



Report to: General Committee

Meeting Date: May 6, 2019

SUBJECT: Asset Management Policy
PREPARED BY: Shu Min Gao, Water System Engineer – Ext 6230
Phoebe Fu, Director, Environmental Services – Ext 3010

RECOMMENDATION:

- 1) That the report titled “Asset Management Policy” be received; and,
- 2) That Council approve the Asset Management Policy provided in Attachment 1; and further,
- 3) That staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

N/A

PURPOSE:

The purpose of this report is to seek Council approval of an Asset Management Policy to ensure compliance with O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure (the Regulation) made under the Infrastructure for Jobs and Prosperity Act, 2015, s. o. 2015, c. 15.

BACKGROUND:

2016 Asset Management Plan

Staff have developed an Asset Management Plan (AMP) in accordance with *Building Together: Guide for Municipal Asset Management Plans*. The 2016 AMP met all requirements in order to continue receiving federal Gas Tax Fund.

The AMP documented outcomes based on current practices that include the following key sections:

- State of Infrastructure: documents asset type, inventory, valuation, age, condition;
- Level of Service (LOS): documents services levels, performance measures, targets and timeframes to achieve targets;
- Asset Management Strategy: develops City of Markham Asset Management Framework (linking municipal goals to AMP) and Asset Management Strategy (Summary of maintenance, rehabilitation/renewal, and replacement activities); and
- Financial Strategy: documents expenditures, revenue, forecasts, funding shortfall and financing strategies.

The Regulation came into effect in January 2018

The first key action prescribed in the regulation is the development and adoption of an asset management policy by July 1, 2019. Along with the requirement for an asset management policy, there is also the requirement to review and, if necessary, update the policy within the subsequent five years periods. Several legislated requirements are listed to be included within the policy, including a commitment to consider climate change risks and mitigation approaches and to provide opportunities for residents and interested parties to provide input into asset management planning.

The Regulation also requires every municipality to

- Prepare an AMP documenting current level of service in respect of its core municipal infrastructure assets by July 1, 2021, and in respect of all of its other municipal infrastructure asset by July 1, 2023; and
- Update the AMP documenting proposed level of service by July 1, 2024.

Several legislative requirements are listed to be included within the AMP, including full lifecycle activity options to maintain the level of service, the risks and costs associated with the options, and identification of the lowest cost options.

Gaps in the 2016 AMP to comply with the Regulation

The 2016 AMP addressed most of the current legislative requirements except the following:

- Development of an asset management policy;
- The proposed LOS and the explanation why the proposed LOS are appropriate;
- AMP to include new standard LOS matrix by asset type for the current LOS and the proposed LOS; and
- AMP to document full lifecycle activity options to maintain the current LOS and the proposed LOS, the risks and costs associated with the options; and the lowest cost options.

The City's schedule to fully comply with the Regulation

Regulation Requirements & Timeline	City Project Scope & Timeline		
	2019 Policy Development	2020 AMP Update	2023 AMP Update
Develop an asset management policy by July 1, 2019	√	-	-
Develop an AMP - current LOS for core assets by July 1, 2021	-	√	-
Update the AMP - current LOS to include all assets by July 1, 2023	-	√	-

Update the AMP - Proposed LOS for all assets by July 1, 2024	-	-	√
--	---	---	---

OPTIONS/ DISCUSSION:**Asset Management Policy complies with the Regulation and industry best practices**

Multiple workshops were held with the Finance Department and asset managing departments to develop the City of Markham's Asset Management Policy. The Policy incorporates legislated requirements outlined in the Regulation and integrates industry best practices.

The City's goal is to provide the defined level of service at the lowest total cost of ownership while managing risks. The City will ensure the City's infrastructure are planned, built, and maintained effectively through sound asset management principles and practices to meet its strategic goals and deliver services in a socially, economically and environmentally responsible manner.

Effective asset management can provide increased accountability, sustainability, risk management, service management and financial efficiency. These benefits are outlined in the Asset Management Policy as the City's asset management objectives.

Asset Management Policy aligns with and supports the City's strategic plan

The Asset Management Policy affirms the City's commitment to asset management principles and philosophies.

The Asset Management Policy guides the asset management planning process, and embeds asset management principles into ongoing capital delivery, operations, and maintenance activities.

The Asset Management Policy defines asset management responsibilities and accountabilities for customers, asset managing departments, Corporate Asset Management Steering Committee, Executive Leadership Team and Council.

The Asset Management Policy supports the formation of a culture that values asset management and supports the City's strategic plan.

Asset Management Framework

The Asset Management Framework was previously approved by Council as a part of the 2016 AMP (see Figure 1). The Asset Management Policy includes the Asset Management Framework which links the City's strategic goals with infrastructure asset management practices with outcomes that align with Excellence Markham principles.

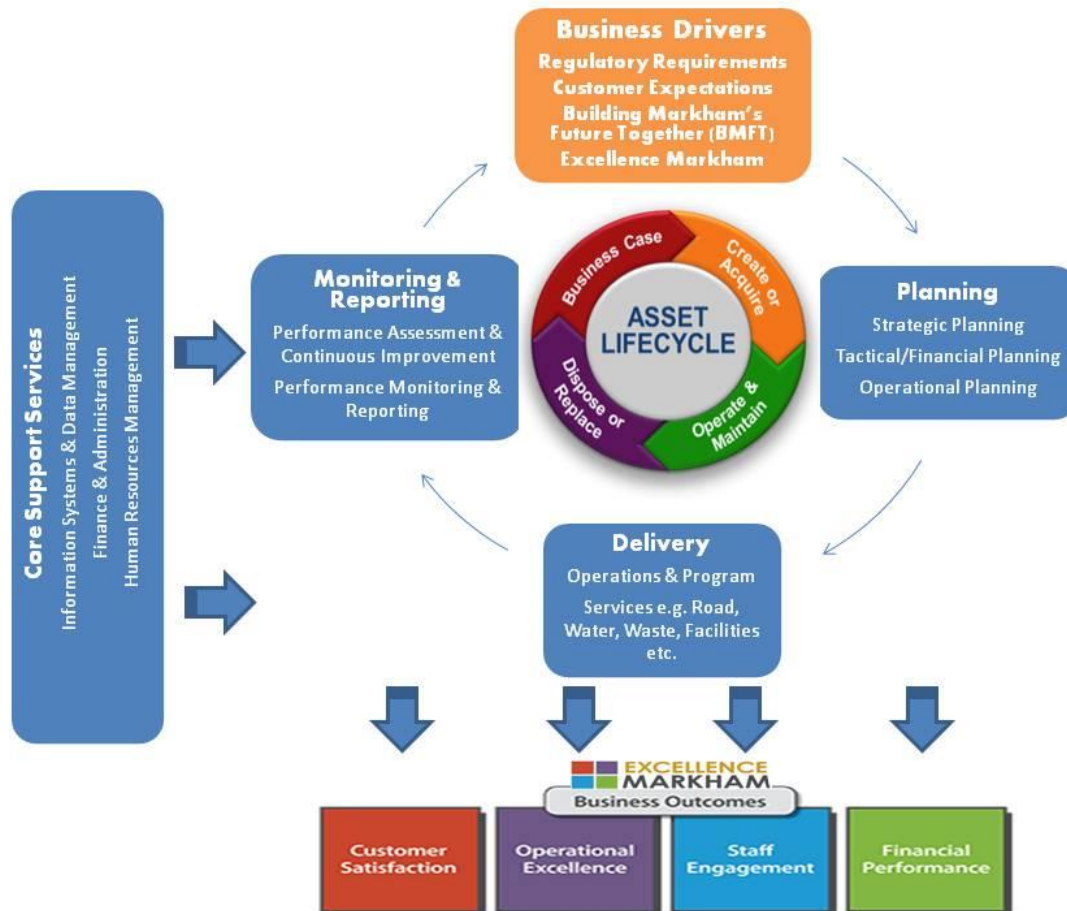
Customers play an important role in developing and evaluating appropriate levels of service

Input from customers, including both internal and external customers who receive and experience service delivery, will be key in developing level of service targets. This input

will be balanced with other considerations, including costs and risks associated with providing the defined level of service. Level of service indicates a performance of service that an organization delivers through its assets.

Furthermore, feedback from customers who rely on these services will help identify any gaps between the level of service and what they experience in the community. They will supplement our regular condition inspections to help us meet our service levels.

Figure 1: Asset Management Framework



FINANCIAL CONSIDERATIONS

The Asset Management Policy affirms the City's commitment to fiscal stewardship and financial efficiency through:

- Balancing cost, risk and service performance to achieve the lowest total cost of ownership; and
- Updating the Life Cycle Reserve Study annually to determine if there are sufficient funds in the reserve to sustain the future replacement and rehabilitation requirements of the City's assets for the next 25 years based on known inflows and outflows.

HUMAN RESOURCES CONSIDERATIONS

N/A

ALIGNMENT WITH STRATEGIC PRIORITIES:

The Asset Management Policy aligns with and supports the City's strategic plan under the goals of Safe and Sustainable Community and Stewardship of Money and Resources.

BUSINESS UNITS CONSULTED AND AFFECTED:

Finance, Operations, Sustainability & Asset Management, Engineering, ITS, and Recreation Services have been consulted in the preparation of this report.

RECOMMENDED BY:

Phoebe Fu
Director, Environmental Services

Brenda Librecz
Commissioner, Community & Fire
Services

Andy Taylor
Chief Administrative Officer

ATTACHMENTS:

Asset Management Policy