

Title: Strategic Asset Management

Policy Number: FIN-19-01

Approved By: City Council

Administered By: Finance Services

Effective Date: May 8, 2019

Revision Date(s): June 24, 2024

1.0 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. The Policy must be reviewed and updated every five years.

2.0 Policy Statement

The purpose of this policy is to establish consistent standards and guidelines to manage the City's assets by applying sound technical, social, and economic principles. These principles consider the present and future needs of users and the City's requirement to deliver core services through assets. It demonstrates the commitment of the City to establish mechanisms that encourage principled, evidence-based, and strategic long-term infrastructure planning decisions. The mechanisms 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 Ontario municipalities. The City will endeavor to incorporate the following principles into planning and day-to-day operations.

a) Customer Focused

Community 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, while 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) Lifecycle Management

A comprehensive approach that looks at the “big picture” and considers the combined impact of managing all aspects of the asset lifecycle will be developed by the City. Effective management of the lifecycle 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, 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, and 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.

3.0 Scope/Application

The City will manage assets through the application of this policy and the Asset Management Plan. 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.

4.0 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, facilities, structures, etc.
- c) **Service Life** – the total period during which an asset is in use or available for use.
- d) **Lifecycle 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; championing the asset management process, providing direction and guidance to the Asset Management Team (A.M.T.), and ensuring city-wide accountability for achieving and reviewing corporate asset management goals and objectives.
- f) **Asset Management Team (A.M.T.)** is a cross-functional team that is responsible for implementing asset management planning within their area of responsibility. The A.M.T. will ensure an integrated approach to continuous improvement in its asset management practices and capabilities within the City. The A.M.T. receives direction from and reports to the Asset Management Steering Committee.

5.0 Responsibilities

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 |
|-------------------------------------|--|
| City Council | <ul style="list-style-type: none"> • Approve all Strategic Plans and Documents; • Approve the Asset Management Plans; • Approve asset funding allocation; through the annual budget process • Approve Levels of Services; and, • Conduct annual review of its asset management progress on or before July 1st in each year, starting in 2026. |
| Corporate Leadership Team | <ul style="list-style-type: none"> • Review and recommend Asset Management strategy to City Council. |
| Executive Sponsor | <ul style="list-style-type: none"> • Commissioner of Corporate and Finance Services/Treasurer is the Executive Sponsor of Asset Management, which assumes the lead role; • Present annual update of Asset Management Plan; and, • 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 which includes tools and templates; • Foster and support continuous |

| | |
|-----------------------|---|
| | <p>improvement in all Asset Management activities, actions, and plans;</p> <ul style="list-style-type: none"> • Provide leadership, support, and direction to the Asset Management Team; • Support change management initiatives; and, • Review annual updates to Asset Management Plans. |
| Asset Management Team | <ul style="list-style-type: none"> • Develop and maintain asset registries in their areas of responsibility; • Provide stewardship over their assets; • Review and update asset management plans at the asset level that include work programs, project timelines, and resource requirements; • Recommend and improve business processes, as required; and, • Guiding staff on the corporate objectives of Asset Management. |
| All Staff | <ul style="list-style-type: none"> • Participate in creating and maintaining a culture of Asset Management; and, • Practice Asset Management as it applies to each role within the City. |

6.0 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.

The City will be able to efficiently deliver services and achieve its goals in a sustainable manner through understanding how infrastructure assets and

lifecycle strategies of those assets affects its services.

Infrastructure planning must be coordinated throughout the City and align 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 other master plans, are also fully aligned with the Province's plans. All other planning documents and supporting activities are considered, which includes 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 financial analysis to improve the investment decision-making process;

The 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; and,

The City will publish this policy on its website.

7.0 Monitoring/Review

This policy will be reviewed and revised, every five years.

8.0 References

Asset Management Plan 2024 – Phase II: Non-Core Assets
Asset Management Plan 2021

9.0 Approval

.....

.....