SECTION:	ASSET MANAGEMENT
DEPARTMENT/DIVISION:	INFRASTRUCTURE & OPERATIONS
SUBJECT:	**STRATEGIC ASSET MANAGEMENT**

POLICY STATEMENT

The City of Thunder Bay is committed to developing and implementing a corporate wide Asset Management Program in compliance with Ontario Regulation 588/17(O. Reg. 588/17), Asset Management Planning for Municipal Infrastructure, under the *Infrastructure for Jobs and Prosperity Act, 2015*. The program will promote informed infrastructure investment decisions based on sound asset management practices and will include social, environmental and economic considerations.

PURPOSE

The purpose of this policy is to provide leadership in and commitment to the development and implementation of the City's asset management program. It is intended to guide the consistent use of **Asset Management (AM)** across the organization, to facilitate logical and evidence-based decision-making for the management of **Municipal Infrastructure Assets** and to support the delivery of sustainable community services now and in the future as the City focuses on smart growth. The AM Program will support sustainable growth by planning, maintaining and evolving in a way that facilitates development and revitalization while managing lifecycle costs and affordability. This policy demonstrates an organization-wide commitment to the good stewardship of municipal infrastructure assets and to improved accountability and transparency to the community through the adoption of best practices in asset management.

BACKGROUND

The City is responsible for providing a range of services to the community including reliable transportation services for the movement of people and goods, safe drinking water, environmentally safe collection and treatment of wastewater and stormwater, safe and functional public facilities, and recreation programs and opportunities, among many others. To deliver these services it owns and manages a diverse portfolio of municipal infrastructure assets that includes roads, sidewalks, bridges, culverts, watermains, treatment plants and pump stations, sanitary and storm sewer services, facilities and parks, as well as an extensive inventory of equipment and fleet. As the social, economic and environmental well-being of the community depends on the reliable performance of these municipal infrastructure assets it is critical to implement a systematic, sustainable approach to their management. An asset management approach allows organizations to make informed decisions regarding the planning, building, operating, maintaining, renewing, replacing and disposing of municipal infrastructure assets through a wide range of **Lifecycle Activities**. As the City focuses on growth, having an asset management plan is crucial to understanding the impacts of development and making informed decisions.

ALIGNMENT WITH THE MUNICIPALITY'S STRATEGIC DIRECTIONS

The Asset Management Program will be informed by several of the City's planning documents including the City of Thunder Bay Official Plan; the Corporate Strategic Plan; the Climate-Forward City: Thunder Bay Net-Zero Strategy; and the Climate Ready City: City of Thunder Bay Climate Adaptation Strategy, among others. Additional direction will be provided through growth related plans and strategies, such as the Smart Growth Action Plan. These documents complement each other and provide direction on achieving long-term social, environmental, and economic and growth-supportive sustainability that support the development of the City's assets in accordance with citizen input.

PRINCIPLES

To guide Thunder Bay's asset management program, the following statements have been developed in compliance with O. Reg. 588/17:

1. Implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
   i. Asset Management Fundamentals
   ii. Complete and accurate asset data
   iii. Condition assessment protocols
   iv. Risk and criticality models
   v. Lifecycle management
   vi. Financial strategy
   vii. **Level Of Service** framework

2. Maintain service levels where feasible. Increases will only be pursued when justified by accessibility, climate adaptation, resilience, regulatory compliance, growth, or equity of service delivery. Underused or non-core assets will be regularly reviewed for consolidation, repurposing, or divestment.

3. Continue to develop and maintain an asset inventory of all municipal infrastructure assets.

4. Allocate the majority of capital funding to renewing existing infrastructure, gradually increase capital contributions from tax revenue, and limit in-year capital approvals to urgent, compliant, or growth-driven needs. Capital funding allocations will be consistent with the Long-Term Financial Plan.

5. Develop an **Asset Management Plan** that incorporates all municipal infrastructure assets that meet the **Capitalization Thresholds** outlined in the organization's Tangible Capital Asset Policy, as summarized in Schedule A of this Strategic Asset Management Policy. With the exception of work-in-progress,

all single and pooled municipal infrastructure assets that fall within one of these asset classes and meet the capitalization threshold will be incorporated in future asset management plans.

Future asset management plans may include any assets to which work is completed through approved capital projects, regardless of whether these assets meet existing capitalization thresholds.

After 2025, the plan will be updated at least every five years in accordance with O. Reg. 588/17 requirements to promote, document and communicate continuous improvement of the Asset Management Program.

6. Integrate the asset management program with long-term financial planning and budgeting strategies. This includes the development of financial plans that determine the level of funding required to achieve short-term operating and maintenance needs, in addition to long-term funding needs to replace and/or renew municipal infrastructure of existing and new infrastructure, including considerations for climate mitigation and adaptation. This will also incorporate phased capital investment increases, risk-based prioritization, and strategies to support net-zero infrastructure where feasible.

7. Continue to develop performance metrics to transparently communicate the current state of the asset management program to Council and the community. These metrics will consider indicators related to infrastructure capacity, development readiness and alignment with strategic growth priorities.

8. Consider full lifecycle costs and service risk, including social, economic, and environmental risks and vulnerabilities of municipal infrastructure assets. This includes risks relating to climate change and the actions that may be required including, but not limited to, anticipated costs that could arise from these impacts, adaptation opportunities, mitigation approaches, disaster planning and contingency funding. Impacts may include matters relating to construction, operations, levels of service and lifecycle management. Integrated project delivery will be used to coordinate infrastructure works and reduce duplication.

9. Align, annually through the capital budget process, asset management planning with financial plans prepared under the Safe Drinking Water Act, 2002, such as the City of Thunder Bay's Drinking Water System Financial Plan, as well as any financial plans related to the Municipality's other assets, as approved by Council.

10. Align all asset management planning with the Province of Ontario's land-use planning framework, including any relevant policy statements issued under section 3(1) of the Planning Act; any provincial plans as defined in the Planning Act, and the City of Thunder Bay's Official Plan. Support compact, sustainable development by focusing growth within the urban settlement boundary and

avoiding expansion of municipal services beyond those limits except where consistent with the Official Plan.

11. Continue to coordinate asset management planning where infrastructure assets connect or are interrelated with neighbouring communities wherever viable and beneficial.

12. Provide opportunities for municipal residents and other interested parties to offer input into asset management planning.

13. Review and, if necessary, update this Strategic Asset Management Policy at least every five years.

14. The City shall consider where applicable the principles as outlined in Section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015*, when making decisions regarding asset management.

ROLES AND RESPONSIBILITIES

1. **Council**
   - i. Approve AM policy and policy updates
   - ii. Approve the AM plan and plan updates
   - iii. Approve the human and financial resources required to support the elements of sustainable service delivery
   - iv. Consider the impact of policy decisions and expansion to infrastructure on the City's ability to maintain existing assets
   - v. Consider the sustainability of growth and the Levels of Service delivered to the community when making decisions

2. **Executive Lead (Commissioner - Infrastructure and Operations)**
   - i. Seek Council endorsement of the AM plan, policy, and any updates
   - ii. Report to Council and the Executive Leadership Team on AM program and required planning resources

REFERENCES

1. As of the effective date of this policy the following regulatory documents apply:
   - a. *Infrastructure for Jobs and Prosperity Act, 2015*.
     - i. Section 3: Infrastructure Planning Principles
   - b. Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure
2. Corporate Report 16/2019

DEFINITIONS

Unless otherwise noted, the definitions provided in this document align with those outlined in Ontario Regulation 588/17 (O. Reg. 588/17), Asset Management Planning for Municipal Infrastructure, under the *Infrastructure for Jobs and Prosperity Act, 2015*.

1. **Asset Management (AM)** – the coordinated activity of an organization to realize value from assets. It considers all asset types, and includes all activities involved in the asset's life cycle from planning and acquisition/creation; to operational and maintenance activities, rehabilitation, and renewal; to replacement or disposal and any remaining liabilities. Asset management is holistic and normally involves balancing costs, risks, opportunities and performance benefits to achieve the total lowest lifecycle cost for each asset (ISO 55000).

2. **Asset Management Program –** The people, processes, tools, and other resources involved in the delivery of asset management.

3. **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). Under O. Reg. 588/17, by 2024 AM plans for all infrastructure assets will be required to include the current levels of service being provided; the current performance of each asset category; a summary of assets in each asset category, their replacement cost, average age, condition information, and condition assessment protocols; lifecycle activities required to maintain current levels of service; discussion of population and economic forecasts; and documentation of processes to make inventory and condition related background information available to the public.

4. **Capitalization Threshold** – the monetary value of a municipal infrastructure asset at or above which a municipality will capitalize the value of the asset and below which the municipality will expense the cost.

5. **Level Of Service** – parameters, or combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers. Parameters can include, but are not necessarily limited to, safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environmental acceptability, cost, and availability (ISO 55000).

6. **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.

7. **Municipal Infrastructure Asset** – an infrastructure asset, including a green infrastructure asset, directly owned by a municipality or 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.

Schedule A – Tangible Capital Asset Policy

As per Appendix A of the Tangible Capital Asset Policy, the City has established asset categories and capitalization thresholds in accordance with Public Sector Accounting Board reporting guidelines. This includes single asset capitalization thresholds as outlined below:

Asset Type	Single Asset Capitalization Threshold
Land	$0
Land – Depreciable	$0
Land Improvements	$10,000
Buildings (minimum 100 ft^2)	$10,000
Machinery & Equipment	$10,000
Vehicles	$10,000
Linear	$10,000
Work-In-Progress	Capitalize upon substantial completion of work, and/or when asset is placed into service

The City has also identified two exceptions to the rule that municipal infrastructure assets must meet the capitalization threshold in order for those assets to be capitalized in financial statements. These exceptions deal with large bulk purchases and cyclical capital projects, which will be captured as a pooled asset as follows:

Exception	Exception Criteria	Pooled Asset Capitalization Threshold
Large Bulk Purchase	Asset falls into the General Capital – Machinery and Equipment class.	Individual cost >= $10,000 Bulk purchase >= $50,000
Cyclical Capital Project	Asset falls into the General Capital – Machinery and Equipment class; project is identified as a capital project; project is a repetitive annual or cyclical project.	Individual cost >= $10,000 Project cost >= $10,000

APPROVED BY:	City Council	***Date:***	June 23, 2025
Replacing/Amending:	Report 171-2025		
Originating Department:	Infrastructure & Operations		
Contact:	Asset Management / Infrastructure & Operations		
Departmental Procedural Manual:			
Affected Departments:			