



POLICY

No. 13 – 213 - 18/06/18
Department: FINANCE

Asset Management Policy

SCOPE:

The Asset Management Policy applies to Council, Administration, and all departments of the Town of Nanton.

PURPOSE:

- Provide leadership in and commitment to the development and implementation of the Municipality's asset management program;
- Guide the consistent use of asset management across the organization;
- Facilitate logical and evidence-based decision-making for the management of municipal infrastructure assets;
- Support the delivery of sustainable community services now and in the future;
- Ensure that due regard and process are applied to the long-term management and stewardship of all municipal infrastructure assets.

By using sound asset management practices, the Municipality will work to ensure that all municipal infrastructure assets meet expected performance levels and continue to provide desired service levels in the most efficient and effective manner. Linking service outcomes to infrastructure investment decisions will assist the Municipality in focusing on service, rather than budget, driven asset management approaches.

This policy demonstrates an organization-wide commitment to the good stewardship of municipal infrastructure assets, and to improved accountability and transparency to the community through the adoption of best practices regarding asset management planning.

RELATED POLICIES:

Multi Year Budget Policy
Tangible Capital Asset Policy

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).

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Capitalization threshold – the value of a municipal infrastructure asset at or above which a municipality will capitalize the value of it and below which it will expense the value of it.

Green infrastructure asset – 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.

Level of service – parameters, or combination of parameters, which reflect social, political, environmental and economic outcomes that the organization delivers. Parameters can include, but are not necessarily limited to, safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environmental acceptability, cost, and availability (ISO 55000).

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.

BACKGROUND

The Municipality is responsible for providing a range of essential services to the community, including stormwater management, water, wastewater, solid waste, fire suppression, and parks and recreation. To deliver these services, it owns and manages a diverse municipal infrastructure asset portfolio of roads, bridges, culverts, and pipes. As the social, economic, and environmental wellbeing of the community depends on the reliable performance of these municipal infrastructure assets it is critical to implement a systemic, sustainable approach to their management.

An asset management approach allows organizations to make informed decisions regarding the planning, building, operating, maintaining, renewing, replacing and disposing of municipal infrastructure assets through a wide range of lifecycle activities. Furthermore, it is an organization-wide process that involves the coordination of activities across multiple departments and service areas such as Public Works, Finance, and Planning & Development.

ALIGNMENT WITH THE MUNICIPALITY'S STRATEGIC DIRECTION:

As future items and strategic documents are developed, they will be aligned with the Asset Management Policies. The plan will align with the municipality's:

- Strategic Plan
- Municipal Development Plan

KEY PRINCIPLES:

The organization-wide asset management program will be guided by the following principles:

1. Systematic
 - Adopting a consistent, repeatable approach to the management of assets, will enable services to be provided in the most cost-effective manner.
2. Innovative
 - Continuous improvement will be a key part of our AM approach and will drive innovation in the development of tools, techniques and solutions.



3. Forward Looking
 - Making the appropriate decisions to better enable our assets to meet the challenges of future customer expectations and legislative requirements.
4. Risk-based
 - Managing the risk associated with infrastructure performance through cost/benefit analysis.
5. Customer-focused
 - Provide assurance to our customers through clearly defined levels of service.

POLICY AND GUIDELINES:

To guide the Municipality, the following policy statements have been developed:

1. The Municipality will implement an enterprise-wide asset management program through all departments. The program will promote lifecycle and risk management of all municipal infrastructure assets, with the goal of achieving the lowest total cost of ownership while meeting desired levels of service.
2. The Municipality will implement continuous improvement protocols and adopt best practices regarding asset management planning, including:
 - a. Complete and Accurate Asset Data
 - b. Condition Assessment Protocols
 - c. Risk and Criticality Models
 - d. Lifecycle Management
 - e. Financial Strategy Development
 - f. Level of Service Framework
3. The Municipality will develop and maintain an asset inventory of all municipal infrastructure assets which includes unique ID, description, location information, value (both historical and replacement), performance characteristics and/or condition, estimated remaining life and estimated repair, rehabilitation or replacement date; and estimated cost for repair, rehabilitation or replacement.
4. The Municipality will develop an **asset management plan** that incorporates all infrastructure categories and municipal infrastructure assets that meet the **capitalization threshold** outlined in the organization's Tangible Capital Asset Policy. It will be regularly updated to promote, document and communicate continuous improvement of the asset management program. (include capitalization thresholds here or in appendix)

Asset Type	Single Asset Capitalization Threshold	Pooled Asset Capitalization Threshold
Land	N/A	N/A
Land Improvements	5,000	5,000
Equipment	5,000	5,000
Vehicles	5,000	5,000
Facilities	25,000	25,000
Infrastructure	25,000	25,000
Construction in Progress	Capitalize upon substantial completion of work, and/or when asset is placed into service	N/A



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5. The Municipality will integrate asset management plans and practices with its long-term financial planning and budgeting strategies. This includes the development of financial plans that determine the level of funding required to achieve short-term operating and maintenance needs, in addition to long-term funding needs to replace and/or renew municipal infrastructure assets based on full lifecycle costing.
6. The Municipality will explore innovative funding and service delivery opportunities, including but not limited to grant programs, public-private partnerships (P3), alternative financing and procurement (AFP) approaches, and shared provision of services, as appropriate.
7. The Municipality will develop meaningful performance metrics and reporting tools to transparently communicate and display the current state of asset management practice to Council and the community.
8. The Municipality will consider the risks and vulnerabilities of municipal infrastructure assets to climate change and the actions that may be required including, but not limited to, anticipated costs that could arise from these impacts, adaptation opportunities, mitigation approaches, disaster planning and contingency funding. Impacts may include matters relating to operations, levels of service and lifecycle management.
9. The Municipality will coordinate planning for interrelated municipal infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies wherever viable and beneficial.
10. The Municipality will develop processes and provide opportunities for municipal residents and other interested parties to offer input into asset management planning wherever and whenever possible.

ROLES AND RESPONSIBILITIES:

The development and continuous support of the Municipality's asset management program requires a wide range of duties and responsibilities.

Role	Responsibilities
Municipal Council	<ul style="list-style-type: none"> • Approve the AM policy and direction of the AM program • Maintain adequate organizational capacity to support the core practices of the AM program • Prioritize effective stewardship of assets in adoption and ongoing review of policy and budgets • Establish and monitor levels of service
Chief Administrative Officer (CAO)	<ul style="list-style-type: none"> • Provide corporate oversight to goals and directions and ensure the AM program aligns with the Municipality's strategic plan
Senior Management Team	<ul style="list-style-type: none"> • Development of policy and policy updates • Ensure that adequate resources are available to implement and maintain core AM practices • Provide departmental staff coordination



Signature

	<ul style="list-style-type: none"> • Develop and monitor levels of service and make recommendations to Council • Track, analyze and report on AM program progress and results
Corporate Services Manager (Lead)	<ul style="list-style-type: none"> • Manage policy and policy updates • Provide organization-wide leadership in AM practices and concepts • Provide Senior Management Team coordination specific to AM plan • Monitor levels of service • Coordinate and track AM program implementation and progress
Departmental Staff	<ul style="list-style-type: none"> • Utilize the new business processes and technology tools developed as part of the AM program • Participate in implementation task teams to carry-out AM activities • Implement and maintenance of levels of service • Provide support and direction for AM practices within their department • Track and analyze on AM program progress and results



 MAYOR

_____ Date June 18, 2018



 CHIEF ADMINISTRATIVE OFFICER

_____ Date June 18, 2018

