

CORPORATE POLICY**POLICY TITLE: ASSET MANAGEMENT: LEVELS OF SERVICE****POLICY NO.: 03.C.07**

Section:	Administration & Legal		
Effective Date:	June 1, 2018	Date of Last Review:	Click or tap to enter a date.
Approval Authority: Council	Policy Owner: DCM, Public Works		

POLICY STATEMENT

Levels of service and performance measurements will be an integral part of the City's approach to performance management, and long-term affordability. Levels of service will link corporate goals and program objectives with legislative requirements and the public's expectations.

Levels of service will be documented in the City's Asset Management Plans and will be written in plain language such that citizens, businesses and all end users can understand and relate to them.

PURPOSE

The purpose of this policy is to provide direction for staff to identify, analyze, maintain and document citizen expectations, regulatory requirements and organizational objectives. Describing what the City intends to deliver is a cornerstone of asset management and ensures infrastructure assets are providing services as intended. This safeguards long-term affordability, while enabling effective planning, implementation, and evaluation.

SCOPE

This component of the Asset Management Policy applies to a wide range of stakeholders in the areas of engineering, finance, operations, information systems, management, contract and supplier management, human resources and organizational development.

Levels of service attributes will include, but are not limited to, availability, quality, reliability, responsiveness, sustainability, suitability, accessibility, and cost. Where

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applicable, attributes will incorporate measures of energy usage and operating efficiency.

To determine the most effective and efficient options for delivering infrastructure related services while controlling exposure to risk and loss, the City will develop performance measurements for each asset category. The current performance of each asset category will be documented in the City's Asset Management Plans, based on data from at most two calendar years prior to the year in which the Asset Management Plan is approved.

LEGISLATIVE REQUIREMENTS

The policy must include:

3.(1)5. The municipality's commitment to consider, as part of its asset management planning,
B. Levels of service.

3.(1)7. A process to ensure that the municipality's asset management planning is aligned with Ontario's land-use planning framework, including any relevant policy statements issued under subsection 3 (1) of the Planning Act, any provincial plans as defined in the Planning Act and the municipality's official plan.

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)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.

5.(2). A municipality's asset management plan must include the following:

1. For each asset category, the current levels of service being provided, determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan:

- i. With respect to core municipal infrastructure assets, the qualitative descriptions set out in Column 2 and the technical metrics set out in Column 3 of Table 1, 2, 3, 4 or 5, as the case may be.

- ii. With respect to all other municipal infrastructure assets, the qualitative descriptions and technical metrics established by the municipality.

- 2. The current performance of each asset category, determined in accordance with the performance measures established by the municipality, such as those that would measure energy usage and operating efficiency, and based on data from at most two calendar years prior to the year in which all information required under this section is included in the asset management plan.

6.(1) Subject to subsection (2), by July 1, 2024, every asset management plan prepared under section 5 must include the following additional information:

- 1. For each asset category, the levels of service that the municipality proposes to provide for each of the 10 years following the year in which all information required under section 5 and this section is included in the asset management plan, determined in accordance with the following qualitative descriptions and technical metrics:

- i. With respect to core municipal infrastructure assets, the qualitative descriptions set out in Column 2 and the technical metrics set out in Column 3 of Table 1, 2, 3, 4 or 5, as the case may be.
- ii. With respect to all other municipal infrastructure assets, the qualitative descriptions and technical metrics established by the municipality.

- 2. An explanation of why the proposed levels of service under paragraph 1 are appropriate for the municipality, based on an assessment of the following:

- i. The options for the proposed levels of service and the risks associated with those options to the long-term sustainability of the municipality.
- ii. How the proposed levels of service differ from the current levels of service set out under paragraph 1 of subsection 5 (2).
- iii. Whether the proposed levels of service are achievable.
- iv. The municipality's ability to afford the proposed levels of service.

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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. Deterioration Rate:** Rate at which an asset approaches failure (end of life).
- 14. 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.
- 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. Policy Principles

1.1. 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.

1.2. 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.

1.3. 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.

1.4. 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.

2. Policy Objectives

2.1. Interdepartmental relationships provide infrastructure and services to sustain the City of Vaughan and:

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

2.1.2. Facilitate the changes to infrastructure to cater for changing neighbourhoods and communities for current and future needs; and,

2.1.3. Enhance the resilience of the City's infrastructure, neighbourhoods and communities and aim to continually lower environmental impacts.

2.2. Implement a life-cycle approach to the management of infrastructure assets where:

- 2.2.1. 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,
- 2.2.2. The asset management cycle considers the current and future environmental, economic, cultural, and social outcomes.
- 2.3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices by:
 - 2.3.1. Establishing and monitoring levels of service for each asset class through the Asset Management Plan;
 - 2.3.2. Identifying and monitoring individual and network risks to assets and service levels for each asset class.
- 2.4. Provide a sustainable funding model that provides assets aligned with the City’s long-term plans and community needs with a:
 - 2.4.1. 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.
- 2.5. Develop and implement best value asset management practices that are environmentally sustainable and:
 - 2.5.1. Encourage a flexible and scenario-based approach through systems and plans to allow for innovative use of assets, particularly in environmental and resiliency initiatives;
 - 2.5.2. Acknowledge climate change adaptation and environmental protection are fundamental to sustainable asset management planning practices;
 - 2.5.3. Reduce resource use and promote resilience by utilizing clean technology products, services, and processes wherever possible; and,
 - 2.5.4. Incorporate local, regional, provincial, federal, and international sustainability criteria including climate resilient codes and standards into greenfield development, intensification, infrastructure projects and procurement.
- 2.6. Provide reliable asset and infrastructure data through supported digital platforms demonstrated by:

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

2.6.2. Implementation of sound data governance and data quality management;

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

2.7. Implement an integrated decision support system that:

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

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

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

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

2.7.5. Reduces data duplication.

2.8. Ensure compliance with legislative requirements by:

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

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

ADMINISTRATION

Administered by the Office of the City Clerk.

Review Schedule:	Other (specify) As required by legislation.	Next Review Date:	Click or tap to enter a date.
Related Policy(ies):	03.C.03 – Asset Management: Administrative Umbrella 03.C.04 – Asset Management: Critical Assets Business Risks 03.C.05 – Asset Management: Financial Requirements 03.A.06 – Asset Management: Land Use Planning		
Related By-Law(s):			

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Procedural Document:	PRC.06 – Asset Management: Implementation Procedures and Communication
Revision History	
Date:	Description:
Click or tap to enter a date.	
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