



City of Toronto Corporate Asset Management Policy

Policy Number	CAM-001
Adopted by Council	June 19, 2019
Effective Date	July 1, 2019
Next Review	2021

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