



City of Toronto Corporate Asset Management Policy

Date: May 29, 2019
To: Executive Committee
From: City Manager and Chief Financial Officer and Treasurer
Wards: All

SUMMARY

This report presents the City of Toronto's Corporate Asset Management Policy for City Council's approval, as required by and in accordance with *Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure*.

This Corporate Asset Management Policy establishes the framework and a whole of government approach to asset management for assets owned that are managed by City Programs, Agencies and the Toronto Community Housing Corporation (TCHC) and reported as part of the City's consolidated financial statements. By adopting this policy, Council will confirm its commitment to sound, prudent stewardship of the City's infrastructure assets valued at over \$94 Billion and will fulfil the first-phase requirements of meeting Ontario Regulation 588/17.

Asset management integrates planning, finance, engineering and operations to realize value from assets, reduce risks and provide expected levels of service to the community in a socially, environmentally and economically sustainable manner. Effective asset management requires an overarching framework to establish and guide its practice so that asset management becomes central to strategic, financial and operational decision-making at all levels of the organization.

The Corporate Asset Management Policy was developed in collaboration with City Program, Agency and TCHC asset managers and policy leads. A review of national and international jurisdictions examined asset management policies, practices and governance frameworks. The findings confirmed that the asset management practices and policies of these jurisdictions were aligned to international standards similar to the policy elements outlined in Ontario Regulation 588/17, and as recommended in this policy for the City of Toronto.

The Corporate Asset Management Policy, attached as Appendix 1 to this report, provides a foundation that will support an integrated approach at the City as it develops and matures its asset management practice. The policy, which applies to all applicable City Programs, Agencies (except the Toronto Parking Authority) and the Toronto Community Housing Corporation, incorporates key principles and strategic directions

that will enhance asset management practices and ensure that asset management activities are continuously improved and integrated across the organization. The long-term outcome is to ensure the sustainability of assets and related services; optimize infrastructure investment decisions; and support reliable service delivery.

RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council adopt the Corporate Asset Management Policy set out in Appendix 1 to this Report.
2. City Council direct the City Manager to communicate the application of this policy to the Board Chairs of the City Agencies and Corporations, as set out in Schedule A to Appendix 1: Corporate Asset Management Policy.
3. City Council direct the City Manager to make available the approved Corporate Asset Management Policy to the public via a City website and to distribute copies as requested.

FINANCIAL IMPACT

Adoption of the recommended Corporate Asset Management Policy does not result in immediate financial implications. However, compliance with the legislative requirements may result in the need for an additional investment in resources corporately to establish an organization-wide practice of integrated asset management. Individual City Programs, Agencies and the TCHC may also require resources to implement and mature their respective asset management practices to ensure their asset management plans meet regulatory requirements and are based on best practices.

The costs to establish a corporate asset management function and related activities as well as the necessary requirements to establish asset management practices, processes and data for each of the asset owners, including the implementation of this policy will be assessed and reported back in time for the 2021 Budget process.

\$5.0 million was previously approved by City Council to fund the *Integrated Asset Planning and Management (IAPM)* capital project to establish a corporate asset management framework that would integrate asset lifecycle management processes with capital planning, budgeting and financial reporting processes and to define the business requirements (business case) for a capital planning, budgeting and financial reporting technology solution to replace the stand alone, obsolete, CAPTOR capital budgeting system. Implementation costs for a new technology solution will be determined with the development of the business case, planned for submission in the 2022 Budget process.

DECISION HISTORY

At its final wrap-up meeting on February 20, 2019, Budget Committee requested that the Chief Financial Officer and Treasurer continue efforts to update and improve the City's asset management policies, standards and practices and report back together with the City's asset management policy for Council's consideration and approval by July 1, 2019, as required by Provincial legislation.

BACKGROUND

In June 2011, the Province of Ontario released *'Building Together'*, its long-term infrastructure plan and strategic framework to guide investments in public infrastructure. The plan was updated in 2017 and renewed the province's commitment for investments in public infrastructure which:

- support economic growth and competitiveness;
- align public services with demographic changes; and
- ensure good stewardship of public assets.

In 2016, the Province conducted consultations with the municipal sector to help inform the proposed regulation on asset management planning. Staff from the City of Toronto provided expertise and insight during the consultation process, including an understanding of the City's capability with respect to asset management; and the critical decisions that need to be made, such as scope and application of the regulation.

In 2017 the Province enacted *Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure* (O. Reg. 588/17), under the *Infrastructure for Jobs and Prosperity Act*, to support improvements in municipal asset management.

Ontario Regulation 588/17 came into effect January 2018 and provides the authority for the Province to regulate municipal asset management planning. The Regulation facilitates asset management best practices throughout the municipal sector, provides a degree of consistency to asset management plans, and leverages asset management planning to optimize infrastructure investment decisions. The requirements of the Regulation will be phased in as follows:

- 1) **July 1, 2019:** Every municipality in Ontario must have a strategic asset management policy approved by Council. The policy is to be reviewed, and if necessary updated, at least every five years. Specific elements that the policy must address include:
 - i The municipality's goals, policies and plans that will be supported by its asset management plan;
 - ii The principles that will guide asset management planning, including the principles from section 3 of the Infrastructure for Jobs and Prosperity Act;

- iii How the asset management plan will inform the development of the budget and any long term financial plans that take into account municipal infrastructure assets;
- iv The process by which asset management planning will be aligned with any financial plans related to water and wastewater assets;
- v A process to ensure the alignment of asset management planning with Ontario's land-use planning framework;
- vi A commitment to consider, as part of asset management planning, actions that might be required to address vulnerabilities that may be caused by climate change to the municipality's infrastructure assets;
- vii The capitalization thresholds for assets included in the asset management plan;
- viii A commitment to coordinate planning for asset management with neighbouring municipalities or jointly-owned municipal bodies where infrastructure assets connect or are interrelated;
- ix A commitment to provide opportunities for residents and other interested parties to provide input into the asset management planning process;
- x The municipality's approach to continuous improvement and adoption of appropriate practices regarding asset management planning.
- xi Identification of persons responsible for asset management planning, including an Executive Lead; and
- xii An explanation of Council's involvement in asset management planning.

2) **July 1, 2021:** Approved asset management plans for core infrastructure assets (water, wastewater, storm water, roads, bridges and culverts) that will include the following information:

- Detailed inventory analysis to include: replacement cost of the assets, the average age and condition of the assets, and the approach to assessing condition of the assets.
- Current levels of service for each category of core infrastructure assets.
- Current performance of each asset category.
- A 10-year forecast of lifecycle activities to maintain current levels of services and the costs associated with those activities.
- Impacts of growth on lifecycle activities required to maintain current levels of service

3) **July 1, 2023:** Approved asset management plans for all infrastructure assets at the current levels of service including the information requirements of the Phase 1 asset plans.

4) **July 1, 2024:** Asset management plans to include proposed levels of service for each category of infrastructure assets, as well as the following additional information:

- A 10-year forecast of the proposed performance for each asset category
- Lifecycle management and financial strategy for each asset category, and

- The 10-year forecast of lifecycle activities required to achieve the proposed levels of service and the costs associated with those activities.

Additionally, the regulation requires that the strategic asset management policy and asset management plans are to be:

- endorsed by an Executive Lead;
- approved by a resolution passed by Council;
- made available to the public via the city's website and to persons who request a copy.

To adhere to these requirements, and more importantly to achieve full benefits from the practice of asset management, the City must establish a foundation for a comprehensive asset management approach. The Corporate Asset Management Policy is the first phase of the requirements of the Regulation, and provides a framework that will guide the development of related processes, policies, standards and guidelines necessary to implement an organization-wide approach to asset management.

Corporate Asset Management Policy Development Approach

The Corporate Asset Management Policy was developed using a collaborative approach, as well as being informed by jurisdictional research on asset management practices. The review examined both national and international jurisdictions for their approach to integrated asset management, including asset management policy content and structure, governance, asset management processes, and the corporate asset management function. The review confirmed that the policy components of Ontario Regulation 588/17 are based on best practices, and in all the jurisdictions examined, these best practices were outlined either in a specific policy or other supporting documents. Additionally, these jurisdictions aligned their asset management practices to international standards, such as ISO 55000.

Seven workshops were conducted between October 2018 and February 2019 with representation from City Division, Agency and TCHC staff comprising of asset managers and policy leads. Staff from other City divisions, such as City Planning, Accounting Services, the Resilience Office, and Environment and Energy also provided input on specific elements of the policy.

The recommended policy for Council's consideration is a critical foundational component in developing and guiding an integrated asset management approach for the City, and complying with the requirements of *Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure*. It incorporates key principles and a corporate framework that will provide a structure for standardization and consistency of asset management practices across the whole of Toronto's city government.

COMMENTS

Corporate Asset Management: A Whole of Government Approach

The City of Toronto manages a diverse range of infrastructure assets, with a replacement value of \$94 billion, on which it relies to deliver vital services to the community. To fulfill its obligation to the community, the City must ensure that the assets supporting these services are managed in a way that balances service levels, risks, and affordability. The long-lived nature of these assets and the need for ongoing investments in operational, maintenance, and renewal activities to ensure their reliability mean that asset planning must be based on an understanding of the lifecycle costs of the asset and become an integral part of the City's planning and budgeting decision-making process.

An integrated and whole of government approach to asset management will provide a systematic methodology that will facilitate better decision-making for infrastructure assets and enable the organization to establish a city-wide perspective, gaining a clearer understanding of asset conditions, risks and challenges, consequences of funding constraints on the levels of service that can be delivered, and the overall impact on asset lifecycles and their performance.

- **Corporate Asset Management**

Corporate Asset Management is defined as the application of asset management principles and practices at a corporate level to ensure a coordinated, consistent, effective and sustainable approach across diverse asset groups. To realize the full benefits of asset management, the principles and practices must be systematically developed, embedded and integrated across the organization, and be continuously improved. This will ensure that the asset management approach and practices are steadily engrained and will gradually align teams, processes and resources toward common asset management goals. Establishing an asset management framework will guide the development of an integrated asset management practice for the City.

- **The Asset Management Framework**

The corporate asset management framework, illustrated in Figure 1 below, represents the integrated relationship between elements of an effective asset management system.

According to best practices, the asset management system starts at the visioning/strategic level to ensure that the organization is on a clear path toward alignment and achieving its goals. With goals and priorities set, these will guide the planning process to focus on the various initiatives required to meet intended outcomes.

The City will need to integrate its land use, service and master planning to ensure that Multi-year Service Plans account for the capital assets required to support existing service levels/delivery, increased service demand and to address projected growth. In doing so, Multi-year Service Plans will be able to set out the various actions or initiatives and associated investments required to meet Council priorities and plan for the future.

from both a service(operating) and asset (capital) perspective, along with current and proposed service levels and performance targets.

Figure 1: Corporate Asset Management Framework



For the stability of a good asset management approach, it is important to establish an asset management strategy and policy. A corporate asset management strategy will outline specific actions, resources and accountabilities that cover the development and implementation of the Asset Management Plans in order to support the achievement of organizational service objectives and maximize the value of City assets.

The corporate asset management policy will play an important role in guiding the development of consistent asset management practices across the organization and asset management plans. The recommended Corporate Asset Management Policy has been developed to align with the Regulation, and incorporate industry best practices that encompass all stages of the asset lifecycle, as illustrated in Figure 1 and noted below:

- Plan
- Design/Construct/Acquire
- Operate and Maintain
- Rehabilitate
- Renewal or Disposal

Implementation of a corporate asset management policy is a critical component to the establishment of a corporate asset management framework for asset planning and management as it will inform asset and financial strategies and decision-making

regarding infrastructure investments required to meet service demand, support growth and achieve city-building objectives.

While O. Reg.588/17 has increased awareness and placed a level of urgency on the development of a corporate policy, the benefits of asset management extend beyond meeting regulatory requirements. Effective asset management has been demonstrated to support strong governance and accountability, sustainable decision-making, enhanced customer service, effective risk management, and improved financial efficiency.

The Corporate Asset Management Policy, as presented in Appendix 1 of this report, establishes the City's initial policy framework and will be revised as the City develops and matures its asset management practice and City Programs, Agencies and the TCHC have gained experience in the establishment of their respective asset management plans.

- Asset Management Plans

As required by legislation, the first asset management plans will be delivered in 2021 for the City's "core infrastructure assets" managed by Toronto Water and Transportation Services. By 2023, all other City Programs, Agencies (except Toronto Parking Authority) and the TCHC will be required to submit their respective asset management plans to City Council for approval. In all cases each asset management plan will need to include the following information:

- Detailed inventory analysis to include: replacement cost of the assets, the average age and condition of the assets, and the approach to assessing condition of the assets.
- Current levels of service for each category of infrastructure assets.
- Current performance of each asset category.
- A 10-year forecast of lifecycle activities to maintain current levels of services and the costs associated with those activities.
- Impacts of growth on lifecycle activities required to maintain current levels of service.

By 2024, all asset management plans must include:

- Proposed levels of service for each category of infrastructure assets;
- A 10-year forecast of the proposed performance for each asset category;
- Lifecycle management and financial strategy for each asset category; and,
- The 10-year forecast of lifecycle activities required to achieve the proposed levels of service and the costs associated with those activities.

Much progress has been made in completing condition audits in order to determine state of good repair needs and the backlog of work created by limited capital funding. However, many Programs and Agencies do not fulsome practices in place to provide

the comprehensive information that will be required in the first round of asset management plans by 2023, particularly as it relates to meeting current service levels and current asset performance. In order to provide this information, all assets will need to be aligned to the City's services and service levels.

By 2024, it will be expected that all City Programs, Agencies and the TCHC will be able to also identify the proposed service levels and asset performance that will result from asset investments as well as the financial strategies required to fund those asset investments. Providing this information will allow Council to make informed, strategic decisions about the assets that support the services the City will deliver to meet its priorities and outcomes.

Implementing a Whole of Government Asset Management Practice

Within the City of Toronto, asset management practices have occurred at the divisional/agency level. Although this has resulted in establishing in-depth service-specific knowledge and greater flexibility and customization of practices, it is recognized that this disparate approach may result in a duplication of effort and inconsistent practices across the organization, with limited corporate visibility into asset needs. The current approach presents challenges for short-term and long-term capital and financial planning and management.

Benefits of a whole of government approach to asset management allows for greater integration and stability in asset, capital and financial planning; better informed decision making regarding investments in assets; and enhanced collaboration on projects that involve infrastructure assets.

To optimize asset management and implement a whole of government approach, the City of Toronto will need to develop an integrated asset management strategy and practice applicable to all divisions, agencies and the TCHC. A corporate asset management approach will facilitate the development of common tools, guidelines, policies, standards, processes and provide oversight and alignment for asset management with other corporate initiatives. This will enable the City's diverse asset groups to be managed in a consistent fashion but be applied in a manner that acknowledges and accounts for City Program and Agency service-specific standards and needs.

The requirements of O. Reg. 588/17 are very comprehensive and significant work will need to be done to improve the City's asset management practices and capabilities in order to move the City along the asset management maturity scale and meet the Regulation's timeframes and requirements for asset management plans. This work will involve, among other things, a comprehensive current state assessment, an inventory of City assets by asset class and entities that currently own or manage assets on behalf of the City, establishing common asset management practices, aligning land use, service, asset and capital planning and budgeting processes and integrating asset management processes, data and systems. A key first step will be to refine asset-related information so that it can be gathered and analyzed consistently across the organization.

In order to meet the Regulation's specified time frames for Council approval of asset management plans, development of the City's corporate asset management practice will have to be undertaken concurrently with activities to ready City Programs, Agencies and the TCHC for the development of their respective asset management plans. Priority will be given to assess Toronto Water and Transportation Services asset management practices and to develop a roadmap of activities that these two Program areas can undertake to ensure they are able to meet the 2021 provincial deadline for approval of their respective asset management plans for "core infrastructure assets" (water, wastewater, storm water, roads, bridges and culverts) in accordance with the approved Corporate Asset Management Policy's principles and requirements. While both of these Programs have already initiated work within their areas, there are differing levels of asset management maturity amongst the City's asset owners.

In 2016, City Council approved \$5.0 million for the *Integrated Asset Planning and Management* capital project (IAPM) with the objective of establishing a corporate asset management framework that would integrate asset lifecycle management processes with capital planning, budgeting and financial reporting processes and to define the business requirements for a capital planning, budgeting and financial reporting technology solution to replace the stand alone, obsolete, CAPTOR capital budgeting system. Much of the effort to date has focused on the City's participation in provincial consultations on Ontario Regulation 588/17 and development of the corporate asset management framework and policy work presented here. While the Regulation has delayed progress on this project, the delay has enabled the City to ensure this project is able to deliver the legislative requirements.

The project scope includes establishing a common asset management framework, completing a current state assessment of Program, Agency and TCHC's asset management practices including the roles and responsibilities of City divisions and agencies in asset management; identifying and establishing best practices, processes and standards and support the development of asset management plans in accordance with legislative requirements. This approach will:

- Establish corporate best practices, policies and standards and identify gaps to be addressed by asset owners;
- Integrate asset lifecycle management processes, including asset inventory management; asset planning (land use, master and service planning); capital planning, budgeting and financial reporting and asset project delivery;
- Align assets with City services and service levels and establish measures to monitor asset performance; and,
- Provide business requirements to identify a capital planning and budgeting technology solution.

The project will have representation from the City asset owners: Toronto Water, Transportation Services, Solid Waste Management Services, Parks, Forestry and Recreation, Shelter, Support and Housing Administration; Facilities Management, Fleet Services; Information and Technology; Toronto Public Library; Toronto Transit Commission and Toronto Community Housing Corporation. This group will be

supported by Real Estate Services; CreateTO; Environment and Energy and Resilience Office and Accounting Services staff as well as staff from Financial Planning.

Staff will be securing third party expertise to help with this work and will be providing updates as work progresses, including revisions to the Corporate Asset Management Policy as asset management practices mature.

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ATTACHMENTS

Appendix 1: Corporate Asset Management Policy

Appendix 1 Corporate Asset Management Policy

1. BACKGROUND

The City of Toronto has a large, complex and diverse range of infrastructure assets on which it relies to deliver essential services to the community. It is important that these assets continue to meet acceptable levels of performance and support the delivery of services in a sustainable manner. The scale and criticality of the City's asset portfolio requires a systematic approach to total lifecycle asset management that allows the organization to make informed decisions, maintain vital services, and realize maximum value from its infrastructure assets.

The Corporate Asset Management Policy provides the framework to develop a whole of government asset management approach that will ensure long-term asset sustainability; demonstrate a commitment to good stewardship of the City's infrastructure assets; and support improved accountability and transparency to the community through the adoption of appropriate asset management practices.

2. PURPOSE

The purpose of this policy is to guide the development and implementation of the City of Toronto's asset management framework and asset management plans. It is intended to promote a consistent and integrated approach to asset management across the organization; facilitate logical and evidence-based decision-making for the management of infrastructure assets, and support the delivery of sustainable community services now and in the future.

3. DEFINITIONS

For the purposes of this policy, the following definitions apply:

Act: The Infrastructure for Jobs and Prosperity Act, 2015.

Asset: Tangible assets that are purchased, constructed, developed or otherwise acquired for use in the delivery of services.

Asset Management: A business practice that integrates planning, finance, engineering and operations to effectively manage existing and new assets to realize value, reduce risk and provide satisfactory levels of service to community users in a socially, environmentally and economically sustainable manner.

Asset Management Plan (AMP): A long-term plan developed for the management of physical assets that at a minimum complies with the requirements of the Act and the Regulation, and details the characteristics and conditions of the assets, the levels of service expected from the assets, financing and other strategies, and planned actions over the lifecycle of the assets to ensure assets are providing a specified level of service in the most cost-effective manner.

Asset Management Policy: High-level statement of the principles and mandated requirements for undertaking asset management across the organization in an integrated, systematic and coordinated manner that complies with the requirements of the Act and the Regulation.

Asset Management Strategy: The high level long-term approach to asset management, including asset management action plans, and objectives for managing the assets.

Asset Management System: The complete set of interrelated and interacting elements, including the asset management policy, the asset management strategy, processes, tools, data and other resources required to achieve asset management goals.

Capitalization Threshold: The value of a municipal infrastructure asset at or above which the city will capitalize the value of the asset and below which it will expense the value of it.

City Agencies: For the purpose of this policy, the Service and Community-based Agencies established by the City under the City of Toronto Act, 2006 as set out in Schedule A and as amended from time to time.

City Corporations: All wholly-owned corporations established by City Council in accordance with the Business Corporations Act (Ontario).

Corporate Asset Management: The application of asset management principles, standards, policies and practices on a corporate level to ensure a coordinated, consistent, effective and organizationally sustainable approach across diverse asset groups.

Green Infrastructure Asset: An infrastructure asset consisting of natural or human-made elements that provide ecological and hydrological functions and processes and includes natural heritage features and systems, parklands, storm-water management systems, street trees, urban forests, natural channels, permeable surfaces and green roofs.

Level of Service: The condition and performance standard for a particular asset against which service performance may be measured.

Lifecycle: The time interval that commences with the identification of the need for an asset and terminates with the disposal of the asset.

Lifecycle Activities: Activities undertaken with respect to an asset over its service life, including planning, constructing, operating and maintaining, renewing, and decommissioning, and all engineering and design work associated with those activities.

Lifecycle Cost: The total cost of an asset throughout its useful life, including capital costs, operating and maintenance costs, rehabilitation, renewal and disposal costs.

Regulation: Ontario Regulation 588/17 made under the Act.

4. SCOPE

This policy applies to the lifecycle management activities of municipal infrastructure assets that are owned and/or controlled by the City of Toronto for the provision of services. Some of these City-owned assets maybe managed solely by the City, or by an agency or corporation of the City, or a combination of the above. This policy may also be used for third-party assets that the City has a significant interest in.

The policy applies to all physical assets, including but not limited to infrastructure asset classes categorized as follows:

- Buildings and building improvements
- Machinery and equipment
- Water, wastewater and stormwater linear
- Roads linear
- Transit
- Vehicles
- Land and land improvements

5. ASSET MANAGEMENT VISION AND GOALS

The asset management vision and goals are consistent with Council's emphasis on effective stewardship of the City resources and assets and fiscal sustainability.

5.1 Vision

To ensure the sustainability of municipal services through the effective stewardship of assets and the management of risk, while optimizing asset value.

5.2 Goals

To provide a framework and principles for asset planning and management that will:

- Ensure legislative requirements for asset management are achieved.
- Optimize asset life-cycle costs while achieving defined levels of service.

- Continually seek opportunities for improving efficiencies in operations, maintenance and asset renewal practices.
- Foster an environment where staff across the organization are integral in the overall management of assets through training and development of asset management knowledge and competencies.
- Ensure existing and future asset needs are prioritized.
- Link infrastructure investment decisions to service outcomes.
- Improve decision-making, accountability and transparency.

6. ASSET MANAGEMENT PRINCIPLES

6.1 Key Principles

The following principles will guide asset management planning and decision-making related to infrastructure assets: The City will:

Holistic

Take a comprehensive approach that looks at all assets and considers the interrelationships and the combined impact of managing all aspects of the asset life cycle.

Systematic

Adopt a formal, consistent and methodical approach to the management of assets that will ensure services are provided in the most effective manner.

Sustainable

Manage assets to achieve sustainable service delivery that can meet future challenges, including changing demographics, legislative requirements, technological and environmental factors, and climate change.

Integrated

Consider assets in a larger service delivery context and integrate corporate, business, technical, financial and budgetary planning for all asset classes.

Risk-Based

Assess risks related to assets and the City's ability to mitigate risks through appropriate strategies.

Continual Improvement and Innovation

Continually improve asset management practices, by driving innovation in the development of processes, tools, techniques, and strategies.

The City shall also consider the following principles as required by the Act and the Regulation when making decisions regarding asset management. Infrastructure planning and Investment should:

1. Take a long-term view, and decision-makers should take into account the needs of citizens by being mindful of, among other things, demographic and economic trends.
2. Take into account any applicable budgets or fiscal plans, such as fiscal plans released under the following:
 - i Budgets adopted under Part VII of the City of Toronto Act, 2006.
3. Clearly identify infrastructure priorities in order to better inform investment decisions regarding infrastructure.
4. Ensure the continued provision of core public services, such as health care and education.
5. Promote economic competitiveness, productivity, job creation and training opportunities.
6. Ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
7. Foster innovation by creating opportunities to make use of innovative technologies, services and practices, particularly where doing so would utilize technology, techniques and practices developed in Ontario.
8. Be evidence based and transparent, and, subject to any restrictions or prohibitions under an Act or otherwise by law on the collection, use or disclosure of information:
 - i Investment decisions respecting infrastructure should be made on the basis of information that is either publicly available or is made available to the public; and
 - ii Information with implications for infrastructure planning should be shared between the City and broader public sector entities, and should factor into investment decisions respecting infrastructure.
9. Promote accessibility for persons with disabilities.
10. Minimize the impact of infrastructure on the environment and respect and help maintain ecological and biological diversity, and infrastructure should be designed to be resilient to the effects of climate change.
11. Endeavour to make use of acceptable recycled aggregates.
12. Promote community 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:
 - i Local job creation and training opportunities;
 - ii Improvement of public space within the community; and

- iii Any specific benefits identified by the community.
13. Where provincial or municipal plans or strategies have been established in Ontario, under an Act or otherwise, but do not bind or apply to the City, the City should nevertheless be mindful of those plans and strategies and make investment decisions respecting infrastructure that support them, to the extent that they are relevant and appropriate.

7. CORPORATE ASSET MANAGEMENT FRAMEWORK

The City will adopt and implement a Corporate Asset Management Framework to facilitate a coordinated approach to the management of all infrastructure assets essential for service delivery. The Framework, as illustrated in **Figure 1**, represents the integrated relationship between elements of an effective asset management system, and provides a structure for standardization and consistency of asset management practices across the organization.

Figure 1: Corporate Asset Management Framework



The elements of the framework together with related policies, plans, strategies and appropriate technologies will provide a robust foundation for the implementation of asset management in accordance with the principles and concepts outlined in this policy.

8. POLICY STATEMENT

The following policy directions shall be embedded into the City's asset management practices and will guide the development of asset management strategies and plans.

8.1 Asset Planning and Strategic Alignment

8.1.1 The City will take an evidence-based approach to infrastructure investment decisions, including acquisition, renewal, maintenance and disposal, by considering the total lifecycle costs of assets and ensuring an appropriate balance between the acquisitions of new assets and maintaining the existing asset base.

8.1.2 Asset management planning will not occur in isolation from other City goals, plans, and policies. An integrated approach will be followed to develop asset management plans that foster alignment with City documents such as:

- i Strategic Plan
- ii The Official Plan
- iii The Long Term Financial Plan
- iv Capital Plan
- v Climate Mitigation Strategy
- vi Resilience Strategy
- vii Master Plans
- viii Service Plans

8.1.3 Asset management will be an integral element of Council's planning, budgeting and reporting frameworks. The City will integrate information from the asset management plans into its financial planning and budgeting strategies and processes.

8.1.4 The City will ensure that all asset management planning is aligned with financial plans related to wastewater assets, and water assets including any financial plans prepared under the *Safe Drinking Water Act, 2002*.

8.1.5 The City will align all asset management planning with the City's Official Plan and with the Province of Ontario's land use planning framework, including the *Provincial Policy Statement (2014)*, the *Growth Plan for the Greater Golden Horseshoe (2017)* and any other provincial plans as defined in the *Planning Act*.

- 8.1.6 The City will consider, as part of its asset management planning, risks and vulnerabilities and the impact of climate change on its municipal infrastructure assets and relevant adaptation and mitigation actions including:
- i The actions that may be required to address risks and vulnerabilities in respect of such matters as:
 - Operations, such as increased maintenance schedules;
 - Levels of service; and
 - Lifecycle management
 - ii The anticipated costs that could arise from these risks and vulnerabilities;
 - iii Adaptation opportunities that may be undertaken to manage these risks and vulnerabilities;
 - iv Mitigation approaches to climate change, such as greenhouse gas emission reduction goals and targets; and
 - v Disaster planning and contingency funding.
- 8.1.7 The City recognizes stakeholder engagement as an integral part of its asset management approach and will:
- i Provide opportunities for residents and other stakeholders to have input in asset management planning, wherever and whenever feasible; and
 - ii Coordinate asset management planning for interrelated municipal infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies, wherever viable and beneficial.

8.2 Asset Management Plans

- 8.2.1 Asset management plans will be developed for all infrastructure assets owned and, or controlled by the City of Toronto. The asset management plans will be developed in accordance with the Act and the Regulation.
- 8.2.2 Asset management plans will be consistent with the City's Official Plan and will reflect how and where the City is growing.
- 8.2.3 Asset management plans will incorporate all assets that meet the capitalization threshold as well as assets below the capitalization threshold that, based upon professional judgement, are critical to service delivery and should be included in the plan.
- 8.2.4 Asset management plans will be updated in accordance with the dates outlined in the Regulation, and at least every five years thereafter.

8.3 Continuous Improvement and Reporting Requirements

8.3.1 The City will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:

- i. Comprehensive and Accurate Asset Data
- ii. Condition Assessment Standards and Protocols
- iii. Risk and Criticality Models
- iv. Lifecycle Management
- v. Financial Strategy Development
- vi. Service Levels and Performance

8.3.2 The City will develop meaningful performance metrics and reporting tools to transparently communicate the current state of asset management to Council and the community.

8.3.3 The asset management plans, and progress made on the plans will be considered annually as part of the City's budget process.

8.3.4 The review of asset management planning progress must be reported to Council on or before July 1 in each year. The annual review must address at a minimum:

- i. The City's progress in implementing its asset management plan;
- ii. Any factors impeding the City's ability to implement its asset management plan; and
- iii. A strategy to address the identified factors.

9. ROLES AND RESPONSIBILITIES

The development and continuous support of the City's asset management function requires a collaborative and integrated approach across the whole of City government. The asset management roles and responsibilities are summarized below:

Council

- Approve the asset management policy by a resolution passed by City Council.
- Approve asset management strategies and plans, as required.
- Establish priorities and articulate strategic direction for corporate asset management to the City's Administration.
- Approve asset funding through the annual budget process.

Executive Lead

- Endorse the corporate asset management policy and asset management plans.
- Provide organization-wide leadership in asset management practices and concepts, including implementation of the Asset Management Policy and Asset Management Strategy.
- Communicate the vision and goals of asset management at a corporate level, and provide the guidance necessary to ensure alignment and integration across the organization.
- Promote and raise awareness of asset management to Council, staff and other stakeholders.
- Ensure organization-wide accountability mechanisms for achieving corporate asset management goals and priorities.
- Maintain the necessary corporate capacity (including, but not limited to, resourcing, financial support, staff competencies, business processes, data and integrated information systems) to support the implementation and best practices of asset management.
- Track, analyze and report on a City wide basis asset management implementation and continuous improvement progress.
- Direct/facilitate the review and update of the Corporate Asset Management Policy and Asset Management Plans.

Division Heads

- Provide senior support for asset management and ensure alignment of asset management plans and strategies with City objectives and plans.
- Provide input and direction to corporate asset management strategies and work plans to ensure consistency with other corporate initiatives.
- Track, analyze and report on asset management implementation and continuous improvement progress for assets within the division's portfolio.
- Champion asset management practices and collaboration across the organization.

Agency and Corporation Heads

- Provide senior support for asset management and ensure alignment of asset management plans and strategies with City, Agency and/or Corporation objectives and plans.

- Provide input and direction to corporate asset management strategies and work plans to ensure consistency with other City, Agency and/or Corporation initiatives.
- Track, analyze and report on asset management implementation and continuous improvement progress for assets within the agency's or corporation portfolio.
- Champion asset management practices and collaboration across the Agency or Corporation.

10. REVIEW PERIOD

This Policy will be reviewed and updated in alignment with the dates outlined in the Regulation for the preparation of Asset Management Plans; 2021, 2023, 2024, and every five years thereafter.

REFERENCES

- Ontario Regulation 588/17 – Asset Management Planning for Municipal Infrastructure
- Infrastructure for Jobs and Prosperity Act, 2015

CONTACT INFORMATION

Executive Lead
Chris Murray, City Manager

Schedule A

City Agencies and Corporations That Are In Scope For Asset Management Policy

Wholly-Owned Corporations

Toronto Community Housing Corporation

Service Agencies

Exhibition Place

Toronto Police Service

Toronto Public Library

Toronto Transit Commission

Toronto Zoo

TO Live

Yonge-Dundas Square