

Council Policy No.:	CA2019-001
Council Policy Name:	Strategic Asset Management Policy
Date Approved by Council:	June 18, 2019
Date revision approved by Council:	
Related SOP, Management Directive, Council Policy, Form	

## Policy Statement and Rationale:

As indicated in its 2016-2019 Corporate Strategic Plan, the City of Kawartha Lakes is committed to the following strategic enablers: (i) responsible fiscal resource management and (ii) efficient infrastructure and asset management. Expanding on this commitment, this policy is designed to provide for the City's compliance with Section 3 of Ontario Regulation 588/17 (Asset Management for Municipal Infrastructure) under the Infrastructure for Jobs and Prosperity Act. As a result, this policy embeds asset management planning into the corporate planning framework in a manner aligned with the Corporate Strategic Plan.

## Scope:

This policy has the scope prescribed and or implied by Section 3 of Ontario Regulation 588/17, and pertains to the strategic management of the City's capital asset portfolio.

## Policy:

### 1. **Definitions:** In this policy,

**“Act”** means the Infrastructure for Jobs and Prosperity Act, as amended, or any successor thereof;

**“Adopted Asset”** means a capital asset that is acquired but not created or procured by the City, typically through assumption of a subdivision or donation by an external party;

**“Asset Management Plan”** means a plan prepared by or on behalf of the City in accordance with Section 6 of the Act and Sections 5-8 of the Regulation that, among other things:

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(a) Forecasts capital needs based on established service levels, existing and anticipated capital asset conditions and industry standards and best practices; and

(b) Links master plans to DC Studies, Long-Term Financial Plans and Capital Budgets;

**“Asset Management Progress Review”** means the review conducted by Council annually prior to July 1 as prescribed by Section 9 of the Regulation;

**“Asset Registry”** means a centralized database of the City’s capital assets that, among other things, is structured to:

(a) Support capital planning, primarily through Asset Management Plans and DC Studies; and

(b) Reflect the manner in which capital assets or groups thereof are managed and considered by their Asset Stewards.

**“Asset Steward”** means, in respect of a set of capital assets designated by the Manager of Corporate Assets, a supervisor, manager or director of the City who, as determined by the Chief Administrative Officer, has primary responsibility for direct and day-to-day management of the designated assets;

**“Capital Asset” or “Asset”** refers to land or other natural resource, a facility (inclusive of siteworks and ancillary systems), infrastructure, equipment or other material tangible capital, or component thereof, that has a multiyear expected useful life and satisfies the applicable capitalization threshold;

**“Capital Budget”** means a budget prepared by the City in accordance with Section 290 or 291 of the Municipal Act, as amended, or any successor thereof, that authorizes expenditures and financing for capital projects that facilitate the planning, design, acquisition, installation, construction, expansion, improvement, upgrade, renewal, rehabilitation, replacement and or disposition of capital assets;

**“Capital Charge Study”** means a study prepared by or on behalf of the City to inform and support a by-law to levy fees, typically capital-related, in accordance with Part XII of the Municipal Act, as amended, or any successor thereof;

**“Capitalization Threshold”** means, in respect of a capital asset or capital asset group, and with reference to Paragraph 8 of Section 3(1) of the Regulation, a minimum replacement cost as determined by the Manager of Corporate Assets in consultation with the relevant Asset Steward;



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**“Chief Administrative Officer”** means the person who holds that position and his or her delegate(s) or, in the event of organizational changes, another person designated by Council;

**“City of Kawartha Lakes” or “City”** means the Corporation of the City of Kawartha Lakes;

**“Climate Change Plan”** means a master plan prepared by or on behalf of the City that, among other things, provides a guiding framework for how the City will, in respect of its services, mitigate and or adapt to the anticipated impacts of climate change;

**“Corporate Strategic Plan”** means a master plan prepared by or on behalf of the City that provides an overarching guiding framework for corporate direction and provision of municipal services, and with which all official studies, plans, strategies, by-laws, policies, reports and budgets of the City are expected to be aligned;

**“Council”** means the municipal council for the City;

**“Development Charges Background Study” or “DC Study”** means a study prepared by or on behalf of the City in accordance with Section 10 of the Development Charges Act, as amended, or any successor thereof, that determines development charge rates based on anticipated growth and associated capital needs;

**“Director of Corporate Services”** means the person who holds that position and his or her delegate(s) or, in the event of organizational changes, another person designated by Council;

**“Director of Engineering and Corporate Assets”** means the person who holds that position and his or her delegate(s) or, in the event of organizational changes, another person designated by Council;

**“Downtown Parking Strategy”** means, in respect of municipally-provided general purpose parking in designated downtown areas, a master plan prepared by or on behalf of the City that, among other things, primarily substantiates and forecasts growth-related capital needs;

**“Energy Management Plan”** means a master plan prepared by or on behalf of the City that, among other things, provides a guiding framework for the efficient and sustainable consumption of electricity, fuel, natural gas and other forms of energy by the City’s capital asset portfolio;

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**“Engineering Study”** means a study or report prepared by or on behalf of the City that, among other things, substantiates specific capital needs based on engineering and or other technical standards, and includes bridge and culvert assessments, roads needs studies, corridor studies, environmental assessments, asset condition assessments and other similar technical studies and reports;

**“Growth Management Strategy”** means a master plan prepared by or on behalf of the City that, among other things:

- (a) Supports Official Plan compliance with the Places to Growth Act, specifically the Growth Plan for the Greater Golden Horseshoe, as amended, or any successors thereof; and
- (b) Provides essential input into service-specific master plans, Asset Management Plans, DC Studies and other similar studies, plans and strategies;

**“Level of Service” or “Service Level”** means, in respect of a municipal service, the quantity and quality of service established by:

- (a) Legislation, including regulation; or
- (b) Council, either:
  - i. Explicitly through by-laws, policies, master plans and other similar expressions of Council; or
  - ii. Implicitly through the historic provision of services by the City;

**“Long-Term Financial Plan”** means a plan prepared by or on behalf of the City that, among other things:

- (a) Provides a guiding framework for the financially-sustainable implementation of established service levels over a planning horizon of 10 years or more;
- (b) Provides a long-term outlook for the City’s financial circumstances and utilizes or identifies strategies promotive of long-term financial health and sustainability;
- (c) Serves as or supersedes the financial plan component of the Asset Management Plan, linking Asset Management Plans and DC Studies to Capital Budgets; and
- (d) Links operating-related plans and strategies to Operating Budgets;

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**“Management Directive”** means a directive authorized by the Chief Administrative Officer and issued under a Council policy that guides interpretation and implementation of the policy or part thereof;

**“Manager of Corporate Assets”** means the person who holds that position and his or her delegate(s) or, in the event of organizational changes, another person designated by Council;

**“Master Plan”** means:

(a) In respect of a municipal service, or part thereof, a plan or strategy prepared by or on behalf of the City that, among other things:

- i. Provides a guiding framework for service provision over a planning horizon of 10 years or more;
- ii. Establishes or verifies the level of service to be provided, often with a predominant focus on the integration of growth into the relevant servicing structure;
- iii. Substantiates and forecasts operational improvements needed to support the established level of service, to the extent applicable to the service; and
- iv. Substantiates and forecasts capital improvements, often with a predominant focus on growth-related capital improvements, needed to support the established level of service, to the extent applicable to the service; or

(b) In respect of a general corporate-wide purpose, a plan or strategy prepared by or on behalf of the City that, among other things:

- i. Provides, with respect to its subject matter, a corporate-wide guiding framework within which service-specific master plans are to be prepared; or
- ii. Constitutes an essential input into one or more service-specific master plans;

**“Master Planning Policy”** means a Council policy that, among other things:

(a) Provides a guiding framework for the preparation and administration of master plans and related studies, plans and strategies; and

(b) Identifies the subject set of master plans and related studies, plans and strategies, and establishes their relationships and frequency of iteration;

**“Official Plan”** means a plan prepared by or on behalf of the City in accordance with Part III of the Planning Act, as amended, or any successor thereof;

**“Operating Budget”** means a budget prepared by the City in accordance with Section 290 or 291 of the Municipal Act, as amended, or any successor thereof, that authorizes operating-related expenditures and financing;

**“Regulation”** means Ontario Regulation 588/17 (Asset Management for Municipal Infrastructure), as amended, or any successor thereof;

**“Senior Management Team”** means, collectively, the Chief Administrative Officer and the department heads as he or she designates;

**“Stormwater Capacity Study”** means, in respect of storm water management systems, a master plan prepared by or on behalf of the City that, among other things, primarily substantiates and forecasts growth-related capital needs;

**“Strategic Asset Management Policy”** means this policy as prepared in accordance with Section 3 of the Regulation;

**“Transportation Master Plan”** means, in respect of road and related networks, including those related to active transportation, a master plan prepared by or on behalf of the City that, among other things, primarily substantiates and forecasts growth-related capital needs;

**“Water-Wastewater Capacity Study”** means, in respect of water and wastewater systems, a master plan prepared by or on behalf of the City that, among other things, primarily substantiates and forecasts growth-related capital needs; and

**“Water-Wastewater Rate Study and Financial Plan”** means, in respect of water and wastewater systems, a study prepared by or on behalf of the City that, among other things, determines and forecasts water-wastewater rates (i.e. user fees) and includes a financial plan prepared in accordance with the Safe Drinking Water Act, specifically Ontario Regulation 453/07, as amended, or any successors thereof.

2. **Principles, Standards and Commitments:** The following general principles, standards and commitments are to guide the strategic management of the City’s capital asset portfolio:

- (a) Legislated Principles: In accordance with Paragraph 4 of Section 3(1) of the Regulation, the principles set out in Section 3 of the Act to the extent they apply to the City.
  - (b) Legislated Commitments: The commitments set out in Paragraphs 5, 9, 10 and 12 of Section 3(1) of the Regulation to the extent they apply to the City.
  - (c) Complementary Principles and Standards: With reference to Paragraphs 2-4 of Section 3(1) of the Regulation, the principles and standards set out in the following documents, as amended, or any successors thereof:
    - i. *International Infrastructure Management Manual* (2011) by the Institute of Public Works and Engineering Australia; and
    - ii. *Building Together: Guide for Municipal Asset Management Plans* (2012) by the Province of Ontario.
3. **Goals, Policies and Plans**: With reference to Paragraph 1 of Section 3(1) of the Regulation, the following goals, policies and plans of the City are, by type, identified as supportive of, or supported by, the Asset Management Plan:
- (a) Upstream: Upstream goals, policies and plans include:
    - i. Growth Management Strategies, Official Plans, master plans and engineering studies;
    - ii. Goals or policies relating to establishment of levels of service, master planning, lifecycle events for assets or the acquisition of adopted assets;
    - iii. This policy (i.e. Strategic Asset Management Policy); and
    - iv. Any other goals, policies or plans that inform Asset Management Plans.
  - (b) Parallel: Parallel goals, policies and plans include:
    - i. DC Studies, Capital Charge Studies and the goal that growth is to pay for growth-related capital works and not create a financial burden on existing ratepayers, to the extent permitted by law;
    - ii. In accordance with Paragraph 6 of Section 3(1) of the Regulation, Water-Wastewater Rate Studies and Financial Plans;



- iii. In accordance with Paragraph 5 of Section 3(1) of the Regulation, Water-Wastewater Capacity Studies, Stormwater Capacity Studies, Energy Management Plans and Climate Change Plans; and
- iv. Any other goals, policies or plans that function in parallel or coordination with Asset Management Plans.

(c) **Downstream**: Downstream goals, policies and plans include:

- i. Long-Term Financial Plans, Capital Budgets and Operating Budgets;
- ii. The goals of financial sustainability, prudence, transparency and accountability;
- iii. The goal of ensuring the City's capital asset portfolio supports established levels of service in an affordable and sustainable manner and at minimum lifecycle cost; and
- iv. Any other goals, policies or plans informed or enabled by Asset Management Plans.

4. **Responsibility for Asset Management**: With reference to Paragraph 10 of Section 3(1) of the Regulation, responsibility for asset management at the City is distributed as follows:

- (a) **Council**: With reference to Paragraph 11 of Section 3(1) of the Regulation, Council is responsible for providing overall corporate direction through approval of studies, plans, strategies, by-laws, policies and budgets and for conducting Asset Management Progress Reviews in accordance with Section 9 of the Regulation.
- (b) **Chief Administrative Officer**: The Chief Administrative Officer is responsible for ensuring adherence to this policy, issuance of management directives under this policy and overall direction to which to align asset management planning.
- (c) **Director of Engineering and Corporate Assets**: The Director of Engineering and Corporate Assets is responsible for providing direction to and enabling the Manager of Corporate Assets to discharge his or her duties.
- (d) **Director of Corporate Services**: The Director of Corporate Services is responsible for supporting and reviewing asset management planning from a financial feasibility perspective.



- (e) Manager of Corporate Assets: As head of the Corporate Assets Division, the Manager of Corporate Assets is responsible for providing effective leadership and direction in the strategic management and general stewardship of the City's capital asset portfolio, supporting and coordinating master planning, updating and presenting to Council this policy, implementing this policy, preparing management directives under this policy and facilitating Asset Management Progress Reviews.
  - (f) Asset Stewards: Asset Stewards are responsible for direct and day-to-day management and stewardship of their respective sets of assets, and for providing information and other assistance as required by the Manager of Corporate Assets in order to discharge his or her duties.
  - (g) Executive Lead: For the purposes of Paragraph 10 of Section 3(1) and Section 8(a) of the Regulation, the Manager of Corporate Assets is designated as the City's Executive Lead for asset management planning, and shall be vested with the responsibilities of that position as prescribed by the Act and Regulation.
5. **General Processes**: In accordance with Section 3(1) of the Regulation, the following general processes are established:
- (a) Asset Registry: With reference to Paragraphs 2 and 8 of Section 3(1) of the Regulation, the Asset Registry is to be prepared, maintained and updated as required:
    - i. Under the direction of the Manager of Corporate Assets in consultation with, and aided by, Asset Stewards as required; and
    - ii. In accordance with the applicable capitalization thresholds, which are to reflect differential materiality considerations across assets and asset groups from an asset management rather than a financial reporting or operational perspective.
  - (b) Various Studies, Plans and Strategies by Corporate Assets Division: With reference to Paragraph 2 of Section 3(1) of the Regulation, Asset Management Plans, DC Studies, Capital Charge Studies, Water-Wastewater Capacity Studies and Downtown Parking Strategies are to be prepared as required:
    - i. Under the direction of the Manager of Corporate Assets and in consultation with Asset Stewards, Senior Management Team and other City staff as required;

- ii. With the aid of Asset Stewards and other City staff as required; and
  - iii. Based on the Asset Registry, Growth Management Strategies, master plans, engineering studies, service level policies and other sources of informing input.
- (c) Water-Wastewater Rate Studies and Financial Plans: With reference to Paragraph 6 of Section 3(1) of the Regulation, Water-Wastewater Rate Studies and Financial Plans are to be prepared as required:
- i. Under the direction of the Manager of Corporate Assets and with the aid of other City staff as required; and
  - ii. Based on the Asset Registry, Asset Management Plan, DC Study, Water-Wastewater Capacity Study and other sources of informing input.
- (d) Long-Term Financial Plans: With reference to Paragraph 2 of Section 3(1) of the Regulation, Long-Term Financial Plans are to be prepared as required:
- i. Jointly by the Director of Corporate Services and Manager of Corporate Assets, with primary contributions relating to operating and capital dimensions of the plan, respectively;
  - ii. In consultation with Senior Management Team as required; and
  - iii. With regard for Asset Management Plans, DC Studies, operating-related plans and strategies and other sources of informing input.
- (e) Capital Budgets: With reference to Paragraph 2 of Section 3(1) of the Regulation, Capital Budgets are to be prepared as required:
- i. By the Manager of Corporate Assets in consultation with Asset Stewards, Senior Management Team and other City staff as required; and
  - ii. With regard for Asset Management Plans, DC Studies, Long-Term Financial Plans and other sources of informing input.
- (f) Operating Budgets: With reference to Paragraph 2 of Section 3(1) of the Regulation, Operating Budgets are to be prepared as required:

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- i. By the Director of Corporate Services in consultation with Senior Management Team and other City staff as required; and
    - ii. With regard for Asset Management Plans, DC Studies, Long-Term Financial Plans and other sources of informing input.
  - (g) **Land Use Planning:** With reference to Paragraph 7 of Section 3(1) of the Regulation, asset management planning and land use planning are to be coordinated and aligned through:
    - i. Concurrent updating of Growth Management Strategies and key master plans (e.g. Transportation Master Plan, Water-Wastewater Capacity Study etc.) identified by the Manager of Corporate Assets;
    - ii. Growth Management Strategy and Official Plan preparation that has regard for the affordability and sustainability of the growth-related capital needs implied by growth and development allocations and patterns; and
    - iii. Asset Management Plan preparation that has regard for the provincial land use planning framework, given the manner in which this framework is incorporated into the Growth Management Strategy and Official Plan.
  - (h) **Management Directives:** Process refinements and additional processes established by management directives issued under this policy are to be followed.
6. **Strengthening of Asset Management Planning:** With reference to Paragraphs 3 and 7 of Section 3(1) of the Regulation, the following improvements are necessary to obtain adequate support for asset management planning:
- (a) **Asset Registration and Assessment:** The following initiatives shall be implemented as noted:
    - i. A management directive regarding asset registration and assessment shall be issued under this policy by June 30, 2020; and
    - ii. An asset condition and risk assessment program, under the direction of the Manager of Corporate Assets and with particular attention to major asset categories (e.g. facilities, sanitary sewers etc.) without such a program already, shall be included in the Capital Budgets for 2021 and subsequent years.

(b) Studies, Plans and Strategies: All studies, plans and strategies of the City judged sufficiently capital-related by the Manager of Corporate Assets are to be budgeted as projects in Capital Budgets to:

- i. Support legislative compliance where applicable (e.g. Development Charges Act);
- ii. Enhance project transparency, accountability, administration, management and outcomes; and
- iii. Provide multiyear project approval, recognizing many such studies, plans and strategies require more than a single year to procure and prepare.

(c) Master Planning: The following initiatives shall be implemented as noted:

- i. The Growth Management Strategy, Transportation Master Plan and Water-Wastewater Capacity Study shall be included in the 2020 Capital Budget and prepared concurrently in an appropriately sequenced and coordinated fashion;
- ii. The Stormwater Capacity Study, which was last prepared in 2004, shall be included in the 2022 Capital Budget; and
- iii. The Manager of Corporate Assets shall develop a Master Planning Policy and present it to Council for adoption by June 30, 2021.

7. **Administrative Requirements**: In accordance with Sections 4-7, 9 and 10 of the Regulation, the following are administrative requirements relating to the Asset Management Plan, Strategic Asset Management Policy and Asset Management Progress Review:

(a) Asset Management Plan: The Asset Management Plan shall be:

- i. Updated to comply with Section 5 of the Regulation by June 30, 2021 regarding all capital assets;
- ii. Updated to comply with Section 6 of the Regulation by June 30, 2024;
- iii. Updated by June 30, 2027, and every four (4) years thereafter, to comply with Section 7 of the Regulation;
- iv. Included in the Capital Budget for the year prior to that of the required update; and

- v. Posted on the City's website and made available to anyone who requests it when it is current.

(b) Strategic Asset Management Policy: The Strategic Asset Management Policy shall be:

- i. Updated in 2023, and every four (4) years thereafter, to comply with Section 4 of the Regulation and coincide with post-2024 Asset Management Plan updates; and
- ii. Posted on the City's website and made available to anyone who requests it when it is current.

(c) Asset Management Progress Review: The Asset Management Progress Review shall be conducted annually by June 30, commencing in 2025.

## Revision History:

This policy has no revision history given the Regulation came into effect in early 2018 and the first version of this policy is to be adopted by Council by July 1, 2019 as prescribed by Section 4 of the Regulation.

## Proposed Date of Review:

Revision	Date	Description of changes	Requested By
0.0	June 18, 2019	Initial Release	O.Reg. 588/17
1.0	2023	Update	O.Reg. 588/17
2.0	2027	Update	O.Reg. 588/17
3.0	2031	Update	O.Reg. 588/17
4.0	2035	Update	O.Reg. 588/17
5.0	2039	Update	O.Reg. 588/17