



# Corporate Policy

## 05. Finance and Accounting

### 05.12 – Strategic Asset Management Policy

Approved by:	Council	on	January 21, 2019
Report No.:	F-01-19	Effective:	January 21, 2019
Reviewed:	Council	Amended:	N/A
Next Review:	July 1, 2021	Note(s):	

### Purpose:

The Township of Warwick provides a wide range of services to the community that require the ownership and responsible operation, maintenance and rehabilitation of physical assets including land, buildings, equipment, transportation, drainage, sewer and water infrastructure.

Asset Management (AM) is an integrated approach, involving all Township of Warwick departments, to delivering value to the community through the effective management of existing and new infrastructure assets.

The intent is to maximize benefits, reduce risk and provide satisfactory levels of service to the community in a sustainable manner. Good asset management practices are fundamental to achieving sustainable and resilient communities.

This policy outlines the fundamental asset management principles to be implemented across the Township of Warwick.

### Policy Statement:

The Township of Warwick aims to uphold the following policy statements in managing its capital infrastructure:

1. The Township will implement a municipal-wide asset management program that will promote lifecycle and risk management of the Township's capital infrastructure assets. A primary goal will be to achieve the lowest total cost of ownership while meeting desired levels of service. Levels of service (LOS) refer to the outcomes or service attributes that the Township aims to deliver for its residents and can include both technical and qualitative components.

# Corporate Policy

2. The Township will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:

- i. Comprehensive and Accurate Asset Data
- ii. Condition Assessment Protocols
- iii. Risk and Criticality Models
- iv. Lifecycle Management
- v. Financial Strategy Development
- vi. Level of Service Framework

3. The Township will develop and maintain an asset inventory of all municipal capital infrastructure assets which includes unique ID; description; location information; value (both historical and replacement); performance characteristics and/or condition; estimated remaining life and estimated repair, rehabilitation or replacement date; and estimated repair, rehabilitation or replacement costs.

4. The Township will develop an Asset Management Plan that incorporates all infrastructure categories and municipal capital infrastructure assets as per the legislated requirements. The capitalization threshold guidelines in the Township's Tangible Capital Asset Policy will apply. The Asset Management Plan will address its core municipal capital infrastructure assets by July 1, 2021 and all other municipal capital infrastructure assets by July 1, 2023. The Asset Management Plan will be updated at least every five years thereafter in accordance with O. Reg. 588/17.

5. The Township will integrate asset management plans and practices with its long-term financial planning and budgeting strategies. This includes the development of financial plans that determine the level of funding required to achieve short-term operating and maintenance needs, in addition to long-term funding needs to replace and/or renew municipal capital infrastructure assets based on full lifecycle costing.

6. The Township will identify appropriate funding for its capital infrastructure and for financing service delivery. This may include taxation or user fee revenues, grant programs, debt-financing, public-private partnerships (P3), alternative financing and procurement (AFP), or the shared provision of services.

7. The Township will develop meaningful performance metrics and reporting tools to transparently communicate and display the current state of asset management practice to Council and the community.

8. The Township will consider the risks and vulnerabilities of municipal capital infrastructure assets to climate change and the actions that may be required, including, but not limited to: anticipated costs that could arise from these impacts, adaptation opportunities, mitigation approaches, disaster planning, and contingency funding.

# Corporate Policy

Impacts may include matters relating to operations, levels of service and lifecycle management.

9. The Township will ensure that asset management planning is aligned with the following financial plans:

- i. Financial reports related to the Township's water capital assets, including any financial plans prepared under the Safe Drinking Water Act, 2002; long-range capital plans developed as part of an Asset Management Plan; and annual Water Regulation and Rating By-laws.
- ii. Financial reports related to the Township's wastewater capital assets, including long-range capital plans developed as part of an Asset Management Plan; and annual Wastewater Regulation and Rating Bylaws.
- iii. 2009 Water & Wastewater Rate Study and subsequent updates to this study.
- iv. Current Long Range Financial Plan and subsequent updates.

10. The Township will align asset management planning with the Province of Ontario's land-use planning framework, including any relevant policy statements issued under section 3(1) of the *Planning Act*; shall conform with the provincial plans that are in effect on that date; and shall be consistent with municipal official plans.

11. The Township will coordinate planning for interrelated municipal capital infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.

12. The Township will develop processes and provide opportunities for municipal residents and other interested parties to offer input into the Township's asset management planning, where appropriate.

13. The Township asset management plan will be developed and administered by the Senior Management Team.

## Scope:

The Township of Warwick owns a wide range of asset types that deliver services to the people of the township. Each year the township may receive or construct new assets. In addition, the Township of Warwick may rely on natural assets or other assets that it does not own, in order to deliver services.

This asset management policy applies to the assets owned by the township. Where service provision is supported by other assets not owned by the township, we will work

# Corporate Policy

collaboratively with those asset owners and promote the principles outlined in this policy.

The Township of Warwick recognizes the importance of natural assets and will include these in its inventories and asset management practices. Examples include water bodies, wetlands and wildlife corridors.

Table 1 summarizes the services that the Township of Warwick provides, and gives examples of the asset groups and asset types owned by the township that support the delivery of those services.

Table 1:

<b>Service provided to the community (not an exhaustive list)</b>	<b>Example of asset group (not an exhaustive list)</b>	<b>Examples of asset types (not an exhaustive list)</b>
Potable water supply	Water infrastructure	Dams, reservoirs, pipes, valves natural assets
Wastewater collection and treatment	Sewer infrastructure	Pipes, lift stations, manholes, natural assets, treatment plants
Flood protection	Drainage infrastructure	Pipes, culverts, chambers, natural assets
Transportation	Transportation infrastructure	Roads, bridges, sidewalks, traffic signals, street lighting
Recreational parks	Parks infrastructure	Playfields, playgrounds, trails natural assets
Community facilities Civic facilities	Buildings	Civic offices, public works yard, fire and police buildings, parkades, recreational and cultural buildings
Emergency response	Vehicles	Fire trucks, heavy

# Corporate Policy

		equipment, snow ploughs
Support for departments to serve the community	IT infrastructure	Hardware, SCADA, telemetry, communication equipment

## Objectives:

Provide a Strategic Asset Management Policy to provide guidance with regards to the Asset Management Plan of the Township of Warwick.

## Principles:

### Principle – Service Delivery

The Township will clearly define level of service objectives that balance community expectations and regulatory requirements with risk, affordability and available resources, and will do the following:

- Manage assets appropriately in order to efficiently and effectively deliver the defined levels of service.
- Monitor and periodically review level of service objectives to ensure that they meet or support community and council expectations and other strategic objectives.

The Township will ensure transparency and accountability to the community on service delivery. This will include regular communications to council to share information on service performance as well as technical information such as asset condition.

The Township will comply with all relevant legislative, regulatory and statutory requirements.

The Township will implement an AM system that incorporates risk-based and information-driven decision-making frameworks that appropriately consider the potential impacts of asset failure on ongoing service delivery.

The Township will ensure that decisions regarding the need for new assets are made with appropriate due diligence; and that these needs are evaluated with a focus on service delivery to the community, and supported with a valid business case that articulates costs and benefits.

# Corporate Policy

The Township will prioritize and direct resources and expenditure in order to deliver levels of service and other community benefits at an acceptable level of risk.

## **Principle – Long-term Sustainability and Resilience**

The Township’s asset management decision-making will consider the needs of both current and future generations and the potential challenges associated with changing community demographics and expectations related to service delivery, as well as potential modifications to legislative requirements.

The Township’s asset management decision-making will consider the potential effects of climate change and other environmental changes, and how the increased severity and frequency of climatic events may directly affect levels of service. Where appropriate, the Township will adopt a proactive approach to mitigating the potential impacts of climate change.

The Township will consider sociocultural, environmental and economic factors and implications when making and implementing asset management decisions.

## **Principle – Holistic “Big Picture” Approach**

To support asset management decision-making, the Township will take steps to connect the appropriate departments, functions and support activities in order to build effective working relationships and encourage information-sharing. These departments and functions include planning, engineering, operations, maintenance, finance and other strategic planning functions such as sustainability.

Asset management decision-making will drive optimum value for the community by focusing on the “big picture.” The Township will therefore ensure that decisions are made collaboratively and consider all life-cycle stages and the interrelationships between asset performance, operational performance and overall service performance. Decision-making will also recognize the interconnected nature of asset systems and how decisions about one set of assets may potentially interact with or affect assets controlled by other departments or functions.

## **Principle – Fiscal Responsibility and Asset Management Decision-Making**

The Township will develop and maintain appropriate plans for infrastructure renewal, for the purchase or construction of new infrastructure and for the decommissioning of redundant infrastructure. This includes:

- Developing long-term projections of investment needs.

# Corporate Policy

- Applying rigorous analysis, including consideration of risk, to identify short-term investment needs.
- Implementing processes to ensure that proposed investment plans address needs efficiently and effectively.
- Implementing processes to address the operational budget implications of capital investments.
- Exploring efficiency opportunities where appropriate, including new technologies.
- Analyzing investment plans and associated funding requirements and putting in place mechanisms to ensure long-term financial sustainability.

The Township will evaluate relevant asset investment decisions based on consideration of the whole-life costs associated with managing those assets through their entire life cycle.

The Township will develop prioritized capital investment plans that reflect community and stakeholder expectations with regard to level of service and other strategic objectives. The Township will evaluate the magnitude, nature and overall balance of investment plans considering the aggregate value derived for the community, affordability, willingness to pay and intergenerational equity.

## **Principle – Innovation and Continual Improvement**

The Township views continual improvement as a key part of our asset management approach and will focus on driving innovation in the development of tools, techniques and solutions.

The Township will monitor and periodically review the effectiveness of asset management processes and the wider asset management system in supporting the delivery of strategic objectives, and will make adjustments as required.

The Township will assess the asset management competencies required to implement the AM system and provide the necessary support, education and training to AM staff.

The Township will review the asset management policy in conjunction with its review of the asset management strategy, every four to five years.

# Corporate Policy

## References:

## Roles:

### Accountable:

Council's role and responsibilities:

- Approve asset management policy
- Articulate community values and define priorities
- Approve funding and resources to implement the AM policy and associated requirements
- Approve asset funding through multi-year and long-range financial plans

### Responsible:

Role	Responsibility
Identification of issues and development of policy updates	Council and staff
Establish levels of service	Council, staff and public
Exercise stewardship of assets, adopt policy and budgets	Council
Implementation of policy	CAO and staff
Development of guidelines and practices	CAO and staff
On-going review of policies	Council and staff

The chief administration officer (CAO) is responsible for leading the implementation of the AM policy across the Township. Departmental managers are responsible for leading the adoption of the AM policy within their departments and for allocating appropriate resources to its implementation and associated requirements.

## Corporate Policy

All staff involved in the application of asset management are responsible for observing the requirements of the AM policy.

<b>Actions</b>	<b>Responsibilities</b>
Adopt Asset Management Policy	Council and CAO
Monitor and review infrastructure standards and level of service policies at established intervals	Council and CAO
Develop and maintain infrastructure strategies including development and service plans	CAO, Public Works, Parks & Recreation and Finance
Develop and maintain asset inventories	CAO, Public Works, Parks & Recreation and Finance
Assess infrastructure condition and service levels	Public Works and Parks & Recreation
Establish and monitor infrastructure replacement levels through the use of full life cycle costing principles	CAO, Public Works, Parks & Recreation and Finance
Develop and maintain financial plans for the appropriate level of maintenance, rehabilitation, extension and decommission of assets	CAO, Public Works, Parks & Recreation and Finance
Report to citizens on the status of the community's infrastructure assets and asset management program. The channels may include annual citizen reports, business plans, etc.	Council and CAO