



Lake Huron

Primary Water Supply System

Asset Management Policy

Approved October 7, 2021 (Board Report LH-2021-03-10)

1. Purpose

Asset Management is a coordinated approach to realize the full value of existing and new assets. The Asset Management Policy outlines the key asset management principles that will be developed and implemented across the utility and be the utility's commitment to asset management.

This policy supports a consistent approach to asset management planning in alignment with the utility's corporate strategic priorities and legislative requirements.

2. Scope

The Lake Huron Primary Water Supply System strives to operate and to continually improve the sustainable, environmentally friendly utility that provides safe and reliable drinking water to current and future customers.

The utility delivers drinking water services which include water supply, treatment, and transmission services to benefiting municipalities. This policy applies to the assets owned by the utility and to all service areas that operate or manage infrastructure assets that provide service to our customers. The value of an infrastructure asset in terms of the level of service the asset provides, and the total cost of owning the asset over its service life, will be the basis for an asset's inclusion in the asset management system.

3. Alignment

The asset management planning approach fosters integration with the Strategic Plan (currently under development), Master Water Plan, Operations Plan and Financial Plan. It is also in alignment with global best practice standards for Asset Management such as ISO (International Organization for Standardization) 55000.

4. Compliance

The asset management system, which includes this policy, supporting strategies, and asset management plan satisfies compliance obligations including requirements and standards of ISO 14001, Drinking Water Quality Management Standard, the Environmental and Quality Policy, and any other contractually relevant obligations.

5. Guiding Principles

The guiding principles for infrastructure asset management priority setting, planning, and investment are the following:

1. **Service Delivery:** Service delivery is the key purpose of infrastructure assets. Decision-making should be focused on delivering defined levels of service that reflect customer expectations and balance risk and affordability.
2. **Long-Term Sustainability and Resilience:** Services and infrastructure assets should be socio-culturally, environmentally, and economically sustainable over the long term. Achieving this involves long-term planning that incorporates triple bottom line considerations, climate change awareness, and the development of resilience.
3. **Fiscal Responsibility and Asset Management Decision-Making:** Financial challenges and constraints are a reality for the utility and robust asset management decision-making processes are required to make the best use of available funds to deliver services for the benefit of the utility's customers.
4. **Whole-Life Perspective:** The utility shall consider the full financial impact of managing an asset from acquisition to disposal. Encouraging holistic thinking and collaborative asset management decision-making across service areas and disciplines will help the utility realize maximum value for the customers we serve.
5. **Environmentally Conscious:** The utility shall minimize the impact of infrastructure on the environment and address the vulnerabilities and risks caused by climate change through lifecycle management. This includes energy and resource optimization, meeting environmental standards such as ISO 14001 in our operation, considering end of product life disposal or reuse options, and whole lifecycle considerations at the time of repair, replacement or new build.
6. **Transparency:** To make transparent infrastructure decisions, the utility shall be data-driven and evidence-based.

6. Key Outcomes

1. The utility must integrate findings from the asset management plan into its annual budgeting process using a business case approach. The asset management plan and progress made on the plan shall be considered in the creation of the capital budget, operating budget, and long-term financial plan.
2. To build a future-ready utility that is data rich as well as knowledge rich, a corporate asset information strategy must be developed to ensure accessibility to a fully-integrated asset data registry to support good governance and leverage operational efficiencies.
3. Climate change is part of our risk management approach embedded in asset management and lifecycle management strategies to enhance the resilience of the infrastructure. The utility must develop and maintain an asset risk register capturing climate change impacts on infrastructure assets to inform prioritization of capital projects.
4. Asset management facilitates evidence-based dialogue with the utility and its customers about investment recommendations.
5. Sustainable levels of service and asset lifecycle activities are used by the utility as drivers for investment and are foundational to its decision making.
6. The utility strives for continuous improvement in asset management planning and asset management systems by applying best management practices in alignment with the ISO 55000 standards for asset management which represents global consensus on asset management.

7. Responsibilities for Leading Implementation

The utility will communicate this policy to its staff and partners. The Director of Regional Water is accountable for this policy and will review it regularly.

The Board's role and responsibilities are to:

- Approve this Asset Management Policy;
- Receive reports on the status of implementation of the asset management plan on an annual basis;
- Approve funding and resources to implement this policy and associated requirements; and
- Endorse anticipated asset funding requirements through multi-year and long-range financial plans.

All staff, partners and contractors are responsible for observing and implementing the requirements of this policy.

8. Monitoring

Compliance with this policy will be monitored through the Board's annual review of asset management planning progress that would address:

- The utility's progress in implementing its asset management plan;
- Any factors impeding the utility's ability to implement its asset management plan; and
- A strategy to address these factors including the adoption of appropriate policies practices.

9. Definitions

"Asset" is a thing, item, or entity that has potential or actual value to the utility.

"Asset Management" is the coordinated activity of the utility to realize value from its assets.

"Asset Management Plan" is documented information that specifies the activities, resources and timelines required for an individual asset, or a grouping of assets, to achieve the utility's asset management objectives.

"Asset Management Policy" is a statement that demonstrates the utility's commitment to asset management by setting out the principles by which the utility intends to apply asset management to achieve its organizational objectives. The policy establishes the intentions and direction of the utility as formally expressed by its top management.

"Asset Management System" is the set of interrelated and interacting elements that establish the asset management policy, strategies, plan, processes and asset information systems to ensure that organizational objectives are met. It is how the utility practices the discipline of asset management.

"Capital budgets" are a summary of annual forecasted funding and expenditure requirements categorized by capital projects.

"Capital projects" are annual forecasted funding and expenditure requirements for specific initiatives that include the purchase, construction, major repair, replacement and renewal of assets.

"Compliance obligations" are legal requirements that a utility must comply with and other requirements that a utility must or chooses to comply with.

"Green infrastructure asset" is 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,

stormwater management systems, street trees, urban forests, natural channels, permeable surfaces and green roofs.

“Infrastructure Asset” means an infrastructure asset, including a green infrastructure asset, directly owned by the utility or included on the consolidated financial statements of the utility.

“Lifecycle Activities” means activities undertaken with respect to an infrastructure asset over its service life, including constructing, maintaining, renewing, operating and decommissioning, and all engineering and design work associated with those activities.

“Level of Service” is the parameters, or combination of parameters, which reflect social, political, environmental and economic outcomes the utility delivers. The parameters can include safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environmental acceptability, cost and availability.

“Operating Budget” covers the day-to-day expenses required to deliver operations and maintenance services and includes items like staff wages, supplies, spare parts and utilities.

“Risk” is the effect of uncertainty on objectives. An effect is a deviation from the expected – positive and/or negative.

“Service Life” means the total period during which an infrastructure asset is in use or is available to be used.

“Sustainable levels of service” are maintained for the lifecycle of the asset and within the funding envelope.

“Triple bottom line” is a business concept that includes three parts: social, environmental and financial.