

**Policy:** Strategic Asset Management Policy

**Main Contact:** Chief Administrative Officer

**Last Revision:** June 2019

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## Policy Statement

The Township of Whitewater Region relies on a diverse asset portfolio to deliver core and essential services to the community. The Strategic Asset Management Policy details principles for a consistent and coordinated approach for the management of the Township's assets to ensure long-term sustainability and to demonstrate fiscal stewardship.

## Purpose

The purpose of this policy is to provide program principles and a framework for asset management practices that enables a coordinated, cost effective and organizationally sustainable approach across all departments in order to:

- Optimize the life cycle costs while maintaining acceptable levels of service;
- Link infrastructure investment decisions to service outcomes;
- Improve decision-making accountability and transparency;
- Demonstrate the long-term consideration of decisions; and
- Improve customer service.

## Definitions

“**Asset**” is an item, thing or entity that has potential or actual value to an organization. The value can be tangible or intangible, financial or non-financial and includes consideration of risks and liabilities.

“**Asset Management Plan (AMP)**” shall mean the plan.

“**Core Infrastructure Assets**” includes paved and unpaved roads, bridges, culverts, any assets involved in wastewater collection, conveyance, treatment and disposal; urban and rural stormwater systems; water treatment, distribution and transmission; and public and non-profit housing infrastructure.

“**Life-cycle**” of an asset includes everything from initial identification of requirements or opportunities, acquisition/creation, operations or utilization activities, asset stewardship or care/maintenance responsibilities through to renewal or disposal and any remaining liabilities.

## Policy Requirements

### Provisions

Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure provisions takes effect as follows:

Date	Provisions
January 1, 2018	Regulation in force.
July 1, 2019	Initial strategic asset management policy to be completed.
July 1, 2021	Adopt asset management plan (AMP) for core assets.
July 1, 2023	Adopt AMP for all other municipal infrastructure assets.
July 1, 2024	AMP to include proposed levels of service and related assumptions, activities required to meet proposed levels of service, and a strategy to fund the activities.
Every five years	Prepare the first strategic asset management policy by July 1, 2019; review and, if necessary, update it at least every five years.

## Asset Management

Asset management is a coordinated activity to realize value from assets. Value means delivery of services at an appropriate cost, while managing long-term risks. It encompasses all asset types, tangible and intangible, individual components or complex systems, and all activities involved in the asset's life cycle.

Asset management is the process of determining:

- What assets the municipality owns and their condition;
- If assets meet the current and future service needs of the municipality;
- How assets are prioritized (what assets need to be fixed or replaced first);
- If there is affordable and sufficient financing available to operate, maintain, renew and replace existing assets.

Asset management planning provides a systematic way to prioritize and deliver municipal service needs in an economical and proactive manner, provide sustainable service delivery, manage risks, and meet fiduciary responsibilities.

Asset management planning is essential for planning, maintaining, operating and renewing municipal infrastructure on a short-term and long-term basis by:

- Supporting informed decision-making;
- Enhancing data management;
- Providing sound information on the condition of infrastructure;
- Balancing service level expectations;
- Meeting regulatory requirements
- Extending the lifecycle of infrastructure through maintenance and rehabilitation;
- Maximizing the benefits of assets and improving the overall return on investments;
- Providing predictable tax rates from sound operational and financial planning;
- Reducing risks and improving safety;
- Improving communications and education about infrastructure requirements and costs.

## Guiding Principles

Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure, sets out twelve (12) guiding principles to be followed during the development of the Strategic AMP.

- Principle 1: Strategic Alignment (Goals, Policies or Plans)
- Principle 2: Development of Financial Plans
- Principle 3: Continuous Improvement
- Principle 4: Planning Principles
- Principle 5: Environmental / Climate Change Municipal Commitment
- Principle 6: Water & Wastewater Financial Plans
- Principle 7: Land Use Planning
- Principle 8: Capitalization Thresholds
- Principle 9: Connected / Interrelated Municipal Infrastructure
- Principle 10: Asset Management Governance Structure (Executive Lead)
- Principle 11: Council Involvement
- Principle 12: Public Engagement

### ***Principle 1: Strategic Alignment (Goals, Policies or Plans)***

*O.Reg. 588/17, Sec. 3(1) 1: Any of the municipality's goals, policies or plans that are supported by its asset management plan.*

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Whitewater Region is asset management goal is to:

- extend the useful life of all assets
- in the most cost-effective way
- with the least risk, and
- while meeting agreed-upon levels of service.

Asset management planning should not occur in isolation from other municipal goals, plans, and policies. Whitewater Region will develop an AMP that aligns with the overarching accountabilities and aspirations of our community by fostering integration of various municipal documents (i.e. strategic plan, master plans – fire & recreation, accessibility plan, and planning documents, etc.).

## **Principle 2: Development of Financial Plans**

*O.Reg. 588/17, Sec. 3(1) 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.*

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The AMP and progress made on the plan will be considered annually in the creation of the Township's 10-year capital budget, operating budgets, and long-term financial plans. The Township shall reference the AMP in order to:

- Confirm spending needs identified in the plan
- Verify progress made on the plan to identify potential gaps, and
- Prioritize spending needs, across the gap identified in the plan and recent developments, for the years to be budgeted for.

The Treasurer shall be involved in asset management planning to facilitate the bridge between:

- The 10-year Capital Plan
- Annual budget submissions of each department
- The annual operating and capital budget
- The financial strategy developed in the AMP, and
- The Long-Term Financial Plan.

Whitewater Region shall take into account any applicable budgets or fiscal plans, such as those released under the following:

- *Fiscal Transparency and Accountability Act, 2004*
- Budgets adopted under Part VII of the *Municipal Act, 2001*
- Public Sector Accounting Board (PSAB), and
- Generally accepted accounting principles.

## **Principle 3: Continuous Improvement**

*O.Reg. 588/17, Sec. 3(1) 3: The municipality's approach to continuous improvement and adoption of appropriate practices regarding asset management planning.*

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Council's annual asset management reviews are the basis of the Municipality's approach for continually improving its methods and adopting appropriate practices. The annual review will be completed in consultation with the Asset Management Steering Committee. It will include:

- Progress on ongoing efforts to implement the AMP
- Consideration of the asset management policy
- Any factors affecting the ability of the municipality to implement its AMP
- Consultation with department leads, and
- A strategy to address these factors including the adoption of appropriate practices.

#### **Principle 4: Planning Principles**

*O.Reg. 588/17, Sec. 3(1) 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.*

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Ontario Regulation 588/17: Asset Management Planning for municipal Infrastructure was made under the *Infrastructure for Jobs and Prosperity Act, 2015*.

The Act requires the Municipality consider those principles, outlined in section 3 (1 to 14) of the Act, when making decisions respecting infrastructure.

#### 1. Forward Looking

The Township shall take a long-term view and decision-makers should take into account the needs of Ontarians by considering, among other things, demographic and economic trends in Ontario.

#### 2. Budgeting and Planning

The Township shall take into account any applicable budgets or fiscal plans, such as fiscal plans released under the Fiscal Sustainability, Transparency and Accountability Act, 2019 and budgets adopted under Part VII of the Municipal Act.

#### 3. Prioritizing

The Township shall clearly identify infrastructure priorities which will drive investment decisions.

#### 4. Core Services

The Township shall ensure the continued provision of core public services.

#### 5. Economic Development

The Township shall promote economic competitiveness, productivity, job creation, and training opportunities.

6. Health & Safety

The Township shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets are protected.

7. Innovation

The Township shall create opportunities to make use of innovative technologies, services, and practices, particularly where doing so would utilize technology, techniques, and practices developed in Ontario.

8. Transparency

The Township shall be evidence based and transparent and shall make decisions with respect to infrastructure based on information that is publicly available or made available to the public. Information on infrastructure and investment decisions shall be shared with the government and broader public sector entities, subject to any prohibitions under an act or otherwise by law on the collection, use, or disclosure of information.

9. Mindful

The Township shall be mindful of those plans and strategies that are not binding on the Municipality, and make investment decisions respecting infrastructure that support them, to the extent that they are relevant. Example: Policy statements issued under section 3 of the *Planning Act*, and provincial plans as defined by that Act.

10. Accessibility

The Township shall promote accessibility for persons with disabilities.

11. Environmentally Conscious

The Township shall minimize the impact of infrastructure on the environment by respecting and helping maintain ecological and biological diversity, by augmenting resilience to effects of climate change.

12. Aggregates

The Township shall endeavor to make use of acceptable recycled aggregates.

### 13. Community-focused

The Township shall promote community benefits, being the supplementary social and economic benefits arising from infrastructure projects that are intended to improve the well-being of a community, such as local job creation and training opportunities, improvement of public space within the community, and benefits specifically identified by the community.

### 14. Other Principles

The Township shall have consideration for any other principles that may be prescribed for the Government or the broader public sector entity as the case may be.

### **Principle 5: Environmental / Climate Change Municipal Commitment**

*O.Reg. 588/17, Sec. 3(1) 5: The municipality's commitment to consider, as part of its asset management planning .....*

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The Municipality shall minimize the impact of infrastructure on the environment in an environmentally conscious manner by:

- Respecting and helping maintain ecological and biological diversity; and
- Augmenting resilience to the effects of climate change.

Climate change risks include infrastructure failure, public health & safety, liability, and fiscal sustainability. Climate change risks will be considered as part of the Municipality's risk management approach embedded in local asset management planning methods. This approach will balance the potential cost of vulnerabilities to climate change impact and the actions required to increase climate resilience for people and communities.

The balance will be struck in levels of service delivered through:

- Operations (i.e. maintenance schedules)
- Lifecycle management
- Disaster Response Plan
- Contingency funding, and
- Capital investments.

The Municipality's contribution to climate change through greenhouse gas emissions (GHG) will be mitigated in accordance with the Municipality's ability to meet set reduction targets, financial capacity, and stakeholder support.

## **Principle 6: Water & Wastewater Financial Plans**

*O.Reg. 588/17, Sec. 3(1) 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.*

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A long-term goal of the Province is to achieve financial sustainability in Ontario's municipal water sector. Under Ontario Regulation 453/07 of the *Safe Drinking Water Act, 2002*, a requirement for licensing a water supply system is the development of a Financial Plan covering a period of at least 6 years.

The purpose of the plan is to provide municipalities with a flexible, locally-driven approach to achieving financial sustainability. Due to the interconnection between water and wastewater billing in Whitewater Region, the Municipality has incorporated the development of a Financial Plan for sewage works.

The Water and Wastewater Financial Plan shall be completed and updated in order to ensure that sufficient funds will be in place to cover the short-term water and wastewater system operating costs and full water and wastewater system life-cycle asset renewal and replacement costs.

## **Principle 7: Land Use Planning**

*O.Reg. 588/17, Sec. 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.*

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The combination of lifecycle analysis and financial sustainability principles will be the driver in the design and selection of community development or redevelopment that requires new assets, or existing asset enhancements.

Parties involved in the development of the AMP will reference the direction established in the Official Plan as well as the methods, assumptions, and data used in its development. The aim of cross-referencing these plans is to ensure that development and redevelopment occur within the Municipality's means through an understanding of current and future asset needs.

## **Principle 8: Capitalization Thresholds**

*O.Reg. 588/17, Sec. 3(1) 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.*

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**"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.

The Township's Strategic Asset Management Policy applies to all assets whose role in service delivery requires deliberate management by the Township. The service-focus intent of this policy differentiates its requirements for identifying assets from the capitalization thresholds which are developed for the purposes of financial reporting. For this reason, the capitalization threshold developed for financial reporting will be the guide in selecting the assets covered by the asset management planning process.

## **Principle 9: Connected / Interrelated Municipal Infrastructure**

*O.Reg. 588/17, Sec. 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.*

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The Municipality, where relevant and appropriate, shall be mindful and consider the principles and content of non-binding federal, provincial, municipal plans (upper and lower tier) and strategies established under an act or otherwise, in planning and making decisions surrounding infrastructure that supports them. Services used by the public such as regulated utilities (i.e. electricity and gas supply), recreational infrastructure, etc. shall also be considered.

## **Principle 10: Governance Structure (Executive Lead)**

*O.Reg. 588/17, Sec. 3(1) 10: The persons responsible for the municipality's asset management planning, including the executive lead.*

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The objective of asset management is to effectively manage existing and new infrastructure in order to maximize benefits, reduce risk and provide safe and reliable levels of service to the community in a socially, culturally, environmentally and economically conscious manner. This requires an integrated approach involving planning, finance, engineering, maintenance, and operations.

The Municipality recognizes two key positions responsible for championing asset management planning, the Executive Lead (Chief Administrative Officer) and the Asset Management Coordinator.

## 1. Executive Lead (Chief Administrative Officer)

- Maintain compliance with the AMP and provincial asset management regulation.
- Provide support and guidance to Council in regards to regulations and compliance.
- *Steering Committee Team Lead* which provides AMP oversight and implementation.

## 2. Asset Management Coordinator (As designated)

- *Technical and Operations Staff Team Lead*, coordinating/provision of AMP implementation.
- Oversee asset management planning activities that fall within their service area and in support of others.
- Sits on the Steering Committee.

## Governance Structure

Whitewater Region's governance structure supports an integrated approach involving planning, finance, engineering, maintenance and operations.

### COUNCIL

#### Direction and Support

- Members of Council
  - Executive Lead (Chief Administrative Officer) - support and assistance

### STEERING COMMITTEE

#### Oversite and Implementation

- Executive Lead (Chief Administrative Officer) - *Steering Committee Team Lead*
  - Asset Management Coordinator
  - Treasurer
  - Director of Public Works
  - Manager of Recreation & Tourism
  - Fire Chief / CEMC
  - Planner

- Environmental Superintendent

## TECHNICAL & OPERATIONS STAFF

### Implementation

- Asset Management Coordinator - *Technical & Operations Staff Team Lead*
  - Asset Management Steering Committee members
  - Other:
    - Clerk
    - Chief Building Official
    - Roads Superintendent
    - Landfill / Facilities Operator
    - Others as determined by CAO.

#### **Principle 11: Council Involvement**

*O.Reg. 588/17, Sec. 3(1) 11: An explanation of the municipal council's involvement in the municipality's asset management planning.*

Council of the Township of Whitewater Region commits as a key stakeholder within the Municipality's organizational structure to:

- Approve by resolution the AMP and its updates every five years.
- Conduct annual reviews of management plan implementation progress on or before July 1 of every year that includes:
  - Progress and ongoing efforts to implement the AMP
  - Consideration of the AMP
  - Any factors affecting the ability of the municipality to implement its AMP
  - Consultation with department leads, and
  - A strategy to address these factors including the adoption of appropriate practices.
- Support ongoing efforts to continuously improve and implement the AMP.

## **Principle 12: Public Engagement**

*O.Reg. 588/17, Sec. 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 plan.*

The goal of the Municipality is to provide its various stakeholders with municipal services. To achieve this, the Municipality must understand the needs of current stakeholders, consider the needs of future generations including demographic and economic trends in the region, and incorporate these perspectives into the AMP.

Accordingly, the Municipality will:

- Provide opportunities for residents and other stakeholders to provide input in asset management planning; and
- Coordinate asset management planning with other infrastructure asset owning agencies such as municipal bodies, including upper tier, and regulated utilities.

Consideration for stakeholder engagement may include public meetings, surveys, social media, newspaper, staff reports, etc.

### **Public Availability**

The Township of Whitewater Region shall post the current Strategic Asset Management Policy on its website. Any person who makes a request shall be provided with a copy of the policy.

### **Related Documents**

Asset management is multi-faceted and impacts all areas of the organization. The following policies, frameworks and plans are impacted by, or impact the Strategic Asset Management Policy including, but not limited to:

- Strategic Plan
- Official Plan
- Long Term Financial Plan
- Emergency Response Plan
- Tangible Capital Assets Policy
- Debt Management Policy
- Procurement (Purchasing & Disposal) Policies
- Development Charges Study
- Asset Management Plan
- 10-year Capital Plan
- Energy Management Plan
- Investment Policy
- Reserve and Reserve Fund Policy
- Annual Operating and Capital Budgets

## Monitoring

The CAO shall be responsible for receiving complaints and/or concerns related to this policy.

## Authority

This policy is established pursuant to Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure, made under the *Infrastructure for Jobs and Prosperity Act*, S.O. 2015, c.15, whereby every municipality is required to prepare a comprehensive Strategic Asset Management Policy, a plan to maintain core municipal infrastructure, a levels of service proposal, and a publicly accessible AMP.

## Contact

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## Change History

Policy Name	Effective Date	Significant Changes	By-law No.
Strategic Asset Management Policy	June 19, 2019	New policy	19-06-1183