



**Policy No.:** F23 - Strategic Asset Management Policy  
**Date Enacted:** June 25, 2019  
**Amended By:**

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## **Subject**

Strategic Asset Management Policy

## **Purpose**

The purpose of this Strategic Asset Management Policy is to set out The Corporation of the Municipality of Leamington's approach to municipal infrastructure assets in a way that ensures sound stewardship of public resources while delivering effective and efficient customer service. This policy shall establish consistent standards and guidelines for the management of the Municipality's assets by applying sound technical, social and economic principles that consider present and future needs of users, and the service expected from the assets.

The Municipality is committed to providing service to residents in a fiscally responsible manner that supports a healthy and vibrant community. With this commitment in mind, assets must be managed in a way that supports the achievement of the Municipality's goals, plans and policies.

## **Scope**

The policy establishes the requirements to maintain an asset management program at the Municipality of Leamington. The policy covers the management processes for assets throughout their entire life cycle including identifying, planning, designing, installing, maintaining, inspecting, operating, rehabilitating, refurbishing, disposing, decommissioning and reporting.

The Municipality's Strategic Asset Management Policy applies to all assets whose role in service delivery requires deliberate management by the Municipality. The capitalization threshold developed for financial reporting purposes, outlined in the Municipality's F03 - Tangible Capital Assets Policy, will not be the guide in selecting assets covered by the asset management planning process. This policy applies directly

to all assets owned wholly or in part by the Municipality and an economic life greater than 12 months.

### Definitions

**Asset:** A component of a facility, program or service which has value, enables services to be provided and has an economic life greater than 12 months. Also referred to as a “capital asset”.

**Asset Life Cycle:** The entire life span of the asset from conception to disposal and includes such stages/activities as identification, planning, design, acquisition, construction, operating, maintenance, regular condition and performance assessments, rehabilitation, upgrades and disposal.

**Asset Management:** The combination of management and technical practices and technology including engineering, finance, operations and other professional practices and activities which are applied to assets with the objective of achieving required levels of service and managing risks in the most cost-effective manner throughout the life cycle of the assets.

**Asset Management Plan:** A plan applied to specific assets outlining a combination of management practices and the application of professional disciplines throughout each stage of the asset life cycle to achieve the specified levels of service in the most cost-effective manner.

**Capital Budget:** The annual Council approved plan for expenditures and financing sources to acquire, improve, maintain or construct capital assets or to conduct studies.

**Level of Service:** A measure of quality or quantity of service which serves as a desired target for particular activity, asset or service area as determined by Council. This includes the parameters or a combination of parameters, which reflect social, political, environmental and economic outcomes that the Municipality delivers.

**Municipality:** The Corporation of the Municipality of Leamington.

**Operating Budget:** The annual Council approved plan for expenditures, revenues, staffing levels and service levels for operations taking place from January 1st to December 31st each year.

**Risk:** The chance of something happening that will impact on the achievement of objectives. The level of risk can represent an opportunity or a threat to the achievement of objectives.

## Procedures

### 1) Guiding Principles

The Municipality strives to provide exceptional municipal service and value. Asset management is to be guided by the following three principles:

**Service excellence:** Achieving quality and showing results.

- Adopt a whole-organization, all asset approach to asset management that holistically considers the interdependencies between asset systems and services throughout their full lifecycle.
- Meet and comply with all relevant legislation, regulatory and statutory requirements and with other requirements to which the organization subscribes. The Municipality must adhere to the requirements outlined in the Minimum Maintenance Standards, currently in force, and any other legislation specific to the Municipality in respect of assets.
- Corporate asset management documents are derived from, and be consistent with, the organizational strategic plan, council shared agenda, long-term municipal goals, organizational policies, operating and capital budgets, financial plans, and the organization's overall risk management framework with consideration of demographic, economic and environmental trends.
- Corporate asset management shall clearly identify infrastructure priorities which will drive investment decisions.
- Asset management planning will be aligned with the Municipality's Official Plan.
- Asset management planning will take into consideration a coordinated approach with the Municipality's Master Plans, Financial Plans and rate models as well as any other relevant plans. These plans are designed to meet legislative requirements and work together to achieve the Municipality's mission of providing innovation and excellence in service delivery. These plans will be reviewed regularly by staff and annual spending requirements in support of the plans' objectives will be incorporated into the budgeting process. All of the Municipality's plans rely to some extent on the physical assets owned by the Municipality and the commitment of staff to ensure their strategic use.
- Asset management documents are communicated and made available to all relevant stakeholders.
- The Municipality shall minimize the impact of infrastructure on the environment by respecting and helping maintain ecological and biological diversity, by augmenting resilience to the effects of climate change and by endeavoring to make use of acceptable recycled aggregates.

- Approach asset management from a collaborative, cross-disciplinary perspective while also regularly engaging with relevant stakeholders to maximize value from the assets and services.
- Provide opportunities for municipal residents and other interested parties to provide input into the Municipality's asset management planning.
- Coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of other municipalities, neighbouring municipalities or jointly-owned municipal bodies.

**Financial stability:** Managing our resources to achieve maximum public value.

- Ensure that asset management principles are applied to tangible and intangible assets, and that value is considered holistically, in aspects such as financial, social (quality of life, community wellbeing, heritage) and environmental.
- Develop and implement an evidence-based, systematic approach to asset management that is transparent and customer-centric.
- Climate change will be considered as part of the Municipality's risk management approach embedded in local asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impacts and other risks with the cost of reducing these vulnerabilities. The balance will be struck in the levels of service delivered through operations, maintenance schedules, disaster response plans, contingency funding and capital investments. The asset management plan will encompass this sustainable approach to climate change mitigation and adaptation.
- Optimize asset decisions based on lowest lifecycle cost, acceptable risk levels and desired levels of service to allow for long-term planning that will enhance service and sustainability while also ensuring resilience and adaptability.
- Provide an annual update to Council on asset management planning progress, factors affecting the ability to meet commitments outlined in the plan, and a strategy to address any shortcomings.

**Innovation:** Modernizing our services and how we work.

- Integrate asset data systems where possible to minimize duplication of effort and improve overall information confidence.
- Strive for asset management practices, processes and capabilities to be in-line with current industry best practices.
- Commitment to continual improvement in asset management, the asset management system, asset management maturity, and asset management performance.

- Implement and periodically review asset management documents, objectives, and requirements to ensure that they remain relevant and consistent with the organizational plans and other relevant organizational policies; and
- Annual internal reviews and an independent audit of the asset management system at no longer than 5 year intervals.

In addition to these guiding principles, the Municipality's Asset Management Plan also outlines a set of overarching principles that complement those listed above. These principles encompass an asset management program that is holistic, systematic, systemic, risk-based, optimal, sustainable and integrated.

### 2) Roles and Responsibilities:

#### Council

- a) Council will be entrusted with responsibilities for overseeing the management of the assets.
- b) Council will approve the Asset Management Planning documents and required updates every five years.
- c) Council will review Management's implementation of the plan as part of the annual budget process.
- d) Council will support efforts to improve the plan and ensure it includes changes necessitated by updates to other Municipal strategic documents.

#### Administration

- a) The executive lead responsible for the Asset Management Plan and Strategic Asset Management Policy will be the Director of Finance and Business Services and Treasurer in consultation with the Senior Management Team and all department heads.
- b) Management will oversee the policy implementation and ensure both the Asset Management Plan and the Strategic Asset Management Policy are in compliance with Provincial Asset Management Regulations.
- c) Management will ensure that current year and long range asset requirements are incorporated into the budget presented to Council annually.
- d) Management will update the Policy and Plan to reflect changes as needed and present them for Council approval at least every five

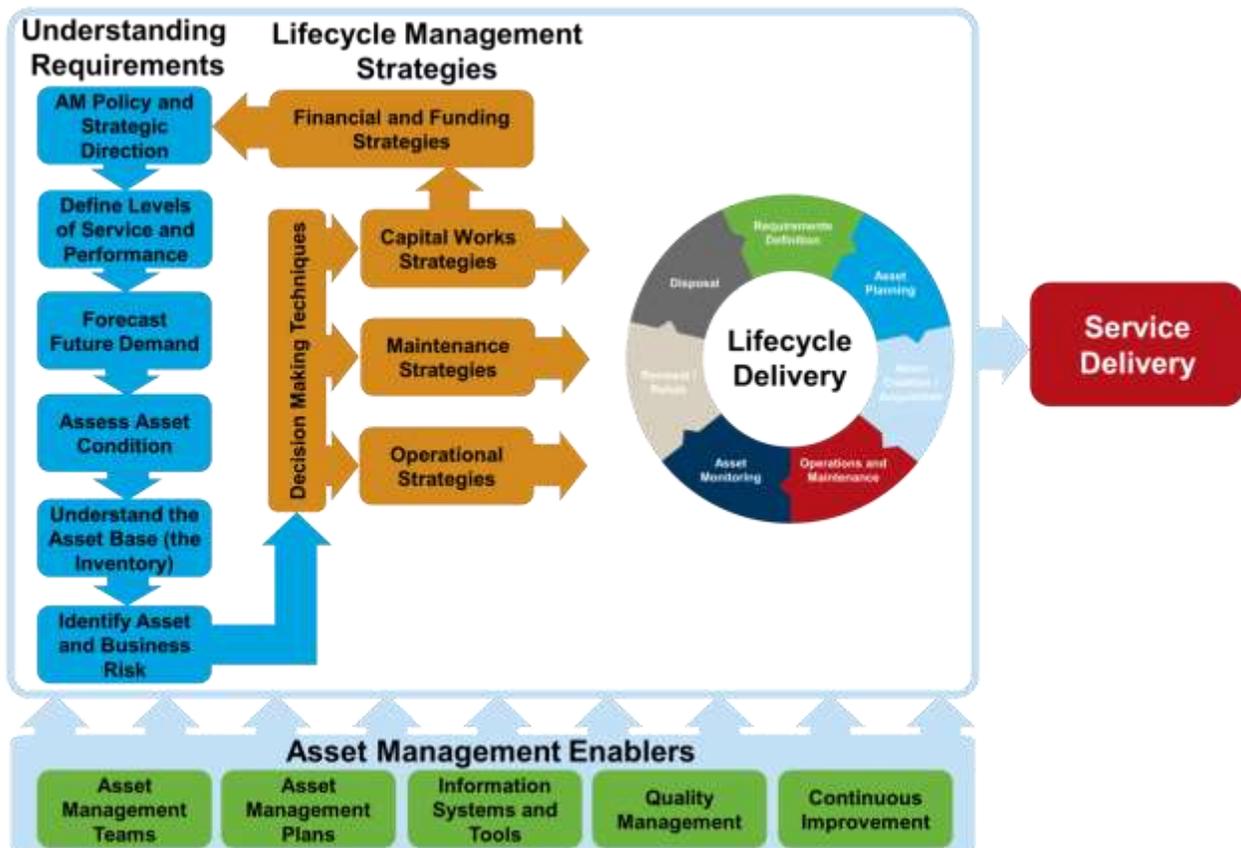
years. These changes will include those reflected in updates to the condition assessments commissioned for assets covered by the plan.

### 3) Process

The Municipality’s asset management system can be categorized into the key processes and resources shown within Figure 1. The asset management processes include:

- Functional Processes: The processes involved in understanding and defining requirements, and asset lifecycle management strategies; and
- Enabling Processes/Resources: The supporting processes and resources that make the functional processes possible.

Figure 1. The Asset Management Process



Source: City of Guelph, 2019

#### 4) Reporting

The Director of Finance and Business Services and Treasurer will be responsible for the maintenance of and reporting on the activity related to the management of Municipal Assets. The Senior Management Team, together with the department managers, will assist in this task through the utilization of condition assessment information and service level requirements to update the long and short term asset requirements. This information will be reviewed as part of the annual budget process.

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