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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

MFOA – Asset Management Framework
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 1st 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?

<table>
<thead>
<tr>
<th>Maturity Levels</th>
<th>BASIC</th>
<th>INTERMEDIATE</th>
<th>ADVANCED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council receives asset management reports as information only</td>
<td>Council approves asset management reports but defers any recommendations to the budget process</td>
<td>Council approves asset management reports with specific recommendations to be incorporated into the budget process</td>
<td></td>
</tr>
<tr>
<td>Criteria:</td>
<td>Meet BASIC criteria and:</td>
<td>Meet INTERMEDIATE criteria and:</td>
<td></td>
</tr>
<tr>
<td>1. Staff to bring forward the AM plan, future AM plan updates and asset management process reports to council to be received for information purposes only</td>
<td>1. Staff to bring forward the AM plan, future AM plan updates and asset management process reports to council for approval via resolution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Staff to incorporate asset management recommendations in upcoming draft budgets</td>
<td>2. Council resolutions from #1 above to have specific asset management recommendations (i.e. levy increases, capital investment, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Staff to incorporate asset management recommendations in upcoming draft budgets</td>
<td>3. Staff to incorporate asset management recommendations in upcoming draft budgets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

MFOA – Asset Management Framework
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**

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

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](image)

**Table 11-2**

<table>
<thead>
<tr>
<th>Level of Support</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASIC: External pressures only</td>
<td>Council is recognizing the benefits of the AM plan in applying for grants and meeting gas tax eligibility requirements</td>
<td>No reliance on the AM process internally, underutilization of a great planning and decision-making tool</td>
</tr>
<tr>
<td>INTERMEDIATE: External pressures and some internal benefits</td>
<td>Council is recognizing the benefits of the AM plan in meeting external pressures and some significant internal processes, such as the annual budget</td>
<td>Full integration of asset management planning not utilized at this point</td>
</tr>
<tr>
<td></td>
<td>Opportunity to significantly improve the budget process</td>
<td>Other internal processes may still benefit the AM process</td>
</tr>
<tr>
<td>Level of Support</td>
<td>Pros</td>
<td>Cons</td>
</tr>
<tr>
<td>------------------</td>
<td>------</td>
<td>------</td>
</tr>
</tbody>
</table>
| ADVANCED: Fundamental element of municipal operations | Council and staff refer to the AM process whenever a decision impacts it  
All staff reports include a sub-section entitled “AM Implications”  
Potential processes directly tied to AM process:  
- Budget Process;  
- Strategic Planning;  
- Master (and Growth) Planning; and  
- All Asset/Financial Decisions | Additional time and effort required to assess AM impacts on decisions made |