

**SUBJECT: CORPORATE ASSET MANAGEMENT**

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1. POLICY BACKGROUND

The Town of Ajax owns and operates over \$1.2 billion in assets which service the needs of residents, local businesses and visitors to the Town. These municipal assets contribute to community health, wellness, satisfaction, long-term prosperity and growth. An integral component of ensuring reliable service is creating an effective approach to managing existing and future municipal assets. Effective asset management aims to manage assets utilizing a strategic framework that aligns municipal assets and balances the levels of service objectives, risk, and cost effectiveness throughout the entire asset lifecycle.

The Town produced its first Corporate Asset Management Plan in 2016, which provided an overview of the Town's core assets and established a baseline on which Ajax has continued to build. In 2015, the Ontario Government passed the Infrastructure for Jobs and Prosperity Act, 2015. There is a provision in this Act for introducing an Asset Management Regulation. On December 27, 2017 Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure became law under the Act.

2. POLICY STATEMENT

This Corporate Asset Management Policy details the principles and general framework for a consistent and coordinated approach to the management of Municipal assets in order to meet approved levels of service, ensure long-term sustainability, to demonstrate fiscal responsibility and to establish an evidence based decision making framework to guide asset investment decisions.

3. DEFINITION OF TERMS

For uniformity, terminology in all corporate asset management documents shall be consistent with the definitions in the Infrastructure for Jobs and Prosperity Act, 2015, Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure and with ISO 55000:2014(E) – International Standard for Asset Management.

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

Asset	An item, thing or entity that has potential or actual value to an organization. (ISO 55000) <i>Note: Value is the importance, worth, or usefulness of something. Potential value is the value of the asset that is contingent on the occurrence of stated assumptions.</i>
Asset Management	Coordinated activity of an organization to realize value from assets. (ISO 55000)
Asset Management Plan	Documented information that specifies the activities, resources, and timescales required for an individual asset, or a grouping of assets, to achieve the organization's asset management objectives. (ISO 55000)
Asset Management System	The people, processes, tools and other resources involved in the delivery of asset management. (ISO 55000)
Asset System	Set of assets that interact or are interrelated. (ISO 55000)
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. (ISO 55000)
Lifecycle	Stages involved in the management of an asset. (ISO 55000)
Lifecycle Activities	Activities undertaken with respect to a municipal infrastructure asset over its service life, including constructing, maintaining, renewing, operating and decommissioning, and all engineering and design work associated with those activities. (O.Reg.588/17)
Level of Service	Parameters or a combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers. Parameters can include, but are not limited to, safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environmental acceptability, cost and availability. (ISO 55000)
Municipal Infrastructure Asset	An infrastructure asset, including a green infrastructure asset, directly owned by a municipality or

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included on the consolidated financial statements of a municipality, but does not include an infrastructure asset that is managed by a joint municipal water board. (O.Reg.588/17)

Service Life

The total period during which a municipal infrastructure asset is in use or is available to be used. (O.Reg.588/17)

4 ASSET MANAGEMENT MISSION, GOALS AND GUIDING PRINCIPLES

4.1 Asset Management Mission

Our mission is to protect and enhance the quality of life in Ajax by making the best possible decisions regarding our assets in a way that provides targeted levels of service and manages risk in a cost-effective manner throughout the entire asset lifecycle.

4.2 Asset Management Goals

- Provide approved levels of service that meet expectations and ensure a high quality of life for the community through:
 - Defining levels of service in consultation with stakeholders;
 - Evaluating and communicating the cost of providing the service;
 - Quantifying the impacts of decisions on service; and
 - Measure and report on actual levels of service achieved for each service area.

- Managing risks through:
 - Understanding risk exposure;
 - Integration of risks associated with climate change;
 - Establishing the organization’s risk tolerance;
 - Developing risk management guidelines; and
 - Implementing appropriate condition assessment, inspection, and performance evaluation guidelines for all relevant assets.

- Demonstrating sustainable, full lifecycle planning through:
 - Quantifying and tracking the full lifecycle costs for existing and new assets; and
 - Ensuring that budget decisions are informed by asset management data.

- Ensuring accountability, transparency and engagement through:
 - Documenting asset management business processes;
 - Publicizing asset management documents such that they are accessible to all

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- stakeholders;
- Developing stakeholder engagement strategies to ensure that internal and external stakeholders are able to participate, influence, and contribute to asset management initiatives, where appropriate; and
 - Provide documentation of evidence based decision making to internal stakeholders.

4.3 Guiding Principles

The Town of Ajax strives to provide exceptional municipal service and value. Asset management principles can be drawn from Section 5 “Asset management plans, current levels of service” and Section 6 “Asset management plans, proposed levels of service” of the regulation. These principles will be considered as possible inputs to be adapted to the local context in Ajax’s asset management plan.

Customer focused: The Town of Ajax will have clearly defined levels of service and apply asset management practices to maintain the confidence of customers in how Town assets are managed.

Service focused: The Town of Ajax will consider all the assets in a service context and take into account their interrelationships as opposed to optimizing individual assets in isolation.

Community focused: The Town of Ajax shall 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:

- Local job creation and training opportunities (including for apprentices, within the meaning of section 9 of the Infrastructure for Jobs and Prosperity Act, 2015);
- Improvement of public space within the community; and
- Promoting accessibility for persons with disabilities.

Risk-based: The Town of Ajax will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit, recognizing that public safety is the priority.

Value-based: The Town of Ajax will choose practices, interventions and operations that aim at reducing the lifecycle cost of asset ownership, while satisfying agreed levels of service. Decisions are based on balancing service levels, risks, and costs.

Forward looking: The Town of Ajax shall take a long-term view while considering demographic and economic trends in the region.

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Budgeting and planning: The Town of Ajax shall take into account any applicable budgets or fiscal plans, such as fiscal plans released under the following:

- Fiscal Transparency and Accountability Act, 2004; and
- Budgets adopted under Part VII of the Municipal Act, 2001

Prioritizing: The Town of Ajax shall clearly identify infrastructure priorities which will drive investment decisions.

Economic development: The Town of Ajax shall promote economic competitiveness, productivity, job creation, and training opportunities.

Transparency: The Town of Ajax shall be evidence-based and transparent. Additionally, subject to any prohibitions under an Act or otherwise by law on the collection, use, or disclosure of information, the Town shall:

- Make decisions with respect to infrastructure based on information that is publicly available or made available to the public; and
- Share information with implications on infrastructure and investment decisions with the Government and broader public sector entities.

Consistency: The Town of Ajax shall ensure the continued provision of core public services, such as public works and recreation.

Environmentally conscious: The Town of Ajax shall minimize the impact of infrastructure on the environment by:

- Respecting and helping maintain ecological and biological diversity;
- Augmenting resilience to the effects of climate change; and
- Endeavouring to make use of acceptable recycled aggregates.

Health and safety: The Town of Ajax shall ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.

Innovation: The Town of Ajax shall create opportunities to make use of innovative technologies, services, and practices, particularly where doing so would utilize technology, techniques, and practices developed in Ontario.

Integration: The Town of Ajax shall 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.

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5 ASSET MANAGEMENT SYSTEM

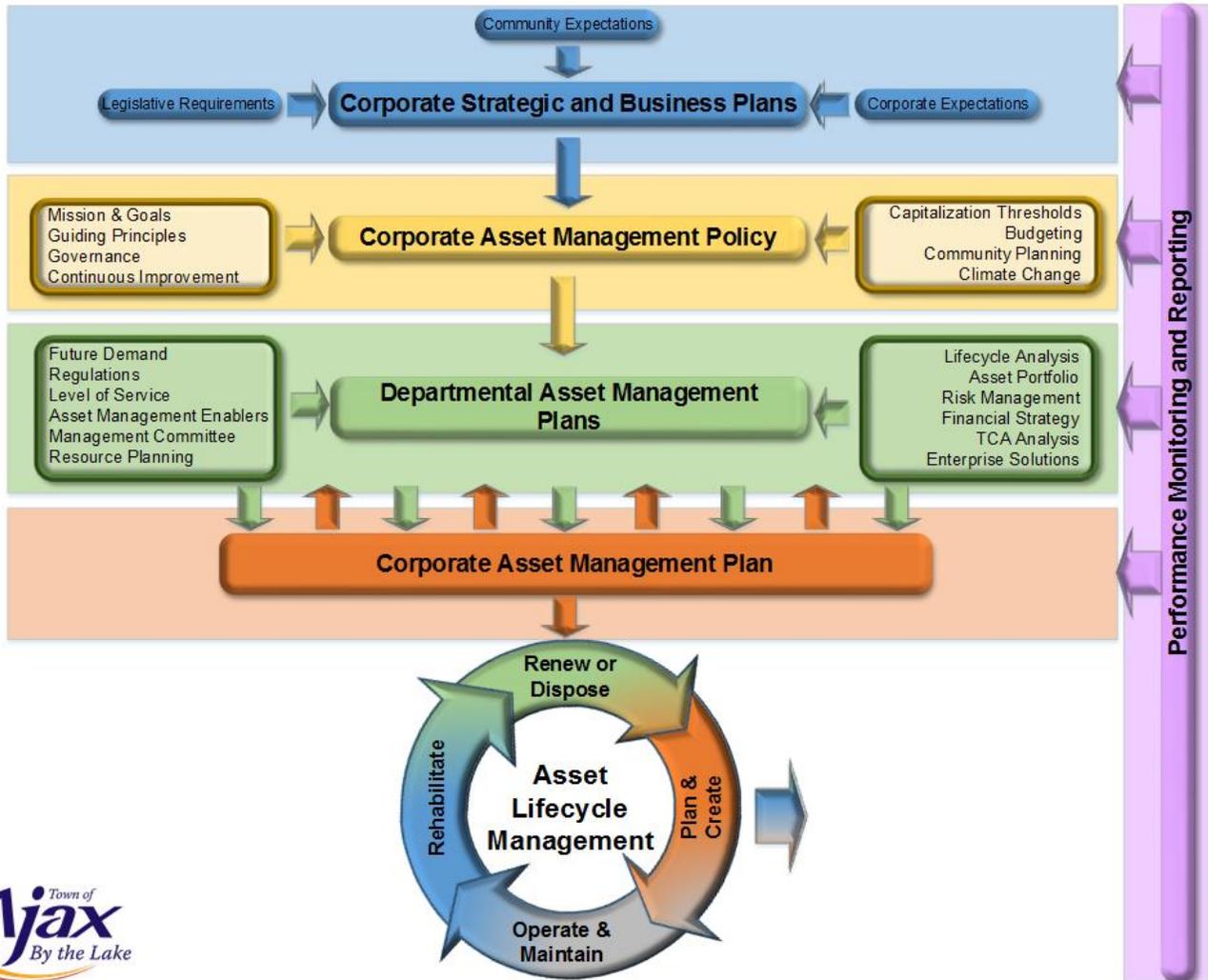
5.1 Components of the Asset Management System

The Town's asset management system can be categorized into the key functions shown within **Figure 1. The Asset Management Process**. The asset management system includes:

- **Corporate Strategic and Business Plans:** The corporate strategic and business plans developed through balancing community expectations, corporate expectations and legislative requirements;
- **Corporate Asset Management Policy:** The asset management policy that governs the asset management process;
- **Asset Lifecycle Management Processes:** The processes used throughout the lifecycle of an asset to ensure that each asset reaches its full useful life;
- **Departmental Asset Management Plans:** The asset management plan pertaining to the individual departments areas of expertise; and
- **Corporate Asset Management Plan:** The corporate level plan that combines the individual departmental plans.

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Figure 1. The Asset Management Process

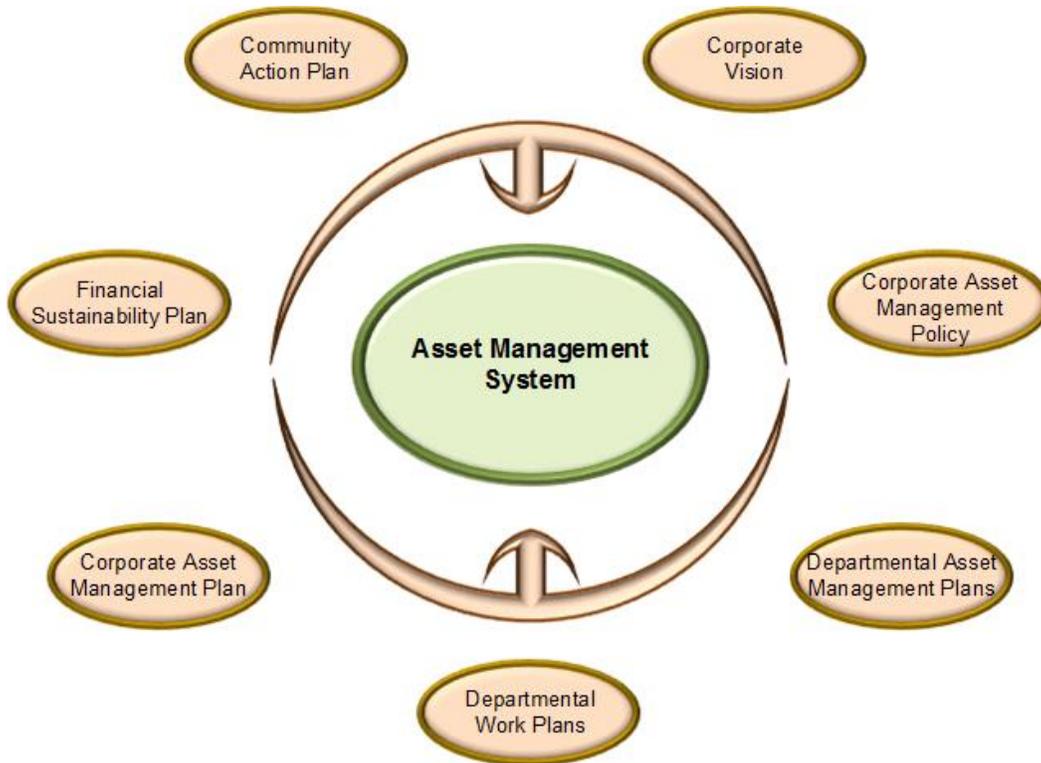


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5.2 Key Documents in the Asset Management System

The Asset Management System will incorporate the development and implementation of several documents. The key documents within the Town's asset management system are shown in **Figure 2**, and described in sections **5.2.1** to **5.2.3**

Figure 2. Key Documents in the Asset Management System



5.2.1 Corporate Asset Management Policy

The Corporate Asset Management Policy shall be the guiding document that provides an overall direction for the asset management system, playing a critical role in directing the development of consistent asset management practices. Its purpose is to establish the key principles, overall mission and goals for the program, and be guided by the Community Action Plan.

5.2.2 Corporate Asset Management Plan

The Corporate Asset Management Plan shall detail the planned asset management programs at a corporate level to allow the Town to understand and aim for desired levels of service, the asset portfolio's capability to meet those requirements and to achieve the organization's asset management objectives. This and subsequent plans shall be developed to meet the

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requirements of Ontario Regulation 588/17, will be developed based on consideration of principles outlined under section 3 of the Infrastructure for Jobs and Prosperity Act, 2015, and be informed by:

- A clear understanding of current asset condition and future needs and costs;
- An understanding of the impacts of existing levels of service vs desired levels of service;
- An evaluation and acceptance of the risks along with the Town’s ability to mitigate risks relating to assets, including emergency management planning and contingency planning;
- Applicable accessibility standards and other related standards or legislation;
- Population growth and changing demographics;
- Studying climate change impacts and the adaptation and mitigation techniques; and
- Ontario’s land-use planning framework, including any relevant policy statements issued under subsection 3 (1) of the *Planning Act*, any provincial plans as defined in the *Planning Act* and the municipality’s official plan.

The Corporate Asset Management Plan shall identify lifecycle activities to be undertaken for at least the ten years following the preparation of that plan or update, taking into consideration current levels of service, risk and the financial strategy. Asset management plans are to be updated at least five years after the year in which the plan is completed and at least every five years thereafter.

5.2.3 Departmental Asset Management Plans

Departmental Asset Management Plans shall be detailed, focused plans developed through a partnership with the individual departments who manage all aspects of the asset lifecycles and services under their portfolio. These focused plans shall further refine the Corporate Asset Management Plan allowing for a targeted plan that best supports the functions, service level demands, and projected needs for that departmental asset system. The departmental asset management plans will detail capital budget needs by identifying specific projects that will inform the Town’s long range capital forecast.

6 PERIODIC REVIEW

The policy is to be reviewed by the Asset Management Steering Committee in the year following each Municipal election and following any changes in regulatory requirements, or updates to the Community Action Plan. Town Staff shall report to Council on the state of infrastructure and current needs annually.

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7 ROLES AND RESPONSIBILITIES

7.1 Council

- Approve by Council resolution, the Corporate Asset Management Policy as proposed by the Asset Management Section and its updates as required;
- Approve by Council resolution, the Corporate Asset Management Plan as proposed by the Asset Management Section and its updates at least every 5 years;
- Serve as representatives of stakeholder and community needs;
- Approve funding for both capital and operating budgets associated with Asset Management through the annual budget; and
- Review the annual report on asset management progress provided by the Asset Management Section.

7.2 Senior Management Team

- Communicate the vision of asset management at a corporate level, encourage engagement with the processes, and provide the guidance necessary to ensure alignment and integration across the organization;
- Review, provide direction and endorse the Corporate Asset Management Plan as proposed by the Asset Management Section;
- Review and endorse the Corporate Asset Management Policy as proposed by the Asset Management Steering Committee;
- Review and provide input into documents and guidelines proposed by the Asset Management Steering Committee; and
- Participate in the process of aligning the corporate asset management plan with corporate strategies, plans and objectives.

7.3 Corporate Asset Management Steering Committee

- Provide support at the department level for asset management;
- Coordinate financial, strategic planning, information technology and asset management activity;
- Establish policies and practices that ensure uniformity of approach across the corporation;
- Foster collaborative information sharing across departments;
- Provide a pool of corporate asset management subject matter expertise that can build capability in areas of lesser experience;
- Provide input to Asset Management work plans to ensure consistency with other initiatives;
- Establish and peer review asset management policies, practices, plans, and other related documents;

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- Communicate Steering Committee information within their department where necessary;
- Champion the asset management process within the respective department;
- Ensure corporate-wide accountability for achieving and reviewing corporate asset management goals and objectives;
- Coordinate with other related steering committees where required; and
- Support the effective implementation of corporate asset management initiatives.

7.4 Asset Management Section

- Liaise with other departments in service areas relating to asset management, including convening asset management teams (specific to each service area), and ensuring project work is consistent with asset management objectives;
- Liaise with external stakeholders in relation to asset management matters;
- Coordinate the development of Corporate and departmental asset management plans and facilitate peer reviews;
- Coordinate asset management improvement programs including writing briefs for asset management improvement projects and preparing, monitoring and reporting on the overall asset management planning budgets;
- Lead the development of asset inventories, condition assessments, risk assessments and related asset management initiatives in line with industry best practices;
- Work with Information Technology staff to ensure systems development and functionality meets asset management needs; and
- Continuous improvement of the Town's Asset Management capabilities.

7.5 Asset Management Departmental Working Groups and External Service Providers

- Provide input on needs of department, current status of assets, and current levels of service;
- Participate in the development of the Asset Management Work Plans pertaining to their areas of expertise;
- Collect asset management data related to their areas of expertise;
- Develop Capital and Operating budgets based on departmental asset management information; and
- Participate in the regular review of departmental data, and asset management tools to ensure continued relevance and applicability.

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7.6 Residents, Stakeholders and Customers

- Participate in public information sessions, and stakeholder engagement initiatives, where possible;
- Provide feedback related to levels of service, service experience, and service expectations; and
- Notify the Town, via appropriate means, when service deficiencies or failures are observed.

8 CAPITALIZATION THRESHOLDS

The Corporate Asset Management Policy applies to all assets managed by the corporation but may be subject to the capitalization threshold set out in the Tangible Capital Asset policy. The service rendered by an individual asset or pooled asset together with the capitalization threshold, will be the determining factor of whether or not to include it in asset management plans.

9 BUDGETING

The Town of Ajax will integrate findings from the Corporate Asset Management Plan and the departmental asset management plans into its long-term financial planning and budgeting processes. The financial strategy included in the asset management plans will be completed by a multi-disciplinary team that will include representatives from finance and the departmental working groups.

The corporate asset management plan will be referenced by the service area personnel in the preparation of budget submissions to help:

- Identify all potential costs (including operating, maintenance, replacement, and decommission) associated with forthcoming infrastructure asset decisions;
- Evaluate the validity and need of each significant new capital asset, including considering the impact on future lifecycle costs;
- Consider new revenue tools; and
- Optimize funding strategies where possible.

The department level budget submission prepared by each business unit will be evaluated by the Management Committee in the preparation of the municipality's annual budget.

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10 CONTINUOUS IMPROVEMENT

Council's annual asset management reviews are the basis of the Town's approach for continually improving its methods and adopting appropriate practices. The annual review will be completed in consultation with the Asset Management Steering Committee. It will include:

- Progress on ongoing efforts to implement the Corporate Asset Management Plan;
- Consideration of updates to the asset management policy;
- Any factors affecting the ability of the Town to implement its Corporate Asset Management Plan;
- Consultation with department asset management working group; and
- Results of the annual review will inform changes to the Town's asset management process.

11 COMMUNITY PLANNING

Asset management planning will be aligned with the Town of Ajax Official Plan. The Corporate Asset Management Plan will reflect how the community is projected to change and the related asset impacts. The Town will achieve this with the following:

- Those responsible for managing services impacted by development or redevelopment will:
 - Be consulted while the community plan is being prepared;
 - Provide input to the analysis of future servicing costs; and
 - Provide written comment about the financial viability of development as it pertains to the service they manage.

Methods, assumptions, and data used in the selection of development or redevelopment initiatives documented in the community plan will be available in support of the production of asset management plans.

Planning Act Policy Statement

3 (1) The Minister, or the Minister together with any other minister of the Crown, may from time to time issue policy statements that have been approved by the Lieutenant Governor in Council on matters relating to municipal planning that in the opinion of the Minister are of provincial interest. R.S.O. 1990, c. P.13, s. 3 (1).

12 CLIMATE CHANGE

The Town of Ajax commits to the development of tailored actions that make the best use of its resources to mitigate and adapt to climate change. These actions that will go beyond acquiring or modifying assets based on greenhouse gas reduction targets and risk exposure. Bolstering resilience to climate change in Ajax also means modifying the scope of current operations, anticipating possible costs to support contingency funds, leveraging alternative funding

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mechanisms, integrating the disaster response perspective to planning, and revising levels of service. The Town of Ajax will tailor these actions by striking a balance between its organizational capacity, financial and stakeholder support, and the local risks and vulnerabilities related to climate change. The asset management plan will encompass this sustainable approach to climate change mitigation and adaptation.

13 STAKEHOLDER ENGAGEMENT

The Town of Ajax recognizes the residents, businesses, institutions within Ajax as stakeholders and neighboring municipalities, provincial agencies, and regulated utilities as partners in service delivery. Accordingly, the Town will foster informed dialogue with these parties using the best available information and engage with them by:

- Providing opportunities for residents and other stakeholders served by the Town to provide input in asset management planning; and
- Coordinating asset management planning with other infrastructure asset owning agencies such as municipalities and regulated utilities.