

Title:	Strategic Asset Management Policy
Number:	FIN-19-01
Approved By:	City Council
Administered By:	Finance Services
Effective:	May 8, 2019
Revised:	N/A

Purpose / Background

As directed by the Ministry of Infrastructure under Ontario Regulation 588/17, The City of Oshawa must have a Strategic Asset Management Policy (S.A.M.P.) adopted and published by July 1, 2019. This policy formalizes the City's commitment to an asset management approach that is aligned with strategic plans and corporate policies in a fiscally responsible manner.

Definitions

In this policy the following definitions are used:

- a) **Asset Management Plan** – a strategic document outlining how infrastructure assets are proposed to be managed over a period of time in order to deliver services. The Asset Management Plan describes the characteristics and condition of the assets, asset performance at expected levels of service, planned activities to ensure the asset performance and appropriate financing strategies to implement the planned actions.
- b) **Assets** – tangible infrastructure items used primarily for public consumption such as roads, vehicles, structures, etc.
- c) **Service Life** – the total period during which an asset is in use or available for use.
- d) **Life Cycle Costing** – the process of identifying and documenting all of the costs of an asset incurred over the life of the asset. This includes but is not limited to initial acquisition, installation, operation, maintenance, renewal and disposal.
- e) **Asset Management Steering Committee (A.M.S.C.)** is a cross-functional team that is responsible for managing the issues that are essential to the ensuring the delivery of the asset management outputs and the attainment of outcomes.

Policy Statement

The purpose of this policy is to establish consistent standards and guidelines for the management of the City's assets by applying sound technical, social and economic principles that consider the present and future needs of users, and the services expected from the City's assets to deliver core services. It demonstrates the commitment of the City to establish mechanisms to encourage principled, evidence-based and strategic long-term infrastructure planning decisions that support job creation and training opportunities, economic growth, protection of the environment, and incorporate design excellence into infrastructure planning.

The Infrastructure of Jobs and Prosperity Act, 2015 sets out principles to guide asset management planning in municipalities in Ontario. The City will endeavor to incorporate the following principles into planning and day-to-day operations.

a) Customer Focused

Community and individual needs will be considered in the decision making process. Clearly defined levels of service and the application of best practices will ensure taxpayer confidence in the management of City assets.

b) Forward Looking

The City will take a longer-term view to enable decision-making, ensuring its assets are able to meet future challenges, taking into consideration the socio-economic trends in the Region.

c) Risk-based

The risk associated with attaining the agreed levels of service will be determined through risk assessments focusing on resources, expenditures, and priorities, recognizing that public safety is a high-priority.

d) Life Cycle Management

A comprehensive approach that looks at the "big picture" and considers the combined impact of managing all aspects of the asset life cycle will be developed by the City. Effective management of the life cycle cost of asset ownership will incorporate best practices, interventions and operations to achieve agreed levels of service. The basis of decision-making will include balancing service levels, risks, and costs recognizing financial constraints and requirements of long-term financial strategies.

e) Regulatory Compliance

The Asset Management Steering Committee will ensure that all changes in Asset Management adhere to legislation, remain current with industry best practices and are incorporated in the day-to-day operations of the City.

Where relevant and appropriate, the City will consider the principles and content of provincial and municipal plans and strategies in planning and making decisions surrounding the infrastructure that supports them.

f) Transparency

The determination of infrastructure needs will use an evidenced based and transparent methodology. Additionally, subject to any prohibitions under an Act or otherwise by law on the collection, use, or disclosure of information, the municipality shall make decisions with respect to infrastructure based on information that is either publicly available or is made available to the public.

g) Prioritizing

A Council approved Prioritization model and information obtained through the Asset Management Plan will inform the capital budget and reflect infrastructure priorities upon which to base investment decisions.

The City will adopt a formal, consistent, repeatable approach to the management of its assets that will ensure the provision of services in the most effective manner.

h) Innovative

The City has adopted a Continuous Improvement Framework whereby services/programs are evaluated. The City will strive to continually improve its asset management approach focusing on innovation in the development of tools, practices, and solutions.

i) Economic Development

All aspects of Asset Management will consider economic competitiveness, productivity, job creation and training opportunities.

j) Environmentally Conscious

To minimize the impact of infrastructure on the environment the City will respect and help maintain ecological and biological diversity, augment resilience to the effects of climate change, and make use of recycled aggregates when possible.

k) Health and Safety

The City will ensure the protection of the health and safety of workers involved in the construction and maintenance of infrastructure assets as mandated by the province's Occupational Health and Safety Act.

Scope / Application

The City will manage assets through the application of this policy and the Asset Management Plan (A.M.P.). These documents will provide input to the City's Strategic Plan, the City's Financial Strategy and master plans, building a clear line of sight.

The City reviews strategic plans, master plans, policies and other planning documents regularly. Budgeting and planning processes will incorporate annual expenditure requirements to support plan objectives. This policy applies to all City departments.

The scope includes all assets used in providing services to the community as included in the City's Asset Management Plan (A.M.P.)

Governance and Accountability

The City acknowledges asset management must be practiced at all levels of the organization. The responsibility of asset management varies by role. The following table lists some key asset management responsibilities by role:

Role	Responsibility
Council	<ul style="list-style-type: none"> • Approve all Strategic Plans and Documents • Approve Asset Management Plan (AMP) • Approve asset funding allocation through the annual budget process • Approve levels of services
Corporate Leadership Team	<ul style="list-style-type: none"> • Review and recommend asset management strategy to Council
Executive Sponsor	<ul style="list-style-type: none"> • Commissioner of Finance/Treasurer is the Executive Sponsor of asset management, assumes lead role • Present annual update of Asset Management Plan • Ensure compliance with asset management policy
Asset Management Steering Committee	<ul style="list-style-type: none"> • Develop, monitor and manage governance documentation, processes, and procedures as well as tools and templates • Foster and support continuous improvement in all asset management activities, actions and plans • Provide leadership, support and direction to the Asset Management Working Groups • Support change management initiatives • Prepare annual updates to Asset Management Plans
Asset Management Working Groups /Corporate Asset Management Planning Groups	<ul style="list-style-type: none"> • Develop and maintain asset registries in their areas of responsibility • Provide stewardship over their assets • Develop asset management plans at the asset level that include work programs, project timelines, and resource requirements • Recommend and improve business processes as required
All Staff	<ul style="list-style-type: none"> • Participate in creating and maintaining a culture of Asset Management • Practice Asset Management as it applies to each and every role within the City

Practice / Procedures

Oshawa's Strategic Plan serves as the City's highest-level policy document and guides the work of the City, the decisions of Council, and the development of the community. The Strategic Plan states that the City will strive to be a prosperous, collaborative, vibrant inclusive and green city where people and businesses are proud to live, work, learn and play.

The Strategic Plan lists inter-related strategic goals with associated themes, which reflect much of the same intent as the guiding principal of sustainability.

To achieve the goals in the City's strategic plan, the effective execution of City service delivery is critical. Service delivery is dependent on the availability of suitable and reliable infrastructure assets. Maintaining, renewing, expanding and disposing of these assets can be costly therefore it is essential to understand what level of service is required by the community and how different asset maintenance and capital improvement strategies will affect the services delivered.

By better understanding how infrastructure assets and lifecycle strategies of those assets affects its services, the City will be able to more efficiently deliver services and achieve its goals in a sustainable manner.

Infrastructure planning must be coordinated throughout the City and aligned with Federal, Provincial, Regional and other partners, to ensure responsible taxation for the taxpayer.

For the City of Oshawa, alignment with the Provincial planning documents begins by coordinating with the Regional Municipality of Durham. The City's Official Plan as well as Master Plans are fully aligned with the Province's plans. All other planning documents and supporting activities including but not limited to growth studies and environmental studies.

Master plans will consider the full life-cycle cost of services including the long-term maintenance, repair and replacement of existing assets along with the acquisition of new assets. Public input will be sought for level of service targets to inform the City's asset management planning and budgeting processes.

Through the asset management process and under the City's governance model, the City will strive to provide excellent municipal services and value by undertaking the following best practices for asset management:

- The City will develop and implement sound asset management planning practices leveraging the City's continuous improvement framework.

- The City will consider climate change as part of the City's risk management approach embedded in local asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impact and other risks with the cost of reducing these vulnerabilities.
- A balance will be struck between the levels of service delivered through operations, maintenance schedules, disaster and emergency response plans, contingency funding and capital investments.
- The City will continue to work with the Regional, Provincial and other governing agencies in regards to all infrastructure planning.
- The City will integrate findings from asset management plans into its long-term financial planning and budgeting by allocating funding based on those findings and evidence based financial analysis to improve the investment decision- making process.
- Asset Management Plan will be reviewed annually and updated every five years.
- A new capital prioritization model will be created to evaluate service, cost, and the management of risk.
- The City will develop capitalization thresholds for asset management purposes, which will be connected to the documented lifecycle activities. This differs from the capitalization thresholds used in financial reporting which reflect the historical costs of the assets.
- The City will ensure that, whenever possible, processes and decision making occurs in consultation with its stakeholders and community.
- The City will publish this policy on its website.