



Solution Title:	Strategic Asset Management Policy	
Committee of the Whole:	June 3, 2019	S400 -06
Council Approved:	June 17, 2019	

1.0 Purpose:

A strategic asset management policy formalizes the Town of Pelham’s commitment to asset management, aligns its asset management actions with strategic goals and objectives, and provides direction to guide Council, management and staff in carrying out its business strategies, plans and activities. This policy will support the Town of Pelham in focusing its infrastructure efforts on managing risks, addressing priorities, and meeting short and long-term needs within the bounds of possible funding. Asset management involves the balancing of costs, opportunities and risks against the desired performance of assets, to achieve the municipality’s objectives over the long term. This is achieved by using analytical approaches to manage the assets over the different stages of their life cycles, which can start with the conception of the need for the asset, and lasts through its creation, operation and maintenance, rehabilitation and disposal or decommissioning.

2.0 Vision:

The Town of Pelham’s vision is to proactively manage its assets to best serve the Town of Pelham’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.

Key Asset Management Terms and Definitions

Asset Management (AM) – Co-ordinated activity of an organization to realize value from its assets. AM involves the balancing of costs, opportunities and risks against the desired



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performance of assets, to achieve organizational objectives (balancing may need to be considered over multiple timeframes). AM enables an organization to examine the need for, and performance of, assets and asset systems at different levels and in conjunction with non-asset solutions. Additionally, it enables the application of analytical approaches towards managing assets over the different stages of their lifecycle.

Asset Management System (AM System) – The complete set of interrelated or interacting elements used to effect the AM Policy and objectives and the processes to achieve those objectives. These elements that make up the AM System can include documents, procedures, tools, data, and the assets.

Asset Management Strategy (AM Strategy) – Documented information that specifies: how organizational objectives are converted into AM Objectives; the scope and role of the asset management system in supporting achievement of the AM Objectives; and the approach for developing AM Plans. (Framework)

Asset Management Plan (AMP) – A plan developed for the management of infrastructure assets that combines multi-disciplinary management strategies (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to deliver a specified level of service. It specifies the activities, resources and timescales required for individual assets (or asset groups) to achieve the organization’s AM Objectives. A significant component of the AMP is therefore a long-term program of works and cash flow projection for the activities. Examples of AMPs include Pavement Management Plans, Bridge Management Plans, and Fleet Management Plans. Each plan will vary in complexity depending on the asset group it pertains to.

Community assets – Assets managed or stewarded by the Town on behalf of the community to deliver, or support delivery of, essential services. Includes traditional assets (roads and utilities), cultural assets (monuments), and natural resources that are used in or impacted by the delivery of services (trees, parks, land, water).

Level of Service (LOS) – the parameters or combination of parameters that reflect the social, political, economic, and environmental outcomes that the organization delivers. Levels of service statements describe the outputs or objectives an organization or activity intends to deliver to customers

Lifecycle Costs – Lifecycle costs refer to the total cost of ownership over the life of an asset. This may include but is not limited to capital costs, operating costs, maintenance costs, renewal costs, replacement costs, environmental costs, and user delay.



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Probability of Failure - The likelihood that a risk will occur.

Risk Management - The application of a formal process to assess organizational risks in order to determine the resultant ranges of outcomes, their probability of occurrence, and what actions may be taken to reduce the organization’s overall risk exposure.

4.0 Strategic Alignment:

The Town of Pelham has developed and adopted a Strategic Plan, an Official Plan, Secondary Plans, a Water and Wastewater Long Range Plan, an Active Transportation Plan, a Cultural Master Plan, a Public Art Master Plan, a Recreation Master Plan, a Tangible Capital Asset Policy and follows the legislated replacement of Fire Department equipment as per the Occupational Health and Safety Act (OHSA) and the Fire Underwriters Survey (FUS). These plans were designed to meet the legislative requirements and work together to achieve the Town of Pelham’s mission of providing innovation and excellence in service delivery. Spending requirements defined in the budgeting process and in long-term financial planning will reflect the objectives of these plans.

All of the Town of Pelham’s plans rely to some extent on the physical assets owned by The Town of Pelham and the commitment of staff to ensure their strategic use. This includes the long-term maintenance, repair, and replacement of existing assets along with the acquisition of new assets to meet the evolving needs of the Town of Pelham.

The Town of Pelham commits to make every reasonable effort to co-ordinate planning for asset management whenever assets connect, or are interrelated with, those of the Niagara Region or any neighboring local municipality.

Asset management planning therefore will act as an iterative process and will not occur in isolation from other municipal goals, plans and policies. Asset management is an integrated approach, involving all municipal departments, in planning for and managing existing and new assets in order to maximize benefits, reduce risks and provide satisfactory levels of service to the community in a sustainable manner. Good Asset Management practices are fundamental to achieving sustainable and resilient communities.

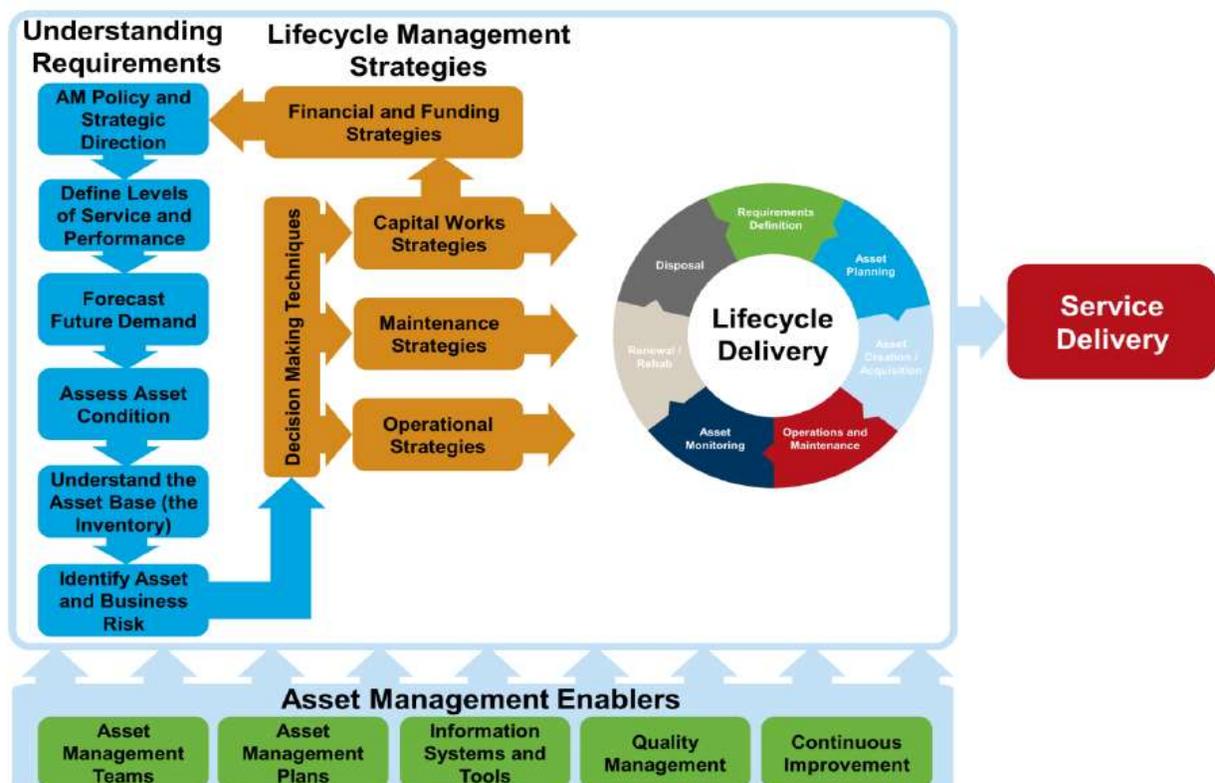
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5.0 Stakeholder Engagement

The Town of Pelham recognizes the importance of stakeholder engagement as an integral component of a comprehensive asset management process (see Figure 1). The Town of Pelham recognizes the residents, businesses and institutions on its territory as stakeholders and neighboring municipal bodies, provincial agencies, and regulated utilities partners in service delivery. Accordingly, the Town of Pelham 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 Town of Pelham to provide input in asset management planning; and
- Coordinating asset management planning with other infrastructure asset owning agencies such as municipal bodies, other agencies/boards/commissions and regulated utilities.

Figure 1. The Asset Management Process





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6.0 Guiding Principles

The Infrastructure for Jobs and Prosperity Act, 2015 sets out principles to guide asset management planning in municipalities in Ontario. The Town of Pelham will strive to incorporate the following principles whenever possible into the day-to-day operation of the Town:

1. **Forward looking:** The Town of Pelham shall take a long-term view while considering demographic and economic trends in the region.
2. **Budgeting and planning:** The Town of Pelham shall take into account any applicable budgets or fiscal plans, including those adopted through Ontario legislation.
3. **Prioritizing:** The Town of Pelham shall clearly identify infrastructure priorities which will drive investment decisions.
4. **Economic development:** The Town of Pelham shall promote economic competitiveness, productivity, job creation, and training opportunities.
5. **Transparency:** The Town of Pelham shall be evidence-based and transparent, basing decision on publicly shared information and make info available to the public.
6. **Consistency:** The Town of Pelham shall ensure the continued provision of core public services, such as health care and education.
7. **Environmentally conscious:** The Town of Pelham 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, and 3. Endeavoring to make use of acceptable recycled aggregates.
8. **Health and safety:** The Town of Pelham shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
9. **Community focused:** The Town of Pelham 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



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(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, and 3. Promoting accessibility for persons with disabilities.

- 10. **Innovation:** The Town of Pelham 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.
- 11. **Integration:** The Town of Pelham 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.

7.0 Community Planning

Asset management planning will be aligned with the Town of Pelham’s Official Plan and the 2014 Provincial Policy Statement of the Planning Act. The asset management plans will reflect how the community is projected to change with respect to development. The Town of Pelham will achieve this by consulting with those responsible for managing the services to analyze the future costs and viability of projected changes. The combination of lifecycle analysis and financial sustainability principles will be the driver in the selection of community development or redevelopment that requires new assets, or existing asset enhancements. Methods, assumptions, and data used in the selection of projected changes should be documented to support the recommendations in the Asset Management Plan.

Cross-referencing the Town of Pelham’s Official Plan and the Asset Management Plan will ensure that development occurs within the Town of Pelham’s means through an understanding of current and future asset needs. The Town of Pelham is committed to continuing to work with local partners (ex: Brock University and neighboring municipalities) in co-ordinating asset management planning efforts.



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8.0 Climate Change

Climate change will be considered as part of the Town of Pelham’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 other risks with the cost of reducing these vulnerabilities. Bolstering resilience to climate change includes adapting to opportunities to manage vulnerabilities, anticipating possible costs to support contingency funds, and disaster planning to allow for business continuity. These actions will be taken in addition to acquiring or modifying assets based on greenhouse gas reduction targets. The Town of Pelham will continue to work with local partners (ex: Brock University and neighboring municipalities) on climate change mitigation and adaptation.

9.0 Scope and Capitalization Thresholds

This policy applies to all assets owned by the Town of Pelham whose role in service delivery requires deliberate management by the Town of Pelham. The Town of Pelham will use a service-based (qualitative) perspective when applying this policy to municipal assets, 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 in conjunction with the Tangible Capital Asset Policy 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.

10.0 Financial Planning and Budgeting

The Town of Pelham will integrate findings from the asset management plans into its long-term financial planning and budgeting processes. Sound financial analysis will be encompassed in asset management planning in order for the asset management plan to be a sought after guide to employees in budgeting and financial planning. The financial strategy included in each asset management plan will be completed by a multi-disciplinary team that will include representative(s) from finance and the concerned service area.



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The asset management plan will be referenced by the service area personnel in the preparation of their budget submission to help them:

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

The Town of Pelham will integrate asset management planning into the annual capital and operating budgets and their long-term financial plan. The asset management plan will be used as a resource in order to:

1. Identify all potential revenues and costs (including operating, maintenance, replacement and decommissioning) associated with forthcoming infrastructure asset decisions;
2. 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.

The department level budget submission prepared by each Department Head will be reviewed and evaluated by the CAO and Treasurer in the preparation of the Town of Pelham’s annual budgets. Service area personnel will reference the asset management plan for their area in order to look up forecasted 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 year to be budgeted for. Finance staff will be involved in the asset management planning process to coordinate the information from the service personnel in the preparation of the budget submission.

For the purposes of managing water and wastewater assets, the water and wastewater long range financial plans will be used as a basis for establishing user fees, and will be referenced in order to ensure alignment with the budgeting process.



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11.0 Governance and Continuous Improvement

The policy requires the commitment of key stakeholders within the Town of Pelham’s organization to ensure the policy guides the development of a clear plan that can be implemented, reviewed and updated.

The Council is entrusted with the responsibility of overseeing, on behalf of citizens, a large range of services provided through a diverse portfolio of assets. Council, having stewardship responsibility, is the final decision maker on all matters related to asset management in the Town of Pelham. The Council and the Senior Management Team are committed to the success of asset management planning. The following details the responsibilities of the key stakeholders within the Town of Pelham:

Council:

1. Approve by resolution the asset management plan and its updates every five years;
2. Conduct annual reviews of the management plan implementation progress on or before July 1st of every year, that includes:
 - a. Progress of ongoing efforts to implement the asset management plans;
 - b. Consideration of the Strategic Asset Management Policy;
 - c. Any factors affecting the ability of the Town of Pelham to implement its asset management plans;
 - d. Consultation with Senior Management;
 - e. A strategy to address these factors including the adoption of appropriate practices; and
 - f. Support ongoing efforts to continuously improve and implement the asset management plans.

CAO:

1. Maintain compliance with the asset management policy and provincial asset management regulations;
2. Endorse every asset management plan and policy;
3. Participate in the process of aligning asset management strategies and plans with organizational strategies and objectives;



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4. Communicate the vision of asset management at a corporate level, encourage engagement with the processes, and provide the guidance necessary to ensure alignment and integration across the organization.

Senior Management Team:

1. Oversee asset management planning activities that fall within their service area and in support of others including, but not limited to, the following:
 - a. Develop an overall corporate asset management policy;
 - b. Lead the development of asset inventories, condition assessments, risk assessment and related asset management initiatives in line with industry best practices;
 - c. Work with Fixed Assets Accountant and Public Works staff to ensure systems development and functionality meet the day-to-day needs of frontline staff (ex: Public Works) along with the annual Financial Reporting requirements.

12.0 Contact Information

For more information about this policy, or questions related to asset management at the City, please contact:

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