

# STRATEGIC ASSET MANAGEMENT POLICY

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**FINAL POLICY**

**HEMSON** Consulting Ltd.

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**June 2019**

# Township of Perth South Strategic Asset Management Policy

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## **1.0 BACKGROUND & PURPOSE**

In 2015, the Province of Ontario established the *Infrastructure for Jobs and Prosperity Act*. The purpose of this Act is to establish mechanisms to encourage principled, evidence-based and strategic long-term infrastructure planning that supports job creation and training opportunities, economic growth, protection of the environment, and incorporate design excellence into infrastructure planning.

In December 2017, *Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure* (O. Reg. 588/17) was passed under the *Infrastructure for Jobs and Prosperity Act*. The regulation aims to provide a more standardized framework to facilitate asset management planning for Ontario municipalities. One of the requirements of the regulations is to develop a Strategic Asset Management Policy (SAMP) which will help the Township document the relationship between the Asset Management Plan (AMP) and existing policies and practices as well as provide guidance for future capital investment decision-making methods. The Strategic Asset Management Policy is mandated by the regulation to be in place by July 1<sup>st</sup> 2019 and be updated at minimum every 5 years. As such, this policy aims to provide a framework for asset management planning in Perth South and to meet O. Reg. 588/17 requirements.

### **1.1 Purpose**

The purpose of this policy is to provide the Township with clear guidelines and processes to achieve the following asset management objectives:

- Align the AMP with existing and future plans and policies to help inform the Township's overall capital investment decision-making process and budget process.
- Ensure the AMP is used as a tool to help inform the following municipal processes:
  - Annual budgeting;
  - Water financial plans; and
  - Alignment with the Ontario land-use planning framework.
- Integrate asset management planning that:
  - Co-ordinates infrastructure planning with municipal neighbours and upper levels of government if there are benefits to the Township;
  - Ensure Perth South residents and Council are fully involved to give input on asset management matters and ensure every decision made is well informed; and,
  - Incorporate long-term planning for a changing climate wherever the Township deems it necessary.

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## **1.2 Guide to the Township's Strategic Asset Management Policy**

Each section of the Strategic Asset Management Policy (SAMP) outlines the methods the Township is committed to employ in order to achieve the policy objectives set out in Ontario Regulation 588/17. Furthermore, to provide an easy to follow and transparent process, the SAMP policies have been provided in orange boxes. The policies have been complemented with action items required to complete the policies (these action items are found in blue boxes).

It is important to note that the SAMP provides the Township with high-level guiding principles of asset management, and it does not speak to the more technical information on infrastructure needs and long-term funding strategies. The Asset Management Plan (AMP) on the other hand contains technical information on the state of current infrastructure, levels of service, maintenance strategies, long-term capital needs and funding strategy scenarios. The AMP document is also complemented by a financial model for staff use. The document will be issued under separate cover. Both the SAMP and the AMP are not financial documents and do not replace the Township's decision-making process, but are important tools to help inform it.

## 2.0 ALIGNMENT WITH MUNICIPAL POLICIES

The Township's Asset Management Plan (AMP) is intended to be a tool to help guide capital investment decisions and optimize service delivery. The AMP must therefore be in alignment with other Township policies and strategic objectives.

### 2.1 Municipal Mission Statement

The Township of Perth South Mission Statement is:

**To provide open and accountable government, effective and efficient services, to ensure prosperity and development while maintaining quality of life.**

*Source: Corporate Strategic Plan 2012-2017*

The AMP provides Council and staff with a long-term guide to inform capital investment decisions while considering the funding commitment required to undertake the work to meet the desired levels of service. This analysis is to be continually reviewed by staff and Council to ensure services are provided in the most efficient manner.

### 2.2 Support of Municipal Plans and Policies

The AMP is intended to support the overall operational framework of the Township and support key policies and plans. The Township of Perth South has undertaken numerous plans and studies and endorsed a range of policies and practices which affect daily asset management decisions. A high-level summary of those existing plans in relation to asset management is provided in Table 1 below.

## Township of Perth South Strategic Asset Management Policy

**Table 1**  
**Relationship of Asset Management Plan with Other Municipal Supporting Plans and Policies**

Policy/Plan	Description
Corporate Strategic Plan 2012-2017	<ul style="list-style-type: none"> <li>• The AMP supports the Strategic Plan, specifically Goal 1’s Strategic Objective: <i>Seek and develop partnerships in the investment in and support of community infrastructure and services.</i></li> <li>• The Action Items supporting this goal include developing capital asset planning processes, developing a long-range facilities plan, and ensuring accountability for Township management.</li> <li>• The AMP supports the three Key Principles outlined in the Strategic Plan.</li> <li>• In conjunction with the budgeting process and the AMP, the strategic planning process considers the community’s existing assets and the community’s needs. One key need highlighted is the need for “Investments in physical infrastructure and managed community growth.”</li> </ul>
County of Perth Official Plan (2018)	<ul style="list-style-type: none"> <li>• The AMP will use and influence policy directions for long-term growth and development as outlined in the County of Perth Official Plan.</li> <li>• The Plan supports the objectives of: <i>The proficient provision of and development of community infrastructure for rural, residential, commercial and industrial consumer; and</i> <i>The continual monitoring of the capacity and capability of local municipalities’ key servicing infrastructure (i.e. municipal water supply; municipal sewage treatment; roads) in order to properly plan for and be ready for future development opportunities.</i></li> </ul>
Perth South Drinking Water Financial Plan (2015)	<ul style="list-style-type: none"> <li>• The Financial Plan ensures that the Township plans for long-term financial sustainability of the drinking water system, and sets out a capital investment plan that outlines asset replacement and rehabilitation needs.</li> <li>• The AMP incorporates useful life, replacement year and historical cost data in a similar fashion.</li> </ul>
Perth County Joint Accessibility Plan (2014)	<ul style="list-style-type: none"> <li>• The Accessibility Plan lays out an implementation plan to meet the requirements of the <i>Accessibility for Ontarians with Disabilities Act</i>. Some aspects of compliance relate to asset management; for instance, sidewalk replacements, accessible pathways, and building design requirements.</li> </ul>
Township of Perth South Tangible Capital Asset Policy (2009)	<ul style="list-style-type: none"> <li>• This policy sets out the process and procedures to be followed to complete financial reporting on tangible capital assets to meet PSAB requirements.</li> <li>• The requirements include capitalization thresholds, useful life assumptions and amortization methods which have been outlined by asset class and asset component.</li> <li>• The AMP employs the use of these assumptions as it relates to the Township’s asset registry.</li> </ul>

## Township of Perth South Strategic Asset Management Policy

**Table 1**  
**Relationship of Asset Management Plan with Other Municipal Supporting Plans and Policies**

Policy/Plan	Description
By-Law 55-2012; Perth South Procurement By-law	<ul style="list-style-type: none"> <li>• The Procurement By-law outlines the methods and procedures to maintain transparency in the procurement process of goods and services.</li> <li>• It is expected that all capital investment recommendations outlined in the AMP will be vetted through the procurement process as required.</li> </ul>
Perth South Energy Conservation and Demand Management Plan (2014)	<ul style="list-style-type: none"> <li>• This document contains a set of key goals and objectives the Township has undertaken to reduce energy consumption for capital projects including consideration for energy efficient technologies when constructing new projects and incorporating life-cycle costing into the procurement process. The plan notes that it is coordinated with the AMP process in order to make it possible to implement effective conservation and demand management programs.</li> </ul>
Annual Budget Process	<ul style="list-style-type: none"> <li>• The annual budget for both operating and capital are done on a yearly basis.</li> <li>• The AMP will specifically support evaluation of capital budget projects by establishing priority assets over the short to medium term. This will help the Township make informed capital investment decisions given limited funding availabilities.</li> </ul>
Other Plans and Reports	<ul style="list-style-type: none"> <li>• Future updates of other plans are supported through the AMP specifically as they relate to asset conditions, asset prioritization, lifecycle costs and risk management. Other plans include:                             <ul style="list-style-type: none"> <li>• County of Perth and Member Municipalities Emergency Management Plan (2015)</li> <li>• Bridge Inspection Report (BM Ross, 2015)</li> <li>• Road Management Study (BM Ross, 2018)</li> </ul> </li> </ul>

## **Township of Perth South Strategic Asset Management Policy**

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### **Action items: Integration of AMP with Municipal Policies and Practices**

- Council and staff will review the SAMP on a regular basis, at minimum every 5 years, and ensure that the AMP is incorporated and used to support other Township strategies and practices which involve the management or investment of new or existing capital assets.
- Asset management planning will not occur in isolation of other Township plans and policies, but will be used to inform the strategic decisions related to capital investments based on the lifecycle analysis presented in the AMP. In the case of new capital recommendations that are not included in the existing AMP, the assumptions in the AMP will be used to perform a lifecycle analysis of those assets.
- This applies to the plans presented in Table 1 and any future plans that require decisions on infrastructure investment.

### **3.0 GUIDING PRINCIPLES**

O.Reg. 588/17 requires municipalities to include a set of guiding principles to be followed by the Township in its asset management planning. The regulation also stipulates that the principles presented in Section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015* must be included in the Strategic Asset Management Policy and are therefore outlined below:

1. Infrastructure planning and investment should take a long-term view, and decision-makers should take into account the needs of Ontarians by being mindful of, among other things, demographic and economic trends in Ontario.
2. Infrastructure planning and investment should take into account any applicable budgets or fiscal plans, such as fiscal plans released under the *Fiscal Transparency and Accountability Act, 2004* and budgets adopted under Part VII of the *Municipal Act, 2001*.
3. Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure.
4. Infrastructure planning and investment should ensure the continued provision of core public services such as health care and education.
5. Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities.
6. Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
7. Infrastructure planning and investment should foster innovation by creating opportunities to make use of innovative technologies, services and practices, particularly where doing so would utilize technology, techniques and practices developed in Ontario.
8. Infrastructure planning and investment should be evidence-based and transparent, and, subject to any restrictions or prohibitions under an Act or otherwise by law on the collection, use or disclosure of information,
  - i. Investment decisions respecting infrastructure should be made on the basis of information that is either publicly available or is made available to the public, and
  - ii. Information with implications for infrastructure planning should be shared between the Government and broader public sector entities, and should factor into investment decisions respecting infrastructure.
9. Where provincial or municipal plans or strategies have been established in Ontario, under an Act or otherwise, but do not bind or apply to the Government or the broader public sector entity, as the case may be, the Government or broader public sector entity should nevertheless be mindful of those plans and strategies and make

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investment decisions respecting infrastructure that support them, to the extent that they are relevant. Examples of plans and strategies to which this paragraph may apply include

- i. Policy statements issued under section 3 of the *Planning Act*, and provincial plans as defined by that Act,
  - ii. Municipal water sustainability plans submitted under the *Water Opportunities Act, 2010*.
10. Infrastructure planning and investment should promote accessibility for persons with disabilities.
  11. Infrastructure planning and investment should minimize the impact of infrastructure on the environment and respect and help maintain ecological and biological diversity, and infrastructure should be designed to be resilient to the effects of climate change.
  12. Infrastructure planning and investment should endeavour to make use of acceptable recycled aggregates.
  13. Infrastructure planning and investment should promote community benefits, being the supplementary social and economic benefits arising from an infrastructure project that are intended to improve the well-being of a community affected by the project, such as local job creation and training opportunities (including for apprentices, within the meaning of section 9 of the Act), improvement of public space within the community, and any specific benefits identified by the community.
  14. Any other principles that may be prescribed for the Government or the broader public sector entity, as the case may be.

## 4.0 ALIGNMENT WITH LAND USE PLANNING

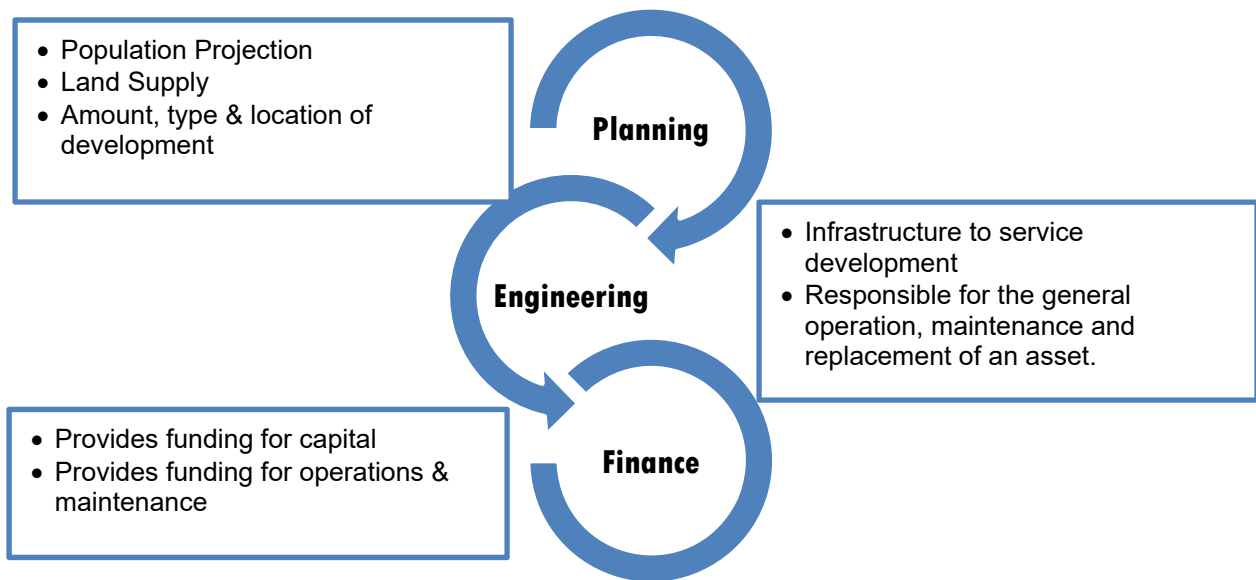
The Township of Perth South Key Principle as it relates to planning is:

**Growth in our community will be sustainable and reflect the rural nature of our Township.**

*Source: Corporate Strategic Plan 2012-2017*

The alignment of municipal planning initiatives and asset management is particularly important when considering corporate planning initiatives and resources. The Building Department supports provincial land-use legislation and incorporates the key policy principles and issues that affect each community. The figure below outlines the overarching link between land use planning practices and the effect of those decisions on the emplacement of infrastructure and how those assets are managed over the full life-cycle.

**Figure 1: Land-Use Planning and Asset Management**



There are three key planning-related documents that align with the Township’s asset management program:

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## **1. Provincial Policy Statement**

The *Provincial Policy Statement* (PPS, 2014) is the statement of the Government's policies on land use planning. It applies Province-wide and provides clear policy direction on land use planning to promote strong communities, a strong economy, and a clean and healthy environment. Specifically related to asset management, the PPS has several policies related to the efficient use and management of land and infrastructure and ensuring infrastructure is financially viable over the lifecycle of the asset. In addition, the Province releases population projections that can be used to forecast future asset needs.

## **2. Official Plan**

The County of Perth Official Plan guides land use planning across the County, including the Township of Perth South. The County and the Township land use activities are predominantly agricultural, with 93 per cent of the County's total land area being farmed in 2001. As a result, planning in the Township recognizes the importance of agricultural lands and assets.

Some of the key goals identified through the Official Plan relate to the overall principles of asset management. Specifically, the stated economic development goals and objectives include:

- The proficient provision of and development of community infrastructure for rural, residential, commercial and industrial consumers; and
- The continual monitoring of the capacity and capability of local municipalities' key servicing infrastructure (i.e. municipal water supply; municipal sewage treatment; roads) in order to properly plan for and be ready for future development opportunities.

## **3. Zoning By-Law**

The Township's Zoning By-law is intended to control the use of land and the erection or use of buildings or structures to conform to the policies and guidelines set by the Township. The Zoning By-law is important as it ensures that the design and location of buildings and structures in the Township are compatible with existing and future infrastructure. It also provides the Township with a mechanism to enforce these policies and guidelines. Examples of the guidelines outlined in the Zoning By-law include:

- Prohibiting and limiting certain forms of development such as mobile homes, junk yards, racing tracks, and arcades,
- Regulating the height, bulk, location, size, floor area, spacing, character and use of buildings or structures.
- Regulating the minimum frontage and depth of a parcel of land and the portion of the area thereof that any building or structure may occupy.

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### **Strategic Policy:**

**1. The Township will aim to align asset management planning with all provincial land-use planning initiatives as well as any Township Zoning and County Official Plans.**



### **Action Items: Land Use Planning and Asset Management**

- The asset management plan will consider the growth outlook and the demand for services based on targets in the Official Plan
- The County Official Plan could consider making specific reference to asset management; for example:
  - Key goal: Reduction in the overall cost of managing assets while meeting service level objectives and targets.
- The Township will continue to ensure land use planning and asset management planning are consistent with the principles set out in the Zoning By-law and the Official Plan.

### **5.0 ASSET MANAGEMENT RESPONSIBILITY**

The Township of Perth South Key Principle as it relates to Township staff is:

**Council and Staff will conduct themselves with openness, integrity and accountability, being responsible to commitments made and responding to inquiries in an expedient way.**

*Source: Corporate Strategic Plan 2012-2017*

The Township is committed to explore integration of asset management planning into capital investment decision making. For this reason, the Township of Perth South will look to establish an Asset Management Committee made up of key departmental heads that is expected to meet on a regular basis. The purpose of the Committee is as follows:

- Discuss asset management challenges and propose potential solutions as they relate to existing assets that need to be prioritized, taking into account Council priorities, asset conditions, financial and resource constraints;
- Discuss prioritization strategies for assets to be included in the capital budget. It is especially important that Council and all departments are in agreement as to which assets should be prioritized;
- Discuss and define levels of service and level of service targets and their financial implications. Level of service targets need to be defined to meet the requirements of O. Reg. 588/17 by 2024;
- Address data or information needs of each department to update the asset register and asset management plan;
- Review condition assessment programs and annual state of the local infrastructure report cards; and
- Report asset management information by providing strategies and options to Council to ensure they have the information they need to make informed decisions.

The Administrator/Treasurer/Deputy Clerk will serve as the main day-to-day point person for all asset management matters. Figure 2 provides an overview of the Township Asset Management Committee and responsibilities of each member.

It is also recommended that a “County-Wide Asset Management Working Committee” be formed as a cooperative team to coordinate asset management practices and policies within the four member municipalities of Perth. This committee shall be comprised of the key executive leads of the four member municipalities in Perth County.

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### Strategic Policy:

1. The Township will explore implementing a corporate-wide asset management program in an effort to improve capital investment decision making.
2. The Township's Asset Management Plan will be administered by the Township Asset Management Committee.
3. The Township will continue to maintain a comprehensive asset registry and inventory of all municipal capital assets.



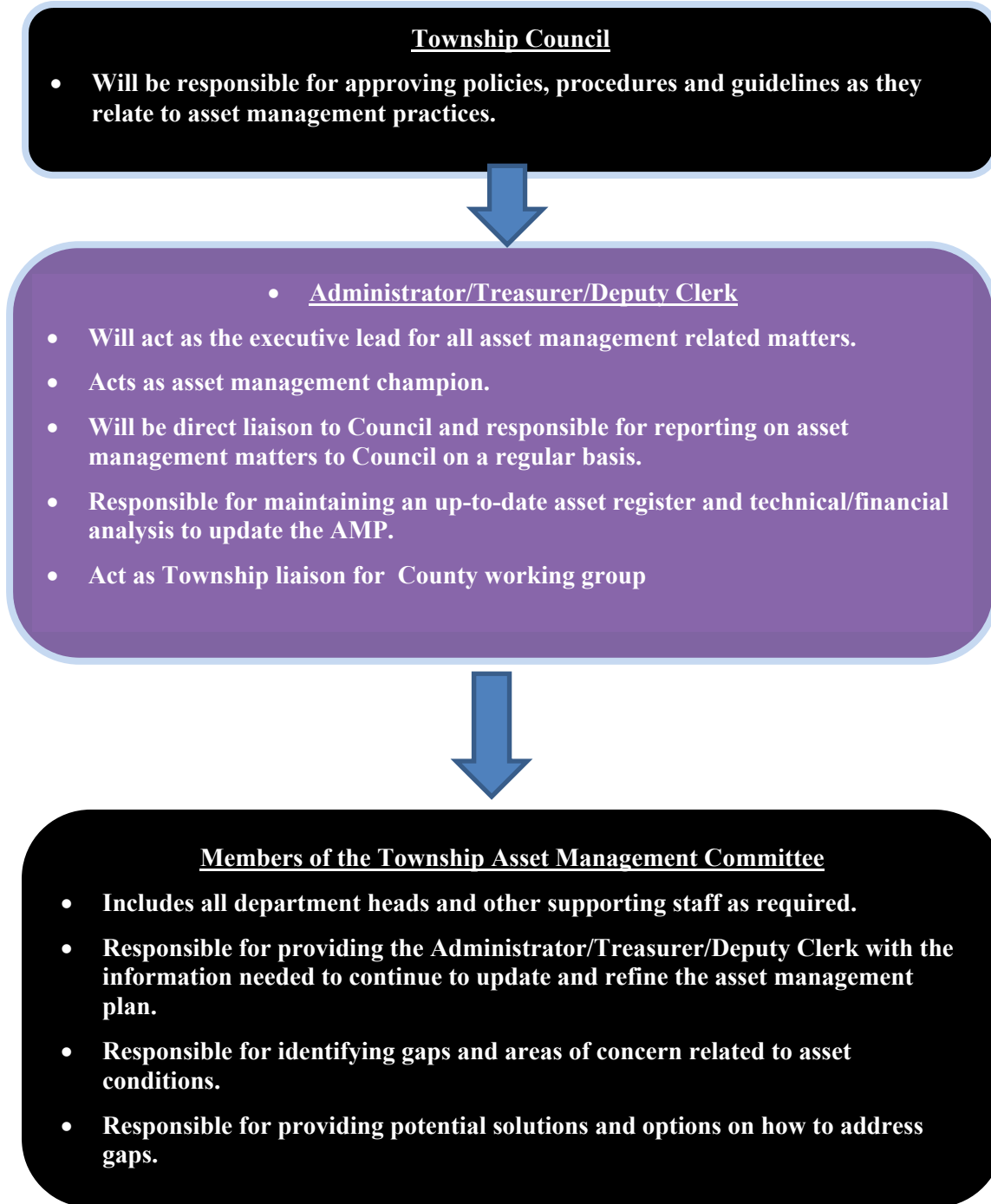
### Action Items to Achieve Strategic Policy

- Create internal working group and designate the Administrator/Treasurer/Deputy Clerk to serve as the executive lead for the Township Asset Management Committee and will serve as the main day-to-day point person for all asset management matters.
- The Township committee will inform Council of all relevant asset management information they need to help inform the decision making process.
- Create a "County-Wide Asset Management Working Committee" to facilitate key discussions on asset management practices & policies to maintain consistency amongst member communities.
  - A key function of the County-Wide Asset Management Working Committee will also be to coordinate infrastructure planning with other ongoing County projects or neighbouring communities if the Township deems it necessary and there are benefits to residents.
  - The County-Wide Asset Management committee may assign one of the Perth County municipalities as an executive lead to co-ordinate meetings and take minutes. The executive lead can rotate on an annual basis.
  - It would be encouraged to have members of the County of Perth take part in the "County-Wide Asset Management Working Committee".
- The Administrator/Treasurer/Deputy Clerk will update the asset registry at least once a year. The registry should include, at minimum: ID, location, value, estimated service life, year of acquisition, replacement costs and performance metrics.

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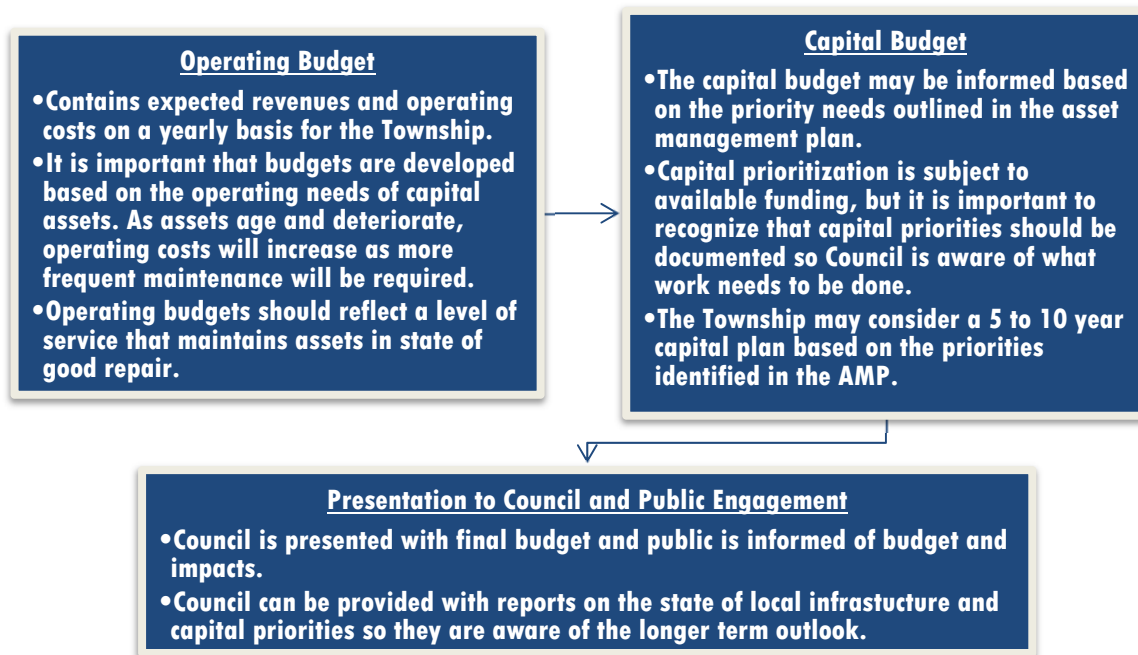
Figure 2: Corporate Asset Management Responsibility



## 6.0 TOWNSHIP BUDGET PROCESS

The budget process provides the Township with a method of prioritizing and allocating resources, establishing service levels, and finding a balance between taxation and cost recovery. It requires Council and staff to perform a thorough examination of services and costs that should ultimately achieve an optimum service level given available funding. The Township does not have a formal budget process document, however every year the operating and capital budgets are developed by staff based on Council direction. It is important to recognize that the AMP is a tool to help inform the Township on capital investments needs. For this reason, Figure 3 provides a flow chart of how the AMP can be used to inform budget decisions.

**Figure 3**  
**Township of Perth South Budget Process**



To further enhance the capital budget the Township may develop a long-term capital plan for a minimum of 5 to 10 years. Expenditures and projects in the capital plan can be categorized based on the following project categories:

- **Non-infrastructure solutions:** relates to activities which are not necessarily infrastructure related in nature but can create cost efficiencies and improve asset management in the Township. Examples include asset management training for staff, asset management software or performing asset condition assessments.
- **Renewal/Rehabilitation Activities:** relates to activities necessary for assets to continue operating in state of good repair. This includes items such as crack sealing for roads, engine replacement on vehicles or roof replacement for buildings.

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- **Replacement Activities:** this includes activities related to total replacement such as replacing a vehicle with new vehicle or reconstruction of a road.
- **Disposal Activities:** relates to activities to dispose of assets such as safe disposal of hybrid vehicle batteries. For simplicity this can be included as part of replacement activities.

### **Strategic Policy:**

- 1. The Township will explore opportunities to improve its budget policy and process to consider municipal infrastructure repair and replacement activities as identified through the asset management plan.**
- 2. The Township will explore opportunities to integrate the asset management plan and practices with long-term financial planning and budgeting strategies.**
- 3. The Township will explore opportunities for asset management planning jointly with the County and neighbouring municipalities wherever there are joint benefits or cost savings that can be achieved by integrating capital projects and related work.**
- 4. The Township will aim to utilize and optimize the range of funding mechanisms available to facilitate the acquisition and emplacement of capital infrastructure.**

### **Action Items to achieve Strategic Policy**

- **The Township will continue to develop the annual budgeting process specifically to improve the annual capital plan.**
- **Structural conditions can be informed through condition information in the asset registry as well as replacement schedule in the AMP, while economic impacts can be informed through the lifecycle cost analysis by asset category in the AMP.**
- **The Township will look to improve on the budget process by developing a long-term capital budget for a minimum of 5 to 10 years and categorizing projects and costs by non-infrastructure solutions, renewal/rehabilitation, and replacement and disposal activities.**
- **Report to Council regarding key asset management outcomes and trends to ensure Council is well informed in the decision making process.**
- **The Township can look to formalize a corporate debt management policy that sets maximum allowable limits lower than those imposed by the province.**
- **The County-Wide Asset Management Working Committee made up of the four Perth County municipalities may consider meeting at least once a year with a representative from the County of Perth to discuss potential projects that require co-operation from more than one jurisdiction. This ensures projects that have joint benefits can realize cost savings wherever possible. Ideally this meeting should take place before yearly budget season.**

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### **Capitalization Threshold**

The Township has defined the capitalization threshold for accounting of tangible capital assets to meet PSAB reporting requirements through the Tangible Capital Asset Policy (2009). The capitalization thresholds for all asset categories has been defined in detail by asset category as follows:

- Land and Buildings: capitalize all;
- Vehicles: \$5,000;
- Land Improvements, Leasehold Improvements and Infrastructure: \$10,000; and
- Building Improvements and Pooled Assets: \$25,000.

The capitalization thresholds for assets included in the AMP are consistent with the Policy.

#### **Strategic Policy:**

- **The Township will maintain the capitalization threshold for assets included in the AMP that is consistent with the Tangible Capital Asset Policy.**
- **The Township continues to track assets for which full asset information is not available, however the Township is committed to acquire this information over time.**

### **7.0 WATER FINANCIAL PLAN**

The Township of Perth South has prepared a Water Financial Plan consistent with the requirements of the Safe Drinking Water Act and Ontario Regulation 453/07 for the Township's Black Creek and St. Pauls water systems. The financial plan covers a period of 6 years to assist staff with long-term cost recovery and capital planning. Under Ontario Regulation 453/07, the Township is required to complete a financial plan for municipal water services as part of the application process for renewal of the Drinking Water Licences. Although not required by legislation, a similar plan for wastewater services is encouraged.

The water financial plan indicates that the Township's net revenues are anticipated to increase each year. There is no long-term debt on either water system. The Capital Investment Plan takes into consideration the life cycle of the water systems' assets and includes the replacement of assets. The Township has been fiscally responsible in the management of the water system and deems it able to fund new infrastructure projects when required.

#### **Strategic Policy:**

**1. The Township should update the Water Financial Plan to incorporate any updated long-term capital funding strategies or operational changes to address service levels adjustments as identified in the Asset Management Plan.**



#### **Action Items to achieve Strategic Policy**

- **As the Financial Plan is considered a “living document”, the Township should update the plan whenever there are changes to utility rates.**
- **Utility rate studies should be coordinated with the completion of the water financial plan, which should then be in-line with the asset management plan.**

### 8.0 COMMITMENT TO CONSIDER CLIMATE CHANGE IN ASSET MANAGEMENT PLANNING

It is recognized that infrastructure is vulnerable to the effects of climate change. Increased frequency and intensity of rainfall and more frequent freeze-thaw cycles can cause soil instability and ground movement causing damage to roads, sidewalks, and underground infrastructure. Furthermore, increased frequency of extreme weather events causes strain not just on linear infrastructure, but also on services critical to an emergency such as fire services, municipal facilities and others. Due to these factors, actions may be required to address the vulnerabilities that may be caused by climate change.

Table 2 provides a summary of the current practices and initiatives the Township is undertaking to reinforce its commitment to consider climate change planning including improvements to existing practices over the long term. The table outlines how each action specifically relates to the requirements of O.Reg. 588/17.

#### Strategic Policy:

1. The Township of Perth South may explore the vulnerabilities of municipal infrastructure to climate change if necessary.
2. The Township may choose to explore opportunities to adapt infrastructure to a changing climate, most notably through consideration of alternative and new technologies, though only if costs, benefits and funding are in line with Township objectives.
3. The Township may consider exploring mitigation strategies primarily through the existing Energy Management Plan and Emergency Management Plan.

#### Action Item: Consideration for Climate Change Adaptation through Asset Management Planning

The Township may consider the following factors when planning for capital investment:

- Lifecycle costs associated to improving or replacing infrastructure to meet operational standards that mitigate the impacts of climate may be considered. It is important that costs of increased maintenance activities and the effects on levels of service are considered.
- The Township can continue to work with neighbouring municipalities to continually update the County of Perth and Member Municipalities Emergency Management Plan as it has done historically.
- The Township may choose to explore a Climate Change Adaptation Strategy if it is deemed necessary. The purpose of this type of study is to integrate climate actions into municipal operations and reduce risks to the Township's physical, economic, social and environmental systems. This however can be considered as a long-term goal.

## Township of Perth South Strategic Asset Management Policy

Table 2 Asset Management Plan Support		
Action (As per O.Reg. 588/17)	Strategy	Going Forward
Addressing Vulnerabilities of Infrastructure to Climate Change and Adaptation Opportunities	<ul style="list-style-type: none"> <li>The Township continues to follow the land use planning principles, consistent with the <i>Provincial Policy Statement</i>.</li> </ul>	<ul style="list-style-type: none"> <li>The Township may consider climate change adaptation goals in its Corporate Strategic Plan and Official Plan in the future if deemed necessary.</li> </ul>
Costs Associated to Climate Change Vulnerabilities	<ul style="list-style-type: none"> <li>The Township may consider analyzing the costs related to climate change adaptations options as plans are developed and updated. This includes but is not limited to:                             <ul style="list-style-type: none"> <li>Perth County Joint Accessibility Plan (2014)</li> <li>County of Perth and Member Municipalities Emergency Management Plan (2015)</li> <li>Corporate Energy Management Plan (2013)</li> <li>Bridge Inspection Report (2015)</li> <li>Road Management Study (2018)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Improvements to infrastructure, if climate adaptation is necessary, may be considered in the AMP as they are identified. The lifecycle costs of improvements to infrastructure for this purpose should be addressed through the AMP process.</li> </ul>
Mitigation of Climate Impact	<ul style="list-style-type: none"> <li>The Township developed a Corporate Energy Management Plan in 2013.</li> <li>The Township's Corporate Energy Plan was developed to meet the reporting requirements for the Provincial Green Energy Act, 2009 specifically for Ontario Regulation 397/11 which calls for all public agencies to report annual energy use and greenhouse gas (GHG) emissions and to develop a publicly available energy conservation and demand management plan.</li> </ul>	<ul style="list-style-type: none"> <li>The Township has undertaken key initiatives as part of the plan:                             <ul style="list-style-type: none"> <li>Upgrading and replacing facility lighting and appliances with more energy efficient options.</li> <li>Incorporate life-cycle costing into procurement process.</li> <li>Training and educating staff on the importance of energy conservation and how staff can integrate energy saving activities into their work.</li> <li>Convert to radiant heat in Rannocho garage.</li> </ul> </li> </ul>

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<b>Table 2 Asset Management Plan Support</b>		
<b>Action (As per O.Reg. 588/17)</b>	<b>Strategy</b>	<b>Going Forward</b>
<p>Disaster Planning and Contingency Funding</p>	<ul style="list-style-type: none"> <li>• The County of Perth and Member Municipalities Emergency Management Plan (2015) provides guidance on assessing infrastructure after a major emergency event (Section 4.4 of Plan).</li> <li>• The Plan outlines requirements for recording damage to infrastructure and financial expenses related to recovery.</li> </ul>	<ul style="list-style-type: none"> <li>• The Emergency Management Plan addresses the immediate needs after an emergency; however, lifecycle costs associated to repairing damaged infrastructure or improving infrastructure to mitigate damage from weather events may be explored in the future.</li> <li>• The Emergency Management Plan is continually improved, as it requires progress reports to be written which are intended to inform future updates to the plan. These reports will continue to be used going forward.</li> </ul>

## 9.0 COUNCIL AND PUBLIC INVOLVEMENT

The Township of Perth South Key Principle as it relates to Collaborative Partnerships is:

**Decisions will be made in a balanced, transparent and flexible manner that includes a broad range of interests and perspectives and reflect community values.**

*Source: Source: Corporate Strategic Plan 2012-2017*

Council and the public play key roles in the asset management process. Council is responsible for making decisions on infrastructure investments and prioritization, which ultimately impacts the services used and enjoyed by the public. Council's understanding of the infrastructure and fiscal challenges of the Township are crucial to the decision making process. As the Township's direct link to the public, it is important that Council is well informed. Furthermore, it is vital that Council engages and provides information to the public on asset management decisions and relay any responses back to staff. For this reason, it is important for Council to be involved from the beginning.

Although municipal Council is currently well-engaged throughout the budget process, additional reporting and education would be beneficial to ensure service levels are being achieved in the most fiscally responsible manner.

### Strategic Policy:

1. The Township will ensure that the local community and municipal Council have the opportunity to provide input on asset management planning at all phases.
2. The Township will develop several "user-friendly" reporting metrics which can be used to communicate the existing state of asset management practices to residents and Council alike.

### Action Items for Council Engagement

- As part of the annual budget, the Township will report to Council key asset management updates and trends. This will ensure Council is fully informed early on and involved in the asset management process so they can provide input into the asset management plan.
  - State of the Local Infrastructure Report Card;
  - Summary of Existing Levels of Service and future trends; and
  - Projection of the Cumulative Infrastructure Gap and funding shortfall (tax vs. utility rates).

## **Township of Perth South Strategic Asset Management Policy**

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### **Action Items for Public Involvement**

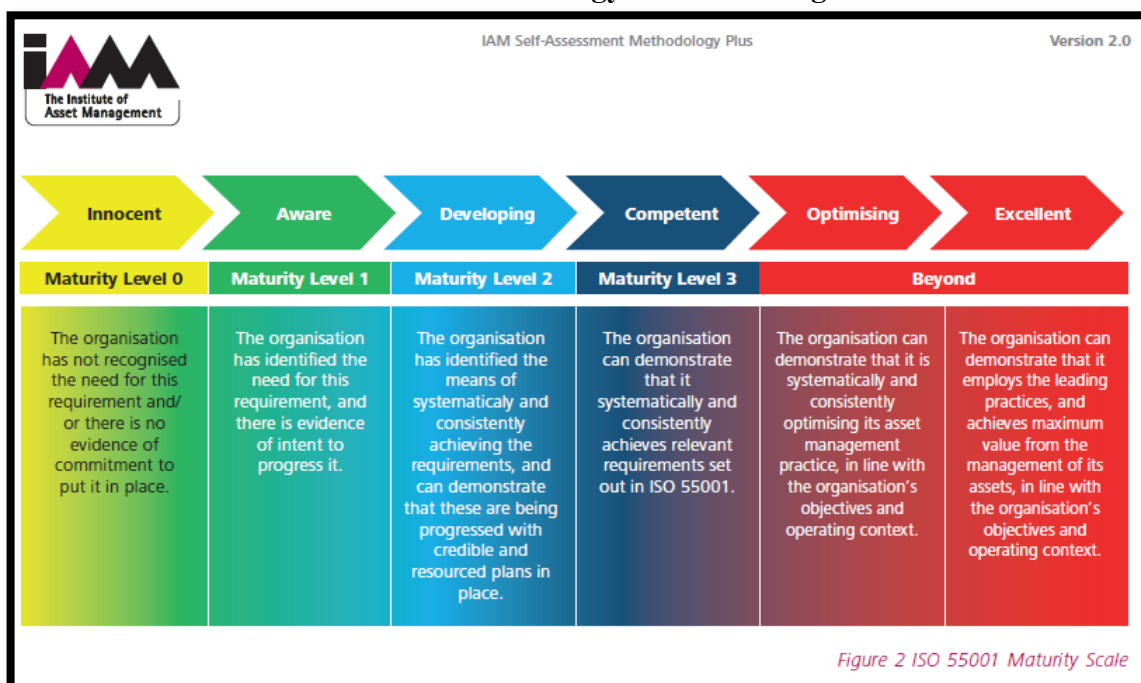
- **Preceding the budget process, the Township is encouraged to hold a public education session on asset management. Specific items to discuss:**
  - **Existing Levels of Service and service expectations; and**
  - **State of the Local Infrastructure.**
- **The Township uses “Get Involved Perth South,” a portal where the public has the opportunity to provide input on different studies that the Township is currently undertaking. It is important that this portal also include framing questions for public input related to the Asset Management Project.**

## 10.0 CONTINUOUS IMPROVEMENT

The major premise of comprehensive corporate asset management is that an organization will seldom have perfect processes and data to manage the asset portfolio. Instead, the underlying culture of continuous improvement and reliability is its key to success. These improvements will be part of the Township’s evolving Asset Management program.

The ISO 55000 tool provides a quantitative evaluation of the Township’s asset management practices under four categories: Strategy, Assets (Technology and Physical), People, and Business Processes. The Township could evaluate each of the 39 focus areas against a scale of zero to five, where level five represents excellence within the focus area. The intention of the scale is not to achieve ISO 55000 certification, rather to use the tools available within the ISO framework as a guide. A copy of the Asset Management Maturity Scale is shown in Figure 4 below.

**Figure 4**  
**Self Assessment Methodology - Asset Management**



In addition to the quantitative evaluation of the Township’s asset management practices, the Township can explore reviewing the confidence of its existing data as well as its effectiveness integrating asset management activities into regular business processes. The Confidence Level Rating approach identified in Table 3 and 4 below may be used to identify what specific asset categories/areas the Township can improve upon. The Confidence Level Rating is based on principles of the Ministry’s Guide to Municipal Asset Management Plans, Federal Gas Tax Agreement Requirements, ISO 55000, and International Infrastructure Management Manual (IIMM).

## Township of Perth South Strategic Asset Management Policy

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<b>Table 3</b>		
<b>Data Quality Confidence Grading System</b>		
<b>Confidence Grade</b>		<b>Description</b>
<b>5</b>	<b>Highly Reliable</b>	<ul style="list-style-type: none"> <li>• Data based on sound records, procedure, investigations and analysis, documented properly and recognized as the best method of assessment.</li> <li>• <i>Dataset is complete and estimated to be accurate +/- 2%.</i></li> </ul>
<b>4</b>	<b>Reliable Data</b>	<ul style="list-style-type: none"> <li>• Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation.</li> <li>• <i>Dataset is complete and estimated to be accurate +/- 10%.</i></li> </ul>
<b>3</b>	<b>Uncertain</b>	<ul style="list-style-type: none"> <li>• Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade 4 or 5 data is available.</li> <li>• <i>Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated +/- 25%.</i></li> </ul>
<b>2</b>	<b>Very Uncertain</b>	<ul style="list-style-type: none"> <li>• Data based on unconfirmed verbal reports and/or cursory inspection and analysis.</li> <li>• <i>Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy +/- 40%.</i></li> </ul>
<b>1</b>	<b>Unknown</b>	<ul style="list-style-type: none"> <li>• None or very little data held</li> </ul>

## Township of Perth South Strategic Asset Management Policy

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<b>Table 4</b>		
<b>Process Effectiveness Confidence Grading System</b>		
<b>Confidence Grade</b>	<b>Description</b>	
<b>5</b>	<b>Highly Effective</b>	<ul style="list-style-type: none"> <li>• The organization's AM activities are fully integrated and are being continuously improved to deliver optimal whole life value.</li> <li>• AM best practice continuously improved to deliver optimal whole life value.</li> <li>• AM best practice concepts are fully rolled out and being practiced by all staff.</li> </ul>
<b>4</b>	<b>Effective</b>	<ul style="list-style-type: none"> <li>• The organization's AM activities are fully effective and are being integrated throughout the business.</li> <li>• AM best practice concepts are fully rolled out and being practiced by most staff.</li> </ul>
<b>3</b>	<b>Somewhat Effective</b>	<ul style="list-style-type: none"> <li>• The organization's AM activities are developed, embedded and are becoming effective.</li> <li>• Many AM best practice concepts are rolled out and being practiced by many staff.</li> </ul>
<b>2</b>	<b>Ineffective</b>	<ul style="list-style-type: none"> <li>• The organization is developing its AM activities and establishing them as Business as Usual.</li> <li>• Some best practice concepts are rolled out and being practiced to a limited extent.</li> </ul>
<b>1</b>	<b>Unknown</b>	<ul style="list-style-type: none"> <li>• The organization is aware of the importance of AM and is starting to apply this knowledge.</li> <li>• Few best practice concepts are rolled out and to a limited extent</li> </ul>

The Township can use the tables above to determine an “overall confidence level rating” which can then be correlated to the ISO 55000 State of Asset Management Maturity Scale outlined in Figure 4. The scores are reflective of the quality and type of data available, as well as quality of current processes and management strategies. These scores can help the Township identify gaps in asset management data.

**Strategic Policy:**

1. The Township is committed to exploring ways to improve upon the existing asset management practices employed and may adopt best practices where applicable.
2. The Township will develop an Asset Management Plan that incorporates all facets of Ontario Regulation 588/17 by 2024.
3. The Township may continue to improve on its asset management program to incorporate assets which have traditionally not been considered under the purview of asset management.

## Township of Perth South Strategic Asset Management Policy

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### Action Items to achieve Strategic Policy

- The Township may consider undertaking an assessment of the Township’s asset management practices against each of the 39 ISO 55000 focus areas. This is not intended to achieve ISO 55000 certification but to consider the ISO framework as a useful guiding tool. The results can be categorized in the context of the maturity scale identified in Figure 4.
- The Township may consider the following actions:
  - Review data confidence for each service area/category annually.
  - Review the effectiveness of the asset management program and determine the degree to which activities are embedded into the process annually.
  - Ensure an “Overall Confidence Level Rating” is produced annually so the results can be compared on a regular basis.
- The Township should continue to seek funding assistance and support from upper-tier governments to help facilitate the completion of the asset management program by 2024.
  - Federation of Canadian Municipalities: Asset Management Capacity Building;
  - MFOA – AMP-It-Up 2.0 and subsequent offerings; and
  - Infrastructure Funding for small Communities.