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| Title: | Strategic Asset Management Policy | |
| Policy Group: Your Infrastructure and Services | Policy Administrator: Corporate and Legislative Services | |
| Resolution No. CW-02-2022 | Policy Number: CLS-01 | |
| Approval Date: 2022-01-13 | Revision Date: 2027-01-13 | |

1. Purpose

The purpose of this policy is to provide leadership in and commitment to the development and implementation of Prince Edward County's (County) 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.

By using sound asset management practices, the County will work to ensure that all municipal infrastructure assets meet expected performance levels and continue to provide desired service levels in the most efficient and effective manner. Linking service outcomes to infrastructure investment decisions 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 infrastructure assets, and to improved accountability and transparency to the community through the adoption of best practices regarding asset management planning.

2. Policy Statement

To guide the County, the following policy statements have been developed:

- 2.1 The County will implement an organization-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.
- 2.2 The County will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:

- i. Complete and Accurate Asset Data
- ii. Condition Assessment Protocols
- iii. Risk and Criticality Models
- iv. Lifecycle Management
- v. Financial Strategy Development
- vi. Level of Service Framework

2.3 The County will develop and maintain an asset inventory of all municipal infrastructure assets 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 cost repair, rehabilitation or replacement costs.

2.4 The County will develop an asset management plan (AMP) that incorporates all infrastructure categories and municipal infrastructure assets that meet the capitalization threshold outlined in the organization's Tangible Capital Asset Policy. The AMP will be updated at least every five years in accordance with O. Reg. 588/17 requirements, to promote, document and communicate continuous improvement of the asset management program.

2.5 The County will integrate asset management plans and practices 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.

2.6 The County will explore innovative funding and service delivery opportunities, including but not limited to grant programs, public-private partnerships (P3), alternative financing and procurement approaches, and shared provision of services, as appropriate.

2.7 The County will develop meaningful performance metrics and reporting tools to transparently communicate and display the current state of asset management practice to Council and the community.

2.8 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.

- 2.9 The County will align all asset management planning with the Province of Ontario's land-use planning framework; shall conform with the provincial plans that are in effect on that date; and, shall be consistent with all municipal official plans.
- 2.10 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.
- 2.11 The County will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.

3. Legislative Authority

The legislative authority for this policy is derived from O. Reg. 588/17: Asset Management Planning For Municipal Infrastructure.

This policy aligns with the following plans. These plans outline key strategic priorities that the development of an asset management program will support:

- Strategic Plan;
- Official plan;
- Long-term financial plan;
- Recreation master plan;
- Infrastructure master plans;
- Drinking water quality management system;
- Water and wastewater financial plans;
- Emergency management plan;
- Risk management plan;
- Climate change mitigation plan;
- Energy management plan;
- All other master plans; and
- All other strategy and policy documents that have asset management implications.

Following updates or material changes to any of the documents listed above, the County will consider potential impacts on the Strategic Asset Management Policy and the affected asset management plans to ensure continued alignment.

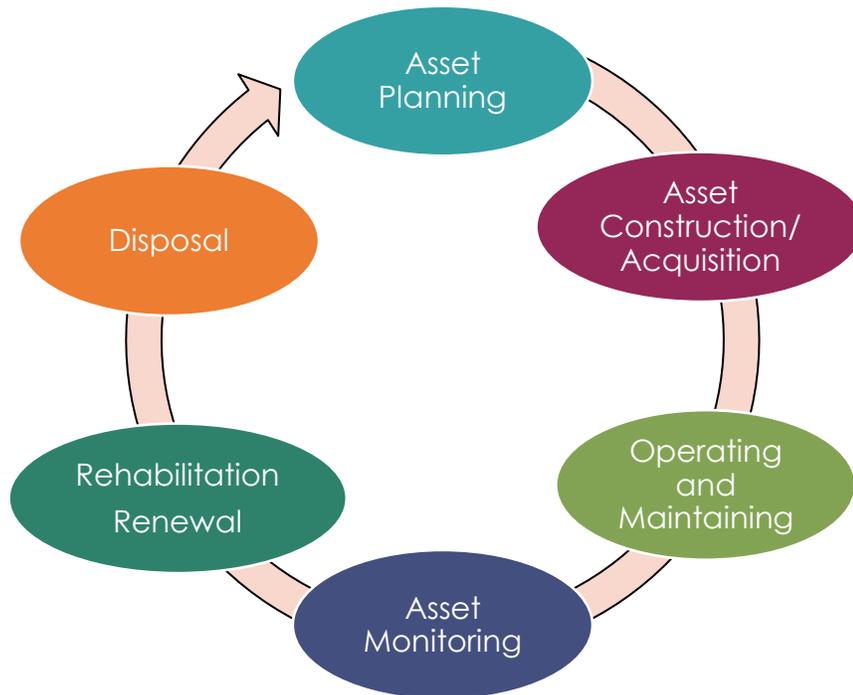
In addition to ensuring alignment between the County's general asset management practices and the County's various strategic documents listed above, the County will ensure that its asset management plan is considered when developing annual budgets and long-term financial plans. This will be achieved, in part, by adding an asset management section to staff reports and in being part of the budget process.

4. Definitions

Unless otherwise noted, the definitions provided in this document align with those outlined in ISO 55000, Ontario Regulation 588/17 (O. Reg. 588/17), or Asset Management Planning for Municipal Infrastructure, under the Infrastructure for Jobs and Prosperity Act, 2015.

- 4.1 **Asset:** An item, thing or entity that has potential or actual value to the County. Green infrastructure is considered an asset by the County. The County's asset management system covers only assets directly owned by the County or included on the consolidated financial statements of the County. Assets owned by a joint municipal service board are not covered.
- 4.2 **Asset Management:** 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 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 lowest lifecycle cost for each asset (ISO 55000).
- 4.3 **Asset Management Plan:** 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 (ISO 55000). Under O. Reg. 588/17, by 2022 AMPs for core municipal infrastructure assets will be required to include the current levels of service being provided; the current performance of each asset category; a summary of assets in each asset category, their replacement cost, average age, condition information, and condition assessment protocols; lifecycle activities required to maintain current levels of service; discussion of population and economic forecasts; and documentation of processes to make inventory- and condition-related background information available to the public.
- 4.4 **Green infrastructure asset –** An infrastructure asset consisting of natural or human-made elements that provide ecological and hydrological functions and processes and includes natural heritage features and systems, parklands, stormwater management systems, street trees, urban forests, natural channels, permeable surfaces and green roofs.
- 4.5 **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 (ISO 55000).
- 4.6 **Asset Lifecycle:** 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.



5. Goals and Objectives

The County's asset management goals and objectives are primarily defined in terms of levels of service provided to County constituents and stakeholders. The County will establish and document realistic, financially sustainable level of service targets for its assets. The County will ensure that the level of service targets are achieved through development of effective asset management practices and long term financial plans.

6. Scope

The Strategic Asset Management Policy applies to all physical assets that enable the County to provide services and require management and long-term planning by the County. These may include natural or "green" assets such as street trees, beaches, watercourses, and ponds. Generally, the County's asset management planning will include any asset owned by, or the direct financial responsibility of, the County, regardless of the operating entity. The County will coordinate asset management planning with other organizations and levels of government when their assets connect or are interrelated with the County's assets (e.g., boundary roads).

The determination of scope of costs to be included as 'assets' within the County's asset management process will generally be consistent with the County's Tangible Capital Assets Policy. The focus of the County's asset management planning may occasionally require consideration of items that don't meet the minimum capitalization thresholds set

out in the Tangible Capital Assets (TCA) Policy. When assets are deemed to be material to the asset management strategy, they should be included even if they don't meet the TCA thresholds. Intangible assets, such as software, should be included if there are significant financial implications.

7. Principles

The County commits to following the principles set out in this section when making asset management decisions. These principles encompass those contained in section 3 of the Infrastructure for Jobs and Prosperity Act, 2015.

- 7.1 Service delivery - Service levels and performance targets will be established and form the basis for strategic asset management decision making. The County will ensure that infrastructure planning and investment is focused on promoting community benefits by ensuring alignment with the County's various strategic documents, as identified in section 6 of this policy. Furthermore, the County will ensure that infrastructure planning and investment reflects the community's unique needs and circumstances, and promotes accessibility for persons with disabilities.
- 7.2 Long-term sustainability - As part of its commitment to long-term sustainability, the County will consider potential vulnerabilities that may be caused by climate change. These vulnerabilities will be considered in developing asset management strategies that outline the actions and associated costs that may be required to manage risks. The County will review asset design standards, asset lifecycles, asset maintenance requirements, and level of service targets to determine if changes are needed in response to climate change. The County will consider mitigation strategies, disaster planning, and contingency funding as part of its asset management planning. The County will seek to minimize the environmental impacts of infrastructure and will endeavour to make use of acceptable recycled aggregates where appropriate.
- 7.3 Holistic approach - The County will take a holistic approach to asset management that takes into consideration all aspects and stages of the asset lifecycle and the inter-relationships between them. Within this approach, the County will consider not only capital costs, but also significant capital planning costs, operating costs, and service performance impacts. The County will collect and maintain the data needed to support asset management decisions throughout the lifecycle of assets. The County will approach asset management from a multi-disciplinary perspective, building support for asset management throughout the organization.
- 7.4 Fiscal responsibility - The County will use an evidence-based approach to decision-making that balances service levels, risks, and costs in order to maximize value from assets and services. Data needed to support decision making, such as condition and capacity, will be kept up-to-date. To improve affordability, the County's purchasing policy will support lowest lifecycle cost approaches to meeting

identified service level targets rather than focusing on up-front capital costs. The County will consider affordability, indebtedness, and availability of external funding when determining service levels. Once affordable service levels are set, the County will ensure that the funding needed to support the service levels is provided in a consistent manner.

- 7.5 Risk management - The County will manage risks associated with the defined service levels and performance targets by building resiliency into asset management planning. The County will improve resiliency by ensuring that sufficient operating resources are in place to manage risks and having contingency plans in place to mitigate asset failures. Priority will be given to risks with a high consequence of failure. If it is necessary to defer capital investment, the County will ensure that there is sufficient operating funding available to manage service level risks created by the deferment.
- 7.6 Innovation and continual improvement - The County views continual improvement as an essential element of successful asset management. As required by the Infrastructure for Jobs and Prosperity Act, 2015, the County will review its asset management progress annually, and will present the findings of these reviews to Council on or before July 1 in each year. The annual review will address the County's progress in implementing its asset management plan, factors impeding the County's ability to implement its asset management plan, and strategies to address these impeding factors. The County will ensure that all people who contribute to asset management have the competency and capacity needed to perform their duties. The County will continue to monitor industry best practices and innovation opportunities, and periodically update its asset management process. As part of this commitment to continual improvement, the County will support staff professional development initiatives in this area.
- 7.7 Public engagement - the County will provide opportunities for residents and other interested parties to provide input to asset management planning, for example through the annual budget process. When consulting on service level expectations, the trade-offs that need to be made between performance, cost, and risk will be clearly communicated to stakeholders to ensure realistic service levels are identified. Where possible, the County will respond to issues raised by stakeholders through a review of its policies and procedures, not through one-off actions.

8. Responsibility and Implementation

| Stakeholder Group | Responsibilities |
|--|---|
| Council | <ul style="list-style-type: none"> • Approve the Strategic Asset Management Policy and Asset Management Plan (as updated at least every 5 years) • Receive annual reporting on the status and performance of the County's Asset Management Plan • Review and approve funding associated with Asset Management through the annual budget process • Provide opportunities for the public to provide input into asset management planning - as identified in the Public Engagement principle under section 5 of this policy • Provide resources for implementation of the Strategic Asset Management Policy and Asset Management Plan. |
| Executive Lead (CAO) | <ul style="list-style-type: none"> • Identify resources required for implementation of the Strategic Asset Management Policy and Asset Management Plan. • Coordinate annual reporting on the status and performance of the County's assets • Periodic review of the Strategic Asset Management Policy and Asset Management Plan at least every 5 years |
| Asset Management Steering Committee (Department heads) | <ul style="list-style-type: none"> • Define levels of service measures and metrics • Suggest levels of service targets • Suggest risk profiles • Incorporate lifecycle costing, level of service and risk profile considerations when evaluating competing asset investment needs and developing asset management strategies • Review the Strategic Asset Management Policy and update the Asset Management Plan, at least every 5 years |
| Asset Management Team (Service Area Leads) | <ul style="list-style-type: none"> • Represent the service areas • Be knowledgeable of and have experience with their various categories of assets • Provide knowledge to support the development of asset management plans for their service area • Will help develop levels of service, condition assessments and risk frameworks within service area • Will liaise with operational activities to integrate AM activities and build AM capacity • Identify opportunities that can support asset management • Actively involved in service area decisions on acquisition, operations, maintenance, renewals, replacing, refurbishing, and disposal for category of asset |

| Stakeholder Group | Responsibilities |
|--|---|
| Residents, Constituents and Stakeholders | <ul style="list-style-type: none"> • Engage and voice level of service expectations and concerns to Council and Staff through surveys and public engagement opportunities • Engage in discussions about strategic priorities and target levels of service for next 10 years • Provide input to the County, for example, through participation in the annual budget process |

9. Review Period

This policy will be reviewed by the CAO, in consultation with the County’s Asset Management Steering Committee, at least every five years (as required by Ontario Regulation 588/17), and following any changes in regulatory requirements.

10. Approval and Review Details

| Approval and Review | Details |
|----------------------------|----------------|
| Approval Authority | Council |
| Next Review Date | 2027 |