

## CORPORATE POLICY

**POLICY TITLE:** ASSET MANAGEMENT: ADMINISTRATIVE UMBRELLA

**POLICY NO.:** 03.C.03

<b>Section:</b>	Administration & Legal		
<b>Effective Date:</b>	June 19, 2018	<b>Date of Last Review:</b>	Click or tap to enter a date.
<b>Approval Authority:</b> Council	<b>Policy Owner:</b> DCM, Infrastructure Development		

### POLICY STATEMENT

The purpose of the Asset Management Policy is to ensure that the City has comprehensive information, knowledge, and understanding about the long-term affordability and fiduciary obligations related to public infrastructure decisions to ensure a healthy environment, vibrant communities and economic vitality for current and future generations.

This is achieved by ensuring systems and processes are in place to enable people to determine the most effective and efficient options for delivering infrastructure related services while controlling exposure to risk and loss.

The Asset Management Policy also provides the framework that together with the Term of Council Priorities and Service Excellence Strategic Plan enables the asset management strategy and specific asset management plans to be produced.

### PURPOSE

This policy ensures Asset Management is an essential capability that cascades across and throughout the City of Vaughan. Done effectively, asset management will encourage engagement, partnership, and dialogue in support of a safe community with sustainable growth in alignment with the many initiatives underway in our organization, for current and future generations.

This alignment is necessary to properly consider whether the level of service provided by our existing and planned assets is affordable, congruent and supports our vision.

**POLICY TITLE: ASSET MANAGEMENT: ADMINISTRATIVE REQUIREMENTS**

**POLICY NO.: 03.C.03**

## **SCOPE**

The City of Vaughan's Council and senior management will review this policy and incorporate it into the asset management planning approach that fosters the integration of municipal documents and practices.

This policy requires the commitment of key stakeholders within the municipality's organizational structure to ensure the City is validating and refining corporate, service and asset management objectives based on the evolving needs of our community. To achieve this high-level outcome and promote fairness in the development of consensus, the following responsibilities are included in the scope of this policy:

### **1. Council**

- 1.1. Approve by resolution the Asset Management Plan and its updates every five years.
- 1.2. Conduct annual reviews of the Asset Management Plan implementation progress on or before July 1 of every year; that includes:
  - 1.2.1. Progress on ongoing efforts to implement the asset management plans.
  - 1.2.2. Consideration of asset management policies.
  - 1.2.3. Any factors affecting the ability of the municipality to implement its asset management plans.
  - 1.2.4. Consultation with department leads.
  - 1.2.5. A strategy to address these factors including the adoption of appropriate practices.
- 1.3. Support ongoing efforts to continuously improve and implement the City's Asset Management Plans.

### **2. City Manager**

- 2.1. Maintain compliance with asset management policies and provincial asset management regulations.

### **3. Internal Departments**

- 3.1. Oversee asset management planning activities within their service area and in support of others.

3.2. Continue to integrate findings from asset management activities and plans into long-term financial planning and budgeting processes.

To bring these policies to life, the City recognizes residents, businesses and institutions, based in Vaughan, as stakeholders. Accordingly, neighbouring municipal bodies, provincial agencies and regulated utilities are partners in service delivery. To support effective decision-making, the City's asset management strategy and framework will strengthen ongoing engagement programs with these parties, using comprehensive data by:

- 3.2.1. providing opportunities for residents and other stakeholders served by the municipality to provide input in asset management planning.
- 3.2.2. coordinating asset management planning with other infrastructure asset-owning agencies, such as municipal bodies and regulated utilities.
- 3.2.3. documenting changes to asset management roles and responsibilities to support evolving requirements, as needed.

#### **LEGISLATIVE REQUIREMENTS**

The policy must include:

- 3.(1)1. Any of the municipality's goals, policies or plans that are supported by its asset management plan.
- 3.(1)4 The principles to be followed by the municipality in its asset management planning, which must include the principles set out in section 3 of the Act.
- 3.(1)9. The municipality's commitment to coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its upper tier municipality, neighbouring municipalities, or jointly-owned municipal bodies.
- 3.(1)10. The persons responsible for the municipalities asset management planning, including the executive lead.
- 3.(1)11. An explanation of the municipal Council's involvement in the municipality's asset management planning.
- 3.(1)12. The municipality's commitment to provide opportunities for municipal residents and other interested parties to provide input into the municipality's asset management planning.

Asset Management Plans must be:

7.(1) Reviewed and updated at least five years after the year in which the plan is completed under section 6 of the regulation and at least every five years thereafter.

8.(a) Endorsed by the executive team lead of the municipality.

8.(b) Approved by a resolution passed by the municipal Council.

Annual review of asset management planning progress:

9.(1) Every municipal Council shall conduct an annual review of its asset management progress on or before July 1 in each year, starting the year after the municipality's asset management plan is completed under section 6 of the regulation.

9.(2) The annual review must address:

(a) the municipality's progress in implementing its asset management plan;

(b) any factors impeding the municipality's ability to implement its asset management plan; and

(c) a strategy to address the factors described in clause (b).

## **DEFINITIONS**

The following definitions are provided in accordance with the International Infrastructure Management Manual.

- 1. Asset Management (AM):** Systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost-effect lifecycle management of assets.
- 2. Asset Management Framework:** Overarching AM hierarchy including the AM Policy, Objectives, Strategy, and the AM Plan.
- 3. Asset Management Objectives:** Specific outcomes required from the implementation of the AM Framework.
- 4. Asset Management Plan (AM Plan):** Long-term plans that outline the asset activities and programs for each service area and resources applied to provide a defined level of service in the most cost-effective way.

- 5. Asset Management Policy:** Document that broadly outlines the principles and mandated requirements for undertaking AM across the organization in a systematic and coordinated way, consistent with the organizations strategic plan. It provides the framework for the AM Strategy and AM Plan.
- 6. Asset Management Strategy:** High level long-term approach to AM including AM action plans and objectives for managing the assets.
- 7. Asset Management Team:** The team appointed by an organization to review and monitor the corporate AM improvement program and ensure the development of integrated AM information systems, processes, and plans consistent with organizational goals and objectives.
- 8. Condition:** Physical state of an asset.
- 9. Condition Grade:** Measure of the physical integrity of an asset or component.
- 10. Current Replacement Cost:** Cost incurred to acquire a new modern equivalent asset (not second hand) on the reporting date.
- 11. Deferred Maintenance:** Shortfall in maintenance work required to maintain the service potential of an asset.
- 12. Depreciation (Amortization):** Systematic allocation of the depreciable amount of an asset over its useful life.
- 13. Depreciated Replacement Cost (DRC):** Replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.
- 14. Deterioration Rate:** Rate at which an asset approaches failure (end of life).
- 15. Finance Personnel:** Internal or external partners who may design, compose, evaluate, advise, report, manage, direct or supervise activities in or for the portfolio of the Chief Financial Officer & City Treasurer.
- 16. Long-Term:** 5, 10, 20 or 30 years.
- 17. Modern Equivalent Assets:** Assets that replace what is in existence with the most cost-effective asset providing an equivalent level of service.
- 18. Rehabilitation:** Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally, involves repairing the asset to deliver its original level of service without significant upgrade.

**19. Remaining Useful Life:** Time remaining until an asset ceases to provide the required service level or economic usefulness.

**20. Renewal:** Works to replace existing assets with assets of equivalent capacity or performance capability.

**21. Residual Value:** Estimated amount currently obtained from disposal of the asset, after deducting cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**22. Service Area:** Collaborative partners, typically own infrastructure assets or manage operations and maintenance.

**23. Useful Life:** Period over which an asset or component is expected to be available for use; or the number of production or similar units expected to be obtained from the asset or component by the organization.

**24. Valuation:** Assessed asset value which may depend on the purpose for which the valuation is required, i.e., replacement value for determining maintenance levels, market value for lifecycle costing and optimized deprival value for tariff setting.

## **POLICY**

### **1. Strategic Alignment**

Asset management planning will not occur in isolation from other municipal goals, plans and policies. Rather, an integrated approach will be followed to successively develop practical asset management plans that align with the City's overarching accountabilities and aspirations.

The elements of our asset management planning approach keep us mindful of the goals described in our Strategic Plan, respect our borrowing policy, and leverage our community plan, our master plans, and our financial plans.

This approach will integrate a variety of municipal documents, including and not limited to:

#### **1.1. Governance & Continuous Improvement**

- 1.1.1. Council is entrusted with the responsibility of overseeing, on behalf of citizens, a large range of services provided through a diverse portfolio of assets. Council, having stewardship responsibility, is the final decision maker on all matters related to asset management in the municipality.

1.1.2. Within asset management planning, the Council is responsible for:

1.1.2.1. Approving by resolution the City's asset management plans and updates every five years.

1.1.2.2. Conducting annual reviews of management plan implementation progress on or before July 1 of every year.

1.1.2.3. Supporting ongoing efforts to improve and implement the City's asset management plans.

1.1.3. The asset management steering committee is ultimately responsible for asset management planning across the municipality and maintaining compliance with minimum regulation requirements. Department leads are responsible for asset management planning activities that fall within their service area and in support of others.

1.1.4. Council Reports regarding the annual asset management reviews will be the basis of the City's approach for continually improving its methods and adopting appropriate practices, at the organizational level. The annual review will be completed in consultation with the asset management steering committee and will include:

1.1.4.1. Monitoring progress on ongoing efforts to implement the asset management plan.

1.1.4.2. Considering the asset management policy.

1.1.4.3. A review of any factors affecting the ability of the municipality to implement its asset management plan.

1.1.4.4. Consulting with department leads.

1.1.4.5. Developing a strategy to address these factors including the adoption of appropriate practices.

## **2. Coordination at Boundaries and Public Input**

The efficient delivery of services to various stakeholders is a top priority of the City. The ultimate goal is to efficiently provide its various stakeholders with the services they need within the bounds of regulatory requirements, the built environment and the natural environment.

In order to achieve this goal, it is necessary for the City to understand the needs of current stakeholders, consider the needs of future generations and incorporate these

perspectives into asset management plans. The City recognizes these parties as an integral part of the asset management approach.

Accordingly, the City will:

- 2.1. Provide opportunities for residents and other stakeholders, served by the municipality, to provide input in asset management planning.
- 2.2. Coordinate asset management planning with other infrastructure asset-owning agencies, such as municipal bodies and regulated utilities.
- 2.3. Document changes to asset management roles and responsibilities to support evolving requirements, as needed.

### **3. Policy Principles**

#### **3.1. Citizen Focused:**

The City of Vaughan will have clearly defined levels of service and apply asset management practices to maintain the confidence of customers in how City assets are managed.

#### **3.2. Service Focused:**

The City of Vaughan will consider all the assets in a service context and take into account their interrelationships as opposed to optimizing individual assets in isolation.

#### **3.3. Risk-based:**

The City of Vaughan 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.

#### **5.4. Value-based Affordable:**

The City of Vaughan will choose practices, interventions, and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying the agreed levels of service. Decisions are based on balancing service levels, risks, and costs.

### **4. Policy Objectives**

#### **4.1. Interdepartmental relationships provide infrastructure and services to sustain the City of Vaughan and:**

- 4.1.1. Support the quality of life, urban environment, and cultural fabric appropriate to the City of Vaughan;



- 4.1.2. Facilitate the changes to infrastructure to cater for changing neighbourhoods and communities for current and future needs; and,
- 4.1.3. Enhance the resilience of the City's infrastructure, neighbourhoods and communities and aim to continually lower environmental impacts.
- 4.2. Implement a life-cycle approach to the management of infrastructure assets where:
  - 4.2.1. Asset planning decisions are based on an evaluation of alternatives that consider the "whole of life" of an asset through acquisition, construction, operation, maintenance, renewal/replacement, and disposal; and,
  - 4.2.2. The asset management cycle considers the current and future environmental, economic, cultural, and social outcomes.
- 4.3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices by:
  - 4.3.1. Establishing and monitoring levels of service for each asset class through the Asset Management Plan; and,
  - 4.3.2. Identifying and monitoring individual and network risks to assets and service levels for each asset class.
- 4.4. Provide a sustainable funding model that provides assets aligned with the City's long-term plans and community needs with a:
  - 4.4.1. Funding model for all asset related services extending at least 10 years into the future that addresses the need for funds, considers renewal peaks and troughs, and identifies how the funds will be sourced for current and projected growth both in terms of population and jobs, as provided for in the Official Plan.
- 4.5. Develop and implement best value asset management practices that are environmentally sustainable and:
  - 4.5.1. Encourage a flexible and scenario-based approach through systems and plans to allow for innovative use of assets, particularly in environmental and resiliency initiatives;
  - 4.5.2. Acknowledge climate change adaptation and environmental protection are fundamental to sustainable asset management planning practices;

4.5.3. Reduce resource use and promote resilience by utilizing clean technology products, services, and processes wherever possible; and,

4.5.4. Incorporate local, regional, provincial, federal, and international sustainability criteria including climate resilient codes and standards into greenfield development, intensification, infrastructure projects and procurement.

4.6. Provide reliable asset and infrastructure data through supported digital platforms demonstrated by:

4.6.1. Open sourced for community use, where appropriate, such as with an asset management plan;

4.6.2. Implementation of sound data governance and data quality management; and,

4.6.3. Access to systems and information by mobile technology wherever possible.

4.7. Implement an integrated decision support system that:

4.7.1. Provides systems and knowledge necessary to achieve policy outcomes;

4.7.2. Proactively interrogates and models data to support informed decisions;

4.7.3. Minimizes the risk of corporate knowledge and data loss;

4.7.4. Manages information as efficiently as possible through the appropriate use of software, hardware and communication tools; and,

4.7.5. Reduces data duplication.

4.8. Ensure compliance with legislative requirements by:

4.8.1. Aligning with infrastructure planning principles from the Infrastructure for Jobs and Prosperity Act, 2015; and,

4.8.2. Having clear policies, processes and information to ensure that organizational objectives and legislative requirements are met.

**POLICY TITLE: ASSET MANAGEMENT: ADMINISTRATIVE REQUIREMENTS**

**POLICY NO.: 03.C.03**

<b>ADMINISTRATION</b>			
<i>Administered by the Office of the City Clerk.</i>			
<b>Review Schedule:</b>	Other (specify) As required by legislation.	<b>Next Review Date:</b>	Click or tap to enter a date.
<b>Related Policy(ies):</b>	03.C.04 – Asset Management: Critical Assets Business Risks 03.C.05 – Asset Management: Financial Requirements 03.C.06 – Asset Management: Land Use Planning 03.C.07 – Asset Management: Levels of Service		
<b>Related By-Law(s):</b>			
<b>Procedural Document:</b>	PRC.14 – Asset Management: Implementation Procedures and Communication		
<b>Revision History</b>			
<b>Date:</b>	<b>Description:</b>		
Click or tap to enter a date.			
Click or tap to enter a date.			
Click or tap to enter a date.			