



## **City of Belleville Strategic Asset Management Policy**

**Subject: Strategic Asset Management Policy**

**Dated: June 27, 2019**

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### **1. POLICY STATEMENT**

The Strategic Asset Management Policy provides the framework for an integrated and collaborative asset management approach for sustainable planning and management of assets. Through implementation of the policy, the City of Belleville will optimize the value of its assets, reduce risks of owning assets, and strive to provide desired levels of service to the community.

The City of Belleville seeks to develop and implement Asset Management Plans that are aligned with other strategic priorities and relevant international standards. This strategic alignment will be conducted with a focus on financial and environmental sustainability, organizational cooperation, and continuous improvement of asset management practices across the City.

### **2. PURPOSE**

The City of Belleville provides a diverse range of services, many of which depend upon physical infrastructure. These services include water, transportation and transit, storm and wastewater management, waste management, fire and emergency services, police, parks and recreation, open spaces and forestry, facilities, culture, fleet, information technology, and real property management.

The objectives of this policy are to:

- Provide a consistent framework for implementing asset management and continuous improvement of asset management practices throughout the organization; and
- Provide transparency and accountability by demonstrating to stakeholders the legitimacy of decision-making processes which consider strategic plans, budgets, service levels and risks.

### **3. SCOPE**

This policy applies to all City departments and boards, including all tangible capital assets under their ownership and control. The following list outlines the services that the City of Belleville provides, and examples of asset types covered by this policy:

- **Fire, Emergency Services and Police:** facilities, fleet, equipment, information technology
- **Transportation and Operations:** roads, bridges and culverts, sidewalks, traffic and pedestrian signals, signage, street lighting, related roadside appurtenances, facilities, fleet, equipment, information technology
- **Transit:** facilities, fleet, equipment, information technology
- **Parks:** amenities, park infrastructure, parkland and forestry, facilities, fleet, equipment, information technology
- **Waste Management:** landfill, facilities, fleet, equipment, information technology
- **Water:** distribution and transmission linear networks, facilities (treatment plants, storage tanks / reservoirs, pumping stations), fleet, equipment, information technology including SCADA systems
- **Wastewater:** collection and conveyance linear networks, facilities (wastewater, treatment and disposal, pumping stations), fleet, equipment, information technology including SCADA systems
- **Stormwater Management:** collection and conveyance linear networks, facilities (stormwater ponds, pumping stations), equipment
- **Recreation, Harbours, Culture and Library:** facilities, fleet, equipment, information technology

#### 4. DEFINITIONS

Terminology in all official asset management documents shall be consistent with ISO 55000:2014(E) – International Standard for Asset Management. For the purposes of this document, the following definitions apply:

**4.1 Asset** – An item, thing or entity that has potential or actual value to an organization, where value is the importance, worth, or usefulness of something. Potential value is the value of the asset contingent on the occurrence of stated assumptions.

**4.2 Asset Management** – Coordinated activity of an organization to realize value from assets.

**4.3 Asset Management Plan (AMP)** – Documented information that specifies the activities, resources, and timescales required for an individual asset, or a group of assets, to achieve the organization’s asset management objectives.

**4.4 Asset Management System** – The set of interrelated and interacting elements of an organization whose function is to establish asset management policy, asset management objectives, business processes, and information systems to achieve the objectives. The asset management system is used to direct, coordinate and control asset management activities. (ISO 55000:2014)

**4.5 Asset System** – Set of assets that interact or are interrelated within and across services and City departments. For example, a water system includes assets that first treat the water and those that distribute it.

**4.6 Corporate Asset Management** – The application of asset management principles at a corporate level to maximize consistency among diverse asset groups. Corporate asset management creates efficiency by harmonizing service levels and business processes wherever possible.

**4.7 Lifecycle** – Stages involved in the management of an asset:

- **Grow:** Activities to provide a net new asset that did not exist previously or an expansion to an existing asset. In both cases, this means an increase in the overall asset inventory.
- **Upgrade:** Activities to provide a higher level of service capability from an existing asset to achieve better fit for purpose or meet regulatory requirements
- **Operate:** Regular activities to provide services and programs that consume resources (such as staff time and efforts, energy, chemicals, and materials)
- **Maintain:** Activities to retain the asset condition and functionality that enables it to provide uninterrupted service delivery for its planned useful life
- **Renew:** Activities that return the original service capability of an asset
- **Dispose:** Activities to take an existing asset out of service.

**4.8 Lifecycle Cost** – An estimate of the total capital, operating, and maintenance costs of an asset over its operating life. Relevant costs include planning, design, acquisition, installation, maintenance, rehabilitation, financing, retirement/ decommissioning/ disposal and any other costs directly attributable to operating or using an asset.

**4.9 Level of Service** – Parameters or a combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers.

**4.10 Strategic Asset Management Plan (SAMP)** – Documented information that specifies how organizational objectives are to be converted into asset management objectives, the approach for developing asset management plans, and the role of the asset management system in supporting achievement of the asset management objectives. (ISO 55000:2014)

**4.11 Tangible Capital Assets (TCAs)** – are non-financial assets having physical substance that:

- a) are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;

- b) have useful economic lives extending beyond one year;
- c) are used on a continuing basis; and
- d) are not for resale in the ordinary course of operations.

In defining Tangible Capital Assets, capitalization thresholds are applied for accounting purposes and may not be applicable to defining an asset for asset management purposes.

## **5. FURTHER RESOURCES**

### **5.1 Legislation:**

- Accessibility for Ontarians with Disabilities Act
- Building Code Act
- Development Charges Act
- Environmental Assessment Act
- Environmental Protection Act
- Federal Fisheries Act (WW regs)
- Municipal Act, 2001, S.O. 2001, C 25
- Ontario Regulations 588/17 – Asset Management Planning for Municipal Infrastructure
- Ontario Water Resource Act
- Police Services Act
- Public Libraries Act
- Safe Drinking Water Act

### **5.2 City of Belleville policies to be considered where applicable:**

- Budget and Financial Controls Policy
- Purchasing Policy
- Real Property Acquisition and Disposition Policy
- Reserve and Reserve Fund Policy
- Stop Up and Closure of Road Allowances Lanes and Alleyways Procedure Policy
- Surplus and Deficit Policy
- Tangible Capital Asset Policy

## **6. RESPONSIBILITIES**

An Asset Management Governance Structure has been established to lead the development of AM tools and practices and to oversee their application across the organization. The following details the responsibilities of the key stakeholders within the City:

<p><b>Municipal Council</b></p>	<ul style="list-style-type: none"> <li>• Approve by resolution the Asset Management Plan and its updates at least every five years.</li> <li>• Conduct annual reviews of the Asset Management Plan implementation progress on or before July 1st of every year, that includes: <ul style="list-style-type: none"> <li>■ Progress in ongoing efforts to implement the Asset Management Plan</li> <li>■ Approve level of service measures and associated metrics</li> <li>■ Consideration of the Strategic Asset Management Policy</li> <li>■ Any factors affecting the ability of the Municipality to implement its Asset Management Plan</li> <li>■ Consultation with Executive Management</li> <li>■ A strategy to address these factors including the adoption of appropriate practices</li> <li>■ Support of ongoing efforts to continuously improve and implement the Asset Management Plan.</li> </ul> </li> </ul>
<p><b>Chief Administrative Officer</b></p>	<ul style="list-style-type: none"> <li>• Direct and oversee compliance with the Strategic Asset Management Policy and Provincial Asset Management Regulations.</li> <li>• Be the designated Executive Lead as identified in O. Reg 588/17.</li> </ul>
<p><b>Department Heads</b></p>	<ul style="list-style-type: none"> <li>• Oversee asset management planning activities that fall within their service area and in support of others.</li> <li>• Designate representatives to the Asset Management Working Group</li> </ul>
<p><b>Asset Management Working Group</b></p>	<ul style="list-style-type: none"> <li>• Collaborates to establish corporate asset management processes</li> <li>• Update the Strategic AM Policy</li> <li>• Prepare the annual AM progress report</li> <li>• Support asset data governance and lifecycle management</li> <li>• Manage compliance with O.Reg.588/17</li> <li>• Lead continuous improvement of the City’s AM program, improving AM practices, and addressing needs through collaboration with City departments</li> </ul>

<p><b>Finance Committee</b></p>	<ul style="list-style-type: none"> <li>• Review Strategic Asset Management Policy on an annual basis</li> <li>• Review Asset Management Plan and make recommendations to Council</li> <li>• Provide recommendations on strategy, policy and procedural development surrounding asset management</li> <li>• Act in an advisory capacity to Belleville City Council on issues specific to asset management</li> <li>• Provide Asset Management planning resource recommendations</li> <li>• Provide recommendations for stakeholder engagement strategies</li> <li>• Work with Executive Management and departmental staff to coordinate the update of the Asset Management Plan.</li> </ul>
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## 7. PRINCIPLES

### 7.1 Asset Management Plans - Relevant Documentation

All of the City of Belleville's plans rely to some extent on the physical assets owned by the Municipality and the commitment of staff to ensure their strategic use. This includes the long-term maintenance, repair, and replacement of existing assets along with the acquisition of new assets to meet the evolving needs of the Municipality. The Asset Management Plan will incorporate relevant information from other City approved plans, including but not limited to:

- Accessibility Plan
- Community Improvement Plan
- Development Charge Background Study
- Energy Conservation and Demand Management Plan
- Fire Master Plan
- Infrastructure Phasing Plan (focuses on growth)
- Loyalist Secondary Plan (forms part of Official Plan – Growth and Development Planning).
- Multi-Year Accessibility Plan
- Official Plan
- Parkland and Recreation and Master Plan
- Strategic Plan
- Transit Operational Review
- Transportation Master Plan
- Water Finance Plan
- Wet Weather and Wastewater Servicing Master Plan

## 7.2 Asset Management Goals

The City will strive to balance the following goals:

1) Provide levels of service that meet expectations and ensure a high quality of life for the community

- Define levels of service through effective communication and public engagement
- Strive to ensure that all citizens are treated equally in the manner the City delivers services and programs including provision of barrier-free access to all facilities
- Evaluate and communicate the cost of providing the service
- Quantify the impacts of decisions on service.

2) Manage risks

- Understand risk exposure
- Understand potential vulnerabilities to climate change
- Establish the organization's risk appetite
- Develop risk management strategies
- Implement appropriate condition assessment, inspection, and performance evaluation strategies for all relevant assets
- Implement appropriate climate change adaptation and mitigation strategies.

3) Demonstrate sustainable, full lifecycle planning

- Quantify and track the full lifecycle costs for assets
- Evaluate capital projects using a total lifecycle cost approach to achieve the lowest total cost of ownership
- Ensure capital and operating budgets are supported by asset management practices such as reducing the funding gap while prioritizing spending to reduce the City's risk exposure.

4) Ensuring, accountability, transparency, and engagement

- Documenting asset management business processes
- Publicizing asset management documents and ensuring they are accessible to all stakeholders
- Developing stakeholder engagement strategies to ensure internal and external stakeholders can participate, influence, and contribute to asset management initiatives, where appropriate.

### 7.3 Stakeholder Engagement

The City of Belleville recognizes the importance of stakeholder engagement as an integral component of a comprehensive asset management approach. Stakeholders include, but are not limited to, residents (both current and future generations), visitors, businesses, institutions, neighbouring and local municipalities, provincial agencies, and regulated utility partners. Accordingly, the City of Belleville will foster informed dialogue with these parties using the best available information and engage with them by:

- Providing opportunities to provide input toward asset management planning; and
- Coordinating asset management planning with other infrastructure owners such as neighbouring municipalities and regulated utility partners.

### 7.4 Governance and Continuous Improvement

The policy requires the commitment of key stakeholders within the City of Belleville's organization to ensure that the policy guides the development of a clear plan that can be implemented, reviewed, and updated.

Council is entrusted with the responsibility of overseeing, on behalf of citizens, a large range of services provided through a diverse portfolio of assets. Council, having stewardship responsibility, is the final decision maker on all matters related to asset management in the City of Belleville. Council and all City staff are committed to the success of asset management planning and will continually look to improve asset management planning, policy, and skill development. An Asset Management Working Group facilitates integration, alignment, and improvement of asset management practices with the Asset Management System.

### 7.5 Approach

Asset management decision-making will drive optimum value for the community by focusing on the "big picture". The City will therefore ensure that decisions are made collaboratively, considering all lifecycle stages, various levels of service, and the City's level of asset management maturity. Decision-making will also recognize the interconnected nature of asset systems and how decisions about one set of assets may potentially impact other assets.

### 7.6 Climate Change

Climate change will be considered as part of the City's risk management approach embedded in asset management planning. This approach to risk management includes identifying, analyzing, evaluating, and treating climate change risks, as well as ongoing consultation and review. The City will strive to address the current and potential vulnerabilities of its assets and their service delivery to the impacts of climate change through two integrated treatment strategies:

- **Mitigation:** efforts made to reduce the severity of climate change impacts by means of reducing greenhouse gas emissions into the atmosphere; and



- **Adaptation:** anticipating the current and future, negative impacts of climate change and taking actions to minimize the damage or disruptions they may cause. Achieved by means of understanding local risks and planning appropriate infrastructure upgrades, contingency funding, and emergency preparedness to allow for business continuity.

The City will aim to balance the cost to treat potential vulnerabilities to climate change hazards and other risks associated with the cost of reducing these vulnerabilities.

## 7.7 Guiding Responsibilities

- **Forward Looking:** The City will take a long-term view while considering demographic, economic, legal and regulatory, and environmental trends in the region, including climate trends.
- **Budgeting and Planning:** The City will work collaboratively with Finance to create a “living” AM Plan that better integrates planning with budgeting (enabled by the Decision Support System)
- **Prioritizing:** The City will clearly identify infrastructure priorities which will drive optimization of levels of service, risk and investment decisions.
- **Economic Development:** The City will promote economic competitiveness, productivity, job creation, and training opportunities.
- **Transparency:** The City’s decisions will be evidence-based and transparent, focused on publicly shared information.
- **Consistency:** The City will ensure the continued provision of core public services enabled by a consistent Asset Management System.
- **Environmentally Conscious:** The Municipality shall minimize the impact of infrastructure on the environment by:
  - Striving to better understand and subsequently mitigate our impacts to local ecological functions and natural species diversity as a result of asset lifecycle activities;
  - Augmenting resilience to the effects of climate change; and
  - Endeavoring to make use of renewable and/or sustainable materials such as acceptable recycled aggregates.
- **Health and Safety:** The City will ensure that the health and safety of all stakeholders is protected while delivering services and throughout the asset lifecycle (e.g., workers involved in construction, staff involved with maintenance, the community receiving services and programs).
- **Community Focused:** The City will promote community levels of service (i.e., 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:
  - Improvement of public space within the community;
  - Quality client services;
  - Promoting accessibility for persons with disabilities; and

- Local job creation and training opportunities (including apprentices, within the meaning of section 9 of the Infrastructure for Jobs and Prosperity Act, 2015);
- **Innovation:** The City will create opportunities to make use of innovative practices including information, technologies, techniques and tools, particularly where doing so will use innovations and services developed in Ontario.
- **Integration:** The City will, where relevant and appropriate, be mindful and consider the principles and content of non-binding provincial or municipal plans and strategies established under an Act or otherwise, in planning and making decisions surrounding the infrastructure that supports them.

## 7.8 Capitalization Thresholds

This policy applies to all assets owned by the City required to ensure service delivery. The service-focus intent of this policy differentiates its requirements for identifying assets from the capitalization thresholds that are developed for the purposes of financial reporting.

## 7.9 Financial Planning and Budgeting

The City will integrate asset management planning into the annual capital budget, operating budget, and long-term financial plans. The Asset Management Plan will be used as a resource to:

- Identify all potential revenues and costs (including growth, upgrade, renewal, operations, maintenance, and decommissioning) associated with infrastructure asset decisions;
- Evaluate the validity and need for each proposed new capital asset, including the impact on future operating costs and alternative funding strategies where possible; and
- Guide Service Area budget submissions that will be reviewed and evaluated by the CAO and Treasurer in the preparation of the City's annual budget. Submissions will reference the Asset Management Plan and identify any variances (e.g., deferrals) with rationale (e.g., lower anticipated funding). Finance staff will assist and coordinate the information and ensure adherence with the Budget and Financial Controls Policy.

For the purposes of managing water and wastewater assets, the related financial plans will be used as a basis for establishing user fees.