



THE CORPORATION OF THE TOWNSHIP OF KING
REPORT TO COMMITTEE OF THE WHOLE

June 24, 2019

Finance Department

Report #: FR-2019-14

RE: Strategic Asset Management Policy & O. Reg. 588/17
- Asset Management Planning for Municipal Infrastructure

1. **RECOMMENDATIONS**

The Finance Department respectfully submits the following recommendations:

- a) That Finance Report FR-2019-14 be received for information;
- b) That Council approve the Strategic Asset Management Policy; and
- c) THAT the requisite by-law be enacted by Council

2. **PURPOSE**

The purpose of this report is to provide Council with background information relating to Ontario Regulation 588/17 and present the Township's Strategic Asset Management Policy for review and approval in accordance with provincial regulation.

3. **BACKGROUND**

Strategic asset management planning is recognized as an effective approach to address a growing gap between infrastructure needs and associated sources of public funding that can assist in supporting long-term public sector asset requirements. Ontario's *Building Together: Guide for Municipal Asset Management Plans, 2012* was introduced as guiding framework for public sector bodies to develop long-term strategies that can support sound fiscal stewardship responsibilities relating to municipal assets.

In December 2017, the Province approved Ontario Regulation 588/2017 – Asset Management Planning for Municipal Infrastructure. The regulation took effect January 1, 2018.

The aforementioned regulation sets out the requirements for undertaking asset management planning on a gradual, but steady timeline that will ensure the municipal sector is moving toward implementation of comprehensive asset management plans. Key implementation dates are as follows:

- A. **July 1, 2019:** all municipal governments to have a finalized initial strategic asset management policy. Section 3 of the regulation sets out 12 matters that this policy must include and the policy must be reviewed every 5 years.
- B. **July 1, 2021:** all municipal governments to have an adopted asset management plan for core assets (Water, Wastewater, Stormwater, Roads, Bridges and Culverts) that discuss current levels of service and the cost of maintaining those services. The regulation sets out both qualitative descriptions and technical metrics for each of the core assets.
- C. **July 1, 2023:** Municipal governments to have an adopted asset management plan for all of its other municipal infrastructure assets, which also discuss current levels of service and the cost of maintaining such services. Each municipality is expected to establish technical metrics and qualitative descriptions for its other assets (e.g., culture and recreation facilities).

In the case of paragraphs **B. and C.**, different requirements exist relating to growth estimates for municipalities having a population above / below 25,000, as well as specific criteria for those municipalities within the Greater Golden Horseshoe growth plan area.

- D. July 1, 2024:** The asset management plans shall include a discussion of proposed levels of service, the assumptions related to the proposed levels of service, what activities will be required to meet proposed levels of service, and a strategy to fund the activities.
- E.** The Ministry of Infrastructure is proposing, beginning in 2025 to collect information from municipal asset management plans, such as levels of service and financial planning information through the Financial Information Return. After the initial FIR submission in 2025, municipalities would submit asset management planning information every time their plan is updated (at least every 5 years).

In preparation for the first regulatory milestone date (July 1, 2019) for development and approval of an Asset Management Policy, the Township reviewed its Asset Management Plan (2016) for purposes of ensuring compliance with requirements defined under O. Reg. 588/17.

The attached Strategic Asset Management Policy has been developed in the spirit of meeting or exceeding the core requirements defined by regulation (588/17) as follows:

1. Enhance and improve the Township's decision making capacity with support of business case modelling tools that evaluate impacts on the asset management plan;
2. Integrate infrastructure planning and renewal activities with future growth projections and development planning functions;
3. Develop a framework that incorporates potential impacts that current and future infrastructure needs may have on stakeholder based levels of service;
4. Develop a formalized capital project prioritization framework that optimizes resource allocation;
5. Establish a commitment to develop strategies, as part of asset management planning, to consider impacts on climate change as municipal infrastructure assets are being constructed, rehabilitated and/or replaced;
6. Develop a process to ensure that asset management planning is aligned with financial plans related to water and wastewater assets, including any financial plans prepared under the *Safe Drinking Water Act, 2002*;
7. Ensure that asset management planning is aligned with Ontario's land-use planning framework;
8. Create a culture of Asset Management decision making that evaluates asset management planning through the lens of risk management; and
9. Provide opportunities for citizens and other stakeholders to provide input into the development of asset management planning framework/processes.

4. **ANALYSIS:**

Ontario Regulation 588/17 requires that each municipality adopt an Asset Management Policy before July 1, 2019. The Policy is presented and attached hereto. In accordance with the Regulatory requirements, once the Policy is approved by Council, the Policy will be posted electronically and made available on the Township's web site at www.king.ca

The purpose of the Strategic Asset Management Policy is to outline the Township of King's commitment to corporate asset management planning through defined principles and processes, and to ensure alignment and integration of asset management into strategic planning processes.

Key commitments recommended for the Township's Asset Management Policy are in accordance with the requirements under Section 3 of *Regulation 588/17*, and are as follows:

- **Integrate with the Township's ICSP, Official Plan and Master Plans** to ensure alignment between asset decision-making and the Township's strategic objectives, as well as growth and service demand forecasts.
- **Manage municipal infrastructure assets using an integrated business approach** that delivers desired levels of service by planning, coordinating and investing in infrastructure within the context of expectations approved by Council.
- **Provide opportunities for citizens, businesses and other stakeholders** to provide input in asset management planning.
- **Coordinate planning for management of assets shared with other governmental agencies**, including the Regional Municipality of York, neighbouring municipalities, school boards and the Conservation Authority.
- **Align asset management planning activities to water and wastewater financial plans** to ensure adequate / appropriate long-term fiscal sustainability of these critical assets.
- **Commit to consider the AMP recommendations** when developing municipal budgets (operating and capital) and long-term financial plans.
- **Commit to consider risks, including those related to climate change**, when reporting asset management planning needs.
- **Provide annual asset management reports to Council and the public** to ensure they are informed of the progress in implementing the Asset Management Program.

In addition to the above referenced key commitments, the Policy also sets forth the Responsibilities (Section 5) of Council, Directors and Senior Management Team, Departmental Staff and the Public, as well as Asset Management – Policy Statements (Section 7) wherein the framework of how the policy is to be implemented and maintained is established.

5. **INTEGRATED SUSTAINABILITY PLAN LINKAGE:**

The recommendations of this report support the Goals and Strategies of the Sustainability Plan within the Financial Pillar under theme of Financial Sustainability supporting the strategy of maintaining assets and infrastructure.

6. **FINANCIAL IMPLICATIONS**

There are no immediate financial implications associated with this report.

As the Township moves forward in the implementation the actionable criteria established within *Regulation 588/17*, there will be fiscal impacts. The extent of which will be presented and outlined in conjunction with presentation of the 2020 Operating Budget.

7. **CONCLUSION**

The attached Strategic Asset Management Policy will ensure compliance with the requirements of O. REG. 588/17. Considerable work effort and coordination across departments will be required to meet the continual improvement expectations prescribed within the Regulation.


The attached Strategic Asset Management Policy represents the first milestone toward achieving compliance with *Regulation 588/17*. As the Township's Strategic Asset Management Policy becomes operational, it represents the foundation for improvements in the manner with which the Township manages its infrastructure assets, while constantly looking to identify opportunities to optimize lifecycle costs associated with its various categories of capital assets.

8. **ATTACHMENTS**

- Strategic Asset Management Policy, COR-POL-132

Prepared and Submitted by:

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KING TOWNSHIP CORPORATE POLICY STRATEGIC ASSET MANAGEMENT



POLICY NO.:
COR-POL-132

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1 PURPOSE STATEMENT

- 1.1 The purpose of this Strategic Asset Management Policy (*the "Policy"*) is to outline the Township of King's commitment to corporate asset management planning through defined principles and processes, and to ensure alignment and integration of asset management into strategic planning processes.
- 1.2 This Policy is established to embed asset management principles into ongoing capital, operations, and maintenance activities, through the Township's Asset Management Plan (AMP).

2 POLICY OBJECTIVE

- 2.1 Asset Management is an integrated business approach at the Township of King that aims to minimize lifecycle costs of owning, operating, and maintaining assets, at an acceptable level of risk, while continuously delivering established levels of service to its citizens and stakeholders.
- 2.2 The Township's Asset Management Program aims to improve and support asset management processes across the organization.
- 2.3 This Policy will codify asset management processes such that infrastructure needs can be prioritized over time, while ensuring municipal assets are maintained in a condition that minimizes repair and rehabilitation costs in accordance with the guiding principles set forth within the Township's Integrated Community Sustainability Plan, 2012 and Provincial regulations.
- 2.4 This Policy conforms to prescribed requirements from Ontario Regulation 588/17 (O. Reg. 588/17), as amended.
- 2.5 The Township's Integrated Community Sustainability Plan, 2012 (ICSP) set forth four key pillars of sustainability: Environmental; Financial; Socio-Cultural; and Economic. The guiding principles of the ICSP are:
 - 2.5.1 Protecting the natural environment;
 - 2.5.2 Changing our behaviour to consume less resources;
 - 2.5.3 Thinking about and preparing for global changes;
 - 2.5.4 Finding creative solutions that work for King;
 - 2.5.5 The Township's rural economy;
 - 2.5.6 Providing more transportation options;
 - 2.5.7 Supporting our farmers and the agricultural sector;
 - 2.5.8 Celebrating our natural and cultural assets;
 - 2.5.9 Cultivating a strong sense of community;
 - 2.5.10 Evaluating the long-term effects of our actions;



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- 2.5.11 Making smart decisions about community design, land use planning and infrastructure while connecting our neighbourhoods and village cores;
- 2.5.12 Thinking long-term about the effects of our financial decision making;
- 2.5.13 Thinking differently, being more innovative and collaborative; and
- 2.5.14 Creating a cohesive community that respects the identity and uniqueness of all King Township's villages and hamlets.

3 APPLICATION/SCOPE

- 3.1 As required by O. Reg 588/17, the Township will adopt the required principles from the *Infrastructure for Jobs and Prosperity Act, 2015*. Refer to Schedule "1" for details.
- 3.2 This Policy includes all assets owned or leased by the Township, including assets supporting the provision of Township services, owned or leased by boards and agencies of the Township, where the assets rely on or impact Township services.
- 3.3 This Policy also provides the framework to identify and prioritize investments in existing and future infrastructure assets, and to ensure each investment is capable of supporting the desired needs of the Township.

4 DEFINITIONS

- 4.1 **Asset Management Steering Committee:** The Township's steering committee has been established as the Executive Lead to help guide the implementation of asset management initiatives and ensure the AMP is maintained and complies with all Provincial legislation. The committee includes: Director of Engineering, Public Works and Building; Director of Parks, Recreation and Culture; Director of Planning; Director of Finance & Treasurer; Manager of Financial Planning and Reporting/ Deputy Treasurer; Manager of Information Technology; GIS Coordinator; and the Project Manager, Asset Management. The Directors and Senior Managers ***may delegate alternate representation on the Asset Management Steering Committee, as appropriate.***
- 4.2 **Asset:** An item, thing or entity that has potential or actual value to an organization. Value can be tangible or intangible, financial or non-financial. Asset can be either tangible such as equipment or intangible such as licenses, brands or agreements.
- 4.3 **Asset Management:** Coordinated activity of an organization to realize value from assets.
- 4.4 **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.
- 4.5 **Asset Management Program:** The people, processes, tools and other resources involved in the delivery of asset management.
- 4.6 **Asset System:** Set of assets that interact or are interrelated.

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- 4.7 **Asset Management Portfolio:** Group of assets within the scope of an asset management system.
- 4.8 **Level of Service:** Parameters or combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers. The parameters can relate to safety, customer satisfaction, quality, quantity, reliability, capacity, reliability, responsiveness, environmental acceptability, cost and availability.
- 4.9 **Lifecycle:** Various stages involved in the management of an asset.
- 4.10 **Risk:** Probability and/or effect of uncertainty on objectives.
- 4.11 **Stakeholder:** Person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity.
- 4.12 **Township of King (Township):** Is the Corporation of the Township of King.

5 RESPONSIBILITIES

- 5.1 Development and continuous support of the Township's Asset Management Program requires a wide range of duties and responsibilities. The following outline the persons responsible for these tasks:
- 5.2 **Council**
 - 5.2.1 Approves the Policy and provides input / direction of the Asset Management Program through the Township's AMP.
 - 5.2.2 Maintain adequate organizational capacity to support the core practices of the asset management program.
 - 5.2.3 Prioritize effective stewardship of assets in adoption and periodic review of this Policy and AMP.
 - 5.2.4 Annual review and approval of budgets (operating and capital).
- 5.3 **Directors and Senior Management Team**
 - 5.3.1 Development and updates to this Policy.
 - 5.3.2 Provide corporate oversight to goals and directions and ensure the Asset Management Program aligns with the Township's strategic plans.
 - 5.3.3 Ensure that adequate resources are available to implement and maintain core asset management practices.
 - 5.3.4 Develop and monitor levels of service and make recommendations to Council.
 - 5.3.5 Track, analyze and report on asset management program progress and results.
 - 5.3.6 Provide organization-wide leadership in asset management practices and concepts.

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5.4 Departmental Staff

- 5.4.1 Implement new business processes and technology tools as part of the Asset Management Program.
- 5.4.2 Participate in implementation task teams to carry-out asset management activities.
- 5.4.3 Implement and maintain level of service standards for all capital asset classes.
- 5.4.4 Manage budgets based on lifecycle activities and financial management strategies.

5.5 Public

- 5.5.1 Solicit input through surveys and public engagement relating to level of service expectations.
- 5.5.2 Understand dynamic nature of relationships between performance, cost, and risk of assets to deliver desired levels of service.

6 ASSET MANAGEMENT COMMITMENT

6.1 The Township of King shall:

- 6.1.1 **Integrate with the Township's ICSP, Official Plan and Master Plans** to ensure alignment between asset decision-making and the Township's strategic objectives, as well as growth and service demand forecasts.
- 6.1.2 **Manage municipal infrastructure assets using an integrated business approach** that delivers desired levels of service by planning, coordinating and investing in infrastructure within the context of expectations approved by Council.
- 6.1.3 **Provide opportunities for citizens, businesses and other stakeholders** to provide input in asset management planning.
- 6.1.4 **Coordinate planning for management of assets shared with other governmental agencies**, including the Regional Municipality of York, neighbouring municipalities, school boards and the Conservation Authority.
- 6.1.5 **Align asset management planning activities to water and wastewater financial plans** to ensure adequate / appropriate long-term fiscal sustainability of these critical assets.
- 6.1.6 **Commit to consider the AMP recommendations** when developing municipal budgets (operating and capital) and long-term financial plans.
- 6.1.7 **Commit to consider risks, including those related to climate change**, when reporting asset management planning needs.

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- 6.2 The Township commits to provide annual asset management reports to Council and the public to ensure they are informed of the progress in implementing the Asset Management Program.
- 6.3 The Township's AMP will be maintained by the Asset Management Steering Committee as set forth in the Definitions section of this Policy.

7 ASSET MANAGEMENT – POLICY STATEMENTS

- 7.1 The following are to be considered by the Township when planning long-term acquisition, maintenance/refurbishment and replacement of municipally owned infrastructure.
 - 7.1.1 The Township will implement an enterprise-wide asset management program through all departments. The program will promote lifecycle and risk management of all municipal infrastructure assets, with the goal of achieving the lowest total cost of ownership while meeting desired levels of service.
 - 7.1.2 The Township will implement continuous improvement protocols and adopt best practices regarding asset management planning, including;
 - a. Complete and Accurate Asset Data;
 - b. Condition Assessment Protocols;
 - c. Risk and Criticality Models;
 - d. Lifecycle Management;
 - e. Financial Strategy Development; and
 - f. Level of Service Framework
 - 7.1.3 The Township will develop and maintain an asset inventory of all municipal infrastructure assets which include, at a minimum, a unique asset ID, description, location information, value (historical and replacement), performance characteristics and/or condition, estimated remaining life and estimated repair, rehabilitation or replacement date, estimated cost repair, rehabilitation or replacement costs.
 - 7.1.4 The Township will develop an AMP that incorporates all infrastructure categories and municipal infrastructure assets that are necessary to the provision of services. This may include assets that fall below their respective capitalization thresholds as outlined in the Township's Tangible Capital Asset Policy (COR-POL-133). The scope of these assets will be determined, according to relevance, based on the professional judgment of the Asset Management Steering Committee.
 - 7.1.5 The AMP will be reviewed annually to address the Township's progress in implementing its AMP and updated at least every five years in accordance with

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O. Reg. 588/17 requirements, to promote, document and communicate continuous improvement of the Asset Management Program.

- 7.1.6 The Township's AMP will be updated per legislated requirements contained in O. Reg. 588/17, to address;
- Core assets by July 1, 2021
 - All other assets by July 1, 2023
 - After 2023 the AMP will be updated every 5 years
- 7.1.7 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.
- 7.1.8 The Township will explore innovative funding and service delivery opportunities, including but not limited to grant programs, public-private partnerships (P3), alternative financing and procurement (AFP) approaches, and shared provision of services, as appropriate.
- 7.1.9 The Township will consider the risks and vulnerabilities of municipal 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.
- 7.1.10 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.
- 7.1.11 The Township will ensure that all financial plans are coordinated and align with the established Asset Management Plan and any other applicable legislation including;
- Financial reports relating to water assets including plans prepared under the *Safe Drinking Water Act, 2002*;
 - Wastewater Asset Plans;
 - Water/Wastewater Rate Study;
 - Development Charge Study; and
 - Long Range financial plans, including the 10-Year Capital Plan.

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- 7.1.12 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.
- 7.1.13 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.
- 7.1.14 The Township will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.

8 REVIEW OF POLICY

- 8.1 This Policy has been reviewed by and will be maintained by the Asset Management Steering Committee, with departmental support, input and assistance.
- 8.2 This Policy shall be reviewed and, if necessary, updated at least every five years.

9 RELATED DOCUMENTATION

- 9.1 Schedule 1 - Guiding Principles for Asset Management Policy
- 9.2 Appendix A – Excerpt of *O. Reg. 588/17 Asset Management Planning For Municipal Infrastructure*
- 9.3 Finance Committee Report - FR-2019-14
- 9.4 King Integrated Community Sustainability Plan, 2012
- 9.5 King Asset Management Plan, 2016
- 9.6 King Township Official Plan and all infrastructure related Master Plans
- 9.7 King Tangible Capital Asset Policy – COR-POL-133
- 9.8 *Infrastructure for Jobs and Prosperity Act, 2015,*
- 9.9 *O.Reg. 588/17 - Asset Management Planning for Municipal Infrastructure, Sections 3 and 4, Strategic Asset Management Policy*
- 9.10 ISO 55000 Asset management, 2014(E) including Terms and Definitions

10 APPROVAL AUTHORITY

Council	By-law #2019-068		
Authority	By-law	Township Clerk	Date

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Schedule “1” – Guiding Principles for Asset Management Policy

The Township shall consider the following principles as outlined in section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015*, when making decisions regarding asset management:

1. Infrastructure planning and investment should take a long-term view, and decision-makers should consider the needs of citizens by being mindful of, among other things, demographic and economic trends.
2. Infrastructure planning and investment should consider any applicable budgets or fiscal plans.
3. Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure.
4. Infrastructure planning and investment should ensure the continued provision of core public services, such as safe drinking water and reliable transportation services.
5. Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities.
6. Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
7. Infrastructure planning and investment should 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.
8. Infrastructure planning and investment should 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:
 - i. investment decisions respecting infrastructure should be made on the basis of information that is either publicly available or is made available to the public, and
 - ii. information with implications for infrastructure planning should be shared between the Township and broader public sector entities and should factor into investment decisions respecting infrastructure.
9. 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 should nevertheless be mindful of those plans and strategies and make investment decisions respecting infrastructure that support them, to the extent that they are relevant.

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CORPORATE POLICY
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10. Infrastructure planning and investment should promote accessibility for persons with disabilities.
11. Infrastructure planning and investment should minimize the impact of infrastructure on the environment and respect and help maintain ecological and biological diversity, and infrastructure should be designed to be resilient to the effects of climate change.
12. Infrastructure planning and investment should endeavour to make use of acceptable recycled aggregates.
13. Infrastructure planning and investment should 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 space within the community, and any specific benefits identified by the community.

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Appendix "A"

O. Reg. 588/17 Asset Management Planning For Municipal Infrastructure

ONTARIO REGULATION 588/17

made under the

INFRASTRUCTURE FOR JOBS AND PROSPERITY ACT, 2015

Made: December 13, 2017
Filed: December 27, 2017
Published on e-Laws: December 27, 2017
Printed in *The Ontario Gazette*: January 13, 2018

ASSET MANAGEMENT PLANNING FOR MUNICIPAL INFRASTRUCTURE

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INTERPRETATION AND APPLICATION

Definitions

1. (1) In this Regulation,

"Asset category" means a category of municipal infrastructure assets that is,

- (a) an aggregate of assets described in each of clauses (a) to (e) of the definition of core municipal infrastructure asset, or
- (b) composed of any other aggregate of municipal infrastructure assets that provide the same type of service; ("catégorie de biens")

"Core municipal infrastructure asset" means any municipal infrastructure asset that is a,

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- (a) water asset that relates to the collection, production, treatment, storage, supply or distribution of water,
- (b) wastewater asset that relates to the collection, transmission, treatment or disposal of wastewater, including any wastewater asset that from time to time manages stormwater,
- (c) stormwater management asset that relates to the collection, transmission, treatment, retention, infiltration, control or disposal of stormwater,
- (d) road, or
- (e) bridge or culvert; (“bien d’infrastructure municipale essentiel”)

“ecological functions” has the same meaning as in Ontario Regulation 140/02 (Oak Ridges Moraine Conservation Plan) made under the *Oak Ridges Moraine Conservation Act, 2001*; (“fonctions écologiques”)

“green infrastructure asset” means an infrastructure asset consisting of natural or human-made elements that provide ecological and hydrological functions and processes and includes natural heritage features and systems, parklands, stormwater management systems, street trees, urban forests, natural channels, permeable surfaces and green roofs; (“bien d’infrastructure verte”)

“hydrological functions” has the same meaning as in Ontario Regulation 140/02; (“fonctions hydrologiques”)

“joint municipal water board” means a joint board established in accordance with a transfer order made under the *Municipal Water and Sewage Transfer Act, 1997*; (“conseil mixte de gestion municipale des eaux”)

“lifecycle activities” means 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; (“activités relatives au cycle de vie”)

“municipal infrastructure asset” means an infrastructure asset, including a green infrastructure asset, directly owned by a municipality or included on the consolidated financial statements of a municipality, but does not include an infrastructure asset that is managed by a joint municipal water board; (“bien d’infrastructure municipale”)

“municipality” has the same meaning as in the *Municipal Act, 2001*; (“municipalité”)

“operating costs” means the aggregate of costs, including energy costs, of operating a municipal infrastructure asset over its service life; (“frais d’exploitation”)

“service life” means the total period during which a municipal infrastructure asset is in use or is available to be used; (“durée de vie”)

“significant operating costs” means, where the operating costs with respect to all municipal infrastructure assets within an asset category are in excess of a threshold amount set by the municipality, the total amount of those operating costs. (“frais d’exploitation importants”)

(2) In Tables 1 and 2,

“connection-days” means the number of properties connected to a municipal system that are affected by a service issue, multiplied by the number of days on which those properties are affected by the service issue. (“jours-branchements”)

(3) In Table 4,

“arterial roads” means Class 1 and Class 2 highways as determined under the Table to section 1 of Ontario Regulation 239/02 (Minimum Maintenance Standards for Municipal Highways) made under the *Municipal Act, 2001*; (“artères”)

“collector roads” means Class 3 and Class 4 highways as determined under the Table to section 1 of Ontario Regulation 239/02; (“routes collectrices”)

“lane-kilometre” means a kilometre-long segment of roadway that is a single lane in width; (“kilomètre de voie”)

“local roads” means Class 5 and Class 6 highways as determined under the Table to section 1 of Ontario Regulation 239/02. (“routes locales”)

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(4) In Table 5,

“Ontario Structure Inspection Manual” means the Ontario Structure Inspection Manual (OSIM), published by the Ministry of Transportation and dated October 2000 (revised November 2003 and April 2008) and available on a Government of Ontario website; (“manuel d’inspection des structures de l’Ontario”)

“structural culvert” has the meaning set out for “culvert (structural)” in the Ontario Structure Inspection Manual. (“ponceau structurel”)

Application

2. For the purposes of section 6 of the Act, every municipality is prescribed as a broader public sector entity to which that section applies.

STRATEGIC ASSET MANAGEMENT POLICIES

Strategic asset management policy

3. (1) Every municipality shall prepare a strategic asset management policy that includes the following:

1. Any of the municipality’s goals, policies or plans that are supported by its asset management plan.
2. The process by which the asset management plan is to be considered in the development of the municipality’s budget or of any long-term financial plans of the municipality that take into account municipal infrastructure assets.
3. The municipality’s approach to continuous improvement and adoption of appropriate practices regarding asset management planning.
4. The principles to be followed by the municipality in its asset management planning, which must include the principles set out in section 3 of the Act.
5. The municipality’s commitment to consider, as part of its asset management planning,
 - i. the actions that may be required to address the vulnerabilities that may be caused by climate change to the municipality’s infrastructure assets, in respect of such matters as,
 - A. operations, such as increased maintenance schedules,
 - B. levels of service, and
 - C. lifecycle management,
 - ii. the anticipated costs that could arise from the vulnerabilities described in subparagraph i,
 - iii. adaptation opportunities that may be undertaken to manage the vulnerabilities described in subparagraph i,
 - iv. mitigation approaches to climate change, such as greenhouse gas emission reduction goals and targets, and
 - v. disaster planning and contingency funding.
6. A process to ensure that the municipality’s asset management planning is aligned with any of the following financial plans:
 - i. Financial plans related to the municipality’s water assets including any financial plans prepared under the *Safe Drinking Water Act, 2002*.
 - ii. Financial plans related to the municipality’s wastewater assets.
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.

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8. An explanation of the capitalization thresholds used to determine which assets are to be included in the municipality's asset management plan and how the thresholds compare to those in the municipality's tangible capital asset policy, if it has one.
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.
10. The persons responsible for the municipality's asset management planning, including the executive lead.
11. An explanation of the municipal council's involvement in the municipality's asset management planning.
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.

(2) For the purposes of this section,

"capitalization threshold" is the value of a municipal infrastructure asset at or above which a municipality will capitalize the value of it and below which it will expense the value of it. ("seuil de capitalisation")

Update of asset management policy

4. Every municipality shall prepare its first strategic asset management policy by July 1, 2019 and shall review and, if necessary, update it at least every five years.

ASSET MANAGEMENT PLANS

Asset management plans, current levels of service

5. (1) Every municipality shall prepare an asset management plan in respect of its core municipal infrastructure assets by July 1, 2021, and in respect of all of its other municipal infrastructure assets by July 1, 2023.

(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.
3. For each asset category,
 - i. a summary of the assets in the category,
 - ii. the replacement cost of the assets in the category,
 - iii. the average age of the assets in the category, determined by assessing the average age of the components of the assets,
 - iv. the information available on the condition of the assets in the category, and
 - v. a description of the municipality's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate.

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4. For each asset category, the lifecycle activities that would need to be undertaken to maintain the current levels of service as described in paragraph 1 for each of the 10 years following the year for which the current levels of service under paragraph 1 are determined and the costs of providing those activities based on an assessment of the following:
 - i. The full lifecycle of the assets.
 - ii. The options for which lifecycle activities could potentially be undertaken to maintain the current levels of service.
 - iii. The risks associated with the options referred to in subparagraph ii.
 - iv. The lifecycle activities referred to in subparagraph ii that can be undertaken for the lowest cost to maintain the current levels of service.
5. For municipalities with a population of less than 25,000, as reported by Statistics Canada in the most recent official census, the following:
 - i. A description of assumptions regarding future changes in population or economic activity.
 - ii. How the assumptions referred to in subparagraph i relate to the information required by paragraph 4.
6. For municipalities with a population of 25,000 or more, as reported by Statistics Canada in the most recent official census, the following:
 - i. With respect to municipalities in the Greater Golden Horseshoe growth plan area, if the population and employment forecasts for the municipality are set out in Schedule 3 or 7 to the 2017 Growth Plan, those forecasts.
 - ii. With respect to lower-tier municipalities in the Greater Golden Horseshoe growth plan area, if the population and employment forecasts for the municipality are not set out in Schedule 7 to the 2017 Growth Plan, the portion of the forecasts allocated to the lower-tier municipality in the official plan of the upper-tier municipality of which it is a part.
 - iii. With respect to upper-tier municipalities or single-tier municipalities outside of the Greater Golden Horseshoe growth plan area, the population and employment forecasts for the municipality that are set out in its official plan.
 - iv. With respect to lower-tier municipalities outside of the Greater Golden Horseshoe growth plan area, the population and employment forecasts for the lower-tier municipality that are set out in the official plan of the upper-tier municipality of which it is a part.
 - v. If, with respect to any municipality referred to in subparagraph iii or iv, the population and employment forecasts for the municipality cannot be determined as set out in those subparagraphs, a description of assumptions regarding future changes in population or economic activity.
 - vi. For each of the 10 years following the year for which the current levels of service under paragraph 1 are determined, the estimated capital expenditures and significant operating costs related to the lifecycle activities required to maintain the current levels of service in order to accommodate projected increases in demand caused by growth, including estimated capital expenditures and significant operating costs related to new construction or to upgrading of existing municipal infrastructure assets.

(3) Every asset management plan must indicate how all background information and reports upon which the information required by paragraph 3 of subsection (2) is based will be made available to the public.

(4) In this section,

“2017 Growth Plan” means the Growth Plan for the Greater Golden Horseshoe, 2017 that was approved under subsection 7 (6) of the *Places to Grow Act, 2005* on May 16, 2017 and came into effect on July 1, 2017; (“Plan de croissance de 2017”)

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“Greater Golden Horseshoe growth plan area” means the area designated by section 2 of Ontario Regulation 416/05 (Growth Plan Areas) made under the *Places to Grow Act, 2005*. (“zone de croissance planifiée de la région élargie du Golden Horseshoe”)

Asset management plans, proposed levels of service

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.
3. The proposed performance of each asset category for each year of the 10-year period referred to in paragraph 1, determined in accordance with the performance measures established by the municipality, such as those that would measure energy usage and operating efficiency.
4. A lifecycle management and financial strategy that sets out the following information with respect to the assets in each asset category for the 10-year period referred to in paragraph 1:
 - i. An identification of the lifecycle activities that would need to be undertaken to provide the proposed levels of service described in paragraph 1, based on an assessment of the following:
 - A. The full lifecycle of the assets.
 - B. The options for which lifecycle activities could potentially be undertaken to achieve the proposed levels of service.
 - C. The risks associated with the options referred to in sub-subparagraph B.
 - D. The lifecycle activities referred to in sub-subparagraph B that can be undertaken for the lowest cost to achieve the proposed levels of service.
 - ii. An estimate of the annual costs for each of the 10 years of undertaking the lifecycle activities identified in subparagraph i, separated into capital expenditures and significant operating costs.
 - iii. An identification of the annual funding projected to be available to undertake lifecycle activities and an explanation of the options examined by the municipality to maximize the funding projected to be available.
 - iv. If, based on the funding projected to be available, the municipality identifies a funding shortfall for the lifecycle activities identified in subparagraph i,

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- A. an identification of the lifecycle activities, whether set out in subparagraph i or otherwise, that the municipality will undertake, and
 - B. if applicable, an explanation of how the municipality will manage the risks associated with not undertaking any of the lifecycle activities identified in subparagraph i.
5. For municipalities with a population of less than 25,000, as reported by Statistics Canada in the most recent official census, a discussion of how the assumptions regarding future changes in population and economic activity, set out in subparagraph 5 i of subsection 5 (2), informed the preparation of the lifecycle management and financial strategy referred to in paragraph 4 of this subsection.
6. For municipalities with a population of 25,000 or more, as reported by Statistics Canada in the most recent official census,
- i. the estimated capital expenditures and significant operating costs to achieve the proposed levels of service as described in paragraph 1 in order to accommodate projected increases in demand caused by population and employment growth, as set out in the forecasts or assumptions referred to in paragraph 6 of subsection 5 (2), including estimated capital expenditures and significant operating costs related to new construction or to upgrading of existing municipal infrastructure assets,
 - ii. the funding projected to be available, by source, as a result of increased population and economic activity, and
 - iii. an overview of the risks associated with implementation of the asset management plan and any actions that would be proposed in response to those risks.
7. An explanation of any other key assumptions underlying the plan that have not previously been explained.

(2) With respect to an asset management plan prepared under section 5 on or before July 1, 2021, if the additional information required under this section is not included before July 1, 2023, the municipality shall, before including the additional information, update the current levels of service set out under paragraph 1 of subsection 5 (2) and the current performance measures set out under paragraph 2 of subsection 5 (2) based on data from the two most recent calendar years.

Update of asset management plans

7. (1) Every municipality shall review and update its asset management plan at least five years after the year in which the plan is completed under section 6 and at least every five years thereafter.

(2) The updated asset management plan must comply with the requirements set out under paragraphs 1, 2 and 3 and subparagraphs 5 i and 6 i, ii, iii, iv and v of subsection 5 (2), subsection 5 (3) and paragraphs 1 to 7 of subsection 6 (1).

Endorsement and approval required

8. Every asset management plan prepared under section 5 or 6, or updated under section 7, must be,

- (a) endorsed by the executive lead of the municipality; and
- (b) approved by a resolution passed by the municipal council.

Annual review of asset management planning progress

9. (1) Every municipal council shall conduct an annual review of its asset management progress on or before July 1 in each year, starting the year after the municipality's asset management plan is completed under section 6.

- (2) The annual review must address,
 - (a) the municipality's progress in implementing its asset management plan;
 - (b) any factors impeding the municipality's ability to implement its asset management plan; and
 - (c) a strategy to address the factors described in clause (b).

Public availability

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10. Every municipality shall post its current strategic asset management policy and asset management plan on a website that is available to the public, and shall provide a copy of the policy and plan to any person who requests it.

**TABLE 1
WATER ASSETS**

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	1. Description, which may include maps, of the user groups or areas of the municipality that are connected to the municipal water system. 2. Description, which may include maps, of the user groups or areas of the municipality that have fire flow.	1. Percentage of properties connected to the municipal water system. 2. Percentage of properties where fire flow is available.
Reliability	Description of boil water advisories and service interruptions.	1. The number of connection-days per year where a boil water advisory notice is in place compared to the total number of properties connected to the municipal water system. 2. The number of connection-days per year due to water main breaks compared to the total number of properties connected to the municipal water system.

**TABLE 2
WASTEWATER ASSETS**

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	Description, which may include maps, of the user groups or areas of the municipality that are connected to the municipal wastewater system.	Percentage of properties connected to the municipal wastewater system.
Reliability	1. Description of how combined sewers in the municipal wastewater system are designed with overflow structures in place which allow overflow during storm events to prevent backups into homes. 2. Description of the frequency and volume of overflows in combined sewers in the municipal wastewater system that occur in habitable areas or beaches. 3. Description of how stormwater can get into sanitary sewers in the municipal wastewater system, causing sewage to overflow into streets or backup into homes. 4. Description of how sanitary sewers in the municipal wastewater system are designed to be resilient to avoid events described in paragraph 3. 5. Description of the effluent that is discharged from sewage treatment plants in the municipal wastewater system.	1. The number of events per year where combined sewer flow in the municipal wastewater system exceeds system capacity compared to the total number of properties connected to the municipal wastewater system. 2. The number of connection-days per year due to wastewater backups compared to the total number of properties connected to the municipal wastewater system. 3. The number of effluent violations per year due to wastewater discharge compared to the total number of properties connected to the municipal wastewater system.

**TABLE 3
STORMWATER MANAGEMENT ASSETS**

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	Description, which may include maps, of the user groups or areas of the municipality that are protected from flooding.	1. Percentage of properties in municipality resilient to a 100-year storm.

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	including the extent of the protection provided by the municipal stormwater management system.	2. Percentage of the municipal stormwater management system resilient to a 5-year storm.
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**TABLE 4
ROADS**

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	Description, which may include maps, of the road network in the municipality and its level of connectivity.	Number of lane-kilometres of each of arterial roads, collector roads and local roads as a proportion of square kilometres of land area of the municipality.
Quality	Description or images that illustrate the different levels of road class pavement condition.	1. For paved roads in the municipality, the average pavement condition index value. 2. For unpaved roads in the municipality, the average surface condition (e.g. excellent, good, fair or poor).

**TABLE 5
BRIDGES AND CULVERTS**

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	Description of the traffic that is supported by municipal bridges (e.g., heavy transport vehicles, motor vehicles, emergency vehicles, pedestrians, cyclists).	Percentage of bridges in the municipality with loading or dimensional restrictions.
Quality	1. Description or images of the condition of bridges and how this would affect use of the bridges. 2. Description or images of the condition of culverts and how this would affect use of the culverts.	1. For bridges in the municipality, the average bridge condition index value. 2. For structural culverts in the municipality, the average bridge condition index value.

COMMENCEMENT

Commencement

11. This Regulation comes into force on the later of January 1, 2018 and the day it is filed.