



SUBJECT: Asset Management Policy and Plan Update

TO: Development and Infrastructure Committee

FROM: Capital Works

Report Number: CW-32-16

Wards Affected: All

File Numbers: 701-04

Date to Committee: December 13, 2016

Date to Council: December 19, 2016

Recommendation:

Receive and file capital works department report CW-32-16 including the Corporate Asset Management Policy, attached as appendix A to report CW-32-16.

Purpose:

To provide an update on the state of the city's Asset Management program, and bring forward a Corporate Asset Management Policy.

These initiatives support the Corporate Strategic Direction 4: An Engaging City

- 4.1 - Good Governance

Background and Discussion:

As identified in the City's Strategic Plan, the corporate Asset Management Plan is one of the city's medium term policy documents that helps guide work plans and the city's financial plan.

In 2013, staff provided an update to committee on the corporate Asset Management Project and provided an update (Report CSI-22-13) on the status of the city's infrastructure backlog and resulting quantified funding gap for the facilities and buildings and roadways asset groups. Several funding alternatives were identified and staff committed to review these options in further detail and to report back later in 2013.

In December 2013, Council approved the 20 year funding scenario presented in the



Asset Management Financing Plan (Report F-39-13) with the purpose of reducing the infrastructure backlog and funding gap, as well as provide ongoing stable funding to the capital renewal program. The approved scenario was one that was consistent with the city's Long Term Financial Plan (LTFP).

In January 2015, a Roads Pavement Performance Update (Report CW-1-15) was brought forward based on two staff directions by Council. The purpose was to determine the road resurfacing funding allotment for the appropriate road types and segments, as well as identify a holistic and coordinated funding plan to address the existing backlog of road works.

In July 2015, an additional \$20 million in funding to the roadways capital program for a four year period (2016-2019) was recommended and approved (Report CW-20-15). The basis for the short term infusion of debt and reserve fund funding was to capitalize on cost avoidance opportunities to renew roadway assets with less costly rehabilitation treatments.

This report aims to provide an update on the state of the city's Asset Management System, and bring forward the Burlington Leadership Team-approved Asset Management Policy which sets out the organization's approach to asset management, including the principles that will be followed in establishing asset management objectives.

Asset Management Update

The Asset Management program aims to apply best practices and principles, with the goal of delivering value out of the infrastructure assets owned by the City of Burlington.

In the move to develop into an asset management mature organization, staff has worked to establish a framework for a consistent and coordinated approach to the City's asset management practices. Recent initiatives and successes include:

- development of an Asset Management service plan describing the role of asset management at the city, highlighting continuous improvements, and identifying short, medium and long term objectives;
- formalized Asset Management Team, with expanded representation from across the Corporation;
- completion of a detailed data collection and condition assessment of all park surface assets, resulting in the establishment of a long term rehabilitation and replacement plan for this asset group;



- development of a draft Asset Management Policy that has been reviewed by the Asset Management Team and endorsed by the Burlington Leadership Team;
- calculation of the current inventory, replacement value and condition data for a greater number of assets in the corporate portfolio;
- greater alignment with requirements set out in the ISO 55001 - Asset Management Standard, along with corresponding staff training and knowledge development; and
- tracking and analysis of the roads rehabilitation optimization strategy, which has resulted in positive gains made against the backlog last reported on in 2015 (Report CW-20-15).

The next major milestone for the Asset Management program will be the completion of the Asset Management Plan document. This initiative is being carried out by staff, with guidance and input from members of the Asset Management Team and other subject matter experts from across the organization. The plan will provide consolidated information on the current state of all core infrastructure assets under the ownership and control of the Corporation of the City of Burlington.

The Asset Management Plan will provide the following benefits, and meet several key requirements:

- provide a complete, consolidated view of the current state of our asset inventories, replacement value and condition ("State of Local Infrastructure");
- provide key input into the city's Capital Budget Program;
- support business cases relating to the investment of new, growth and renewal funding for infrastructure;
- value-based level of service identified, based on the economic equilibrium (managing assets at their lowest lifecycle costs);
- asset management (lifecycle) strategies stated for all major asset groups;
- conform to the plan requirements outlined in the provincial 'Building Together: Guide for Municipal Asset Management Plans';
- support future funding applications to the Provincial and Federal Government; and
- create standard operating procedures for monitoring the plan



The initial version of the city's Asset Management Plan was set out and approved with the Financing Plan as part of Report F-39-13. The current initiative is intended to finalize the plan document by year end. The plan will be brought forward in Q1 2017 along with updated backlog analysis data reflecting 2016 actual works.

Corporate Asset Management Policy

The Asset Management Policy is a high level statement which outlines the principles and requirements for implementing consistent asset management processes throughout the City of Burlington. The policy that has been developed (Appendix 'A') applies to those areas in the organization that manage tangible capital assets or asset systems. It acts to ensure the continuing development of the organization's asset management program to facilitate informed decision-making for the management of the City's infrastructure to support community services.

Strategy/process

In developing the Asset Management Policy, the team referred to ISO 55001 standards which define best practices. Staff also conducted a peer review, looking at how other municipalities have instituted asset management policies to guide the way they manage assets. The primary goal of the team was to ensure that the policy developed was appropriate for our organization.

Sections of the policy include:

- Scope / Exceptions
- Consequences of Non-Compliance (risks)
- Key Principles; and
- Responsibilities

The policy was drafted and reviewed by the full Asset Management team, and was presented to the Burlington Leadership Team for review and endorsement in Q1 2016.

Options considered

The creation of the policy, and its endorsement from the top levels of the organization, is vital to create an "asset management culture", which supports the importance of asset management across the city. Furthermore, future Municipal Asset Management Planning Regulations are expected to be established under Provincial Bill 6 - Infrastructure for Jobs and Prosperity Act, 2015. A requirement within these regulations



may be the inclusion of a Strategic Asset Management Policy to support the process of developing asset management plans.

Financial Matters:

The city's tangible capital assets have a replacement value of approximately \$2.5 billion. The Asset Management Plan is intended to set out a high level process for decision making to build, operate, maintain, renew, replace and decommission these assets.

An update to the Asset Management Financing Plan (F-39-13) will be delivered by Q3 2017, following Council approval of the Asset Management Plan.

Connections:

Strategic Plan, Long Term Financial Plan, Asset Management Financing Plan

Public Engagement Matters:

Not applicable

Conclusion:

Asset management policies and programs are an important aspect of the services delivered by the organization. The city has in place a dedicated team involved in the development, operation, monitoring and replacement of infrastructure assets. Building on recent successes, and carrying out the program effectively, will require increased collaboration and coordination of individuals and systems across the organization.

Creating a consistent and coordinated approach to asset management principles will be supported by the proposed Corporate Asset Management Policy. The endorsement of the policy will enhance the city's asset management practices and ensure long-term sustainability and fiscal stewardship for the City's growing and aging asset base. It will also ensure the city's place at the forefront of municipal asset management planning.



Respectfully submitted,

Andrew Maas

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Appendices:

- a. Asset Management Policy

Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.