

Special City Council Meeting Agenda



Monday, January 23, 2017 – 6:00 p.m.
Meeting Room C, Guelph City Hall, 1 Carden Street

Please turn off or place on non-audible all electronic devices during the meeting.

Please note that an electronic version of this agenda is available on guelph.ca/agendas.

Call to Order – 6:00 p.m.

Disclosure of Pecuniary Interest and General Nature Thereof

Council Workshop - Corporate Asset Management Policy, Goals and Objectives

Presentation:

- a) Corporate Asset Management: Asset Management Policy – Daryush Esmaili, Corporate Asset Manager

Recommendation:

That staff be directed to incorporate feedback received through the January 23, 2017 Council Workshop into the Corporate Asset Management Policy, Goals and Objectives.

Adjournment



Corporate Asset Management

Asset Management Policy

Special Council Workshop

January 23, 2017

Purpose

Corporate Asset Management Policy

Key Purpose and Outcomes

- Recap on asset management fundamentals.
- Discussion and review of the draft Asset Management Policy.
- Overview on the next steps for the asset management policy and plan.



Agenda

Corporate Asset Management Policy

1

Review meeting agenda, goals, and purpose

2

A recap: defining asset management and the work plan

3

Documents in the asset management system

4

Defining Asset Management goals and principles

5

Review of the Policy

6

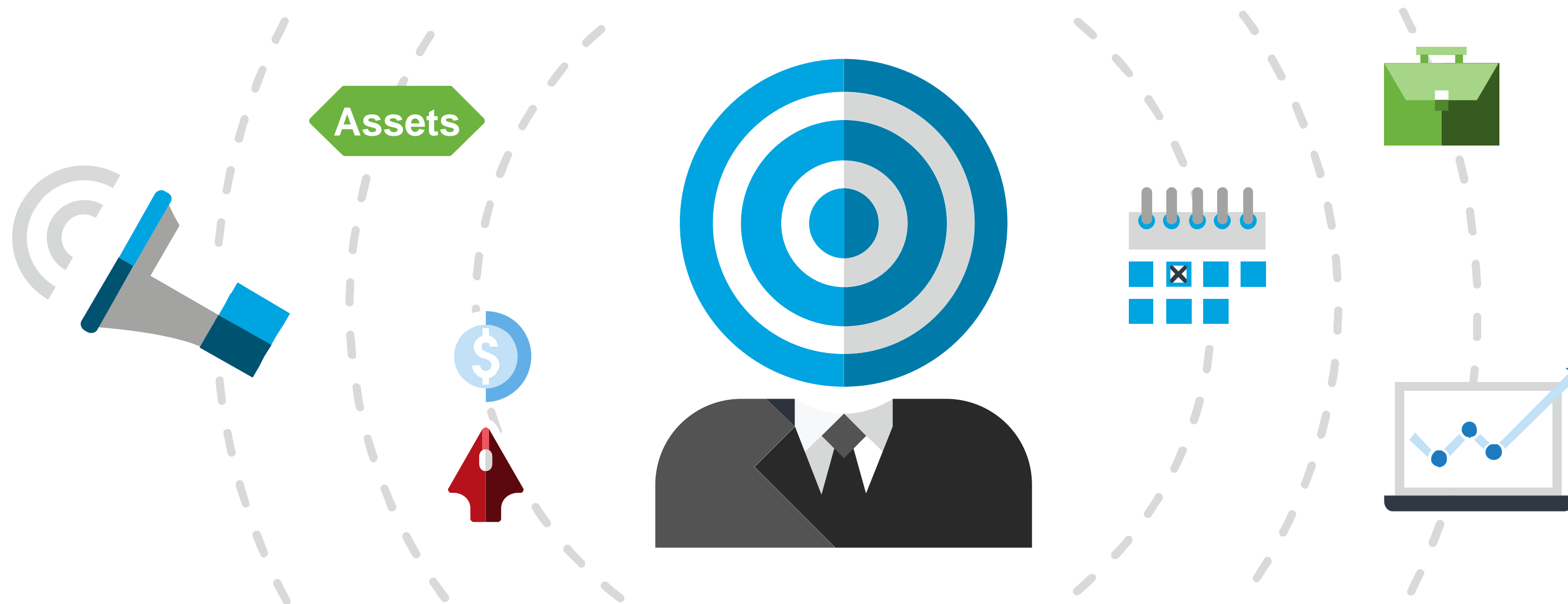
Next steps and the 2017 work plan

7

Questions and discussion

Why Did We Ask You to Attend?

Corporate Asset Management Policy



- Effective asset management must be holistic and unified
- Council, the public, and other stakeholders are key components of the “asset management system”

Why the Policy is Important

Corporate Asset Management Policy

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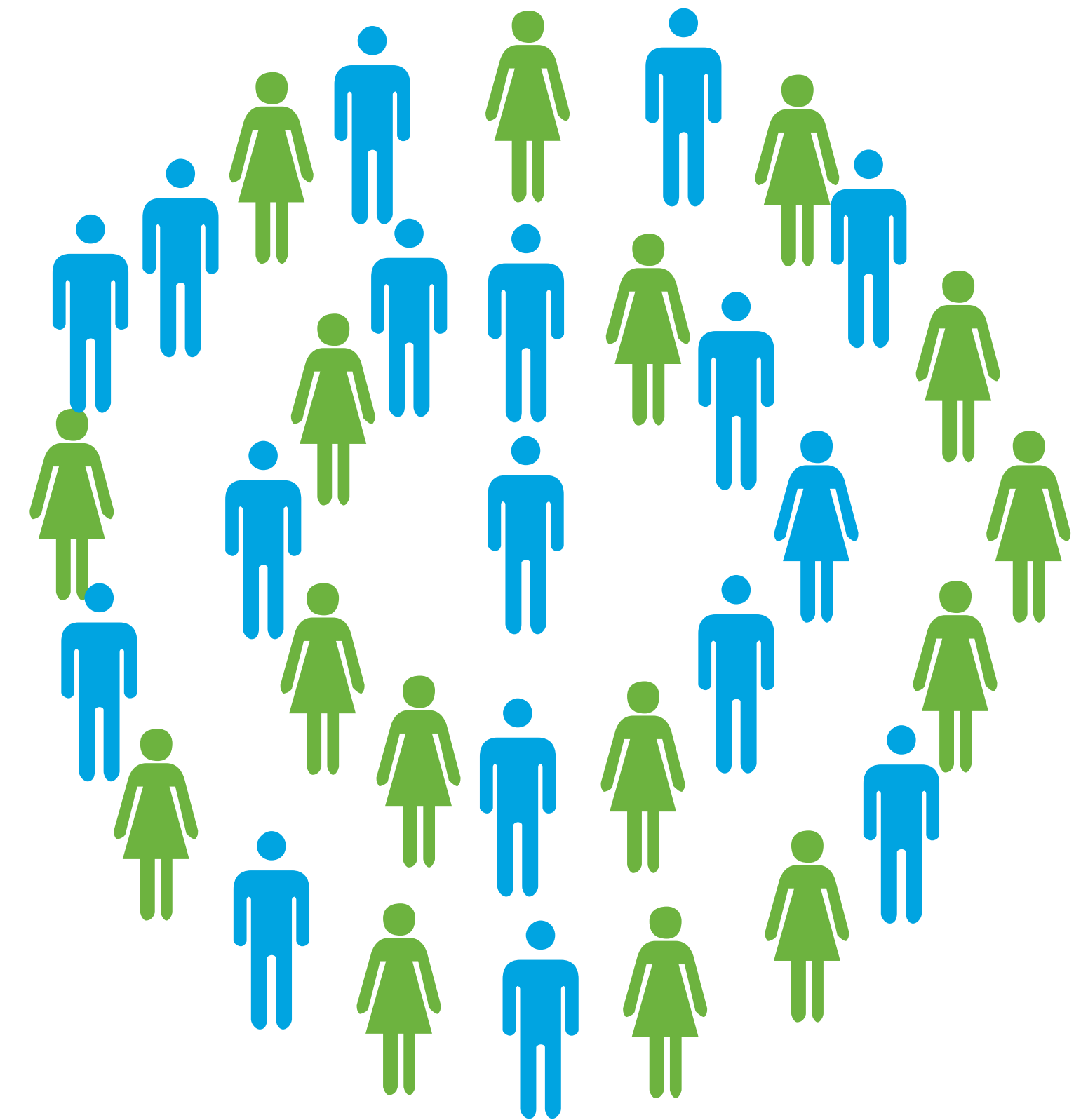
- Helps **protect and enhance** the quality of life in Guelph by ensuring the **best possible decisions** regarding our assets.
- Supports **evidence-based business cases** for budgets and long term financial forecasts.
- Drives **longer term thinking** and planning.
- Supports financial **sustainability**.



Council's Role in Asset Management

Asset Management Policy

- Approve the strategies and plans as proposed by the City;
- 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.



Regulatory and Funding Requirements

7

Defining Asset Management



2002 – Safe Drinking Water Act

Full Cost Accounting and Quality Management (DWQMS).



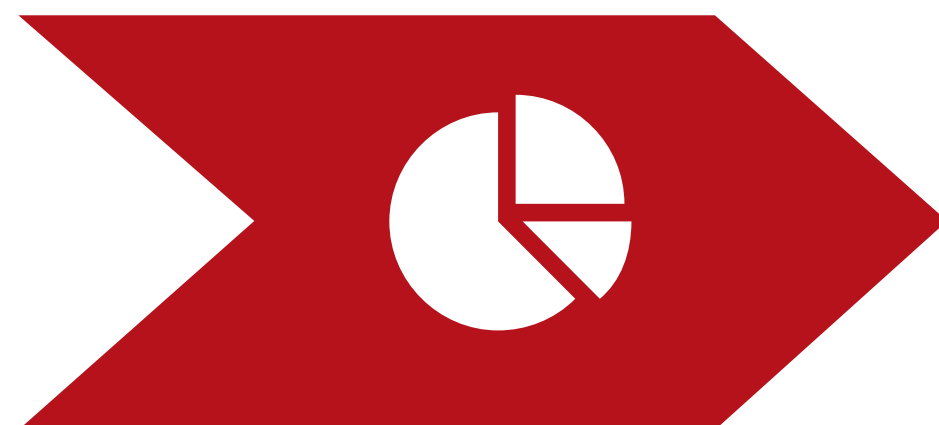
2009 – Public Sector Accounting Board (PSAB) 3150

Include Tangible Capital assets (TCA) in their financial reports.



2012 – Municipal Infrastructure Investment Initiative (MIII)

Detailed asset management plans required for Provincial grant funding.



2014 – AMO Federal Gas Tax Fund Administrative Agreements

Required to complete Asset Management Plans by December 31, 2016.

The Future Requirements

Defining Asset Management



Ontario Bill 6 under the *Infrastructure for Jobs and Prosperity Act, 2014*

- Consultation with municipalities in 2016.
- Sets out requirements for asset management planning.
- Includes new mandatory requirements for Asset Management Plans.
- Includes new mandatory requirements for a Strategic Asset Management Policy.

Speaking the Same Language

Defining Asset Management



- **Asset:** An item that has value, or potential value, to an organization.
- **Asset Management:** The coordinated activities and practices of an organization to realize value from its assets.
- **Levels of Service:** A measure of the quality, performance, or output of the services provided (by an asset or group of assets).
- **Risk:** A combination of the likelihood and consequence of an unforeseen event occurring.

Key Principles

Asset Management: The Big Picture



Making the Best Possible Decisions About Assets



Managing Risks



Providing Satisfactory Levels of Service



Optimizing Lifecycle Costs



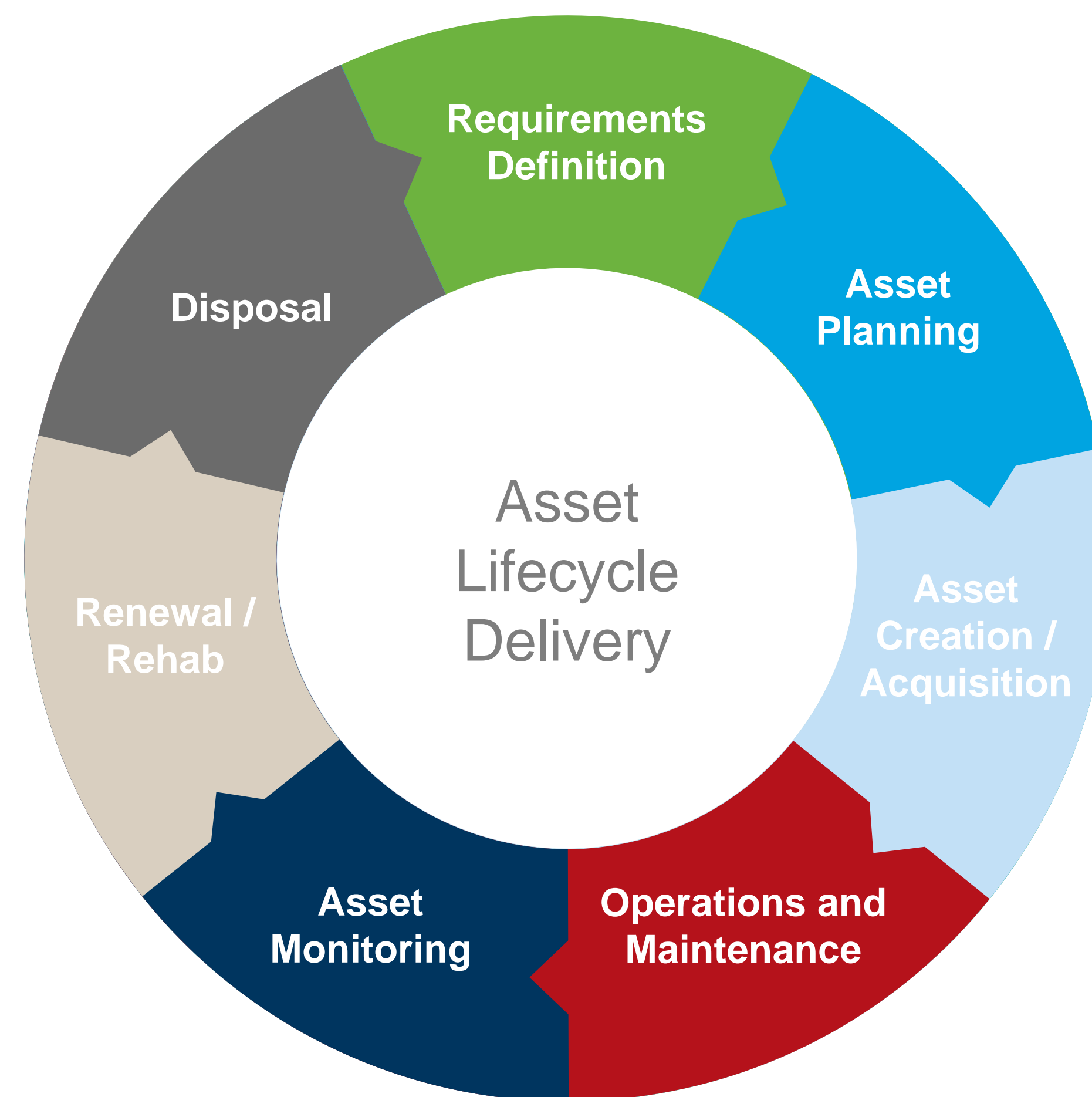
**All based on a clear
understanding of the long
term objectives and purpose**



Asset Lifecycle Activities

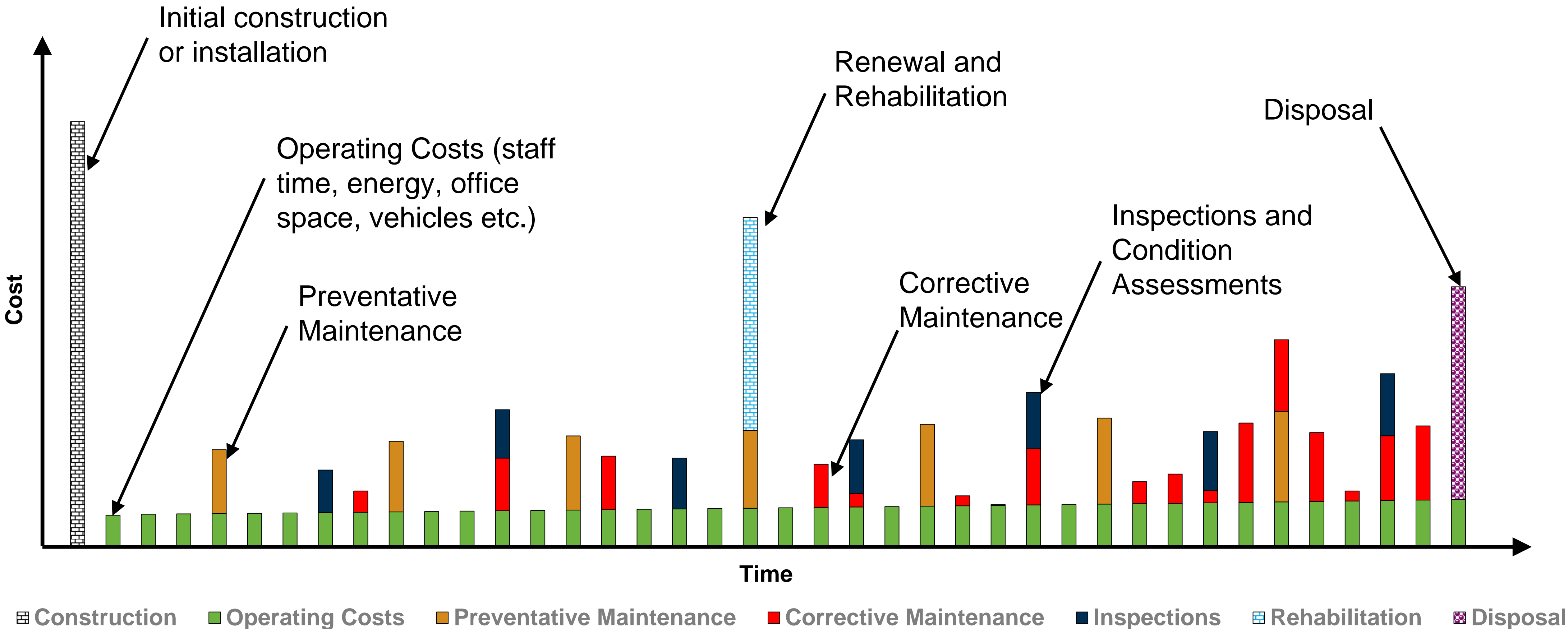
Asset Management: The Big Picture

- Encompasses all practices from planning to disposal.
- The objective is to look at lowest long-term cost (rather than short-term savings) when making decisions.



Asset Lifecycle Activities

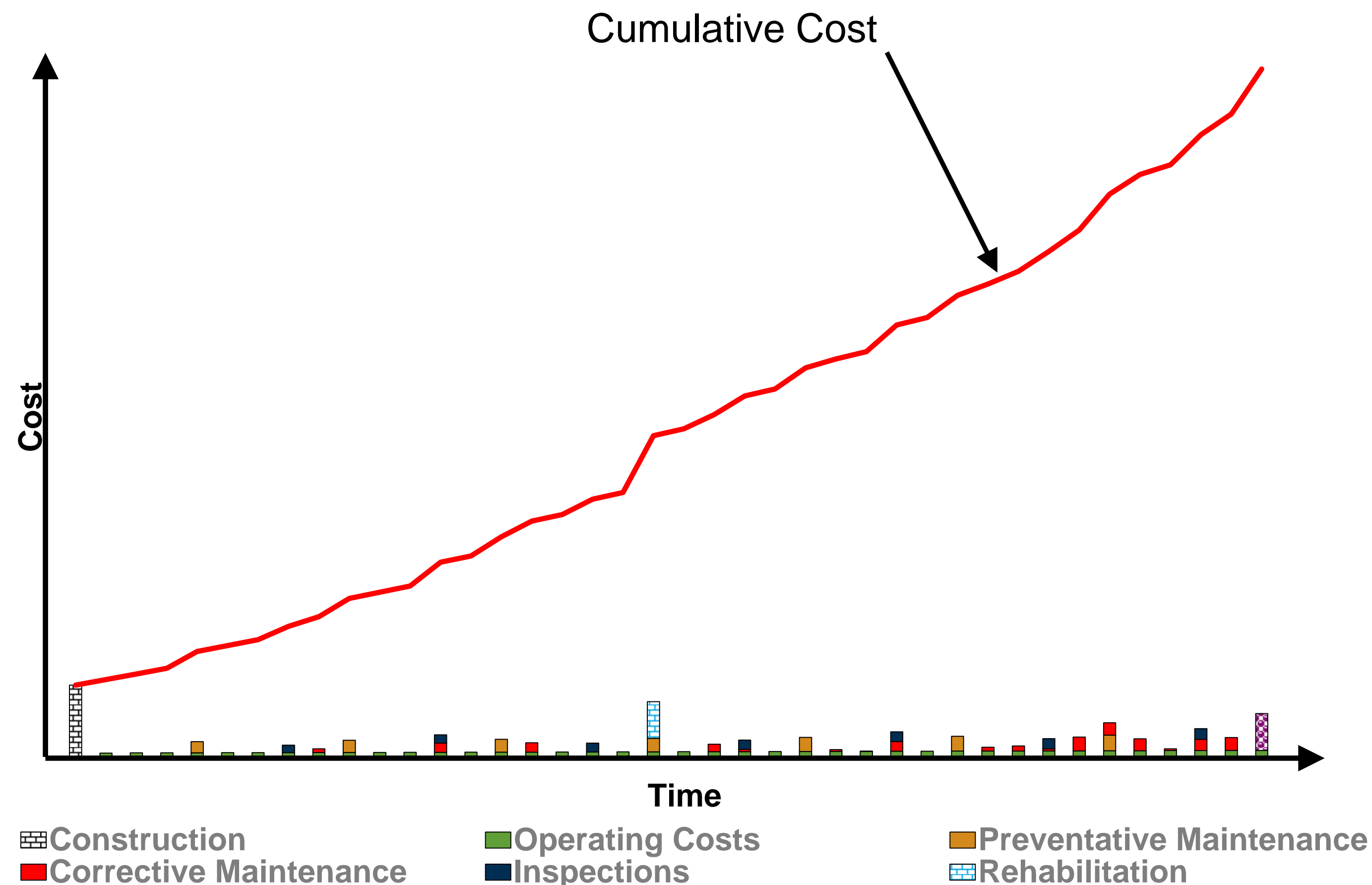
Asset Management: [The Big Picture](#)



Cumulative Costs

Asset Management: [The Big Picture](#)

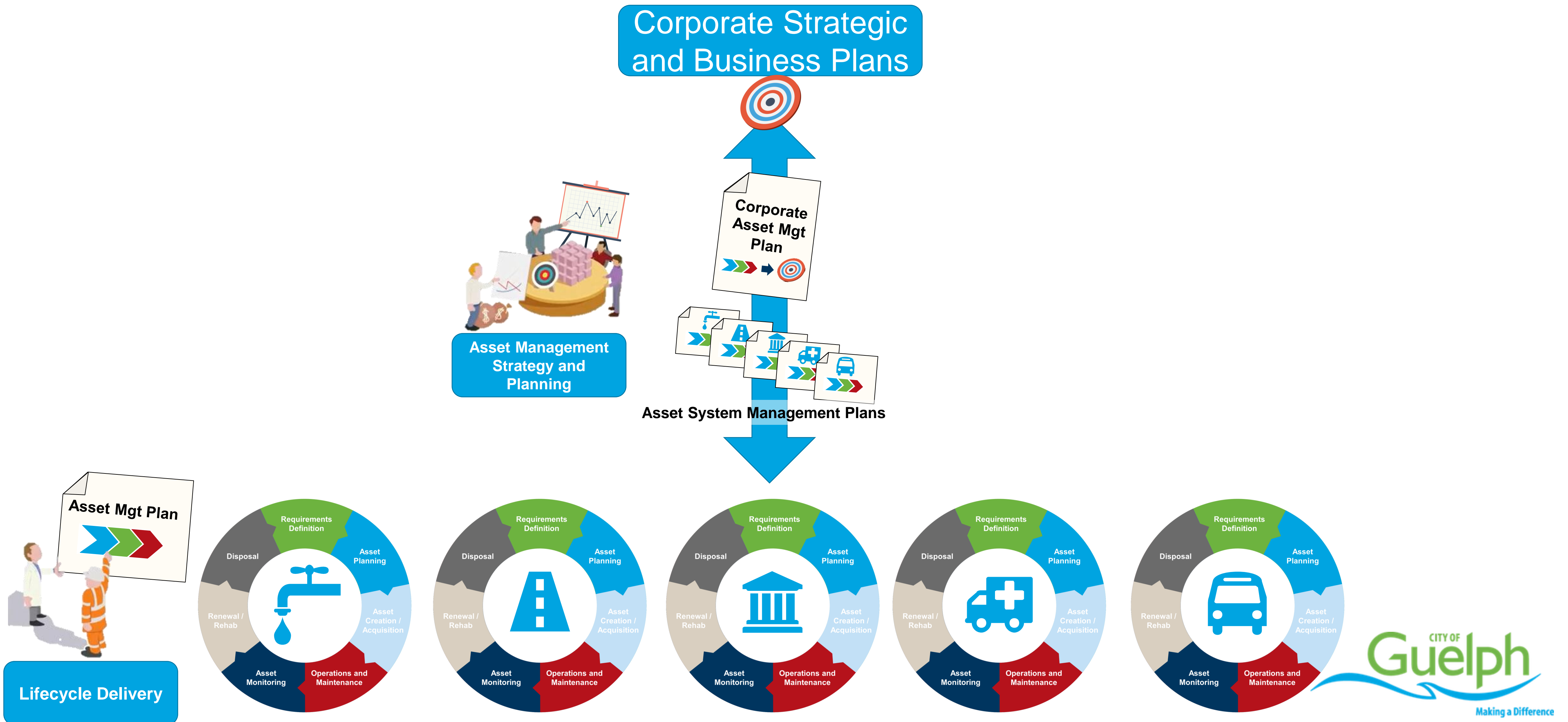
- Capital Costs (construction, rehabilitation and disposal) are only approximately 20% of the full lifecycle costs.
- However, the highest influence on the cost is early in the lifecycle.



Assets are Part of a Bigger System

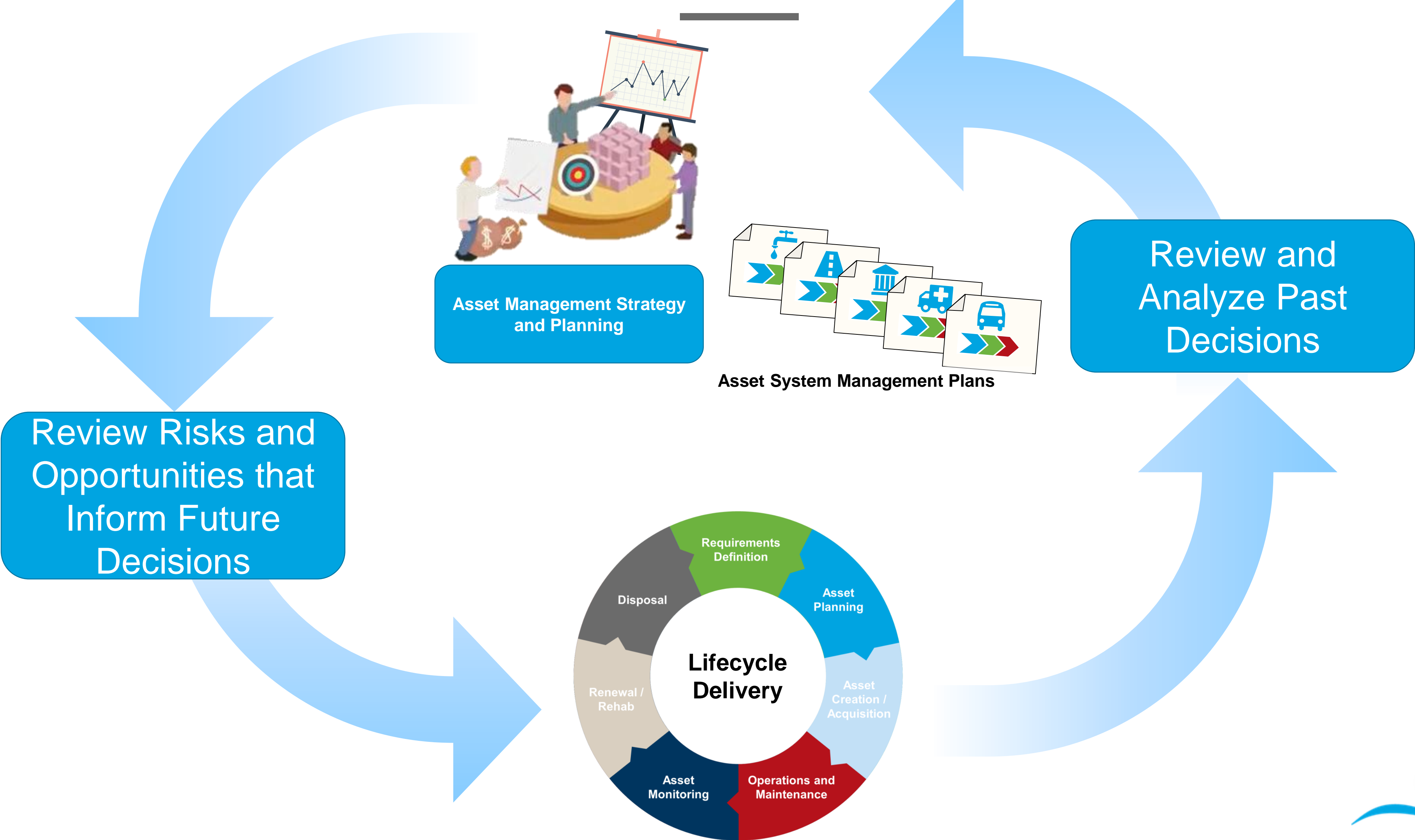
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Asset Management: **The Big Picture**



Continuous Learning Cycle

Asset Management: **The Big Picture**



Assets are a Conduit to a Service

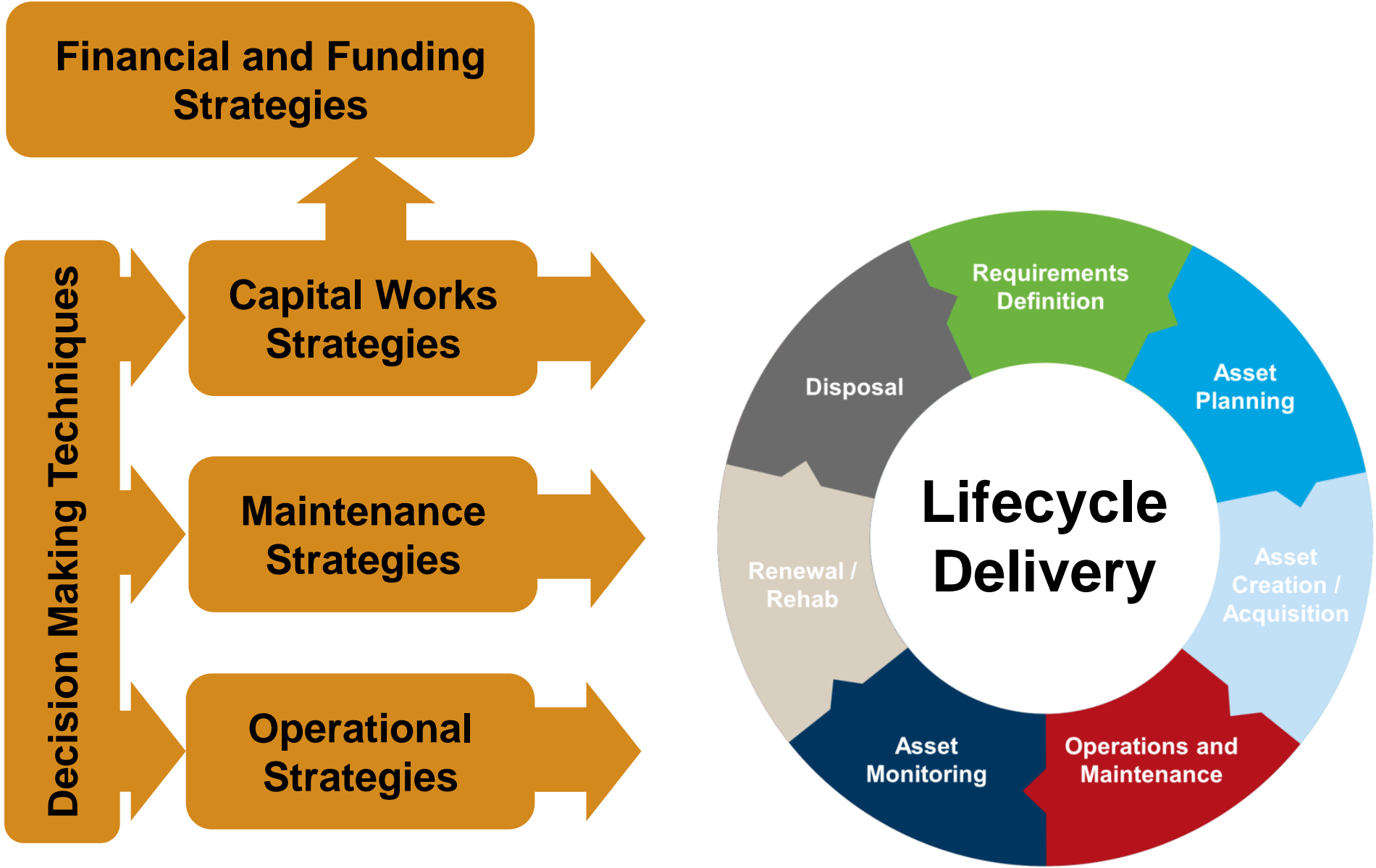
Asset Management: [The Big Picture](#)



Lifecycle Management

The Scope of Asset Management

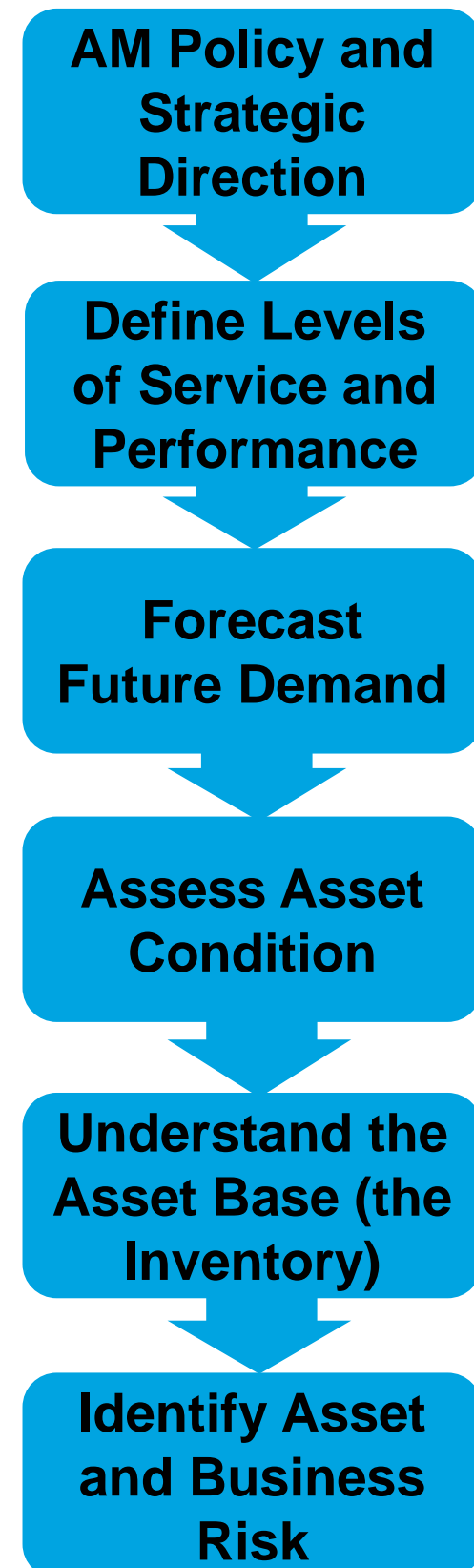
Lifecycle Management Strategies



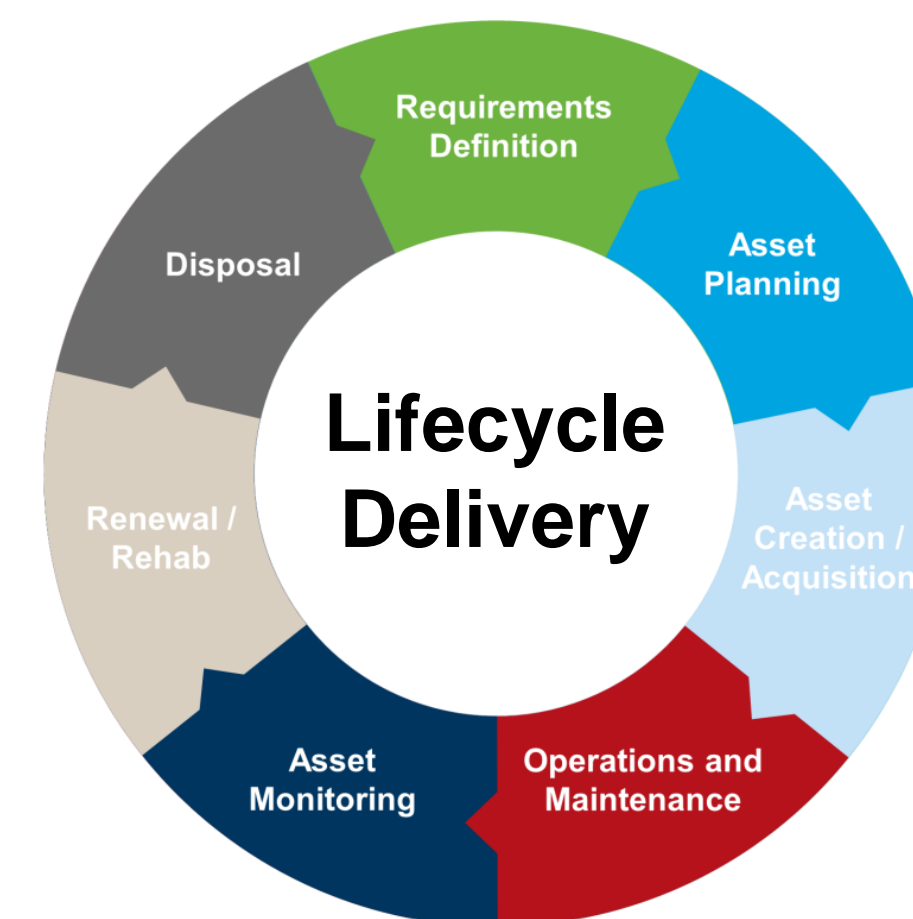
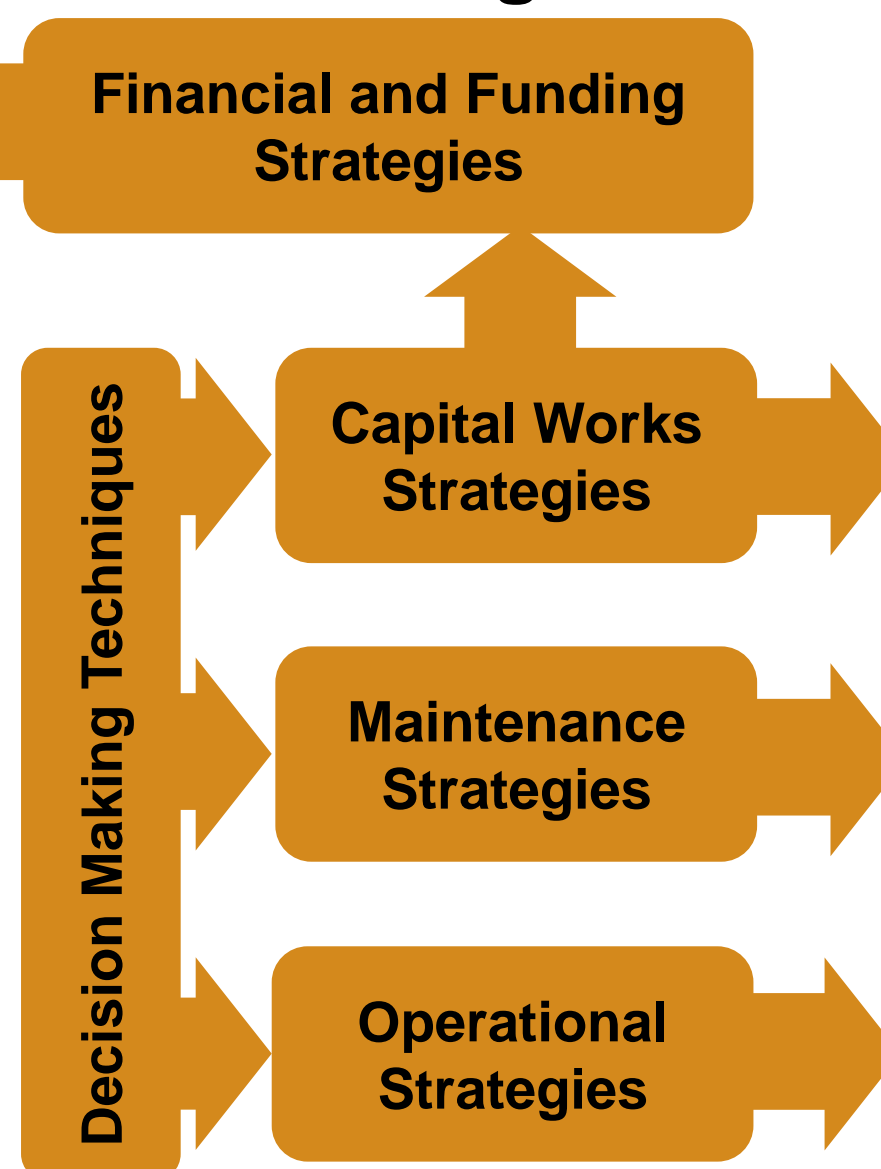
Asset Management Analytics

The Scope of Asset Management

Understanding Requirements

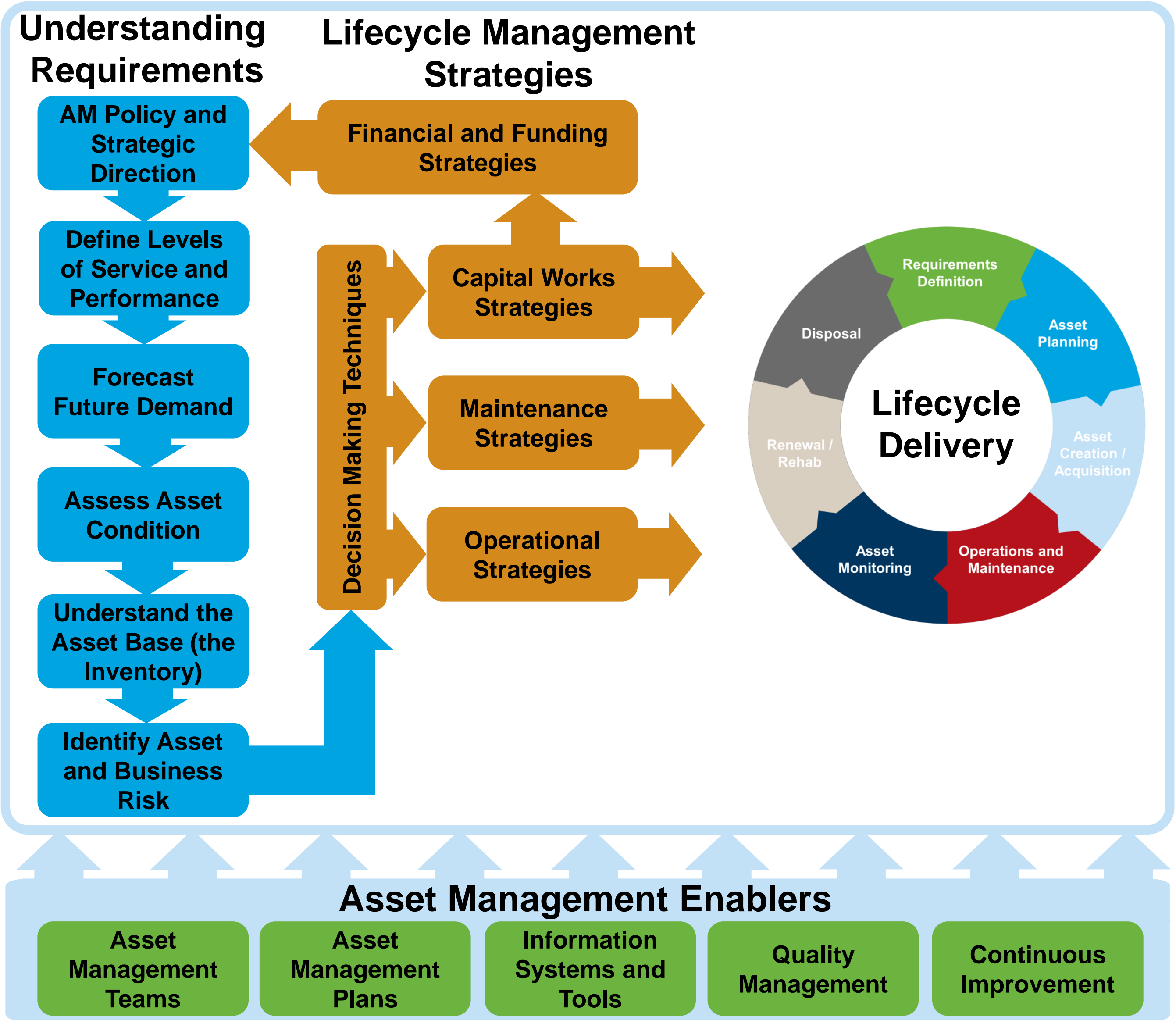


Lifecycle Management Strategies



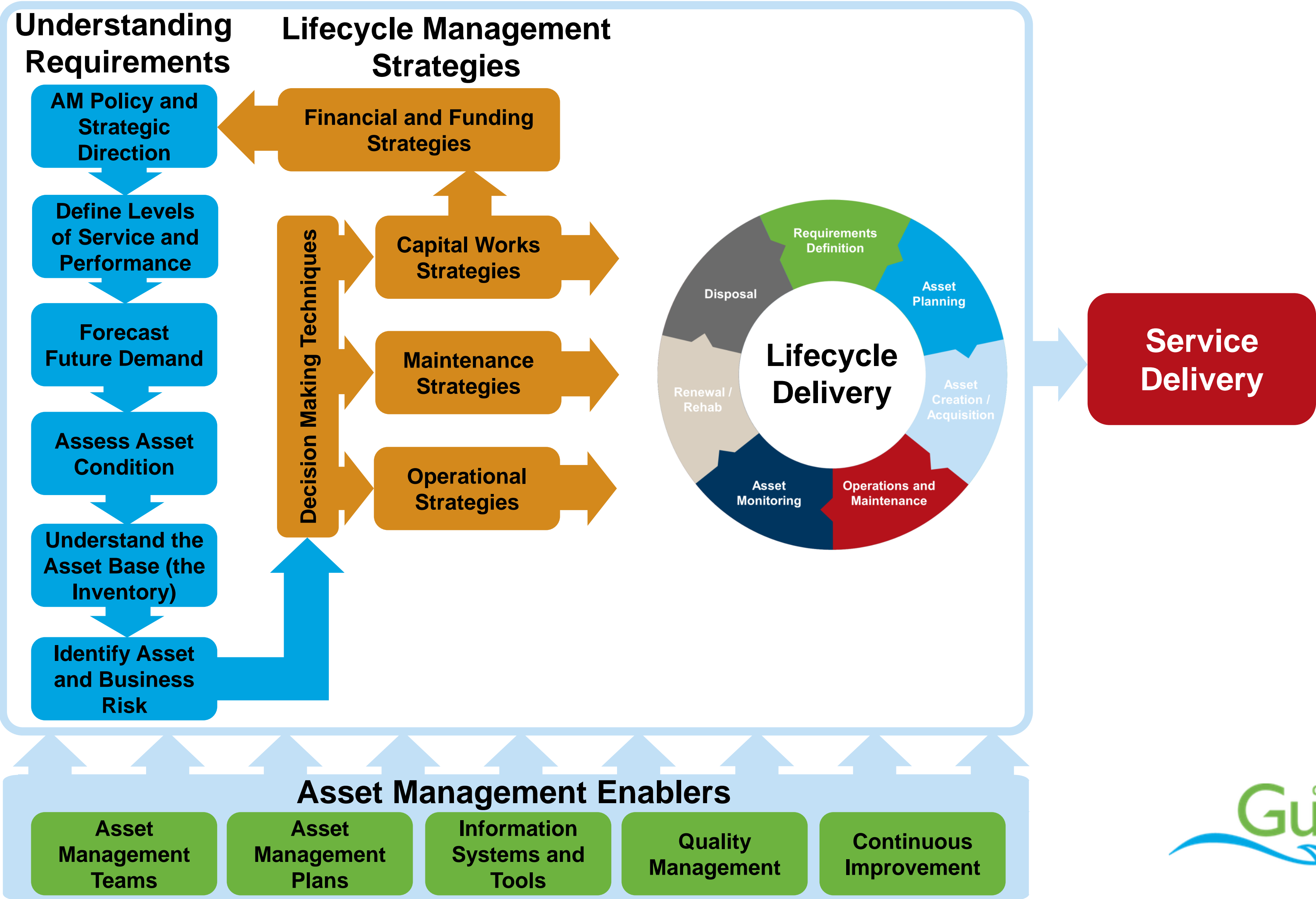
Asset Management Enablers

The Scope of Asset Management



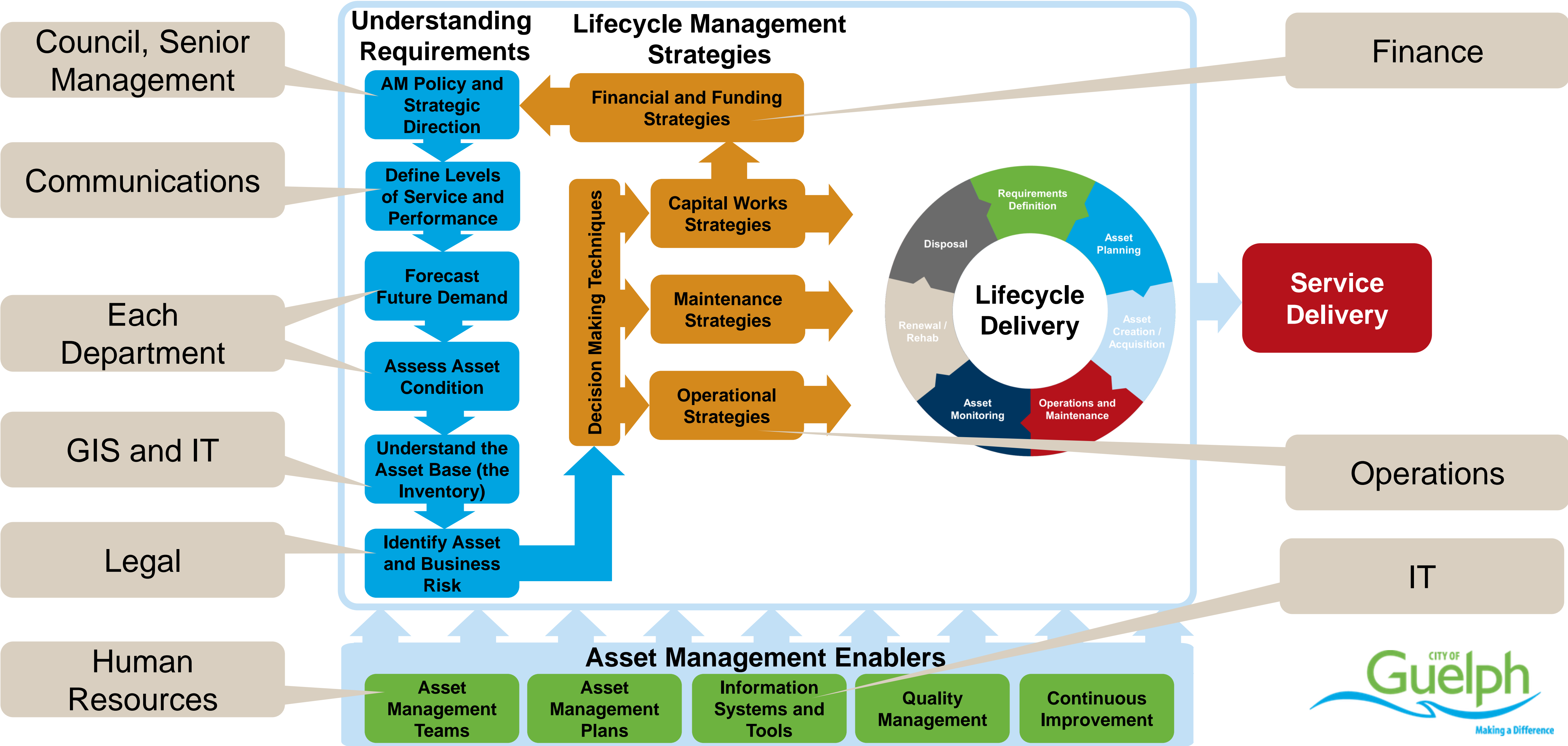
The Focus: Service Delivery

The Scope of Asset Management



Multi-disciplinary Stakeholders

The Scope of Asset Management



Key Work Plan Items

A Recap: [Asset Management](#) Work Plan

Complete

Establish AM Governance Structure and Steering Committee

This Workshop

Asset Management Policy and Strategic Direction

To be presented in March 2017

Corporate Asset Management Plan

Asset Inventory and Condition Assessments

Level of Service and Performance Measurement Framework

Asset Risk and Prioritization Frameworks

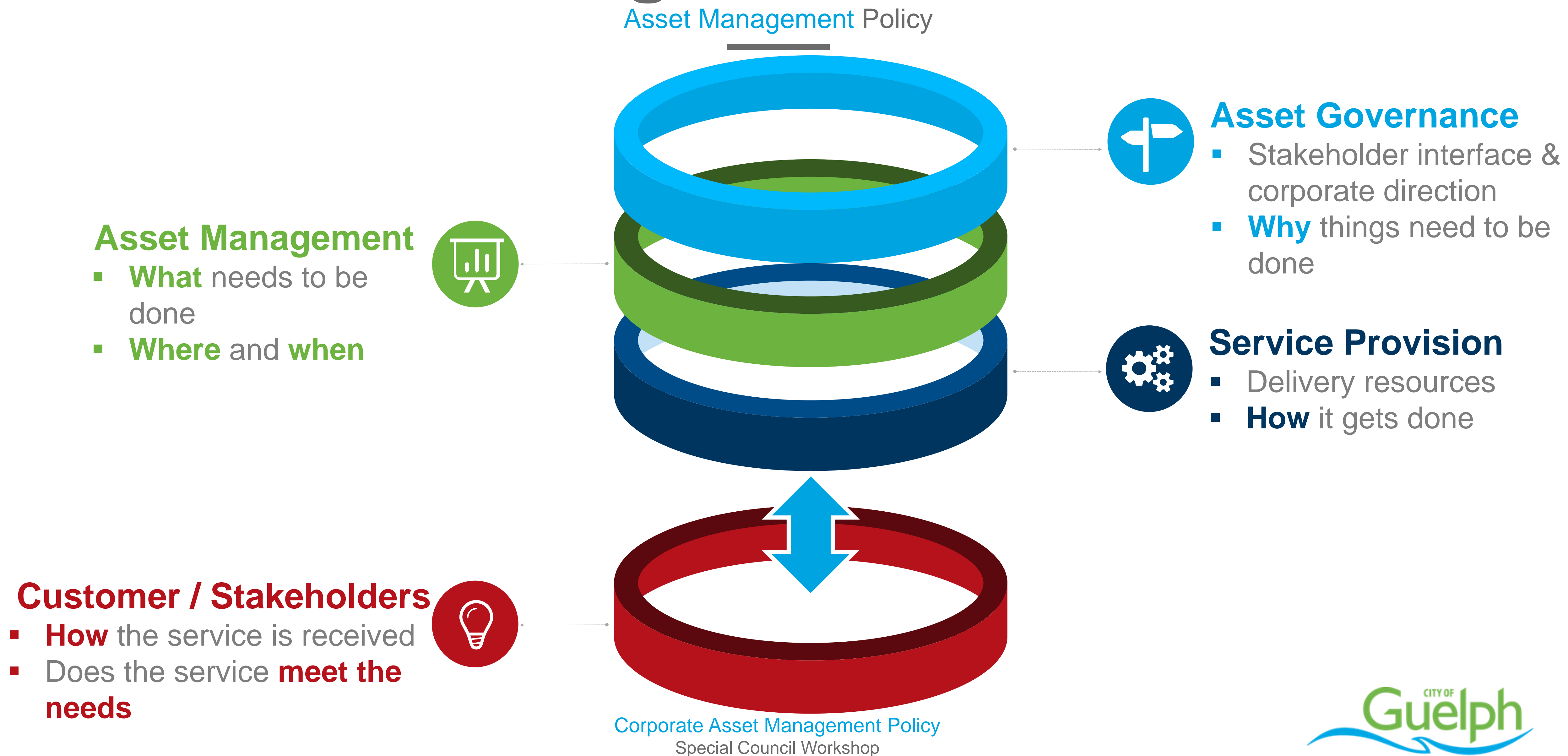
Service Area Asset Management Plans

Continuous Improvement

Continuous Improvement



Asset Management Governance



Asset Management Reporting

Asset Management Policy

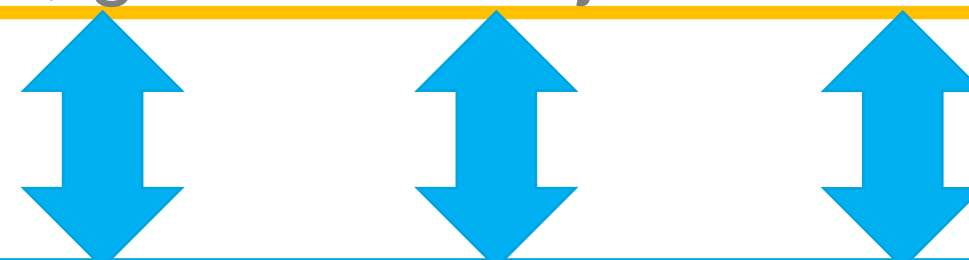


Asset Management Reporting

Documents in the [Asset Management](#) System

Organizational Strategic Plans and Corporate Administrative Plan (2016-2018)

Outlines the organizational vision, goals and objectives



Asset Management Policy

Outlines the principles, requirements and responsibilities for asset management, linked to the organizational strategic objectives



Draft Presented Today

Corporate Asset Management Plan

Outlines the objectives, practices, and action plans for asset management improvement, audit and review.



Final Presented to CoW on March 6, 2017

Asset System Management Plans

Provides an overview of the asset/service, levels of service, demand forecasts, lifecycle activities, and financial forecasts

Operational Plans and Work Programs

Guides day to day activities of staff and contractors.

Questions?

The Asset Management System

- Questions related to the Asset Management System or fundamentals.
- Next we will review the draft Asset Management Policy in detail.



AM Policy and Strategic Direction

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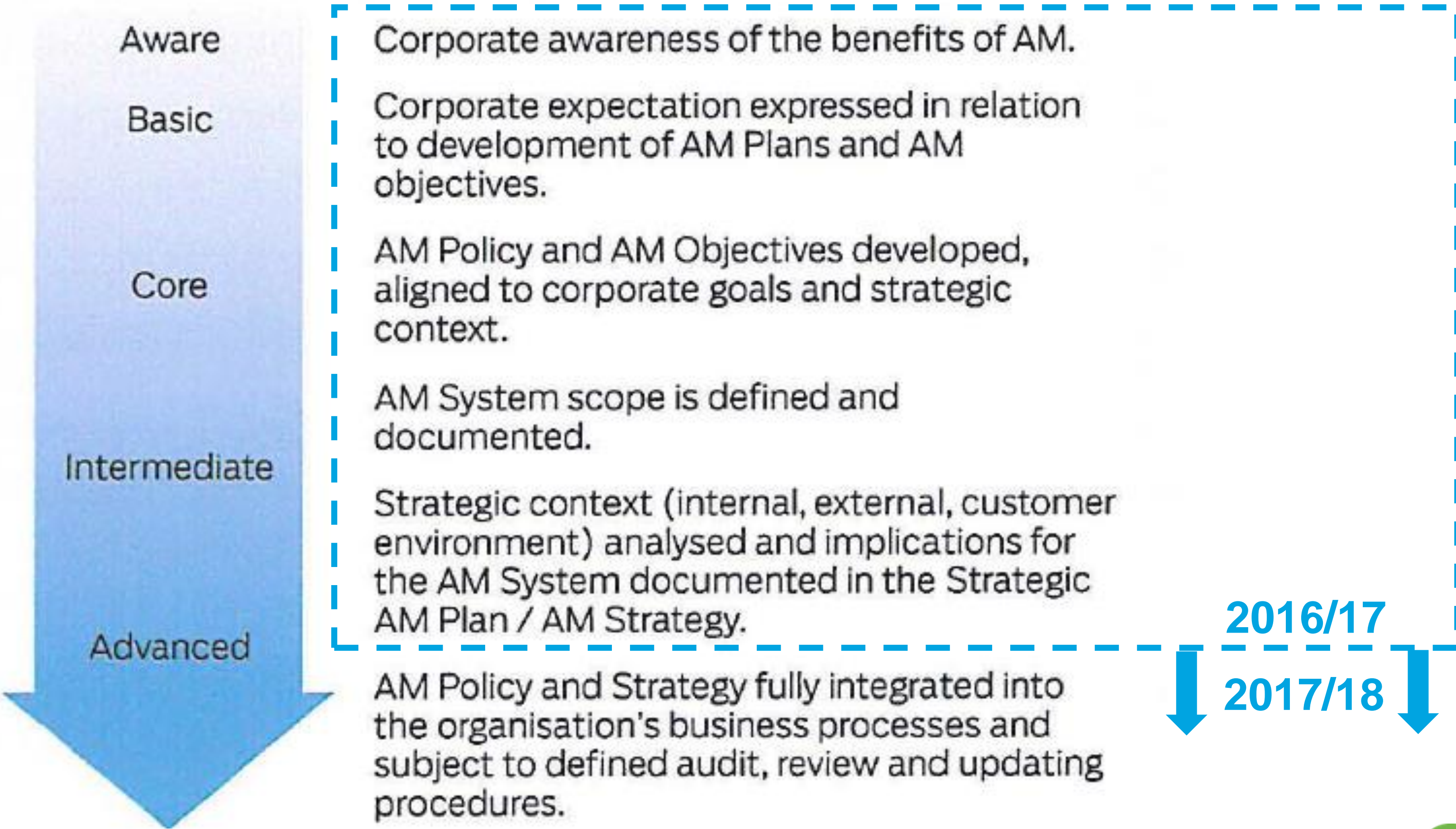
Documents in the Asset Management System

- Defines where we are heading on our asset management journey.
- Sets out the key principles and goals that will guide our mission.
- Outlines our vision of success, and how progress will be measured.

AM Policy and Strategic Direction

Documents in the Asset Management System


Source:
International
Infrastructure
Management Manual,
2015



Sections of the Policy

Asset Management Policy

- 1. **Terms and Definitions:** Key definitions for use within the asset management Policy.
- 2. **Background:** A brief introduction to the history of the corporate asset management program and policy.
- 3. **Policy Statement:** A brief description of what the policy includes.


CORPORATE ASSET MANAGEMENT POLICY	
	
POLICY	####
CATEGORY	Corporate
AUTHORITY	All Departments
RELATED POLICIES	2013 Corporate Asset Management Program
APPROVED BY	####
APPROVAL DATE	####
REVISION DATE	####
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 ¹ .	
For the purposes of this document, the following definitions apply:	
Asset	An Item, thing or entity that has potential or actual value to an organization.
Asset Management	Coordinated activity of an organization to realize value from assets.
Asset Management Plan	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.
Asset Management System	The people, processes, tools and other resources involved in the delivery of asset management.
Asset System	Set of assets that interact or are interrelated.
Corporate Asset Management	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.
¹ ISO/IEC. (2014). ISO International Standard ISO/IEC 55000:2014(E) – Asset management – Overview, principles and terminology. Geneva, Switzerland: International Organization for Standardization (ISO).	

Sections of the Policy

Asset Management Policy

- 4. **Scope of the Asset Management System:** A definition of the components, scope, and documents within the asset management system.
- 5. **Asset Management Mission, Goals and Principles:** Key goals and guiding principles of the asset management program. The asset management mission statement, and the key asset management goals.
- 6. **Review Period:** The frequency of update of the asset management policy.

**CORPORATE ASSET
MANAGEMENT POLICY**



POLICY	####
CATEGORY	Corporate
AUTHORITY	All Departments
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APPROVED BY	####
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Sections of the Policy

Asset Management Policy

- 7. **Roles & Responsibilities:** The roles and responsibilities of Council, the Executive Team, the Corporate Asset Management Steering Committee, Corporate Asset Management Division, and the Service Area Working Groups and Service Providers.
- 8. **Contact Information:** The contact details for inquiries and questions.

CORPORATE ASSET MANAGEMENT POLICY	
	
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<small>¹ ISO/IEC. (2014). ISO International Standard ISO/IEC 55000:2014(E) – Asset management – Overview, principles and terminology. Geneva, Switzerland: International Organization for Standardization (ISO).</small>	

Our Mission

Asset Management Policy

- 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.

Defining **Success** in Asset Management

Asset Management Goals



If there is one thing you would like Asset Management to achieve in the next two years, what would it be?

Going Back to the Basics

Asset Management Policy



Making the Best Possible Decisions About Assets



Managing Risks



Providing Satisfactory Levels of Service



Optimizing Lifecycle Costs



All based on a clear understanding of the long term objectives and purpose



Initial Proposed Goals

Asset Management Policy



Providing
Satisfactory
Levels of
Service



Managing Risks



Optimizing Lifecycle
Costs



Making the Best
Possible Decisions
About Assets



Based on a clear
understanding of the long
term objectives and
purpose

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.

Initial Proposed Goals

Asset Management Policy



Providing
Satisfactory
Levels of
Service



Managing Risks



Optimizing Lifecycle
Costs



Making the Best
Possible Decisions
About Assets



Based on a clear
understanding of the long
term objectives and
purpose

Managing risks through:

- Understanding risk exposure;
- Establishing the organization's risk appetite;
- Developing risk management strategies; and
- Implementing appropriate condition assessment, inspection, and performance evaluation strategies for all relevant assets.

Initial Proposed Goals

Asset Management Policy



Providing
Satisfactory
Levels of
Service



Managing Risks



Optimizing Lifecycle
Costs



Making the Best
Possible Decisions
About Assets



Based on a clear
understanding of the long
term objectives and
purpose

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.

Initial Proposed Goals

Asset Management Goals



Providing
Satisfactory
Levels of
Service



Managing Risks



Optimizing Lifecycle
Costs



Making the Best
Possible Decisions
About Assets



Based on a clear
understanding of the long
term objectives and
purpose

Ensuring accountability, transparency and engagement through:

- Documenting asset management business processes;
- Publicizing 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.

Guiding Principles

Asset Management Policy

- Describe our beliefs and philosophy pertaining to quality assurance and performance improvement.
- The principles will guide what we do, why we do it and how we do it (from an asset management perspective).



Review Period

Asset Management Policy

- Reviewed by the Asset Management Steering Committee annually.
- Following any changes in regulatory requirements, or updates to the corporate plans.
- Annual update to Council by the end of Q2 each year to inform the budget.



Next Steps

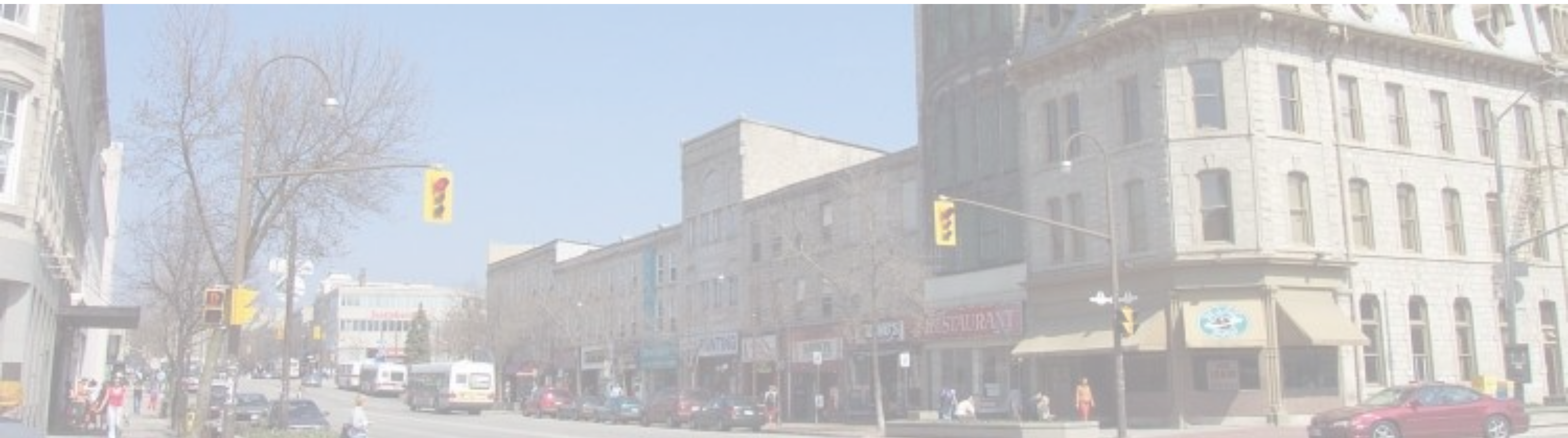
Asset Management Policy

Next Steps

- Feedback will be incorporated into the final Asset Management Policy.
- Final Corporate Asset Management Plan and Policy to be presented on March 6, 2017.

Thank you

Questions and Discussion



Contact Details

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Corporate Asset Management Policy
Special Council Workshop

Staff Report



To City Council

Service Area Infrastructure, Development & Enterprise Services

Date Monday, January 23, 2017

Subject Council Workshop - Corporate Asset Management Policy, Goals and Objectives

Report Number IDE 17-09

Recommendation

1. That staff be directed to incorporate feedback received through the January 23, 2017 Council Workshop into the Corporate Asset Management Policy, Goals and Objectives.

Executive Summary

Purpose of Report

To introduce the draft Corporate Asset Management Policy, including the mission, goals and objectives.

Key Findings

- Demonstrating progress in asset management and having an asset management plan in place is a requirement of Provincial and Federal grant programs, including the Federal Gas Tax Program which provides approximately \$7 million annually to the City of Guelph.
- The Province has commenced consultation on new requirements for the broader public sector as part of Ontario Bill 6 under the *Infrastructure for Jobs and Prosperity Act, 2014*. The future regulation will set out mandatory requirements for asset management plans and asset management policies.
- The proposed Asset Management Policy (the Policy) for the City outlines the principles, requirements and responsibilities for asset management, linked to the organizational strategic objectives.
- The draft Mission as outlined in the Policy 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.

- The draft asset management goals and guiding principles support the Corporate Administrative Plan 2016-2018.
- The Policy also outlines the roles and responsibilities for Staff, Council and the Public related to asset management.
- Progress against the Policy and Asset Management Plan is expected to be presented to Council by the end of the second quarter each year to support the budget process.
- The final Asset Management Policy is planned to be presented to Committee of the Whole on March 6, 2017 as part of the 2017 Corporate Asset Management Plan.
- Following completion and approval of the Asset Management Policy and Corporate Asset Management Plan in March 2017, the next steps will be to ensure that they are fully integrated into the organization's business processes and subject to defined audit, review and updating procedures.
- A whole-organization approach is essential – asset management planning cannot be done well in isolation from other activities in the organization. The Asset Management program will help to ensure the day-to-day activities are delivering on the strategic goals.

Financial Implications

- This report includes no specific financial implications; however, one of the fundamental goals of lifecycle asset management is to consider the lowest long-term cost and maximum value when making decisions. In the long-term, the implementation of comprehensive asset management processes and practices should result in both capital and operating financial savings.

Report

Introduction

The City of Guelph is responsible for the provision of a diverse array of services, many of which are heavily dependent on assets that would cost over \$4.1 billion if they were to be replaced today. The City defines an asset as an item or entity that has potential or actual value to an organization. The majority of the City's assets are physical infrastructure assets; however the City is also responsible for a significant portfolio of digital assets, upon which similar principles apply. Asset management is the combined activities that the organization uses to realize value from the assets.

A large proportion of the physical assets have lifecycles that last decades, and require significant operations, maintenance, and renewal activities to ensure that they are safe, in adequate condition, and fit for purpose to support the delivery of the services. In other cases, asset lifecycles are short, and technology obsolescence

or capacity requirements may dictate renewal or replacement. Digital assets, although often unnoticed, also have varying lifecycles and provide the supporting information for all City services. They must also be maintained, kept secure, and be accessible when required.

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.

The Asset Management Policy (the Policy) sets out the organization's commitments and expectations for decisions, activities and behaviour concerning asset management. The Policy should be aligned to, and demonstrate support for, the organizational objectives.

This report provides a brief overview of asset management, and outlines the City's draft Asset Management Policy. The purpose of this report is to present best practices and influencing factors for the asset management policy, and provide the opportunity for feedback on the contents and goals of the policy.

Defining Asset Management

The discipline of Asset Management is a combination of management, financial, economic, engineering, operations and other practices applied to assets with the objective of providing the required level of service and minimizing risks in the most cost effective manner. The key principles of asset management are:

- Providing defined levels of service and monitoring performance;
- Managing the impact of growth through demand management and infrastructure investment;
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term to meet that defined level of service;
- Identifying, assessing and appropriately controlling risks; and
- Having a long-term financial plan which identifies the expenditures and how it will be funded.

The Asset Management System ("the System") is defined as the people, processes, tools and other resources involved in the delivery of asset management. According to best practice, the asset management system starts at the strategic level by establishing the asset management policy and objectives, and then applies resources to delivering asset management at an operational level.

The key documents in the asset management system include, but are not limited to the Asset Management Policy (that supports the Organizational Strategic Plans), the Corporate Asset Management Plan, and the Asset System Management Plans which then guide the operational level work plans.

Figure 1. Plans in the Asset Management System



Source: Adapted from (IPWEA, 2015)

International Best Practices for Asset Management Policies

One of the goals of the City’s asset management program is to align with international best practices where possible. The International Standard for Asset Management, ISO 550002:2014(E) (ISO/IEC, 2014, p. 7) provides the following definition for asset management policies:

“The asset management policy is a short statement that sets out the principles by which the organization intends to apply asset management to achieve its organizational objectives. The asset management policy should be authorized by top management and thereby demonstrate commitment to asset management.”

The International Infrastructure Management Manual (IPWEA, 2015) outlines the maturity index for an asset management policy as shown in **Table 1**. The proposed

draft Asset Management Policy included in **Attachment 1** is in alignment with the “Intermediate” maturity index level. It is expected that the Corporate Asset Management Work Plan will continually improve the City towards the “advanced” level in the next two years.

Table 1. Asset Management Policy Maturity

Maturity Index Level	Description
Aware	Corporate awareness of the benefits of asset management.
Basic	Corporate expectation expressed in relation to the development of asset management plans and objectives.
Core	Asset management policy and objectives developed, aligned to corporate goals and strategic context.
Intermediate	Asset management system scope is defined and documented. Strategic context (internal, external, customer environment) analyzed and implications for the asset management system documented in the Corporate Asset Management Plan.
Advanced	Asset Management Policy and Corporate Asset Management Plan fully integrated into the organization's business processes and subject to defined audit, review and updating procedures.

Overall the Asset Management Policy plays a leading part in driving the asset management system. The Asset Management Policy is a means for top management to communicate to its managers, employees and stakeholders the organization's position and intentions with regard to asset management. It provides a high level statement of the organization's principles, approach and expectations relating to asset management. The Asset Management Policy should be seen as the same level of commitment as an organization's safety policy.

The Future Catalysts for Change

In recent years, both the Provincial and Federal governments have made significant strides in increasing the priority of asset management in municipalities. Since 2012, having endorsed asset management plans in place has been a component of eligibility for grant funding, and the scope of requirements is broadening beyond the typical critical infrastructure. Currently, asset management plans are required to meet the requirements of the Ministry of Infrastructure Ontario's Building Together: Guide for Municipal Asset Management Plans (the Building Together Guide), which outlines the key components and requirements of the asset management plans.

A key component of asset management is a focus on continual improvement and making the best possible decisions regarding assets. Similarly, the requirements for

asset management are also continually improving, and the Province has commenced consultation on new requirements for the broader public sector as part of Ontario Bill 6 under the *Infrastructure for Jobs and Prosperity Act*, 2014. The future regulation will set out mandatory requirements for asset management plans and strategic asset management policies which, depending on the timing of passing Bill 6, would likely have to be prepared and approved by Council by January 1, 2018. By developing the Corporate Asset Management Policy now, we are ahead of the upcoming regulations. The draft Asset Management Policy meets the draft requirements communicated by the Ontario Ministry of Infrastructure in July 2016 as part of the consultation process. An updated policy with required amendments will be presented to Council for approval in 2017, if the requirements of Bill 6 have substantially changed when it is passed.

Although it is prudent to meet regulatory and legislative requirements, the value and benefits of asset management extend far beyond meeting them. Asset management specifically focuses on making the best possible decisions regarding the building, operating, maintaining, renewing, replacing and disposing of infrastructure assets. Effective asset management has been demonstrated to support strong governance and accountability, sustainable decision-making, enhanced customer service, effective risk management, and improved financial efficiency. Through adopting a culture of asset management excellence, the City will be taking necessary steps to ensure that budgets are allocated wisely, while maintaining, and communicating, service levels.

Components of the Asset Management Policy

The draft Asset Management Policy is attached; however the key sections of the policy can be summarized as follows:

- 1. Terms and Definitions:** Key definitions for use within the Asset Management Policy, and a commitment that all terminology in all official asset management documents shall be consistent with ISO 55000:2014(E) – International Standard for Asset Management.
- 2. Background:** A brief introduction to the history of the corporate Asset Management Program and Policy.
- 3. Policy Statement:** A brief description of what the Policy includes.
- 4. Scope of the Asset Management System:** A definition of the components, scope, and documents within the asset management system.
- 5. Asset Management Mission, Goals and Principles:** Key goals and guiding principles of the asset management program, and the asset management mission statement.

- 6. Review Period:** The frequency of update of the Asset Management Policy. It also includes the requirement for reporting to Council on asset management by the end of the second quarter of each year.
- 7. Roles & Responsibilities:** The roles and responsibilities of Council, the Executive Team, the Corporate Asset Management Steering Committee, Corporate Asset Management Division, and the Asset System Working Groups and Service Providers.
- 8. Contact Information:** The contact details for inquiries and questions.

Next Steps

The next steps are to continually improve by ensuring that the Asset Management Policy and Corporate Asset Management Plan are fully integrated into the organization's business processes and subject to defined audit, review and updating procedures. This will be accomplished through a work plan and various initiatives to be detailed in the Corporate Asset Management Plan, which will provide an overarching view of the City's asset base, management practices and processes. The plan is to be presented along with the final Asset Management Policy, to Committee of the Whole (IDE) on March 6, 2017.

Financial Implications

This report includes no specific financial implications; however, one of the fundamental goals of lifecycle asset management is to consider the lowest long-term cost and realizing maximum value when making decisions. In the long-term, implementation of comprehensive asset management processes and practices should result in both capital and operating financial savings.

Consultations

Consultation and communication are key elements of the planned corporate asset management initiatives. In addition to internal communication and follow-up reporting to Council, an Asset Management page on the City's website is planned for development. This will provide an overview of asset management fundamentals, and collate asset management documentation such as staff reports, the Asset Management Policy, Asset Management Plans, and other related documents.

Comments and suggestions regarding the draft Asset Management Policy as presented during the January 23, 2017 Council Workshop will be reflected in the final Policy.

Corporate Administrative Plan

This report supports the following goals and work plans of the Corporate Administrative Plan (2016-2018):

Overarching Goals

Financial Stability

Service Excellence

Innovation

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Our People- Building a great community together

Our Resources - A solid foundation for a growing city

Attachments

ATT-1 Draft Asset Management Policy

Departmental Approval

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CORPORATE ASSET MANAGEMENT POLICY



ATT 1 – Draft Asset Management Policy

POLICY	####
CATEGORY	Corporate
AUTHORITY	All Departments
RELATED POLICIES	2013 Corporate Asset Management Program
APPROVED BY	####
APPROVAL DATE	####
REVISION DATE	####

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 Management¹.

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

Asset	An Item, thing or entity that has potential or actual value to an organization.
Asset Management	Coordinated activity of an organization to realize value from assets.
Asset Management Plan	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.
Asset Management System	The people, processes, tools and other resources involved in the delivery of asset management.
Asset System	Set of assets that interact or are interrelated.
Corporate Asset Management	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.

¹ ISO/IEC. (2014). *ISO International Standard ISO/IEC 55000:2014(E) – Asset management – Overview, principles and terminology*. Geneva, Switzerland: International Organization for Standardization (ISO).

Lifecycle	Stages involved in the management of an asset.
Level of Service	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 \$4.1 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.

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.

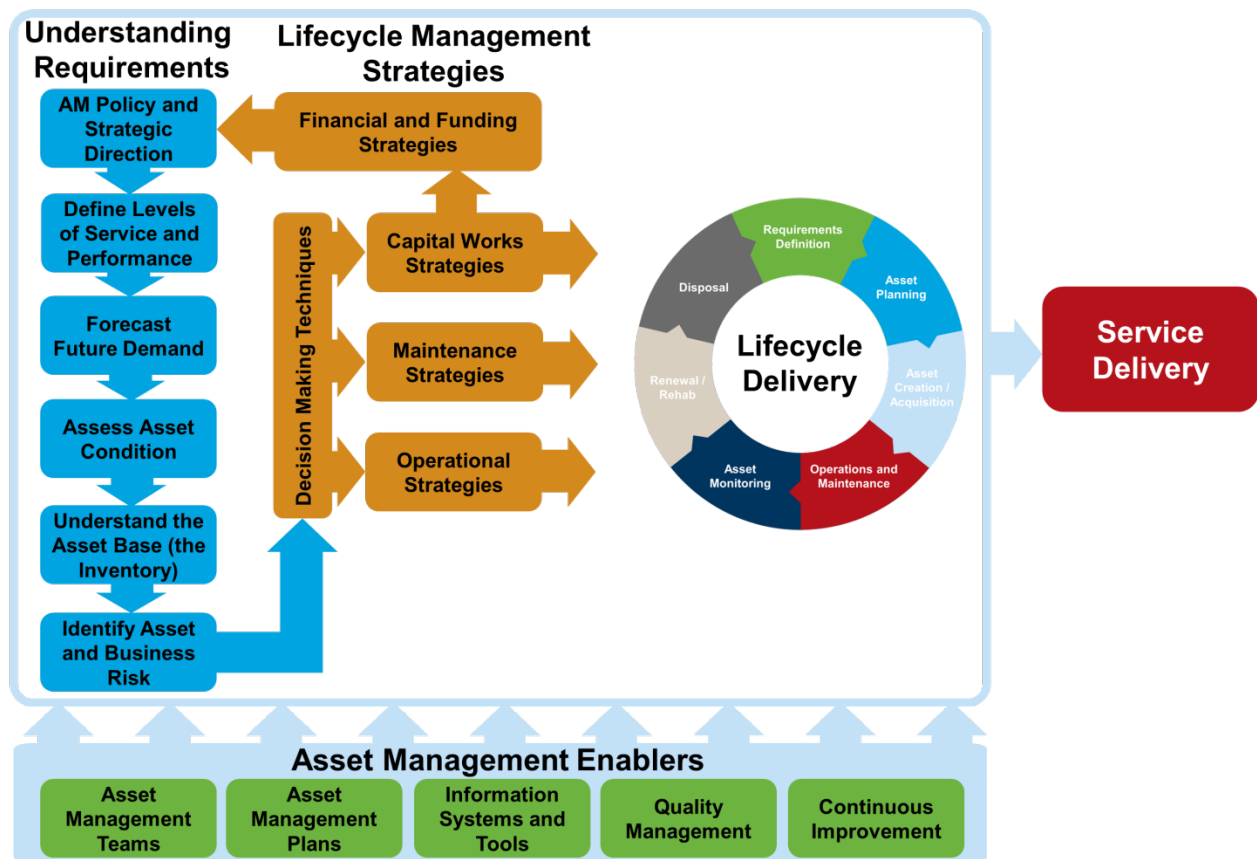
4 SCOPE OF THE ASSET MANAGEMENT SYSTEM

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 **Figure 2**, and described in sections 5.2.1 to 5.2.3.

Figure 2. Key Documents in the Asset Management System



4.2.1 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 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 Municipal Asset Management Plans,² and the guidelines within the International Infrastructure Management Manual, 2015.³

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

³ *IPWEA (2015) International Infrastructure Management Manual. North Sydney, Australia. IPWEA.*

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;
- Climate change impacts, as well as adaptation and mitigation techniques; and
- Ontario's land use planning framework, priorities and outcomes, as set out in the Provincial Policy Statement, provincial land use plans such as the Growth Plan for the Greater Golden Horseshoe, and municipal official plans, where applicable.

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.

4.2.3 Asset System Management Plans

Asset System 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.

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.
- Managing risks through:
 - Understanding risk exposure;
 - Establishing the organization's risk appetite;
 - Developing risk management strategies; and
 - Implementing appropriate condition assessment, inspection, and performance evaluation strategies for all relevant assets.
- 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;
- 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.

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

- 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.

- Strive for asset management practices, processes and capabilities to be in-line with current industry best practices;
- 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 needs by the end of the second quarter of each year.

7 ROLES & RESPONSIBILITIES

7.1 Council

- Approve the strategies and plans as proposed by the Corporate Asset Management Division;
- 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.

7.2 Executive Team

- Review and approve documents and strategies proposed by the Asset Management Steering Committee, where the implications are organization-wide or external;
- 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;
- 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;
- 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 CONTACT INFORMATION

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

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