



CORPORATE POLICY

Schedule A to By-law 33-2019

DEPARTMENT:	ADMINISTRATION – TREASURY OFFICE
SECTION:	STRATEGIC ASSET MANAGEMENT POLICY
APPROVAL:	COUNCIL
POLICY NUMBER:	2019-03
DATE OF PRESENTATION:	May 27, 2019
EFFECTIVE DATE:	May 27, 2019

1. DEFINITIONS:

The following terms are defined within the context of this document. Where possible, definitions are aligned with terminology found in the International Organization for Standardization ISO 55000:2014, Ontario Regulation 588/17, and the Town of Shelburne Public Sector Accounting Board (PSAB) 3150 Policies.

Amortization – the allocation of the cost (less the residual value) of a tangible capital asset to operating periods as an expense over its useful life in a rational and systematic manner appropriate to its nature and use (PSAB 3150 Policies).

Asset – item, thing or entity that has potential or actual value to an organization (ISO 55000:2014). An asset may also refer to a group of assets, such as a tractor and its attachments.

Asset Inventory – a computer-based collection of structured asset data. The database includes a list of all capitalized assets which are stored individually within the inventory. Detailed attributes are maintained within the entry for the related asset.

Asset Management (AM) – the coordinated activity of an organization to realize value from assets (ISO 55000:2014). It is a business approach to minimize the cost of asset ownership while maintaining acceptable levels of service.

Asset Management Plan (AMP) – documented information that specifies the activities, resources and timescales required for an individual asset, or a grouping of assets, to achieve the organization’s asset management objectives (ISO 55000:2014).

Asset Management Program – the detailed activities of an organization to manage assets.



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Capitalization Threshold – the value above which tangible capital assets are capitalized and reported in the financial statements (PSAB 3150 Policies).

Core Infrastructure Asset – infrastructure asset that is a,

- 1) water asset that relates to the collection, production, treatment, storage, supply or distribution of water,
- 2) wastewater asset that relates to the collection, transmission, treatment or disposal of wastewater, including any wastewater asset that from time to time manages stormwater
- 3) stormwater management asset that relates to the collection, transmission, treatment, retention, infiltration, control or disposal of stormwater,
- 4) road, or
- 5) bridge or culvert (Ontario Regulation 588/17)

Continuous Improvement Protocols – recurring procedures with the intent of increasing performance or efficiency.

Intangible Capital Asset – a non-financial asset that has no substance, such as copyrights, trademarks, patents and goodwill. Intangible capital assets are separate and distinct from tangible capital assets (PSAB 3150 Policies).

Level of Service – parameters, or combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers (ISO 55000:2014). The level of service outlines the intended quality or quantity of the service that will be provided to the end user.

Life Cycle – stages involved in the management of an asset (ISO 55000:2014).

Pooled Tangible Capital Assets – multiple assets managed as a group under the AM program which are similar in physical characteristic, function, and useful life.

Risk – effect of uncertainty on objectives (ISO 55000:2014).

Strategic Asset Management Policy (SAMP) – outlines the framework a municipality will follow in developing and carrying out asset management initiatives.

Tangible Capital Asset – non-financial assets having physical substance that:

- 1) Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;



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- 2) Have useful economic lives extending beyond an accounting period;
- 3) Are used on a continuing basis; and
- 4) Are not for resale in the ordinary course of operations (PSAB 3150 Policies).

2. BACKGROUND:

Asset management (AM) is a strategic business approach to the administration of capital assets. The goal of AM is to minimize the overall cost of ownership and operation while maintaining an acceptable level of service. For AM to function, it requires the support of an information database. This database, the asset inventory, houses a list of all assets and their related attributes such as condition, level of service, and financial status. The purpose of the asset inventory is to function as a resource to make informed decisions regarding asset operation, replacement, and financial planning.

In December 2017, the passing of Ontario Regulation 588/17 required municipalities to develop a Strategic Asset Management Policy (SAMP) by July 1, 2019. The purpose of the SAMP is to outline how the organization will approach AM and to establish the basic requirements and objectives for sustainable asset administration.

3. PURPOSE:

The purpose of this policy is to ensure the Town of Shelburne is compliant with the requirements of Ontario Regulation 588/17, and to provide guidance for AM activities and when developing future Asset Management Plans (AMP). By following this policy, a sustainable approach to AM will be promoted which will foster a greater understanding of asset condition, level of service, and financial status for strategic planning. Additionally, approval of the SAMP will assist the municipality in securing funding opportunities due to most Provincial grants requiring a SAMP as a prerequisite for grant eligibility.

4. SCOPE:

The SAMP applies to the management of all capitalized municipal assets. The document outlines AM protocols to be followed throughout the organization and ensures all AM objectives and activities are aligned with provincial legislation and municipal goals.

5. STATEMENTS:

To guide AM activities, the following policy statements have been developed:

- 1) The Town will pass a SAMP by July 1, 2019. This will ensure compliance with Ontario Regulation 588/17 and establish the groundwork for future AM planning.
- 2) The Town will continue to implement its AM program throughout the organization. The primary focus of the program will remain the effective management of capital assets with the goal of achieving the lowest cost of ownership while delivering an acceptable level of service.



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- 3) The Town will implement continuous improvement protocols and adopt industry-standard approaches to AM. These will include:
 - i. A comprehensive and updated asset inventory
 - ii. Lifecycle management
 - iii. Objective condition assessment protocols
 - iv. Measurable level of service indicators
 - v. Dynamic risk calculation models
 - vi. Strategic financial planning

- 4) The Town will continue to build its asset inventory and maintain alignment with the PSAB 3150 Policies regarding asset aggregation level, valuation, capitalization threshold, and amortization method. The database has and will continue to include a list of assets organized by a unique identification number, any associated components, and any attributes deemed beneficial to the AM program.

As the AM program continues to grow, models for risk and lifecycle management will be added to the database for each asset.

- 5) The Town will adopt an AMP inclusive of core infrastructure assets by July 1, 2021. As outlined in Ontario Regulation 588/17, the AMP is required to include a summary of the current asset inventory, level of service, performance analysis, and planned lifecycle activities separated by asset category. By July 1, 2023 an amended version of the AMP must be adopted which includes all other infrastructure assets.

Further to the July 1, 2023 changes, the Town must revise its AMP to include a forecasted level of service to be provided over a 10-year period and the justification as to why it is appropriate for the municipality. The Town will be required to elaborate how the forecasted level of service is to be achieved and funded, including the lifecycle activities that will need to take place. This version is required by July 1, 2024.

- 6) The Town will ensure meaningful key performance indicators (KPIs) are utilized to measure asset performance, whether quantitative or qualitative in nature, and to aid in determining how an appropriate level of service can be maintained. As discussed in section 5 and 6 of Ontario Regulation 588/17, the Town will be required to outline current and projected levels of service, as well as forecasted population growth and expansion in future AMPs. The use of KPIs will allow for a clear understanding of asset performance, the lifecycle activities required to maintain it, and whether the assets are able to adapt to future growth. Lastly, KPIs which are both measurable and unique to each asset category will assist with long-term financial planning and support identifying the required level of funding needed to maintain the level of service.



7) The Town will recognize the potential for asset vulnerability as a result of climate change. As listed in section 3 of Ontario Regulation 588/17, the municipality will consider the need for action in respect of matters such as:

- i. Operations, such as increased maintenance schedules
- ii. Levels of service
- iii. Lifecycle management

The Town will review adaptation opportunities that may assist in managing vulnerabilities such as those listed above. Adaptation opportunities might include adjustments in preventative maintenance and operation schedules based on the analysis of historical weather patterns. Additionally, the municipality will continue to undertake mitigation approaches in relation to climate change such as the enactment of By-Law #30-2011 for the restriction of vehicle idling.

The Town of Shelburne will also consider the costs associated with addressing asset vulnerabilities. This may include the creation of and regular contribution to an emergency management reserve to ensure adequate funding is available should asset failure occur due to a significant, unpredictable event. The Town will also ensure its AM program is supportive of the County of Dufferin's Emergency Response Plan.

8) The Town will continue to utilize the capitalization thresholds defined in the PSAB 3150 Policies as a guideline to determine if an asset is managed as capital or expensed as part of operations. The thresholds presented in the PSAB 3150 Policies are presented in Schedule A.

In respect of the AM program, single or pooled assets with total a historical cost of at least \$5,000 will be capitalized and administered under the program. Should an asset which does not satisfy this threshold be deemed beneficial to manage as part of the AM program by both the Asset Management Working Group and the asset's managing department, it will be incorporated with the program.

9) The Town will align all AM activities with financial plans related to municipal water and wastewater assets including those prepared under the *Safe Drinking Water Act, 2002*. Studies or reports which support financial planning for these assets will also be consulted to ensure growth of the AM program remains aligned with other strategic planning. Examples of applicable documents are listed below:

- i. Water and sewer operating budget
- ii. Water and sewer capital budget
- iii. Water rate study and financial report



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- iv. OCWA water system reports
- v. OCWA wastewater facility performance reports

10) The Town will consult any existing AM plans when preparing short and long-term infrastructure budgets. The AM plan provides insight as to the level of funding required to achieve short-term operating and maintenance goals which can be reviewed during the annual budgeting period. In addition, long-term asset information such as projected lifecycle activities and the level of service to be provided over extended time periods is also included in the AM plan and can assist when planning for asset replacement or other large infrastructure investments.

11) The Town will ensure its AM activities are aligned with the Province of Ontario's land-use planning specifications, including applicable policy statements under section 3 and provincial plans listed in the *Planning Act*. Prior to creating, modifying, or discontinuing an element of the AM program, the Town will ensure the *Planning Act* has been considered and that the activity is within compliance.

The AM program will also be developed in a manner that supports objectives in the Official Plan for both the Town of Shelburne and County of Dufferin. These include planning for a sustainable community, providing a level of service that ensures safety and quality of life, and to provide infrastructure in a way which promotes financial viability over an asset's lifecycle.

12) The Town will coordinate its AM program with upper-tier or neighbouring municipalities, where possible, in respect to the management of assets which are connected, interrelated, or share ownership. Opportunities for collaboration will be explored should a joint approach to a project be deemed both feasible and beneficial to the affected municipalities.

13) The Town will permit external engagement, where possible, to allow residents and other parties to share input regarding the municipality's AM program.

14) The Town will ensure its SAMP and subsequent AMPs are publicly available for viewing or download on its website and will ensure physical copies of the documents are available upon request. Additionally, the Town will ensure all AM documentation is compliant with the *Accessibility for Ontarians with Disabilities Act, 2005*.

15) The Town will conduct a review of its SAMP every five years and update the document as needed.



6. ALIGNMENT WITH THE TOWN OF SHELBURNE STRATEGIC PLAN:

The AM program and the SAMP will support and will be closely aligned with the Town of Shelburne's Strategic Plan, including Council's Vision, Mission, Values and Goals (as updated with each term of council). In approving the SAMP, Council will have the opportunity to ensure the policy (when regularly amended) will promote and set the framework for a sustainable and responsible approach to AM. This ensures the municipality has the tools and resources needed to foster a strong community.

7. ALIGNMENT WITH OTHER ASSET MANAGEMENT PLANS:

In development of this policy, alignment to the current AMP (2016) was maintained where possible. The AMP (2016) presents a high-level review of the AM process for core municipal infrastructure assets and offers insight to the overall rating of infrastructure. The plan details current and historical investment, useful life, condition, forecasted lifecycle activities, level of service, and financial recommendations for the Town's assets. Aspects of the approaches outlined in the AMP (2016) for topics such as measuring the level of service are reiterated throughout this policy in order to maintain alignment between the two documents.

To ensure a consistent approach to the management of capital assets, existing AM documentation will be consulted when sections of the AM program are under review or new segments are being developed. Efforts will be made to write new AM documentation with as close alignment to existing policies and plans where possible.

8. ROLES AND RESPONSIBILITIES:

The Town's AM program will require continuous effort and support from various stakeholders throughout the organization. The responsibilities will be as follows:

1) Council

- i. Approve the SAMP and AMP, including any subsequent amendments
- ii. Approve the funding required for the AM program
- iii. Establish acceptable levels of service
- iv. Conduct an annual review of the municipality's AM program as specified in section 10

2) Executive Lead (CAO)

- i. Review and endorse the SAMP and AMP, including any subsequent amendments
- ii. Supervise AM initiatives and ensure the program is aligned with any strategic planning of the municipality
- iii. Review established levels of service
- iv. Review and approve documents proposed by the Asset Management Working Group



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- 3) Asset Management Working Group (Treasurer, Director of Development and Operations, Deputy Treasurer, and GIS Coordinator)
 - i. Endorse the SAMP and AMP, including any subsequent amendments
 - ii. Supervise AM initiatives and ensure the program is aligned with any strategic planning of the municipality
 - iii. Monitor levels of service and ensure they are achieved
 - iv. Administration of the asset inventory
 - v. Ensure resources required to maintain the AM program are available
 - vi. Conduct a review of the SAMP at least every five years and update it as needed, as specified in section 8.

- 4) Departmental Staff
 - i. Submit updates for the asset inventory to the Asset Management Working Group
 - ii. Evaluate asset condition and level of service
 - iii. Implement new AM program initiatives

- 5) Other Stakeholders (OCWA and Engineering)
 - i. Apply new business protocols and procedures developed as part of the AM program
 - ii. Engage with the implementation of AM activities
 - iii. Report on asset condition and level of service

9. PRINCIPLES:

The Town will recognize the following principles when implementing its strategic AM program, as outlined in section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015*:

- 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.



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- 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,
 - 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*,
 - iii. the Lake Simcoe Protection Plan established under the *Lake Simcoe Protection Act, 2008*, and



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iv. transportation plans adopted under the *Metrolinx Act*, 2006.

- 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), 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.

10. SCHEDULE OF REVIEW:

As specified in Ontario Regulation 588/17, Council is required to review the municipality's AM progress by July 1 each year, beginning the year after the municipality has completed the Ontario Regulation 588/17 section 6 AMP, required by July 1, 2024. The Regulation notes the annual review must consider:

- 1) The municipality's progress in implementing its AMP;
- 2) Any factors impeding the municipality's ability to implement its AMP; and
- 3) A strategy to address the factors described above

Additionally, the SAMP and section 6 AMP must be reviewed at least once every five years and updated as needed. The Asset Management Working Group will be responsible for the audit and any amendments to the policy, which will be subject to principal approval by the CAO and final approval by Council.



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Town of Shelburne Strategic Asset Management Policy

Schedule A

Capitalization Thresholds

The following capitalization thresholds were established as part of the Town of Shelburne PSAB 3150 Policies presented on September 22, 2008. Each threshold was separated based on asset aggregation level and whether it applies to a single or pooled capital asset.

Asset Type	Single Asset Capitalization Threshold	Pooled Asset Capitalization Threshold
Land	Capitalize only	Capitalize only
Land Improvement	\$5,000	\$25,000
Buildings & Improvements	\$15,000	\$25,000
Leasehold Improvements	\$15,000	\$25,000
Vehicles	\$5,000	\$25,000
Equipment	\$5,000	\$25,000
Infrastructure	\$25,000	\$25,000