



POLICY

No. 13 – 152 - 19/04/15

Department: FINANCE

Preventative Maintenance and Asset Management

1.0 SCOPE:

Preventative Maintenance (PM) is a key component within an Asset Management strategy. The scope of this policy is to define clear expectations for the preventative maintenance of municipal assets in conjunction with the Town's Asset Management Policy, Standard Operating Procedures, lease agreements and budgetary processes where applicable.

2.0 PURPOSE:

- Identify a framework for property and infrastructure maintenance inspections and the triggering of full condition assessments for specific assets or asset groups;
- Facilitate logical and evidence-based decision-making for annual and multi-year maintenance programming;
- Provide clear protocols for the long-term management and stewardship of all municipal infrastructure and building assets by Administration, Council and community partners.

This policy demonstrates the Town's commitment to mitigating poor asset condition ratings and reducing the scope for unexpected major repairs or asset replacements with limited opportunity for budgeting solutions.

2.1 RELATED POLICIES:

Multi Year Budget Policy
Tangible Capital Asset Policy
Asset Management Policy
Reserves Policy

3.0 DEFINITIONS:

Asset management (AM) – the coordinated activity of an organization (policies, practices, and procedures) 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).

Asset management plan (AMP) – 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).

Building Condition Assessment (BCA): A comprehensive or specific analysis of building condition and Safety Code compliance by a qualified professional engineering firm.

Building Inspection (BI): A regularly scheduled inspection of a building's general maintenance with a checklist by a member of staff.

Community Partners: Local associations or societies that lease municipally owned assets and have a long-term relationship with same in terms of occupation and use.

International Infrastructure Management Manual (IIMM): International Asset Management Standards.

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.

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, and/or other joint municipal ventures where ownership is otherwise assigned.

Preventative Maintenance (PM) - maintenance that is regularly performed on a municipal asset to lessen the likelihood or delay a condition rank of 5. It is performed while the asset is still serviceable.

Standard Operating Procedures (SOPs): A written method of controlling a practice in accordance with predetermined specifications to obtain a desired outcome.

4.0 BACKGROUND

The lifecycle activities of all municipal infrastructure assets involve a committed level of PM to extend an asset's condition and useful life, reducing the year-on-year costs of depreciation and renewal, major pressures on the municipal tax base. This is part of the integrated asset management process.



Figure: The Asset Management Wheel (UBCM/ Asset Management BC)

The ability to maintain assets at optimal or serviceable levels requires careful orchestration between employees and systems. Complexities can be added when portions of the maintenance are dependent on external vendors or are subject to annual budgetary pressures.

PM strives for peak efficiency and minimizes deterioration of an asset. Recurring service tasks are generated, assigning the right technician with the right availability and skills set. Regardless if the work is completed by an in-house technician or through external vendors, the ability to regularly capture work details in the field and assess overall asset condition is critical.

Role	Responsibilities
Municipal Council	<ul style="list-style-type: none"> • Maintain adequate organizational capacity to support the core practices of the AM program, including preventative maintenance; • Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets; • Final decisions on major PM and renewal projects within the annual budget, including deferral.
Chief Administrative Officer (CAO)	<ul style="list-style-type: none"> • Corporate oversight for the AM Policy and budget process; • Provide Council with relevant asset Condition Grading information for budget or upon request; • Liaise with Community Partners that lease Municipal Assets.
Senior Management Team	<ul style="list-style-type: none"> • Building an overall Asset Management Plan (AMP) • Writing and implementation of SOPs for asset PM. • Determine annual recommendations for Infrastructure and Building Conditions Assessments and budget for engineer services.
Corporate Services Manager (Lead)	<ul style="list-style-type: none"> • Coordinate and track AM program implementation and progress; • Maintain and grow the Citywide Asset Management database; • Ensure that Infrastructure and Building Conditions Assessments are compatible for input into the Citywide Asset Management Database.
Departmental Staff	<ul style="list-style-type: none"> • Use Standard Operating Procedures and implement maintenance and renewal measures. • Annual Building Inspections program as time and duties permit. • Take advantage of third party opportunities to assess asset condition and improve PM practices.
Community Partners	<ul style="list-style-type: none"> • General maintenance of leased asset; • Communication concerning capital repair or renewal; • Lead fund raising efforts for asset repair and renewal with Town consent and support; • Understand the condition and lifecycle profile of the asset leased.



18
June

5.0 GUIDELINES FOR COUNCIL

Council prioritizes effective stewardship of assets and ongoing review of policy and budgets. It holds high expectations that it and successive Councils will give significant attention and priority to preventative maintenance projects where they are strongly recommended by the CAO/ Senior Management Team.

5.1 CONDITION ASSESSMENTS

Council may place a major focus on a specific asset group or ongoing PM practices by directing the CAO to budget for and initiate independent infrastructure or building condition assessments as it sees fit.

5.1.1 CONDITION GRADING AND COUNCIL ACTIONS

For budgetary or other matters brought to the Council table, assets will have a condition rating pursuant to the IIIM standards. Condition grading is based on the simple 5-level ranking system where 1 is 'Very Good' and 5 is 'Unserviceable'.

RANK	DESCRIPTION OF CONDITION	RECOMMENDED COUNCIL ACTION
1	Very Good Condition <i>Only normal maintenance required</i>	Monitor only
2	Minor Defects Only <i>Minor maintenance required (5-10%)</i>	Request information on defects if asset renewal or replacement would cost \$1,000,000+
3	Maintenance Required to Return to Accepted Level of Service <i>Significant maintenance required (10-20%)</i>	Refer matter to Standing Committee for discussion and recommended actions
4	Requires Renewal <i>Significant renewal/upgrade required (20-50%)</i>	Priority discussion for budgetary action within 3-year capital planning timeframe
5	Asset Unserviceable <i>Over 50% of asset requires replacement</i>	Priority discussion for budgetary action in the next financial year (immediate tax or reserve implications)

5.2 COUNCIL'S DISCRETION

No bylaw or policy can fetter Council's ability or discretion to alter a budget or the organization in a manner that might defer or downscale preventative maintenance activities with respect to municipal infrastructure asset management in a given year.

5.3 RESERVE POLICY LINKAGE

GUIDANCE BY RESERVE TYPE	
Operational	Unspecified, unexpected PM requirements of an operational nature
Capital assets *	45% of annual contribution is for PM on assets with a condition rank 1-3 in the capital plan 45% of annual contribution is for PM or renewal of assets with a condition rank 4-5 in the capital plan
Assigned Reserves	n/a

* 10% of capital reserve contribution is for the acquisition of new additional assets.

This reserve policy linkage is a guiding principle only, subject to section 5.2.



Handwritten signature/initials in blue ink.

6.0 SENIOR MANAGEMENT TEAM AND THE CAO

Administration are responsible for further developing and maintaining an Asset Management Plan process that ensures that effective preventative maintenance is a centerpiece of the ethos across the entire organization. This will be achieved through:

- Standard Operating Procedures and staff training/implementation/ buy-in;
- Identifying and recommending 'bigger ticket' maintenance projects as they arise each budget cycle and providing them with a Condition Rating for Council and CAO priority awareness;
- Recommending and budgeting for a limited number of infrastructure and building condition assessments annually, progressively rotating through the asset groups or sub-groups;
- Updating and growing the Citywide Asset Management database to produce ever more accurate asset lifecycle profiles and projections;
- Insuring there is an appropriate in-house inspection program for each asset group;
- Communication with Community Partners.

6.1 CONDITION GRADING AND MANAGEMENT ACTIONS

Maintenance issues and asset condition must be assessed through the appropriate asset management methodology that allows seamless integration with the Citywide software system. Assets will have a condition rating pursuant to the IIM standards. Condition grading is based on the simple 5-level ranking system where 1 is 'Very Good' and 5 is 'Unserviceable'.

RANK	DESCRIPTION OF CONDITION	RECOMMENDED MANAGEMENT ACTION
1	Very Good Condition <i>Only normal maintenance required</i>	Monitor only
2	Minor Defects Only <i>Minor maintenance required (5-10%)</i>	Ensure adequate inhouse maintenance is being undertaken and expended.
3	Maintenance Required to Return to Accepted Level of Service <i>Significant maintenance required (10-20%)</i>	Automatically analyze cost implications and when these expenses should be scheduled. Be 'report ready' for Council from Rank '3'.
4	Requires Renewal <i>Significant renewal/upgrade required (20-50%)</i>	Budgetary situation should be discussed with Council for planning and action.
5	Asset Unserviceable <i>Over 50% of asset requires replacement</i>	Council should be apprised of consequence of deferment – contingency or emergency plans formulated.

6.2 GENERAL REPORTING

The Senior Management Team will prepare no fewer than two (2) reports over the financial year, reporting on assets that currently hold a condition rank of '3' or greater or have exceeded their useful lives (if known). This report shall utilize:

- Current data from the Citywide (if available and complete);
- Staff and third part inspections/ condition assessments;
- Senior management estimates and analyses;
- Recommendations to Council pursuant to this policy.

6.2.1 LIMITATIONS TO COMPREHENSIVE REPORTING



It is anticipated that reporting will improve over time, but this policy recognizes that asset databases are currently incomplete and condition ranking for all known Tangible Capital Assets will be a process of continuous improvement and update.

7.0 GUIDELINES FOR ASSETS LEASED TO COMMUNITY PARTNERS

As property owner or landlord, the Town is not responsible for the general maintenance or operational health and safety conditions within built assets that are leased, but it does generally retain responsibility for capital repair and renewal. There are three key factors that drive this area of the policy:

- These assets are not typically relevant to the provision of core municipal services, making Council decisions around use of the annual operational or capital budgets much more challenging and potentially discretionary in these cases;
- Most community partners enjoy lease fees or rent levels that are well below market expectations, often supplemented by property tax exemptions. While of great advantage operationally to these partners, the consequences of these benefits are that the assets leased **generate little or no revenue for their own depreciation or renewal**;
- Community partners have often been leased these buildings for such long periods of time, with various unique contexts as to how the Town came to own the properties, that they consider themselves the *de facto* owner of the asset. Often, the asset was not constructed with municipal resources.

7.1 BUILDING INSPECTION

The Town will conduct at least one Building Inspection per annum to identify maintenance or repair issues that it could be responsible for. This will be shared with the relevant department head and the tenant for discussion.

7.2 BCA FOR LEASED PROPERTIES

An independent Building Condition Assessment will be operationally budgeted for and scheduled once every 5-7 years by the Town.

7.3 TENANT REQUESTS FOR REPAIRS AND RENEWAL

The Town will not automatically budget major capital repairs or renewals requested by a tenant from operational funds or reserves. It reserves the right to conduct its own inspection by staff or a contractor or initiate a full Building Condition Assessment (if there are significant questions of a structural nature that could impact building viability or public safety) before making a decision. If budgeted, the Town will tender the repair or renewal project in accordance with its own policies.

7.4 ASSISTANCE WITH FUND-RAISING

The tenant, if an organization capable of pursuing grant aid otherwise inaccessible to the Town, is expected to prioritize the development of professionally estimated proposals for capital repair and renewal **in partnership with the Town**. Its leadership and financial contribution to such efforts is expected in consideration to the local taxpayer, but the Town must be involved in the project's development from the start and provide consent by resolution.

7.5 ASSISTANCE WITH RESERVES

Tenants are encouraged to contribute to built asset renewal through fund-raising and donation to municipal reserves – the Town will consider creating an asset-specific renewal reserve for tax deductible donations or other third-party contributions if a case is made.

7.6 RESPONSIBILITIES

Both the Town and the tenants of municipally-owned assets must recognize that if the asset is legally owned and insured by the Town, the Town is ultimately responsible for that asset's structural condition, capital decision-making and viability as a continued lease.



7.7 COMMUNITY PARTNER LEASES AND ASSET PROFILES

Every new lease agreement with relevant Community Partners must include the current version of this policy attached as a schedule. When available, the Manager of Corporate Services will provide Community Partners with a copy of a leased built asset's Asset Management profile and associated plan.

8.0 JOINTLY OWNED ASSETS/ASSETS USED BY OTHER GOVERNMENTS

The Town anticipates and encourages joint owners of municipal equipment, assets and vehicles to participate, where fair and reasonable, in the joint funding of PM and other costs according to a mutually agreed arrangement or formula that is predictable for the budgetary process.



MAYOR

April 15, 2019
Date



CHIEF ADMINISTRATIVE OFFICER

April 15, 2019
Date

