

Schedule A to By-Law #xx-2025

Policy Name:	Strategic Asset Management Policy
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Section:	Assets
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Strategic Asset Management Policy

1.0 Purpose:

The Strategic Asset Management policy formalizes the Municipality's commitment to asset management while aligning with strategic goals and objectives. The policy will support a proactive approach to ensuring infrastructure and assets are safe and reliable for the community. Asset Management will address capital costs, operating costs, replacement costs, assess risk, and address priorities and levels of service in order to maintain long-term fiscal sustainability. By using sound asset management practices, the Municipality will work to ensure that all municipal assets meet expected performance levels and continue to provide desired service levels in the most efficient and effective manner.

2.0 Vision:

Vision statement: "Spending the right money, on the right asset/activity, at the right time to maximize useful lives and minimize annualized costs."

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

- Prioritizing the need for existing and future assets to effectively deliver services,
- Supporting sustainability and economic development, and
- Maintaining prudent financial planning and decision making

3.0 Objectives:

The objectives of this policy are to:

- Provide a consistent framework for implementing asset management throughout the organization.
- Provide transparency and accountability and to demonstrate to stakeholders the legitimacy of decision-making processes which combine strategic plans, budgets, service levels and risks.
- Formalize the Municipality's commitment to asset management as a driver for long-term financial planning and budgeting.
- The Municipality will ensure that the level of service targets is achieved through development of effective asset management practices and long-term financial plans.

4.0 Strategic Alignment

In order to ensure consistency and accuracy across the Municipality it is imperative that the asset management plan aligns with the following:

- Strategic Plan
- Water/Wastewater Rates Study; Safe Drinking Water Act, 2002
- Development Charges Study; Development Charges Act, 1997
- Official Plan
- Master Plans, as available
- Minimum Maintenance Standards
- Municipal Act, 2001
- OSIM Reports
- South Huron Council Priorities
- Building Condition Assessment reports
- State of Infrastructure reports (Roads)
- CCTV Pipeline inspection reports

The aforementioned list is not all encompassing and the Municipality shall adhere to all requirements outlined in any applicable legislation as it arises.

5.0 Stakeholder Responsibilities/Engagement

Staff

Role in Asset Management	Responsibilities
Executive Lead, as per O.Reg. 588/17: CAO	<ul style="list-style-type: none"> • Executive support and endorsement of the Asset Management Policy and Plans
Director of Financial Services/Treasurer	<ul style="list-style-type: none"> • Development of the policy and policy updates and presentation to Council. • Provide organization-wide leadership in AM practices and concepts.
Asset Management Lead: Asset Management Analyst	<ul style="list-style-type: none"> • Lead and implement asset management goals/objectives Corporation wide • Ensure legislative and reporting requirements are met • Facilitate the direction and development of the asset management strategy
Operational Staff	<ul style="list-style-type: none"> • Provide asset/process specific support where necessary • Utilize the plan to steer daily operations

Council

Council, on behalf of the community, are entrusted with the responsibility of overseeing the management of Municipal assets. Additional responsibilities include:

- Assist Municipal Staff in determining levels of service
- Conveying the goals/objectives of asset management to the public
- Approve the asset management policy and plan as per O.Reg 588/17
- Review the performance of asset management through the annual budgeting process

Public

The responsibilities of the public include:

- Assist Council and Staff through public input as requested.

6.0 Guiding Principles

The Infrastructure for Jobs and Prosperity Act, 2015 outlines guiding principles for asset management planning in Ontario Municipalities. The Municipality of South Huron will ensure these principles are incorporated into the day-to-day operations whenever possible:

- **Forward Looking** – The Municipality shall take a long-term view while considering demographic and economic trends in the region.
- **Budgeting and Planning** – The Municipality will incorporate all applicable budgets or fiscal plans, including those adopted or required through legislation.
- **Prioritizing** – The Municipality shall clearly establish infrastructure priorities which will drive investment and financing decisions.
- **Economic Development** – The Municipality shall promote economic competitiveness, productivity, job creation and training opportunities. A commitment of this nature is also part of the existing long-term direction of the Municipality.
- **Transparency** – The Municipality shall be evidence-based, objective and transparent in the decision-making process. Infrastructure decisions will be based on publicly available information ensuring its compliance with any Act, by-law, or legislative guidelines.
- **Consistency** – The Municipality shall ensure the continued provision of core public services as well as the infrastructure required for access and operation of health care and educational facilities.
- **Environmentally Conscious** – The Municipality shall minimize the impact of infrastructure on the environment by:
 - Respecting and maintaining ecological and biological diversity
 - Augmenting resilience to the effects of climate change
 - Endeavouring to make use of acceptable recycled aggregates
- **Health and Safety** – The Municipality shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure is protected.

- **Community Focused** – The Municipality 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:
 - Local job creation and training opportunities, as per legislative requirements
 - Improvement of public space within the communities
 - Promoting accessibility within the communities
- **Innovation** – The Municipality shall create opportunities to utilize innovative technologies, services, and practices as developed in Ontario.
- **Integration** – The Municipality shall consider the principles and content of non-binding provincial or municipal plans in the planning and decision-making processes surrounding infrastructure.
- ***Service Based** – The Municipality shall transparently consider levels of service in the planning, risk assessment and financial strategy of the infrastructure. **The Municipality will choose practices, interventions and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying levels of service. Decisions are based on balancing service levels, risks and costs.**
***Note: This principle “Service Based” is not required by the Infrastructure for Jobs and Prosperity Act, 2015.**

7.0 Capital Thresholds

The Municipality, to adhere to PSAB reporting standards, has an internal TCA Policy with capitalization thresholds outlined. However, for asset management purposes the Municipality shall follow lifecycle costing and use a service based approach for selecting the assets and infrastructure to include.

The Municipality shall continue to use the TCA Policy to identify the capitalization of infrastructure and assets; however, the asset management strategy will go beyond these thresholds to include operational, preventative maintenance items as well as key operational assets for service delivery.

8.0 Governance and Continuous Improvement Governance

In section 5.0 of this policy the key stakeholders are identified and their responsibilities to asset management planning outlined. The executive lead is the CAO whom is responsible for endorsing the supporting the asset management planning and compliance processes. Council’s involvement is in oversight, communication and support throughout the asset management process. **Council to ensure financial decisions align with South Huron’s Priorities.**

Communication and Transparency

- Involve all stakeholders in the determination of levels of service as this is the driver for the direction of the asset management and long-term financial plan.
- The 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.

- The Municipality will provide Council with an annual review of the progress of asset management through the annual budget, by July 1 of each year.
- The Municipality shall review and update the asset management plan at least every five years or as necessary. This step shall be endorsed by the Executive Lead and approved by Council resolution

Continuous Improvement

The nature of the Municipal environment is volatile and new information is available all the time. The Municipality shall commit to updating strategies, assumptions and the plan as relevant, impactful data/assessments become available. Some examples of continuous improvement include, but are not limited to:

- Ensure asset condition data are updated continually either through internal assessment or external studies. This data will drive prioritization within the plan.
- Ensure compliance with any legislative or regulatory modifications.
- Maximize the utility of software solutions to capture model improvements and asset condition while monitoring key operating maintenance events/emergency repairs.
- Update the financial plan as new funding initiatives are introduced or additional financial strategies are utilized. This includes environmental factors anticipated to have an impact on the overall plan.

9.0 Budgeting and Asset Management

The Municipality shall incorporate all asset management planning principles into the annual budgeting process and any long-term capital plans. Throughout asset management planning the Municipality shall integrate all existing financial plans, for example the Water/Sewer Rates Study.

Levels of service will be a significant driver in the budget process as this will define lifecycle costs as well as priorities and risk assessment for the infrastructure. All budgeting decisions will be supported by assumptions and details included in the asset management plan. Any deviation from the adopted asset management plan will require a business case and financial sustainability assessment. These situations are anticipated to be extraordinary events beyond the Municipality's control.

All departments will be charged with utilizing the asset management plan and internal resources to form their departmental budgets. Finance will support and oversee this process to ensure the link between budgeting and asset management.

10.0 Community Planning

The Municipality shall align asset management with the Municipal and County's Official Plan. The Official Plans will be adhered to in conjunction with the Ontario Land Use Planning Framework and the Planning Act. The asset management plan will include any direction for the Municipality outlined in the Strategic Plan/Council Priorities as available. These plans will help establish the current and future infrastructure requirement for the Municipality through the understanding of development and redevelopment identified.

11.0 Climate Change

Climate change will be considered as part of the Municipality's risk assessment embedded in the asset management planning process. **Climate change mitigation, adaptation and resiliency will be considered as part of the Municipality's risk management approach embedded in asset management.** This approach will identify the local vulnerabilities to climate change impacts and include the plan to minimize the cost impact while ensuring continuity of service to the Municipality.

The balance will be maintained through the processes of levels of service, maintenance schedules, condition information, emergency response plans and contingency funding levels. The Municipality will use this initiative to shift to a proactive approach in dealing with climate change impacts.

The Municipality's commitment to reducing greenhouse gases and emissions will be mitigated in accordance with local targets, financial capacity and stakeholder support. The goal of planning for the impacts of climate change will ensure disaster response and business continuity to provide established levels of service.