

**THE CORPORATION OF THE TOWNSHIP OF
MCGARRY**

**BY-LAW NO. 2019 - 25
A Bylaw to adopt a Strategic Asset Management
Policy for the Township of McGarry**

WHEREAS under Section 8 of the *Municipal Act, 2001, S.O. 2001, c.25, as amended*, the powers of a municipality shall be interpreted broadly to enable it to govern its affairs as it considers appropriate and to enhance the municipality's ability to respond to municipal issues;

AND WHEREAS under Section 9 of the *Municipal Act, 2001, S.O. 2001, c.25, as amended*, a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS under Section 10(1) of the *Municipal Act, 2001, S.O. 2001, c.25, as amended*, a single-tier municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS Sections 3 and 4 of *Ontario Regulation 558/17*, made under the *Infrastructure for Jobs and Prosperity Act (2015)*, requires municipalities to prepare a Strategic Asset Management Policy;

NOW THEREFORE the Council of the Corporation of the Township of McGarry enacts as follows that:

1. Attached hereto and forming Schedule "A" to this by-law is adopted as the "Strategic Asset Management Policy" for the Township of McGarry.
2. That the Clerk of the Township of McGarry is hereby authorized to make any minor modifications or corrections of an administrative, numerical, grammatical, semantical or descriptive nature to the by-law and schedule, after its passage, where such modifications or corrections do not alter the intent of the by-law or its associated schedules.
3. This by-law shall come into full force and effect upon the date of its passing.

READ a first, second and third time, enacted and passed this 10th day of September, 2019


Matt Reimer, Mayor


Anne Kmyta, Clerk Treasurer

1.0 Terms & Definitions

In this policy the following definitions are used:

"Asset" - An item, thing or entity that has potential or actual value to an organization;

"Asset Management" (AM) – The coordinated activity of an organization to realize value from assets. It considers all capital asset types, and includes all activities involved in the asset's life cycle from planning and acquisition/creation; to operational and maintenance activities, rehabilitation, and renewal; to replacement or disposal and any remaining liabilities. Asset management is holistic and normally involves balancing costs, risks, opportunities and performance benefits to achieve the total lowest lifecycle cost for each asset;

"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. Under O. Reg. 588/17, by 2023 AMPs for core municipal infrastructure assets will be required to include: the current levels of service being provided; the current performance of each asset category; a summary of assets in each asset category, their replacement cost, average age, condition information, and condition assessment protocols; lifecycle activities required to maintain current levels of service; discussion of population and economic forecasts; and documentation of processes to make inventory and condition related background information available to the public;

"Asset Management Steering Committee" – The Township has developed a steering committee to assist in developing and administering the Asset Management Plan. The Asset Management Steering Committee is comprised of the following positions: Clerk Treasurer, Public Works Superintendent. Council Representatives and additional staff may be delegated to participate as appropriate;

"Capitalization Thresholds" — The Township's Asset Management Policy applies to all assets whose role in service delivery requires deliberate management by the Township. The Service-focus intent of this policy differentiates its requirements for identifying assets from the capitalization thresholds which are developed for the purposes of financial reporting. For this reason, the capitalization threshold developed for financial reporting will not be the guide in selecting the assets covered by the asset management planning process;

"Level of service" (LOS) – Parameter or combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers. Parameters can include, but are not necessarily limited to, safety, customer satisfaction, quality, quantity, capaxTownship, reliability, responsiveness, environmental acceptability, cost, and availability;

"Lifecycle activities" – Activities undertaken with respect to a municipal infrastructure asset over its service life, including constructing, maintaining, renewing, operating and decommissioning, and all engineering and design work associated with those activities;

"Municipal infrastructure asset" – An infrastructure asset, including a green infrastructure asset, directly owned by a Township or included on the consolidated financial statements of a Township, but does not include an infrastructure asset that is managed by a joint municipal board and/or corporation;

2.0 Purpose:

The purpose of this policy is to provide leadership in and commitment to the development and implementation of the Township'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 now and in the future.

By using sound asset management practices, the Township 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 Township 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.

3.0 Policy Statement

The Township of McGarry aims to uphold the following policy statements in managing its capital infrastructure:

1. The Township will implement a municipal-wide Asset Management Program that will promote lifecycle and risk management of the Township's capital infrastructure assets. A primary goal will be to achieve the lowest total cost of ownership while meeting desired levels of service. Levels of service (LOS) refer to the outcomes or service attributes that the Township aims to deliver for its residents and can include both technical and qualitative components.
2. The Township will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
 - i. Comprehensive and Accurate Asset Data
 - ii. Condition Assessment Protocols
 - iii. Risk and Criticality Models
 - iv. Lifecycle Management
 - v. Financial Strategy Development
 - vi. Level of Service Framework
3. The Township will develop and maintain an asset inventory of all municipal capital infrastructure assets which includes unique ID; description; location information; value (both historical and replacement); performance characteristics and/or condition; estimated remaining life and estimated repair, rehabilitation or replacement date; and estimated repair, rehabilitation or replacement costs.

4. The Township will develop and maintain an Asset Management Plan that incorporates all infrastructure categories and municipal capital infrastructure assets as per the legislated requirements. The capitalization threshold guidelines in the Township's Tangible Capital Asset Policy will be applied as a baseline. The Asset Management Plan will address its core municipal capital infrastructure assets by July 1, 2021 and all other municipal capital infrastructure assets by July 1, 2023. The Asset Management Plan will be updated at least every five years thereafter in accordance with O. Reg. 588/17.
5. The Township will integrate asset management plans and practices with its long-term financial planning and budgeting strategies. This includes the development of financial plans that determine the level of funding required to achieve short-term operating and maintenance needs, in addition to long-term funding needs to replace and/or renew municipal capital infrastructure assets based on full lifecycle costing.
6. The Township will identify appropriate funding for its capital infrastructure and for financing service delivery. This may include taxation or user fee revenues, grant programs, debt-financing, public-private partnerships (P3), alternative financing and procurement (AFP), or the shared provision of services.
7. The Township will develop meaningful performance metrics and reporting tools to transparently communicate and display the current state of asset management practice to Council and the community.
8. The Township will consider the risks and vulnerabilities of municipal capital infrastructure assets to climate change and the actions that may be required, including, but not limited to: anticipated costs that could arise from these impacts, adaptation opportunities, mitigation approaches, disaster planning, and contingency funding. Impacts may include matters relating to operations, levels of service and lifecycle management.
9. The Township will ensure that asset management planning is aligned with financial reports related to the Township's water capital assets, including any financial plans prepared under the Safe Drinking Water Act, 2002; as well as financial reports related to the Township's wastewater capital assets and long-range capital plans developed as a part of an the Asset Management Plan as adopted in January 2014.
10. The Township will integrate asset management plans and practices with its long-term financial planning and budgeting strategies. This includes the development of financial plans that determine the level of funding required to achieve short-term operating and maintenance needs, in addition to long-term funding needs to replace and/or renew municipal infrastructure assets based on full lifecycle costing.
11. The Township will align all asset management planning with the Province of Ontario's land-use planning framework, including any relevant policy statements issued under section 3(1) of the *Planning Act*; shall conform with the provincial plans that are in effect on that date; and, shall be consistent with all municipal official plans.

12. The Township will coordinate planning for interrelated municipal infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.
13. The Township will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning where appropriate.
14. The Township will review and, if necessary, update this Asset Management Policy at least every five years following July 1, 2019.

4.0 Policy Scope

This policy applies to all departments involved in planning, maintaining, or operating the Township's capital infrastructure assets.

The Township is responsible for providing a range of services to the community, including but not limited to: transportation networks and infrastructure; storm water management; potable water; wastewater collection and treatment; fire & emergency services; and recreation opportunities. To deliver these services, the Township owns and manages a diverse capital infrastructure asset portfolio including but not limited to roads, culverts, parks, watermains, wells, sanitary and storm sewers, water and wastewater treatment plants, trails, libraries, recreational facilities and equipment.

Asset management refers to the set of policies, practices and procedures that enable the Township to realize maximum value from its capital infrastructure assets. The Township is responsible for operating and maintaining machinery, equipment, and other capital assets to support the delivery of services to residents. The Township recognizes the importance of implementing an effective approach to the management of its capital infrastructure assets in order to maximize asset lifecycles cost-effectively and deliver appropriate levels of service for residents.

The Township's Asset Management Plan will align with provincial legislation, such as the Infrastructure for Jobs and Prosperity Act and the Planning Act and its regulations.

The approval of this policy is an important step towards integrating the Township's strategic mission, vision and goals with its Asset Management Program and ensuring that critical municipal capital infrastructure assets and vital services are maintained and provided to the community in a reliable, sustainable manner.

5.0 Policy Principles

In Section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015* the following principles are set out to guide asset management planning in municipalities in Ontario. The Township of McGarry will strive to incorporate the following principles whenever possible into the day to day operation of the Township:

- Forward looking: The decision-makers shall take a long-term view when considering infrastructure planning and investment while consider the needs of citizens by being mindful of, among other things, demographic and economic trends.
- Budgeting and planning: Infrastructure planning and investment shall consider any applicable budgets or fiscal plans, including those adopted through Ontario legislation.
- Prioritizing: Infrastructure priorities shall be clearly identified in order to better inform decision-makers with respect to infrastructure investment decisions.
- Economic Development: Infrastructure planning and investment shall promote economic competitiveness, productivity, job creation and training opportunities.
- Transparency: Infrastructure planning and investment shall 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.
 - 1) investment decisions regarding infrastructure shall be made on the basis of information that is either publicly available or is made available to the public, and
 - 2) information with implications for infrastructure planning shall be shared between the Township and broader public sector entities, and should factor into investment decisions respecting infrastructure.
- Consistency: Infrastructure planning and investment shall ensure the continued provision of core public services, such as health care and education.
- Environmentally conscious: Infrastructure planning and investment shall minimize the impact of infrastructure on the environment, respect ecological and biological diversity, and support resilience to climate change
Health and safety: Infrastructure planning and investment shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
- Community focused: Infrastructure planning and investment shall promote community well-being, such as local job creation and training opportunities, improvement of public spaces, accessibility for persons with disabilities or other relevant benefits identified by the Township and community.
- Innovation: Infrastructure planning and investment shall 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.

- Integration: 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 Township, as the case may be, the Township shall nevertheless be mindful of those plans and strategies and make investment decisions regarding infrastructure that support them, to the extent that they are relevant.
- Risk-based: Direct our resources, expenditures, and priorities in a way that achieves the established levels of service & benefits at an acceptable level of risk.
- Compliant: Comply with all relevant legislative, regulatory and statutory requirements.

5.1 Guidelines and Practices

Strategic Alignment

The Township of McGarry will be, or has previously developed and adopted a Strategic Plan, an Official Plan, an Emergency Management Plan, a Multi-Year Accessibility Plan, a Community Improvement Plan, and an Asset Management Plan. These plans are designed to meet the legislative requirements and work together to achieve the Township's mission of providing innovation and excellence in service delivery. Spending requirements defined in the budgeting process and in long-term financial planning will reflect the objectives of these plans.

All of the Township's plans rely, to some extent, on the physical assets owned by the Township and the commitment of staff to ensure their strategic use. This includes the long-term maintenance, repair, and replacement of existing assets along with the acquisition of new assets to meet the evolving needs of the Township.

Asset management planning therefore will not occur in isolation from other municipal goals, plans and policies.

Stakeholder Engagement

The Township recognizes the importance of stakeholder engagement as an integral component of a comprehensive asset management approach. The Township recognizes the residents, businesses and institutions in its community as stakeholders and neighboring municipal bodies, provincial agencies, and regulated utilities partners in service delivery. Accordingly, the Township of McGarry will foster informed dialogue with these parties using the best available information and engage with them by:

- Providing opportunities for residents and other stakeholders served by the Township to provide input in asset management planning; and
- Coordinating asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

Community Planning

Asset management planning will be aligned with the Township's Official Plan and the Provincial Policy Statement of the Planning Act. The Asset Management Plan will reflect how the community is projected to change with respect to development. The Township will achieve this by consulting with those responsible for managing the services to analyze the future costs and viability of projected changes. The combination of lifecycle analysis and financial sustainability principles will be the driver in the selection of community development or redevelopment that requires new assets, or existing asset enhancements. Methods, assumptions, and data used in the selection of projected changes should be documented to support the recommendations in the Asset Management Plan.

Cross-referencing the Township's Official Plan and the Asset Management Plan will ensure that development occurs within the Township's means through an understanding of current and future asset needs.

Climate Change

Climate change will be considered as part of the Township's risk management approach embedded in local asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impact and other risks with the cost of reducing these vulnerabilities. Bolstering resilience to climate change includes adapting to opportunities to manage vulnerabilities, anticipating possible costs to support contingency funds, and disaster planning to allow for business continuity. These actions will be taken in addition to acquiring or modifying assets based on greenhouse gas reduction targets. The Township will continue to work with our stakeholders to support climate change mitigation and adaptation.

Scope and Capitalization Thresholds

This policy applies to all assets owned by the Township whose role in service delivery requires deliberate management by the Township. The Township will use a service- based (qualitative) perspective when applying this policy to municipal assets, rather than a monetary value (quantitative). The service-focus intent of this policy differentiates its requirements for identifying assets from the capitalization thresholds that are developed for the purposes of financial reporting. For this reason, the capitalization threshold developed for financial reporting will not be the guide in selecting the assets covered by the asset management planning process.

Financial Planning and Budgeting

The Township will integrate asset management planning into the annual capital budget, operating budget, and its long-term financial plan. The Asset Management Plan will be used as a resource in order to:

- Identify all potential revenues and costs (including operating, maintenance, replacement and decommissioning) associated with forthcoming infrastructure asset decisions; and
- Evaluate the validity and need of each significant new capital asset, including considering the impact on future operating costs; and incorporate new revenue tools and alternative funding strategies where possible.

The department level budget will be prepared by the Clerk-Treasurer and/or the Public Works Superintendent in the preparation of the Township's annual budget. The Asset Management Plan will be referenced to determine forecasted spending needs, identify potential gaps, and prioritize spending needs, across the gap identified in the plan and recent developments, for the year to be budgeted for. Finance staff will be involved in the asset management planning process to coordinate the information from the service personnel in the preparation of the budget submission.

For the purposes of managing water and wastewater assets, the water and wastewater financial plans will be used as a basis for establishing user fees, and master plans will be referenced in order to ensure alignment with the budgeting process.

7.0 Governance and Continuous Improvement

The policy requires the commitment of key stakeholders within the Township's organization to ensure the policy guides the development of a clear plan that can be implemented, reviewed and updated.

The 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. The Council and Senior Management are committed to the success of asset management planning. The following details the responsibilities of the key stakeholders within the Municipality.

Council:

Approve by resolution the Asset Management Plan and its updates every five years;

Conduct annual reviews of the management plan implementation progress on or before July 1st of every year, that includes:

- Progress on ongoing efforts to implement the asset management plans;
- Consideration of the Strategic Asset Management Policy;
- Any factors affecting the ability of the Municipality to implement its Asset Management Plan;
- Consultation with Senior Management;
- A strategy to address these factors including the adoption of appropriate practices; and
- Support ongoing efforts to continuously improve and implement the asset management plans.

Clerk Treasurer

Maintain compliance with the asset management policy and provincial asset management regulations.

Asset Management Steering Committee:

Oversee asset management planning activities that fall within their service area and in support of others.