

**It's Got Teeth but Doesn't Bite:
Developing and Implementing an Effective
Asset Management Policy**

Participant Workbook

This initiative is offered through the Municipal Asset Management Program, which is delivered by the Federation of Canadian Municipalities and funded by the Government of Canada.

fcm.ca/assetmanagementprogram



About FCM

The Federation of Canadian Municipalities (FCM) is the national voice of municipal government. In leading the municipal movement, FCM works to align federal and local priorities, recognizing that strong hometowns make for a strong Canada.



About AUMA

Founded in 1905, the Alberta Urban Municipalities Association (AUMA) represents 269 urban municipalities including cities, towns, villages, summer villages, and specialized municipalities. AUMA works with federal and provincial governments and business and community stakeholders on a broad range of issues to strengthen the economic, social, cultural, and environmental vitality of its member municipalities.



About RMA

Rural Municipalities of Alberta (RMA) is an independent association representing Alberta's 69 counties and municipal districts. Since 1909, RMA has helped rural municipalities achieve strong, effective local government.

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Welcome

Welcome to *It's Got Teeth but Doesn't Bite: Developing and Implementing an Effective Asset Management Policy*. This course has been designed to equip you, as elected officials, with a basic understanding of the role of policy in asset management.

Some of you will be new to your roles as elected officials, while others may have served or worked in local government for many years. We hope the content of this course will benefit everyone here. There will be many discussion opportunities, and everyone will have a chance to bring their unique experiences to the conversation.

We hope that at the end of this course, you feel comfortable with the following:

- Identifying the role of policy in municipal governance
- Identifying the role of policy in asset management
- Describing your organization's commitment to asset management, and the objectives and mandated requirements for asset management
- Connecting asset management to the organization's strategic objectives, values, priorities, and community objectives
- Describing the principles that guide decision-making about assets and the approach to managing costs and funding

Your feedback on this course is valuable to us and will help us adapt this course to better serve the needs of elected officials. Over the course of the day, we will ask you to share your questions, insights, and experiences. We will also be asking you to complete evaluation forms and we thank you in advance for your feedback.

Asset Management and Elected Officials

Through this course, you will be introduced to the ins and outs of asset management, specifically how it relates to your role as an elected official. A few important points to get us started:

Asset management is the process of making decisions about using and caring for infrastructure to deliver services in a way that considers current and future needs, manages risks and opportunities, and makes the best use of resources.

Elected officials support asset management in their communities by being knowledgeable about good practice, supporting staff initiatives, making resources for asset management available, and asking the right questions when making decisions about infrastructure. However, there has been little training provided to elected officials to help them navigate their role in asset management.

This course was designed to provide you, as elected officials, with a foundation in asset management policy so that you know what it is, what it should contain, and how to apply it in your processes and day-to-day decision-making as council.

Using the Workbook



Learning Goal

Specific learning outcome to be achieved.



Did You Know?

Interesting facts and insights on asset management.



Activity

Individual or group exercises designed to put learning into practice.



Resources

Additional reference materials and tools related to the topic. Web addresses for the resources can be found at the back of the workbook.



Glossary

Definitions of words and phrases used in the course material.



LEARNING GOAL: **Asset Management Refresh**

Some of you may have taken the one-day introductory Asset Management for Elected Officials course and are already familiar with the asset management. For others, this may be new. To make sure we're all on the same page, let's review the key concepts of asset management.

A major component of municipal service delivery is taking care of the assets that make those services possible. An **asset**, also known as a tangible capital asset (TCA), is a physical component of a system that enables a service, or services, to be provided. For example, pipes are the assets that deliver water service to homes, roads and traffic lights are the assets that make transportation possible, and recreation centres are assets that allow recreation services to be provided to the community.

Asset management doesn't need to be restricted to engineered assets. Natural assets, such as aquifers, riparian areas, or wetlands can provide value in delivering municipal services. Asset management processes can be applied to these natural assets, supporting the same end goal of sustainable service delivery.

Asset management is ultimately about **sustainable service delivery**: the process of ensuring that municipal services are delivered in a socially, economically, and environmentally responsible way, and that decisions today do not compromise the ability of future generations to meet their own service needs.

Municipalities have been managing assets for a long time. However, asset management is more than just managing assets.

Asset management is a systematic, organized, and integrated approach:

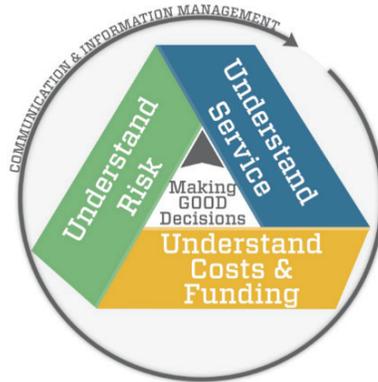
“The process of making decisions about the use and care of infrastructure to deliver services in a way that considers current and future needs, manages risks and opportunities and makes the best use of resources”

(Building Community Resilience Through Asset Management: A Handbook & Toolkit for Alberta Municipalities).

The key emphasis here is “making decisions”, as it is through decision-making that asset management is implemented. Asset management is about using systems and processes to balance cost, risk, and level of service to make informed decisions that make sense for your community in the long run. Asset management is not just for large communities. All municipalities make decisions about their assets. The systems and processes don't need to be extensively detailed or expensive; you can start where you are. Your municipality likely already uses processes for things like planning and budgeting. Asset management is about updating those processes to ensure they systematically consider the right kind of information and take a long-term perspective.

Asset Management and Decision-Making

It is the role of council to make decisions and set direction. Making decisions in a municipal context requires thinking about trade-offs between service, risk, and cost. While it is not the role of councillors to prepare information about service, risk, and cost trade-offs, it is their role to incorporate an **asset management lens** and request information from staff to understand these trade-offs and support sound decision-making.



Source: Building Community Resilience Through Asset Management: A Handbook and Toolkit for Alberta Municipalities

The table below identifies some of the main considerations in service, risk, and cost. We will explore some of these in more depth later in the course.

Service, Risk, and Cost Considerations

Service	Risk	Cost
<ul style="list-style-type: none"> • Types of services • Who benefits or doesn't benefit from a particular service • The current and desired level of service • Regulatory requirements • Service demands 	<ul style="list-style-type: none"> • Events that would have an undesirable impact on services • Asset risk describes the risk of an asset failing to perform the way you need it to deliver a service • Strategic risk describes a change that would affect your ability to achieve municipal objectives 	<ul style="list-style-type: none"> • Replacement and capital costs • Operating and maintenance costs • Revenue sources • Partnerships



Glossary

Asset | Also known as a tangible capital asset (TCA), a physical component of a system that enables a service, or services, to be provided.

Asset management | A process of making decisions about how infrastructure is used and cared for in a way that manages current and future needs, considers risks and opportunities, and makes the best use of resources.

Asset management lens | Integrating asset management practices into decision-making. Specifically, thinking about what information is available, what additional information is needed, what trade-offs are being made, and what are the community's long-term goals and needs.

Asset risk | The risk of an asset failing to perform the way you need it to (e.g., a pipe bursts).

Risk | The relationship between the likelihood of an event happening and the consequences of that event.

Strategic risk | The risk of a change occurring that impedes your ability to achieve your overarching strategic goals (e.g., hot, dry conditions put pressure on your ability to provide water service).

Sustainable service delivery | Ensuring that municipal services are delivered in a socially, economically, and environmentally responsible way, and that decisions today do not compromise the ability of future generations to meet their own service needs.

Module 1 – Identify the Role of Policy in Asset Management

After completing this module, participants will achieve the following learning goals:

- Identify the role of policy in municipal governance
- Identify the role of policy in asset management

LEARNING GOAL: Identify the Role of Policy in Municipal Governance



Policy is a tool for municipal governance. In order to understand what policy is and what policy is not, it is also helpful to understand two other common governance tools: bylaws and procedures.

Bylaws are laws created by a municipality. Municipalities are granted the power to create bylaws by s. 7 of the *Municipal Government Act (MGA)*. These are rules that are typically intended to apply to activities external to the municipal government. These rules are specific and are to be followed as written and are not flexible .

Council is responsible for passing bylaws. Under CAO direction, staff will support the development of bylaws by conducting research, engagement, and drafting the bylaws for council review and approval. Stakeholder consultation is very important during the bylaw development process, because it will impact stakeholders external to the municipal government and is required under s. 230 of the MGA. Council also has an important role in ensuring resources are available for the enforcement of bylaws.

Some example bylaws related to infrastructure and service delivery include :

- Utility rates bylaw
- Source control bylaw
- Hazardous waste bylaw
- Land use bylaw

Policies are documented sets of high-level principles and statements of intent that council can use to provide guidance to internal administration. Codes of conduct and committee procedures are common policies used for municipal processes. Policies guide how decisions are made within the municipal government. Policies can be flexible and amended if needed. Staff will support the development of policy through research and drafting the policy, under direction from the CAO. Policies should be informed by consultation with internal stakeholders. Council will adopt the policy through resolution once they are satisfied with it. Council has an important role in ensuring (at a high-level) that resources are available in the annual budget to enable the implementation of the policy. Staff are responsible for implementation of policy.

The following are examples of policies related to infrastructure and service delivery :

- Asset management policy
- Snow and ice control policy
- Asset reserves policy

Infrastructure and asset management can also be considered in other types of policies; for example, policies related to public works or finance may include asset management components.

Procedures are tools for municipal operations. Procedures outline the steps for a process or activity internal to the municipal government. Procedures can apply to both staff and council activities. Staff will develop procedures, and these will typically be approved by the CAO. Procedures can be used by the CAO to communicate direction to the rest of the administration. The CAO may provide procedures to council as information or as supporting documentation for policies and bylaws. Staff are responsible for implementation of procedures.

Some policies may need procedures (sometimes several) to implement, while others don't. Asset management is more likely to rely on a strategy and plan for implementation, and a procedure for specific things, like asset disposal.

The following are some examples of procedures related to infrastructure and service delivery:

- Capital planning procedure
- Budgeting procedure
- Tangible Capital Asset reporting procedure

KEEPING THINGS CURRENT

It is good practice for council to review policies and relevant procedures when appropriate. A high-level review may be conducted every five to ten years to ensure that policies and procedures are still relevant, reflect current priorities, and that council remains familiar with them. Though not common, council may request that the CAO make amendments to policy or procedures when necessary. While bylaws and procedures are important governance tools, the focus of this course is on policy as a tool for governing asset management.

DEVELOPING EFFECTIVE POLICY

The following are some general considerations for an effective policy:

- Some procedures may be reviewed with each new council term.
- Policy statements should be high-level and provide guidance. However, they should also be clear enough that staff will be able to implement them and report to council on implementation.
- Policies are not aspirational. They are appropriate for today and can be implemented upon adoption.
- The details of procedures are not necessary in a policy and should be addressed in a separate process or document.
- Think of circumstances when you might not want to follow the policy and how you would deal with these. The policy should be flexible enough that unexpected situations do not discredit the whole policy.
- Make sure the language is aligned with the intent. "We will" vs "we may" vs "at the discretion of council" signal different levels of commitment as well as define who can make the decision.
- The policy should cover how implementation should be reported on.



Glossary

Bylaws | Laws created by the municipality within their authority.

Policies | Documented sets of high-level principles and statements of intent that council can use to provide guidance to internal administration.

Procedures | Outline the steps for a process or activity internal to the municipal government.



Activity

Discuss the following question at your table.

What are other considerations for developing strong and effective policy?



LEARNING GOAL: Identify the Role of Policy in Asset Management

Asset management is a process for sustainable service delivery. Since service delivery is such a significant part of what municipalities do, asset management policies will touch on many parts of everyday municipal operations and decisions. Asset management policies are an important mechanism for council to provide guidance to the CAO and staff. Providing this guidance in a policy ensures that the guidance is clear and consistently provided.

Policy statements are declarations of how an organization intends to govern or do something. A policy is a set of related policy statements. For example, an asset management policy would include several policy statements that provide direction for asset management at the municipality. The following are some asset management activities and decisions that can benefit from policy statements that communicate intent and guidance:

- Communicating the link between corporate vision and objectives, and asset management
- Meeting or exceeding regulatory requirements for asset management
- Setting levels of service
- Managing asset and strategic risk
- Funding and financing asset acquisition, replacement, and operations and maintenance
- Infrastructure inspection and maintenance
- Multi-year budgeting
- Developing and prioritizing infrastructure projects
- Tangible Capital Asset (TCA) reporting
- Developing and managing asset reserves
- Making investments in staff development and training

The goal of asset management is **sustainable service delivery**, which means ensuring that municipal services are delivered in a socially, economically, and environmentally responsible way. Therefore, policy guidance for these activities and decisions should apply a lens of sustainable service delivery.

It is important to note that policy guidance should be high-level and appropriately flexible. For example, rather than identifying a specific level of service within a policy, the policy may state that levels of service should be informed by consultation with stakeholders and consideration of willingness-to-pay. Most organizations will develop a standalone asset management policy, but some of the information may be included in other separate policies rather than all in a single asset management policy.

Even if your municipality develops a new asset management policy, it is recommended that staff review existing policies related to infrastructure and service delivery to see if there are overlaps with what will be in the asset management policy. This ensures that new policies do not reinvent the wheel! And it also ensures that valuable information in previous policies is not lost in new versions.



Glossary

Policy statements | Declarations of how an organization intends to govern or do something.

Sustainable service delivery | Ensuring that municipal services are delivered in a socially, economically, and environmentally responsible way, and that decisions today do not compromise the ability of future generations to meet their own service needs.



Activity

Discuss the following questions in small groups.

What policies do you know your community has related to asset management or service delivery?

What is the intent of these policies?

How well are they followed? And what do you think inhibits their successful implementation?



Activity

Select **three** of the following asset management activities and decisions and answer the questions below for each selection.

- Communicating the link between corporate vision and objectives, and asset management
- Meeting or exceeding regulatory requirements for asset management
- Setting levels of service
- Managing asset and strategic risk
- Funding and financing asset acquisition, replacement, and operations and maintenance
- Infrastructure inspection and maintenance
- Multi-year budgeting
- Developing and prioritizing infrastructure projects
- Tangible Capital Asset (TCA) reporting
- Developing and managing asset reserves
- Making investments in staff development and training

Why is it important to have policy level guidance here?

<p>1.</p>
<p>2.</p>
<p>3.</p>

(continued)

What types of concepts might be appropriate to have in the policy, with a goal of sustainable service delivery?

1.

2.

3.

Module 2 – Evaluate Asset Management Policy Statements

After completing this module, participants will achieve the following learning goals:

- Outline an organization’s commitment to asset management, and the objectives and mandated requirements for asset management
- Connect asset management to the organization’s strategic objectives, values, priorities, and community objectives
- Outline principles to guide decision making about assets and the approach to managing costs and funding



LEARNING GOAL: Outline an Organization’s Commitment to Asset Management, and the Objectives and Mandated Requirements for Asset Management

A statement of commitment to asset management is useful in a policy because it provides the basis for the remaining policy directions. The commitment to asset management should include the organization’s objectives for implementing asset management, as well as any mandated requirements for how asset management will be conducted.



Did You Know?

Municipalities in Alberta have to meet capital and operational planning requirements under s. 283.1 of the MGA:

“(2) Each municipality must prepare a written plan respecting its anticipated financial operations over a period of at least the next 3 financial years.

“(3) Each municipality must prepare a written plan respecting its anticipated capital property additions over a period of at least the next 5 financial years.”

These requirements can be referenced in your policy.

Below are the types of information that provide important context and should be included in an asset management policy:

- Objectives for asset management and overall purpose of the policy
- The organization’s commitment to meet or exceed regulatory requirements
- Requirement for a systematic approach to asset management and integration of asset management with existing processes
- The importance of staff training and capacity building
- Information management – integration of engineering and financial information where possible
- The use of an organizational framework, including the development of a strategy and/or plans
- Continuous improvement – requirement for monitoring and reporting
- Roles and responsibilities for asset management (council and administration)



Activity

Review the sample asset management policies in the Appendix.

As a group, work through the policy and discuss the following questions:

Where does this policy address the types of information identified on the previous page?

Are there any gaps? If so, what are they?

Where is this policy strong and where might it be improved?



LEARNING GOAL: Connect Asset Management to the Organization's Strategic Objectives, Values, Priorities, and Community Objectives

A municipality's values, priorities, and objectives set the direction for asset management policies. Connecting assets and services to broader goals keeps the focus on the big picture of why services are delivered, and ensures the focus is on the sustainability of the services that contribute to achieving the community vision. The objectives for asset management and the overall purpose of the policy should be directed by broader community goals. For elected officials in particular, connecting the policy to community goals supports several objectives, including:

- Meeting their mandate to constituents
- Helping answer questions about assets and services to constituents
- Connecting day-to-day municipal business with community goals



Activity

How do your community's values, priorities, and objectives connect to asset management?

Identify specific examples on your own before discussing as a large group.

LEARNING GOAL: Outline Principles to Guide Decision-Making About Assets and the Approach to Managing Costs and Funding

As was emphasized earlier in the course, asset management is all about making informed decisions that support sustainable service delivery. An asset management policy, or policies, should include some principles to guide decision-making. Review and consider the principles that guide decision-making:

DECISION-MAKING PRINCIPLES

Principles	Example
Connection to levels of service	<ul style="list-style-type: none">• Ensuring that the municipality's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to all users within the municipality.
How levels of service are set (involvement of community input)	<ul style="list-style-type: none">• Levels of service will continue to be determined and refined in consultation with the community.
Management of risk	<ul style="list-style-type: none">• The municipality shall operate in a manner that takes into account the financial effects on future generations and considers changing community circumstances and external economic risks to ensure a vibrant community for generations to come.
Consideration of climate change	<ul style="list-style-type: none">• Consider the effects of climate change in the design, renewal and replacement of assets.
Recognition of natural assets	<ul style="list-style-type: none">• Maintaining assets in the most natural, energy-efficient and reliable manner that cost the least to operate over the life cycle of the asset.
Regional impacts	<ul style="list-style-type: none">• Engage neighbouring municipalities to coordinate management of assets where there are regional impacts to decisions.

Review and consider the approach to managing costs and funding:

COST MANAGEMENT APPROACHES

Approach	Example
Lifecycle costing	<ul style="list-style-type: none">• Making decisions about asset renewal and replacement that are informed by lifecycle costing.
Operations and maintenance	<ul style="list-style-type: none">• Understanding operations and maintenance needs and how they relate to levels of service, risk, and cost.
Recognition of natural assets in costs	<ul style="list-style-type: none">• Considering how some municipal services are provided or supported by natural assets.
Money out - asset renewal, funding growth, increasing levels of service	<ul style="list-style-type: none">• Maintaining a long-term financial plan that considers the renewal and replacement of existing infrastructure, levels of service, and funding growth.
Money in – taxation, user fees and charges, debt, reserve accounts, developer contributions	<ul style="list-style-type: none">• Maintaining a long-term financial plan that considers the impact of infrastructure renewal and replacement on taxation and user fees, debt, and reserve accounts, as well as the contribution from developers to capital projects.

Activity

Review and evaluate your own asset management policy (or work with someone at your table who has a policy). Alternatively, review one of the sample policies included in the Appendix.

How does your policy cover the principles identified in this section?

Which of the attributes of a strong policy identified earlier in the course does your policy demonstrate?

What are some weaknesses of your policy?

You've Made It!

Here you are at the end of the course. Policy is a core component of municipal governance and we hope you leave here today with a better understanding of how an asset management policy can support your community's goals. Thank you for joining us for what was hopefully a day of learning, good conversation, and shared insight among you and your colleagues. Remember, today is just a start. Together, we've laid the foundation, but we hope that you'll continue to learn, ask questions, and participate in other opportunities to expand your knowledge of asset management. Throughout this book, and at the back, you can find the glossary and a list of resources if you ever need to reference something you learned in this course.

ASSET MANAGEMENT MINDSET

If you got anything out of today, we hope that it was an understanding of how an asset management mindset can support you in your role as an elected official and steward of community well-being. If you're ever stuck, start by asking yourself some questions:

- Do we have the information we need to make a decision?
- Have trade-offs between cost, risk, and service been considered?
- Are we focusing on service delivery?
- What are the long-term implications?
- Have all the relevant disciplines been properly engaged in this decision (e.g., planning, engineering, public works, finance, etc.)?
- Are we thinking about both short- and long-term needs?

CONTINUING TO LEARN

This course is part of a series of courses for elected officials offered by AUMA and RMA. This series of courses goes deeper into specific topics related to asset management and include the following five courses:

- *Boring Until It's Broken: Engaging the Public in Infrastructure Asset Management*
- *Risk: How Asset Management Can Help*
- *"I want a Five-Star Experience for a Two-Star Price: Setting and Communicating Levels of Service*
- *It's Got Teeth but Doesn't Bite: Developing and Implementing an Effective Asset Management Policy*
- *Weathering the Storm: Asset Management and Climate Change*

Please contact RMA or AUMA to find out more about these courses.

Glossary



Asset | Also known as a tangible capital asset (TCA), a physical component of a system that enables a service, or services, to be provided.

Asset management | A process of making decisions about how infrastructure is used and cared for in a way that manages current and future needs, considers risks and opportunities, and makes the best use of resources.

Asset management lens | Integrating asset management practices into decision-making. Specifically, thinking about what information is available, what additional information is needed, what trade-offs are being made, and what are the community's long-term goals and needs.

Asset risk | The risk of an asset failing to perform the way you need it to (e.g., a pipe bursts).

Bylaws | Laws created by the municipality within their authority.

Policies | Documented sets of high-level principles and statements of intent that council can use to provide guidance to internal administration.

Policy statements | Declarations of how an organization intends to govern or do something.

Procedures | Outline the steps for a process or activity internal to the municipal government.

Risk | The chance that conditions or events may occur to cause an asset to fail.

Strategic risk | The risk of a change occurring that impedes your ability to achieve your overarching strategic goals (e.g., hot, dry conditions put pressure on your ability to provide water service).

Sustainable service delivery | Ensuring that municipal services are delivered in a socially, economically, and environmentally responsible way, and that decisions today do not compromise the ability of future generations to meet their own service needs.

Appendix – Sample Policies

Policy #1

PURPOSE

To set guidelines for implementing consistent Asset Management processes within the municipality. The following terms are used within this policy and are defined as follows:

Asset Management: an integrated, lifecycle approach to effective stewardship of infrastructure assets to maximize benefits, manage risk and provide satisfactory Levels of Service to the public in a Sustainable manner. The majority of the services that the municipality provides are related to Asset Management.

Engineered Assets: assets that have been constructed and are owned by the municipality (e.g., watermains, roads, streetlights, buildings), land that is owned by the municipality and supports assets (e.g., land under roads or buildings), or land that is undeveloped and owned by the municipality. These assets must be operated, maintained, managed, and, with the exception of land, ultimately replaced as they wear out.

Level of Service: the service level delivered to the public by the municipality. This can take the form of the selection of services that are provided (e.g., bike lanes, doggie bags, or a new pool), the standard of infrastructure in place (e.g., concrete sidewalks versus gravel paths), or the standard to which an asset is maintained (e.g., the frequency of scheduled curb sweeping). The desire of Council or the public for a particular Level of Service will directly affect utility fees or taxation.

Natural Assets: naturally occurring land or subsurface features which perform or support service delivery to the municipality (e.g., the aquifer, which filters and stores water, and the creeks, which convey and treat stormwater run-off). This category also includes artificial features that mimic naturally occurring features (e.g., ditches, ponds and wetlands). If these assets did not exist, Engineered Assets would be required to provide these services. Natural Assets must be operated and maintained but, if managed appropriately, require no replacement.

Risk: analysis of the 'likelihood' and the 'consequences' of a given event. Establishing the risk associated with lower infrastructure performance due to Levels of Service or postponement of asset replacement will identify system vulnerabilities and assist in prioritizing work. For example, puddles on a gravel walkway may have a high likelihood of occurring but the consequences are not significant. In comparison, an ageing sanitary main may have a high likelihood of failure and the consequences of a break may be significant.

Sustainable: meeting the needs of the present without compromising the ability of future generations to meet their own needs. In relation to Asset Management a sustainable approach takes into consideration the current and future benefits and costs of existing and new assets or services.

OBJECTIVE

To ensure adequate provision is made for operations, maintenance and long-term replacement of major Engineered and Natural Assets by:

- 2.1 Maintaining assets in the most natural, energy-efficient and reliable manner that cost the least to operate over the life cycle of the asset;
- 2.2 Ensuring that the municipality's services and infrastructure are provided in a Sustainable manner, with the appropriate Levels of Service to all users within the municipality;

- 2.3 Managing Engineered and Natural Assets by implementing appropriate Asset Management strategies and appropriate financial resources for those assets;
- 2.4 Fostering an environment where all municipal employees take an integral part in overall management of municipal assets by creating and sustaining Asset Management awareness throughout the organization through training and development;
- 2.5 Ensuring resources and operational capabilities are identified and responsibilities for all areas of Asset Management are appropriately assigned;
- 2.6 Continually seeking opportunities for improving efficiencies in operations, maintenance and asset replacement practices;
- 2.7 Demonstrating transparent and responsible Asset Management processes that align with established best practices; and
- 2.8 Meeting legislative requirements for Asset Management.

BACKGROUND

- 3.1.1 Council's vision and goal for the community includes providing a safe, livable, Sustainable and economically vibrant community underpinned by well managed and maintained infrastructure assets. These assets include but are not limited to efficient transportation networks, an economical and reliable water distribution network, a safe and reliable sewage collection system, reliable information technology systems, appropriate fleets, and accessible parks, recreation and civic facilities.
- 3.1.2 The municipality is committed to implementing a systematic Asset Management methodology in order to apply appropriate Asset Management best practices across all areas of the organization. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of, where appropriate, in accordance with the municipality's Levels of Service priorities.
- 3.1.3 As of December 1, 2017, the municipality owns and operates approximately \$20 million (historic costs) of Engineered Assets to support its core business of delivery of service to the community. Although the equivalent values have not been established, the municipality also recognizes the additional and significant contribution made by Natural Assets in the delivery of service to the community.
- 3.1.4 Asset Management is the core business of the municipality and appropriate Asset Management is required to achieve our strategic service delivery objectives.
- 3.1.5 Adopting Asset Management principles will assist Council in achieving its strategic plans and long term financial objectives.
- 3.1.6 A strategic approach to Asset Management will ensure that the municipality delivers the appropriate Level of Service through its assets.

PRINCIPLES

- 3.2.1 A consistent Asset Management Strategy will be used for implementing systematic Asset Management and appropriate Asset Management best practices throughout all departments of the municipality.
- 3.2.2 Levels of Service will continue to be determined and refined in consultation with the community.
- 3.2.3 All relevant legislative requirements together with social, economic and environmental impacts are to be taken into account in Asset Management.
- 3.2.4 Asset Management principles will be integrated within existing planning and operational processes.

- 3.2.5 Natural Assets are recognized by Council as performing essential service delivery and will be identified and managed in a similar manner as Engineered Assets.
- 3.2.6 Asset Management plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.
- 3.2.7 An inspection regime will be used as part of Asset Management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- 3.2.8 Asset renewals and Levels of Service defined in adopted Asset Management plans and long term financial plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined services levels and budget resources detailed in budget documentation.
- 3.2.9 Asset renewal plans will be prioritized and implemented progressively based on agreed Levels of Service and the effectiveness of the current assets to provide that Level of Service.
- 3.2.10 Systematic and cyclical reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practices.
- 3.2.11 Future life cycle and replacement costs for all asset categories will be established with a goal to be completed by 2019.
- 3.2.12 Life cycle costs will be reported and considered in all decisions relating to new services and asset classes and upgrading of existing services and asset classes as soon as they are established.
- 3.2.13 Training in asset and financial management will be provided for relevant staff.

SCOPE

This policy applies to all municipal activities.

LEGISLATION

All aspects of Asset Management within the municipality shall be conducted in accordance with applicable legislation.

RELATED DOCUMENTS

Asset Management Strategy and associated Asset Management Plans (to be developed).

RESPONSIBILITIES

Asset Management is a corporate responsibility that involves all staff and members of Council in the effective implementation of Sustainable service delivery.

7.1 Council is responsible for:

- 7.1.1 adopting this Asset Management Policy and future updates;
- 7.1.2 allocation of resources;
- 7.1.3 providing high level oversight of the delivery of the organization's Asset Management strategy; and
- 7.1.4 ensuring that organizational resources are appropriately utilized to address the organization's strategic plans and priorities.

7.2 The Chief Administrative Officer has overall responsibility for:

- 7.2.1 developing Asset Management strategies, plans, and procedures, in conjunction with the management team;

- 7.2.2 reporting to Council and updating the community regularly on the status, effectiveness, and performance of work related to the implementation of this Asset Management policy; and
- 7.2.3 considering and incorporating Asset Management in all other corporate plans (e.g. Strategic Plans).

7.3 The Director of Engineering will be responsible for:

- 7.3.1 ensuring that the most up to date information on the municipality's Natural and Engineered Assets is gathered and maintained in the municipality's Geographical Information System (GIS) as well as other software and databases;
- 7.3.2 using industry standard unit costs and service lives for all infrastructure components, taking into account variations due to unique local conditions;
- 7.3.3 establishing infrastructure replacement strategies through the use of full life cycle costing principles;
- 7.3.4 establishing operations and maintenance policies to deliver Levels of Service and extending the useful life of assets;
- 7.3.5 where possible, integrate engineering and financial asset requirements into a single asset register; and
- 7.3.6 in consultation with other Directors, prepare Asset Management Plans and strategies for each asset type.

7.4 The Director of Public Works and the Director of Parks and Cultural Services will be responsible for:

- 7.4.1 maintaining and managing infrastructure assets at defined levels; and
- 7.4.2 conducting ongoing reviews and implementing changes to realize efficiencies in operations and maintenance practices.

7.5 The Director of Planning will be responsible for:

- 7.5.1 ensuring that standards, goals and objectives in the Official Community Plan and other bylaws, policies and plans are consistent with Sustainable Asset Management principles;
- 7.5.2 providing Council with the full life-cycle costing impacts of proposed community amenities and variances to development standards; and
- 7.5.3 in consultation with other Directors, determine if the projected revenues from incremental as well as full build out of the municipality, as outlined in the Official Community Plan, will support over time the assets necessary to provide established Levels of Service to the Community.

7.6 The Director of Finance will be responsible for:

- 7.6.1 planning financially for the appropriate level of maintenance for assets to deliver established Levels of Service with the goal to extend the useful life of municipal assets;
- 7.6.2 establishing financial plans for consideration by Council that will ensure stable, long-term funding for replacement, renewal and/or disposal of assets;
- 7.6.3 valuing and depreciating assets in accordance with appropriate best practices; and
- 7.6.4 integrating financial reporting requirements with the municipality's asset inventory register.

REVIEW DATE

This policy has a life of 4 years. It will be reviewed in 2019.

Policy #2

POLICY OBJECTIVE

The purpose of this policy is to ensure that the municipality implements asset management practices that enables a coordinated, cost effective and organizationally sustainable approach across the municipality to:

- Achieve the Council's vision of "a vibrant community which values a high quality of life, balancing rural heritage with a diverse economy"
- Ensure long-term sustainability and to demonstrate fiscal stewardship.

SCOPE

This policy applies to the lifecycle management activities of physical assets that are owned by the municipality, which may have a material impact on the capital and/or operating budget. This policy is the bridge between the Organizational Strategic Plan and the Asset Management Strategy.

DEFINITIONS

Asset means a physical object that is a significant economic resource and provides the delivery of a program or service.

Asset Management means the process of making decisions about the use and care of infrastructure to deliver services in a way that considers current and future needs, manages risks and opportunities, and makes the best use of resources.

Life-cycle means the time interval that commences with the identification of the need for an asset and terminates with the disposal of the asset.

Tangible Capital Asset as per the municipality's Tangible Capital Asset (TCA) Policy ADM-57 means non-financial assets having physical substance that are acquired, constructed or developed, including land, land improvements, roads, buildings, vehicles, equipment, water mains, sewer mains, and capital assets acquired by capital lease or through donation, which meet or exceed thresholds set out within that policy.

Asset Maintenance means the regular activities conducted to keep an asset functioning in its intended state. Maintenance activities are not capital investments.

Asset Renewal means the refurbishment or major maintenance of an asset that represents a capital investment and substantially extends the life of an asset.

Asset Replacement means the replacement of an asset that represents a capital investment.

Long-term Financial Plan means a plan that documents the process of aligning financial capacity with long-term service objectives.

PRINCIPLES

Forward Looking: The municipality shall operate in manner that takes into account the financial effects on future generations and considers changing community circumstances and external economic risks to ensure a vibrant community for generations to come.

Operations Efficiency: The municipality will manage the assets in a manner that ensures that public resources are put to the best possible use and that full cost of asset ownership is considered in decision making.

Service: The municipality shall operate and manage the assets to ensure service delivery to the community in a manner that considers quality of life, long term costs and risks.

POLICY STATEMENTS

Asset Acquisition: Decisions to acquire new assets will be based on an understanding that the asset supports the long term goals of the community and that the full life cost of ownership has been considered and incorporated into future operating and financial plans.

Asset Maintenance: For each asset, efficient maintenance strategies will be implemented that considers sustaining the desired service levels and seeks to minimize risk and the life cycle cost of ownership.

Asset Renewal/Replacements: Decisions to renew or replace an asset will consider risk (probability and consequences of asset failure), life cycle cost and the impacts to the level of service.

Funding for Asset Renewals/Replacements: A long term financial plan will be maintained which considers the renewal and replacement of existing infrastructure and the impact to taxation and user fees. The timing for asset renewal/replacement will balance risk with cost and levels of service.

The long term financial plan will identify how asset renewals/replacements will be financed, whether be it through current revenues, reserve funds or borrowing.

Asset Disposal: The utilization and function of all assets will be considered periodically together with the cost of operating and maintaining. Assets will be disposed of where it is determined that community resources can be applied to other uses with greater benefit.

RESPONSIBILITIES

Council

- Approves Asset Management strategies and plans, as required, alongside strategic planning
- Approves asset funding through the annual budget

Corporate Asset Management Steering Committee

- Is appointed by Senior Management and consists of a minimum of one representative from each department with asset ownership as well as one representative of the Planning Department.
- Provides a forum for discussion of asset management strategy, integration and best practices
- Leads the development of corporate asset management tools and practices and oversees their application across the organization

Departmental Asset Management Owners

- Responsibility for Asset Management functions
- Create and implement Asset Management Strategies
- Create and implement Asset Management Plans
- Liaises with Corporate Finance on financial matters

Corporate Finance

- Provides financial direction to the departments
- Responsible for the stewardship of the financial assets and records

REFERENCES

Municipal TCA

Municipal Strategic Plan

Municipal Vision/Guiding Principles

Building Community Resilience through Asset Management

Policy #3

PURPOSE

To provide the framework for the development of the municipality's Asset Management capability that supports the delivery of sustainable community services through the management of its assets.

POLICY

The following actions will help guide the municipality as it develops its Asset Management Plans:

- Determine and maintain the replacement value of assets
- Determine and maintain the condition of assets and their expected service life
- Maintain and manage assets at defined levels to support public safety, and Council's Mission
- Establish optimum asset renewal and replacement strategies that are informed through the use of life cycle costing and risk analysis
- Plan financially for the defined level of service
- Plan for and provide stable long term funding to renew and/or replace assets including their de-commissioning
- Consider the effects of climate change
- Report to Council regularly on the status and performance of the work related to asset management.

POLICY PRINCIPLES

The key principles of asset management are outlined as follows:

The organization shall:

1. Make informed decisions, identifying all revenues and expenses (including operations, maintenance, renewal, replacement, and decommission) associated with asset decisions, including additions and deletions.
2. Articulate and evaluate trade-offs, and record the basis for a decision.
3. Integrate corporate, financial, business, technical and budgetary planning for assets.
4. Maintain organizational accountability and responsibility for asset inventory, condition, use and performance.
5. Consult with customers.
6. Define and articulate asset performance, maintenance and replacement standards and outcomes.
7. Optimize the use of available resources.
8. Manage assets sustainably considering the municipality's environmental, social and economic responsibilities and the life cycle costs of assets.
9. Consider the effects of climate change in the design, renewal and replacement of assets.
10. Consider the criticality of the services provided and minimize the risks of disruption.
11. Develop and demonstrate improvement towards best practices.
12. Report on the performance of its Asset Management Program.