

Clause No. 23 in Report No. 6 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on November 21, 2013.

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CORPORATE ASSET MANAGEMENT POLICY

Committee of the Whole recommends adoption of the following recommendation contained in the report dated November 14, 2013 from the Chief Administrative Officer:

1. RECOMMENDATION

It is recommended that:

1. Council endorse the proposed Corporate Asset Management Policy as outlined in *Attachment 1* of this report.

2. PURPOSE

This report outlines the Corporate Asset Management Policy to provide program principles and a framework for asset management practices that enables a coordinated, cost effective and organizationally sustainable approach for York Region.

3. BACKGROUND

York Region owns over \$7 billion worth of Tangible Capital Assets

Physical assets in York Region are essential to core services provided and contribute to the quality of life enjoyed by residents of the Region. Assets are critical to ensure that services are delivered to residents in a safe, reliable and efficient manner, while sustaining a growing community.

Based on the net book value as of December 31, 2012, the Region owns over \$7 billion worth of tangible capital assets. Replacement value for these assets is estimated to be two to three times their current net book value. Table 1 provides a high-level summary of the tangible capital assets owned and operated by the Region.

Table 1
Tangible Capital Assets Owned by the Region

Asset	\$M Asset Value*
Land	\$365
Land Improvements	\$141
Buildings	\$1,415
Equipment and machinery	\$453
Vehicles	\$275
Roads infrastructure	\$1,305
Water / Sewer infrastructure	\$1,122
Assets under construction	\$1,947
Total	\$7,022

* Net book value as of December 31, 2012

Table 1 includes all tangible capital assets including waste management facilities, Housing York Inc. facilities and long-term care facilities owned by the Region and operated by various departments across the Region.

Corporate Asset Management policy will play a critical role in guiding development of consistent asset management practices across the Region

Over the past few years, the Region has been active in developing and implementing asset management programs to proactively manage asset lifecycles. Examples include condition assessments, long-term rehabilitation and replacement planning and reporting on the state of infrastructure.

To assist municipalities in developing their asset management plans, in 2012 the provincial Ministry of Infrastructure released “Building Together: Guide to Municipal Asset Management Plans”. This guide provides a structure for standardization and consistency in municipal asset management.

A policy for Corporate Asset Management endorsed by Council will support the Region’s Asset Management Plans for over \$7 billion worth of infrastructure assets. It will also provide the framework to ensure long-term asset sustainability and demonstrate fiscal stewardship for the Region’s growing and aging asset base.

Many municipalities, including the Cities of Calgary and Ottawa, have instituted asset management policies to guide the way they manage assets. Local municipalities in York Region also have various asset management initiatives underway in line with the guide issued by the Ministry of Infrastructure. Asset management policies and programs are an important aspect of services delivered through integrated infrastructure.

4. ANALYSIS AND OPTIONS

Corporate Asset Management Policy will deliver a coordinated, cost effective and organizationally sustainable approach across the Region to meet a complex regulatory framework

Asset Management is a systematic process to guide planning, acquisition, operation, maintenance, rehabilitation and disposal of assets. Its objective is to maximize asset service delivery potential, manage related risks and minimize costs of ownership, while delivering acceptable levels of service to the public in a sustainable manner and in accordance with regulatory requirements. Corporate asset management is the application of asset management principles and practices on a corporate level to ensure a coordinated, cost effective and organizationally sustainable approach to meet the above objectives, while allowing for departmental autonomy. The policy will also assist all Region departments to:

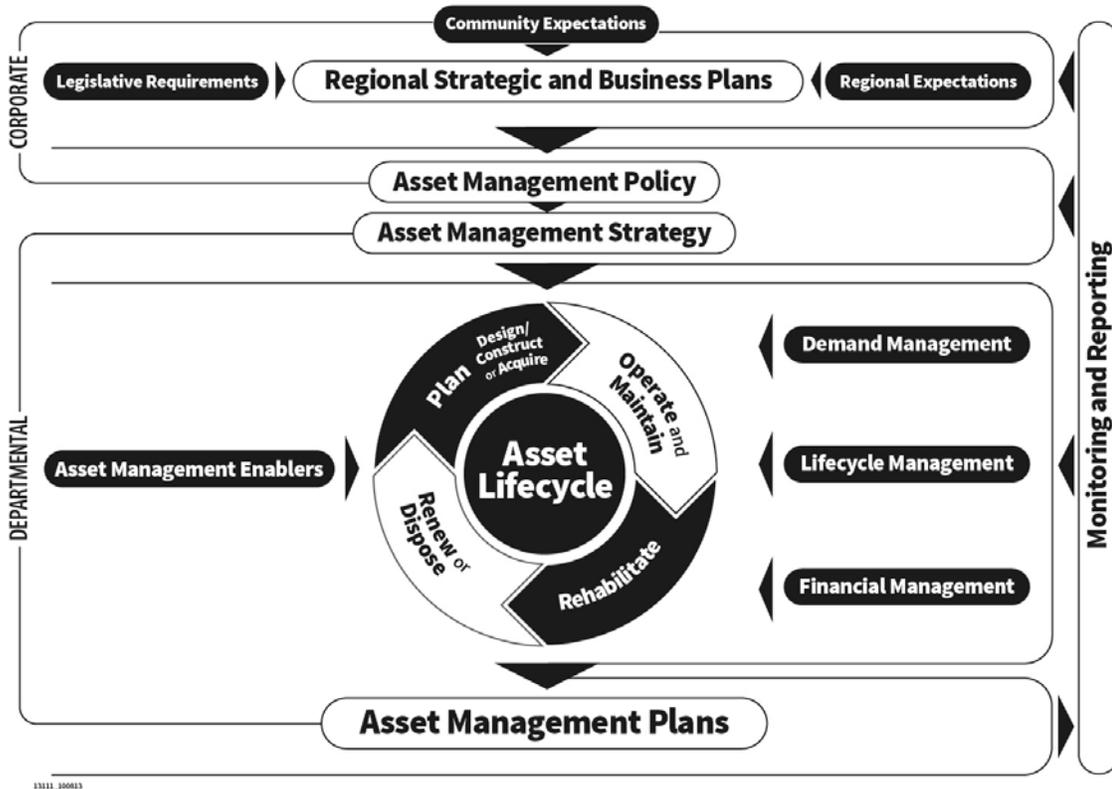
- Minimize lifecycle costs while maintaining acceptable levels of service
- Link infrastructure investment decisions to service outcomes
- Improve decision-making accountability and transparency
- Demonstrate the long term consideration of decisions
- Improve customer service

Corporate Asset Management Policy will guide asset management practices for all stages of asset lifecycle management

The Corporate Asset Management Policy has been developed based on industry best practices encompassing all stages of asset lifecycle, including the following as illustrated in Figure 1:

- Planning and Design
- Acquisition
- Operations and maintenance
- Rehabilitation
- Renewal and disposal

Figure 1
Corporate Asset Management Framework



The scope of the Corporate Asset Management Policy includes:

- Maintaining and managing assets at defined levels of service to ensure that they meet customer expectations, compliance and legislative requirements
- Establishing asset management strategies through full lifecycle costing principles
- Adopting risk-based decision making processes to minimize the Region's risk exposure
- Developing and enhancing asset management knowledge and competencies to ensure the availability of skill sets required for implementation of asset management programs
- Planning for the optimum level of maintenance to ensure asset reliability while maximizing asset lifecycle
- Financial planning for sustainable long term funding to rehabilitate, replace or dispose of infrastructure assets
- Monitoring and evaluating performance of assets and associated programs to track effectiveness

To implement the Policy, each department will follow the framework to develop its own asset management strategy and asset management plan (see Figure 1). As part of the commitment to proactively and transparently manage service delivery, Environmental Services reported to Council on the State of Infrastructure for 2009 and 2011. Transportation and Community Planning reported on the State of Infrastructure for 2011 following the same framework. Individual department State of Infrastructure Reports are planned to be brought to Council in 2014 with a Corporate State of Infrastructure Report planned for early 2015.

Link to Key Council-approved Plans

The Corporate Asset Management Policy aligns with the Region's 2011 to 2015 Strategic Plan objectives to continue to deliver and sustain critical infrastructure and manage the Region's finances prudently. Departmental master plans will provide critical input to asset management plans.

5. FINANCIAL IMPLICATIONS

Implementation of the Corporate Asset Management Policy is critical to the Region's ability to manage the fiscal impact of large growth infrastructure investments well into the long term. The policy will have an increasingly important role in the Region's long-term fiscal strategy as asset rehabilitation will become a much larger part of the Region's capital budget over the coming decade. The Region's focus will shift over time from building new infrastructure to managing existing infrastructure, as well as a shift from development charge funding for growth related projects to other funding sources (e.g. tax levy and user rates) to maintain and rehabilitate infrastructure.

6. LOCAL MUNICIPAL IMPACT

One of the key objectives of the Corporate Asset Management Policy is to ensure the security and reliability of water, wastewater, waste management, transportation and other municipal services to customers. The policy will benefit local municipalities by ensuring that Regional infrastructure assets are adequately and efficiently managed to deliver quality and reliable services. Laying out the Region's framework for asset management practices also highlights the importance of asset management by local municipalities for overall service delivery.

7. CONCLUSION

Asset management ensures Regional assets receive appropriate investment and attention, have the appropriate resiliency to meet new challenges and can sustain our economic

prosperity. The Corporate Asset Management Policy establishes a framework for a consistent and coordinated approach to the Region's asset management practices. The proposed Corporate Asset Management Policy has been developed incorporating asset management principles and practices. The endorsement of the policy will enhance the Region's asset management practices and ensure long-term sustainability and fiscal stewardship for the Region's growing and aging asset base.

For more information on this report, please contact Lucas Cugalj, Director, Strategy and Business Planning, Environmental Services at 905-830-4444 Ext. 5041 or Irene McNeil, Director, Strategic Policy and Business Planning, Transportation and Community Planning at 905-830-4444 Ext. 5021.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)

STATUS: Final/Draft/Archived (Select one)Council Approved: Y NCAO Approved: Y N

TITLE: CORPORATE ASSET MANAGEMENT POLICY	Edocs No.: 4643941 Original Approval Date: Policy Last Updated: Posted on Intranet:
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POLICY STATEMENT:

The Corporate Asset Management Policy details principles for a consistent and coordinated approach for the management of Regional assets to ensure long-term sustainability and to demonstrate fiscal stewardship.

APPLICATION:

This policy applies to the lifecycle management activities of physical assets that are owned or operated by the Region, which have a material impact on the Region's capital and / or operating budget. This policy may also be used for third-party assets that the Region has a significant interest in.

PURPOSE:

To provide program principles and a framework for asset management practices that enables a coordinated, cost effective and organizationally sustainable approach across all Region departments in order to:

- Optimize the life cycle costs while maintaining acceptable levels of service;
- Link infrastructure investment decisions to service outcomes;
- Improve decision-making accountability and transparency;
- Demonstrate the long term consideration of decisions; and
- Improve customer service.

DEFINITIONS:

Asset: Has a physical nature, is a significant economic resource, and provides the delivery of programs and / or services

Third-Party Asset: Any Asset that is owned by a party other than the Region

Asset Management: is a systematic process to guide the planning, acquisition, operation and maintenance, rehabilitation and disposal of assets. Its objective is to maximize asset service delivery potential, manage related risks and minimize costs of ownership while delivering acceptable levels of service to the public in a sustainable manner.

Corporate Asset Management: the application of asset management principles and practices on a corporate level to ensure a coordinated, cost effective and organizationally sustainable approach across all Region departments.

Life-cycle: the time interval that commences with the identification of the need for an asset and terminates with the disposal of the asset.

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

SCOPE:

The Region owns, operates, and maintains a number of infrastructure assets. The Corporate Asset Management Policy ensures that as assets age and deteriorate over time, they will continue to meet acceptable levels of service over the long term, and are managed for present and future users.

Asset management principles and practices shall support the Region's goal to provide the services required to support the Region's residents and business needs, in a sustainable manner, by:

- Maintaining and managing assets at defined levels of service to ensure that they meet customer expectations, compliance and legislative requirements, technological and environmental factors;
- Establishing asset management strategies through the use of full lifecycle costing principles;
- Adopting a risk-based decision making processes that consider the probability and consequences of asset failure to minimize the Region's risk exposure;
- Developing and enhancing asset management knowledge and competencies to ensure the availability of skill sets required for the implementation of asset management programs;
- Planning for the optimum level of maintenance to ensure asset reliability while maximizing the asset lifecycle;
- Financial planning for sustainable long term funding to rehabilitate, replace, or dispose of infrastructure assets; and
- Monitoring and evaluating performance of assets and associated programs to track the effectiveness of asset management principles and practices for continuous improvement.

Implementing asset management strategies and plans will also contribute to achieving a number of the Region's strategic goals.

Asset Management Framework

To meet the goals and objectives of this Policy, each department will follow the framework identified in Appendix 1, including:

1. Adopt an Asset Management Strategy specific to their department to:
 - a. Adhere to this Asset Management Policy;
 - b. Develop and implement appropriate asset maintenance practices in order to ensure asset reliability and maximize asset lifecycle;
 - c. Define levels of service that balance customer expectations, compliance & legislative requirements, technological and environmental considerations;
 - d. Manage risk, through risk-based decision-making processes, to minimize probability and consequences of failure with regards to safety and levels of service;
 - e. Monitor and evaluate the performance of assets and associated programs and track the effectiveness of asset management principles and practices.
 - f. Use full lifecycle costing principles when evaluating asset investment;
 - g. Develop long term financial plans to ensure sustainable funding for rehabilitation, replacement, or decommissioning of infrastructure assets; and
 - h. Recognizes that periodic review is necessary to ensure the Strategy remains up-to-date in view of evolving best practices and professional experience.
2. Create Departmental Asset Management Plans to meet the objectives detailed in the Asset Management Strategy across the full lifecycle of the infrastructure assets. The Department's Asset Management Plans should:
 - a. Outline long term goals, processes and steps toward how they will be achieved to deliver optimized whole lifecycle cost;
 - b. Be based on current inventories and condition projected performance and remaining service life and consequences of failures; and
 - c. Outline guidelines and processes to developing a sustainable financial plan with understanding of corporate risk and finance requirements and impacts on the levels of service.
3. Establish regular reports to Council (e.g. regular State of Infrastructure Reports) on the status and performance of assets and work related to asset management.

RESPONSIBILITIES:

Council

- Approves Departmental Asset Management strategies and plans, as required
- Approves asset funding through the annual budget

Corporate Asset Management Steering Committee

- Departmentally-led with a representation across Regional business areas
- Provides a forum for discussion of asset management strategy, integration and best practices
- Leads the development of corporate asset management tools and practices and oversees their application across the organization

Departmental Asset Management Owners

- Responsibility for Asset Management functions
- Create and implement Asset Management Strategies
- Create and implement Asset Management Plans
- Liaises with Corporate Finance on financial matters

Corporate Finance

- Provides financial direction to the Departments
- Responsible for the stewardship of the financial assets and records

REFERENCE:

Adopted by Regional Council on xxxxx;

CONTACT:

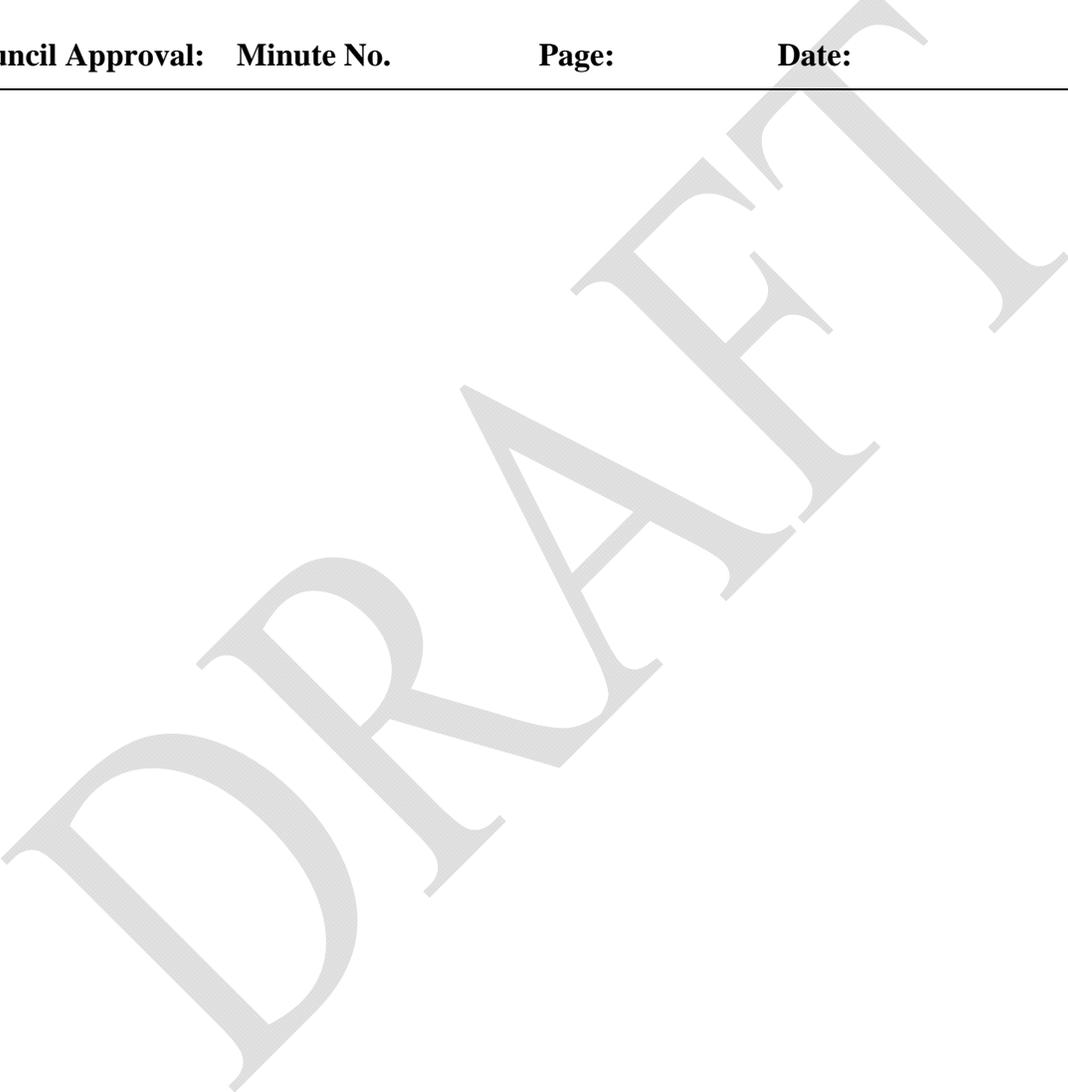
Head, Transportation Asset Management, Transportation and Community Planning
Manager, Infrastructure and Business Management, Environmental Services

APPROVAL INFORMATION *[complete the details from the approved policy report]*

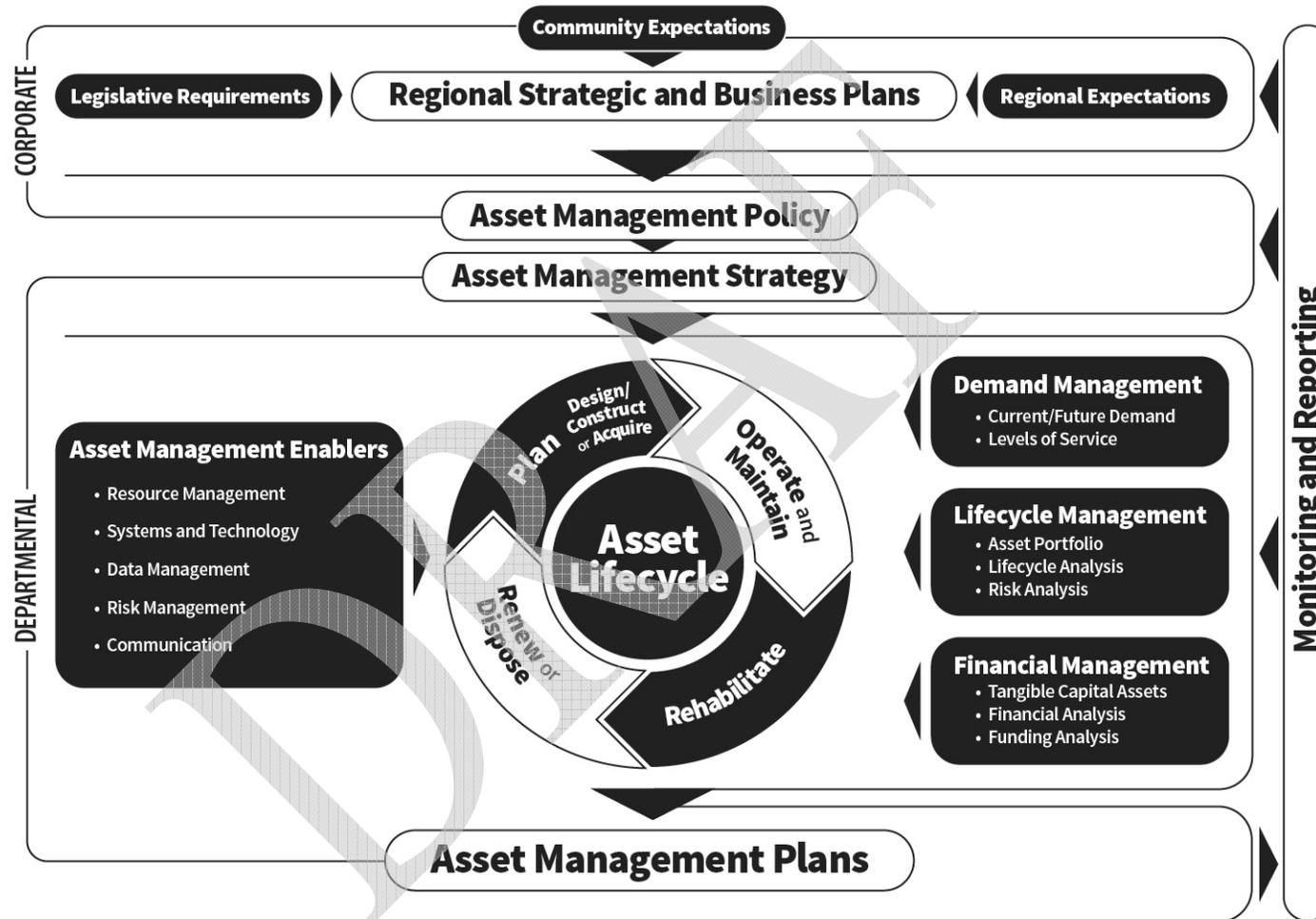
CAO Approval Date: n/a

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Council Approval: Minute No. Page: Date:



APPENDIX 1 – ASSET MANAGEMENT FRAMEWORK



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