
HALDIMAND COUNTY

Report FCA-01-2019 Asset Management Policy

For Consideration by Council in Committee on June 18, 2019



OBJECTIVE:

To present to Council for their review and approval, an Asset Management Policy (AM Policy) as required by O. Reg. 588/17 Asset Management Planning for Municipal Infrastructure legislation.

RECOMMENDATIONS:

1. THAT Report FCA-01-2019 Asset Management Policy be received;
2. AND THAT the Asset Management Policy included as Attachment #1 to Report FCA-01-2019, be approved;
3. AND THAT authority be delegated to the Senior Management Team to approve any future minor or housekeeping amendments to the Asset Management Policy.

Prepared by: Cindy King, Asset Management Analyst

Reviewed by: Dave Aldred, Manager, Facilities Capital & Asset Management

Respectfully submitted: Tyson Haedrich, M. Eng., P. Eng., General Manager of Engineering & Capital Works

Approved: Donald G. Boyle, Chief Administrative Officer

EXECUTIVE SUMMARY:

An Asset Management Policy is required to comply with O. Reg. 588/17 Asset Management Planning for Municipal Infrastructure legislation and to complete an initial step in the planning phase of an Asset Management System (AMS).

The Asset Management Policy also formalizes Haldimand County's commitment to good stewardship of its tangible infrastructure assets and affirms that asset management practices will be legislatively compliant, performed in a safe and environmentally sustainable manner and are aligned with the County's strategic mission, vision and objectives.

BACKGROUND:

The Province of Ontario has focused on improving asset management planning for municipal infrastructure since 2012. At that time, the Ministry of Infrastructure worked with municipalities and the federal government to establish a municipal infrastructure strategy.

Effective January 1st, 2018, the Province implemented O. Reg. 588/17 which was approved under the Infrastructure for Jobs and Prosperity Act, 2015. The goal of the legislation is to assist municipalities with their infrastructure planning to ensure that municipal services are sustainable, through consistent standards and the sharing of best practices and comparable data.

As part of this legislation, municipalities need to meet the following requirements by the timelines specified:

July 1, 2019	Adopt initial strategic asset management policy. Section 3 of the legislation sets out 12 matters that this policy must include and the policy must be reviewed every 5 years.
July 1, 2021	Require an adopted asset management plan for core assets (roads, bridges and culverts, water, wastewater and storm water management) that discusses current levels of service and the cost of maintaining those services. The regulation sets out both qualitative descriptions and technical metrics for each of the core assets.*
July 1, 2023	Require an adopted asset management plan for all other municipal infrastructure assets, which also discusses current levels of service and the cost of maintaining those services. The municipality is to set the technical metrics and qualitative descriptions for its other assets (e.g., culture and recreation facilities).*
July 1, 2024	Approved asset management plans shall include a discussion of proposed levels of service, the assumptions related to the proposed levels of service, what activities will be required to meet proposed levels of service and a strategy to fund the activities.
<p><i>Association of Municipalities Ontario, New Municipal Asset Management Planning Regulation (January 3, 2018), https://www.amo.on.ca/AMO-Content/Policy-Updates/2018/NewMunicipalAssetManagementPlanningRegulation</i></p> <p>* Municipalities, such as Haldimand County that are above 25,000 population and fall within the Greater Golden Horseshoe Growth Plan (GGHGP) area are required to identify estimated capital expenditures and significant operating costs (including energy costs) related to new construction and upgraded capacity of existing assets to meet growth demands as outlined in the GGHGP and County municipal plans.</p>	

In April 2014, in compliance with grant funding requirements, staff presented an Asset Management Plan (AMP) to Council for core infrastructure assets, including roads, bridges, culverts, water/wastewater and storm water systems through Report PW-GM-01-2014 – 2014 Asset Management Plan and provided an update in December 2014 through Report PW-GM-03-2014 – 2014 Update on the County Asset Management Plan.

In June 2018, staff presented an updated AMP to Council for non-core infrastructure assets including buildings, land improvements, machinery/equipment and fleet vehicles through Report CS-FI-12-2018 Asset Management Plan.

These plans included asset information such as inventory, valuation/replacement cost, function/performance, asset life requirements (maintenance, rehabilitation or replacement), useful life analysis, investment requirements and long term financial plans. However, due to the lack of data for asset conditions and deterioration/replacement indicators, assumptions were made using asset age and useful life estimates.

As additional information is collected for the County's infrastructure assets and as per the requirements set for the 2021, 2023 and 2024 legislative timelines, these AMP's will need to be updated. The County will also incorporate other infrastructure such as forestry related assets that weren't included in the original AMP's.

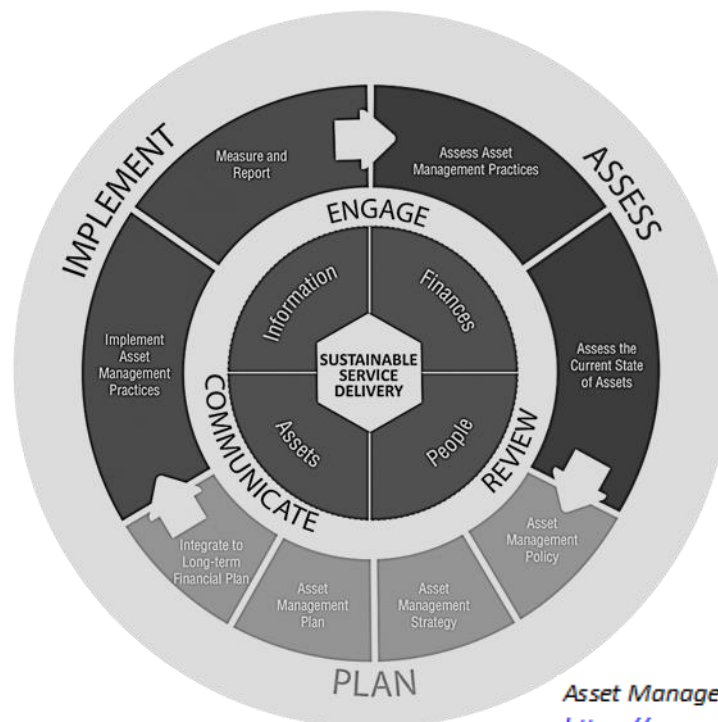
ANALYSIS:

By July 1st, 2019, the County must develop and adopt an Asset Management Policy as per the above noted legislative requirements. The purpose of an Asset Management Policy is to guide the municipality in the development of their AMS and includes such information as: principles to be followed when completing asset management activities; roles and responsibilities of Council/staff/stakeholders and alignment with the County's Strategic Plan and other County plan/strategy documents.

Good asset management involves a holistic, long-term approach where all levels of the organization are involved with infrastructure decision-making activities. Asset management is not limited to knowing what asset a municipality has and its cost. It encompasses an asset's entire lifecycle from design/planning, procurement/construction, operation/maintenance and replacement/disposal. For this reason, input from all organizational levels and stakeholders is essential to ensure that the County can make the right decisions at the right time and achieve the best value from its infrastructure assets. It is also important to note that responsible asset management involves continually reviewing and updating documents and practices to ensure that sustainable, long-range planning is realized.

In addition to the Asset Management Policy, over the next year staff will develop a Strategic Asset Management Plan (SAMP) that will detail the County's asset management objectives and outline the strategies and processes to be used for asset management activities. For example, it will specify how the County determines and applies levels of service, key performance indicators, financing strategies, resources and processes for capital projects and operation/maintenance of its infrastructure assets. This document will be required in order to complete the next AMP updates in 2021, 2023 and 2024, as identified in the timelines above.

The Asset Management Policy, the SAMP and the existing AMP's are required elements in the planning stage of an effective AMS. The diagram below shows an AMS framework. To provide Council with a better understanding of asset management, a Council Member's Toolkit supplied by the Association of Municipalities of Ontario and the Ontario Municipal Knowledge Network is available online at <http://www.omkn.ca/OMKN-Docs/Asset-Management-Toolkit/OMKN-Toolkit-Questions-Municipal-Asset-Management.aspx>.



FINANCIAL/LEGAL IMPLICATIONS:

The County's Asset Management Policy and subsequently the SAMP, must align with all long-term funding plans and will form the basis for infrastructure asset capital and operating budget decisions. This integration will assist in identifying gaps between long-term costs and available funding and will outline strategies to reduce this gap.

Although financial parameters such as capitalization thresholds may be outlined through the asset management documents and processes, it is important to stress that sound asset management decisions include a variety of parameters (i.e. service levels, infrastructure condition/lifecycle, growth/demand and risk) in combination with financial ones.

In addition to legislative compliance, the Asset Management Policy and related asset management documents are also required for grant funding eligibility.

STAKEHOLDER IMPACTS:

The Asset Management Policy and the on-going development of the County's AMS is a County-wide initiative that involves and impacts all levels of the organization, public/community/commercial stakeholders, neighbouring municipalities/industry and government bodies.

By involving and seeking input from these groups, the County will be in a better position to make sound infrastructure decisions and strengthen its commitment to stakeholder accountability and transparency.

The Asset Management Policy also aligns with the County's strategic priorities of Community Vibrancy, Healthy Community and Corporate Image and Efficient Government, other County plans and strategies as outlined and legislative/association guidelines and best practices to ensure the success of its AMS.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: No

Policy: Yes

ATTACHMENTS:

1. Asset Management Policy