

Clause 6 in Report No. 2 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on February 15, 2018.

6

Update to Corporate Asset Management Policy

Committee of the Whole recommends adoption of the following recommendations contained in the report dated January 18, 2018 from the Commissioner of Environmental Services and the Commissioner of Transportation Services:

1. Council approve the updated Corporate Asset Management Policy provided in Attachment 1.
2. The Regional Clerk circulate this report to the local municipalities.

Report dated January 18, 2018 from the Commissioner of Environmental Services and Commissioner of Transportation Services now follows:

1. Recommendations

It is recommended that:

1. Council approve the updated Corporate Asset Management Policy provided in Attachment 1.
2. The Regional Clerk circulate this report to the local municipalities.

2. Purpose

This report requests Council approval of an updated Corporate Asset Management Policy. Updating the policy will further support a consistent, coordinated and affordable approach to asset management across Regional Departments and ensure compliance with O.Reg 588/17: Asset Management Planning for Municipal Infrastructure issued by the Province.

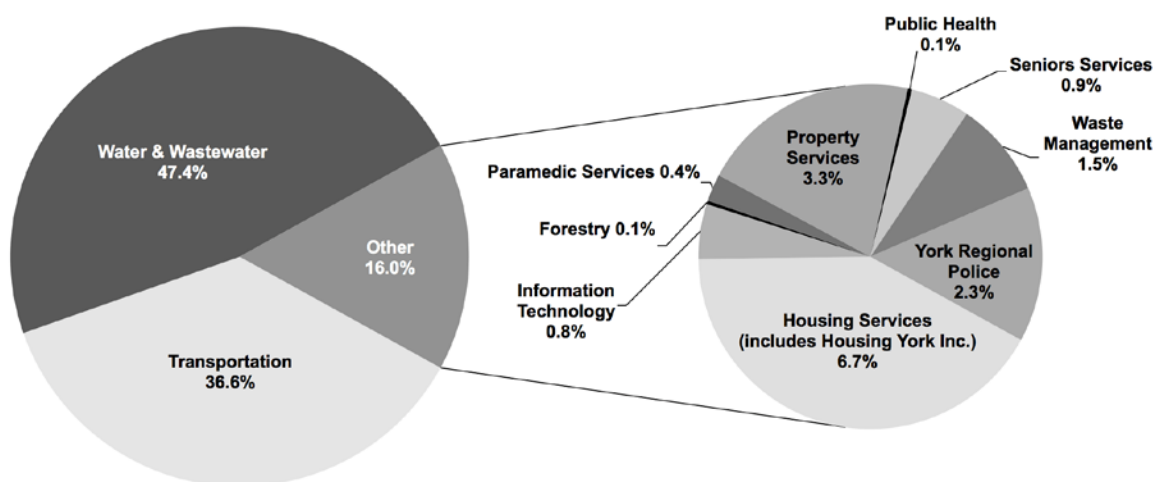
3. Background and Previous Council Direction

York Region owns and operates assets with a replacement value of nearly \$11 billion

Assets are essential to provide services and contribute to the high quality of life enjoyed by residents of the Region and are critical to provide services that are delivered in a safe, reliable and efficient manner, while sustaining a growing community.

As of December 31, 2016, the Region owns and operates tangible capital assets with a net book value of more than \$7 billion and an estimated replacement value over \$11 billion (including Housing York Inc.). The distribution of assets throughout Regional departments is illustrated in Figure 1.

Figure 1
Replacement Value of Existing Assets – \$11.4 Billion*



* Information is derived from Public Sector Accounting Board inventory and has been updated to reflect best available asset replacement values as of December 31, 2016. Replacement value of assets will likely be higher to account for a wider scope of replacement cost considerations to be confirmed through asset management plan development.

An updated Corporate Asset Management Policy will play a critical role in implementing asset management across the Region

Council first adopted the Corporate Asset Management Policy (the Policy) in [November 2013](#) to support the Region's asset management programs and

provide a framework to ensure long-term asset sustainability and demonstrate fiscal stewardship for the Region's growing and aging asset base.

The Policy outlines roles and responsibilities across the corporation, which are critical to successful implementation of the Region's asset management programs. Overall responsibility of asset management is shared across Regional departments to effectively and continuously assess, evaluate and improve asset management programs to deliver services balanced against considerations of costs and risks.

Over the last five years, the Region has continued to grow its asset base and advance asset management programs to manage its assets through all life cycle phases. Examples of initiatives implemented through proactive asset management include comprehensive asset condition assessments, asset deterioration modeling and asset life evaluation to better inform maintenance, rehabilitation, replacement and disposal decisions.

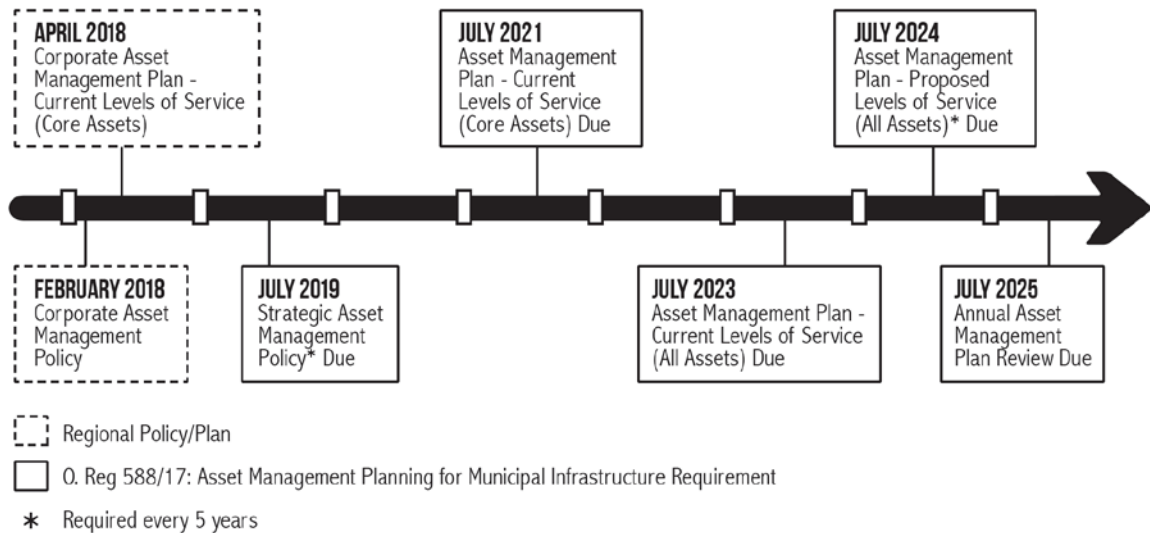
Asset Management Planning for Municipal Infrastructure Regulation came into effect in January 2018

In May 2017, the Province issued the "Proposed Municipal Asset Management Planning Regulation" to implement best practices throughout the municipal sector. The Regulation is intended to provide certainty around future provincial asset management planning requirements and support resilience and sustainability as key aspects of municipal asset management planning. In response to the Regulation, staff proposed recommendations for regulation content, which were endorsed by Council in [September 2017](#). Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure recently came into effect in January 2018, incorporating feedback from stakeholders.

First key action in the Regulation requires development and adoption of a strategic asset management policy by July 1, 2019

Along with the requirement for a strategic asset management policy, there is also the requirement to review and, if necessary, update the policy every five years. 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. Asset Management Planning for Municipal Infrastructure Regulation requirements and timelines are shown in Figure 2.

Figure 2
Asset Management Planning for
Municipal Infrastructure Regulation Timelines



4. Analysis and Implications

Policy updates align with new legislation and advance asset management practices

Multiple workshops were held with department asset management leads and key Regional stakeholders (e.g. Finance, Legal Services, etc.) to review and update the Corporate Asset Management Policy. Changes to the policy were made to incorporate legislated requirements outlined in the Regulation and integrate industry best practices. Key changes to the policy include:

- Illustrating the critical connection between corporate strategic direction (e.g. Vision 2051, Strategic Plan and Fiscal Strategy) and the Asset Management Strategy
- Identifying departmental asset management leads who coordinate with Finance to deliver financially sustainable departmental asset management programs
- Recognizing the benefits of making evidence-based decisions based on life cycle data to maximize the value obtained from assets
- Highlighting the importance of service delivery and incorporating expectations from customers, including local municipalities, residents and businesses and Regional departments
- Aligning asset management planning with climate change mitigation approaches, such as greenhouse gas emission (GHG) reduction goals and targets, in parallel with the Region’s Climate Change Action Plan

Update to Corporate Asset Management Policy

- Integrating asset management industry standards and best practices, including ISO 55000 to drive continuous improvement and manage asset-related cost, performance and risk

Corporate Asset Management Policy updates will improve the Region's coordinated approach to asset management

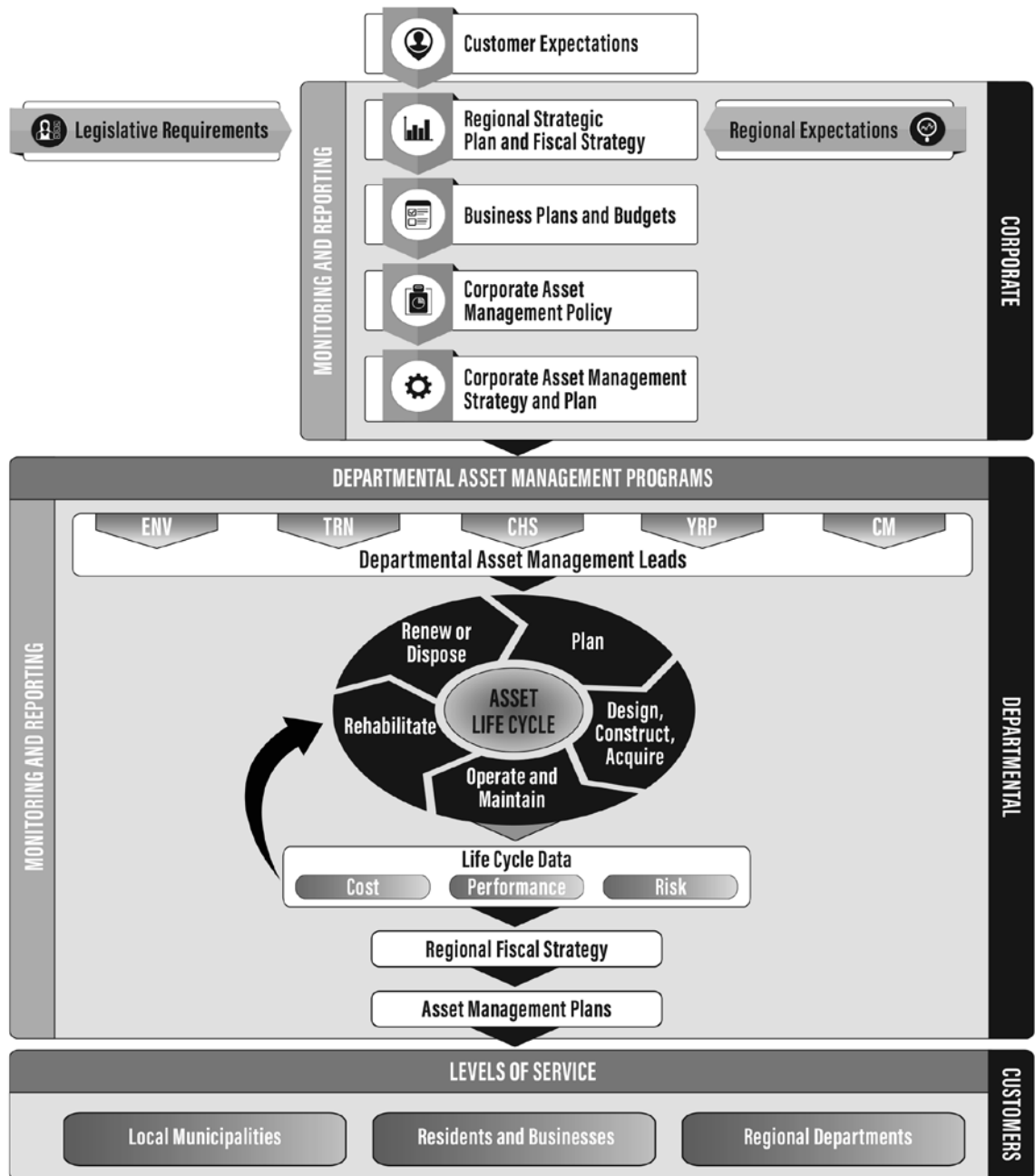
Asset management is a systematic process to guide planning, acquisition, operation, maintenance, rehabilitation, replacement and disposal of assets. The updated Corporate Asset Management Policy provides clear objectives for asset management across all Regional departments. This will enable a consistent, coordinated and affordable approach to provide the services required to meet customer expectations. The updated Corporate Asset Management Policy indicates that asset management at the Region is to be guided by the following objectives:

- Adopt and advance industry leading asset management practices that align with established standards and legislation;
- Provide defined levels of service which are balanced against considerations of costs and risks;
- Align Asset Management Plans with the Regional Fiscal Strategy;
- Demonstrate financially sustainable life cycle management by appropriately balancing cost, risk and performance to achieve full value from assets;
- Improve evidence-based decision-making from in-service asset data related to expenditures, operations and maintenance; and
- Ensure organizational accountability and transparency by engaging customers to provide input into asset management planning.

Corporate Asset Management Framework illustrates the interrelationships between stakeholders, policy and data

The updated Corporate Asset Management Framework shown in Figure 3 outlines the Regional process and stakeholders involved in asset management. The updated framework illustrates coordination required among stakeholders to evaluate requirements and expectations needed to develop asset management policies and plans to deliver defined levels of service. The asset life cycle demonstrates the importance of continuous improvement, by using available data throughout each phase, to make better informed decisions to achieve sustainable service delivery.

Figure 3
Corporate Asset Management Framework



DEPARTMENTAL ASSET MANAGEMENT LEADS:

ENV - Environmental Services
YRP - York Regional Police

TRN - Transportation Services
CM - Corporate Management (includes Corporate Services & Finance)

CHS - Community & Health Services

Asset Management Plans for core Regional assets are complete

More than 90% of the Region's assets are included in formal asset management plans; these are mainly Transportation Services and Environmental Services (Water and Wastewater, Waste Management and Forestry) infrastructure as shown in Figure 1. Some of these asset management plans include core infrastructure assets, such as roads, bridges, culverts, and assets used in the collection, conveyance/distribution, treatment or disposal of wastewater/water and stormwater management systems. Work to complete asset management plans, which incorporate the balance of the Region's assets, is well underway. The first Corporate Asset Management Plan is expected to be delivered to Council in Q2 2018. This plan will highlight the Region's level of readiness to implement the Asset Management Planning for Municipal Infrastructure Regulation.

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

Input from customers, such as local municipalities, residents, businesses and Regional departments, 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. A condition index on wastewater infrastructure or pavement condition index for road surfaces are two examples of levels of service.

Furthermore, feedback from customers who rely on these services will help identify any gaps between customer expectations and levels of service incorporated into asset management plans. Ongoing customer input as part of Regional asset management planning supports the Region's commitment to ensure community engagement.

Corporate Asset Management Policy supports the Region's fiscal responsibility outlined in 2015 to 2019 Strategic Plan and Vision 2051

Both the 2015 to 2019 Strategic Plan and Vision 2051 outline actions to support the Region's fiscal responsibility, including responsible stewardship of the Region's assets while continuing to provide sustainable service delivery. The Corporate Asset Management Policy outlines guiding asset management principles, which govern responsible stewardship of the Region's assets while continuing to deliver services that contribute to a high quality of life for customers.

Adoption of the updated Corporate Asset Management Policy will complete the first step required under the Regulation

The Regulation requires development and adoption of a strategic asset management policy by July 1, 2019. By adopting the updated Corporate Asset Management Policy, Council will satisfy the first step required by the Regulation more than a year in advance. Additionally, this will inform further development of the Corporate Asset Management Plan while providing guidance and consistency as Departmental Asset Management Plans continue to be developed and evolve in preparation to meet subsequent steps in the Regulation.

Similar to York Region, some neighbouring municipalities including the Region of Peel, City of Guelph, Region of Waterloo and City of Brampton have instituted asset management policies to guide the way their assets are managed.

5. Financial Considerations

Corporate Asset Management Policy supports the Region's fiscal strategy to ensure financial sustainability over time

Continued implementation of the Corporate Asset Management Policy is essential to effectively manage infrastructure investments needed to sustain existing assets and build new ones well into the future. The Region must balance its need to build new infrastructure with maintenance and rehabilitation of existing infrastructure in a fiscally responsible manner. The policy has played an important role in providing guiding principles that are embedded in the Region's long-term fiscal strategy.

The fiscal strategy aims to ensure financial sustainability over time by allocating a larger portion of the Region's budget to asset management through building reserves. Council has further supported this focus on prioritized contributions to reserves and full cost recovery pricing for a significant portion of the Region's asset base through its approval of the 2015 Water and Wastewater Financial Sustainability Plan.

6. Local Municipal Impact

Some of the key objectives in the updated Corporate Asset Management Policy include providing defined levels of service and engaging customers to provide input into asset management planning. Services delivered to local municipalities include water, wastewater, waste management, transportation, police, paramedic, housing and other municipal services.

As customers of Regional services and municipal partners in service delivery to our residents, local municipalities will benefit from the policy update. A well-defined strategy to deliver services in a safe, reliable and efficient manner benefits local municipalities and their constituents.

Feedback gathered from local municipalities through Public Works Liaison Committee and partnership meetings in Q1-Q2 2018 will support the development of Regional Asset Management Plans. It will also assist in the continued development of levels of service balanced against the cost and risk to maintain these services. Continuous improvement of the Region's framework for asset management practices also highlights the importance of asset management by local municipalities to support fiscal responsibility and legislated requirements. Local municipalities have various initiatives underway to advance asset management planning and all have Asset Management Plans in place.

7. Conclusion

Updated Policy aligns with proposed Asset Management Regulation and continues to ensure responsible and sustainable service delivery

Legislated requirements have been incorporated into the updated Corporate Asset Management Policy to align with the Asset Management Planning for Municipal Infrastructure Regulation. The updated Corporate Asset Management Policy reinforces a consistent, coordinated and affordable approach to the Region's asset management practices by providing clear objectives and an established framework to show the interrelationships between stakeholders.

Approval of the updated Corporate Asset Management Policy will align the Region's asset management practices and ensure responsible stewardship of the Region's assets while continuing to provide sustainable service delivery.

For more information on this report, please contact James Steele, Director, Infrastructure Asset Management at 1-877-464-9675 ext. 73018 or Brian Titherington, Director, Transportation and Infrastructure Planning at 1-877-464-9675 ext. 75901.

Update to Corporate Asset Management Policy

The Senior Management Group has reviewed this report.

January 18, 2018

Attachment

#8135656

Accessible formats or communication supports are available upon request



Status: Draft
Approved By: Council

The Regional Municipality of York

CORPORATE ASSET MANAGEMENT POLICY

Policy No.:

Original Approval Date: November 21, 2013

Current Approval Date: February 15, 2018

Last Review Date: February 15, 2018

Policy Statement:

York Region assets will be managed through a coordinated approach that ensures financial sustainability following recognized asset management principles guided by the Region's Strategic Plan and Vision 2051.

Application:

This policy applies to all Regional staff involved in asset life cycle management, which includes planning, design/construction/acquisition, operation and maintenance, rehabilitation, renewal/disposal, and monitoring/reporting of owned in whole or in part, leased or operated Regional assets.

Purpose:

This policy is to provide clear objectives for asset management practices across all Regional departments to enable a consistent, coordinated and affordable approach to provide the services required to meet customer expectations. Asset Management at the Region is to be guided by the following objectives:

- Adopt and advance industry leading asset management practices that align with established standards and legislation;

- Provide defined levels of service which are balanced against considerations of costs and risks;
- Align Asset Management Plans with the Regional Fiscal Strategy;
- Demonstrate financially sustainable life cycle management by appropriately balancing cost, risk and performance to achieve full value from assets;
- Improve evidence-based decision-making from in-service asset data related to expenditures, operations and maintenance; and
- Ensure organizational accountability and transparency by engaging customers to provide input into asset management planning.

Definitions:

Asset¹: Item, thing or entity that has potential or actual value to an organization. Value can be tangible or intangible, financial or non-financial, and includes consideration of risks and liabilities.

Asset Management¹: Coordinated activity of an organization to realize value from assets. Realization of value will normally involve an appropriate balancing of costs, performance and risks, opportunities and performance benefits.

Asset Management Plan¹: Documented information that specifies the activities, resources, and timescales required for an individual asset, or grouping of assets, to achieve the organization's asset management objectives.

Level of Service¹: Parameters or a combination of parameters, which reflect social, political, environmental and economic outcomes that an organization delivers from their assets.

Example - Transportation (Roads) – level of service is indicated by different road pavement conditions according to pavement condition index

Life cycle¹: Phases involved in the management of an asset.

Life cycle data: Includes cost, performance and risk data collected and managed through business processes required to help make well informed, evidence-based decisions in all phases of an asset's life cycle.

Tangible Capital Asset: Per the Region's Tangible Capital Asset (TCA) Policy, TCAs are non-financial assets having physical substance that are acquired, constructed or developed, including land, land improvements, roads, buildings, vehicles, equipment, water mains, sewer mains and capital assets acquired by capital lease or through donation.

¹ ISO/IEC (2014) 55000 - Asset Management, Geneva, Switzerland: International Organization for Standardization (ISO).

Description:

The Region is responsible for provision of a diverse array of services which depend on a large financial portfolio of assets. An integral component of ensuring reliable and sustainable services requires an effective approach to managing existing and future municipal assets.

Effective asset management focuses on the value an asset can provide to an organization. Ultimately, adopting effective and comprehensive asset management objectives across an organization will support the long term sustainability and efficiency of all assets to ensure they provide defined levels of service.

Asset Management Framework

To meet the objectives of this Policy, the Region will follow the Corporate Asset Management Framework in Appendix 1. The framework represents the Region's asset management process and stakeholders: Corporate, Departmental, and Customers. The asset management process begins with the alignment of legislative requirements and customer expectations into the Regional Strategic Plan and Fiscal Strategy to ultimately deliver levels of services to both external and internal customers.

The following sections in the framework assist in coordinating efforts across the Region to ensure value is realized from all Regional assets.

Corporate

- Assess and incorporate legislative requirements and customer expectations into the Regional Strategic Plan and Fiscal Strategy
- Maintain Corporate Asset Management Policy by updating every five years, as required
- Develop a Corporate Asset Management Strategy to outline how the Region's asset management objectives will be achieved, and will:
 - a. Adopt and adhere to the asset management planning principles listed in Section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015*;
 - b. Develop well-coordinated investment planning, capital programming, work management and asset maintenance practices;
 - c. Define levels of service that balance customer expectations, compliance and legislative requirements, technological and environmental considerations;
 - d. Manage risk, through well-informed decision-making processes which minimize probability of failure and manage the consequences of failure with regards to safety, environmental protection, levels of service and cost impacts;
 - e. Develop long term financial plans aligned with the Regional Fiscal Strategy to ensure appropriate capital/operating funding for all asset life cycle phases;

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- f. Monitor and evaluate the performance of assets and associated programs and track the efficacy of asset management principles and practices to ensure continuous improvement;
- g. Ensure the strategy remains up-to-date in view of evolving asset management best practices (i.e. ISO 55000) and professional experience and review and update periodically;
- h. Align and rationalize asset management business processes and data management systems to ensure a standardized and coordinated approach to an asset management system;
- i. Consider opportunities to coordinate planning between interrelated infrastructure assets by pursuing collaborative opportunities;
- j. Align asset management planning with growth management objectives in the Region's Official Plan;
- k. Align asset management planning to support implementation of the Region's Climate Change Action Plan and Emergency Response Plan.
- Develop a Corporate Asset Management Plan to provide an overview of the Region's assets, based on departmental asset management plans, and update as required

Departmental

- Obtain in-service asset data to better inform decisions for all asset life cycle phases, including financial expenditures, work and maintenance management, condition assessments, operational performance and risk management
- Collaborate and work with Finance to implement departmental Asset Management Plans through the development of sustainable budgets as part of the annual budget process and alignment with the Regional Fiscal Strategy
- Develop a Departmental Asset Management Plan that aligns with the Corporate Asset Management Policy to provide an overview of the department's assets and asset management approaches and will:
 - a. Outline long term goals, processes and steps to make asset management decisions;
 - b. Include current asset inventory, performance, and risk management strategies;
 - c. Integrate with corporate financial and risk management processes; and
 - d. Record tangible capital assets in accordance with the Region's Tangible Capital Asset Policy.

Customers

- Includes both internal and external customers
- Receive and experience service delivery and provide feedback on level of service expectations
- Provide input into asset management planning

Responsibilities

Responsibilities include both internal staff and external stakeholders. Internal staff are outlined in the York Region Asset Management Organization Structure shown in Appendix 2, subject to change as required.

Council

- Approves Corporate Asset Management Policy and Plan, as required
- Serves as representative of customers' needs
- Approves asset funding to ensure required financial sustainability for Asset Management through the annual budget

Executive Lead - Corporate Asset Management Steering Committee

- Co-sponsored by the Commissioners of Environmental Services and Transportation Services, comprised of directors/managers from service areas and support groups within the Region
- Holds overall ownership and accountability for ensuring compliance with this policy and delegates responsibility to the Corporate Asset Management Coordinating Committee the responsibility for the implementation of Departmental Asset Management Programs
- Deliver key objectives as stated in the Region's strategic and business plans in relation to asset management (Strategic Plan, Vision 2051, etc.) and allocate appropriate resources for the achievement of the policy objectives
- Provide a forum for senior level cross-departmental collaboration on initiatives or projects related to asset management

Corporate Asset Management Unit

- Lead and support the Corporate Asset Management Coordinating Committee in their roles and responsibilities and report to the Corporate Asset Management Steering Committee quarterly regarding compliance with this policy
- Responsible for the coordination, implementation and reporting of legislated requirements
- Provide leadership to ensure the objectives of the Asset Management Policy are achieved through the Corporate Asset Management Strategy
- Advance opportunities to improve coordination of effort across the Region such as data sharing, business process alignments, resource sharing, data management systems consolidation, etc. related to asset management

Corporate Asset Management Coordinating Committee

- Led by the Corporate Asset Management Unit, comprised of delegates from service areas and support groups within the Region

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- Reports to the Corporate Asset Management Steering Committee, responsible for the development, implementation and continuous improvement of the Departmental Asset Management Programs
- Integrate Departmental Asset Management Plans into Corporate Asset Management Plan
- Provide corporate collaboration with asset management best practices and expertise to guide departmental asset management plans and initiatives
- Champion corporate asset management policy objectives within the respective service areas

Departmental Asset Management Leads

- Leads which govern and maintain the Region's assets in compliance with the Corporate Asset Management Policy and liaise with Finance to ensure a sustainable financial strategy and include delegates from the following departments:
 - Environmental Services (ENV)
 - Transportation Services (TRN)
 - Community and Health Services (CHS)
 - York Regional Police (YRP)
 - Corporate Management (CM) includes Corporate Services and Finance
- Support integration with Corporate Asset Management Policy
- Responsible for the development, implementation, operation and continuous improvement of Departmental Asset Management Programs
- Liaise with Controllershship Office – Risk Management to assist and utilize the corporate risk registry process to assess asset risks to help inform decisions
- Liaise with Finance to provide asset management requirements as inputs to the annual budget process and long term financial forecasts, which will ensure that sustainable financial strategies support asset life cycle needs
- Participate in the development and implementation of the Asset Management Plans pertaining to their departments and related asset management initiatives
- Engage customers to obtain feedback on levels of service and asset management planning and incorporate feedback

Customers

- Participate in stakeholder engagement initiatives, where possible
- Provide feedback related to levels of service, service experience, and service expectations

Non-Compliance:

Accountability and compliance with this policy is the responsibility of the Corporate Asset Management Steering Committee. Compliance with the Corporate Asset

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Management Policy will be monitored by the Corporate Asset Management Unit as required.

Reference:

Legislative and other authorities

- Tangible Capital Asset Policy;
- [Municipal Asset Management Planning Regulation](#);
- *Infrastructure for Jobs and Prosperity Act, 2015*;
- *ISO/IEC (2014) ISO International Standard ISO/IEC 55000;2014 (E) - Asset Management – Overview, Principles and Terminology, Geneva, Switzerland: International Organization for Standardization (ISO).*

Appendices

- Corporate Asset Management Framework

Keyword Search

- Corporate Asset Management, Asset Management Policy

Contact:

Manager, Corporate Asset Management

Approval Information:

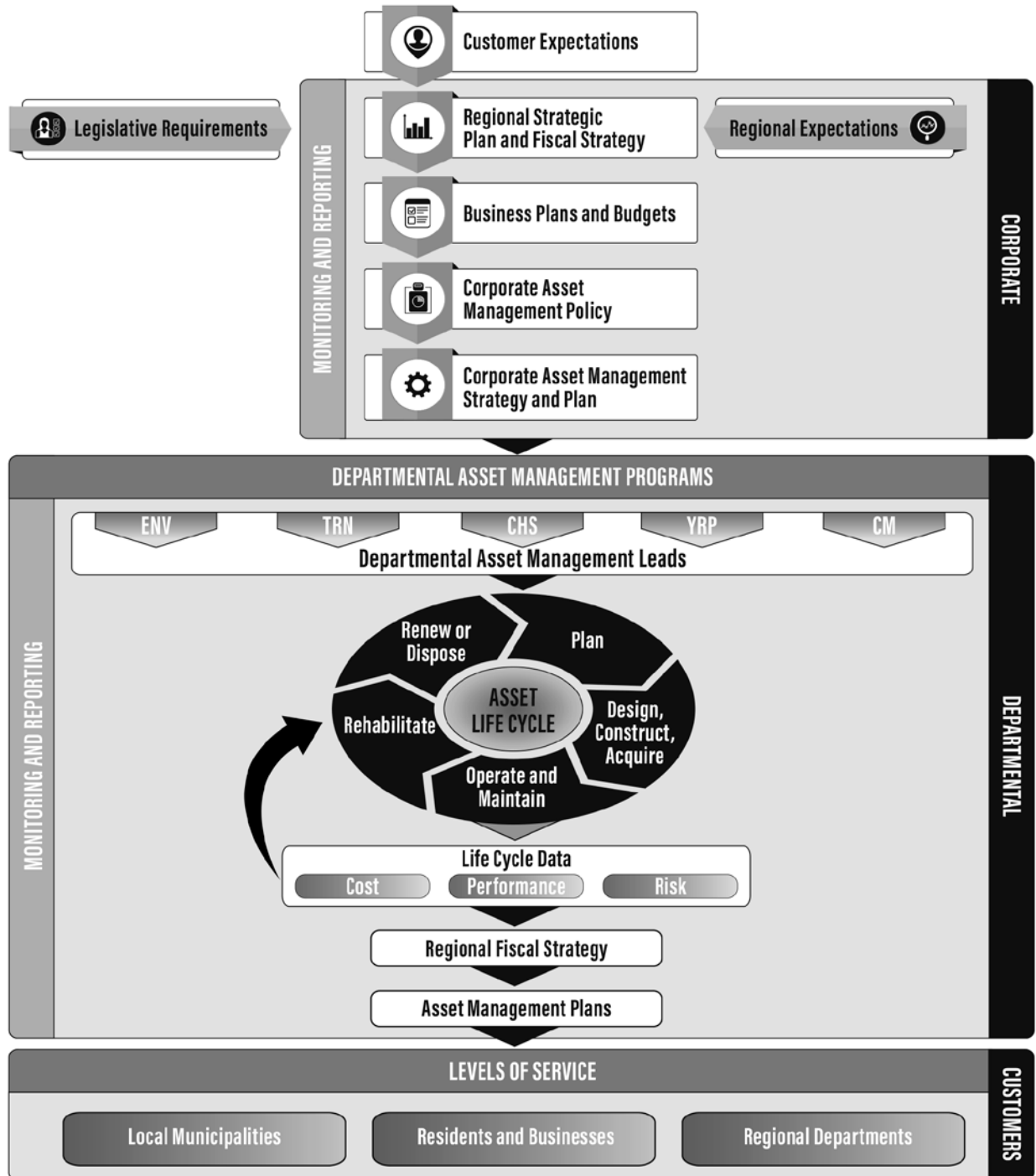
Council Approval

Council Approval Date: [REDACTED]	Committee Name: [REDACTED]
Council Minute No.: [REDACTED]	Report No.: [REDACTED]
Extract eDOCS #:	Clause No.: [REDACTED]

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Accessible formats or communication supports are available upon request.

Appendix 1 – Corporate Asset Management Framework



DEPARTMENTAL ASSET MANAGEMENT LEADS:

ENV - Environmental Services
 YRP - York Regional Police

TRN - Transportation Services

CHS - Community & Health Services
 CM - Corporate Management (includes Corporate Services & Finance)

Appendix 2 – York Region Asset Management Organization Structure

