

# Municipality of *Bluewater*

## Policy and Procedure

Policy:	Strategic Asset Management Policy
Effective Date:	June 3, 2019
Approved By:	By-law 51-2019
Supersedes:	N/A
Last Reviewed:	June 3, 2019
Pages:	6

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### Purpose:

A strategic asset management policy formalizes the Municipality's commitment to asset management, aligns its asset management actions with strategic goals and objectives, and provides direction to guide Council, management and staff in carrying out its business strategies, plans and activities. This policy will support the Municipality in focusing its infrastructure efforts on managing risks, addressing priorities, and meeting short and long-term needs within the bounds of possible funding.

### Vision:

The Municipality's vision is devoted to proactively managing its assets to best serve the Municipality's objectives, including:

- Prioritizing the need for existing and future assets to effectively and efficiently provide services,
- Supporting sustainability and economic development,
- Maintaining prudent financial planning and decision making, and
- Environmental Stewardship.

### Objectives:

The objectives of this policy are to:

- Deliver a consistent outline for applying asset management throughout the organization.
- Provide transparency and accountability and to demonstrate to stakeholders the legitimacy of decision-making processes which combine strategic plans, budgets, service levels and risks.

### Strategic Alignment:

Council and Senior Management will review this policy and incorporate it along with legislative requirements into the asset management planning approach that promotes the combination of municipal documents such as, but not limited to:

- Strategic Plan
- Community Improvement Plan
- Asset Management Plan
- Master Plans
- Emergency Response Plan
- Official Plan
- Conservation Demand Management Plan
- Other informing documents as developed by the Municipality

All of the Municipality’s plans rely to some extent on the physical assets owned by the Municipality of Bluewater and the commitment of staff to ensure their strategic use. This includes the long-term maintenance, repair, and replacement of existing assets along with the acquisition of new assets to meet the evolving needs of the Municipality.

Asset management planning therefore will not occur in isolation from other municipal goals, plans and policies. Rather, as an integrated approach will be followed to successfully develop practical asset management plans that align with the overarching accountabilities and aspirations of our Municipality, in compliance with legislation and reflecting the best practices that ensure optimal fact-based decisions are made.

### Stakeholder Engagement:

The Municipality recognizes the importance of stakeholder engagement as an integral component of a comprehensive asset management approach. The municipality recognizes the local residents, businesses and institutions as the key stakeholders in its asset management activities and neighbouring municipal bodies, provincial agencies, and regulated utilities as partners in service delivery. Accordingly, the Municipality will foster informed dialogue with these parties using the best available information by:

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

### Guiding Principles:

The Infrastructure for Jobs and Prosperity Act, 2015 sets out principles to guide asset management planning in municipalities in Ontario. The Municipality of Bluewater will strive to incorporate the following principles whenever possible into its daily operations:

- **Forward looking:** The Municipality shall take a long-term view while considering Staff/Council turnover, demographic and economic trends in the community.
- **Budgeting and planning:** The Municipality shall take into account any applicable budgets or fiscal plans, including those adopted through Ontario legislation. Staff is committed to providing options and recommendations to Council to assist with informed decisions.

- **Prioritizing:** The Municipality shall clearly identify infrastructure priorities that will drive investment decisions, while keeping in mind capacity to pay, risk, levels of service, and citizen/community stakeholder input.
- **Economic development:** The Municipality shall promote heritage awareness, economic competitiveness, productivity, job creation, and training opportunities.
- **Transparency:** The Municipality shall be evidence-based and transparent, basing decision(s) on publicly shared information and making sure the information is accessibly available to the public in a wide range of communication methods/sources.
- **Consistency:** The Municipality shall ensure that continued provision of core public services within its jurisdiction.
- **Environmentally conscious:** The Municipality shall minimize the effect of infrastructure on the environment by:
  1. Respecting and helping maintain ecological and biological diversity,
  2. Expanding flexibility towards the effects of climate change, and
  3. Striving to make use of acceptable recycled aggregates.
- **Health and safety:** The Municipality shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- **Community focused:** The Municipality shall promote community benefits, being the supplementary benefits that arise from infrastructure projects. These social and economic benefits are intended to improve the well-being of a community affected by the project, such as:
  1. Local job creation and training opportunities,
  2. Enhancement and development of public spaces within the community, and
  3. Promoting accessibility for persons with disabilities.
- **Innovation:** The Municipality shall generate opportunities to make use of innovative technologies, services, and practices, particularly where doing so would utilize technology, methods, and practices developed in Ontario.
- **Integration:** The Municipality shall where relevant and appropriate, be mindful and considerate to the principles and content of non-binding provincial or municipal plans and strategies established under an Act or otherwise, in planning and making decisions surrounding the infrastructure that supports them.
- **Best Practices:** The Municipality will develop levels of service and apply asset management best practices to maintain the confidence of stakeholders in how the Municipality's assets are managed. The Municipality will choose practices, interventions and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying levels of service. Decisions are based on balancing service levels, risks and costs.

### Community Planning:

Asset management planning will be aligned with the Municipality's Official Plan and the current Provincial Policy Statement of the Planning Act. The asset management plans will reflect how the community is projected to change with respect to development. The Municipality will achieve this by consulting with those responsible for managing the services to analyze the future costs and viability of projected changes. The combination of lifecycle analysis and financial sustainability principles will be the driver in the selection of community development or redevelopment that requires new assets, or existing asset enhancements. Methods, assumptions, and data used in the selection of projected changes should be documented to support the recommendations in the Asset Management Plan.

### Climate Change:

Climate change will be considered as part of the Municipality's risk management approach embedded in local asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impact and other risks with the cost of reducing these vulnerabilities. Bolstering resilience to climate change includes adapting to opportunities to manage vulnerabilities, anticipating possible costs to support contingency funds, and disaster planning to allow for business continuity. The Municipality will tailor these actions by striking a balance between its organizational capacity, financial and community stakeholder support, and the local risks and vulnerabilities related to climate change. The Municipality will continue to collaborate with local municipalities/upper tier and community stakeholders such as, but not limited to the Ministry of Environment, the Ministry of Natural Resources, and Conservation Authorities to support a common goal of climate change mitigation and adaptation.

### Scope and Capitalization Thresholds:

This policy applies to all assets owned by the Municipality whose role in service delivery requires deliberate management by the Municipality. The Municipality will use a service-based (qualitative) perspective when applying this policy to municipal assets, rather than a monetary value (quantitative). The service-focus intent of this policy differentiates its requirements for identifying assets from the capitalization thresholds that are developed for the purpose of financial reporting. For this reason, the capitalization threshold developed for financial reporting will not be the guide in selecting the assets covered by the asset management planning process.

### Financial Planning and Budgeting:

The Municipality will integrate asset management planning into the annual capital budget, operating budget, and its long-term financial plan. A multi-disciplinary team that will include representative(s) from finance and the concerned service area will complete the financial strategy included in each asset management plan. The asset management plan will be used as a resource in order to:

Identify all potential revenues and costs (including operating maintenance, replacement and decommissioning) associated with forthcoming infrastructure asset decisions;

Evaluate the validity and need of each significant new capital asset, including considering the impact on future operating costs; and incorporate new revenue tools and alternative funding strategies where possible.

The department level budget submission prepared by each Senior Manager will be reviewed and evaluated by the CAO and Manager of Finance in the preparation of the Municipality's annual budget. Service area personnel 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, across the gap identified in the plan and recent developments, for the year to be budgeted for. Finance staff will be involved in the asset management planning process to coordinate the information from the service personnel in the preparation of the budget submission.

For the purpose of managing water and wastewater assets, the water and wastewater financial plans will be used as a basis for establishing user fees, and master plans will be referenced in order to ensure alignment with the budgeting process.

## Governance and Continuous Improvement

The policy requires the commitment of key stakeholders within the Municipality's organization to ensure the policy guides the development of a clear plan that can be implemented, reviewed and updated.

The 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 Municipality. The Council and senior management are committed to the success of asset management planning. The following details the responsibilities of the key stakeholders within the Municipality:

### Council:

Approve by resolution the asset management plan and its updates every five years;

Conduct annual reviews of the management plan implementation progress on or before July 1<sup>st</sup> of every year, that includes:

- Progress on ongoing efforts to implement the asset management plans;
- Consideration of the Strategic Asset Management Policy;
- Approve Levels of Service;
- Any factors affecting the ability/capacity of the Municipality to implement its asset management plans;
- Consultation with senior management;
- A strategy to address these factors including the adoption of appropriate practices; and

- Support ongoing efforts to continuously improve and implement the asset management plans.

### Executive Lead:

The Manager of Finance is designated the Executive Lead on the Strategic Asset Management Policy to ensure an ongoing capital lens on micro and macro financial decisions.

- Manage policy and policy updates;
  - Make policy changes that are minor or administrative in nature as needed;
- Provide organization-wide leadership in asset management practices and concepts;
- Coordinate between provincial requirements and departmental staff;
- Monitor levels of service; and
- Coordinate and track asset management program implementation and progress.

### Senior Management:

- Work with executive lead to maintain compliance with the asset management policy and provincial asset management regulations;
- Development of policy and policy updates;
- Provide corporate oversight to ensure the asset management program aligns with the Municipality's Strategic Plan;
- Ensure that adequate resources are available to implement and maintain key practices;
- Coordinate departmental staff activities;
- Develop, monitor and make levels of service recommendations to Council; and
- Track, analyze and report on asset management program progress and results.

### Departmental Staff:

- Utilize the new business processes and technology tools developed as part of the asset management program;
- Participate in task implementation teams to carry out asset management activities;
- Implement and maintain levels of service;
- Provide support and direction for asset management practices within home department; and
- Track and analyze asset management program progress and results.