



## Policy PW-14: Strategic Asset Management Policy

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<b>Authority:</b>	Council Approval
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### PURPOSE:

The purpose of this policy is to provide leadership in and commitment to the development and implementation of Norfolk County's asset management program. It is intended to guide the consistent use of asset management (AM) practices 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 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 decisions will assist the County in focusing on service delivery.

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.

### DEFINITIONS:

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

- ▶ **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 life cycle from planning and acquisition/creation; to operational and maintenance activities, rehabilitation, and renewal; to replacement, decommissioning, 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).

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- ▶ **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 (ISO 55000).
- ▶ **Asset Management Steering Committee** – a committee to assist in developing and administering the asset management program. The Asset Management Steering Committee consists of Senior Leadership Team members.
- ▶ **Asset Management Working Group** – a group consisting of members representative of all service areas of Norfolk County established to facilitate and apply the asset management principles in their respective areas.
- ▶ **Capitalization Threshold** – the value of a municipal infrastructure asset at or above which a municipality will capitalize the value of it and below which it will expense the value of it or consider as an operational cost. The capitalization threshold for Norfolk County is \$10,000.
- ▶ **Level of Service (LoS)** – 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).
- ▶ **Lifecycle Activities** – activities taken with respect to a municipal infrastructure asset over the course of its service life, including constructing, maintaining, renewing, operating and decommissioning, and all engineering and design work associated with those activities.
- ▶ **Municipal Infrastructure Asset** – an infrastructure asset, including a green infrastructure asset, directly owned by a municipality or included on the consolidated financial statements of a municipality.

**SCOPE:**

Norfolk County provides a wide range of services to the community that require the ownership and responsible operation, maintenance and rehabilitation of physical assets including, but not limited to:

**Core Assets as defined by [O.Reg 588/17](#)**

- Drinking Water asset that relates to the collection, production, treatment, storage, supply or distribution of drinking water
- Wastewater asset that relates to the collection, transmission, treatment or disposal of wastewater, including any wastewater asset that from time to time manages stormwater
- Stormwater management asset that relates to the collection, transmission, treatment, retention, infiltration, control or disposal of stormwater
- Roads, Structures and Culverts over the span of 3.0m

## Non-Core Assets as defined by [O.Reg 588/17](#)

- Fleet and Equipment: includes all licensed, unlicensed vehicles and equipment owned by the County in multiple divisions with various specializations
- General Facilities: all buildings owned by Norfolk County
- Parks and Recreation: amenities within the parks, lakefront assets, natural assets (trees), parks, and specialized equipment related to park assets
- Stormwater: assets that are not included as part of the core group, such as ditches, municipal drains, and culverts less than 3.0m in span
- Transportation: assets that are not included as part of the core group, such as guiderails, retaining walls, sidewalks, signage, streetlights, traffic signals and walkways

As the social, economic, and environmental wellbeing of the community depends on the reliable performance of these municipal infrastructure assets, it is critical to implement a systemic, sustainable approach to their management.

Asset Management is an integrated approach, involving all Norfolk County departments, to delivering value to the community through the effective management of existing and new infrastructure assets. The intent is to maximize benefits, reduce risk, and provide satisfactory levels of service to the community in a sustainable manner. Good asset management practices are fundamental to achieving sustainable and resilient communities.

This policy applies to all departments involved in planning, maintaining, or operating the County's capital infrastructure assets and outlines the fundamental Asset Management principles to be implemented across Norfolk County. This Policy is the first requirement in a staged process for compliance with Ontario Regulation 588/17. Subsequently, this Policy must be reviewed and, if necessary, updated at **least every five years** [as per Section 7 of the O.Reg. 588/17](#). The County's Asset Management team will review and update the asset management plan as required.

## POLICY STATEMENTS

### 1. Strategic Alignment

Our vision of 'A vibrant community growing for everyone' requires alignment of the many initiatives underway in our organization at any given time for it to be achieved. This alignment is necessary to properly consider whether the level of service provided by our existing and planned assets is congruent and supports our vision.

Asset Management planning therefore will not occur in isolation from other County goals, plans, and policies. Rather, it will take an integrated approach and will be followed to successfully develop practical Asset Management plans that align with the overarching accountabilities and aspirations of our community. Our Asset Management Plan is developed to align with, support, and enable implementation of our Strategic Plan, the Official Plan and other master planning and visioning initiatives.

### 2. Governance & Continuous Improvement

The following details the responsibilities of the key stakeholders within the County:

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## COUNCIL

Council plays a crucial role in asset management by:

- Setting the strategic direction
- Defining Levels of Service
- Committing resources
- Ensure alignment between community goals and asset management strategies

### **The key responsibilities of Council are:**

- ▶ Approve, by resolution, the Asset Management Plans and related policies at minimum every five years.
- ▶ Review asset management progress on or before July 1<sup>st</sup> of each subsequent year through updates provided by staff reports.
- ▶ Support ongoing efforts to continuously improve and implement the asset management plans.

## ASSET MANAGEMENT STEERING COMMITTEE

The steering committee includes the county's senior leadership members. The group's purpose is to:

- Support and guide the implementation of the Corporate Asset Management System.
- Champion awareness and importance of asset management across the organization.
- Advocate for the use of an integrated approach to continuous improvement in its asset management practices.

### **Steering Committee's key responsibilities are:**

- ▶ Guide the development and approve plans and policies that support the Asset Management System.
- ▶ Increase awareness of the importance of integrated service planning and asset management across the organization.
- ▶ Facilitate the successful implementation of the County's Asset Management System, Policy, Asset Management Strategy and Asset Management Plans.
- ▶ Facilitate the successful integration of the County's Asset Management System and Plans with the 10 Year Capital plan.
- ▶ Establish an Asset Management Framework that communicates the status of asset management to all levels of the organization.
- ▶ Ensure compliance with the [Infrastructure for Jobs and Prosperity Act, 2015](#) and the accompanying 'O. Reg. 588/17 – Asset Management Planning for Municipal Infrastructure.
- ▶ Provide advice and guidance in the development and dissemination of a comprehensive risk management approach to financial and operational planning.

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- ▶ Promotion of uniform asset management practices, costing and programs across the organization.

## MEMBERS - ASSET MANAGEMENT STEERING COMMITTEE

SERVICE AREA	ROLE
Asset Management	Manager – Project Manager
Environment & Infrastructure Services (EIS)	General Manager – Project Champion
CAO's Office (CAO)	Chief Administrative Officer
Operations (OPS)	General Manager
Corporate Services (CS)	General Manager
Corporate Services (CS)	Treasurer & Director, Financial Management & Planning
Community Development (CD)	General Manager
Environment & Infrastructure Services (EIS)	General Manager
Health & Social Services (H&SS)	General Manager

## ASSET MANAGEMENT WORKING GROUP

The working group's purpose is to facilitate the effective operation of the County's Asset Management Program.

**The Working Group's key responsibilities are:**

- ▶ Actively participate in the development and implementation of the AM Policy, AM Strategy, Asset Management Plans and Service Master Plans.
- ▶ Implement key strategic actions set out in the AM Policy, the AM Strategy and AM Plans.
- ▶ Monitor and assess progress and determine responsibility for implementation of projects arising from the Asset Management Policy, Strategy and Asset Management Plans.
- ▶ Realize integration opportunities for sustainable asset management and service planning.
- ▶ Ensure the County's asset management practices are guided by the principles set out in the Asset Management Policy.
- ▶ Identify opportunities for improvements to the lifecycle management of County assets.
- ▶ Support the development and implementation of specific processes and practices to support improved planning, development and management of County assets.
- ▶ Reinforce the roles and responsibilities of staff across the organization regarding service lifecycle and asset lifecycle management.
- ▶ Ensure that accurate and reliable information is presented to Senior Leadership and Council for decision-making.
- ▶ Participate in appropriate training to develop the skill sets required to undertake asset management tasks.
- ▶ Ensure that staff are adequately trained and skilled in sustainable financial, environmental and asset management practices.

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- ▶ Increase awareness of asset management within the organization and promote the benefits of adopting a formal approach.
- ▶ Ensure corporate governance and risk management policies, procedures and guidelines are applied consistently to the management of County assets.
- ▶ Assist in the self-assessment of the County's asset management program as part of the AM Framework or similar assessments through organizations such as Municipal Finance Officers' Association and Federation of Canadian Municipalities.
- ▶ Assist in the preparation of the yearly progress reports for Council.
- ▶ Research and develop options and scenarios to incorporate financial sustainability measures to achieve all of the above.

## MEMBERS - ASSET MANAGEMENT WORKING GROUP

The group consists of staff from the respective areas who are specifically responsible for each individual asset class and are familiar with the portfolio in their respective areas.

Group Lead	<ul style="list-style-type: none"> <li>• Manager of Asset Management</li> </ul>
CAO's Office	<ul style="list-style-type: none"> <li>• Fire Department</li> <li>• Clerks &amp; Bylaw</li> <li>• Human Resources</li> </ul>
Operations	<ul style="list-style-type: none"> <li>• Facilities</li> <li>• Fleet</li> <li>• Marinas</li> <li>• Parks</li> <li>• Roads</li> </ul>
Corporate Services	<ul style="list-style-type: none"> <li>• Customer Service &amp; Communications</li> <li>• Information Services</li> <li>• Workforce Planning &amp; Reconciliation</li> <li>• Treasurer</li> </ul>
Community Development	<ul style="list-style-type: none"> <li>• Planning</li> <li>• Chief Building Official</li> <li>• Heritage &amp; Culture</li> <li>• Recreation</li> <li>• Administration</li> </ul>
Environment & Infrastructure Services	<ul style="list-style-type: none"> <li>• Engineering</li> <li>• Water &amp; Wastewater</li> <li>• Administration</li> </ul>
Health & Social Services	<ul style="list-style-type: none"> <li>• Norview Long Term Care</li> <li>• Social Services &amp; Housing</li> </ul>
Libraries	

### 3. Capitalization Thresholds

Every asset that provides value or has the potential to provide value and has the ability to deliver a level of service shall be evaluated for inclusion within the Asset Management Plan.

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The Tangible Capital Asset Policy (TCA) <sup>1</sup>, Norfolk County Internal POLICY FS-16, has established the capitalization threshold of \$10,000.

As a guiding principle, assets above the \$10,000 threshold will be included in the Asset Management Plan, but the inclusion will not be dependent on the TCA capitalization thresholds.

#### **4. Budgeting**

The County will integrate findings from the Asset Management Plan(s) into its long-term financial planning and budgeting processes. Sound financial analysis will be encompassed in asset management planning in order for the asset management plans to be a sought-after guide to employees in budgeting and financial planning. The financial strategy included in each asset management plan will be completed by a multi-disciplinary team that will include representative(s) from finance and the respective service areas.

The Asset Management Plans (AMPs) will be referenced by the service area personnel in the preparation of their budget submission to assist them 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.
- Incorporate new revenue tools and alternative funding strategies where possible.

The department level budget submissions prepared by each department will be evaluated by the Senior Leadership Team in the preparation of the County's annual budget.

The financial analysis used for the water and wastewater asset management plans will align with existing financial plans related to water and wastewater assets. The analysis completed in each tangential document will reference the most up-to-date information from the same datasets, will be based on common methods, and will improve upon one another.

#### **5. Community Planning**

Asset management planning will be aligned with the County's Official Plan and Secondary Plan(s). The Asset Management Plans will reflect how the community is projected to change and the related asset impacts. Those responsible for managing services impacted by development or redevelopment will:

- Be consulted while the community plan is being prepared.
- Provide input to the analysis of future servicing costs.
- Provide written comment about the financial viability of 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 community plan is available in support of the production of the County's Asset Management Plan's.

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<sup>1</sup> Tangible Capital Asset Policy thresholds were developed for the purpose of financial reporting.

## 6. Climate Change

Climate change will be considered as part of Norfolk County's risk management approach, embedded in local asset management planning methods and will involve key stakeholders such as Local Conservation Authorities and other levels of Government where appropriate. This approach will balance the potential cost of vulnerabilities to climate change impacts and other risks with the cost of reducing these vulnerabilities. The balance will be struck in the levels of service delivered through operations, maintenance schedules, disaster response plans, contingency funding, and capital investments. The County's contribution to climate change mitigation through various efforts will be balanced and determined in accordance with its local organizational capacity, reduction targets, financial capacity, and stakeholder support.

## 7. Stakeholder Engagement

The ultimate goal of the County is to efficiently provide its various stakeholders with the municipal services they need within the bounds of regulatory requirements, the built environment, and the natural environment. In order to achieve this goal, it is necessary that the County understand the needs of current stakeholders, consider the needs of future generations, and incorporate these perspectives into asset management planning. The County recognizes them as an integral part of the asset management approach. Accordingly, the County will:

- Provide opportunities for residents and other stakeholders served by the County to provide input in asset management planning.
- Coordinate asset management planning with other infrastructure asset owning agencies such as neighboring municipal bodies and local utilities.

## KEY PRINCIPLES

The policy ensures that County staff follow a consistent and regulatory-compliant approach to making decisions regarding infrastructure planning and investment. The [Infrastructure for Jobs and Prosperity Act, 2015](#) sets out principles to guide asset management planning for municipalities in Ontario. The County shall incorporate the following principles in its asset management system and decision-making approach:

### Forward looking:

The County shall take a long-term view while considering demographic and economic trends in the region.

### Budgeting and planning:

The County shall take into account any applicable budgets or fiscal plans, such as fiscal plans released under the following:

- [Fiscal Transparency and Accountability Act, 2004](#)
- Budgets adopted under Part VII of the [Municipal Act, 2001](#)

### Prioritizing:

The County shall clearly identify infrastructure conditions and priorities which will drive investment decisions.

### Economic development:

The County shall promote economic competitiveness, productivity, job creation, and training opportunities.



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### **Transparency:**

The County 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 County shall:

- Make decisions with respect to infrastructure based on information that is publicly available or made available to the public.
- Share information with implications on infrastructure and investment decisions with the Government and broader public sector entities.

### **Consistency:**

The County shall continue providing its core public services as outlined in the Asset Management Plan.

### **Environmentally Conscious:**

The County 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.
- Endeavoring to make use of acceptable recycled aggregates.

### **Health and safety:**

The County shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

### **Community focused:**

The County 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 (including for apprentices, within the meaning of Section 9 of the [Infrastructure for Jobs and Prosperity Act, 2015](#)).
- Improvement of public space within the community.
- Promoting accessibility for persons with disabilities.

### **Innovation:**

The County 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 County shall, where relevant and appropriate, be mindful and consider 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.