

Item:



Finance, Administration and Audit Committee Report

DATE: Monday, March 04, 2019

WARD(S): ALL

TITLE: POLICY: STRATEGIC ASSET MANAGEMENT

FROM:

Zoran Postic, Interim Deputy City Manager, Public Works

ACTION: DECISION

Purpose

This report requests Council approval of a new legislative policy for the strategic management of physical infrastructure assets. This policy provides direction and further support for a consistent, coordinated and affordable approach to infrastructure asset management across City Departments and ensures compliance with O.Reg 588/17: Asset Management Planning for Municipal Infrastructure, issued by the Province.

Report Highlights

- New asset management policies embed the principles of sustainability and resilience in corporate decision-making about infrastructure to make the best use of available funds to deliver services
- Policies direct future Asset Management Plans to reflect community and stakeholder expectations for City services, while managing risk in a way that is affordable both today and tomorrow
- Communicating with citizens in terms they can understand helps increase engagement and supports Council with policy changes

Recommendations

1. Council approve the attached Asset Management Policy

Background

Infrastructure assets are built, owned, operated and maintained by the City

Assets are essential to provide the necessary services that contribute to the high quality of life enjoyed by City of Vaughan residents. It is imperative to ensure services are delivered in a safe, reliable and efficient manner, while sustaining a growing community.

The City is committed to sustainable asset management practices

The Policy provides a framework to ensure long-term asset sustainability and demonstrate fiscal stewardship for the City's growing and aging asset base. The policy as well outlines roles and responsibilities across the corporation, which are critical to successful implementation of the City's asset management programs.

Overall responsibility of asset management is shared across City departments to effectively and continuously assess, evaluate and improve asset management programs to deliver services balanced against considerations of costs and risks.

Over the last five years, the City has continued to grow its asset base and advance asset management programs to manage its assets. Examples of initiatives implemented through proactive asset management include assessing the condition of buildings like community centers, modeling the deterioration of buried pipes in the water distribution system, and evaluating the remaining life on playground equipment to better inform decisions about maintenance, rehabilitation, replacement and disposal.

Asset Management Planning for Municipal Infrastructure Regulation came into effect in January 2018

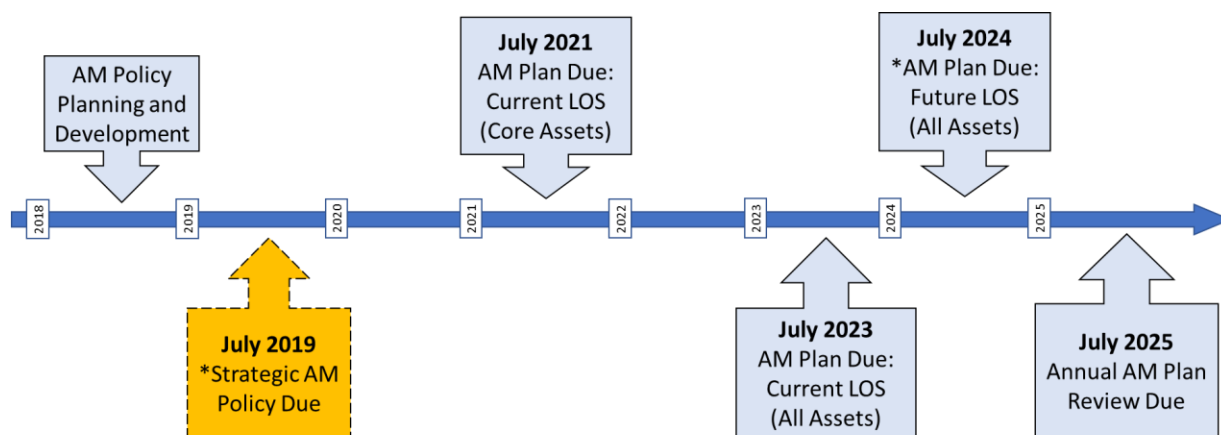
In May 2017, the Province issued the "Proposed Municipal Asset Management Planning Regulation" to implement best practices throughout the municipal sector. The Regulation is intended to provide certainty around future provincial asset management planning requirements and support resilience and sustainability as key aspects of municipal asset management planning. Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure came into effect in January 2018.

The first key action in the Regulation requires development and adoption of a strategic asset management policy by July 1, 2019

Along with the requirement for a strategic asset management policy, there is also the requirement to review and, if necessary, update the policy every five years. Several

legislated requirements are listed to be included within the policy, including a commitment to consider climate change risks and mitigation approaches and to provide opportunities for residents and interested parties to provide input into asset management planning. Asset Management Planning for Municipal Infrastructure Regulation requirements and timelines are shown below.

Regulation Timelines: Asset Management Planning for Municipal Infrastructure



[] CAM Efforts, Internal Resources

[] O.Reg 588/17: Asset Management Planning for Municipal Infrastructure Requirement

Core Assets = Water, Wastewater, Stormwater, Roads, Bridges, and Culverts

* Required every 5 years

Previous Reports/Authority

The previous staff report dated June 6, 2018 (Report No. 6, Item 12) can be accessed via the following Link:

<https://pub-vaughan.escribemeetings.com/filestream.ashx?DocumentId=4633>

Analysis and Options

The Policy is aligned with new legislation and advanced asset management practices

To develop this Policy such that it incorporates the legislated requirements outlined in the Regulation and integrates industry best practices, multiple workshops were held with senior decisionmakers in several portfolios (e.g. Finance, Policy Planning and Environmental Sustainability, Office of the Chief Information Officer, etc.), with key

stakeholders (e.g., City Manager, CFO, Policy Committee, etc.), and internal asset management specialists focusing on Sustainability, Risk, Growth, Levels of Service, and Integration.

To empower focused conversations around local and legislated requirements, the policy was divided into six components with the following content:

1. Administrative Requirements
 - strategic alignment
 - guiding principles
 - governance and continuous improvement
 - coordination at boundaries and public input
2. Critical Assets & Business Risks
 - potential risks and vulnerabilities
 - climate change
3. Land-use Planning
 - community planning
4. Infrastructure Financial Management
 - budgeting & financial planning
 - capitalization thresholds
5. Levels of Service
 - customer expectations
 - regulatory requirements
 - organizational objectives
 - performance measurement
6. Implementation and Communication Procedures
 - asset management planning inputs
 - asset management planning outputs

Policy priorities will coordinate the City's approach to asset management

While the City's requirements are broad, asset management can be generalized as a systematic process that guides the planning, acquisition, operation, maintenance, rehabilitation, replacement and disposal of physical infrastructure assets. These activities are aligned with the following four policy principles:

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.
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. 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.
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.

To enable consistent, coordinated and affordable services that meet community expectations, the City's Asset Management Policy provides eight clear objectives for asset management, across all departments:

1. Provide infrastructure and services to sustain the City of Vaughan that:
 - support the quality of life, urban environment, and cultural fabric appropriate to the City of Vaughan;
 - facilitate the changes to infrastructure needed to cater for changing communities;
 - enhance the resilience of the City's infrastructure and communities.
2. Implement a life-cycle approach to the management of infrastructure assets where:
 - asset planning decisions are based on an evaluation of alternatives that consider the "whole of life" of an asset through acquisition, operation, maintenance, renewal, and disposal;
 - the asset management cycle considers the current and future environmental, economic, cultural, and social outcomes.
3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices by:
 - establishing and monitoring levels of service for each asset class through the Asset Management Plan;
 - identifying and monitoring individual and network risks to assets and service levels for each asset class.

4. Provide a sustainable funding model that provides assets aligned with the City's long-term plans and community needs with a:
 - 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.
5. Develop and implement best value asset management practices that are environmentally sustainable and:
 - encourage a flexible and scenario-based approach through systems and plans to allow for innovative use of assets, particularly in environmental and resiliency initiatives;
 - acknowledge climate change adaptation and environmental protection are fundamental to sustainable asset management planning practices;
 - reduce resource use and promote resilience by utilizing clean technology products, services, and processes wherever possible; and
 - incorporate local, regional, provincial, federal, and international sustainability criteria including climate resilient codes and standards into greenfield development, intensification, infrastructure projects and procurement.
6. Provide reliable asset and infrastructure data through supported digital platforms demonstrated by:
 - open sourced for community use, where appropriate, such as with an asset management plan;
 - implementation of sound data governance and data quality management;
 - access to systems and information by mobile technology wherever possible.
7. Implement an integrated decision support system that:
 - provides systems and knowledge necessary to achieve priority policy outcomes;
 - proactively interrogates and models data to support informed decisions;
 - minimizes the risk of corporate knowledge and data loss;
 - manages information as efficiently as possible through the appropriate use of software, hardware and communication tools; and
 - reduces data duplication.
8. Ensure compliance with legislative requirements by:
 - aligning with infrastructure planning principles from the Infrastructure for Jobs and Prosperity Act, 2015; and

- having clear policies, processes and information to ensure that long-term organizational objectives and legislative requirements are met.

Asset management planning processes are a flexible implementation tool and illustrates how interdepartmental relationships will facilitate an affordable multi-disciplinary approach to service excellence

To deliver defined levels of service, a degree of coordination is required among stakeholders. Asset management planning processes were developed to evaluate service area requirements and citizen expectations, develop effective investment policies to strengthen leadership and governance, and continuously improve the City's asset management plans. Steps are organized logically so staff can easily locate their practice of interest. Following this planning process will ensure that asset management planning is undertaken in a consistent manner across the organization.

Citizen input plays an important role in developing and evaluating appropriate levels of service

Input from resident citizens, businesses, and customers will be key in developing level of service targets. This input will be balanced with other considerations, including the costs and risks associated with providing a defined level of service. The City's Pavement Condition Index for road surfaces is an example of a level of service.

Furthermore, ongoing and transparent feedback loops are part of the City's asset management planning process because they improve the immediate delivery of value and support the City's commitment to ensure community engagement. Feedback from those who rely on these services will help identify any gaps between what is expected and what is planned.

Adoption of the updated Corporate Asset Management Policy will complete the first step required under the Regulation

The Regulation requires development and adoption of a strategic asset management policy by July 1, 2019. By adopting this policy, Council will satisfy the first step required by the Regulation.

Additionally, this will inform further developments of the City's Asset Management Plans, while providing guidance and consistency for service areas in preparation to meet subsequent steps in the Regulation.

Similar to the City, other municipalities who have instituted asset management policies to guide the way their assets are managed include York Region, Region of Peel, City of Guelph, Region of Waterloo and City of Brampton.

Financial Impact

The Asset Management Policy supports a sustainable fiscal position

Continued implementation of the City's Asset Management Policy is essential to effectively manage infrastructure investments needs to sustain existing asset and build new ones well into the future. The City must balance infrastructure investment plans with the maintenance and rehabilitation costs of existing infrastructure in a fiscally responsible manner. Council has further supported this focus with contributions to reserves and full cost recovery pricing for a significant portion of the City's asset base.

Broader Regional Impacts/Considerations

Some of the key objectives in the City's Asset Management Policy include providing defined levels of service and engaging with residents and business owners to provide input into asset management planning. Services delivered to local municipalities include water, wastewater, waste management, transportation, facility, traffic, forestry, horticulture and other municipal services.

As partners in service delivery, residents and businesses will benefit from the City's Asset Management Policy. For example, an affordable strategy to deliver services in a safe, reliable, and efficient manner benefits each Ward and its constituents.

As required by the Asset Management Regulation, additional feedback will be gathered from stakeholders at neighbouring municipalities, including the Region of York and jointly-owned municipal bodies, where the City's infrastructure assets connect or are interrelated. This will coordinate planning for asset management and assist in the continued development of levels of service balanced against the cost and risk to maintain these services. Continuous improvement of the City's asset management practices also highlights the importance of collaborating with neighbouring municipalities to support fiscal responsibility and legislated requirements.

Conclusion

The Asset Management Policy aligns with Asset Management Regulation and continues to ensure responsible and sustainable service delivery

Legislated requirements have been incorporated in the City's Asset Management Policy to align with the Asset Management Planning for Municipal Infrastructure Regulation.

The Asset Management Policy reinforces a consistent, coordinated and affordable approach to the City's asset management practices by providing clear objectives and processes that show the interdepartmental relationships between stakeholders.

Approval of the Asset Management Policy will assist all departments to not only minimize lifecycle costs while maintaining acceptable levels of service, but also link infrastructure investment decisions to service outcomes. As a result, this policy will integrate decision-making, ensuring accountability and transparency. This will demonstrate the long-term consideration of decisions, and ensure appropriate service levels are achieved, affordably.

For more information, please contact: Vince Musacchio, Director of Infrastructure Planning and Corporate Asset Management ext. 8311

Attachments

1. 03.C.03 Asset Management Administrative Umbrella
2. 03.C.04 Asset Management Critical Assets
3. 03.C.05 Asset Management Financial Requirements
4. 03.C.06 Asset Management Land Use Planning
5. 03.C.07 Asset Management Levels of Service

Prepared by

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