

Township of Nipissing Strategic Asset Management Policy

1. Background

Ontario Regulation 588/17 (O. Reg. 588/17) under the *Infrastructure for Jobs and Prosperity Act, 2015*, came into effect on January 1, 2018, and requires Ontario municipalities to prepare a strategic asset management policy and an asset management plan for all municipal infrastructure assets that demonstrates municipalities' commitment to:

- Align asset management with their strategic goals;
- Establish sustainable target service levels to balance building new infrastructure with maintaining existing infrastructure in a fiscally responsible manner;
- Leverage opportunities for mitigating climate change and building infrastructure resiliency to minimize service disruptions during extreme weather events;
- Integrate asset management with budgeting; and
- Engage community and other levels of government when identifying and addressing local infrastructure investment priorities.

The Township of Nipissing developed its first Strategic Asset Management Policy in June 2019. This policy is meant to provide strategic direction to staff and specify roles and responsibilities to ensure successful development and effective implementation of the Township's asset management plan. A review and update of the policy and the asset management plan is recommended with every term of Council as making continuous progress in asset management requires not only executive buy-in but a corporate mechanism to withstand change in Council and staff turnover.

Updating the asset management policy will further support the consistent, coordinated, and collaborative approach to asset management across all departments and ensure compliance with all regulatory requirements.

2. Purpose

The purpose of this policy is to establish consistent standards and guidelines for management of the Township's 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.

3. Definitions

Unless otherwise noted, the definitions provided in this document align with those outlined in O. Reg. 588/17, Asset Management Planning for Municipal Infrastructure, under the Infrastructure for Jobs and Prosperity Act, 2015 and the international standards for asset management.

3.1 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 lifecycle from planning and acquisition/creation; to operational and maintenance activities, rehabilitation, and renewal; to replacement or disposal and any remaining liabilities. It is a structured approach to managing assets that involves balancing costs, risks and service levels in alignment with community expectations and regulatory requirements. The seven principles of asset management are value, alignment, integration, leadership, adaptability, sustainability and governance.

3.2 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. Under O. Reg 588/17, asset management plans are required to include the current service levels and key performance indicators for each asset class; their replacement cost, average age, condition, and 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.

3.3 Asset Management Governance – mechanism that provides assurance through organizational oversight that assets consistently realize over the long-term. The Township has established a corporate asset management governance structure that defines roles and responsibilities of Council and staff involved in developing and implementing its asset management program.

3.4 Capitalization Threshold – the value of a municipal infrastructure asset at or above which the Township will capitalize the value of the asset/addition to the asset and below which the Township will expense the value of the asset/addition to the asset based on the capitalization thresholds developed by the Township for financial reporting under By-Law Number 2008-1248, prescribing the accounting treatment for tangible assets.

3.5 Service Levels – key performance indicators and qualitative statements that reflect social, political, environmental and economic outcomes that the Township delivers. They include, but are not necessarily limited to, safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environment, climate change mitigation and adaptation, and financial sustainability.

3.6 Lifecycle Activities – activities undertaken with respect to a municipal infrastructure asset over its service life, including constructing, maintaining, renewing, operating and decommissioning, and all engineering and design work associated with those activities.

3.7 Municipal Infrastructure Asset – an infrastructure asset directly owned by the Township included on the consolidated financial statements of the Township.

4. Policy Statement

The Township will implement an asset management program to proactively manage its assets for identifying and addressing infrastructure investment needs based on sustainable service levels the Township can provide to the community in a cost-effective manner.

5. Objectives and Goals

This policy will provide a mechanism for adopting a consistent and coordinated approach to asset management and will support Council decision-making in alignment with strategic priorities of the Township and any federal and provincial regulatory requirements.

The Township will implement continuous improvement protocols and adopt best practices in asset management to:

- 5.1 Develop and maintain complete and accurate financial, risk and performance data on municipal infrastructure assets;
- 5.2 Adopt corporate asset condition rating and performance rating criteria, and conduct risk assessments to document potential consequences of service failures for ranking of infrastructure asset priorities;

- 5.3 Manage current and future asset lifecycle activities while leveraging opportunities to apply climate change mitigation, resiliency, and adaptation lens in a fiscally responsible manner;
- 5.4 Identify existing service levels and set sustainable target service levels while balancing costs, risks, community expectations and regulatory requirements; and
- 5.5 Integrate asset management with multi-year budgeting and long-term financial planning.

6. Scope

This policy applies to Township staff involved in the acquisition, operation, maintenance, rehabilitation, replacement and decommissioning and/or retirement of infrastructure assets that are either owned, leased or managed by the Township to provide sustainable services to the community in a safe, reliable and cost-effective manner.

The policy also applies to staff involved in community engagement to gather feedback, determine service expectations, and communicate changes in established service levels. Successful adoption of this policy will foster an enabling environment to promote and facilitate the integration of asset management with other municipal documents such as:

- 2023-2026 Strategic Plan;
- Official Plan;
- Annual Operating Budget and Capital Forecast;
- Any other planning documents and studies developed to support strategic priorities of the Township.

7. Alignment with the Township's Strategic Direction

This policy promotes sustainable service delivery and aligns with the Township's strategic objectives of service alignment, service excellence, future thinking, and commitment to mitigate climate change and its potential service-related impacts on the Township's infrastructure assets. It shall be reviewed for continuous alignment with strategic objectives through every term of Council.

8. Guiding Principles

The Township shall consider the following guiding principles based on section 3 of the Infrastructure for Jobs and Prosperity Act, 2015 and the ISO 55000 standards for asset management:

- 8.1 **Strategic Alignment:** Asset management at the Township shall be aligned with its strategic plan, official plan, master plans and other planning documents as applicable.
- 8.2 **Regulatory Driven:** Asset management at the Township shall ensure compliance with all regulatory and statutory requirements as well as industry standards when applicable.
- 8.3 **Whole Lifecycle Costing:** Asset management at the Township shall consider the long-term financial implications of managing assets from acquisition to their disposal and plan to fund asset whole lifecycle costs when making new infrastructure investments.
- 8.4 **Forward Looking:** Asset management at the Township shall take a long-term view, and decision makers should take into account the needs of citizens by being mindful of, among other things, demographic, economic and climate change trends.
- 8.5 **Budgeting and Planning:** Asset management at the Township shall take into account any applicable budgets or fiscal plans, such as fiscal plans released under the Fiscal Transparency and Accountability Act, 2004, and the budgets adopted under Part VII of the Municipal Act, 2001.

- 8.6 Projects Prioritization: Asset management at the Township shall identify infrastructure priorities in asset management plans which will drive investment decisions.
- 8.7 Holistic Approach: Asset management at the Township shall ensure that infrastructure investment decisions are based on the continued provision of core public services.
- 8.8 Local Economic Development: Asset management at the Township shall promote economic competitiveness, productivity, job creation and training opportunities.
- 8.9 Health and Safety: Asset management at the Township shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- 8.10 Evidence Based Decision-Making: Asset management at the Township shall be evidence based and transparent, and, subject to any restrictions or prohibitions under an Act or otherwise by law on the collection, use or disclosure of information.
- 8.11 Transparency: Asset management at the Township shall be on the basis of information that is either publicly available or is made available to the public and can be shared between the Township and broader public service entities.
- 8.12 Stakeholder Engagement: Asset management at the Township shall engage residents and external stakeholders to gather feedback on current and future service levels.
- 8.13 Accessibility: Asset management at the Township shall promote accessibility for persons with disabilities.
- 8.14 Preserving Natural Environment: Asset management at the Township shall improve environmental health while minimizing the impact of infrastructure on the environment, should respect and help maintain ecological and biological diversity, and should be designed to be resilient to the effects of climate change, and endeavor to make use of acceptable recycled aggregates.

9. Capitalization Thresholds

The Township will incorporate all infrastructure categories and municipal infrastructure assets that are outlined in the organization's Tangible Capital Asset Policy in the Asset Management Plan. The Township may include assets that fall below their respective capitalization thresholds as outlined in the Township's Tangible Capital Asset Policy. The scope of these assets will be determined, according to relevance, based on the professional judgement of the administration.

10. Governance Structure

The development and continuous improvement of the Township's asset management program requires defined staff roles and responsibilities. The following outlines various roles and responsibilities:

- 10.1 Municipal Council is responsible for:
 - Approving the asset management policy, asset management plan and setting goals for the asset management program;
 - Fostering an asset management culture and maintaining adequate organizational capacity to support the asset management program;
 - Approving target service levels and capital investment priorities by taking into consideration recommendations in the asset management plan;
 - Conducting an annual review of progress of asset management and its implementation with every budget cycle; and
 - Prioritizing effective stewardship of assets in adoption and ongoing review of policy and budgets.

- 10.2 Municipal Staff is responsible for:
Municipal Staff including the Municipal Administrator and Department Heads are responsible for making recommendations to the Municipal Council regarding allocation of resources required for continuous progress in asset management and its successful implementation in all departments and service areas.
- Provide direction to ensure the asset management program’s alignment with the Township’s strategic priorities and regulatory requirements;
 - Utilize the asset management policy and the asset management plan to ensure a consistent and standardized approach to asset management at the Township;
 - Review progress in implementation of the asset management plan, identify challenges and propose potential solutions;
 - Review sustainability of current service levels across the Township.
 - Document existing processes and needs; leverage available technology tools, identify and address data gaps, identify current service levels, conduct risk assessments and develop financial strategies while taking into consideration asset whole lifecycle costing, applying climate change mitigation and adaptation, and making incremental progress in adopting best practices in asset management for the Township.
 - Collecting, storing, and maintaining asset data inventory on costs, risks, and existing service levels in a coordinated and consistent approach.

11. Budgeting

The Township will integrate findings from the asset management plan into its long-term financial planning and annual budgeting processes. Sound financial analysis will be encompassed in asset management for budgeting and financial planning.

- 11.1 Findings of the asset management plan will be referenced in budget submissions to:
- Identify all potential revenues and costs (including operating, maintenance, replacement, and decommission) 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.
- 11.2 The preparation of the Township’s ten-year capital forecast document and annual operating budget will be linked to the asset management plan.

12. Land Use Planning

Asset management will be aligned with the guiding principles, objectives, and policy directions in the Township of Nipissing Official Plan. The asset management plan will reflect how the Township is projected to grow and the related asset impacts. The Township’s Official Plan will continue to include policies to coordinate asset management and land use planning decisions to ensure that public benefits are maximized, risk is managed, and satisfactory levels of service to the public are provided in a sustainable and fiscally responsible manner.

Methods, assumptions, and data used to inform development or redevelopment decisions guided by the Township of Nipissing Official Plan will be available in support of the production and maintenance of the asset management plan.

13. Climate Change

Climate change mitigation, adaptation and resiliency will be considered as part of the Township's risk management approach embedded in asset management. This approach will balance the potential cost of vulnerabilities to climate change impacts and other risks with the cost of reducing these vulnerabilities. This could result in changes to the level of service delivered through operations, maintenance schedules, disaster response plans, contingency funding, and capital investments.

14. Stakeholder Engagement

The ultimate goal of the Township 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, being cognizant of levy impacts and fiscal responsibility. In order to achieve this goal, it is necessary that the Township understand the needs of current stakeholders, consider the needs of future generations, and incorporate these perspectives into asset management plans. Accordingly, the Township will foster informed dialogue with stakeholders using the best available information and provide opportunities to provide input in asset management planning.

The Township maintains two (2) Boundary Road Agreements with the Municipality of Powassan and the Municipality of Callander. These agreements provide direction with respect to capital construction and replacement of capital assets including bridges and roads.