



MUNICIPAL FINANCE  
OFFICERS' ASSOCIATION  
OF ONTARIO



A guide to asset  
management for  
municipalities in  
Ontario

## ASSET MANAGEMENT FRAMEWORK

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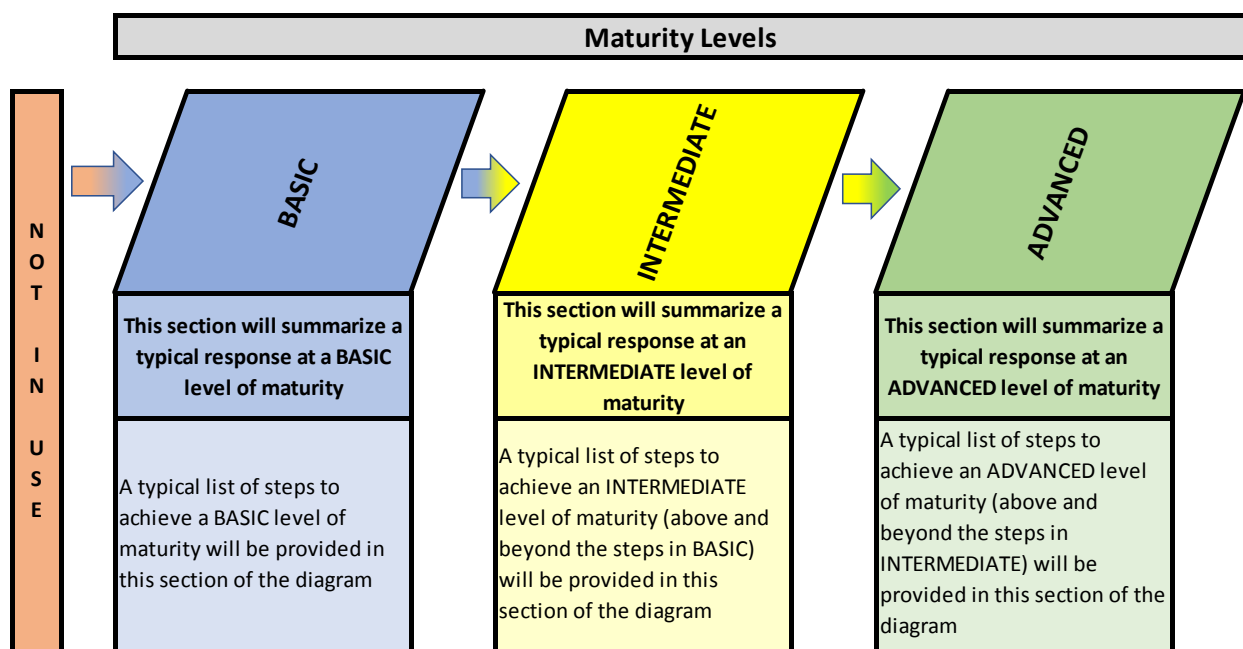
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# 11 Council Approval and Support

## 11.1 Using this Framework

This framework is intended for municipalities of all sizes and maturity levels. The use of the maturity diagrams within this framework can help municipalities identify their current levels of maturity for each AM area. In addition, the diagrams provide possible approaches for municipalities to undertake in order to move to a higher level of maturity over time. Adaptations of the following diagram are used throughout this document to summarize maturity levels according to the themes and questions explored in each chapter:



This document is intended to help municipalities make progress on their asset management planning. By enhancing the readers' understanding of asset management maturity, they can more accurately determine their current, and work toward achieving the desired or appropriate, level of maturity for their municipality.

The asset management framework can be likened to a continuum, whereby municipalities should aim to implement the components described in a subsequent maturity level. For example, municipalities that are not practicing asset management should strive to meet components at the *basic level*, and likewise, municipalities that currently meet the *basic* or *intermediate* levels should strive to advance their practices

to meet the components of the next level. However, it should be noted that during this self-assessment process a municipality may decide to skip over maturity levels (i.e. move from basic to advanced, skipping intermediate). This is perfectly acceptable. Further, not every municipality will need to strive for the highest level of maturity in every area. For example, it may not make sense for a small municipality to meet certain advanced level components.

Readers can use the following descriptions of the maturity levels to guide their assessment throughout the various sections of this framework:

Municipalities that are not undertaking the components described in a particular section of this framework should focus on meeting the *basic level* requirements outlined in the maturity level diagram.

At the **basic level of maturity**, a municipality is undertaking the components of asset management shown in blue and will take steps to advance their asset management by implementing the components described under the *intermediate level* heading.

At the **intermediate level of maturity**, a municipality is currently meeting the requirements shown in yellow and to advance their asset management will take steps to implement the components described under the *advanced level* heading.

At the **advanced level of maturity**, a municipality is currently meeting the requirements shown in green.

These maturity framework visuals are found throughout this document. Preceding all maturity level diagrams is a self-assessment question for the reader to consider to help determine where their municipality best fits within the framework.

## 11.2 Overview

In *Chapter 10: Internal Governance*, the role of staff and the management team was discussed in relation to the success of the asset management process. This chapter discusses Council's role in relation to the success of the asset management process. Council can assume a simple "approval" role, whereby asset management related plans, reports, and policies are endorsed by Council resolution. Or, Council can assume a more direct, supportive role in asset management planning.

Infrastructure for Jobs and Prosperity (IJPA) Act and O. Reg 588/17 Requirements

O.Reg 588/17 outlines the following requirements with respect to AM Council Approval and Support:

A Strategic Asset Management Policy (SAMP) must be developed and adopted by *July 1, 2019* and reviewed and updated at least every 5 years. The SAMP outlines a requirement to include an explanation of Council's involvement in AM planning within the municipality.

In addition:

1. The asset management plan (or update) must be endorsed by the executive lead of the municipality and approved by Council resolution.
2. Municipalities would be required to provide Council with an annual update on asset management planning progress, by July 1<sup>st</sup> of each year.

### **11.3 Council Approval of the Asset Management Plan/Process**

The extent to which Council adopts the AM process (including the AM plan) indicates their commitment to the AM recommendations and outcomes.

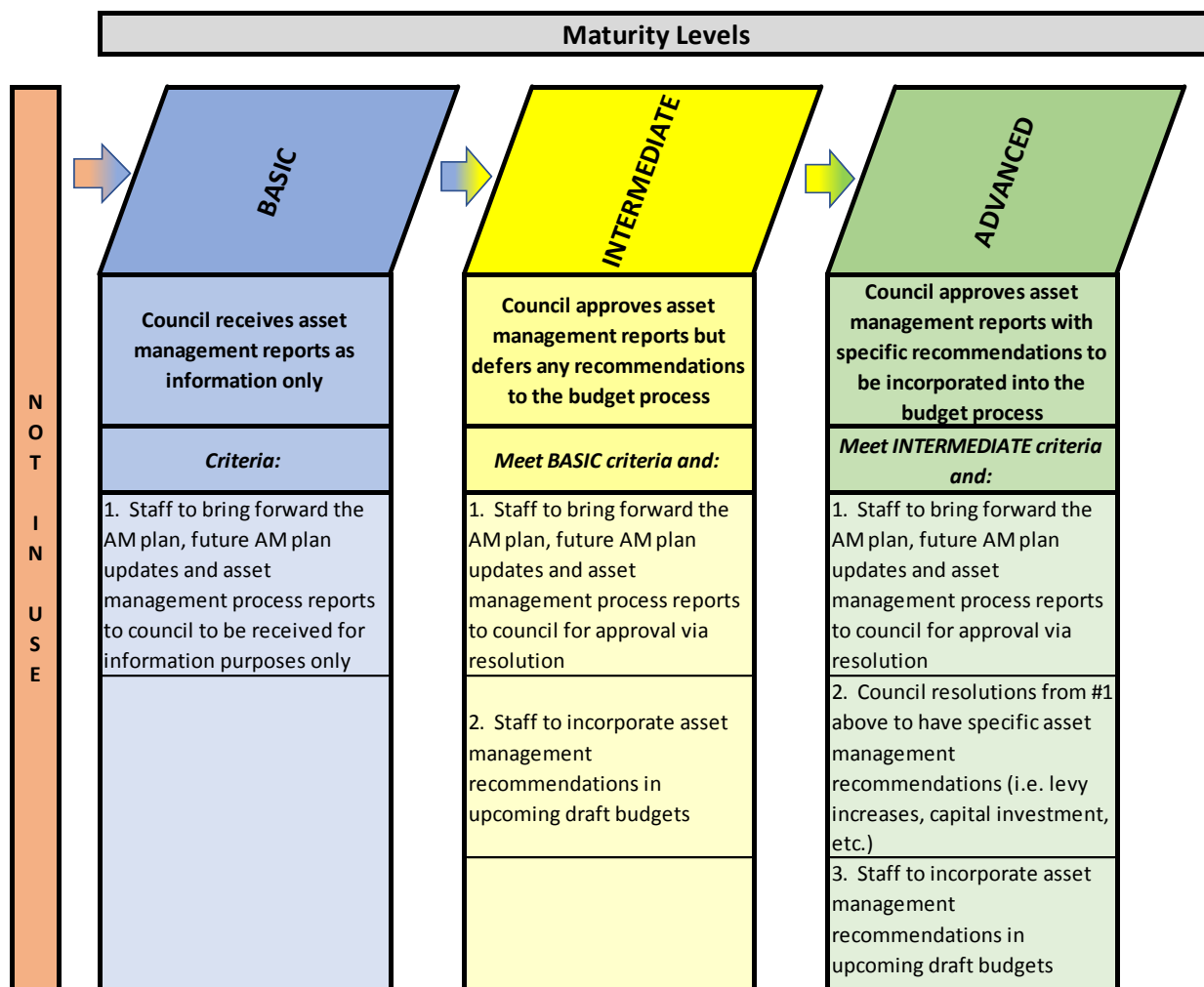
*To what extent does Council approve the asset management plan?*

#### **Background**

Council is responsible for approving the municipality's strategic goals and priorities. The strategic planning process puts a spotlight on service delivery outcomes expected by the community. Municipalities rely heavily on their capital assets to carry out service delivery to the public. As a result, the asset management process supports the goals of service delivery and is fundamentally linked to many service delivery outcomes. This makes the asset management plan a key document that underpins Council's strategic directions. Therefore, obtaining Council approval of the asset management process and the asset management plan ensures the asset management direction aligns with Council's corporate strategic direction.

## Levels of Maturity Council Approval

To what extent does Council approve the asset management plan?



At the **basic level of maturity**, Council receives asset management related reports as information only.

At the **intermediate level of maturity**, Council approves asset management reports by resolution. However, specific recommendations are deferred to future budget processes.

At the **advanced level of maturity**, Council approves asset management reports and provides specific recommendations to include in the budget process. The recommendations are specific and include priority project identification, lifecycle cost investment levels, estimated impacts on rates, amongst others. Municipal staff would then incorporate the asset management recommendations into future budgets.

## Council Approval

Council approval of the asset management plan/process provides a number of advantages, including:

- Staff will ensure the asset management process/plan is consistent with Council's corporate strategic directions;
- Council will have a better understanding of the contribution of capital assets in providing services for which they are the stewards;
- Council will know the planned approach to maintain capital assets in accordance with expected levels of service, and the corresponding impacts on rates to provide expected levels of service;
- Council and staff will have an established framework for future budgeting and planning processes; and
- Staff will have clarity on Council expectations related to asset management.

As discussed above, the levels of maturity change Council's approval process with respect to asset management as shown in Figure 11-1 and Table 11-1:

**Figure 11-1**  
**Sample Council Approval Process Level of Maturity**



**Table 11-1**  
**Council Approval Process Pros/Cons Level of Maturity**

Level of Approval	Pros	Cons
BASIC: Information only	Council is recognizing the existence of the AM Planning Process	No endorsement or commitment to AM
INTERMEDIATE: Approval, no specific recommendations	High-level endorsement and commitment to AM Process	No specific direction given to staff regarding action items
ADVANCED: Approval, with specific recommendations	Specific endorsement and commitment to AM, with action items	Can be difficult to obtain Council approval on specific recommendations

It should be noted that even at an *advanced level* of maturity (with specific asset management recommendations), there should be some type of follow-up on the specific

recommendations as part of the budget process. For example, a Council may endorse a recommendation to increase capital investments by 3% per year over the next 5 years. This specific recommendation should be brought into the draft budget process and adjusted for any new asset management information that became available since asset management plan approval. In addition, any adjustments to the recommendation that are needed as a result of other budget recommendations should be brought back to the AM process.

## 11.4 Council Support of the Asset Management Process

*To what extent does Council support the asset management process?*

Having council support for the AM process ensures that asset-based decisions are being made in a consistent and informed manner.

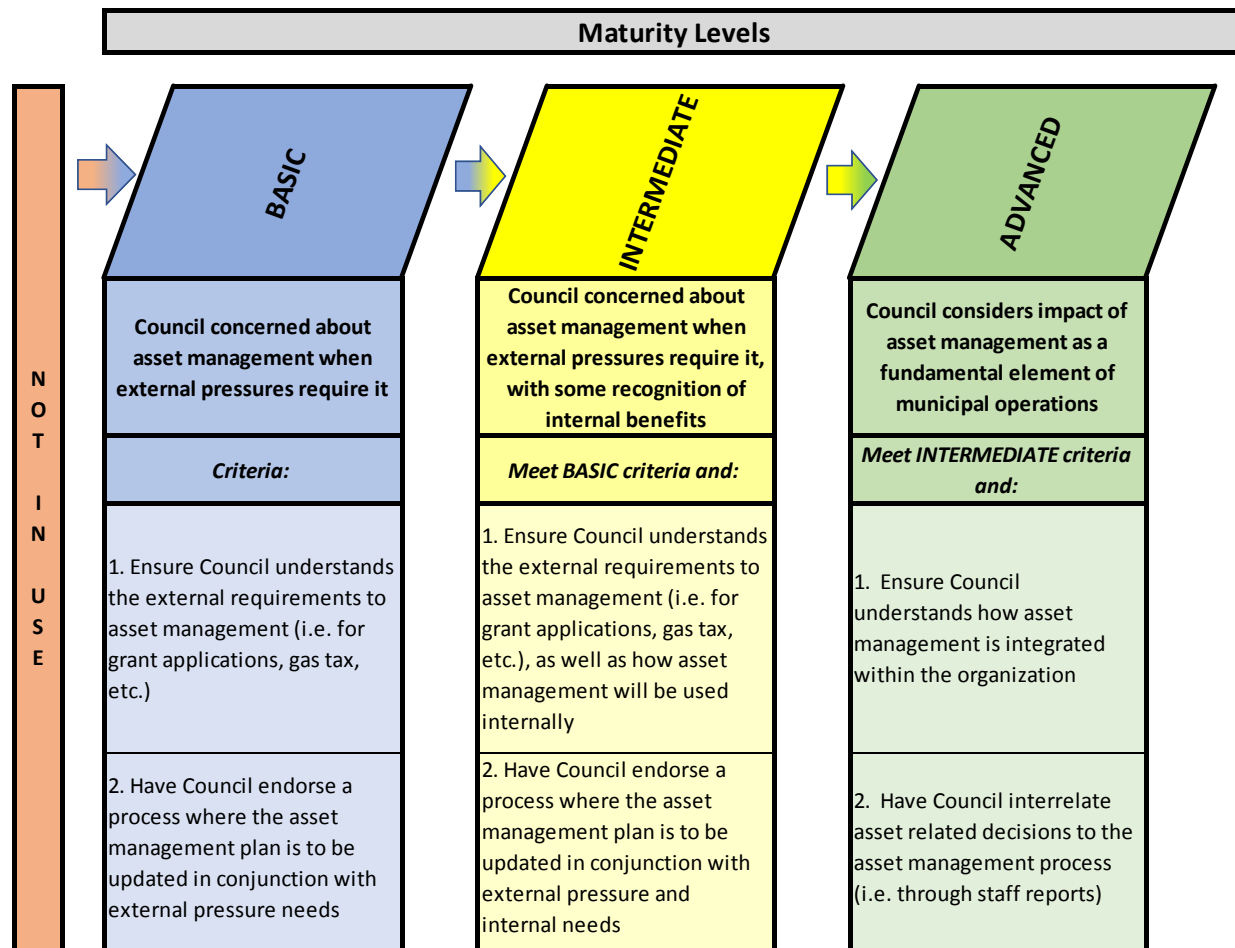
### **Background**

Once Council has approved the asset management process/plan, staff are able to undertake ongoing asset management actions knowing that they have Council's support/direction, and that they are operating in a manner consistent with the municipality's overall strategic direction. Going forward, where asset management related issues are brought to Council, the asset management process provides context for discussions between Council, staff, and the public. However, the question becomes, "How will Council use this asset management process as a tool to make decisions on an ongoing basis?"

### **Levels of Maturity Council Support**

*To what extent does Council support the asset management process?*





At the **basic level of maturity**, municipalities have Council support of their asset management processes when external pressures require it. Examples of external pressures include: submission of asset management plans with grant applications, or meeting gas tax reporting requirements. Council will have endorsed a process whereby the asset management plan is updated in conjunction with external pressure needs.

At the **intermediate level of maturity**, Council becomes supportive of asset management processes when external pressures or internal needs require it (such as the budget process). Municipal staff must ensure Council understands both external pressures and internal benefits of asset management planning. Council will have endorsed a process whereby the asset management plan is updated in conjunction with external pressures and internal needs.

At the **advanced level of maturity**, Council considers the impact of asset management planning as a fundamental element of municipal operations. To reach this level of maturity, Council understands how asset management is integrated into the

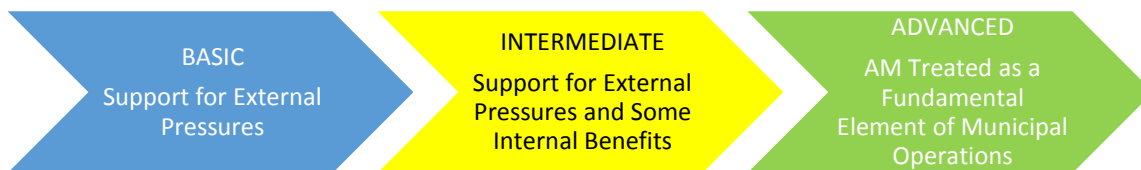
organization. Council also integrates asset-related decisions to the asset management process and asset management plan. This can be accomplished through appropriate wording within staff reports (referring to implications on the asset management process) and through discussions during meetings between Council, staff, and the public.

**Types of Council Support**

Council support of the asset management process on an ongoing basis demonstrates Council’s trust in not only the asset management process, but the data, assumptions, and projections that result in the asset management recommendations. When Council and staff are consistently referring to the asset management process (when discussion topics warrant), an enhanced level of asset management integration in the municipal decision-making process is achieved.

As discussed above, the levels of maturity change Council’s support with respect to asset management as shown in Figure 11-2 and Table 11-2:

**Figure 11-2  
Sample Council Support of AM Process Level of Maturity**



**Table 11-2  
Council Support of AM Process Pros/Cons Level of Maturity**

Level of Support	Pros	Cons
BASIC: External pressures only	Council is recognizing the benefits of the AM plan in applying for grants and meeting gas tax eligibility requirements	No reliance on the AM process internally, underutilization of a great planning and decision-making tool
INTERMEDIATE: External pressures and some internal benefits	Council is recognizing the benefits of the AM plan in meeting external pressures and some significant internal processes, such as the annual budget  Opportunity to significantly improve the budget process	Full integration of asset management planning not utilized at this point  Other internal processes may still benefit the AM process

Level of Support	Pros	Cons
<p style="text-align: center;">ADVANCED: Fundamental element of municipal operations</p>	<p>Council and staff refer to the AM process whenever a decision impacts it</p> <p>All staff reports include a sub-section entitled "AM Implications"</p> <p>Potential processes directly tied to AM process:</p> <ul style="list-style-type: none"> <li>• Budget Process;</li> <li>• Strategic Planning;</li> <li>• Master (and Growth) Planning; and</li> <li>• All Asset/Financial Decisions</li> </ul>	<p style="text-align: center;">Additional time and effort required to assess AM impacts on decisions made</p>