



Schedule “A” of By-law 2022-45

Corporation of the Township of Essa Asset Management Policy

Executive Summary

The Township of Essa provides a wide range of services to the community that require the ownership and responsible operation, maintenance and rehabilitation of physical assets utilizing \$400 million worth of assets including land, buildings, equipment, transportation, drainage, sewer and water infrastructure.

Asset management planning is an integrated approach, involving all of the Township of Essa departments, 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.

"It is our goal to integrate asset management practices in the operations and decisions of the Township of Essa in order to best understand the needs and wants of community stakeholders, and to determine the actions necessary to deliver said services in the most efficient, sustainable and economical manner."

In order to achieve the goals and benefits of asset management, the Township will endeavor to apply principles outlined in the *Infrastructure for Jobs and Prosperity Act, 2015* and other applicable legislation.

This policy document clarifies the roles, responsibilities, requirements, authorities and accountabilities of individuals and departments regarding asset management at the Township of Essa.

1. Summary

An Asset Management Policy articulates Council's commitment to asset management and provides policy statements to guide staff in carrying out the Township's business strategies, plans and activities leading to the development of a formal Asset Management Plan (AMP). It is a commitment by the Township to adopt and apply asset management practices.

To support asset management decision making sure the Township of Essa will take steps to connect the appropriate departments, functions and support activities in order to build effective working relationships and encourage information-sharing. These departments and functions include planning, engineering, operations, maintenance, finance and other strategic planning functions such as sustainability.

Asset management decision-making will drive optimum value for the community by focusing on the "big picture". The municipality will therefore ensure that decisions are made collaboratively and consider life-cycle stages and the inter-relationships between asset performance, operational performance and overall service performance. Decision-making will also recognize the interconnected nature of asset systems and how decisions about one set of assets may potentially interact with or affect assets controlled by other department or functions.

2. Purpose

An Asset Management Policy Statement is important as it sets the framework for the development of an AMP. It is a high-level document that provides direction and guidance about the elected council's commitment to best practices in asset management. This Policy document:

- 1) Establishes the framework that guides the Township in managing its physical assets
- 2) Communicates expectations and goals
- 3) Drives long-term thinking and planning
- 4) Supports financial stability
- 5) Supports evidence-based business cases for budgets and long-term forecasts

The municipality will evaluate relevant asset investment decisions based on consideration of the whole-life costs associated with managing those assets through their entire life cycle.

The municipality will develop prioritized capital investment plans that reflect community and stakeholder expectations with regard to level of service and other strategic objectives. The municipality will evaluate the magnitude, nature and overall balance of investment plans considering the aggregate value derived for the community such as affordability, willingness to pay and intergenerational equity.

2.1 Goals

The Township is committed to incorporating asset management principles into the decisions and actions taken by members of the organization. This is a significant change to the historical ways of thinking and operating for many municipalities including the Township of Essa. *It is our goal to integrate asset management practices in the operations and decisions of the Township in order to best understand the needs and wants of community stakeholders and determine the actions necessary to deliver said services in the most efficient, sustainable and economical manner.*

Short term goals of the Township include:

- 1) Updating the 2013 AMP to include all core municipal infrastructure assets in accordance to Ont. Reg. 588/17 and other applicable legislation.
- 2) Inform and educate Council and Staff about the benefits of asset management practices and how it can integrate into municipal operations.
- 3) Establish channels that communicate ongoing initiatives and provide opportunities for community participation.
- 4) Formalize data collection to improve completeness and accuracy of the asset register.

Long term goals of the Township include:

- 1) Expanding the AMP to include non-core assets.
- 2) Centralize the municipality's asset management software, asset tracking systems and computerized maintenance management software.

2.2 Steps leading to an AMP

An Asset Management Policy is a step in the process that leads to an AMP. Key steps include:

- a) Organizational Plan
 - Outlines the organizational vision, goals and objectives
- b) Tangible Capital AMP
 - Accounting the historical costs of Township's Physical Assets as prescribed by the Public Sector Accounting Board (PSAB) 3150
- c) Asset Management Policy
 - Outlines the Asset Management Principles that will be followed in the development and use of the Township's AMP

- d) AMP
 - A tactical plan for managing the Township's physical assets to an agreed standard of service.
- e) Operational Plans Work Programs (feedback & updates to AMP)
 - Guides the day-to-day activities of staff and contractors. Provides opportunity for feedback and improvement.

3. Scope

This Asset Management Policy is drafted to cover the standardized requirements as defined in Ontario Regulation 588/17 and other applicable legislation.

a. Core Assets

Roads, Bridges, Water, Sanitary and Stormwater assets are identified as "core assets" to the municipality. To meet the Ont. Regulation 588/17 requirements, these assets will be incorporated into an AMP.

b. Capital Thresholds

Capital thresholds used in the Township's AMP shall be of the same values used in the Township's Tangible Capital AMP, where applicable.

4. Key Principles

In order to achieve the goals and benefits of asset management, the Township of Essa will endeavor to apply the principles prescribed in the *Infrastructure for Jobs and Prosperity Act, 2015* and other applicable legislation being:

Forward Looking – The Township shall take a long-term view while considering demographic and economic trends in the region.

Budgeting and Planning – The Township shall take into account any applicable budgets or fiscal plans, such as fiscal plans released under the following:

1. *Fiscal Transparency and Accountability Act, 2004*
2. *Budgets adopted under Part VII of the Municipal Act, 2001*

Prioritizing – The Township shall clearly identify infrastructure priorities which will drive investment decisions.

Economic Development – The Township shall promote economic competitiveness, productivity, job creation, and training opportunities.

Transparency – The Township 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 Township shall:

- Make decisions with respect to infrastructure based on information that is publicly available or made available to the public, and
- Share information with implications on infrastructure and investment

decisions with the Government and broader public sector entities.

Consistency – The Township shall ensure the continued provision of core public services, such as healthcare and education.

Environmentally Conscious – The Township shall minimize the impact of infrastructure on the environment by:

1. Respecting and helping maintain ecological and biological diversity.
2. Augmenting resilience to the effects of climate change, and
3. Endeavoring to make use of acceptable recycled aggregates.

Health and Safety – The Township shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

Innovation – The Township 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.

Community Focused – The Township shall promote community benefits, being the supplementary social and economic benefit arising from an infrastructure project that are intended to improve the well-being of a community affected by the project, such as:

1. Local job creation and training opportunities
2. Improvement of public space within the community
3. Promoting accessibility for persons with disabilities.

Integration -The Township 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.

5. Roles and Responsibilities

The development and continuous support of the municipality's asset management planning requires a wide range of duties and responsibilities. The following passages outline the persons and responsibilities for these tasks:

I. Council

- i. Approve the direction of the asset management program and adopt the policy by resolution
- ii. Maintain adequate organizational capacity to support the core practices of the asset management program
- iii. Articulate community values and define priorities
- iv. Approve funding and resources to implement the Asset Management Policy and associated requirements through multi-year and long-range financial plans
- v. Establish and monitor levels of service

Essa Council shall conduct an annual review of its asset management progress each

year. This annual review shall address:

- a) the Township's progress in implementing its AMP;
- b) any factors impeding the Township's ability to implement its AMP; and
- c) a strategy to address the factors described in clause (b).

II. Senior Management Team

- i. The Chief Administration Officer (CAO) is responsible for leading the endorsement and implementation of the Asset Management Policy across the municipality.
- ii. Department Managers are responsible for leading the adoption of the Asset Management Policy within their departments and for allocating appropriate resources to its implementation and associated requirements.
- iii. Provide corporate oversight to goals and directions and ensure the program aligns with the Municipality's strategic plan.
- iv. Ensure that adequate resources are available to implement and maintain core practices.
- v. Track, analyze and report on programs and process and results.

III. Executive Lead (Treasury)

- i. Provide organizational-wide leadership in asset management practices and concepts.
- ii. Provide developmental staff coordination.

IV. Asset Management Committee

- i. Guide staff on the corporate objectives.
- ii. Provide resources and approvals for annual asset management improvements.
- iii. Who: Senior Management Team

V. Department Staff

- i. All staff involved in the application of asset management are responsible for observing the requirements of the Asset Management Policy.
- ii. Utilize the new business processes and technology tools developed as part of the program.
- iii. Participate in implementation task teams to carry-out asset management activities.
- iv. Provide support and direction for asset management practices within their department. Who: all Supervisors.

6. Communication

The Township of Essa recognizes the importance of consulting with stakeholders affected by our decisions. Productive stakeholder engagement can improve projects success by gaining insights from stakeholder points of view in order to deliver the best approach. These engagements are an opportunity to discuss alternative solutions, risks, opportunities, environmental impacts and considerations,

evaluation criteria, design options etc.

a. Coordination with Neighbouring Municipalities

We are committed to engaging our neighbours as early as possible to coordinate planning for asset management where municipal infrastructure assets connect or are interrelated with those of our neighbouring municipalities.

The Township shall directly coordinate with affected municipalities as early in the process on all Township projects or private developments. This may include:

- Direct circulation for all Studies, Plans or Class Environmental Assessments (EA) undertaken by the Township, including those beyond the project scope or statutory circulation requirements.
- Early informal engagement with municipal staff
- Formal engagement
- Project coordination meetings for both public and private development proposals.

b. Resident participation and input

Asset management shall involve public engagement to help envision what the municipality will look like in the future and the infrastructure needed to support it. The Township's current strategic Asset Management Policy and AMP shall be posted on the Township's website and available to the public. A copy of the policy and plan shall be provided to any person who requests it.

A Communications strategy shall be adopted that will guide the processes used to engage stakeholders including resident input. Communication channels shall include:

- i. A project website.
- ii. Public open houses on a regular basis (which may be associated with planning and public works open houses).
- iii. Resident surveys, as appropriate.

7. Budget and Long-Term Financial Plans

The Township will integrate findings from the AMP into its long-term financial planning and budgeting processes. Sound financial analysis will be encompassed in asset management planning in order for the AMP to be a sought after guide to employees in budgeting and financial planning. The financial strategy included in the AMP will be completed by a multi-disciplinary team.

The AMP will be referenced by the service area personnel in the preparation of their budget submission to help them:

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

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

The department level budget submission prepared by each service area will be evaluated by the budget committee in the preparation of the Township's annual budget.

Long term estimates for infrastructure spending tie in directly to the capital budgeting process on a yearly basis. The AMP, on a higher level (10+ years), shall discuss future requirements for spending on each asset type, and on a more detailed level (1-3 years), shall define projects and prioritization of projects as outlined in the municipality's capital budget submissions.

8. Planning Principles

The Township's Strategic Plan aids in the identification of strategic priorities for the Township's future. It is a targeted, action-oriented practical plan that is necessary for Essa to position itself to compete effectively with other municipalities for jobs, growth, prosperity and attention. The following five key strategic directions are identified in the Strategic Plan:

- i. Continually improve the corporate management of the municipality
- ii. Create a solid foundation for jobs and economic prosperity
- iii. Ensure the municipality is in a strong financial position
- iv. Continue to build community identity and pride

An AMP shall contribute towards achieving the Township's vision and many of the strategic plan directions.

9. Commitment to Continuous Improvement

The municipality views continual improvement as a key part of our asset management approach and will focus on driving innovation in the development of tools, techniques and solutions.

The municipality will monitor and periodically review the effectiveness of asset management processes on the wider asset management system in supporting the delivery of strategic objectives, and will make adjustments as necessary.

The municipality will assess the asset management competencies required to implement the asset management system and provide the necessary support, education and training to asset management staff.

The municipality will review the Asset Management Policy in conjunction with its review of the asset management strategy, every four to five years.

10. Climate Change

The Township recognizes the challenges of managing the effects of climate change.

The AMP shall set the protocols to identify how climate change/variability will manifest itself, how those climate hazards will translate into impacts and risks for the community, and what needs to be done to mitigate or adapt to them. This approach will balance the potential cost of vulnerabilities to climate change impacts and other risks with the cost of reducing these vulnerabilities.

a. Vulnerabilities

Risk management is a key function of asset management. The AMP shall include sections that establish the principles and framework to govern risk management and assess vulnerabilities due to climate change.

b. Operations and Maintenance Schedules

The AMP shall review or establish operation and maintenance schedules with consideration to the hazards and risks created by climate change.

c. Levels of Service

The AMP shall review the hazards and risks created by climate change and how this may impact the Township's objective in meeting the defined levels of service.

d. Lifecycle Management

The AMP shall review the hazards and risks created by climate change for its impact on an asset's lifecycle, and provide recommendations for the monitoring, review and actions necessary to address.

e. Disaster Planning and Contingency Funding

The Township has an Emergency Plan in place to guide the community through a disaster and help support the community by delivering essential services in the event of an emergency in accordance to the *Emergency Management and Civil Protection Act, Section 3 {1}* and *Ontario Regulation 380/04*.

The AMP shall support the Township's Emergency Plan. Various hazards, risks to public safety, and infrastructure risks identified in the Emergency Plan shall be included in the AMP.

11. Land Use Planning

The AMP shall promote efficient development and land use patterns which sustain the financial well-being of the Township over the long term; and to ensure that the necessary infrastructure and public facilities are or will be available to meet current and projected needs; and to promote cost-effective development patterns and standards to minimize land consumption and servicing costs.

12. Related Documents

The AMP is used to support the development and update the policies and plans of the

Township including:

a. Strategic Plan

The AMP shall align to the vision and initiatives set forth in the Township's Strategic Plan.

b. Long Term Financial Plan

The AMP shall clearly define infrastructure spending required for each asset category. Additionally, it shall look at methods of financing in order to fund the maintenance, replacement and rehabilitation of infrastructure at key times in a sustainable manner. These goals shall tie in directly to the municipality's overall long term financial plan. Over the medium term the capital budget forecast shall be adjusted to align with the AMP as funding levels permit.

c. Capital Budget

Long term estimates for infrastructure spending tie in directly to the capital budgeting process on a yearly basis. The AMP, on a higher level (10+ years), shall discuss future requirements for spending on each asset type, and on a more detailed level (1-3 years), shall define projects and prioritization of projects as outlined in the municipality's capital budget submissions.

d. By-laws, Standards and Policies

The AMP should influence policies and standards to maintain assets and required levels of service. Conversely, existing policies and standards outline the current level of service within the municipality operates.

e. Governmental Regulations and Requirements

The level of service for some assets and required capital spending are largely influenced by higher level government policies and regulation (e.g. *Safe Water Drinking Act*, Ontario Structure Inspection Manual, AODA). Required level of service minimums, inspections, maintenance, rehabilitation programs and capital spending for some assets are driven by some of these policies and regulations and must meet these requirements.

f. Official Plan

The AMP shall support the Official Plan to promote efficient development and land use patterns which sustain the financial well-being of the Township over the long term; and to ensure that the necessary infrastructure and public facilities are or will be available to meet current and projected needs; and to promote cost-effective development patterns and standards to minimize land consumption and servicing costs

g. Energy Management Plan

The AMP shall consider the Township's efforts to invest in environmentally friendly projects that reduce the Township's GHG emissions and overall impact on the environment.

h. Tangible Capital AMP

The AMP shall align to the requirements of the Township's Tangible Capital Asset Policy as required by the Canadian Institute of Chartered Accountants Public Sector Accounting Standards Board Section (PSAB) 3150, Tangible Capital Assets.

13. Financial Plans related to Water and Wastewater Assets

As part of the Water System Licensing requirement, Ontario municipalities must prepare and comply with a Drinking Water Quality Management System Operational Plan and prepare a Financial Plan that meets the requirements set out in O. Reg. 453/07 and other applicable legislation.

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 tangible document will reference the most up-to-date information from the same datasets, will be based on common methods, and will improve upon on another.

The AMP shall comply with all financial plans related to water and wastewater assets.

14. Consequence of Non-Compliance

Consequence of Non-compliance - Failure to comply with this policy may result in the following risks:

- Planning that does not optimize maintenance and replacement of existing assets as well as the development of new assets;
- Conflicts across the investment priorities set by each of the Township departments, poor coordination, and inefficient provision of services;
- Capital and urban development projects that are inconsistent with the Township's actual needs;
- Loss of the Township's institutional memory; and
- Compromised ecological services rendered by natural assets.

These risks potentially compromise the:

- Technical and financial capacity of the Township to provide the expected levels of service to current and future generations;
- Security, accessibility, and reliability of services provided through the infrastructure; and
- Alignment of Township's strategic objectives with asset management and service delivery activities.
- Ability to receive annual and one time funding from other levels of government.