

Attachment 1

# Asset Management Policy

Category	<b>Operational and Corporate Internal Policies that Have Significant Implications or are of Interest to Special Groups</b>	
Approved by	Authority	
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## PREFACE

The Ministry of Infrastructure defines asset management planning as the process of making the best possible decisions regarding the building, operating, maintaining, renewing, replacing and disposing of assets. While there is limited regulatory and procedural guidance directed at conservation authorities for asset management beyond Public Sector Accounting Board standards, many of the resources becoming available to municipalities are a useful starting point.

The Ontario government has mandated that municipalities establish asset management plans to ensure their eligibility for infrastructure funding. Launched in 2012, the Municipal Infrastructure Strategy requires municipalities who request infrastructure funding to prioritize their needs by showing how projects fit within an asset management plan. To help municipalities prepare asset management plans, the Province released, “Building Together: A Guide for Municipal Asset Management Plans” (Building Together) as part of an online asset management toolkit. Building Together states that asset management takes a long term perspective in order to maximize benefits and help recognize when to make timely investments that align with other objectives and conserve resources.

Similarly, the Province’s recently amended Growth Plan for the Greater Golden Horseshoe directs municipalities to consider new infrastructure investments, not in isolation, but in the context of an overall strategy. Under greenfield or redevelopment and intensification growth planning scenarios, the Growth Plan emphasizes asset management planning as an important component of a municipal comprehensive review required to support the establishment of new urban areas. The Growth Plan policies also state that as part of municipal asset management planning, municipalities will assess infrastructure risks and vulnerabilities, including those caused by the impacts of a changing climate, and identify actions and investments to address these challenges.

The directions in the Growth Plan align with the 2014 Provincial Policy Statement, which states that infrastructure and public service facilities shall be provided in a coordinated, efficient and cost-effective manner that considers impacts from climate change while accommodating projected needs, and that planning authorities should promote green infrastructure to complement infrastructure. This is also consistent with Building Together, which directs municipalities to undertake an options analysis that compares different actions that would enable assets to provide needed levels of service. And among the benefits and costs this analysis must consider, is vulnerability to climate change impacts or climate change adaptation. Further, it suggests to municipalities to use innovative technologies such as green infrastructure to “stretch capital dollars”. Building Together states that using the natural processes of green infrastructure reduces costly burdens on built infrastructure, while also generating benefits for our water, air, greenspace and natural habitats.

TRCA’s Strategic Plan as well as TRCA’s policy document, The Living City Policies, recognize and describe how built forms of green infrastructure can increase the resilience of natural green infrastructure and extend the life of many types of traditional infrastructure under stress from extreme weather events. In addition to working with partners to protect the natural green systems in our watersheds, TRCA strives to incorporate built green infrastructure into its own facilities and promotes incorporating it into proposed and existing communities.

In 2017, the government posted for comment on the Environmental Bill of Rights Registry, a proposed municipal asset management regulation. The *Infrastructure for Jobs and Prosperity*

*Act* (2016) includes an authority for the Province to regulate municipal asset management planning. The purpose of the proposed regulation is to implement best practices throughout the municipal sector and provide a degree of consistency to support collaboration among municipalities, and between municipalities and the Province. The regulation would provide certainty around future provincial asset management planning requirements, and would be supported by the collection of selected data to capture the key aspects of municipal asset management of resilience and sustainability. The proposed regulation includes a requirement for green infrastructure to be a part of municipal asset management by 2022.

As a major employer and service provider and an owner and operator of public facilities and lands, TRCA's asset portfolio warrants a strategic and comprehensive asset management program. Given that the management of green infrastructure and the evaluation of green technologies are inherent to many of TRCA's business functions, we can demonstrate leadership in the emerging requirement for green infrastructure to be a part of municipal asset management. From erosion protection works and flood control infrastructure to conservation areas, parks, heritage buildings, and LEED certified facilities, TRCA owns and manages assets critical to the protection of life and property and that contribute to quality of life in the Toronto region. Although asset management planning is not a legislated requirement for conservation authorities, member municipalities are encouraging TRCA to undertake comprehensive asset management planning to support requests for municipal capital funding.

TRCA's asset holdings are unique in that they largely constitute or support a natural landscape and manage dynamic natural systems, yet they are situated in the largest urban centre in Canada. As a result, TRCA assets are especially subject to wear and tear due to high levels of use by the growing and intensifying population. Such pressure is compounded by more commonly occurring extreme weather events of a changing climate that can cause considerable damage and the need for costly remediation. By ensuring the adequate management of TRCA assets through an asset management program, the long-term maintenance of these assets and true life cycle costing can be effectively planned. Additionally, funding municipalities can be assured that their investment in TRCA lands, facilities and infrastructure is protected and that their residents continue to benefit from our programs and services.

The sound management of TRCA assets is critical to the sustainability of TRCA's operations and corporate integrity. While limited legislation and policy guidance is available for a TRCA Asset Management Policy, it is informed by emerging provincial directions, the asset management work of our member municipalities, TRCA's own corporate strategies, policies and objectives, as well as decades of experience in managing assets for the betterment of communities, both human and natural, in the Toronto region.

## **1. PURPOSE**

The purpose of this Policy is to establish an organization-wide asset management framework that directs and enables coordinated and sustainable asset management practices.

## **2. AUTHORITY**

The Policy is provided on the basis of TRCA's objects and powers under the *Conservation Authorities Act* and TRCA's environmental, social and economic responsibility to its member municipalities and to the public to effectively manage its assets. The Policy is approved by TRCA's board. On the advice of staff, the Authority may accept, revise or rescind the Policy.

### 3. SCOPE

**3.1** This Policy applies to the *life cycle of assets*, owned or managed by TRCA, which have a material impact on TRCA's capital and/or operating budget.

**3.2** The scope of the direction to staff as provided in the Asset Management Policy includes requirements to:

- inventory *assets* and assess their condition;
- monitor, evaluate and report on the performance of *assets*;
- set maintenance standards for *assets*;
- manage *assets* with a *life cycle* cost perspective, while meeting program requirements and user expectations;
- address risk to public safety and private properties, as applicable;
- prioritize the choices that must be made for the acquisition, development, use, maintenance, replacement, retirement and disposal of *assets*;
- plan for sustainable, long term funding to rehabilitate, replace or dispose of *assets*;
- ensure compliance with applicable codes, by-laws and legislative requirements.

### 4. POLICY STATEMENTS

#### 4.1. Principles

TRCA will manage *assets* to:

- Support TRCA's Strategic Plan objectives;
- Seek opportunities to demonstrate the benefits of *green infrastructure* such as increasing asset resilience to climate change;
- Seek opportunities to incorporate *green technologies*;
- Optimize the total *life cycle* and the associated costs of *assets*;
- Maintain high quality levels of client and customer service;
- Define and articulate desired service, maintenance and replacement levels and outcomes;
- Identify and address risk associated with *assets*;
- Integrate financial, technical and business planning;
- Facilitate collaboration with stakeholders and other interested parties, where appropriate;
- Demonstrate transparency and accountability;
- Promote accessibility for persons with disabilities, where applicable;

- Be consistent with all applicable legislation, policies, regulations, memorandums of understanding and agreements.
- Continually improve its asset management approach, by driving innovation in the development of tools, practices, and solutions.

#### **4.2. Asset Management Strategy**

Using the principles of this Asset Management Policy, TRCA will develop an Asset Management Strategy that will guide the development, implementation, and maintenance of individual Asset Management Plans. Specifically, this Strategy will:

- Define TRCA responsibilities related to asset management;
- Outline long term goals, processes and steps TRCA will take to deliver optimized life cycle costing and priority setting for assets;
- Establish a work plan and schedule for:
  - the preparation of and updates to Asset Management Plans in section 4.3;
  - reporting on State of Good Repair, in accordance with section 4.4;
  - performance of assets and work related to asset management.

#### **4.3. Asset Management Plans**

For each TRCA asset management category, TRCA Asset Management Plans will be prepared in accordance with the Principles in section 4.1 and the Asset Management Strategy developed under section 4.2.

Each TRCA Asset Management Plan will:

- Outline long term goals, processes and steps to deliver optimized whole *life cycle cost*;
- Be based on current inventories and conditions, projected performance and remaining service life, and consequences of failures;
- Outline guidelines and processes to developing a sustainable financial plan with understanding of risk and financial requirements and impacts on the levels of service.
- Outline opportunities to include *green infrastructure* in asset management planning in cooperation with municipalities and other TRCA partners, where applicable.

#### **4.4. State of Good Repair Reports**

State of Good Repair (SGR) Reports shall be prepared and submitted to TRCA's board. Specifically, SGRs will include:

- Entire *life cycle* and associated costs related to the assets, including risk of asset failure and deterioration forecasts;
- Risks to service level provision and risks of increased future financial burden;
- The financial viability of the options considered;
- Opportunities to fund required *life cycle* activities not yet undertaken.

#### **4.5 TRCA Organizational Responsibilities**

##### **Authority**

- Approves the Asset Management Policy, Asset Management Strategy and Asset Management Plans
- Approves asset funding through the annual budget
- Receives State of Good Repair Reports

##### **Asset Management Committee**

- Provides a forum across TRCA Business Units for discussion of asset management strategy, integration and best practices
- Leads the development of corporate asset management tools and practices and promotes their application across the organization
- Monitors the application of the Asset Management Policy, Strategy and for improving the same over time
- Makes recommendations with respect to implementation of asset management.

##### **Asset Managers (all TRCA staff responsible for management of assets)**

- Implement Asset Management Strategy
- Prepare and implement Asset Management Plans
- Prepare State of Good Repair Reports
- Liaise with Asset Management Committee on strategy, integration and best practices

##### **TRCA Finance**

- Provides financial direction

##### **TRCA Property**

- Responsible for the stewardship of asset records

#### **5. AUDIT COMPLIANCE**

- The Policy will be communicated to staff through the Tangible Asset Communication Plan and will be made available on the TRCA website.
- Staff will be trained as appropriate.
- Further direction to staff pertaining to training and communication of the Policy will be presented in the TRCA Asset Management Strategy.

- Procedures and guidelines pursuant to the Asset Management Policy will be developed to ensure audit implementation compliance.

## 6. DEFINITIONS

Assets – for the purposes of this Asset Management Policy, *assets* include land, land improvements, buildings, building improvements, machinery and equipment, vehicles, infrastructure, and works of art/treasures owned and/or managed by TRCA (for descriptions of each asset category and monetary value thresholds, see TRCA’s Tangible Capital Asset Management Policy).

Green infrastructure – *green infrastructure* can be built or natural. Built *green infrastructure* is engineered vegetative and soil technologies such as bioswales, rain gardens, permeable pavements and green roofs. Natural *green infrastructure* is natural vegetation and soils.

Green technologies – technologies intended to mitigate or reverse the effects of human activity on the environment such as for conserving energy, e.g., solar panels.

Life cycle (of assets) – all aspects of managing an asset from “cradle to grave”, including building, purchasing, operating, maintaining, renewing, replacing and disposing of assets.

## REFERENCES

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