



**DEPARTMENT: FINANCIAL SERVICES**

**POLICY: FS 2019-01**

**SUBJECT: STRATEGIC ASSET MANAGEMENT POLICY**

**DATE: MAY 14, 2019**

**UPDATED: JUNE 18, 2024**

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**POLICY STATEMENT:**

The Township of Norwich recognizes that the municipality should set guidelines and procedures related to Asset Management that are clear, concise and easily-understandable so as to ensure proper transparency and accountability when making decisions related to municipal infrastructure and assets. The policy should provide proper guidance to Council and staff and supply information to the public with regards to how assets are managed and maintained within the organization.

**PURPOSE:**

The Strategic Asset Management Policy formalizes the municipality's commitment to asset management, aligns its asset management actions with strategic goals and objectives, and provides direction to Council, Department Heads and staff on how to carry out its business strategies, plans and activities. This policy will support the municipality in its infrastructure management to focus on managing risks, addressing proper priorities and meeting short and long-term financial goals within the bounds of a reasonable budget program.

**VISION:**

The municipality's vision is to proactively manage its infrastructure to best serve the municipality's objectives, including:

- Prioritizing the need for existing and future assets to effectively deliver municipal services;
- Supporting sustainability and economic development within the Township of Norwich; and
- Maintaining sensible financial planning and decision making.

**OBJECTIVES:**

The objectives of this policy are:

- To provide a consistent framework for implementing and maintaining asset management throughout the organization;
- To provide transparency and accountability;
- To demonstrate to stakeholders that proper decision-making, which is strategically aligned with other municipal plans, is vital to proper asset management within the municipality.

**STRATEGIC ALIGNMENT:**

The Township of Norwich has developed and adopted an Official Plan, Emergency Management Plan, Municipal Accessibility Plan, Community Improvement Plan, Parks Master Plan, and an Asset Management Plan. These plans were not only designed to meet certain legislated requirements but also to help support and develop safe, reliable service delivery for the residents, businesses and visitors to the municipality. Spending outlined in municipal budgets and long-term capital plans have been developed to support and strategically align with these plans.

All of these municipal plans rely on the infrastructure and physical assets owned by the Township of Norwich, along with commitment from staff, to ensure that these plans are effective and satisfy the needs of the public. This includes the long-term maintenance, repair, and replacement of the existing assets along with the acquisition of new assets to meet the evolving needs of the municipality.

Therefore, Asset Management should not occur in isolation from other municipal goals, plans, and policies.

**STAKEHOLDER ENGAGEMENT:**

The Township of Norwich recognizes the importance of engagement with all stakeholders as a vital component of a comprehensive asset management program. The residents, businesses and institutions within the borders of our municipality are important stakeholders in the process. The neighbouring municipalities, provincial agencies and regulated utilities in the area are also partners in our service delivery model. Accordingly, the municipality will endeavour to keep our stakeholders informed and to promote dialogue with our partners whenever possible, so that investments in our assets is coordinated and beneficial for all.

**GUIDING PRINCIPLES:**

The *Infrastructure for Jobs and Prosperity Act, 2015 (under Ontario Reg. 588/17)* along with the *Building Together Guide for Asset Management Plans* prepared by the Province of Ontario, sets out principles to guide asset management planning for municipalities in Ontario. The Township of Norwich will endeavour to incorporate these principles into our day-to-day operations by instilling the following ideals and standards in our asset management practices:

- **Forward-Looking:** *The municipality shall maintain a long-term view when examining demographic and economic trends in our area.*
- **Budget and Planning:** *The municipality shall take into consideration any applicable budget, fiscal plans, and long-term capital plans (including those adopted through Ontario legislation).*
- **Prioritization:** *The municipality shall clearly identify priorities within its plans that ensure appropriate investment decisions are made.*
- **Economic Development:** *The municipality shall promote economic competitiveness, productivity, job creation and training opportunities.*

- **Transparency:** *The municipality shall operate in a clear and transparent manner ensuring that decisions are based on information that is shared and available to the general public.*
- **Consistency:** *The municipality shall ensure the continued provision of core public services, such as fire, police and transportation services.*
- **Environmentally-Conscious:** *The municipality shall minimize the impact of our infrastructure on the environment by:*
  - *Respecting and helping to maintain ecological and biological diversity;*
  - *Attempting to minimize the effects of climate change; and*
  - *Utilizing acceptable recycled materials and products when economically feasible.*
- **Health & Safety:** *The municipality shall ensure the health and safety of all workers involved in the construction, repair, and maintenance of municipal infrastructure and assets.*
- **Community-Focused:** *The municipality shall promote the benefits to the community of its infrastructure projects by:*
  - *Creating local job opportunities;*
  - *Improving public space within the community; and*
  - *Promoting accessibility for all persons.*
- **Innovation:** *The municipality will attempt to create opportunities that make use of innovative technologies, services and practices whenever economically feasible.*
- **Integration:** *The municipality shall, when appropriate, be mindful and consider the principles and content of provincial and municipal plans and strategies when making decisions and/or planning any infrastructure projects.*

### **COMMUNITY-PLANNING:**

Asset management planning will be aligned with the municipality's Official Plan and the Provincial Policy Statements of the *Planning Act*. The Asset Management Plan should reflect how the community is projected to change and develop over time. The municipality will try and achieve this by maintaining dialogue with other agencies, the development community, and analysis of long-term studies and plans, including the County of Oxford Growth Study. New or enhanced assets will be considered based on future demands and located in areas projected to require these needs in the future. This philosophy will also apply to other municipal plans such as the Parks Master Plan, Roads Needs Study and Accessibility Plans, with information and projects being integrated and planned in concert within each of these plans. The Township of Norwich will endeavour to cross-reference these plans as they are revised and updated.

### **CLIMATE CHANGE:**

The Township of Norwich will consider climate change as part of the risk management process for all municipal assets within our Asset Management Plan. As asset replacement or upgrade

decisions are planned and made, vulnerabilities related to climate change and its impacts will be contemplated along with other risk factors. Investments to adapt and make infrastructure more resistant to climate change and increasing weather-related events will be contemplated and built into replacement values where budgetary restraints allow.

### **SCOPE AND CAPITALIZATION THRESHOLDS:**

This policy will apply to all assets whose role in service delivery requires deliberate management by the municipality. The service-focus intent of this policy differentiates its requirement for identifying assets from the capitalization thresholds contained within the TCA Policy, which were developed for financial reporting purposes. For this reason, assets within the asset management plan are not subject to a capitalization threshold and are to be included based on the judgement of whether the asset has value to the overall asset class and benefit in the role of service delivery for the municipality.

### **FINANCIAL PLANNING AND BUDGETING**

The municipality will integrate asset management planning into the operating budget, capital budget and long-term financial planning processes. The asset management plan will be used as a resource in order to:

- Identify all potential revenues and costs (including operating, maintenance, replacement and retirement) associated with infrastructure decisions;
- Evaluate the need and rationale of each significant new capital asset, including the future impacts on the operational budget;
- Departmental budget submission will be evaluated by the Director of Finance/Treasurer, in consultation with the CAO/Clerk, as part of the annual budget process. This process should include review and comparison to the Asset Management Plan, and other municipal plans, to ensure priorities and spending are appropriate for the long-term vision and needs of the municipality.
- Finance staff should be involved in the asset management process to ensure the link between asset management and municipal budgets is maintained.

### **GOVERNANCE AND CONTINUED IMPROVEMENT**

This policy requires the commitment of all key stakeholders with the municipal organization to ensure that the policy guides the development of a clear plan that can be implemented, reviewed, updated, and followed.

The Council is entrusted with the responsibility of overseeing, on behalf of the rate payers, a large range of services which require a significant inventory of municipal assets in order to provide these services. Council, having stewardship responsibility, is the final decision maker on all matters related to asset management in the municipality. The Council, along with its senior management team, need to remain committed to proper asset management in order to succeed.

The following details the responsibilities of the key stakeholders within the municipality:

#### **Council:**

- Approve by resolution the asset management plan and its updates on a regular basis (minimum once every five years);

- Conduct annual reviews of the asset management plan implementation progress (by July 1<sup>st</sup> of every year) that include the following:
  - Progress on the on-going efforts to implement the asset management plan;
  - Consideration of the Strategic Asset Management Policy;
  - Any factors which are affecting the ability to properly implement its asset management plan and strategies to address these factors;
  - Consultation with Senior Management; and
  - Support on-going efforts to continuously improve and implement the asset management plan.

**Director of Finance/Treasurer (*Executive Lead*):**

- Maintain compliance with the asset management policy and provincial asset management regulations.

**Department Heads:**

- Oversee asset management planning activities that fall within their service area in support of others.