



Township of Southwold General Policy and Procedure Manual

Title: Strategic Asset Management Policy	
Number: GP-02-001	Type: Policy
Effective Date: 2019-06-24	Last Review Date: 2024-06-30
Approval: Council	Review Frequency: 5 Years
Applies to: All Employees	
Required by: Ontario Regulation 588/17	

1. Purpose:

The purpose of this policy is to provide leadership in and commitment to the development and implementation of the Township's 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 now and in the future.

By using sound asset management practices, the Township will work to ensure that all municipal infrastructure assets meet expected performance levels and continue to provide desired service levels in the most efficient, reasonable and effective manner. Linking service outcomes to infrastructure investment decisions will assist the Township in focusing on service, rather than budget driven asset management approaches.

2. Scope:

This policy applies to all members of the townships organization and all assets identified in the Township Asset Management Plans.

3. Vision:

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

- Prioritizing the need for existing and future assets to effectively deliver services,
- Supporting sustainability and economic development, and
- Maintaining prudent financial planning and decision making.

4. Definitions:

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). O. Reg. 588/17, sets out various deadlines and objectives for municipal asset management plans. Plans 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.

Capitalization threshold – the value of a municipal infrastructure asset at or above which a Town will capitalize the value of it and below which it will expense the value of it.

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).

5. Strategic Alignment:

Township of Southwold's vision for a vibrant, safe, and growing rural community recognized for its high quality of life and economic opportunity requires alignment of the many initiatives underway in our organization at any given time in order 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 municipal goals, plans and policies. Rather, an integrated approach will be followed to successfully develop practical asset management plans that align with the overarching accountabilities and aspirations of our community. The elements of our asset management planning approach keep us mindful of the goals described in our Strategic Plan, respect our borrowing policy and leverage our existing Community Plans, Master Plans and Financial Plans. These plans were designed to meet the legislative requirements and work together to achieve the Township's mission of providing innovation and excellence in service delivery.

All of the Township's plans rely to some extent on the physical assets owned by Township of Southwold and the commitment of Council and staff to ensure their strategic use. This includes the long-term maintenance, repair, and replacement of existing assets along with the acquisition of new assets to meet the evolving needs of the Township.

6. Stakeholder Engagement

The Township recognizes the residents, businesses, institutions as stakeholders and neighboring municipal bodies, provincial agencies, and regulated utilities partners in service delivery.

Accordingly, the Township will foster informed dialogue with these parties using the best available information and engage with them by:

- Providing opportunities for residents and other stakeholders served by the Township to provide input into the budget process and asset management planning; and
- Coordinating asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

7. Guiding Principles

The Infrastructure for Jobs and Prosperity Act, 2015 sets out principles to guide asset management planning in municipalities in Ontario. The Township of Southwold will strive to incorporate the following principles whenever possible into the day to day operation of the Township:

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, including those adopted through Ontario legislation.

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, basing decision on publicly shared information and make info available to the public.

Consistency: The Township shall ensure the continued provision of core public services, such as health care 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.

Community focused: The Township 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, and
- Promoting accessibility for persons with disabilities.

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.

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.

8. Community Planning

Asset management planning will be aligned with the Township's Official Plan and other Master Plan documents. The Asset Management Plan will reflect how the community is projected to change with respect to development. The Township will achieve this by consulting with those responsible for managing the services to analyze the future costs and viability of projected changes. The combination of lifecycle analysis and financial sustainability principles will be the driver in the selection of community development or redevelopment that requires new assets, or existing asset enhancements. Methods, assumptions, and data used in the selection of projected changes should be documented to support the recommendations in the Asset Management Plan.

Cross-referencing the Township's Official Plan and the Asset Management Plan will ensure that development occurs within the Township's means through an understanding of current and future asset needs.

9. Climate Change

Climate change will be considered as part of the Township's risk management approach embedded in local asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impact and other risks with the cost of reducing these vulnerabilities. Bolstering resilience to climate change includes adapting to opportunities to manage vulnerabilities, anticipating possible costs to support contingency funds, and disaster planning to allow for business continuity. These actions will be taken in addition to acquiring or modifying assets based on greenhouse gas reduction targets. The Township will continue to work with the Region to support climate change mitigation and adaptation.

10. Scope and Capitalization Thresholds

This policy applies to all assets owned by the Township whose role in service delivery requires deliberate management by the Township. The Township will use a service-based (qualitative) perspective when applying this policy to municipal assets, rather than a monetary value (quantitative). The service-focus intent of this policy differentiates its requirements for identifying assets from the capitalization thresholds that 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 the asset management planning process.

11. Financial Planning and Budgeting

The Township will integrate asset management planning into the annual capital budget, operating budget, and its long-term financial plans. The asset management plan will be used as a resource in order 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; and incorporate new revenue tools and alternative funding strategies where possible.

The department level budget submission prepared by each Director will be reviewed and evaluated by the CAO and Treasurer in the preparation of the Township's annual budget. CAO and Directors will reference the asset management plan for their departments 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. The Treasurer will be involved in the asset management planning process to coordinate the information from the CAO and Directors in the preparation of the budget submission.

For the purposes of managing water and wastewater assets, the water and wastewater financial plans will be used as a basis for establishing user fees, and master plans will be referenced in order to ensure alignment with the budgeting process.

12. Governance and Continuous Improvement

The policy requires the commitment of key stakeholders within the Township's organization to ensure the policy guides the development of a clear plan that can be implemented, reviewed and updated.

The Council is entrusted with the responsibility of overseeing, on behalf of citizens, a large range of services provided through a diverse portfolio of assets. Council, having stewardship responsibility, is the final decision maker on all matters related to asset management in the Township. The Council and Managers are committed to the success of asset management planning.

13. Roles and Responsibilities

Council:

Approve by resolution, the asset management plan and its updates every five years;
Conduct annual reviews of the management plan implementation progress on or before July 1st of every year, that includes:

- Progress on ongoing efforts to implement the asset management plans;
- Consideration of the Strategic Asset Management Policy;
- Any factors affecting the ability of the Township to implement its asset management plans;
- Consultation with senior management;
- A strategy to address these factors including the adoption of appropriate practices; and
- Support ongoing efforts to continuously improve and implement the asset management plans.

CAO/Clerk

Will oversee development and implementation of this policy and ensure regular reviews and necessary updates are completed.

Director of Corporate Services/Treasurer:

Maintain compliance with the asset management policy and provincial asset management regulations.

Directors:

Oversee asset management planning activities that fall within their service area and in support of others.

Revision History:

Version	Effective Date	Revision Notes
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01	2019-06-27	Original Policy
02	2024-06-30	5 Year Review and Update

Related Policies: