

<b>POLICY TITLE</b>	Strategic Asset Management Policy
<b>CATEGORY</b>	Administration
<b>POLICY NUMBER</b>	A09 ADM 007
<b>DEPARTMENT</b>	Corporate Enterprise
<b>POLICY AUTHOR</b>	Asset Management and Project Management
<b>POLICY TYPE</b>	City Policy
<b>APPROVED BY</b>	Mayor
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## **POLICY STATEMENT**

The City of Cambridge (City) relies on a wide range of diversified assets to provide essential services to its community. By the very nature of its assets, the City must continually balance expenditures, services, and risk across a diversified portfolio of assets. Notably by considering emerging issues such as local risks related to climate change. The critical importance of services to the well-being of today's community, and tomorrow's, is what drives the implementation of a structured approach to asset management.

As a result, the City is committed to creating, implementing and continually improving a balanced approach to management by linking the elements of its various plans with best practices and provincial regulation in asset management. The City's vision for asset management is to proactively manage its assets to enable the achievement of the Strategic Plan, including by:

- Delivering to the community, in the most efficient way possible through asset lifecycle management, levels of service so that its people may prosper;
- Balancing stakeholder expectations, sustainable development, and the actual needs of existing and future assets; and
- Maintaining prudent financial planning and decision making that align with the means of the City's stakeholders and its values.

## PURPOSE

Asset management is the coordinated activity of an organization to derive value from its assets. It does not replace existing municipal processes, such as those related to budgeting and strategic planning. Asset management complements and aligns with these processes. The strategic asset management policy aims to:

- Commit the City to support the implementation of asset management methods that are consistent with the organization in order to meet the Council's priority objectives;
- Provide transparency and accountability and to demonstrate to stakeholders the legitimacy of decision-making processes which combine strategic plans, budgets, service levels and risks.
- Communicate to stakeholders the management principles and approach endorsed by the City; and
- Provide a framework for implementing asset management to enable a consistent and strategic approach at all levels of the organization.

## DEFINITIONS

**Asset Management (AM)** – The systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost-effective lifecycle management of assets. It considers all asset types, and includes all activities involved in the asset's life cycle from planning and acquisition/creation; to operational and maintenance activities, rehabilitation, and renewal; to replacement or disposal and any remaining liabilities. Asset management is holistic and normally involves balancing costs, risks, opportunities and performance benefits to achieve the total lowest lifecycle cost for each asset.

**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. This includes the Strategic Asset Management Plan, relevant service area Master Plans, and other asset management planning related supplemental documents.

**Asset Management Practices** – The processes and techniques (people, data, and systems) that an organization undertakes to plan, implement, and measure effective asset management. Examples of processes include demand forecasting, developing and monitoring levels of service, operational and renewal planning, and risk management. Techniques include the use of software and other data management methods to record, maintain, and analyze information for asset investment decision-making.

**Asset Management Planning** – Annual review required before July 1 of every year (per Ontario Regulation 588/17) that includes progress on ongoing efforts to implement the



Strategic Asset Management Plan, factors affecting the ability of the City to implement its Strategic Asset Management Plan, and a strategy to address these factors including the adoption of appropriate practices.

Capitalization Threshold – 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.

Ecological Services – Benefits that humans derive from ecosystems without having to act to obtain them. These services are, for example, the production of oxygen in the air, the natural purification of water, or the natural sequestration of carbon in wood.

Institutional Memory – The accumulated body of data, information, and knowledge created in the course of an individual organization's existence.

## **AUTHORITY**

The Mayor is the authority of the Strategic Asset Management Policy.

## **SCOPE**

This Policy applies to all departments and employees of the City that have a direct and indirect link with assets or asset systems to provide services to City stakeholders. It also applies to all assets owned or maintained by the City whose role in service delivery requires deliberate management by the City. It also covers the ecological services provided by the natural assets that serve the City as well as infrastructure related contracts and agreements established with other parties.

## **POLICY**

### **1.0 Strategic Alignment**

The City's vision that it is "A place for people to prosper – alive with opportunity" requires alignment of many initiatives underway at any given time in order for it to be achieved. This alignment is necessary to properly consider whether the level of service provided by existing and planned assets is congruent and supports that vision. Asset management planning therefore will not occur in isolation from other municipal goals, plans, and policies.

Rather, an integrated approach will be followed to successfully develop practical asset management plans that align with the overarching accountabilities and aspirations of the community served by the City. The City's asset management planning approach will encompass the goals described in the Strategic Plan, the Official Plan, and other strategic documents that inform service delivery.

These plans were designed to meet the legislative requirements and to achieve the City's mission of working together and serving its community in line with its values.

## 2.0 Stakeholder Engagement

The City recognizes the importance of stakeholder engagement as an integral component of a comprehensive approach to asset management. The City recognizes the residents, businesses, institutions it serves as stakeholders and the Region of Waterloo, neighboring municipal bodies, provincial agencies, and regulated utility partners in service delivery. Accordingly, the City will foster informed dialogue with these parties using the best available information and engage with them by:

- Providing opportunities for residents and other stakeholders served by the City to provide input in asset management planning; and
- Coordinating asset management planning with other infrastructure asset owning agencies such as municipal bodies and regulated utilities.

## 3.0 Guiding Principles

To effectively use asset management to support the achievement of the City's strategic objectives, management must ensure that the following features and principles are applied in the asset management system:

- **Holistic** – The City shall take a comprehensive approach that looks at the “big picture” (i.e. the combined implications of managing all aspects rather than treating each aspect in isolation). This includes the interdependencies and contributions of different assets within the asset management system during all phases of the lifecycle.
- **Sustainable** – The City shall make appropriate decisions and provisions allowing assets to better meet future challenges, notably demographic changes, customer expectations, legislative requirements, technological factors, climate change, and other environmental considerations.
- **Human Capital** – The City recognizes that the value provided by its human resources goes beyond the costs they represent. They have an impact on the levels of service, in the short and long term. Human resources must therefore be equipped and trained accordingly to meet the demands placed on them.
- **Affordable** – The City will choose practices, interventions and operations that aim at minimizing the life cycle cost of asset ownership, while satisfying levels of service. Decisions are based on balancing strategic goals, service levels, risks, and costs.

The Infrastructure for Jobs and Prosperity Act, 2015 sets out principles to guide asset management planning by municipalities in Ontario. The City shall adopt the following principles in managing its infrastructure assets whenever applicable:

- **Forward looking:** The City shall take a long-term view while considering demographic and economic trends in the region.
- **Budgeting and planning:** The City shall take into account any applicable budgets or fiscal plans, including those adopted through Ontario legislation.
- **Prioritizing:** The City shall clearly identify infrastructure priorities which will drive investment decisions in alignment with the Strategic Plan as well as Council and Corporate Priorities.
- **Economic development:** The City shall promote economic competitiveness, productivity, job creation, and training opportunities in support of a strong, dynamic, and innovative local economy.
- **Transparency:** The City shall be evidence-based and transparent, basing decision on publicly shared information and make information available to the public providing leadership in local governance and service delivery.
- **Consistency:** The City shall ensure the continued provision of core public services, such as water, sanitation, stormwater management, and accessible transportation in support of public health care and education.
- **Environmentally conscious:** The City shall minimize the impact of infrastructure on the environment by: 1. Respecting and helping maintain ecological and biological diversity, 2. Augmenting resilience to the effects of climate change, 3. Endeavoring to make use of acceptable recycled aggregates, 4. Being good stewards of the rivers, waterways, and natural environment the community enjoys.
- **Health and safety:** The City shall ensure that the health and safety of workers and the public involved in the construction and maintenance of infrastructure assets is protected.
- **Community focused:** The City shall 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: 1. Local job creation and training opportunities (including for apprentices, within the meaning of section 9 of the Infrastructure for Jobs and Prosperity Act, 2015), 2. Improvement of public space within the community, 3. Promoting accessibility for persons with disabilities, and 4. Heritage and value of unique architectural assets.
- **Innovation:** The City 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.
- **Integration:** The City shall where relevant and appropriate, be mindful and consider the principles and content of non-binding provincial or municipal plans and strategies established under an Act or otherwise, in planning and making decisions surrounding the infrastructure that supports them.

## **4.0 Community Planning**

Asset management planning will be aligned with the City's Official Plan and the 2014 Provincial Policy Statement, or its successor, of the Planning Act. The asset management plans will reflect how the community is projected to change with respect to development.

The combination of lifecycle management 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, to take place. Parties involved in the development of the asset management plans will reference the direction established in the Strategic Plan as well as the methods, assumptions, and data used in its development. The aim of cross-referencing this plan is to ensure that development and redevelopment occur within the Municipality's means through an understanding of current and future service needs.

## **5.0 Climate Change**

Climate change will be considered as part of the City's risk management approach embedded in its asset management planning methods and its Climate Adaptation Plan. This approach will balance the potential cost of vulnerabilities to climate change impact and other risks with the cost of reducing these vulnerabilities. The City will foster its resilience to climate change in the levels of service delivered through operations, maintenance schedules, disaster response plans, contingency funding, and capital investments. The City's contribution to climate change through greenhouse gas emissions will be mitigated in accordance with its local reduction targets, financial capacity, and stakeholder support.

## **6.0 Capitalization Thresholds**

The City will use a service-based (qualitative) perspective when applying this Policy to municipal asset planning, rather than a monetary value (quantitative). The service-focus intent of this Policy differentiates its requirements for identifying assets from the capitalization thresholds that are developed for the purposes of financial reporting. For this reason, the capitalization threshold developed for financial reporting will not be the guide in selecting the assets covered by the asset management planning process.

## **7.0 Financial Planning and Budgeting**

The City will integrate asset management planning into the annual Capital Investment Plan, operating budget, and its long-term financial plan. The Asset Management Plan shall be used as a resource in order to:

- Identify potential revenues and costs (including acquiring, operating, maintenance, replacement and decommissioning) associated with forthcoming infrastructure asset decisions;
- Evaluate the validity and need of each significant new capital asset, including considering the impact on future operating costs; and
- Incorporate new revenue tools and alternative funding strategies where possible.

To do so, the departments with support from Corporate Asset Management review the Asset Management Plan for their area to:

- Look up forecasted investment needs identified in the plan;
- Verify progress made on the plan to identify potential gaps; and
- Prioritize investment needs, considering gaps identified between the plan and recent developments.

After identifying investment priorities, departments reference background information provided by Corporate Asset Management to complete the capital project budget submission, including prioritization model, criticality of assets, operating budget impacts, risk, and service level implications associated with asset acquisition, operation, maintenance, replacement, decommissioning, and disposal.

The prioritized investments prepared by the departments are then submitted for a corporate level review for recommendation following budget oversight process and subsequent approval by Mayor and Council.

Finance and Project Management Office staff contribute to the asset management planning process, coordinating the flow of the information from the departments in the preparation of the budget submission.

Prioritized budget projects requests prepared by the departments are then submitted for a corporate level review by the Capital Budget Working Group and Corporate Leadership Team. The resulting Capital Investment Plan is subsequently reviewed and approved by Mayor and Council.

For the purposes of sustainably managing water and wastewater assets, the water and wastewater financial plans will be used as a basis for establishing user fees based on long-term capital renewal plans and the maintenance of adequate reserves.

## **8.0 Governance and Continuous Improvement**

The Policy requires the commitment of key stakeholders within the City's organization to ensure the Policy guides the development of a clear plan that can be implemented, reviewed and updated. The Mayor, Council and Corporate Leadership Team are committed to the success of asset management planning.

The Mayor and Council are entrusted with the responsibility of overseeing, on behalf of citizens, a large range of services provided through a diverse portfolio of assets. Mayor and Council, having stewardship responsibility, are the final decision makers on all matters related to asset management in the City. The City Manager and department heads are the executive lead for asset management. The following table details further the responsibilities of the key stakeholders within the City.

Role	Responsibilities
<b>Mayor and Council</b>	<ul style="list-style-type: none"> <li>• Approve by resolution the Strategic Asset Management Plan and its update every five years; and</li> <li>• Conduct annual reviews of the Asset Management Plan implementation progress on or before July 1st of every year, that includes:               <ul style="list-style-type: none"> <li>○ Progress on ongoing efforts to implement the asset management plan;</li> <li>○ Consideration of the Strategic Asset Management Policy;</li> <li>○ Maintain adequate resources to support the core practices of the AM program;</li> <li>○ Approve and monitor levels of service;</li> <li>○ Prioritize effective stewardship of assets in adoption, and ongoing review of policy and budgets; and</li> <li>○ Support ongoing efforts to continuously improve and implement the asset management plans.</li> </ul> </li> </ul>
<b>City Manager and Deputy City Manager(s)</b>	<ul style="list-style-type: none"> <li>• Executive endorsement of the Asset Management Plan</li> <li>• Recommend adequate resources required to implement and maintain core AM practices.</li> <li>• Monitor levels of service and make recommendations to Council.</li> </ul>
<b>Asset Management Steering Committee</b>	<ul style="list-style-type: none"> <li>• Provide organization-wide leadership in AM Practices and concepts.</li> <li>• Maintain the Strategic Asset Management Policy by overseeing its update every five years or as required;</li> <li>• Maintain compliance with the Strategic Asset Management Policy and provincial asset management regulations;</li> <li>• Identify the infrastructure priorities, in accordance with Council and corporate priorities as well as the Strategic Plan, which drive investment decisions.</li> <li>• Oversee asset management planning activities that fall within committee members service area and in support of others.</li> <li>• Oversee that levels of risk at each asset class are updated annually based on the degree to which assets are meeting or not meeting approved asset levels of service.</li> </ul>



Role	Responsibilities
	<ul style="list-style-type: none"> <li>• Recommend and oversee asset management best practices roadmap initiatives</li> </ul>
<p><b>Corporate Asset Management Team</b></p>	<ul style="list-style-type: none"> <li>• Carry out its mandate by:               <ul style="list-style-type: none"> <li>○ Maintaining corporate asset registry with support from respective business service area</li> <li>○ Preparing long-term infrastructure renewal plans;</li> <li>○ Supporting asset management policy implementation; and</li> <li>○ Supporting continuous improvement through benchmarking service levels.</li> </ul> </li> <li>• Report on:               <ul style="list-style-type: none"> <li>○ The status of Cambridge's infrastructure; and</li> <li>○ The adequacy of the annual budget and forecast to meet state-of-good repair requirements and manage related risks.</li> </ul> </li> </ul>
<p><b>Capital Budget Working Group</b></p>	<ul style="list-style-type: none"> <li>• Advance a balanced, achievable and realistic capital plan that focuses on sustainability of existing assets while incorporating strategic initiatives in line with the City's strategic actions.</li> <li>• Consider readiness of projects, priority ranking, project resourcing, and funding capacity in development of the Capital Investment Plan.</li> </ul>
<p><b>Business Service Areas</b></p>	<ul style="list-style-type: none"> <li>• Responsible for measuring and monitoring levels of service and escalating when not able to achieve the target levels of service.</li> <li>• Responsible for maintaining data with support from Asset Management team, maintaining the assets, and commit to provide the levels of service as prescribed by council.</li> <li>• Track and analyze AM program progress and results with support from Asset Management team.</li> </ul>

## 9.0 Benefit of Implementation

Implementation of this Policy will result in the following benefits:

- Planning that optimizes maintenance and replacement of existing assets as well as the development of new assets;
- Management of conflicts across the investment priorities set by each of the City's departments, good coordination, and efficient provision of services;
- Capital and urban development projects that are consistent with the City's actual needs;
- Maintenance of the City's institutional memory; and

- Preservation of the ecological services rendered by natural assets.

These benefits will enable:

- Technical and financial capacity of the City to provide the expected levels of service to current and future generations;
- Security, accessibility, and reliability of services provided through the infrastructure; and
- Alignment of City's strategic objectives with asset management and service delivery activities.

## **POLICY COMMUNICATION**

This Policy will be made available to all Members of Council and relevant staff of the Corporation. In addition, it will be published on the City's website for access by wider City stakeholders. Further communications will be provided through standard communications practices adopted by the City, including, but not limited to, email, city website and city intranet, posting on staff bulletin boards and/or any social media as deemed necessary.

## **RELATED PROCEDURES**

There are no related procedures.

- Previous under policy number A09-01-2019-001

## **RELATED DOCUMENTS/LEGISLATION**

Policy required as per Ontario Regulation 588/17 – Asset Management Planning for Municipal Infrastructure (Under the Infrastructure for Jobs and Prosperity Act 2015)