

**Effective Date:
June 24, 2019**



**POLICY NUMBER:
FIN-001-05**

POLICY STATEMENT:

The Town of Collingwood relies on a wide range of diversified assets to provide essential services to its community. An integral component of ensuring reliable service is creating an effective approach to managing existing and future municipal assets. Effective asset management aims to manage assets in a way that balances levels of service, risk, and cost effectiveness throughout the entire asset lifecycle. Notably by considering emerging issues such as local risks related to climate change. The critical importance of services to the well-being of today's community, and tomorrow's, is what drives the implementation of a structured approach to asset management.

As a result, the Town is committed to creating, implementing and continually improving a balanced approach to asset management by linking the elements of its various plans with best practices and provincial regulation in asset management. The Town's vision for asset management is to proactively manage its assets to enable the achievement of the Community Based Strategic Plan, including by:

- Promoting lifecycle and risk management of all municipal infrastructure assets, with the goal of achieving the lowest total cost of ownership while meeting desired levels of service;
- Balancing stakeholder expectations, sustainable development, and the actual needs of existing and future assets; and,
- Maintaining prudent financial planning and decision making that align with the means of the Town's stakeholders and its values.

APPLICATION:

This Policy applies to all departments and employees of the Town that have a direct and indirect link with assets or asset systems in order to provide services to Town stakeholders. It also applies to all assets owned or maintained by the Town whose role in service delivery requires deliberate management by the Town. It also covers the ecological services provided by the natural assets that serve the Town as well as infrastructure related contracts and agreements established with other parties.

1. Purpose

The purpose of this policy is to provide leadership in and commitment to the development and implementation of the Town of Collingwood’s asset management program. It is intended to guide the consistent use of asset management across the organization, to facilitate logical and evidence-based decision making for the management of municipal infrastructure assets and to support the delivery of sustainable community services.

By using sound asset management practices, the Town will work to ensure that all municipal infrastructure assets meet expected performance levels and continue to provide desired service levels in the most efficient and effective manner. Linking service outcomes to infrastructure investment decisions will assist the Town in focusing on service, rather than budget driven asset management approaches.

This policy demonstrates an organization-wide commitment to the good stewardship of municipal infrastructure assets, and to improved accountability and transparency to the community through the adoption of best practices regarding asset management planning.

The Town of Collingwood’s asset management policy aims to:

- Provide a framework for implementing asset management to enable a consistent approach at all department levels within the Town;
- Provide guidance to staff responsible for asset management;
- Communicate asset management principles endorsed by the Town of Collingwood; and,
- Provide transparency, accountability and demonstrates the decision-making process which combines municipal plans and policies, budgets, service levels and risk.

2. 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*.

Asset:	An item that has potential or actual value to the municipality. Value can be tangible or intangible, financial or non-financial, and includes consideration of risks and liabilities.
Asset Lifecycle:	The various phases of an asset’s life that are identified as: planning & construction, operations, maintenance and disposal. Each phase has its own opportunities, risks, impacts and costs.
Asset Management:	Coordinated activity of the municipality to realize value from assets. Realization of value will normally involve an appropriate balancing of costs, performance and risks, opportunities and performance benefits.
Asset Management Plan:	Documents that detail how groups of assets are to be managed over a period of time. The plan describes the characteristics and condition of infrastructure assets, the levels of service expected from them, planned operational and maintenance actions to help with the accomplishment of assets providing the expected level of service, and financing strategies

	to try to implement the planned actions. This document also addresses the impacts and maintenance risks associated with owning the asset.
Asset Management System:	The people, processes, tools and other resources involved in the delivery of asset management.
Capitalization Threshold:	The value of a municipal infrastructure asset above which the Town will capitalize the value of it and below which it will expense the value of it.
Green Infrastructure Asset:	An infrastructure asset consisting of natural or human-made elements that provide ecological and hydrological functions and processes and includes natural heritage features and systems, parklands, stormwater management systems, street trees, urban forests, natural channels, permeable surfaces and green roofs.
Institutional Memory:	The accumulated body of data, information, and knowledge created in the course of an individual organization’s existence.
Level of Service:	The parameters, or combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers. Service level parameters can include, but are not necessarily limited to, safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environmental acceptability, cost, and availability.
Performance:	Performance can relate to quantitative or qualitative findings and is usually expressed as a measurable result (i.e. performance measures). Performance can relate to the management of activities, processes, products, services, or systems. For the purpose of asset management, performance of assets relate to their ability to fulfill service level requirements or objectives.
Resilience:	The capacity to function, survive and thrive no matter what changes, stresses or shocks are encountered.
Sustainability:	Meeting the needs of today without compromising the needs of future generations. It is about maintaining or improving the standard of living by protecting human health, conserving the environment, using resources efficiently and advancing long-term economic competitiveness. It requires the integration of environmental, economic and socio-cultural priorities into policies and programs with actions at all levels.

3.0 Guiding Principles

To effectively use asset management to support the achievement of the Town’s strategic objectives, management must ensure that the following features and principles are applied in the asset management system:

- **Holistic** – The Town shall take a comprehensive approach that looks at the “big picture” (i.e. the combined implications of managing all aspects rather than treating each aspect in isolation). This includes the interdependencies and contributions of different assets within the asset management system during all phases of the lifecycle.
- **Level of Service** – The Town shall have clearly defined levels of service and apply asset management practices to maintain the confidence of customers in how the Town assets are managed.
- **Risk-based** – The Town will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit, recognizing that public safety is the priority.
- **Affordable** – The Town will choose practices, interventions and operations that aim at minimizing the life cycle cost of asset ownership, while satisfying levels of service. Decisions are based on balancing strategic goals, service levels, risks, and costs. As part of this strategy, the Town will look at lifecycle costing where assets need to be replaced in an acceptable timeframe to ensure that continued operational costs of the asset do not outweigh actual replacement.

The *Infrastructure for Jobs and Prosperity Act, 2015* sets out principles to guide asset management planning by municipalities in Ontario. The Town shall adopt the following principles in managing its infrastructure assets whenever applicable:

- **Forward looking:** The Town shall take a long-term view while considering demographic and economic trends in the region.
- **Budgeting and planning:** The Town shall take into account any applicable budgets or fiscal plans, such fiscal plans as released under the following:
 1. Fiscal Transparency and Accountability Act, 2004
 2. Budgets adopted under Part VII of the Municipal Act, 2001.
- **Prioritizing:** The Town shall clearly identify infrastructure priorities which will drive investment decisions.
- **Economic development:** The Town shall promote economic competitiveness, productivity, job creation, and training opportunities in support of a strong, dynamic, and innovative local economy.
- **Transparency:** The Town shall be evidence-based and transparent. Additionally, subject to any prohibitions under an Act or otherwise by law on the collection, use, or disclosure of information, the municipality shall:
 1. Make decisions with respect to infrastructure based on information that is publicly available or made available to the public, and
 2. Share information with implications on infrastructure and investment decisions with the Government and broader public sector entities.

- **Consistency:** The Town shall ensure the continued provision of core public services.¹
- **Environmentally conscious:** The Town shall minimize the impact of infrastructure on the environment by:
 1. Respecting and helping maintain ecological and biological diversity,
 2. Augmenting resilience to the effects of climate change,
 3. Endeavoring to make use of acceptable recycled aggregates and materials, and
 4. Being good stewards of the rivers, waterways, and natural environment the community enjoys.
- **Health and safety:** The Town shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- **Community focused:** The Town shall 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:
 1. Local job creation and training opportunities (including for apprentices, within the meaning of section 9 of the *Infrastructure for Jobs and Prosperity Act*, 2015),
 2. Improvement of public space within the community, and
 3. Promoting accessibility for persons with disabilities.
- **Innovation:** The Town shall create opportunities to make use of innovative technologies, services, and practices, particularly where doing so would utilize technology, techniques, and practices developed in Ontario.
- **Integration:** The Town shall, 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.

4.0 Community Planning

- The combination of lifecycle analysis and financial sustainability principles will be the driver in the design and selection of community development or redevelopment that requires new assets, or existing asset enhancements, to take place. Parties involved in the development of the asset management plans will reference the direction established in the community plan as well as the methods, assumptions, and data used in its development. The aim of cross-referencing these plans is to ensure that development and redevelopment occur within the Town's means through an understanding of current and future asset needs.
- The Town of Collingwood strives to maintain a safe community with sustainable growth which requires alignment of many initiatives underway within our municipality at any

¹ The *Infrastructure for Jobs and Prosperity Act*, 2015 defines "core municipal infrastructure asset as an asset that pertains to water, wastewater, stormwater, roads or bridges.

given time. This alignment is necessary to properly consider whether the service level provided by the municipality's existing and planned assets are aligned with the Town's asset management goals.

- Asset management planning will not occur in isolation from other municipal goals, plans, and policies. An integrated approach will be followed to successfully develop practical asset management plans that align with overarching accountabilities and aspirations of the community.
- The Town will incorporate this policy into the asset management planning approach that fosters the integration of municipal documents such as:
 - Community Based Strategic Plan
 - Official Plan
 - Transportation Master Plan
 - Master Servicing Plan
 - Stormwater Management Plan
 - Energy Conservation and Demand Management Plan
 - Fire Master Plan
 - PRC Master Plan
 - Waterfront Master Plan

5.0 Climate Change

The Town will leverage new and existing opportunities for reducing greenhouse gas emissions (mitigation) and building resiliency to projected climate change impacts (adaptation) into corporate asset management practices. Applying climate change mitigation and adaptation lenses will be achieved by strategically embedding tactical, operational and reflexive considerations related to climate change into lifecycle management practices. This will reduce vulnerabilities and promote adaptation and resiliency to climate change impacts, incrementally over time. This includes, but is not limited to, incorporating climate change considerations into infrastructure design, risk assessments, anticipated operational costs, changing levels of service and related contingency funding.

- Climate change will be considered as part of the Town's risk management approach embedded in its 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.
- The Town will foster its resilience to climate change in levels of service delivered through operations, maintenance schedules, disaster response plans, contingency funding, and capital investments.
- The Town's contribution to climate change through greenhouse gas emissions will be mitigated in accordance with its local reduction targets, financial capacity, and stakeholder support.
- The Town of Collingwood is committed to implementing a Policy on Green Procurement. This is to ensure that the Town cost effectively procures, operates and disposes of its assets in a manner that protects the environment and supports sustainable development

objectives. This policy will be all encompassing and applies across all four stages of the procurement process, from planning and acquisition through use and disposal.

6.0 Capitalization Thresholds

There are two perspectives when defining an asset in financial reporting versus asset management planning:

- The financial perspective focuses on the monetary value (quantitative) of an asset. The Town of Collingwood uses a cost threshold of \$5,000 minimum across all asset classes (stated in the Town's Tangible Capital Asset Policy) as a guide to identify assets that must be accounted for in the financial statements. The original purchase price, or historical cost, is the basis for depreciating the value of the assets and reporting.
- The asset management perspective focuses on the service provided (qualitative) by the asset. It assesses the role of the asset and plans for inspections, maintenance and replacement. Using a forward looking view, the cost of owning the asset over its service life is the basis for short- and long-term financial planning.

The asset management policy applies to all assets whose role in service delivery requires deliberate management by the Town of Collingwood. Current and proposed levels of service, at the community and technical level, will be outlined for each asset category within the Town's asset management plans. The service-focus intent of this policy serves as the requirement for identifying the assets to be included in the Town's asset management plan, which is different from the capitalization threshold which has been developed for the purpose of financial reporting. This qualitative approach is unlike the quantitative, dollar value-based methodology prescribed in the tangible capital asset policy. Therefore, quantitative capitalization thresholds will be used for financial reporting, while qualitative, service-driven thresholds will be used for asset management planning and forecasting.

7.0 Financial Planning and Budgeting

The value of asset management planning is achieved when it impacts the overall budget and specific investment decisions. Asset management plans will be produced every five years and monitored annually. Therefore, they are well suited to inform existing budget inputs used by the municipality and water/wastewater financial plans. The involvement of finance in the asset management planning process will bring consistency to financial forecasting and will ensure asset management is included in the budgeting process, specifically by:

- Assessing what the Town is able to afford,
- Assessing the projected annual funding available, and
- Maintaining alignment with other financial plans.

The Town of Collingwood will integrate findings from its asset management plan into its budgeting process. Sound financial analysis will be encompassed in asset management planning in order for the asset management plan to act as a guide for employees when budgeting and financial planning. The financial strategy to prepare the annual budget (with integration of the asset management plan) will be completed by a multi-disciplinary team that will include finance and department managers for each municipal service area. The department level budget submission prepared by each department will be evaluated by the applicable Director, Treasurer and CAO in preparation of the municipality's annual budget.

The asset management plan and progress made on the plan will be considered annually in the creation of the municipality's capital and operating budget in order to help:

- Identify all potential revenues and costs (i.e. operating, maintenance, replacement and disposal) associated with forthcoming infrastructure asset decisions.
- Evaluate the validity and need of each significant new capital asset, including considering the impact on future operating costs.
- Incorporate new revenue tools and alternative funding strategies (including applications for asset management grant opportunities) where possible.
- Prioritize spending needs based on gaps and risks identified in the asset management plan.

For the purposes of sustainably managing water and wastewater assets, the water and wastewater financial plans will be used as the basis for establishing user fees based on long-term capital renewal plans and the maintenance of adequate reserves. Financial services, water services, and wastewater services will work together to align the financial strategy developed in the asset management plan with the financial plans related to the water and wastewater assets. The alignment will stem from a multi-disciplinary team, common analytical methods followed, and common data sources used.

8.0 Governance and Continuous Improvement

The policy requires the commitment of key stakeholders within the Town of Collingwood's organization to ensure the policy guides the development of a clear plan that can be implemented, reviewed and updated. The Town of Collingwood is committed to the success of asset management planning.

Council is entrusted with the responsibility of overseeing, on behalf of citizens, a large range of services provided through a diverse portfolio of assets. These assets include, but are not limited to, safe and reliable water distribution networks, safe and reliable sanitary sewer collection and treatment systems, safe and maintained road distribution networks, productive fleets, as well as accessible parks, recreation and other municipal facilities. Council, having stewardship responsibility, is the final decision maker on all matters related to asset management in the Town.

The development and continuous support of the Town's asset management program requires a wide range of duties and responsibilities. The following sections outline the roles and responsibilities for these tasks.

8.1 Council

Within asset management planning, Council is responsible for:

- Approving, by resolution, the asset management plan and its updates every five years.
- Receive an annual review, through a Staff Report, providing a progress update to Council on its asset management plan on or before July 1 of every year. This includes:
 - Progress on ongoing efforts to implement the asset management plan,
 - Consideration of the Strategic Asset Management Policy,

- Any factors affecting the ability of the municipality to implement its asset management plan, and
- A strategy to address these factors including the adoption of appropriate practices.
- Support ongoing efforts to continuously improve and implement the asset management plans.
- Approve asset funding to ensure required resources are available to implement and maintain core asset management practices.

8.2 Chief Administrative Officer

The CAO is the sole employee who reports directly to council, and as such, he or she is head of the public service, accountable for the operation of the administrative apparatus of municipal government.

The role of the CAO in asset management is to be held accountable for ensuring compliance with the asset management policy and provincial asset management regulations as well as endorsing the asset management plan in advance of seeking Council approval. The CAO is also an integral member of the cross-departmental team responsible for the development of the asset management plan and components thereof.

8.3 Senior Management Team

Senior Management team members are responsible for:

- Asset management planning activities within their service area;
- Clearly identifying the infrastructure priorities;
- Providing input on all asset management plans, policies and strategies within the organization including the review, approval and alignment with Town's goals;
- Supporting and encouraging corporate adoption and integration of asset management principles, objectives and practices;
- Encouraging an integrated approach to planning and communication to help ensure the asset management goals are achieved;
- Develop and monitor levels of service and make recommendations to Council; and,
- Track, analyze and report on asset management program progress and results.

8.4 Departmental Staff

Departmental staff are responsible to:

- Utilize the new business processes and technology tools developed as part of the asset management program;
- Participate in implementation task teams to carry-out asset management activities;
- Implement and maintain defined capital asset levels of service;
- Provide support and direction for asset management practices within their department;
- Track and analyze asset management program progress and results;
- Ensure that all information needed to compile and update the asset register is provided to the Finance Department; and,

- Ensure that the Finance Department is notified of any changes in status of the assets under the departments' control including reporting any enhancement/improvement, transfer or disposal.

9.0 Stakeholder Engagement

Stakeholder engagement is the process by which an organization involves people who may be affected by the decisions it makes or can influence the implementation of its decisions. They may support or oppose the decisions, be influential in the organization or within the community in which it operates, hold relevant official positions or be affected in the long term. For stakeholder engagement to be effective it must be meaningful. Inherent in the concept of meaningful engagement are the following ideas:

- A two-way process including exchange of information, research, analysis and opinions between the organization and stakeholder.
- A commitment and willingness from each side to contemplating changes in behavior – actions, priorities, organizational structure, staffing, training etc.
- Actions are based on an unambiguous set of objectives, with clearly defined outputs, and projected outcomes and impacts.
- An understanding that organizations are rarely homogenous in nature, and therefore how stakeholders establish and build relations with different departments in the organization may be distinct, and will be influenced by the particular organization context, corporate culture and structure.
- A shared and acknowledged understanding of the political environment in which the Town and stakeholders are living.²

The potential benefits from a meaningful engagement process include the strengthening of democracy by encouraging more active involvement by residents and other stakeholders in the direction of the community, building greater community cohesion, and mutual understanding.

9.1 The Town of Collingwood

The Town of Collingwood recognizes that the purpose of asset management is to enable municipalities to achieve their objectives through a proactive approach to managing infrastructure. Therefore, the primary goal of the Town of Collingwood is to efficiently provide its residents, businesses, institutions, community groups, stakeholders, neighboring municipalities, and provincial agencies with the municipal services they need. In order to achieve this goal, it is necessary that the Town understand the needs of current stakeholders, consider the needs of future generations, and incorporate these perspectives into its asset management plans. In addition, the Town of Collingwood recognizes these needs to be an integral part of the municipality's asset management approach in order to make informed decisions regarding its infrastructure. Accordingly, the Town of Collingwood will:

- Provide engagement opportunities for residents and other stakeholders served by the municipality to provide input into asset management planning; and,
- Coordinate asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

² Neil Jeffery, *Stakeholder Engagement: A Road Map to Meaningful Engagement*, The Doughty Centre for Corporate Responsibility, Cranfield University School of Management, 2009

9.2 Residents, Stakeholders and Customers

Providing ongoing and meaningful opportunities for communication and input allows stakeholders to contribute as experts in their field, have their issues heard, and contribute to the decision making process. Accordingly, the Town is asking its residents, stakeholders and customers to:

- Participate in public information sessions, and stakeholder engagement initiatives, where possible;
- Provide feedback related to levels of service, service experience, and service expectations; and,
- Notify the Town, via appropriate means, when service deficiencies or failures are observed.

10.0 Benefit of Implementation

Implementation of this policy will result in the following benefits:

- Planning that optimizes maintenance and replacement of existing assets as well as the development of new assets;
- Prevention of conflicts across the investment priorities set by each of the Town’s departments, good coordination, and efficient provision of services;
- Capital and urban development projects that are consistent with the Town’s actual needs;
- Maintenance of the Town’s institutional memory; and,
- Preservation of the ecological services rendered by natural assets.

These benefits will enable:

- Technical and financial capacity of the Town to provide the expected levels of service to current and future generations;
- Security, accessibility, and reliability of services provided through the infrastructure; and,
- Alignment of the Town’s strategic objectives with asset management and service delivery activities.

11.0 Policy Review

This policy shall be reviewed when changes to the *Municipal Act* or Ontario Regulations affect the provisions contained herein. At a minimum this policy shall be reviewed every five (5) years.

Revision History:

Review Date	Description

