



Asset Management Policy

Department: Financial Services
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Revision Date:

Policy Statement

This policy will support the City of Cornwall's commitment of focusing its infrastructure efforts on managing risk, addressing priorities, and costs in regards to short and long-term infrastructure needs.

The City's asset management processes shall comply with all applicable laws and regulations as well as account for provincial mandates such as *Jobs and Prosperity Act, 2015* and Ontario's Climate Change Action Plan.

Application

This policy applies to all departments and employees of the Corporation that have a direct or indirect link with assets and asset systems that are owned in whole or in part, leased, or operated by the City.

Purpose and Description

An Asset Management Policy formalizes the City's commitment to asset management, aligns its asset management actions with strategic goals and objectives, and provides direction to guide Council and staff in carrying out its business, plans, and activities for the community.

The Asset Management Policy aims to:

- set expectations with Council, the public, and other stakeholders;
- provide leadership and commitment to asset management;
- establish responsible governance for the practice of asset management by the City;

- document the City’s commitment to asset management and the continuous improvement of asset management practices;
- provide transparency and demonstrate to stakeholders the legitimacy of decision-making processes by combining strategic plans, budgets, service levels, and risks;
- provide a set of principles that guide the City’s development of an asset management program and to formally link asset management to organizational strategic objectives and plans;
- optimize the life-cycle costs while maintaining acceptable levels of service;
- link infrastructure investment decisions to service outcomes; and
- enable staff to provide quality customer service.

Policy Objectives

This Asset Management Policy will be applied to all physical assets of the City that provide service to the community. The City is responsible for providing a range of services to the community, including but not limited to: transportation networks and infrastructure; water production and distribution; wastewater collection and treatment; protective services (fire, police, paramedic); and recreation services. To effectively deliver these services the City owns and manages a diverse capital infrastructure portfolio of roads; bridges and culverts; water, wastewater, and stormwater management systems; vehicles and equipment; parks; play structures; information technology (computers, software, servers); buildings and administrative facilities and all of the components therein.

The policy will allow the City to:

- provide a framework for implementing asset management systems to enable a consistent, holistic approach across the Corporation that integrates strategic planning, budgeting, service levels, community expectations with financial means and risk;
- provide justification of investment decisions related to infrastructure assets by linking these decisions to their long-term consequences;
- ensure that the addition of new assets or enhancements of existing assets take into account the Corporation’s ability to fund the additional maintenance and future upgrades within a sustainable plan;
- prepare long-term financial plans to ensure sustainable funding for rehabilitation, replacement or decommissioning of assets;
- define the processes for future decision makers within the City maintaining the corporate knowledge;
- comply with relevant legislative, regulatory and statutory requirements;
- where service provision is supported by other assets not owned by the Corporation, City staff will work collaboratively with those asset owners and promote the principles outlined in this policy; and

- enhance transparency and accountability of the decision making process.

Benefits of Compliance

The benefits of compliance with the policy include but are not limited to:

- maintains alignment with the City's strategic objectives;
- maintains service area investment priorities, the coordination of delivery of services, corporate efficiencies, and expenditure optimization;
- capital planning that is consistent with the needs identified in the asset management plans;
- maintains the alignment of financial, infrastructure, and land use goals and objectives;
- optimal planning for growth, maintenance, and replacement of existing assets as well as the development of new assets;
- maintains the ability to meet expected levels of service;
- timely investment in assets maintains the optimal life-cycle, reliability, safety, security of the asset and service delivery;
- retention of valuable institutional knowledge; and
- minimize risks to users associated with an asset failure.

Review Period

This policy will be reviewed at a minimum every five (5) years from its effective date.

Definitions

In the policy, the following definitions are used:

Asset – an item, thing or entity that has potential or actual value to an organization. The value can be tangible or intangible, financial or non-financial, and includes consideration of risks and liabilities.

Asset Class – a grouping of assets of a similar nature and use.

Asset Management – planned actions and coordinated activities of an organization to optimally and sustainably manage its assets that will enable the assets to provide the desired level of service in a sustainable way, while managing the risk at the lowest life-cycle cost. It encompasses all asset types, tangible or intangible, individual components or complex systems, and all activities involved in the asset's life-cycle from acquisition/creation, through maintenance to renewal or disposition.

Asset Management Plan – a strategic document (long-term) that states how a group of assets is to be managed over a period of time. The plan describes the characteristics and condition of infrastructure assets, the levels of service expected from them, planned actions to ensure the assets are providing the expected level of service, and financing strategies to implement the planned actions.

Asset Management Policy – mandated requirements, overall intentions/principles and framework for control of asset management. An Asset Management Policy guides the overall direction of the asset management system, providing direction to the appropriate focus and level of asset management practice expected. It shall establish key principles, overall vision for the program, and align other municipal plans.

Asset Management Strategy – documents the intended approach by which the assets and other resources will be used to achieve the agreed upon objectives within the agreed Policy framework. It provides clear direction, intentions and rationale. It also identifies the organizational readiness, including identification of barriers and appropriate implementation plans to overcome the barriers.

Asset Management System – a management system or framework for asset management. It is a standard management approach outlining the linkages between key elements and practices of an effective asset management program. It is a set of interrelated or interacting practices and techniques of an organization enabling the management of assets at various levels from the operational level up to where integration across asset systems and networks is required.

Capitalization Threshold – the value of the infrastructure asset at or above which an organization will capitalize the asset's value and below which the organization will expense the asset's value.

Condition – the physical state of an asset.

Infrastructure – used to describe physical assets (and natural assets) developed and/or used by an organization to support its social, cultural, and economic activities and services.

Level of Service – the parameters or combination of parameters that reflect the social, political, economic, and environmental outcomes the organization delivers. Level of service statements describe the outputs or objectives of the organization's activities that are intended to be delivered to customers.

Life-cycle activities – activities undertaken with respect to an infrastructure asset over its service life, including constructing, maintaining, renewing, operating, and decommissioning, and all engineering and design work associated with those activities.

Life-cycle costs – the total cost of ownership over the life of an asset. This may include but is not limited to capital costs, operating costs, maintenance costs, renewal costs, replacement costs, environmental costs, and user delay.

Long-Term Financial Plan – a plan that projects a forecast of financial performance and position over a period of at least five years. The Long-Term Financial Plan should be consistent with actions required to implement strategies proposed in other plans/documents.

Performance Monitoring – continuous or periodic quantitative and qualitative assessments of the actual performance compared to specific objectives, targets or standards.

Risk – the effect of uncertainty on objectives. Risk events are events which may compromise the delivery of the organization’s strategic objectives.

Service/Useful Life – the period over which an asset or component is expected to be available for use.

Vision

The City’s vision is to proactively manage its assets to best serve the City’s objectives, including:

- effectively and efficiently delivering services through asset life-cycle management;
- providing a consistent framework for implementing asset management throughout the City;
- ensuring actual needs of existing and future assets are prioritized and aligned with the City’s strategic documents in order to manage service level expectations and risk across all City assets;
- supporting sustainability, economic development, and existing and future needs by aligning and prioritizing service level expectations;
- maintaining prudent financial planning and decision-making that aligns with the means of the City’s stakeholders;
- having regard for and pursuing sustainable development and a commitment to consider climate change mitigation and adaptation; and

- providing opportunities for residents, stakeholders and customers to engage in discussions, offer input, and understand the decision-making process.

Strategic Alignment

Asset management and the approaches outlined within this policy are critical to supporting the City's Mission, Vision and Values, as well as the City's Official Plan, Strategic Plan, and Land-Use planning documents.

Spending requirements defined in the budgeting process and in long-term financial planning will reflect the objectives of these plans. The management of assets will not occur in isolation from other municipal plans and policies.

Asset management planning fosters the integrations of the following municipal documents:

- Strategic Plan
- Official Plan
- Long-Term Financial Plan
- Water Financial Master Plan
- Annual Operating and Capital Budgets
- 10-Year Capital Plan
- Asset Management Plans
- Economic Development Strategic Plan
- Waterfront Master Plan
- Zoning By-law
- 10-Year Community Housing Plan
- Accessibility Plan
- Recreation Master Plan
- Energy Conservation and Demand Management Plan
- Solid Waste Management Master Plan
- Transit Master Plan
- Bicycle and Pedestrian Master Plan
- Fire Master Plan
- Emergency Management Plan

Asset management planning also includes fundamental principles outlined in the following pieces of legislation:

- Planning Act, 1990
- Infrastructure for Jobs and Prosperity Act, 2015

- Clean Water Act, 2006
- Safe Drinking Water Act, 2002
- O. Reg. 169/03 Ontario Drinking Water Quality Standards

Stakeholder Engagement

The City recognizes the importance of stakeholder engagement as an integral component of a comprehensive asset management approach. The City recognizes the importance of collaborating with residents, businesses, institutions, neighbouring municipal bodies, provincial agencies, and regulated utility partners in service delivery. Accordingly, the City will provide opportunity and foster informed dialogue with stakeholders to encourage engagement and input.

Policy Principles

The following principles have been defined by the *Infrastructure for Jobs and Prosperity Act, 2015*. The City will strive to incorporate these principles whenever possible into the day-to-day operation of the municipality.

Forward Looking

The City recognizes the need to take a long-term view while considering economic and demographic trends, socio-cultural, and environmental factors and implications when making and implementing asset management decisions. The decision-making process would include potential modifications to legislation.

Budgeting and Planning

The City shall take into account any applicable budgets or fiscal plans, such as:

- Fiscal Transparency and Accountability, 2004
- Budgets adopted under Part VII of the Municipal Act, 2001
- City's Long-Term Financial Plan

Prioritizing

The City shall commit to identifying infrastructure priorities that will drive investment decisions.

Economic Development

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

Transparency

The City shall be evidence-based and transparent. The City shall make decisions with respect to infrastructure based on information that is publicly available. The City will share information with implications on infrastructure and investment decisions with the Government and broader public sector entities.

Consistency

The City shall ensure the continued provision of core public services, such as health care and education.

Environmentally Conscious

The City shall minimize the impact of infrastructure on the environment by:

- aiming to maintain ecological and biological diversity;
- mitigating the effects of climate change by reducing energy consumption, improving energy efficiency, and other measures that reduce greenhouse gas emissions; and
- endeavouring to make use of acceptable recycled aggregates.

Health and Safety

The City shall commit to the protection of the health and safety of workers involved in the construction and maintenance of infrastructure assets.

Community Focused

The City shall promote community social and economic benefits that arise from infrastructure projects. Infrastructure projects shall improve the well-being of the community by:

- Local job creation and training opportunities; and
- Improvement of public space within the City.

Innovation

The City shall create opportunities to make use of innovative technologies, services, and practices. Focus shall be on those technologies developed in Ontario.

Integration

The City shall, where relevant and appropriate, implement and sustain asset management principles and practices across all departments and service areas within the Corporation.

The City shall integrate the decision-making process for assets to include all life-cycle stages and the inter-relationships between asset performance, operational performance, and overall service performance.

The City shall recognize the interconnected nature of assets, and will collaborate with bordering communities where assets are shared.

The City shall consider principles and content of non-binding provincial or municipal plans and strategies in planning and decision-making surrounding the infrastructure that supports them.

Service Delivery

The City shall have defined level of service objectives that will focus on community expectations and service performance. Objectives will balance regulatory requirements with risk, affordability, and available resources.

Service delivery will include a commitment of the following:

- to manage assets appropriately in order to efficiently and effectively deliver the defined levels of service;
- that infrastructure planning and investment will promote accessibility for persons with disabilities; and
- to monitor and periodically review level of service objectives to ensure that they meet or support community or council expectations and other strategic objectives.

Asset Management Framework

The asset management process is meant to align with and complement existing corporate processes such as budgeting and strategic planning. The intent of the process is to provide a long-term perspective that is focused on the integral challenges associated with the assets that support achievement of the City's strategies and objectives.

The City's Asset Management Framework can be categorized into key processes shown in **Figure 1**.

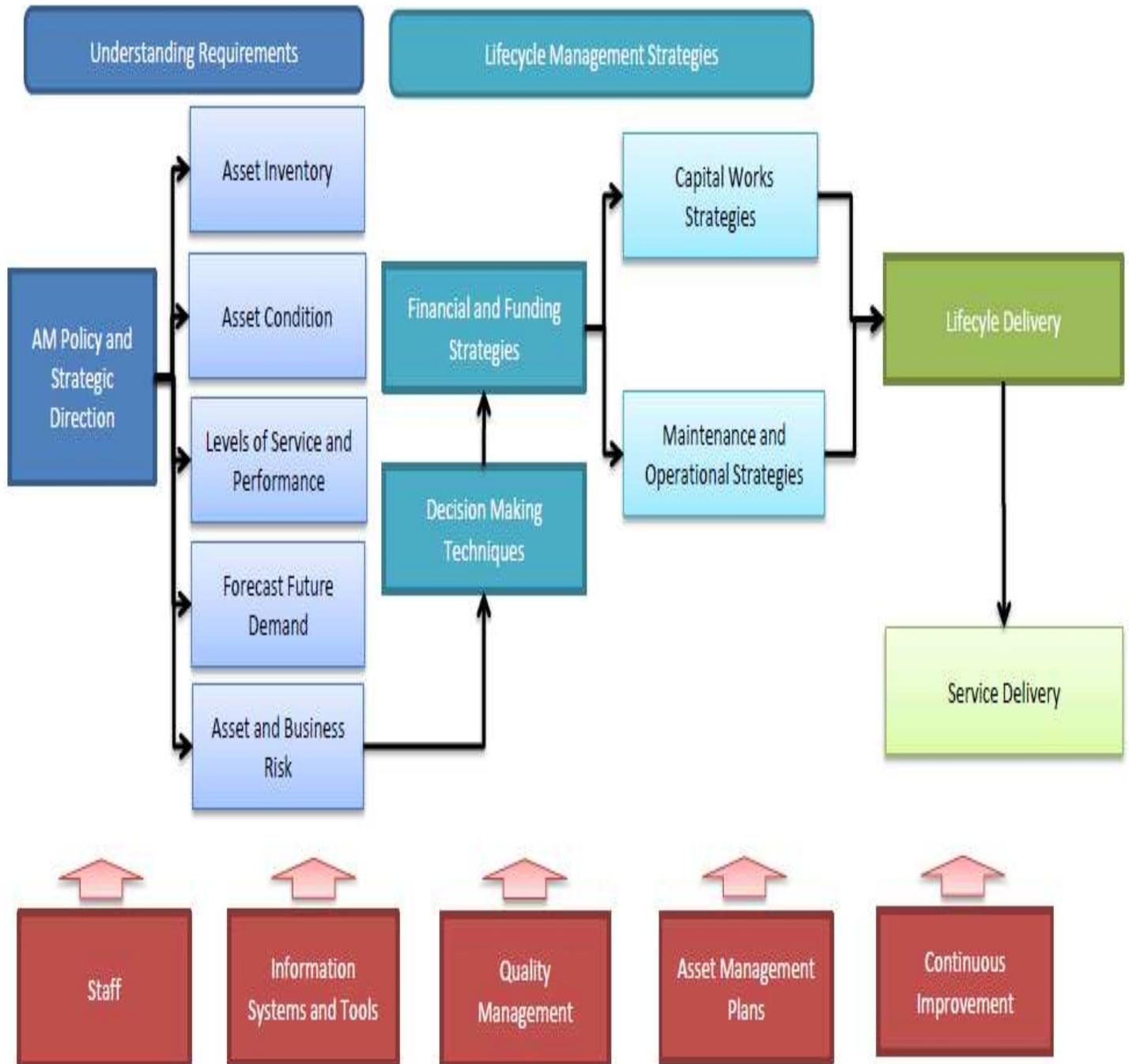


Figure 1: Asset Management Process

The Asset Management System will incorporate the development and implementation of several documents. The City will establish an asset management system that integrates strategic planning, budgeting, service levels, and risk.

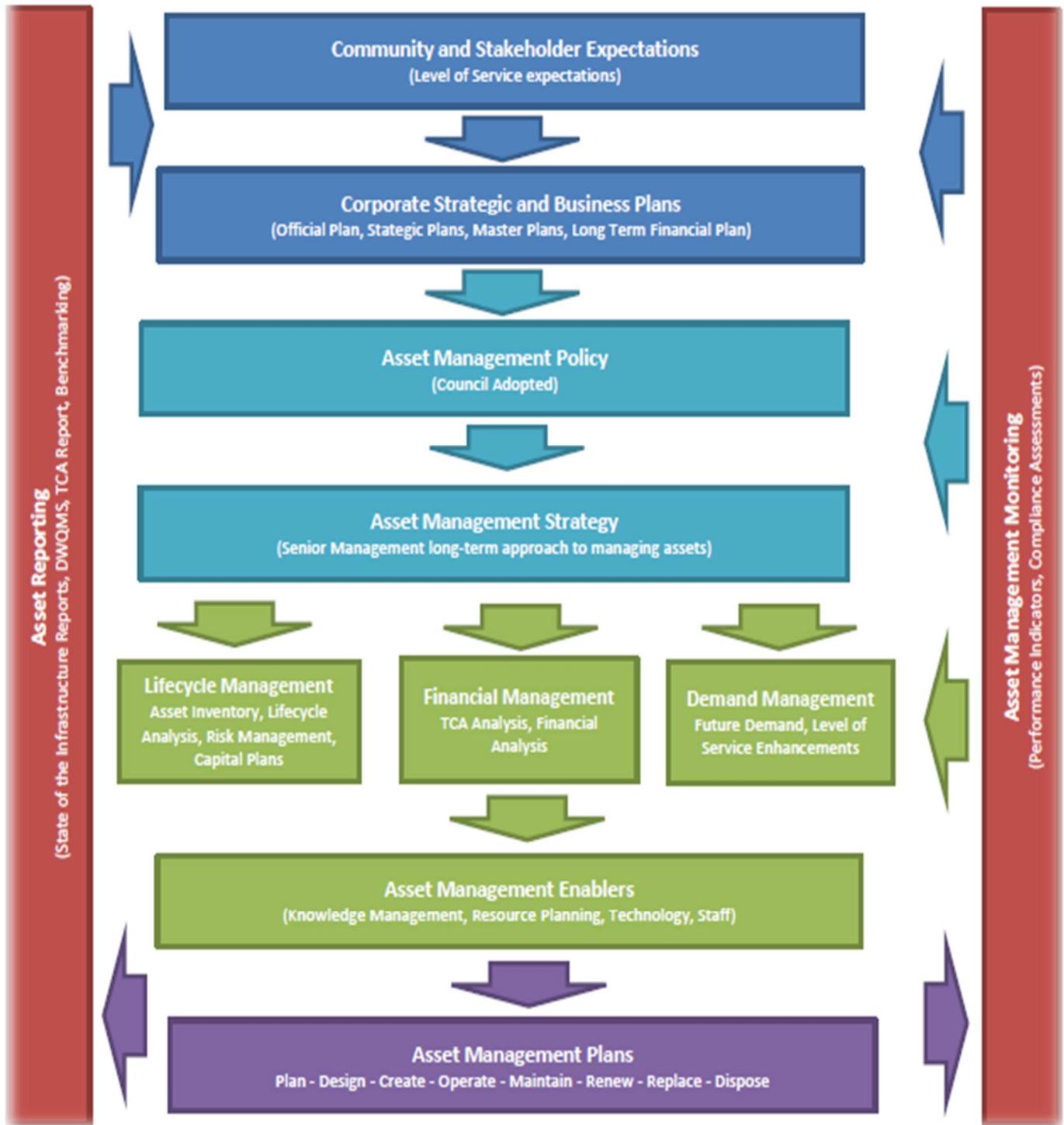


Figure 2: Asset Management System

Management Principles

To effectively use asset management to support achievement of the City’s organizational goals, Administration should ensure the following management principles are applied within the Asset Management System:

- **Holistic** – take a comprehensive approach that looks at the “big picture” (i.e. the combined implications of managing all aspects rather than a compartmental approach). This includes the functional interdependencies and contributions of assets within asset systems and the different management of assets across all life-cycle phases.
- **Systematic** – take a methodical approach (i.e. formal, repeatable, and consistent) to the management of assets.
- **Systemic** – make asset investment decisions in an asset system context, not just to optimize the individual asset itself.
- **Risk-based** – manage asset risk associated with attaining levels of service and focusing resources, expenditures, and priorities based on risk and associated cost/benefit, including risks posed by likely climate change impacts.
- **Optimal** – make asset investment decisions based on trade-offs between competing factors of service level (including asset performance), risk and cost.
- **Sustainable** – take a long-term, life-cycle based approach in estimating asset investment and activities, thus developing effective asset management strategies for the long-term.
- **Integrated** – coordinate the above principles to ensure the delivery of justified services and well-defined outcomes.
- **Aligned** – ensure that the asset management system complements the strategic objectives of the City, as well as other key business systems, and any legislative, regulatory and statutory requirements.

Community Planning

Asset management planning will align with the City’s Official Plan. The Asset Management Plans will reflect how the community is projected to change along with the related asset impacts. Methods, assumptions, and data used in the selection of development or redevelopment initiatives documented in the Official Plan will be available in support of the production of asset management plans. The aim of cross-referencing these plans is to ensure that development and redevelopment occur within the City’s means through an understanding of current and future asset needs.

Climate Change

Climate change will be considered as part of the City's risk management approach. This approach will balance the potential cost of vulnerabilities to climate change impacts and other risks with the cost of reducing these vulnerabilities. A balance will be struck in the levels of service delivered through operations, maintenance schedules, disaster response plans, contingency funding, and capital investments. The City's contribution to climate change through energy consumption and greenhouse gas emissions will be mitigated in accordance with its reduction targets, financial capacity, and stakeholder support.

The City will tailor its actions by striking a balance between its organizational capacity and financial and stakeholder support, to address the local risks and vulnerabilities related to climate change. The asset management plan will encompass this sustainable approach to climate change mitigation and adaptation.

The City is also committed to working with local conservation authorities and the Environment and Climate Change Committee to support climate change mitigation and adaptation.

Financial Planning and Budgeting

The City recognizes the importance of developing and maintaining an asset management plan that is fiscally responsible. The City will continue to integrate asset management planning into the annual capital budget, operating budget, and its long-term financial plan.

The CAO and Treasurer will review the department level budget submission prepared by each service area in the preparation of the City's annual budget.

Departmental staff in the preparation of their budget submission will reference the asset management plan by:

- identifying all potential revenues and costs (including operating, maintenance, replacement, and decommission) associated with forthcoming infrastructure asset decisions;
- evaluating the validity and need of each significant new capital asset, including considering the impact on future operating costs with consideration to climate change impacts; and
- incorporating new revenue tools and alternative funding strategies where possible.

The financial analysis used for the water and wastewater asset management plans will align with existing financial plans related to water and wastewater assets.

Scope and Capitalization Thresholds

The Asset Management Policy applies to all assets whose roles in service delivery require deliberate management by the City. Asset management focuses on a service based value. The service-focus intent of this policy differentiates its requirements for identifying assets from capitalization thresholds, which are developed for the purposes of financial reporting. For this reason, the capitalization threshold developed for financial reporting will not be the guide in selecting the assets covered by asset management planning processes.

Strategic Direction

The asset management strategy documents the intended approach by which the assets and other resources will be used to achieve the agreed upon objectives within the Policy framework. It provides clear direction, overall intentions and rationale. In addition, the asset management strategy identifies the organizational readiness to achieve the objectives, including identification of barriers and appropriate implementation plans to overcome the barriers.

- create and maintain an asset management governance structure to lead the development of asset management tools and practices and oversee their application;
- provide clarity and accountability to implementing asset management principles and plans;
- remain abreast of asset management best practices;
- look for innovative technology/solutions that help integrate data across the City;
- adopt an asset management strategy to:
 - implement industry-recognized asset management protocols, document, and consistently adhere to them;
 - define levels of service that balance customer expectations with risks, affordability, and time constraints;
 - ensure asset management recognizes that changes in the City's demographics may alter customer expectations and needs;
 - adopt risk-based decision-making processes that consider the likelihood of asset failure, asset capacity and vulnerability to likely climate change impacts, and the associated consequences to safety and service levels;

- acquire knowledge and skills in asset management in accordance with recognized competency frameworks;
 - embed the evaluation of the total life-cycle costs within the decision-making process; and
 - monitor asset performance and the effectiveness of asset management practices with a perspective of continuous improvement.
- strive, wherever possible, to go beyond minimal legislated solutions to improve the municipal assets' resilience to social, environmental, and economic changes; and
 - remain vigilant for funding and service delivery opportunities to meet infrastructure investment needs.

Governance and Continuous Improvement/ Commitment and Accountability

The City recognizes the need for continuous improvement in regards to asset management processes. The City will monitor and review the effectiveness of asset management processes, continually improving its methods and adopting appropriate practices. The City will review the asset management policy in conjunction with its review of the asset management strategy, every five years.

The policy requires the commitment of all stakeholders within the City's organizational structure. The roles and responsibilities of Council, the Chief Administrative Officer, and Staff are as follows:

Council Responsibilities

- the adoption, periodic review, and updating of the Asset Management Policy;
- setting the vision, service mandates, and management policies;
- ensuring commitment to a financial strategy that enables the asset management plan to deliver on the service mandates balancing customer expectations with risk, affordability, and time constraints;
- supporting ongoing efforts to continuously improve and implement the asset management plans;
- prioritizing effective stewardship of assets in adoption and ongoing review of departmental master plans and budgets; and
- fostering informed dialogue with the public using the best available information to enhance transparency.

Chief Administrative Officer

The CAO will assume the role of Sponsor and will:

- make recommendations to Council based on professional expertise;
- champion the asset management strategy within the organization;
- through the assistance of the Senior Management staff, ensure department resources are available to undertake asset management;
- provide direction and support for the development and implementation of asset management initiatives;
- maintain the necessary capabilities to support the elements and practices of the asset management system;
- continually improve the asset management system and practices in support of the City's Strategic Plan; and
- review and continually improve the asset management strategy and related processes.

Treasurer

The Treasurer will assume the role of Executive Lead. The Executive Lead will:

- manage policy and policy updates;
- provide organization-wide leadership in asset management practices and concepts;
- coordinate and advise on asset management initiatives within the organization;
- provide support in the implementation of the asset management policy and strategy across the organization;
- ensure consistency in asset management practices throughout all departments of the City; and
- review and continually improve the asset management strategy and related processes.

Senior Management:

To achieve the objectives of this policy, senior management staff will:

- support the Executive Lead in the process of developing, implementing, and improving consistent corporate asset management systems across the City;
- support the Executive Lead by ensuring human capital is made available to implement the asset management system by building resources into operating budgets;

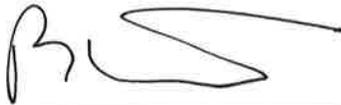
- implement an asset management strategy specific to their department which aligns with the City's strategic direction;
- ensure departmental asset management plans meet the objectives of the corporate asset management system;
- ensure departmental 10-year capital plans align with the needs identified in the asset management plan;
- ensure informed and collaborative approaches with other departments that have shared or overlapping assets;
- keep Council informed about the state of the infrastructure and expected trends; and
- align with the financial strategies of the City and those directed by Council.

Members of Asset Management Steering Committee will:

- implement a city-wide asset management system that delivers a cost effective, sustainable, systematic and coordinated management of the City's physical assets;
- oversee the development and implementation of asset and risk management planning activities that fall within their service area and in support of others;
- be responsible for ensuring that people, processes and systems are in place, and work together to deliver services that meet the corporate infrastructure asset management objectives;
- commit to seeking appropriate training and education for staff;
- track and analyze asset management program progress and results; and
- form partnerships with other municipalities/public sector organizations to investigate potential synergies to develop a holistic approach with regards to the asset needs of the community.

Technical and Operational Staff:

- adhere to the asset management system by providing data and information on assets and services, participate in daily risk management and complete the required inspection/review/analysis to ensure an up-to-date asset management system.

X 

Bernadette Clement
Mayor

X 

Maureen Adams
Chief Administrative Officer