



The Corporation of the Town of Tecumseh

Policy Manual

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Subject:	Strategic Asset Management Policy

1.0 Purpose

- 1.1 The purpose of this policy is to establish consistent standards and guidelines for management of The Corporation of the Town of Tecumseh's (Town) assets applying sound technical, social and economic principles that consider present and future needs of users, and the service expected from the assets. This means leveraging the lowest total lifecycle cost of ownership with regard to the service levels that best meet the needs of the community while being cognizant of the risk of failure that is acceptable.

2.0 Scope

- 2.1 This policy shall apply to all assets owned wholly, or in part, by the Town.

3.0 Definitions

- 3.1 Asset – a resource with economic value that an individual, corporation or organization owns or controls with the expectation that it will provide a future benefit.
- 3.2 Asset Management - a coordinated activity of an individual, corporation, or organization to realize value from assets. It considers all asset types and includes all activities involved in the asset's lifecycle from planning and acquisition/creation; to operational and maintenance activities, rehabilitation, and renewal; to replacement or disposal and any remaining liabilities.

3.3 Asset Management Plan (AMP) - a long-range, holistic planning tool for the care of existing and new infrastructure assets. An AMP will guide investment decisions to maximize benefits, manage risk and provide satisfactory levels of service to the public in a financially sustainable manner.

3.4 Asset Management Program – the people, processes, tools and other resources involved in the delivery of asset management.

4.0 Procedure

4.1 Strategic Alignment

4.1.1 Council and senior management will review this policy and incorporate it into the asset management planning approach that fosters the integration of municipal documents such as:

- Corporate Strategic Plan
- Operating and Capital Budgets
- Official Plan
- Master Plans

4.1.2 Council and senior management will ensure that asset management planning aligns with the Town's Water Financial Plan and financial plans related to the Town's wastewater assets.

4.1.2.1 The Town's Water Financial Plan, consistent with the requirements of the *Safe Drinking Water Act* and O. Reg. 453/07 for the municipal water system, assists with long-term cost recovery and capital planning and will be considered and evaluated throughout the asset management planning process.

4.1.2.2 The condition of the Town's existing wastewater infrastructure will be reviewed to 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 wastewater assets based on full lifecycle costing.

4.1.3 Council and senior management will ensure that asset management planning aligns with Ontario's land-use planning framework, including any relevant policy statements issued under subsection 3(1) of the *Planning Act*, any

provincial plans as defined in the *Planning Act* and the municipality's official plan.

The Town's Development Services department supports provincial land-use legislation and incorporates the key policy principles and issues that affect the community. There are four key planning related documents that align with the Town's asset management program:

- Provincial Policy Statement
- Town of Tecumseh Official Plan
- County of Essex Official Plan
- Development Charges (Update) Study

4.1.4 Council and senior management commit to coordinating planning for asset management where municipal infrastructure assets connect or are interrelated with those of its upper-tier municipality, neighbouring municipalities or jointly-owned municipal bodies.

4.2 Capitalization Thresholds

4.2.1 The Town's Strategic Asset Management Policy applies to all assets whose role in service delivery requires deliberate management by the Town. The cost of owning the asset over its service life is the basis for short and long-term financial planning.

4.2.2 This is in contrast to the Town's Tangible Capital Asset Accounting Policy (Policy No. 83) capitalization thresholds; where determining whether to capitalize or expense an expenditure is based on the asset type and original purchase cost.

4.3 Budgeting

4.3.1 The AMP and progress made on the plan will be considered annually in the development of the Town's five-year capital plans, operating budgets and long-term financial plans.

4.3.2 Service area personnel will reference the AMP 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.

4.3.3 Finance staff will be involved in the asset management planning process to facilitate the bridge between:

- The financial strategy developed in the AMP;
- The budget submissions of each service area; and
- The overall budgeting process they ultimately oversee.

4.4 Continuous Improvement

4.4.1 This policy is a living document as such, the Town will include its approach to continuous improvement and adoption of appropriate practices regarding asset management planning.

4.4.2 The Town's approach for tracking and measuring continual improvements to the AMP, includes:

4.4.2.1 Regular Data Review: Identify and correct gaps in data (i.e. age of asset is unknown); data duplication; outdated data.

4.4.2.2 Level of Service (LOS) Improvement: LOS is directly related to performance measurement. Engage the community to understand the current service provision and desired future state.

4.4.2.3 Demand and Risk Management Improvement: a number of challenges and trends (i.e. changes in population, demographics, technologies, land-use planning and climate change to name a few) can influence demand and significantly impact the services delivered by the Town. Understanding these challenges and trends is key in forecasting and managing demand.

4.5 Climate Change

4.5.1 Climate change will be considered as part of the Town's risk management approach embedded in local asset management planning methods. 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 Town's contribution to climate change through greenhouse gas emissions will be mitigated in accordance with its local reduction targets, financial capacity, and stakeholder support.

4.6 Stakeholder Engagement

- 4.6.1 The Town will provide opportunities for residents and other stakeholders served by the municipality to provide input in asset management planning, and coordinate asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated entities.

5.0 Responsibility

5.1 Council

- 5.1.1 Approve the Asset Management Policy and direction of the Asset Management Program through its approval of the Town's AMP.
- 5.1.2 Maintain adequate organizational capacity to support the core practices of the asset management program.
- 5.1.3 Prioritize effective stewardship of assets in adoption and ongoing review of policy and AMP.
- 5.1.4 Approve capital and operating budgets delivered by staff.

5.2 Senior Management

- 5.2.1 Development of policy and policy updates
- 5.2.2 Provide corporate oversight to goals and directions and ensure the Asset Management Program aligns with the Town's strategic plan.
- 5.2.3 Ensure that adequate resources are available to implement and maintain core Asset Management practices.
- 5.2.4 Develop and monitor levels of service and make recommendations to Council.
- 5.2.5 Track, analyze and report on the Asset Management Program's progress and results.
- 5.2.6 Provide organization-wide leadership in asset management practices and concepts.

5.3 Departmental Staff

- 5.3.1 Participate in implementation tasks to carry-out asset management activities.
- 5.3.2 Implement and maintain defined capital asset levels of service.
- 5.3.3 Manage budgets based on lifecycle activities and financial management strategies.

6.0 Guiding Principles

- 6.1 The Town will consider and incorporate, whenever possible, the following guiding principles as established in the Infrastructure for *Jobs and Prosperity Act, 2015*:
 - 6.1.1 Forward looking – a long-term view while considering demographic and economic trends.
 - 6.1.2 Budgeting and planning – take into account any applicable budgets or fiscal plans, such as fiscal plans released under the Fiscal Transparency and Accountability Act, 2004 and Budgets adopted under Part VII of the *Municipal Act, 2001*.
 - 6.1.3 Prioritizing – clearly identify infrastructure priorities which will drive investment decisions.
 - 6.1.4 Economic development – promote economic competitiveness, productivity, job creation, and training opportunities.
 - 6.1.5 Transparency – subject to any prohibition under an Act, or otherwise by law on the collection, use, or disclosure of information, the Town will 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.
 - 6.1.6 Consistency – continued provision of core public services.
 - 6.1.7 Environmentally conscious – minimize the impact of infrastructure on the environment by respecting and helping maintain ecological and biological diversity, by augmenting resilience to effects of climate change and by endeavouring to make use of acceptable recycled aggregates.
 - 6.1.8 Health and safety – ensure the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

- 6.1.9 Community focused – 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, improvement of public spaces within the community, and promoting accessibility for persons with disabilities.
- 6.1.10 Innovation – create opportunities to make use of innovative technologies, services and practices, particularly where doing so would utilize technology, techniques, and practices developed in Ontario.