

Corporation of The Town of Parry Sound

10.1.2


Passing of By-law No: 2019 – 6935

18<sup>th</sup> Day of June, 2019

Moved by Councillor

  
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Seconded by Councillor

  
\_\_\_\_\_

That By-law No: 2019 - 6935

Being a By-law to approve the Strategic Asset Management Policy for the Corporation of the Town of Parry Sound

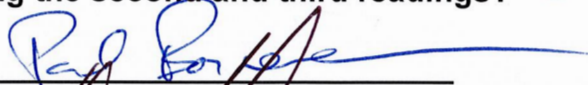
be considered as read a first time.

- Carried - ✓

  
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Are all members in favour of having the second and third readings? ✓

Moved by Councillor

  
\_\_\_\_\_

Seconded by Councillor

  
\_\_\_\_\_

That the By-law Above Mentioned Be Considered as Read A Second, And Third Time, Passed, Signed and Sealed.

- Carried - ✓

  
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Entered as Part of The Minutes of the Meeting Held this 18<sup>th</sup> day of June , 2019.

  
\_\_\_\_\_  
Mayor, Jamie McGarvey

  
\_\_\_\_\_  
Clerk, Rebecca Johnson

- Postponed to: \_\_\_\_\_
- Amends By-law: \_\_\_\_\_
- Repeals By-law: \_\_\_\_\_
- By-law Amended: \_\_\_\_\_
- By-law Repealed: \_\_\_\_\_

## **The Corporation of the Town of Parry Sound**

### **By-law 2019 - 6935**

#### **Being a By-law to approve the Strategic Asset Management Policy for the Corporation of Town of Parry Sound**

Whereas Section 8 of the Municipal Act, 2001, S.O. 2001, Chapter c.25, provides the Municipality with the capacity, rights, powers and privileges of a natural person to enable them to govern their affairs as they consider appropriate;

And Whereas, Ontario Regulation 588/17 made under the Infrastructure for Jobs and Prosperity Act, 2015 governs asset management planning for municipal infrastructure;

And Whereas, the Council for the Corporation of the Town of Parry Sound deems it advisable to set out new policies for Strategic Asset Management in accordance with statutory requirements; and

#### **Now Therefore The Council Of The Corporation Of The Town Of Parry Sound Enacts As Follows:**

1. That Council approves the " Strategic Asset Management Policy" attached to this By-law as Schedule "A";
2. That By-law 2017-6762 is hereby repealed;
3. That this By-law shall come into force and effect upon final passing thereof.

**The Corporation of the Town of Parry Sound**

**By-law 2019 - 6935**

**Read a First** time this 18th day of June, 2019

A handwritten signature in dark ink, appearing to be 'JM', written over a horizontal line.

**Mayor Jamie McGarvey**

A handwritten signature in dark ink, appearing to be 'Rebecca Johnson', written over a horizontal line.

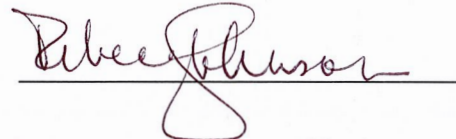
**Rebecca Johnson, Clerk**

**Read a Second and Third** time, **Passed, Signed and Sealed**

This 18th day of June, 2019

A handwritten signature in dark ink, appearing to be 'JM', written over a horizontal line.

**Mayor Jamie McGarvey**

A handwritten signature in dark ink, appearing to be 'Rebecca Johnson', written over a horizontal line.

**Rebecca Johnson, Clerk**



## Schedule A to By-law 2019-6935

# Parry Sound Corporate Policy and Procedure Manual

<b>Section:</b>	<b>06 – Finance</b>
<b>Subject:</b>	<b>Strategic Asset Management Policy</b>
<b>Policy Number:</b>	
<b>Date Issued/Approved:</b>	
<b>Resolution/By-law:</b>	<b>By-Law 2019 - 6935</b>
<b>Date Last Revised:</b>	<b>New Policy</b>

## Policy

The Town of Parry Sound (Town) will be stewards for its public infrastructure, striving to deliver quality, cost-effective services to our customers. Asset Management is an integrated approach, involving all departments within the Town, working together to effectively manage existing and new assets over their full life cycle.

The Town will adopt a sustainable approach to asset management, aligning staff's knowledge, stakeholder input and the municipality's strategic and operational goals, plans and policies.

## Purpose

This policy outlines the fundamental asset management principles and guidelines to be implemented across all departments, guiding the development, implementation, and maintenance of the Town's Asset Management Plan.

Successfully delivering these principles will drive the Town's efforts towards the effective stewardship of municipal infrastructure assets, while continuing to assess risks, financial capacity and service level requirements.

The Strategic Asset Management Policy:

- Aligns the Town with provincial and national standards and regulations such as the Infrastructure for Jobs and Prosperity Act, 2015 and Ontario Regulation 588/17; and
- Applies to all existing and new physical assets owned and/or managed by the Town such as roads, sidewalks, bridges, water mains, wastewater mains, storm sewer mains, pump stations, facilities, treatment plants, fleet, equipment, parks and technology systems.

## **Strategic Alignment**

The Town's vision to be recognized as the jewel of Georgian Bay, encompassing healthy, progressive lifestyles, sustainable growth and development, honouring the UNESCO World Biosphere Reserve requires the integration of the following policies, frameworks and plans into asset management approach:

- The Official Plan
- Strategic Plan
- Emergency Management Plan
- Multi-Year Accessibility Plan
- Tangible Capital Asset Policy
- Climate Change or Energy Plan
- Reserve and Reserve Fund Policy
- Budget and Financial Control Policy
- Water Ontario Regulation 453/07 Financial Plan
- Drinking Water Quality Management System Policy
- Bridge Needs Study
- Roads and Sidewalks Study for 2019
- Business Continuity Plan

- Parks and Recreation Master Plan
- Trails Master Plan

Asset management planning will not occur in isolation from other municipal goals, plans and policies. Spending requirements defined in the budgeting process and in long-term financial planning will subsequently reflect the objectives of these plans.

## Objectives

The Strategic Asset Management Policy aims to:

- Provide a transparent framework for implementing asset management to enable a consistent and strategic approach throughout the organization that will help meet future challenges, including population growth, customer expectations, legislative requirements, technological and environmental factors, without compromising the ability of future generations to meet their own needs.
- To provide leadership in and demonstrate the commitment to the continuous improvement of the Town’s asset management program.
- To support risk-based decision-making processes that consider the likelihood of asset failure and the consequence of a failure with regards to impacts on safety and levels of service.

## Guiding Principles of Asset Management

The Town will consider following principles when making decisions regarding infrastructure planning and investment to ensure consistency and regulatory compliance:

<b>Principle</b>	<b>Description</b>
<b>Forward looking</b>	Take a long-term view while considering demographic and economic trends in West Parry Sound
<b>Budgeting and planning</b>	Consider any applicable budgets or fiscal plans, including those adopted through Ontario legislation.

<b>Principle</b>	<b>Description</b>
<b>Prioritizing</b>	Clearly identify infrastructure priorities which will drive investment decisions. The priorities will be optimized based on trade-offs between the competing factors of balancing service levels, risks, and costs over the long term and full lifecycle of the assets.
<b>Economic development</b>	Infrastructure planning and investment shall promote economic competitiveness, productivity, job creation and training opportunities.
<b>Health and safety</b>	Ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
<b>Innovation and technology</b>	Create opportunities to make use of innovative technologies, services, and practices, particularly where doing so would utilize technology, techniques, and practices developed in Ontario.
<b>Transparency</b>	Remain evidence-based and transparent, basing decisions on publicly shared information and make information available to the public
<b>Consistency</b>	Ensure the continued provision of core public services, such as health care and education.
<b>Environmentally conscious</b>	Minimize the impact of infrastructure on the environment by: <ul style="list-style-type: none"> <li>○ Respecting and helping maintain ecological and biological diversity,</li> <li>○ Augmenting resilience to the effects of climate change, and</li> <li>○ Endeavoring to make use of acceptable recycled aggregates.</li> </ul>
<b>Community focused</b>	Promote community benefits of the infrastructure project that are intended to improve the social and economic well-being of a community such as:

Principle	Description
	<ul style="list-style-type: none"> <li>○ Local job creation and training opportunities (including for apprentices, within the meaning of section 9 of the Infrastructure for Jobs and Prosperity Act, 2015),</li> <li>○ Improvement of public space within the community, and</li> <li>○ Promoting accessibility for persons with disabilities.</li> </ul>
<b>Risk-Based</b>	Manage risk associated with attaining target levels of service by ensuring that resources, expenditures and priorities are allocated based on risk and associated cost/benefit.
<b>Integration</b>	Where relevant and appropriate, be mindful and consider the principles and content of non-binding provincial or municipal plans and strategies established under an Act or otherwise, in planning and making decisions surrounding the infrastructure that supports them.

## Capitalization Thresholds

The service rendered by an asset will be the determining factor of whether to include it in asset management plans. The service-focus intent of this policy differentiates its requirements for identifying assets from the capitalization thresholds which are developed for the purposes of financial reporting. For this reason, the capitalization threshold developed for financial reporting will not be the guide in selecting the assets covered by asset management planning processes.

## Governance and Continuous Improvement

The roles and responsibilities throughout the organization as they relate to asset management planning are as follows:



## Municipal Council

- Approve by resolution the asset management plan and its updates every five years;
- Conduct an annual review of the asset management plan progress on or before July 1<sup>st</sup> of every year; that includes:
  - Progress on ongoing efforts to implement the asset management plan;
  - Consideration of the asset management policy;
  - Any factors affecting the ability of the municipality to implement its asset management plans;
  - Consultation with department leads; and
  - A strategy to address these factors including the adoption of appropriate practices; and
- Support ongoing efforts to continuously improve and implement the asset management plans.

## Chief Administrative Officer

- Ensure the requirements contained in this policy are consistently applied and compliance with the provincial asset management regulation is maintained as the executive lead.

## Director of Finance

- Co-ordinate the development and updates of this policy as necessary and present changes to Council as required;
- Administer the Asset Management Plan update as changes are required and at a minimum of every five years in accordance with O. Reg. 588/17 requirements;
- Facilitate the bridge between the asset management plan, budget submission of each service area, and financial plan preparation; and
- Review and evaluate the service area budget submissions prepared to determine consistency with the asset management plan as part of the annual budgeting process.

## Directors

- Oversee the asset management planning activities that fall within their service area and in the support of others;
- Maintain service area compliance with asset management plans;
- Communicate changes with the Director of Finance to develop, implement and update the asset management plans under the guidance of this policy;
- Reference the asset management plan for their area to:
  - Forecast identified spending needs;
  - Verify progress made on the plan;
  - Identify potential gaps;
  - Prioritize spending needs;
  - Address recent developments; and
  - Validate service area submissions for the annual budgeting process.

## Service Area Managers

- Maintain asset condition ratings;
- Track maintenance scheduling and projected costs to prolong the lifecycle of assets;
- Conduct lifecycle activities to reduce lifecycle costs as a steward of the municipality's infrastructure assets; and
- Incorporate asset management plans into service area budget submissions.

## **Financial Planning and Budgeting**

The Town will integrate the asset management plans and progress made on the plans into the annual creation of the Town's capital budgets, operating budgets, and long-term financial plans. Sound financial analysis will be encompassed in asset management planning to maintain relevance and guide employees in budgeting and financial planning.

The asset management plan will be referenced by the service area personnel in the preparation of their budget submission to help them:

1. Identify all potential revenues and costs (including operating, maintenance, replacement, and decommission) associated with forthcoming infrastructure asset decisions;
2. Evaluate the validity and need of each significant new capital asset, including considering the impact on future operating costs; and
3. Incorporate new revenue tools and alternative funding strategies where possible.

## **Community Planning**

The Town will align all asset management planning with the Town's Official Plan. The asset management plans will reflect how the community is projected to change and the related asset impacts. The Town will achieve this with the following:

- Those responsible for managing services impacted by development or redevelopment will:
  - Be consulted while the community plan is being prepared;
  - Provide input to the analysis of future servicing costs; and
  - Provide written comment about the financial viability of development as it pertains to the service they manage.
- Methods, assumptions, and data used in the selection of development or redevelopment initiatives documented in the community plan will be available in support of the production of asset management plans

## **Climate Change**

The Town shall consider the risks and vulnerabilities of municipal 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. Impacts may include matters relating to operations, levels of service and lifecycle management.

## Stakeholder Engagement

The Town will engage the community in the development and enhancement of our municipal infrastructure assets to understand the needs of the current stakeholders and consider the needs of future generations. Accordingly, the Town commits to:

- Engage community stakeholders, residents and others served by the Town, by creating opportunities to provide input in asset management planning; and
- Coordinate planning for interrelated municipal infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly owned municipal bodies wherever viable and beneficial.

## Definitions:

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

The following terms are defined as:

<b>Term</b>	<b>Definition</b>
<b>Asset</b>	An item, thing or entity that has potential value to an organization. This value can be tangible or intangible, and financial or non-financial.
<b>Asset Management (AM)</b>	Co-ordinated activity of an organization to effectively and efficiently manage existing and new assets. AM involves the balancing of costs, opportunities and risks against the desired performance of assets, to achieve organizational objectives (balancing may need to be considered over multiple timeframes). It considers all asset types and includes all activities over different stages of their lifecycle from planning

Term	Definition
	and acquisition/creation; to operational and maintenance activities, rehabilitation, and renewal; to replacement or disposal and any remaining liabilities.
<b>Asset Management Plan (AMP)</b>	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 (ISO 55000). Under O. Reg. 588/17, by 2023 AMPs for core municipal infrastructure assets will be required to include the current levels of service being provided; the current performance of each asset category; a summary of assets in each asset category, their replacement cost, average age, condition information, and condition assessment protocols; lifecycle activities required to maintain 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.
<b>Capitalization threshold</b>	The value of a municipal infrastructure asset at or above which the organization will capitalize the value of it and below which it will expense the value of it.
<b>Level of service</b>	The parameters, or combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers. Parameters can include, but are not necessarily limited to, safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environmental acceptability, cost, and availability (ISO 55000).
<b>Lifecycle activities</b>	Activities undertaken with respect to a municipal infrastructure asset over its service life, including constructing, maintaining,

Term	Definition
	renewing, operating and decommissioning, and all engineering and design work associated with those activities
<b>Lifecycle Costs</b>	The total cost of ownership over the life of an asset. This may include but is not limited to capital costs, operating costs, maintenance costs, renewal costs, replacement costs, environmental costs, and user delay.
<b>Replacement Cost</b>	Used in asset management practices. The total cost of replacing the asset in today's dollar. It is not the same valuation done for accounting practices which uses the historic cost of assets, or the actual cost of acquiring the asset.