

# CORPORATE POLICY AND PROCEDURE



POLICY	<b>Strategic Asset Management Policy</b>
CATEGORY	Corporate
AUTHORITY	All Departments
APPROVED BY	City Council
EFFECTIVE DATE	May 07, 2018
REVISION DATE	April 05, 2018

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## 1 TERMS AND DEFINITIONS

For consistency, terminology in all official asset management documents shall be consistent with ISO 55000:2014(E) – International Standard for Asset Management<sup>1</sup>.

For the purposes of this document, the following definitions apply:

TERM	DEFINITION
<b>Asset</b>	An Item, thing or entity that has potential or actual value to an organization.

Note: Value is the importance, worth, or usefulness of something. Potential value is the value of the asset that is contingent on the occurrence of stated assumptions.

<b>Asset Management</b>	Coordinated activity of an organization to realize value from assets.
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<sup>1</sup> ISO/IEC. (2014). *ISO International Standard ISO/IEC 55000:2014(E) – Asset management – Overview, principles and terminology*. Geneva, Switzerland: International Organization for Standardization (ISO).

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<b>TERM</b>	DEFINITION
<b>Asset Management Plan</b>	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.
<b>Asset Management System</b>	The people, processes, tools and other resources involved in the delivery of asset management.
<b>Asset System</b>	Set of assets that interact or are interrelated.
<b>Corporate Asset Management</b>	The application of asset management principles at a corporate level to maximize consistency among diverse asset groups. Corporate asset management creates efficiency by harmonizing service levels and business processes wherever possible.
<b>Lifecycle</b>	Stages involved in the management of an asset.
<b>Level of Service</b>	Parameters or a combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers.

**2 BACKGROUND**

The City of Guelph is responsible for provision of a diverse array of services which are dependent on over \$4 billion in assets. An integral component of ensuring reliable service is creating an effective approach to managing existing and future municipal assets. Effective asset management aims to manage assets in a way that balances levels of service, risk, and cost effectiveness throughout the entire asset lifecycle. Ultimately, adopting effective and comprehensive asset management strategies across the organization will support the long term sustainability and efficiency while maintaining levels of service.

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The City produced its first Corporate Asset Management Policy in 2013, which detailed the City’s key objectives for asset management, and established a baseline that Guelph has continued to build on. In the summer of 2016, the Corporate Asset Management division was formed to coordinate the development and advancement of the City’s Corporate Asset Management system.

### **3 POLICY STATEMENT**

This policy details the principles and general framework for a systematic and coordinated approach to asset management in order to achieve the organization’s asset management objectives, guided by the Corporate Administrative Plan 2016-2018.

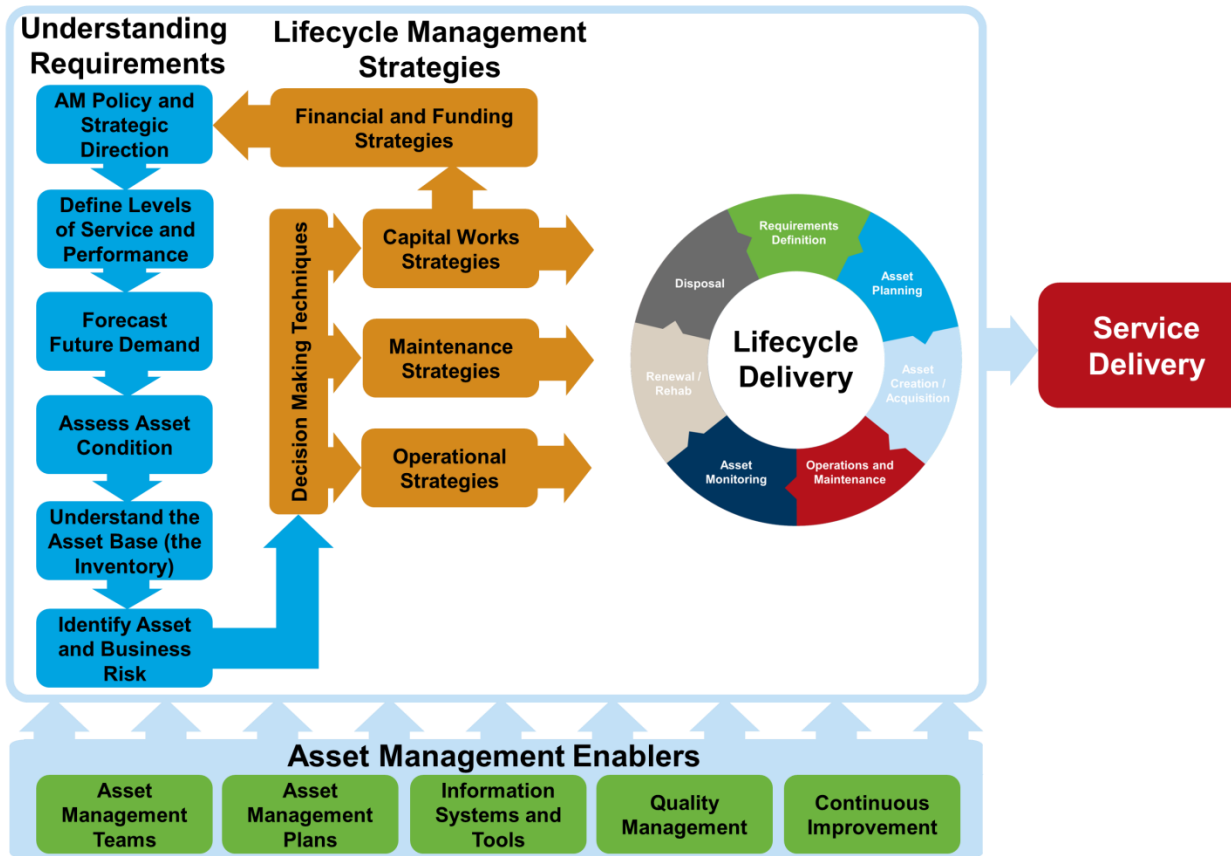
## **4 SCOPE OF THE ASSET MANAGEMENT SYSTEM**

### **4.1 Components of the Asset Management System**

The City’s asset management system can be categorized into the key processes and resources shown within **Figure 1**. The asset management processes include:

- **Functional Processes:** The processes involved in understanding and defining requirements, and asset lifecycle management strategies; and
- **Enabling Processes/Resources:** The supporting processes and resources that make the functional processes possible.

**Figure 1. The Asset Management Process**



## 4.2 Key Documents in the Corporate Asset Management System

The Asset Management System will incorporate the development and implementation of several documents. The key documents within the City’s asset management system are depicted in Error! Reference source not found., and described in sections **4.2.1** to **4.2.4**.

**Figure 2. Key Documents in the Asset Management System**



#### **4.2.1 Strategic Asset Management Policy**

The Asset Management Policy shall guide the overall direction of the asset management system, providing clear direction as to the appropriate focus and level of asset management practice expected. It shall establish the key principles, overall mission and goals for the program, and be guided by the Organizational Strategic Plan and the Corporate Administrative Plan.

#### **4.2.2 Asset Management Strategy**

The Asset Management Strategy documents the intended approach by which the assets and other resources will be used to achieve the agreed upon objectives within the agree Policy framework. It provides clear direction, overall intentions and rationale. In addition, the asset management strategy identifies the organizational readiness to achieve the objectives, including identification of barriers and appropriate implementation plans to overcome the barriers.

#### **4.2.3 Corporate Asset Management Plan**

The Corporate Asset Management Plan shall detail the intended asset management programs at a corporate level to allow the City to understand and target service levels and the asset portfolio's capability to meet those requirements. This plan shall be developed to meet the requirements of the Building Together – Guide for

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Municipal Asset Management Plans,<sup>2</sup> and the guidelines within the International Infrastructure Management Manual, 2015.<sup>3</sup>

Asset management plans are also to be developed based on consideration of principles outlined under section 3 of the Infrastructure for Jobs and Prosperity Act, 2014, and be informed by:

- An understanding of current and future asset condition, needs and costs,
- An understanding of risks and the City's ability to manage risks relating to assets, including disaster planning and any required contingency planning;
- Accessibility standards and other related standards;
- Changing demographics, including population growth or decline; and
- Ontario's land-use planning framework, including any relevant policy statements issued under subsection 3 (1) of the Planning Act, any provincial plans as defined in the Planning Act and the municipality's official plan.

As part of asset management planning, the following considerations are to be included:

- The actions that may be required to address the vulnerabilities that may be caused by climate change to the municipality's infrastructure assets, in respect of such matters as:
  - Operations, such as increased maintenance schedules;
  - Levels of service; and
  - Lifecycle management.
- The anticipated costs that could arise from the vulnerabilities described above;
- Adaptation opportunities that may be undertaken to manage the vulnerabilities described above;
- Mitigation approaches to climate change, such as greenhouse gas emission reduction goals and targets; and
- Disaster planning and contingency funding.

Assets in the asset management plan are not to be subject to a capitalization threshold, and are to be included based upon judgement of whether the asset has value to the organization. The capitalization threshold applied in the municipality's tangible capital asset policy is \$10,000.

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<sup>2</sup> *Infrastructure Ontario (2016) Building Together – Guide for Municipal Asset Management Plans. Ottawa, Canada. Queen's Printer of Ontario.*

<sup>3</sup> *IPWEA (2015) International Infrastructure Management Manual. North Sydney, Australia. IPWEA.*

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Asset management plans shall identify activities to be undertaken, with consideration of the full lifecycle of assets, for at least the ten years following the preparation of that plan or update. In addition, they will document key assumptions made within the plan. Asset management plans are to be updated at no longer than 4 year intervals.

#### **4.2.4 Asset Portfolio Management Plans**

Asset Portfolio Management Plans shall be specific, targeted plans developed through collaboration with the departments who manage each aspect of the asset lifecycles and service. These plans shall further refine the Corporate Asset Management Plan to allow a customized, targeted plan that best supports the daily functions, service and demand levels, and anticipated needs for that asset system. The asset system plans will detail budget requirements and projects that will feed into the City's overall budget.

#### **4.2.5 Relationship between Asset Management Plans, Budgets and Financial Plans**

The outcomes and background data generate through the development of the asset management plans shall form the basis for infrastructure-related long-term financial plans. During the annual budgeting process, projects and funding levels shall be reviewed against the background data and results of the asset management plans. The City's asset management planning should be aligned with any of the following financial plans:

- Financial plans related to the City's water assets including any financial plans prepared under the Safe Drinking Water Act, 2002.
- Financial plans related to the City's wastewater assets.

## **5 ASSET MANAGEMENT MISSION, GOALS AND PRINCIPLES**

### **5.1 Asset Management Mission**

Our mission is to protect and enhance the quality of life in Guelph by making the best possible decisions regarding our assets in a way that provides targeted levels of service and manages risk in a cost-effective manner throughout the entire asset lifecycle.

### **5.2 Asset Management Goals**

- Provide levels of service that meet expectations and ensure a high quality of life for the community through:
  - Defining levels of service in consultation with stakeholders;
  - Evaluating and communicating the cost of providing the service; and
  - Quantifying the impacts of decisions on service.

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- Managing risks through:
    - Understanding risk exposure;
    - Understanding potential vulnerabilities to climate change;
    - Establishing the organization’s risk appetite;
    - Developing risk management strategies;
    - Implementing appropriate condition assessment, inspection, and performance evaluation strategies for all relevant assets; and
    - Implementing appropriate climate change adaptation and mitigation strategies.
  
  - Demonstrating sustainable, full lifecycle planning through:
    - Quantifying and tracking the full lifecycle costs for assets;
    - Ensuring budgets are supported by asset management practices; and
    - Bridging the gap between capital and operational budgets.
  
  - Ensuring accountability, transparency and engagement through:
    - Documenting asset management business processes;
    - Publicising asset management documents such that they are accessible to all stakeholders; and
    - Developing stakeholder engagement strategies to ensure that internal and external stakeholders are able to participate, influence, and contribute to asset management initiatives, where appropriate.

### **5.3 Guiding Principles**

The City of Guelph strives to provide exceptional municipal service and value. Asset management at the City is to be guided by the following principles:

**Service excellence:** Achieving quality and showing results.

- Adopt a whole-organization, all asset approach to asset management that holistically considers the interdependencies between asset systems and services throughout their full lifecycle;
  
- Meet and comply with all relevant legislation, regulatory and statutory requirements and with other requirements to which the organization subscribes;
  
- Corporate asset management documents are derived from, and be consistent with, the organizational strategic plan, council shared agenda, long-term municipal goals, organizational policies, budgets, financial plans, and the organization’s overall risk management framework;



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- Asset management documents are communicated and made available to all relevant stakeholders, including contracted service providers, where there is a requirement that these persons are made aware of their asset management-related obligations; and
  - Approach asset management from a collaborative, cross-disciplinary perspective while also regularly engaging with relevant stakeholders to maximize value from the assets and services.
  - Provide opportunities for municipal residents and other interested parties to provide input into the municipality's asset management planning.
  - Coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of other municipalities, neighbouring municipalities or jointly-owned municipal bodies.

**Financial stability:** Managing our resources to achieve maximum public value.

- Ensure that asset management principles are applied to tangible and intangible assets, and that value is considered holistically, in aspects such as financial, social (quality of life, community wellbeing, heritage) and environmental.
- Develop and implement an evidence-based, systematic approach to asset management that is transparent and customer-centric;
- Optimize asset decisions based on lowest lifecycle cost, acceptable risk levels and desired levels of service to allow for long-term planning that will enhance service and sustainability while also ensuring resilience and adaptability; and
- Provide an annual update to Council on asset management planning progress, factors affecting the ability to meet commitments outlined in the plan, and a strategy to address any shortcomings.

**Innovation:** Modernizing our services and how we work.

- Integrate asset data systems where possible to minimize duplication of effort and improve overall information confidence;
- Strive for asset management practices, processes and capabilities to be in-line with current industry best practices;

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- Commitment to continual improvement in asset management, the asset management system, asset management maturity, and asset management performance;
  - Performance monitoring and benchmarking internally and against other similar organizations;
  - Implement and periodically review asset management documents, objectives, and requirements to ensure that they remain relevant and consistent with the organizational plans and other relevant organizational policies; and
  - Annual internal reviews and an independent audit of the asset management system at no longer than 5 year intervals.

## **6 REVIEW PERIOD**

The policy is to be reviewed by the Asset Management Steering Committee annually, and following any changes in regulatory requirements, or updates to the Corporate Strategic Plan or Corporate Administrative Plan.

City Staff shall report to Council on asset management progress and on or before July 1 in each year. The annual review must address:

- The City's progress in implementing its asset management plan;
- Any factors impeding the City's ability to implement its asset management plan; and
- A strategy to address the identified factors.

## **7 ROLES & RESPONSIBILITIES**

### **7.1 Council**

- Approve the strategies and plans as proposed by the Corporate Asset Management Division by a resolution passed by the City Council;
- Serve a representatives of stakeholder and community needs; and
- Approve funding for both capital and operating budgets associated with Asset Management through the annual budget.

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## **7.2 Executive Team and Executive Lead**

- Review and approve documents and strategies proposed by the Asset Management Steering Committee, where the implications are organization-wide or external;
- Endorse every asset management plan and policy;
- Participate in the process of aligning asset management strategies and plans with organizational strategies and objectives; and
- 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.

## **7.3 Corporate Asset Management Steering Committee**

- Provide corporate support for asset management;
- Coordinate financial, strategic planning, information technology and asset management activity;
- Establish policies and practices that ensure uniformity of approach across the organization;
- Encourage information sharing and collaboration across departments;
- Provide a corporate pool of asset management expertise that can build capability in areas of lower experience;
- Provide input and direction to Corporate Asset Management work plans to ensure consistency with other initiatives;
- Establish and peer review asset management policies, practices, plans, and other related documents;
- Disseminate Steering Committee information within their department where necessary;
- Champion the asset management process within the respective department;
- Ensure organization-wide accountability for achieving and reviewing corporate asset management goals and objectives;

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- Coordinate with other related steering committees where required; and
  - Lead the effective implementation of corporate asset management initiatives.

#### **7.4 Corporate Asset Management Division**

- Liaise with other departments in service areas relating to asset management, including convening asset management teams (specific to each service area), and ensuring project work is consistent with asset management objectives;
- Liaise with external stakeholders in relation to asset management matters;
- Develop an overall corporate asset management policy, strategy, and confirm the implementation plan/resource requirements;
- Coordinate the development of asset management plans and facilitate peer reviews;
- Coordinate asset management improvement programs including writing briefs for asset management improvement projects and preparing, monitoring and reporting on the overall asset management planning budgets;
- Carrying out selected asset management improvement tasks as appropriate;
- Lead the development of asset inventories, condition assessments, risk assessments and related asset management initiatives in line with industry best practices;
- Work with asset management information systems staff to ensure systems development and functionality meets asset management needs; and
- Continuous improvement of the City's Asset Management capabilities.

#### **7.5 Asset System Working Groups and Service Providers**

- Provide input on needs of department, current status of assets, and current levels of service;
- Support and comply with data collection requirements related to their areas of expertise;

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- Participate in the development of the Asset Management Work Plans pertaining to their areas of expertise; and
  - Participate in the regular review of all documentation, data, and asset measurement tools to ensure continued relevance and applicability of existing policies and practices as pertains to their area of expertise.

## **7.6 Residents, Stakeholders and Customers**

- Participate in public information sessions, and stakeholder engagement initiatives, where possible;
- Provide feedback related to levels of service, service experience, and service expectations; and
- Notify the City, via appropriate means, when service deficiencies or failures are observed.

## **8 PERSONS RESPONSIBLE FOR ASSET MANAGEMENT PLANNING**

### **8.1 Executive Lead**

Scott Stewart, C.E.T.,  
Deputy Chief Administrative Officer  
Infrastructure, Development and Enterprise Services  
Phone: 519-822-1260, ext. 3445  
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### **8.2 Corporate Asset Management Sponsor**

Kealy Dedman, P.Eng.,  
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### **8.3 Corporate Asset Management**

Daryush Esmaili, M.A.Sc., PMP.,  
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Engineering and Capital Infrastructure Services  
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## **9 CONTACT INFORMATION**

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

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