

STRATEGIC ASSET MANAGEMENT POLICY



HEMSON Consulting Ltd.

March 2019

Municipality of West Perth Strategic Asset Management Policy

TABLE OF CONTENTS

1.1	BACKGROUND & PURPOSE.....	2
1.2	Purpose	2
1.3	Guide to the Municipality’s Strategic Asset Management Policy	3
2.1	ALIGNMENT WITH MUNICIPAL POLICIES.....	4
2.2	Municipal Mission Statement	4
2.3	Support of Municipal Plans and Policies	4
3.0	GUIDING PRINCIPLES	8
4.0	ALIGNMENT WITH LAND USE PLANNING	10
5.0	ASSET MANAGEMENT RESPONSIBILITY	13
6.0	MUNICIPAL BUDGET PROCESS.....	16
7.0	WATER & WASTEWATER FINANCIAL PLANS	20
8.0	COMMITMENT TO CLIMATE CHANGE.....	21
9.0	COUNCIL AND PUBLIC INVOLVEMENT	25
10.0	CONTINUOUS IMPROVEMENT	27

1.0 BACKGROUND & PURPOSE

In 2015, the Province of Ontario established the *Infrastructure for Jobs and Prosperity Act*. The purpose of this Act is to establish mechanisms to encourage principled, evidence-based and strategic long-term infrastructure planning that supports job creation and training opportunities, economic growth, protection of the environment, and incorporate design excellence into infrastructure planning.

In December 2017, *Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure* (O. Reg. 588/17) was passed under the *Infrastructure for Jobs and Prosperity Act*. The regulation aims to provide a more standardized framework to facilitate asset management planning for Ontario municipalities. One of the requirements of the regulations is to develop a Strategic Asset Management Policy (SAMP) which will help the Municipality document the relationship between the Asset Management Plan (AMP) and existing policies and practices as well as provide guidance for future capital investment decision making. The Strategic Asset Management Policy is mandated to be in place by July 1st 2019 and be updated at least every 5 years. As such, this policy aims to provide a framework for asset management planning in West Perth and to meet O. Regulation 588/17 requirements.

1.1 Purpose

The purpose of this policy is to provide the Municipality with clear guidelines and processes to achieve the following asset management objectives:

- Align the asset management plan with existing and future plans and policies to help inform the Municipality's overall capital investment decision making process and budget process.
- Ensure the asset management plan is incorporated into the following Municipal processes:
 - Annual budgeting;
 - Financial plans;
 - Alignment with the Ontario land-use planning framework; and
- Commit to integrate asset management planning that:
 - Co-ordinates infrastructure planning with municipal neighbours and upper levels of government if there are benefits to the Municipality; and
 - Provides opportunity for West Perth residents and Council to give input on asset management matters.
 - Incorporates long-term planning for a changing climate;

1.2 Guide to the Municipality's Strategic Asset Management Policy

Each section of the Strategic Asset Management Policy (SAMP) outlines the methods the Municipality is committed to employ in order to achieve the policy objectives set out in Ontario Regulation 588/17. Furthermore, to provide an easy to follow and transparent process, the SAMP policies have been provided in orange boxes. The policies have been complemented with action items required to complete the policies (these action items are found in blue boxes).

It is important to note that the SAMP provides the Municipality with high level guiding principles of asset management, and it does not speak to the more technical information on infrastructure needs and long-term funding strategies. The Asset Management Plan (AMP) on the other hand contains technical information on the state of current infrastructure, levels of services, maintenance strategies, long-term capital needs and funding strategy scenarios. The AMP document is also complemented by a financial model for staff use and the document will be issued under separate cover. Both the SAMP and the AMP are not financial documents that replace the budget process, but are important tools to inform the Municipality's decision making process.

2.0 ALIGNMENT WITH MUNICIPAL POLICIES

The Municipality's Asset Management Plan (AMP) is intended to be a tool to help guide capital investment decisions and optimize service delivery. The AMP must therefore be in alignment with other Municipal policies and strategic objectives.

2.1 Municipal Mission Statement

The Municipality of West Perth's Mission Statement is:

To provide opportunities for growth and business development while maintaining a comfortable lifestyle and a balance of service for taxes.

Source: Corporate Strategic Plan 2012-2017.

The AMP includes all assets identified to service growth through the Development Charges Background Study, as maintaining and planning for this infrastructure is essential to provide opportunities for growth and business development in the Municipality. The AMP also includes analysis on current and targeted levels of service while including a financing strategy to maintain and achieve targets. The AMP provides a balance of service for taxes by ensuring levels of service are realistic and attainable.

2.2 Support of Municipal Plans and Policies

The AMP has been developed to support the overall operational framework of the Municipality and support key policies and plans. A summary is provided in Table 1 below.

Municipality of West Perth Strategic Asset Management Policy

Table 1
Relationship of Asset Management Plan with Other Municipal Supporting Plans and Policies

Policy/Plan	Description
Corporate Strategic Plan 2012-2017	<ul style="list-style-type: none"> • The AMP supports the Strategic Plan, specifically Goal 3: <ul style="list-style-type: none"> - <i>Explore innovative strategies to deliver efficient, accountable and relevant public services;</i> and more specifically, through Goal 3's strategic objective: <ul style="list-style-type: none"> - <i>Ensure the Municipality of West Perth's capacity to efficiently manage the community's physical assets and develop sustainable revenue streams.</i> • In conjunction with the budgeting process and the AMP, the capital planning process is informed with consideration of lifecycle costs of assets, to ensure financial sustainability of infrastructure.
Official Plan	<ul style="list-style-type: none"> • The AMP will use and influence policy directions for long-term growth and development as outlined in the Municipality's Official Plan for the Mitchell Ward and the County of Perth Official Plan.
Development Charges Background Study	<ul style="list-style-type: none"> • The AMP will inform future updates to the Development Charges Background Study, specifically through the requirements of the <i>Development Charges Act</i> to include an asset management plan for all growth-related assets.
Annual Budget Process	<ul style="list-style-type: none"> • The capital and operating budget is developed on an annual basis by taking into consideration the capital needs in the short term. As the Municipality continues to develop the AMP, the annual budget process is expected to be informed using the AMP.
Tangible Capital Asset Policy	<ul style="list-style-type: none"> • This policy sets out the process and procedures to be followed to complete financial reporting on tangible capital assets to meet PSAB requirements. • The policy also includes capitalization thresholds for Municipal assets, the AMP employs the use of these assumptions as it relates to the Municipality's asset registry.

Municipality of West Perth Strategic Asset Management Policy

Table 1 Relationship of Asset Management Plan with Other Municipal Supporting Plans and Policies	
Policy/Plan	Description
By-Law 54-2018: Policies and procedures for the procurement of goods and services, payments of accounts and the disposal of surplus goods for the Municipality of West Perth	<ul style="list-style-type: none"> • The Procurement By-law outlines the objective of the Municipality that all goods and/or services be acquired on a competitive, fair and open basis, in a manner that is efficient and accountable. • The Procurement By-law also outlines the procedure and conditions for safe disposal of surplus or obsolete assets. • It is expected that all capital investment recommendations outlined in the AMP will be vetted through the procurement process as required.
Energy Conservation and Demand Management Plan	<ul style="list-style-type: none"> • This documents outlines the Municipality's goals and objectives to achieve energy consumption targets for municipal facilities and reduce municipal impact on the climate through reduction of greenhouse gases. • The AMP will account for the lifecycle costs associated to the acquisition or improvement of assets as they relate to achieving the goals and objectives of the Energy Plan.
Other Plans and Reports	<ul style="list-style-type: none"> • Future updates of other plans are supported through the AMP specifically as they relate to asset conditions, asset prioritization and lifecycle cost. Other plans include: <ul style="list-style-type: none"> • Financial Plan for Waterworks (2015-2020) • Bridge Inspection Report (2016) • Landfill Liability Estimates (2018) • Road Management Study (2014) • Perth County Joint Accessibility Plan (2018-2022) • County of Perth and Member Municipalities Emergency Management Plan (2015) • Recreation and Leisure Services Master Plan (2016)

Action items: Commitment and Integration of AMP with Municipal Policies and Practices

- Council and staff will review the SAMP on a regular basis (minimum every 5 years) and ensure that the AMP is incorporated and used to support other Municipal strategies and practices which involve the management or investment of new or existing capital assets.
- Asset management planning will not occur in isolation of other Municipal plans and policies, but will be used to inform the strategic decisions related to capital investments based on the lifecycle analysis presented in the AMP. In the case of new capital recommendations that are not included in the existing AMP, the assumptions in the AMP will be used to perform a lifecycle analysis of those assets.
- This commitment applies to the plans presented in Table 1 and any future plans that require decisions on infrastructure investment.
- The Municipality will document the annual budget process and incorporate the use of the AMP to inform capital budgeting decisions.

3.0 GUIDING PRINCIPLES

As required by Section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015*, the Municipality of West Perth is committed to adhere to the following principles:

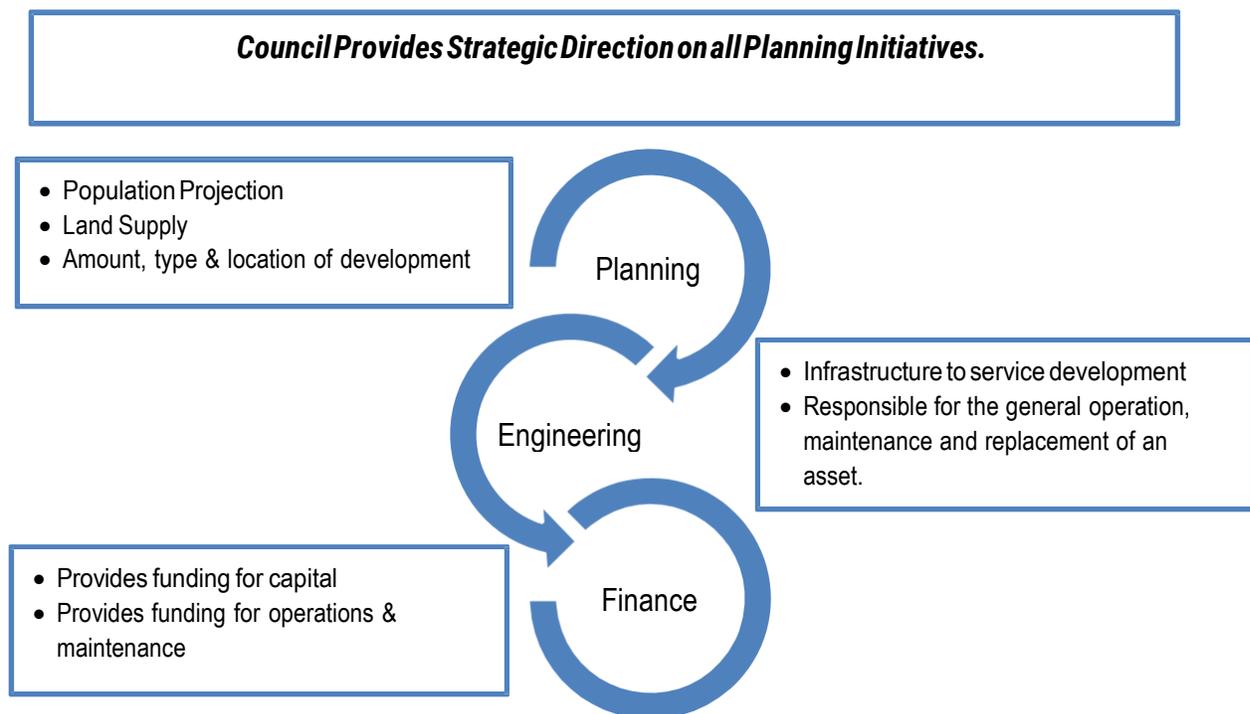
1. Infrastructure planning and investment should take a long-term view, and decision-makers should take into account the needs of Ontarians by being mindful of, among other things, demographic and economic trends in Ontario.
2. Infrastructure planning and investment should take into account any applicable budgets or fiscal plans, such as fiscal plans released under the *Fiscal Transparency and Accountability Act, 2004* and budgets adopted under Part VII of the *Municipal Act, 2001*.
3. Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure.
4. Infrastructure planning and investment should ensure the continued provision of core public services, such as health care and education.
5. Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities.
6. Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
7. Infrastructure planning and investment should foster innovation by creating opportunities to make use of innovative technologies, services and practices, particularly where doing so would utilize technology, techniques and practices developed in Ontario.
8. Infrastructure planning and investment should be evidence based and transparent, and, subject to any restrictions or prohibitions under an Act or otherwise by law on the collection, use or disclosure of information,
 - i. Investment decisions respecting infrastructure should be made on the basis of information that is either publicly available or is made available to the public, and
 - ii. Information with implications for infrastructure planning should be shared between the Government and broader public sector entities, and should factor into investment decisions respecting infrastructure.
9. Where provincial or municipal plans or strategies have been established in Ontario, under an Act or otherwise, but do not bind or apply to the Government or the broader public sector entity, as the case may be, the Government or broader public sector entity should nevertheless be mindful of those plans and strategies and make investment decisions respecting infrastructure that support them, to the extent that they are relevant. Examples of plans and strategies to which this paragraph may apply include,

Municipality of West Perth Strategic Asset Management Policy

- i. Policy statements issued under section 3 of the *Planning Act*, and provincial plans as defined by that Act,
 - ii. Municipal water sustainability plans submitted under the *Water Opportunities Act, 2010*.
10. Infrastructure planning and investment should promote accessibility for persons with disabilities.
11. Infrastructure planning and investment should minimize the impact of infrastructure on the environment and respect and help maintain ecological and biological diversity, and infrastructure should be designed to be resilient to the effects of climate change.
12. Infrastructure planning and investment should endeavour to make use of acceptable recycled aggregates.
13. Infrastructure planning and investment should promote community benefits, being the supplementary social and economic benefits arising from an infrastructure project that are intended to improve the well-being of a community affected by the project, such as local job creation and training opportunities (including for apprentices, within the meaning of section 9 of the Act), improvement of public space within the community, and any specific benefits identified by the community.
14. Any other principles that may be prescribed for the Government or the broader public sector entity, as the case may be.

4.0 ALIGNMENT WITH LAND USE PLANNING

The alignment of municipal planning initiatives and asset management is particularly important when considering corporate planning initiatives and resources. The West Perth Planning Department in conjunction with the County of Perth Planning and Development Department supports provincial land-use legislation and incorporates the key policy principles and issues that effect each community. The figure below outlines the overarching link between land use planning practices and the effect of those decisions on the emplacement of infrastructure and how those assets are managed over the full life-cycle.



Four key planning related documents which align to the Municipality's asset management program:

1. Provincial Policy Statement

The *Provincial Policy Statement* (PPS, 2014) is the statement of the Government's policies on land use planning. It applies province-wide and provides clear policy direction on land use planning to promote strong communities, a strong economy, and a clean and healthy environment. Specifically related to asset management, the PPS has several policies related to the efficient use and management of land and infrastructure and ensuring infrastructure is financially viable over the lifecycle of the asset.

2. Official Plan

Some of the key goals identified through the County Official Plan relate to the overall principles of asset management and identifies the efficient use of resources as a key policy item. This is further echoed through the Official Plan for the Mitchell Ward, which aims to provide a guide for decision making in respect to provision of public works and community services.

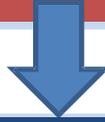
4. Development Charges Background Study.

The Municipality of West Perth completed a Development Charges Background Study in August 2014 which lead to the passage of by-law 80-2014 which imposes area-specific development charges on new development occurring in the Mitchell Ward and Municipal-wide charges for areas outside the Mitchell Ward. The Development Charges by-law has a life of five-years and is due to expire in September 2019.

The DC Study is rooted in identifying the capital infrastructure requirements necessary to facilitate future development identified, mostly in the Mitchell Ward. As development charges are only responsible for the first round capital acquisition costs, the Municipality would be responsible for funding the asset management requirements associated with the infrastructure emplaced in addition to regular operations. Under the requirements of the new DCA regulations, an asset management plan must be prepared with the completion of the DC Background study illustrating that the assets funded under the by-law are financially sustainable. The Municipality has anticipated that an updated background study will comply with the asset management regulations set forth through the DCA as well as through the new asset management regulation 588/17.

Strategic Policy:

1. The Municipality will align asset management planning with all provincial land-use planning initiatives as well as Municipal and County Official Plans.



Action Items: Land Use Planning and Asset Management

- The asset management plan will consider the growth outlook and the demand for services which will be necessitated by the development projections detailed in the Official Plan and the Development Charges Background Study.
- The next update of the Development Charges Background Study will include an asset management plan which considers all new assets acquired and infrastructure emplaced over the planning period.
 - The corporate asset management plan will draw upon the infrastructure needs identified through the DC Study.
 - It is important that both staff and Council consider the effects of implementing development charges lower than the maximum calculated charges. Any non-statutory reduction/exemption in development charges would require the shortfall to be funded from other sources (taxes/utility rates/user fees) which could impact the funds available for asset management related activities.
- The County Official Plan update currently underway should make specific reference to asset management:
 - Key goal: Reduction in the overall cost of managing assets while meeting service level objectives and targets.

5.0 ASSET MANAGEMENT RESPONSIBILITY

The Municipality is committed to integrating asset management planning into capital investment decision making. For this reason, the Municipality of West Perth will establish an Asset Management Committee made up of key departmental heads that is expected to meet on a regular basis. The purpose of the Committee is as follows:

- Discuss asset management challenges and propose potential solutions as they relate to existing assets that need to be prioritized.
- Discuss prioritization strategies for assets to be included in the capital budget. It is especially important that all departments are in agreement as to which assets should be prioritized.
- Discuss and define levels of service and level of service targets and their financial implications. Level of service targets need to be defined to meet the requirements of O. Reg. 588/17
- Address data or information needs of each department to update the asset register and asset management plan.
- Review condition assessment programs and annual state of the local infrastructure report cards
- Ensure that relevant asset management information is communicated to Council.

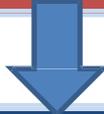
The Treasurer will serve as the executive lead and main day-to-day point person for the Asset Management Committee. Figure 1 provides an overview of the Municipal Asset Management Committee and responsibilities of each member.

It is also recommended that a “County-Wide Asset Management Working Committee” be formed as a cooperative team to coordinate asset management practices and policies within the four lower-tier communities of Perth. This committee shall be comprised of the key executive leads of the four lower-tier communities in Perth County.

Municipality of West Perth Strategic Asset Management Policy

Strategic Policy:

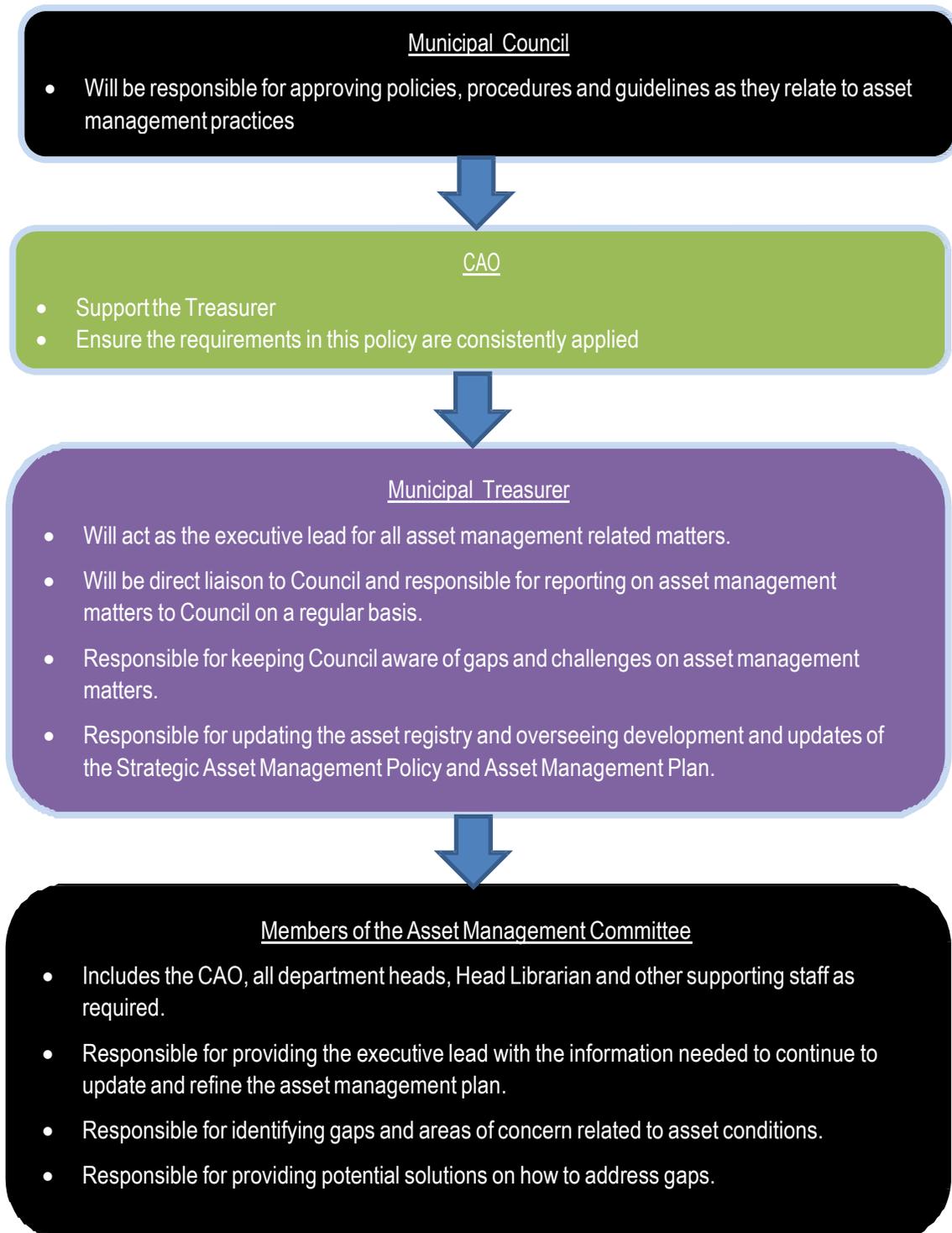
1. The Municipality will implement a corporate-wide asset management program in an effort to improve capital investment decision making.
2. The Municipality's Asset Management plan will be administered by the Municipal Asset Management Committee.
3. The Municipality will maintain a comprehensive asset registry and inventory of all municipal capital assets.



Action Items to achieve Strategic Policy

- Create internal working group and designate the Treasurer to serve as the executive lead and the main day-to-day point person for all asset management matters.
- The Municipal committee will inform Council of all relevant asset management information they need to help inform the decision making process.
- Create a "County-wide Asset Management Committee" to facilitate key discussions on asset management practices and policies to maintain consistency amongst lower-tier communities.
 - A key function of the County-wide Asset Management Working Committee will also be to coordinate infrastructure planning with other ongoing County projects or neighbouring communities if the Municipality deems it necessary and there are benefits to residents.
 - It would be encouraged to have the County of Perth Treasurer or staff delegate take part in the County-Wide Asset Management Working Committee.
- The Treasurer will update the asset registry (city-wide software database) on an annual basis. The registry should include: ID, location, value, estimated service life, year of acquisition, and replacement costs.

Figure 1
West Perth Asset Management Committee



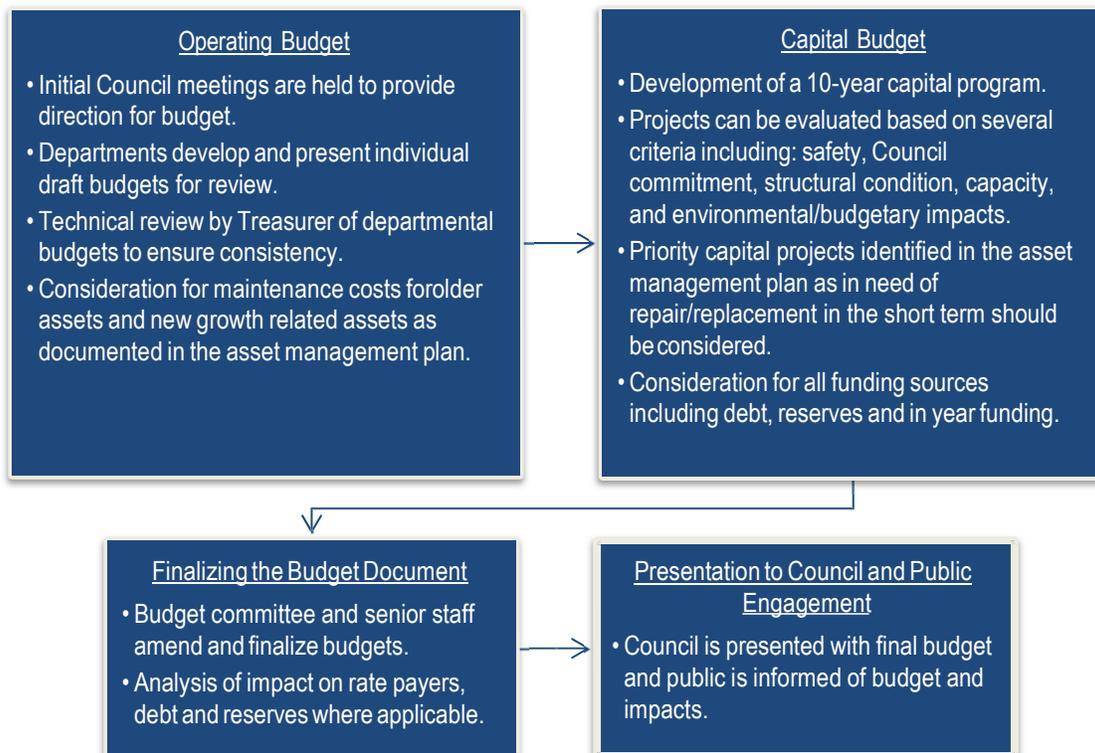
6.0 MUNICIPAL BUDGET PROCESS

The budget process provides the overall organization with a method of prioritizing and allocating resources, establishing service levels, accommodating growth and finding a balance between taxation, user fees, debt and cost recovery. It requires Council and staff to render a thorough examination of services and costs that should ultimately achieve an optimum service level for the taxes levied. The yearly budget is developed with reference to historical costs in the past 4 years and includes a 5 year capital forecast for vehicles and equipment.

The Municipality has not currently documented the formal budget process however the budget process is implemented on a yearly basis. For this reason the Municipality intends to develop a formal document that outlines the yearly budget process. Findings from the AMP including critical assets in need of repair and lifecycle costs associated to those assets will help determine what projects should be included in the annual budget and capital plan. Figure 2 provides a high level overview of how the formal budget process can be documented and how the AMP fits into the process.

Figure 2

Municipality of West Perth Sample Budget Process



Municipality of West Perth Strategic Asset Management Policy

The Municipality is committed to planning for future requirements and will therefore develop a long-term capital plan for a minimum of 10-years. Expenditures and projects in the capital plan will also be categorized based on the following project categories:

- Non-infrastructure solutions: relates to activities which are not necessarily infrastructure related in nature but can create cost efficiencies and improve asset management in the Municipality. Examples include asset management training for staff, asset management software or performing asset condition assessments.
- Renewal/Rehabilitation Activities: relates to activities necessary for assets to continue operating in state of good repair. This includes items such as crack sealing for roads, engine replacement on vehicles or roof replacement for buildings.
- Replacement Activities: this includes activities related to total replacement such as replacing a vehicle with new vehicle or reconstruction of a road.
- Disposal Activities: relates to activities to dispose of assets such as safe disposal of hybrid vehicle batteries. For simplicity this can be included as part of replacement activities.

Strategic Policy:

1. The Municipality is will look to formally documenting a corporate budget policy/process which considers municipal infrastructure assets through its asset management plan.
2. The Municipality will integrate asset management plans and practices with long-term financial planning and budgeting strategies.
3. The Municipality will explore opportunities for asset management planning jointly with the County and neighbouring municipalities wherever there are joint benefits or costs savings that can be achieved by integrating capital projects and related work.
4. The Municipality will aim to utilize the range of funding mechanisms available to facilitate the acquisition and emplacement of capital infrastructure.

Action Items to achieve Strategic Policy

- The Municipality will formally document the yearly budget process. The budget process should include a framework on how the budget is developed including, operating budget development, capital budget development, finalizing the budget document and consideration by Council and the public.
- The Municipality will develop a long-term capital plan for a minimum of 10-years. Projects considered in the capital plan should consider:
 1. Safety to the public;
 2. Prior commitment of Council;
 3. Existing structural condition;
 4. Lack of physical capacity; and,
 5. Environmental/budgetary impact.
- Structural conditions can be informed through condition information in the asset registry as well as replacement schedule in the AMP.
- Budgetary impacts can be informed through the lifecycle cost analysis by asset category in the AMP.
- The Municipality will look to improve on the yearly budget by developing a long-term capital budget for a minimum of 10 years and categorizing projects and costs by non-infrastructure solutions, renewal/rehabilitation, and replacement and disposal activities.
- Report to Council regarding key asset management outcomes and trends to ensure Council is well informed in the decision making process (see section 9)
- The Municipality can look to adopt a corporate debt management policy that sets maximum allowable limits outside of those imposed by the province.
- The County-Wide Asset Management Working Committee made up of the four Perth County Municipalities should commit to meet at least once a year with a representative from the County of Perth to discuss potential projects that require co-operation from more than one jurisdiction. Ideally this meeting should take place before yearly budget season.

Capitalization Threshold

The Municipality has defined the capitalization threshold for accounting of tangible capital assets to meet PSAB reporting requirements through the Municipality of West Perth Tangible Capital Asset Policy. A brief overview of this policy is provided below:

- The capitalization thresholds for all asset categories have been defined for high value assets. Lower value assets have been pooled for accounting purposes, however the asset registry provides detailed information for lower value assets.

Municipality of West Perth Strategic Asset Management Policy

- The capitalization thresholds for assets included in the AMP are consistent with the Tangible Capital Asset Policy.

Strategic Policy:

- The Municipality will maintain a capitalization threshold for all municipal assets, consistent with the Tangible Capital Asset Policy.
- The Municipality will continue to pool lower value assets for the purposes of PSAB accounting but will maintain a detailed inventory of pooled assets in the asset registry.

7.0 WATER & WASTEWATER FINANCIAL PLANS

The Municipality of West Perth has prepared a Water Financial Plan consistent with the requirements of the Safe Drinking Water Act and Ontario Regulation 453/07 for the Mitchell Drinking Water System. The financial plan is for a period of 6 years to assist staff with long-term cost recovery and capital planning. Under Ontario Regulation 453/07, the Municipality is required to complete a financial plan for municipal water services as part of the application process for renewal of the Drinking Water Licences. Although not required by legislation, the Municipality should develop a similar plan for the wastewater system.

The water financial plan indicates that the Municipality's net revenues and overall cash position is anticipated to increase each year. The Municipality has been fiscally responsible in the management of the water system.

Strategic Policy:

1. The Municipality should update the Water Financial Plan to incorporate any updated long-term capital funding strategies or operational changes to address service levels adjustments as identified in the Asset Management Plan.
2. Although not required by regulation, the Municipality is encouraged to develop a Wastewater Financial Plan to complement the Water Financial Plan already in place.



Action Items to achieve Strategic Policy

- As the Municipality is expected to experience some growth in the Mitchell Ward and the Financial Plans are considered a "living document", the Municipality will update these plans on a regular basis.
- Utility rate studies should be coordinated with the completion of the water and wastewater financial plans.

8.0 COMMITMENT TO CLIMATE CHANGE

It is recognized that infrastructure is potentially vulnerable to the effects of climate change. Increased frequency and intensity of rainfall and more frequent freeze-thaw cycles can cause soil instability and ground movement causing damage to roads, sidewalks, and underground infrastructure. Furthermore, increased frequency of extreme weather events causes strain not just on linear infrastructure, but also on services critical to an emergency such as fire services, municipal facilities and others. Due to these factors, actions may be required to address the vulnerabilities that may be caused by climate change.

Strategic Policy:

1. The Municipality may explore the vulnerabilities of municipal infrastructure to climate change if necessary.
2. The Municipality will consider opportunities to adapt infrastructure to a changing climate, most notably through consideration of alternative and new technologies, only if costs and benefits are in line with Municipal objectives.
3. The Municipality is committed to climate change mitigation strategies primarily through the Energy Conservation and Demand Management Plan and will consider other initiatives that are beneficial to the Municipality in the future.



Action Item: Commitment to Consider Climate Change in Asset Management Planning

The Municipality will strive to consider the following factors when planning for capital investment:

- Lifecycle costs associated to improving or replacing infrastructure to meet operational standards that mitigate the impacts of climate change will be considered. This includes the costs of increased maintenance activities and the effects on levels of service.
- The Municipality will continue to work with the neighbouring municipalities to improve the County of Perth and Member Municipalities Emergency Management Plan and to consider climate change impacts on critical emergency services such as fire, facilities, roads, water, wastewater and stormwater infrastructure.
- The Municipality may consider a Climate Change Adaptation Strategy in the future. The purpose of the study is to increase West Perth's resilience to the consequences of climate change. It is intended to integrate climate actions into Municipal operations and reduce risks to the Municipality's physical, economic, social and environmental systems. This is a long-term goal.

Municipality of West Perth Strategic Asset Management Policy

Table 4 provides a summary of the current practices and initiatives the Municipality is undertaking to reinforce its commitment to climate change planning including improvements to existing practices over the long term. It is important to note that Table 4 outlines the actions the Municipality has already taken through existing plans and how it specifically relates to the requirements of O.Reg. 588/17.

Municipality of West Perth Strategic Asset Management Policy

Table 4 Asset Management Plan Support		
Action	Strategy	Going Forward
Addressing Vulnerabilities of Infrastructure to Climate Change and Adaptation Opportunities	<ul style="list-style-type: none"> • The Municipality intends to integrate climate change adaptation goals into its Corporate Strategic Plan and Official Plan. • The Municipality also continues to consider climate change adaptation through land use planning, consistent with the <i>Provincial Policy Statement</i>. 	<ul style="list-style-type: none"> • The Municipality is updating its Official Plan and Corporate Strategic Plan and expects to integrate climate change adaptation priorities into both plans.
Costs Associated to Climate Change Vulnerabilities	<ul style="list-style-type: none"> • The Municipality expects to continue analyzing the costs related to climate change adaptation options as plans are developed and updated. This includes but is not limited to: • Development Charges Background Study • County of Perth and Member Municipalities Emergency Management Plan • Roads Management Study 	<ul style="list-style-type: none"> • The Municipality aims to develop long term capital plans for a minimum of 10 years. The capital plan will take into consideration capital improvements associated to climate change mitigation and adaptation. • Improvements to infrastructure based on climate adaptation needs will be included in the AMP as they are identified. The lifecycle costs analysis related to these improvements will be considered in all decision making.
Mitigation of Climate Impact	<ul style="list-style-type: none"> • The Municipality has adopted an Energy Conservation and Demand Management Plan • The plan includes an objective to reduce greenhouse gas emissions and energy intensity by 3% from 2012 baseline levels for municipal facilities by December 31, 2018. 	<ul style="list-style-type: none"> • As part of the Energy Conservation and Demand Management Plan the Municipality will report yearly on the following metrics: • Total Energy Consumption • Energy Intensity and GHG emissions • List of energy saving measures implemented over the previous 12 months.

Municipality of West Perth Strategic Asset Management Policy

Table 4
Asset Management Plan Support

Action	Strategy	Going Forward
<p>Disaster Planning and Contingency Funding</p>	<ul style="list-style-type: none"> • The County of Perth Emergency Management Plan provides guidance on assessing infrastructure after a major emergency event (Section 4.4 of Plan). • The Plan outlines requirements for recording damage to infrastructure and financial expenses related to recovery. 	<ul style="list-style-type: none"> • The Emergency Management Plan addresses the immediate needs after an emergency, however, lifecycle costs associated to repairing damaged infrastructure or improving infrastructure to mitigate damage from weather events will be included in the AMP lifecycle cost analysis. • The Emergency Management Plan is reported annually to Emergency Management Ontario and therefore reviewed regularly.

9.0 COUNCIL AND PUBLIC INVOLVEMENT

Council and the public play key roles in the asset management process. Council is responsible for making decisions on infrastructure investments and prioritization, which ultimately impacts the services used and enjoyed by the public. Council's understanding of the infrastructure and fiscal challenges of the Municipality are crucial to the decision making process. As the Municipality's direct link to the public, it is important that Council is well informed. Furthermore, it is vital that Council engages and provides information to the public on asset management decisions and relay any responses back to staff. For this reason, it is important for Council to be involved from the beginning.

Although municipal Council is currently well-engaged throughout the budget process, additional reporting and education would be beneficial to ensure service levels are being achieved in the most fiscally responsible manner.

Strategic Policy:

1. The Municipality will ensure that the local community and municipal council offer input on asset management planning.
2. The Municipality will develop several "user-friendly" reporting metrics which can be used to communicate the existing state of asset management practices to residents and council alike.



Action Items for Council Engagement

- As part of the annual budget, the Municipality will report to Council key asset management updates and trends.
 - State of the Local Infrastructure Report Card
 - Summary of Existing Levels of Service and future trends
 - Projection of the Cumulative Infrastructure Gap and funding shortfall (tax vs. utility rates).

Action Items for Public Involvement

- Preceding the budget process, the Municipality is encouraged to hold a public education session on asset management. Specific items to discuss:
 - Existing Levels of Service and service expectations
 - State of the Local Infrastructure
- The Municipality, in partnership with the County, is in the works of using “Have Your Say West Perth” - a portal where the public will have input on different studies that the municipalities are currently undertaking. It is important that this initiative include framing questions for public input related to the Asset Management Project and that is in conjunction with all the other studies.
- The Municipality will continue to develop the “Did You Know” public engagement campaign to help inform residents of the Municipality on asset management matters.

10.0 CONTINUOUS IMPROVEMENT

The major premise of comprehensive corporate asset management is that an organization will seldom have perfect processes and data to manage the asset portfolio. Instead, the underlying culture of continuous improvement and reliability is its key to success. These improvements will be part of the Municipality’s evolving Asset Management program.

The ISO 55001 tool provides a quantitative evaluation of the Municipality’s asset management practices under four categories: Strategy, Assets (Technology and Physical), People, and Business Processes. The Municipality could evaluate each of the 39 focus areas against a scale of zero to five, where level five represents excellence within the focus area. A copy of the Asset Management Maturity Scale is shown in Figure 3 below. The intention is not to achieve ISO 55001 certification but rather to use the tools available within the ISO framework as a guide.

Figure 3
Self Assessment Methodology - Asset Management

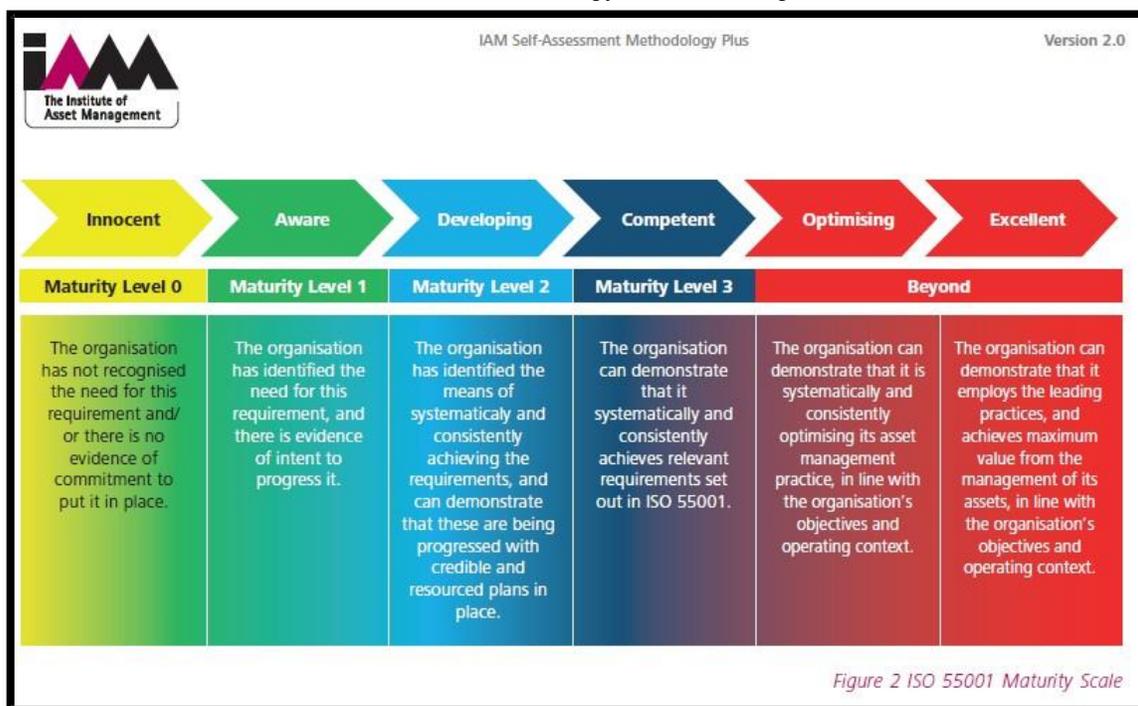


Figure 2 ISO 55001 Maturity Scale

In addition to the quantitative evaluation of the Municipality’s asset management practices, the Municipality should regularly review the confidence of existing data as well as its effectiveness integrating asset management activities into regular business processes. The Confidence Level Rating approach identified in Table 2 and 3 below will be used to identify what specific asset categories/areas the Municipality can improve upon. The Confidence Level Rating is based on

Municipality of West Perth Strategic Asset Management Policy

principles of the Ministry's Guide to Municipal Asset Management Plans, Federal Gas Tax Agreement Requirements, ISO 55001, and International Infrastructure Management Manual (IIMM).

Table 2 Data Quality Confidence Grading System		
Confidence Grade	Description	
5	Highly Reliable	<ul style="list-style-type: none"> • Data based on sound records, procedure, investigations and analysis, documented properly and recognized as the best method of assessment. • <i>Dataset is complete and estimated to be accurate +/- 2%.</i>
4	Reliable Data	<ul style="list-style-type: none"> • Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. • <i>Dataset is complete and estimated to be accurate +/- 10%.</i>
3	Uncertain	<ul style="list-style-type: none"> • Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade 4 or 5 data is available. • <i>Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated +/- 25%.</i>
2	Very Uncertain	<ul style="list-style-type: none"> • Data based on unconfirmed verbal reports and/or cursory inspection and analysis. • <i>Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy +/- 40%.</i>
1	Unknown	<ul style="list-style-type: none"> • None or very little data held

Municipality of West Perth Strategic Asset Management Policy

Table 3 Process Effectiveness Confidence Grading System		
	Confidence Grade	Description
5	Highly Effective	<ul style="list-style-type: none"> • The organization's AM activities are fully integrated and are being continuously improved to deliver optimal whole life value. • AM best practice continuously improved to deliver optimal whole life value. • AM best practice concepts are fully rolled out and being practiced by all staff.
4	Effective	<ul style="list-style-type: none"> • The organization's AM activities are fully effective and are being integrated throughout the business. • AM best practice concepts are fully rolled out and being practiced by most staff.
3	Somewhat Effective	<ul style="list-style-type: none"> • The organization's AM activities are developed, embedded and are becoming effective. • Many AM best practice concepts are rolled out and being practiced by many staff.
2	Ineffective	<ul style="list-style-type: none"> • The organization is developing its AM activities and establishing them as Business as Usual. • Some best practice concepts are rolled out and being practiced to a limited extent.
1	Unknown	<ul style="list-style-type: none"> • The organization is aware of the importance of AM and is starting to apply this knowledge. • Few best practice concepts are rolled out and to a limited extent

The Municipality can use the tables above to determine an “overall confidence level rating” which can then be correlated to the ISO 55001 State of Asset Management Maturity Scale outlined in Figure 3. The scores are reflective of the quality and type of data available, current processes and management strategies.

Strategic Policy:

1. The Municipality is committed to exploring ways to improve upon the existing asset management practices employed and adopt best practices where applicable.
2. The Municipality will develop an Asset Management Plan that incorporates all facets of Ontario Regulation 588/17 by 2024.
3. The Municipality will continue to evolve the asset management program to incorporate assets which have traditionally not been considered under the purview of asset management.

Action Items to achieve Strategic Policy

- The Municipality may undertake an assessment of the Municipality's asset management practices against each of the 39 ISO 55001 focus areas. The results will be categorized in the context of the maturity scale identified in Figure 3.
- Set to achieve a score of 4 (competence) to 5 (excellence) for most of the categories over the next five years.
- Review data confidence for each service area/category annually.
- Review effectiveness of the asset management program and determine the degree activities are embedded into the process annually.
- Ensure an "Overall Confidence Level Rating" is produced annually so the results can be compared on a regular basis.
- The Municipality should continue to seek funding assistance and support from upper-tier governments to help facilitate the completion of the asset management program by 2024.

© 2019, Municipality of West Perth. All Rights Reserved.

The preparation of this project was carried out with assistance from the Government of Canada and the Federation of Canadian Municipalities. Notwithstanding this support, the views expressed are the personal views of the authors, and the Federation of Canadian Municipalities and the Government of Canada accept no responsibility for them.