



Report Number: 2019-50

Date: April 8, 2019

**SUBJECT: City of Port Colborne – Strategic Asset Management Policy**

**1) PURPOSE:**

This report was prepared to present to Council for approval of the updated Strategic Asset Management Policy (SAMP).

**2) HISTORY, BACKGROUND, COUNCIL POLICY, PRACTICES**

Council first adopted the Asset Management Policy in October 2016, to support the City's Asset Management Program and provide a framework to ensure the development of the City's Asset Management Plan.

On December 13 2017, the province approved *O.Reg 588/17: Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperities Act, 2015*. Under the regulation, the City is required to prepare and Council to approve a Strategic Asset Management Policy (the Policy) by July 1, 2019. Subsequently, the Strategic Asset Management Policy must be reviewed and, if necessary, updated at least every five years afterwards.

The policy must address twelve components:

- 1) The municipality's goals, policies, and plans that are supported by the Asset Management Plan (AMP);
- 2) The process by which the AMP is to be considered in the development of the budget or any long-range financial plans that take into account municipal infrastructure assets;
- 3) The municipality's approach to continuous improvement regarding Asset Management planning;
- 4) The principles to be followed in the municipality's Asset Management planning process. These principles must uphold the points outlined in section 3 of the *Infrastructure for Jobs and Prosperity Act*;
- 5) The municipality's commitment to consider actions that might be required to address climate change impacts upon its infrastructure;
- 6) Alignment of the AMP with financial plans related to the municipality's water and wastewater assets;
- 7) Alignment of the AMP with the Province's land-use planning framework;
- 8) Explanation of the capitalization thresholds used to determine which assets are to be included in the AMP and how the thresholds compare to those in the municipality's Tangible Capital Asset Policy;
- 9) The municipality's commitment to coordinating planning on Asset Management for infrastructure that is jointly-owned (or inter-related) with other municipalities;
- 10) Identification of the persons involved with the Asset Management planning process at the municipality, including the executive lead;

- 11) Explanation of Council's involvement in Asset Management planning; and
- 12) The Municipality's commitment to provide opportunities for residents and other interested parties to provide input into the Asset Management planning process.

The Strategic Asset Management Policy (Appendix A) is the first requirement in the staged process for compliance with *O.Reg 588/17*. The policy will be used as a guiding framework for updating the City's Asset Management Plan.

### **3) STAFF COMMENTS AND DISCUSSIONS**

Asset Management planning is the process of making the best possible decisions regarding the acquisition, operating, maintaining, reviewing, replacing and disposing of infrastructure assets and is regarded as best practice for long-term financial planning. The Asset Management Plan is developed and updated through a series of activities, including assets inventory review, replacement value calculation, condition assessment practice, level of service framework, asset lifecycle management strategy, risk modeling and financial funding strategy.

The objective of the City of Port Colborne's Strategic Asset Management Policy is to provide leadership in and commitment to the development and implementation of the City'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.

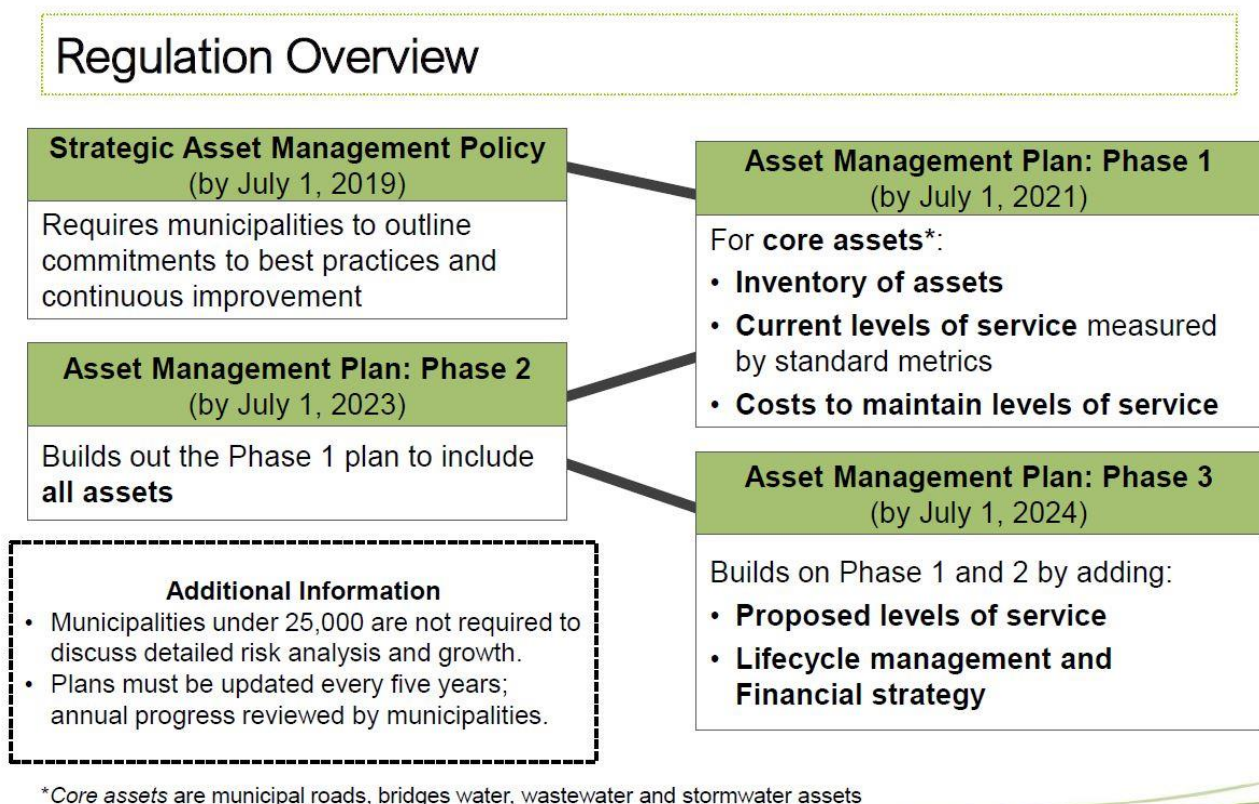
The City, like most Canadian municipalities, must overcome multiple challenges in managing assets including aging infrastructure; expectations of higher levels of service with minimal financial impact; increasingly demanding and complicated legislation with environmental requirements; and mitigation of the increased risk involved with infrastructure failure. Due to these increasing pressures, the City will need to implement a well-developed and detailed plan in order to make best decisions in managing the assets. To achieve this goal, developing the Strategic Asset Management Policy is the first step; it will play a critical role in implementing Asset Management across the organization.

Multiple workshops were held with Department Asset Management leads and our external consultant to review and update the Strategic Asset Management Policy. Changes to the Policy were made to incorporate legislated requirements outlined in the regulation and integrate industry best practices. Key changes to the policy include:

- Illustrating the critical connection between corporate strategic direction (including the Official Plan, Strategic Plan, Parks Master Plan, Transportation Master Plan, and other asset-related plans) and the Asset Management Strategy.
- Integrating Asset Management practices with budgeting process and long-term financial planning.
- Integrating Asset Management industry standards and best practices to drive continuous improvement.

- Aligning Asset Management planning with climate change mitigation and adaptation approaches.
- Identifying the executive lead and Council's involvement in directing and reviewing the Asset Management program.
- Outlining roles and responsibilities across the corporation, which are critical to successful implementation of the City's Asset Management plans. Overall responsibility for Asset Management is shared across City departments to effectively and continuously assess, evaluate and improve the Asset Management program to achieve the level of service in the most cost effective and measurable way.

A recap on the legislative requirements of *O.Reg 588/17*:



The Strategic Asset Management Policy approved and adopted by Council by July 1, 2019 is the first requirement under the regulation. The next deadline is July 1, 2021, by which the Asset Management Plan for core assets is required to be adopted with defined current levels of service and costs to maintain levels of service.

The Asset Management team is actively working on refining the assets inventory for both core and non-core assets, integrating with the GIS mapping system, developing the asset profile and life cycle activities, establishing replacement value and long-term financial strategy. In addition, staff are completing the condition assessment of assets, modeling the risk management strategy, defining the current level of service for each class of service, as well as assisting the implementation of the work order system and

incorporating it with Asset Management program. The team is striving to deliver a high quality Asset Management Plan to guide the City's Asset Management practice and at the minimum, in full compliance with *O.Reg. 588/17*.

**4) OPTIONS AND FINANCIAL CONSIDERATIONS:**

- a) Doing nothing is not recommended.
- b) It is recommended that Council approve the Strategic Asset Management Policy in compliance with *O.Reg. 588/17*. By adopting the updated Strategic Asset Management Policy, Council will satisfy the first step required by the Regulation before the deadline. Additionally, this will provide a framework and guideline to the further development of the Asset Management Plan, in preparation to meet subsequent steps in the Regulation.

**5) COMPLIANCE WITH STRATEGIC PLAN INITIATIVES**

To be in compliance with developing the City's Asset Management Plan and *O.Reg 588/17: Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperities Act, 2015..*

**6) ATTACHMENTS**

- Appendix A - Strategic Asset Management Policy

**7) RECOMMENDATION**

That the Port Colborne Strategic Asset Management Policy attached as Appendix A to Corporate Services Department, Finance Division Report No. 2019-50, be adopted by Council.

**8) SIGNATURES**

Prepared on March 25, 2019 by:

Reviewed and Respectfully Submitted:



Jade McDowall  
Capital Asset Supervisor



C. Scott Luey  
Chief Administrative Officer

Reviewed by:

A handwritten signature in black ink, appearing to read "Peter Senese". The signature is fluid and cursive, with the first name "Peter" and last name "Senese" clearly distinguishable.

Peter Senese  
Director of Corporate Services