

Council Policy



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Number:	CP-015
Title:	Strategic Asset Management
Type:	Financial Management
Sub-type:	Asset Management
Owner:	Finance and Technology
	Financial Planning
Approved By:	Council
Approval Date:	April 29, 2019
Effective Date:	April 29, 2019
Revised Date:	June 24, 2024
Applicable to:	All Departments

1. Legislative or Administrative Authority:

1.1. This policy was developed in accordance with the [Infrastructure for Jobs and Prosperity Act, 2015](#), which gives the province the authority to guide municipal asset management planning through regulation. This policy was also developed in accordance with [O. Reg 588/17: Asset Management Planning for Municipal Infrastructure](#) which requires municipalities to develop a Strategic Asset Management Policy.

1.1.1. The following resolution was passed by Council regarding the Strategic Asset Management Policy:

Resolution #GG-220-19 (April 15, 2019)

That Report FND-010-19 be received; and

That the Strategic Asset Management Policy attached to Report FND-010-19 be approved.

2. Purpose:

2.1. The Municipality of Clarington is required by *O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure*, under the *Infrastructure for Jobs and Prosperity Act, 2015*, to publish a Strategic Asset Management Policy.

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3. Scope:

- 3.1. This policy applies to all assets owned by the Municipality of Clarington which are currently supporting provision of services. Assets which have been declared surplus and are actively being marketed are not included in the scope of this policy.

4. Definitions:

- 4.1. **Asset** - means an infrastructure asset directly owned by the Municipality or included on the Municipality's consolidated financial statements.
- 4.2. **Asset Management** - means the coordinated set of activities required to realize optimal value from municipal Assets. Involves balancing costs, opportunities and risks against the desired performance of Assets to achieve strategic objectives.
- 4.3. **Asset Management Plan** - means the documented information that specifies the activities required for an individual Asset, or group of Assets, to achieve the Municipality's Asset Management objectives.
- 4.4. **Capitalization Threshold** – means the minimum cost an individual asset must have before it is to be recorded as a capital asset for financial reporting purposes. The thresholds are outlined in the Municipality's Capitalization Policy.
- 4.5. **Lifecycle Activities** – means activities undertaken, with respect to a municipal asset over its service life, that would result in either a capital or significant operating cost. This may include, but is not limited to, activities such as construction, maintenance, rehabilitation, and replacement.
- 4.6. **Lifecycle Costs** – means the costs associated with Lifecycle Activities.
- 4.7. **Level of Service** - means defined measure(s) that evaluate the effectiveness of a particular activity as perceived by customers or in relation to a technical standard or service.

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5. Policy Requirements:

Strategic Alignment

- 5.1. The Municipality of Clarington envisions building a connected, dynamic and welcoming community. This vision requires the alignment of many initiatives and it is crucial that all existing and planned asset decisions support both the recommended levels of service and the long term vision for the community.
- 5.2. These levels of service will be determined by comparing and developing performance measures adopted during the preparation of the Asset Management Plan. The Municipality will reference the metrics required for departments to measure service levels and support recommendations with financial sustainability. The Asset Management Plan should be a foundational document when considering asset decisions, desired levels of service and current and future budgets.
- 5.3. Asset management planning cannot occur independent of other municipal plans and objectives. A holistic approach will be employed to develop a practical asset management plan that coordinates the responsibilities and ambitions of our community's municipal plans. Council and senior management will review this policy at least once every five years and adopt an asset management planning approach that integrates:
 - 5.3.1. Municipal Budget
 - 5.3.2. Corporate Strategic Plan
 - 5.3.3. Official Plan and Secondary Plans
 - 5.3.4. Development Charge Studies
 - 5.3.5. Climate Change Mitigation and Adaptation Plans
 - 5.3.6. Master Plans

Guiding Principles

- 5.4. The *Infrastructure for Jobs and Prosperity Act, 2015* sets out principles to guide asset management planning for municipalities in Ontario. The

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Municipality of Clarington shall incorporate the following principles for asset management priority setting, planning and investment:

- 5.4.1. **Forward Looking:** The Municipality shall take a long-term view while considering demographic and economic trends in the Region of Durham.
- 5.4.2. **Budgeting and Planning:** The Municipality shall 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*.
- 5.4.3. **Prioritizing:** The Municipality shall clearly identify infrastructure priorities which will drive investment decisions.
- 5.4.4. **Economic Development:** The Municipality shall promote economic competitiveness, productivity, job creation and training opportunities.
- 5.4.5. **Transparency:** The Municipality shall be evidence-based and transparent. Additionally, subject to any prohibition under an Act or otherwise by law on the collection, use, or disclosure of information, the Municipality shall:
 - i. Make decisions with respect to infrastructure based on information that is publicly available or made available to the public, and
 - ii. Share information with implications on infrastructure and investment decisions with the Government and broader public sector entities.
- 5.4.6. **Consistency:** The Municipality shall ensure the continued provision of core public services.
- 5.4.7. **Environmental Conscious:** The Municipality shall minimize the impact of infrastructure on the environment by respecting and helping maintain ecological and biological diversity, by augmenting resilience to effects of climate change and by endeavoring to make use of acceptable recycled aggregates where feasible.
- 5.4.8. **Health and Safety:** The Municipality shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
 - i. **Innovation:** The Municipality shall create opportunities to make use of innovative technologies, services and practices, particularly where doing

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so would utilize technology, techniques, and practices developed in Ontario.

- ii. **Integration:** The Municipality 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.
- iii. **Community Focused:** The Municipality 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 local job creation and training opportunities, improvement of public spaces within the community, and promoting accessibility for persons with disabilities.
- iv. **Customer Focused:** The Municipality will have clearly defined levels of service and apply asset management practices to maintain the confidence of customers in how municipal assets are managed.
- v. **Service Focused:** The Municipality will consider all the assets in a service context and take into account their interrelationships as opposed to optimizing individual assets in isolation.
- vi. **Risk Based:** The Municipality will manage the asset risk associated with attaining the recommended 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.
- vii. **Value-based Affordable:** The Municipality will choose practices, interventions and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying recommended levels of service. Decisions are based on balancing service levels, risks, and costs.
- viii. **Sustainable Development:** The Municipality shall ensure that the future development of Clarington is pursued in a manner that ensures that current needs can be met without compromising the ability of future generations to meet their own needs.

Capitalization Thresholds

- 5.5. The Strategic Asset Management Policy applies to all municipal assets actively managed in their service delivery. Assets may also be subject to the capitalization thresholds set out in the Capitalization Policy and recorded in the Municipality's financial statements. The service provided by an individual or pooled asset will be the determining factor for inclusion in the asset

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management plan; this may also result in the asset not being recorded as an asset for financial reporting purposes.

Governance and Continuous Improvement

- 5.6. The Municipality requires the commitment of key stakeholders for the organization to ensure that the policy creates appropriate practices in asset management planning that can be implemented, reviewed and adapted.
- 5.7. Council are the stewards of all municipal assets and are responsible for their oversight on behalf of citizens. By resolution, Council will approve an asset management plan and its updates every five years as well as support the ongoing efforts to continuously improve and implement this plan. Council commits to an annual review of progress regarding implementation, obstacles, consultation with department heads and strategies to address impediments. The strategic asset management policy will also be reviewed by staff periodically to ensure consistency with other municipal strategic documents.
- 5.8. The CAO is ultimately responsible for asset management planning for the Municipality and will maintain compliance with the regulation. This role will be directly supported by the Treasurer who will be responsible for the strategic financial management of the asset management plan. Department Heads will support their services areas and update long and short-term asset requirements in coordination with the annual budget process.
- 5.9. Continuous improvement is the hallmark of asset management, and the Municipality will employ a framework that will strategically focus on efficiencies and effectiveness. The CAO will endorse, and Council shall approve by resolution the asset management plan and annual update reports on the following schedule:
 - 5.9.1. Asset Management Plan: Phase 1 (Core Assets) to be issued on or before July 1, 2022.
 - 5.9.2. Asset Management Plan: Phase 2 (Non-core Assets) to be issued on or before July 1, 2024.
 - 5.9.3. Asset Management Plan: Phase 3 (Financing Strategy and Proposed Levels of Service) to be issued on or before July 1, 2025.

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- 5.9.4. Asset Management Plan: Reviews to be issued on a rolling five-year cycle, beginning no later than July 1, 2027.
- 5.9.5. Subsequent asset management plans to be issued on a five-year cycle commencing no later than July 1, 2027.

Budgeting

- 5.10. The asset management plans and the progress made will be considered annually in the creation of the Municipality's capital budgets, operating budgets, and long-term financial plans. Plans will also be referenced by the service area's department head in their preparation of their budget submission to assist in identifying all potential revenues and costs including operating, maintenance, replacement, and decommission. Prospective earnings and expenses associated with future infrastructure and asset decisions will be evaluated on the validity and need of each new capital asset, including the impact on future operating costs and will incorporate new revenue tools and alternative funding strategies where possible.
- 5.11. Finance will be involved in asset management planning to facilitate and bridge between the financial strategies developed in the asset management plan, the budget submissions of each service area, the budgeting process as a whole and the Municipality's strategic documents.

Community Planning

- 5.12. Best practice in asset management planning is ensuring alignment with the Municipality's Official Plan. Partnering these documents will determine how the community is projected to change and inform asset management decisions regarding levels of service, location and affordability in development and redevelopment areas. Clarington's Official Plan recognizes three key principles that provide direction in community planning; sustainable development, healthy communities and growth management.

Sustainable Development

- 5.13. Development in Clarington will be pursued in a manner that ensures current needs are met without compromising the ability of future generations to meet their needs. The Asset Management Plan will incorporate considerations regarding climate change and sustainable resource management in an effort to

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mitigate and adapt to our dynamic environment, protect the integrity and vitality of natural systems and processes, and support the transition to a clean energy economy.

Healthy Communities

- 5.14. Healthy communities will nurture the well-being of residents and endeavor to provide the highest quality of life. The Asset Management Plan will pursue excellence in urban design, public safety, economic vitality, diversity, accessibility and active lifestyles through the integration of land uses and the development of complete communities.

Growth Management

- 5.15. Growth management recognizes the importance of sustainable development and healthy communities and applies those principles to the land development process. The Asset Management Plan will utilize the most recent Development Charges Background Study to forecast municipal expansion of assets for urban growth and encourage balanced growth and compact urban form to align with municipal financial resources. Growth management will extend assets in an orderly, cost-effective manner through an understanding of current and future needs.

Climate Change

- 5.16. Municipalities play an essential role in developing climate change solutions locally and are often on the front lines of responding to climate change impacts. The Municipality has made great strides to protect the environment and develop sustainable communities addressing the complexity and realities of climate change with coordinated, cross-corporate action. A key element in advancing these efforts is the integration of climate change considerations into asset management planning.
- 5.17. The Municipality commits to the development of local actions that will support the reduction of greenhouse gas emissions and the adaptation of buildings and infrastructure to be more resilient to the adverse impacts of climate change. In applying a climate change lens to asset management planning, integrating the levels of service and adhering to maintenance schedules the Municipality's disaster response plans and contingency funding will be enhanced, while addressing the capital infrastructure deficit. Efforts will be made to reduce the

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life cycle costs of new builds, with more importance being placed on methods to improve the energy efficiency and reduce the carbon footprint of our existing assets. The asset management plan will incorporate this sustainable approach to climate change mitigation and strengthening resilience.

- 5.18. Understanding the potential risks that the Municipality could face in a changing climate is an important component of the Municipality's risk management approach and asset management planning. Balancing the potential cost of vulnerabilities, changing environmental conditions and asset planning will contribute to mitigating climate change risks and associated costs.

Risk Management

- 5.19. The Municipality will work to develop risk management tools and frameworks that assist with key asset management risk decisions. Instruments that will enable the Municipality to evaluate risks and priorities consistently across the entire asset portfolio by establishing context, assess & control, apply treatments, monitor results and review assets and the potential risks.
- 5.20. Climate change research and analysis will concentrate on land usage, clean and renewable energy, active transportation, energy use and building retrofits. This approach will balance life cycle costing as we adapt to climate change impacts on new and existing assets. Efforts will be made to reduce life cycle costs of new builds and more importance will be placed on methods to improve the energy efficiency of our existing assets.

Stakeholder Engagement

- 5.21. Creating the opportunity for residents, businesses, institutions and our neighbours to engage the Municipality in asset management decisions and the municipal services they need is invaluable. Stakeholders can help align corporate strategies with operations through insights for asset management coordination and planning when platforms are made readily available. The Municipality will foster informed dialogue with these parties and engage with them by:
- 5.21.1. Providing information on our website for stakeholders served by the municipality on appropriate asset management planning;

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- 5.21.2. Coordinating asset management planning with other departments and strategic documents;
- 5.21.3. Striving to develop a social media presence dedicated to updating stakeholders on upcoming asset management developments.
- 5.21.4. Holding, when appropriate, public meetings to receive concerns, questions and comments from stakeholders on specific asset management planning decisions.

6. Roles and responsibilities

6.1. Council is responsible for:

- 6.1.1. Approving, by resolution, the Municipality's Asset Management Plan and updates every five years.
- 6.1.2. Approving, by resolution, any updates to the Strategic Asset Management Policy resulting from the policy reviews conducted every five years.
- 6.1.3. Supporting the implementation of the Asset Management Plan and ongoing efforts to improve the Plan and ensure it includes changes necessitated by the updates to other strategic documents.

6.2. Chief Administrative Officer (CAO) is responsible for:

- 6.2.1. Endorsing the Strategic Asset Management Policy and Municipal Asset Management Plan.
- 6.2.2. Maintain compliance with the Strategic Asset Management Policy and *O. Reg 588/17: Asset Management Planning for Municipal Infrastructure*, in conjunction with the Deputy CAO/Treasurer, or delegate.

6.3. Deputy CAO/Treasurer, or delegate, is responsible for:

- 6.3.1. Developing the Municipality's Asset Management Plan and presenting to Council for consideration and endorsement.
- 6.3.2. Completing periodic updates of the Municipality's Asset Management Plan, in accordance with *O. Reg 588/17*, and presenting the updates to Council for endorsement.

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6.3.3. Completing periodic reviews of the Municipality's Strategic Asset Management Policy, in accordance with *O. Reg 588/17*, and presenting any resulting updates to Council for endorsement.

6.3.4. Collaborating with representatives from other divisions and departments to ensure the data presented in the Asset Management Plan is reflective of current assumptions.

6.4. Deputy CAOs, Directors and Managers are responsible for the following within their scope of authority:

6.4.1. Designating staff resources to assist with the preparation of the Asset Management Plan.

6.4.2. Reviewing and confirming the accuracy of the asset information included in the Asset management Plan.

6.4.3. Ensuring the effective management of assets by developing service level plans that address the needs outlined in the Asset Management Plan.

6.4.4. Ensuring that assets are being maintained in a manner that allows them to perform up to their desired levels of service.

7. Related Documents:

7.1. Not Applicable

8. Inquiries:

Manager, Financial Planning/Deputy Treasurer

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9. Revision History:

Date	Description of Changes	Approved By
June 17, 2024	<ul style="list-style-type: none">• Update for change to the new Council Policy format• Add roles and responsibilities section• Update policy to reflect legislation changes that have occurred since the previous policy.	Council