands the needs of current stakeholders and consider the needs of future generations. This understanding shall be incorporated into asset management plans. To this end, the City will investigate opportunities to provide the public to become informed and provide feedback.

Asset Management Integration

Asset Management & Climate Adaptation

Asset Management planning shall try to comprehend and consider the impact (i.e., lifecycle costs) of climate change to the City's infrastructure assets. The detailed AM plans will define:

1. Anticipated cost that may arise from climate change risks & implications.
2. Opportunities and strategies to mitigate climate change risks & effects.
3. Disaster strategy for climate change related impacts on infrastructure assets including contingency funding.

Asset Management & Financial Planning

Corporate financial planning exercises (i.e., the Long Term Financial Plan, Capital and Operating budgets) and funding outcomes shall influence the development and updates of the AMP. Similarly, infrastructure / asset information generated through AM activities and supported by the AM System will be foundational components of those financial planning exercises. Asset areas will work with AM and Financial Planning to incorporate AM data in their review and development of capital projects, funding levels and gaps. Throughout the planning process the City will consider and evaluate the following:

- Impacts of lifecycle costs
- Climate impacts & vulnerabilities
- Service levels
- Alignment with the City's water and wastewater assets plans prepared under the Safe Drinking Water Act 2002
- Alignment with all necessary Provincial legislation such as but not limited to the Ontario's Land Use Planning Framework, Ontario's Planning Act.

Capitalization Thresholds

The capitalization thresholds for the City are detailed in the Tangible Capital Assets (TCA) Policy FC-007. Every asset that provides value or has the potential to provide value and connects to the ability to deliver a level of service shall be evaluated for inclusion within the Asset Management Plan. Inclusion will not be based solely on the established TCA capitalization thresholds.

Reporting, Review & Updates

The Strategic Asset Management Policy will be reviewed by the AM Section for continual improvement recommendations and to ensure legislative and regulatory compliance. Recommended updates will be reviewed by the AM Working Group and Steering Committee and brought forward to Council for approval at minimum every 5 years.

Staff shall report annually, starting in 2025, to Council on the status of AM initiatives and outcomes. The reporting shall inform council on the following:

1. Status of AM Plan including the adoption of AM principles within the organization and efforts to ensure continuous improvements.
2. Factors that are impeding the City's ability to implement AM activities.
3. The strategy to address identified opportunities and concerns.

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.