

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 19, 2018**

Item 12, Report No. 6, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on June 19, 2018.

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#### **12 REGULATORY POLICY: ASSET MANAGEMENT**

**The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Deputy City Manager, Public Works, dated June 6, 2018:**

##### **Recommendations**

1. That this report be received for information purposes.

Item:



## Finance, Administration and Audit Committee Report

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**DATE:** Wednesday, June 06, 2018

**WARD(S):** ALL

**TITLE: Regulatory Policy: Asset Management**

**FROM:**

Stephen Collins, Deputy City Manager, Public Works

**ACTION:** FOR INFORMATION

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### **Purpose**

This report outlines the plan for the City to develop a Strategic Asset Management Policy, before July 01, 2019, as is set out by Ontario Regulation 588/17 (the "Regulation"). This policy will provide a framework to ensure the City has information about how public infrastructure and services will continue to be representative of and responsive to the changing communities they serve.

### **Report Highlights**

- Currently, municipalities operate without formal guidelines to understand the role infrastructure assets play in support of service delivery.
- Ontario Reg 588/17: Asset Management Planning for Municipal Infrastructure was issued by the Province, and now requires the City to deliver a Strategic Asset Management Policy before July 01, 2019.
- This policy will provide guiding principles and a framework to support a consistent, coordinated and sustainable approach to asset management across the City and ensure compliance.

### **Recommendations**

1. That this report be received for information purposes.

## **Background**

**Infrastructure Planning & Corporate Asset Management is collaborating across departments and portfolios to create a strategic policy that addresses the financial sustainability of community infrastructure networks.**

While the City continues to create policy solutions for a wide range of challenges, infrastructure management is becoming more complex due to the degree of interdependencies, the pace of change, the ever-increasing volume of information, and new levels of public interest.

In 2015, the Province of Ontario passed the Infrastructure for Jobs and Prosperity Act. The purpose of this Act is to establish mechanisms to encourage principled, evidence-based and strategic long-term infrastructure planning that supports job creation and training opportunities, economic growth and protection of the environment, and incorporate design excellence into infrastructure investment planning.

On December 27, 2017, Ontario Regulation 588/17 (the “Regulation”) was released under the Infrastructure for Jobs and Prosperity Act. Pursuant to the Regulation, every municipality is now required to adopt a strategic asset management policy before July 1, 2019.

**Staff has developed a work plan to update the existing AM Plans with a focus on external public communication.**

The Regulation requires the City to implement its Asset Management Policy (AM Policy) by creating and publishing long-range Asset Management Plans (AM Plans). These plans will detail how the City plans to maximize asset service delivery potential, manage related risks, and minimize costs of ownership.

The City is required to post its current AM Policy and AM Plan on a website that is available to the public, and provide a copy to any person who requests it. The scope for each AM Plan will gradually increase over time, described below.

- Prior to July 1, 2021, the City is required to publish an AM Plan for managing core municipal infrastructure assets at current levels of service. Core infrastructure is defined by the Regulation as water assets, wastewater assets, stormwater assets, roads assets, bridge assets and culvert assets.
- Prior to July 1, 2023, the City is required to publish an AM Plan for managing all municipal infrastructure assets, at current levels of service.
- Prior to July 1, 2024, the City is required to publish an AM Plan for managing all municipal infrastructure assets, for service levels that the City proposes to provide for each of the following 10 years, in order to accommodate the projected increases in demand caused by population and employment growth, as set out in Schedule 7 to the 2017 Growth Plan.

Following the initial completion date outlined above, the City is required to review and update its AM Plan at least every five years.

The AM Policy, together with the AM Framework and the organizational strategic plan will enable these specific AM Plans to be produced.

### **Previous Reports/Authority**

Not applicable.

### **Analysis and Options**

#### **Asset Management Links Strategic Planning to Service Delivery Options**

The objective of Asset Management is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers.

The Regulation requires the City 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. As such, the Asset Management Policy will describe commitments and expectations for infrastructure decisions, asset activities, and organizational behaviours to demonstrate support for the City's service and program objectives

#### **Asset Management assists in developing and implementing plans that continually improve operational performance**

Asset Management is a comprehensive business strategy employing people, information, and technology to effectively and efficiently allocate available funds amongst valued and competing needs. Understanding the gap between current and future performance levels will help identify and drive improvement actions.

The Regulation requires this policy to include an explanation of Council's involvement in asset management planning. Also, Council is required to conduct an annual review of its asset management progress on or before July 1 of each year, starting the year after the City's asset management plan is complete.

The Asset Management Policy will define a course or method of action to align assets with required services and community expectations. Regular assessments are best practice for monitoring outcomes and demonstrating ongoing improvements.

#### **Asset Management ensures decisions to create new infrastructure are robust enough to cope with, or adapt to, changing climatic conditions**

While a sustainable community is one that meets the needs of the present without compromising the needs of future generations, Asset Management is a methodology to efficiently and equitably allocate resources amongst valid and competing goals and objectives. As a result, the outcomes of infrastructure decisions balance fiscal

responsibilities alongside risk, and the desired levels or types of programs and services delivered to the community.

The Asset Management Policy is intended to be a tool to guide behaviours for the accountable allocation of limited resources, to manage all areas of infrastructure risk, including changes to climatic conditions in the future.

**Asset Management provides an opportunity for performance targets to be embedded in corporate decision-making, to demonstrate value for money**

Best practice asset management includes the systematic and rigorous use of performance measures to indicate how the City is doing in relation to delivering intended levels of service.

This Regulation requires the City to annually identify factors that impede the implementation of its asset management plans, and develop strategies to address them including public consultation. For this reason, the Asset Management Policy will define corporate goals to increase the effectiveness of the existing asset base. Additionally, the AM Policy will define departmental roles and responsibilities to ensure the City is compliant against the requirement to offer opportunities for municipal residents and other parties to provide input into the City's asset management planning.

**A formal approach to Asset Management provides benefits for Council and the Community**

The Canadian Network of Asset Mangers (CNAM) is the public sector's asset management community. CNAM suggests the benefits of a formal approach to asset management can help achieve a better understanding of the challenges faced today and in the future. This creates transparency for where the money goes, which in turn improves confidence in municipal management.

**Financial Impact**

Not applicable.

**Broader Regional Impacts/Considerations**

The Regulation requires the AM Policy to include the City'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.

In addition, the Regulation requires the AM Policy to include the City's commitment to consider, as part of its asset management planning, actions to address vulnerabilities that may be caused by climate change, and mitigation approaches such as greenhouse gas emission reduction goals and targets.

## **Conclusion**

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 customer service levels are achieved.

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

## **Attachments**

1. Infrastructure for Jobs and Prosperity Act, Province of Ontario, 2015
2. Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure, Province of Ontario, 2017

## **Prepared by**

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