

FINANCE POLICY AND PROCEDURES MANUAL

Section:	Finance	Policy No.:	TBD
Subject:	Asset Management	By-law No.:	19-38
Issued To:	All Manual Holders	Resolution No.:	19-12-09
Issued by:	Treasury	Effective Date:	June 12, 2019

1 POLICY

- 1.1 It is the policy of the Municipality of Huron Shores to protect and enhance the quality of life of the Municipality by making the best possible decisions regarding the Municipality's assets in a way that provides targeted levels of service and manages risk in a cost-effective manner throughout the entire asset life cycle.
- 1.2 The Municipality will manage infrastructure assets in a strategic, comprehensive, organization-wide manner through an integrated business approach that relies on well-devised strategies, trained knowledgeable staff and good communication with all stakeholders to achieve desired levels of service. This requires all assets be treated as interrelated components in a unified system, rather than as isolated parts.

2 PURPOSE

- 2.1 This policy is to provide leadership and commitment to the development and implementation of the Municipality's Asset Management Program ("AMP"). It is intended to guide the consistent use of asset management across the organization, to facilitate logical and evidence-based decision-making for the management of the municipal infrastructure assets and to support the delivery of sustainable community services now and into the future.
- 2.2 Through the use of sound management practices, the Municipality will work to ensure that all municipal infrastructure assets meet expected performance levels and continue to provide desired service levels in the most efficient and effective manner. Linking service outcomes to infrastructure investment decisions will assist the Municipality in focusing on service rather than budget driven asset management approaches.
- 2.3 This policy is intended to demonstrate organization-wide commitment

to good stewardship of municipal infrastructure assets and to improve accountability and transparency to the community through the adoption of best practices regarding asset management planning.

3 SCOPE

3.1 This policy applies to the management of the Municipality's asset portfolio. The following principles will be instrumental in accomplishing the Municipality's goals:

- Forward-Looking and Sustainable – The Municipality will incorporate social, legislative, environmental and financial considerations into decisions, taking into account present and future service commitments, giving due consideration to the long-term stewardship of its assets.
- Sound Asset Information – the Municipality will collect, collate, control and circulate the right asset information, at the right time.
- Robust, Repeatable and Transparent Decision Making – The Municipality will utilize a formal but scalable, consistent and repeatable approach to manage infrastructure assets, enabling services to be provided in the most efficient and cost-effective manner.
- Whole Life Cycle Cost Perspective – The Municipality will consider the combined impact of all aspects of the asset life cycle (i.e. acquisition; operating; maintaining; renewal; and retirement). Asset acquisition will take into consideration the future operating and maintenance costs. Asset performance will be monitored throughout the asset life cycle and will be used to make recommendations on replacement timing.
- Risk-Based Perspective – The Municipality will direct resources, expenditures and priorities to achieve the agreed service outcomes and benefits, at acceptable levels of risk.

4 ROLES AND RESPONSIBILITY

4.1 The development and continuous support of the Municipality's asset management program requires a wide range of duties and responsibilities. The Asset Management Policy shall be approved by the Municipality's Council and communicated to the public.

4.2 The Municipal staff will be responsible for developing and implementing guidelines and practices to support the principles of the Asset Management Plan. This will include the identification of issues

and the development of policy updates as well as exercise stewardship of assets; adopt and implement policy and budgets as outlined below:

Role	Responsibility
Identification of issues and development of policy updates.	Council, staff, public and other agencies.
Establish Levels of service.	Council, staff, public and other agencies.
Exercise stewardship of assets, adopt policies and budgets.	Council
Implementation of policy.	Finance committee of council and staff.
Develop guidelines and practices.	Finance committee of council and staff.
On-going review of policies.	Finance committee of council and staff.

5 DEFINITIONS

- 5.1 **"Asset"** - an item, thing or entity that has potential or actual value to an organization. The value can be tangible or intangible and financial or non-financial.
- 5.2 **"Asset Life Cycle"** - set of phases through the life of an asset that characterizes the ability of the asset to meet an expected level of service and retain its identity as an asset.
- 5.3 **"Asset Management"** - an integrated approach, involving all Municipal departments, to effectively manage existing and new assets. The intent is to maximize benefit, reduce risks and provide satisfactory levels of service to the community in a sustainable manner. Good asset management practices are fundamental to achieving sustainable communities.
- 5.4 **"Asset Management Plan"** - an asset specific plan which is regularly updated to develop data-driven strategies and operational recommendations necessary to achieve objectives and service level expectations.
- 5.5 **"Capitalization Threshold"** - This is generally the minimum cost that an individual asset must have before it is to be treated as a tangible

capital asset. The threshold amount is to be used as a guide in addition to professional judgment. Further clarification is provided in the Tangible Capital Asset Policy.

- 5.6 **“Levels of Service”** – the parameters or combination of parameters that reflect social, political, economic and environmental outcomes that the Municipality delivers. Level of Service statements are intended to describe the outputs or objectives the Municipality intends to deliver to its customers.
- 5.7 **“Life Cycle Cost”** – the total cost of ownership of an asset throughout its life, including but not limited to capital costs; operating costs; maintenance costs; replacement costs; disposal costs and environmental costs.

6 REPORTING

- 6.1 The Treasurer shall report to Council on Capital Planning at the time of budgeting. The Treasurer, with input from all municipal departments, shall communicate the capital priorities for the next budget cycle. Further, the Treasurer shall report on the source of funding for the capital priorities.
- 6.2 Council shall report to the public on the status of the municipal assets and Asset Management Plan through the semi-annual newsletter and/or the municipal website.