

Federal Gas Tax Fund

Asset Management: Making Progress



Guide to GTF Agreement Requirements

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Introduction

A catalyst for the development of asset management (AM) in Saskatchewan is the Gas Tax Fund (GTF) Agreement (the Agreement) signed between Saskatchewan and the Government of Canada. It provides predictable long-term funding for municipalities. The total value of the Agreement is approximately \$613.5 million over 10 years.

When your municipality signed its Municipal Gas Tax Fund Agreement (MGTF), your municipality committed to make progress in developing and implementing an AM plan for your community.

Creation of an Asset Management Subcommittee

Acknowledging that progress had varied greatly and work was required to ensure continued progress is made, the GTF Oversight Committee (OC) created an Asset Management Subcommittee (AMSC). The AMSC includes members from:

- Saskatchewan Ministry of Government Relations;
- Ministry of Infrastructure, Communities and Intergovernmental Affairs, Government of Canada;
- Saskatchewan Association of Rural Municipalities;
- Saskatchewan Urban Municipalities Association;
- New North;
- Rural Municipal Administrators' Association;
- Urban Municipal Administrators Association of Saskatchewan; and
- City Managers Group.

The subcommittee was asked to establish a baseline to measure progress as well as to develop a tiered approach to the establishment of AM.

All Saskatchewan municipalities participating in the GTF contributed to the baseline by completing a 2016 survey on AM.

Based on the information you provided in the survey and information collected during AMSC workshops and meetings, the subcommittee developed recommendations for tiers, measures and targets for approval by the OC Co-Chairs.

General Guidance

This *Guide to GTF Agreement Requirements* expands on the approved recommendations for tiers, measures and targets and provides general guidance to assist you as you work towards achieving the measures targeted for June 30, 2018 (see page 4). The content of this guide will continually evolve to include information on measures targeted for later completion; your municipality will be informed of updates as they occur.

There is no prescribed format for your AM plans; your municipality may select the approach to AM planning that best meets its needs. Where capacity exists, your municipality is encouraged to implement best practices and expand on information contained in your AM plans.

The AMSC strongly encourages your municipality to leverage the many AM resources available. This guide will identify several resources you can use; you may also want to look at the [Asset Management Resources](#) page on saskatchewan.ca which is regularly updated. Other organizations such as the Federation of Canadian Municipalities, your local municipal associations, communities of practice, and other municipalities are also good resources.

The baseline survey showed that **54.1%** of reporting municipalities had begun to develop and implement asset management plans.

Periodic reporting on the status of your AM progress will be required. Your municipality will need to complete a short “check-in” questionnaire during the fall of 2017, with a lengthier reporting requirement to be submitted in late 2018.

Note The OC determined that completion of AM progress reports and questionnaires is a substantial term and condition of the MGTFAs and subject to the [Municipal Compliance Strategy](#). Failure to complete and submit this information will result in GTF funds being withheld until your municipality becomes compliant.

Understanding Asset Management

Obtaining an understanding of what is AM, how it works and what are its benefits, and getting buy in by both elected officials and administration is important to its success in your municipality.

What is Asset Management?

AM is a municipality’s plan for how to manage municipal infrastructure in order to provide services to residents and other users in a way that meets their expectations, and is financially sustainable into the future.

Simply put, AM involves:

- Understanding the assets that you manage – what assets do you own and what condition are they in.
- Understanding the life cycle costs of what you own – what costs do you anticipate to occur during the ownership of the assets – such as costs of operating, maintenance, major repair or renewal, disposal.
- Understanding the level of service currently provided and future requirements – what is expected, what does it cost and what are ratepayers willing to pay for, what are risks associated with not providing.
- Understanding the cost and timing of future expenditures – which may include the need to prioritize assets that need to be fixed or replaced first or if a different asset should be obtained to better meet the need.
- Understanding the availability of funding for all life cycle costs – what is affordable and sustainable, what are the funding sources.

There are lots of practices and principles that make up AM. The *International Infrastructure Management Manual* outlines the following seven key components:

1. Life Cycle Approach
2. Cost-Effective Management Strategies
3. Defined Level of Service
4. Demand Management
5. Risk Management
6. Sustainable Use of Physical Resources
7. Continuous Improvement

More information on these components may be found in the [Asset Management Getting Started Guide](#).

Benefits of Asset Management

AM is an important tool because it helps your municipality maintain and operate its infrastructure in the most effective way so critical services can be provided to your community. There are several potential benefits from developing and implementing AM plans, including:

- Helps in writing grant and funding applications – clearly identifies your infrastructure needs.
- Improves long-term sustainability – it considers your community’s priorities developed through an understanding of the trade-offs between the available resources and the desired services.
- Maximizes the effectiveness of public investment in municipal Infrastructure.
- Improves the capacity for, and quality of, local decisions with respect to the acquisition, operation and maintenance of your municipal infrastructure.
- Brings an additional layer of accountability and transparency to decision making and helps make informed budget decisions based on priorities and needs.
- Helps in setting your user fees/tax rates through evidence-based decision-making as municipalities have a clear picture of what it costs to operate infrastructure and sustain it into the future.
- Provides the opportunity to leverage service agreements and partnerships with other municipalities.

Undertaking AM planning will also help you meet the requirements under your MGTFA.

Meeting the GTF Requirements

Establishment of Tiers

The Agreement recognizes that Saskatchewan has a vast range of municipal sizes and capacity. It also acknowledges municipalities may be at different stages in development and/or implementation of their AM plans. These are the reasons why multiple tiers were developed for GTF requirements.

The AMSC determined population would be used as the basis for the tiers. Population is easy to understand, complies with the terms of the Agreement, is consistent with current tiers used in other areas of the Agreement, and reflects the relationship between population and capacity.

Knowing your tier level (shown below) will be important as you work towards meeting the measures and targets set out in the next section:

- Tier 1: Population up to 500
- Tier 2: Population from 501 to 1,500
- Tier 3: Population from 1,501 to 5,000
- Tier 4: Population over 5,000

Measures and Targets

The subcommittee developed measures and targets that reflect the need to build a foundation for asset management planning before requiring more challenging tasks.

The chart below summarizes these measures and targets, as well as the target dates for completion.

- **Measures**

Measures were established to assess your municipality’s progress concerning AM. Beginning on page 5 of this guide, you will learn more about the first three measures required by June 30, 2018 (*Getting Educated*, *Developing a Policy and Strategy*, and *Developing an Asset Register*).

- **Targets**

Targets list the municipal tiers and what each tier will be required to accomplish during that period. The number of asset classes to complete under the Target column is based on the ideal and will be used for measuring progress. Failing to achieve your target is not failure to progress. However, all municipalities are expected to undertake AM planning and show progress in developing and implementing their AM plan.

The “*Asset Management Making Progress - GTF Agreement Requirements Factsheet*” is a quick reference sheet that summarizes the tiers, measures and targets, and reporting requirements.

| By | Target | | Measures |
|---------------|-------------|--|---|
| June 30, 2018 | All Tiers | | <p>Municipalities participating in the federal Gas Tax Fund Program are required to:</p> <ul style="list-style-type: none"> • Get educated in AM. • Develop and approve a policy and a strategy on how the municipality will approach AM. • Develop an asset register for all asset classes. |
| June 30, 2019 | Tier | Number of Asset Classes to Complete | <p>Municipalities are required to:</p> <ul style="list-style-type: none"> • Add the current condition of assets to the asset register. • Document the desired condition of assets listed in their register. |
| | 1 | 1 | |
| | 2 | 2 | |
| | 3 | 3 | |
| | 4 | 4 | |
| | All Tiers | | All municipalities are required to have a progress check in with council on the status of improving/monitoring the AM plan. |
| June 30, 2020 | Tier | Number of Asset Classes to Complete | <p>Municipalities are required to identify the funding gap between the current and desired asset condition for completed asset classes.</p> |
| | 1 | 1 | |
| | 2 | 2 | |
| | 3 | 3 | |
| | 4 | 4 | |
| June 30, 2022 | All Tiers | | Municipalities are required to report back to council on monitoring and improving their AM plan moving forward. |

Some municipalities may have more asset classes than identified under Targets in the chart above and may be wondering about the timeline to complete their remaining asset classes. It is anticipated that as municipalities complete their initial asset classes, they will gain momentum and proceed to complete all their asset classes.

If future GTF questionnaires and reports identify municipalities have not gained momentum, the AMSC may recommend to the OC Co-Chairs the establishment of further measures and targets to achieve compliance.

Saskatchewan will report to Canada on progress made to date in March 2018 and again in March 2023.

Note It is not a requirement to have COMPLETED your AM plan by March 31, 2018. It is a requirement that you have STARTED and are making progress on developing and implementing your AM plan.

Measures for Asset Management Planning

1. Get Educated

Courses will help your municipality develop the internal resources to make AM more meaningful.

Introductory training on AM provides information to enhance awareness of AM, including concepts, organizational context and affect, and value of AM to the organization. Advanced AM training can be undertaken on specific components of the AM development process.

There are several organizations and businesses that offer training courses, as well as a number of online resources. Further information on available resources may be found on saskatchewan.ca under [Asset Management](#). Links to AM resource pages for other organizations are also located here.

The baseline survey showed for reporting municipalities:

73% Staff members are aware of AM
19% Staff members are trained in AM
66% Council is aware of AM
4% Council is trained in AM

You may find the following two videos valuable in raising awareness of AM with your council and others in your organization:

1. [Asset Management in Saskatchewan](#) (14 minutes). This video can also be viewed as four shorter chapters (2 to 6 minutes each).
2. [FCM: Why Invest in Asset Management?](#) (4 minutes)

Note You may use your GTF funding for capacity building purposes, which includes AM. Training may qualify, if it results in a tangible outcome (for example, if you have established your condition rating matrix after taking a course on condition ratings).

2. Develop a Policy and Strategy

Governance is a key factor in successful AM planning. Two components of the governance model are the AM policy and strategy. You can develop these components as individual documents or combine them into one document.

Together, the policy and strategy give the needed direction for both municipal staff and council to start the AM journey.

Policy

Your municipality should develop and implement an AM policy. The policy will express your council's commitment to AM and provide policy statements to guide staff in carrying out business strategies, plans and activities.

The process of developing and adopting a policy takes time. Municipalities are encouraged to start their process as soon as possible. A great time to advance an AM policy is during the annual budget process.

Your municipality can approach the development and implementation of its AM policy in various ways. AM policies should be tailored to the size, complexity, and nature of your organization. A basic template, based on one developed by The Local Government Asset Management Working Group of British Columbia, is attached as Appendix A. Other examples are provided as links in the Potential Resources box.

When you look at the example in Appendix A, you will see some of the elements that your AM policy may include:

- Policy statement or purpose of policy
- Definition of AM
- Council's objectives (high level policy statements) to guide the organization in developing and implementing AM (refer to Section 1 for examples)
- Council's vision and goals for infrastructure assets and why AM is important; can tie to overall organizational objectives and policies
- Council's commitment to AM
- Responsibilities of council and senior administration with respect to AM; may also designate resources to develop and maintain AM systems
- Key principles to be followed. For example, pursue best practices where available; consult with stakeholders where appropriate; manage assets to be sustainable; etc. (refer to Section 3 in Appendix A for further examples)
- General guidelines for the use of an AM strategy and AM plans; providing guidance on what should be included in the AM plans and for which assets they are to be completed
- Clear outline on how AM is to be integrated within the organization and includes references and linkages between corporate documents
- Council's role and authority for establishing, updating and rescinding the policy
- Timeline and responsibility for implementing, reviewing and reporting back on the policy

Your AM policy should include a schedule for "checking-in" periodically to review its implementation, the work that has been accomplished and the relevancy of the policy. Two "check-in" points for Saskatchewan municipalities are set out in the measures and targets described on page 4: one is by June 30, 2019 and the other is by June 30, 2022. Municipalities may establish "check-in" timelines considering these requirements.

Potential Resources

How To

- A Guide to Developing a Municipal Asset Management Policy: (*This is the resource for Appendix A*)
https://www.civicinfo.bc.ca/Library/Asset_Management/Tools_and_Resources/Guide_to_Developing_a_Municipal_Asset_Management_Policy_DRAFT--LGAMWG--October_2009.pdf
- Town of Penetanguishene (*policy based on sample in guide*)
<https://penetanguishene.civicweb.net/document/168792>
- Asset Management for Municipalities in Alberta:
<https://www.assetmanagementbc.ca/wp-content/uploads/AAMDC20-20AM20Report20-20Final20-20Web20Version.pdf>
- International Standards for Asset Management: ISO 55000, 55001 and 55002
<https://www.iso.org/news/2014/01/Ref1813.html>

Sample Policies

- The City of Ottawa's Asset Management Framework Policy:
http://documents.ottawa.ca/sites/documents.ottawa.ca/files/documents/cam_policy_en_1.pdf
- The City of Regina Asset Management Policy: <https://cityconnect.regina.ca/opencms/export/sites/cityconnect/city-of-regina/corporate-services/strategy-asset/.galleries/policies/Asset-Management-Policy.pdf>
- The District of North Vancouver Asset Management Policy:
<http://app.dnv.org/OpenDocument/Default.aspx?docNum=2611275>

Strategy

The International Infrastructure Management Manual defines an asset management strategy as “a strategy for asset management covering the development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure that the desired levels of service and other operational objectives are achieved at optimum costs.”

Where an AM policy sets out the vision and principles for AM within a municipality, the AM strategy defines the actions through which this vision will be achieved. These actions form the basis for developing a more specific AM plan.

Your AM policy will tend to be more static, while your AM strategy will evolve over time. You would refine or modify your AM strategy to respond to internal and external factors. It is recommended that you annually report on the progress on the municipality's AM strategy to council, and senior leadership for larger organizations.

The baseline survey showed for reporting municipalities:
15% AM Policy in place
10% AM Strategy in place

The following chart summarizes some components that may be included in your AM strategy:

| Component | Information may Include | Questions to Ask |
|--|---|---|
| Current State of Assets | <ul style="list-style-type: none"> • Summary of assets by class with replacement value • Background narrative on current state (e.g. age, general condition, current maintenance and renewal practices, etc.) | What is the current state of assets (e.g., class, value, replacement value, etc.)? How do we presently manage the assets? |
| Factors that Impact Asset Needs | <ul style="list-style-type: none"> • May consider growth, demographic changes, environmental impacts (climate change), new technologies or infrastructure advancements, etc. • Current financial picture and future financing and funding options • Desired state of assets, target levels of service and critical risks to manage | What are some of the factors that impact on infrastructure and service delivery? Consider emerging issues. What is the current financial picture? Finance and funding availability? Options to deal with shortfalls? What is the desired state of the assets and the target service levels? What critical risks need to be managed? |
| Current Status of Asset Management | <ul style="list-style-type: none"> • Outline of current AM practices • Summary of AM planning actions taken to date • Council vision (from policy summarized) and need for AM | What is the current state of AM in the organization? What has been done to date to advance AM in the organization? What AM tools have been created? |
| Strategy to Align AM Practice with AM Policy (Directions Going Forward) | <ul style="list-style-type: none"> • Actions needed to align AM practice with objectives and goals set out in the policy • Key actions needed to advance AM with respect to each of these areas • May reiterate vision and guiding principles | What are the objectives? What actions will bring AM practice in line with the objectives and principles (goals) in the policy? What is the state of the procedures, systems and training? |
| Goals to Support Implementation Strategy | <ul style="list-style-type: none"> • Tactics and activities required to achieve the key actions (development of a more specific AM plan) • Final outcomes identified | Who will do what, when, where and how for each of the key action items (i.e., application of strategy to the management of assets)? What business improvements are needed? What are the resource requirements? |
| Relationship to Other Corporate Documents | <ul style="list-style-type: none"> • Identification of how other corporate plans are linked to AM plans • Identification of how AM decision-making is integrated into the organization | What other municipal documents exist e.g. budget, strategic plan, OCP, etc.? How do they relate to AM? How will decisions affecting the management of assets be reflected in other processes and documents? |
| Stakeholder Identification and Role | <ul style="list-style-type: none"> • Identification of stakeholders (individuals and groups) internal and external to the organization that will be impacted by AM • Identification of how the stakeholder will be impacted and how they will be effectively engaged, including any supports required | How will the actions in the strategy impact stakeholders? How can the municipality effectively engage with these groups? What expectations are there of the stakeholders? What supports are required? |
| Roles and Responsibilities | <ul style="list-style-type: none"> • Set out the governance structure • Clarify roles and responsibilities of the AM team (including council, administrative leadership and groups within the organization). | Who is responsible for what? How do responsibilities align with actions and policies? What resource requirements are necessary to develop and implement AM plans? |
| Reviewing and Monitoring | <ul style="list-style-type: none"> • The approach to reviewing, monitoring, and updating the strategy. | Who is responsible for reviewing, monitoring, and updating the strategy? How often will this be done? How often will it be communicated to council and stakeholders? |
| Definitions | <ul style="list-style-type: none"> • Definitions to support common understanding and application | What words or phrases require explanation to ensure all participants in AM planning have a common understanding? |

Potential Resources:

How To

- Asset Management for Municipalities in Alberta
<https://www.assetmanagementbc.ca/wp-content/uploads/AAMDC20-20AM20Report20-20Final20-20Web20Version.pdf>
- Alberta: Getting Started – Toolkit User Guide
http://www.municipalaffairs.alberta.ca/documents/ms/2015-11-18_Toolkit_-_FINAL.pdf
- Asset Management for Sustainable Service Delivery – A BC Framework
https://www.civicinfo.bc.ca/Library/Asset_Management/Tools_and_Resources/Asset_Management_for_Sustainable_Service_Delivery_-_A_BC_Framework--Asset_Management_BC--September_16_2015.pdf
- AssetSMART 2.0 A Tool to Assess Your Community’s Asset Management Practices
http://www.ubcm.ca/assets/Funding~Programs/Asset~Management/AssetSMART_2%20-A_Local_Government_Self_Assessment_Tool--LGAMWG--September_2015.pdf

Sample Strategies

- The City of Ottawa’s Comprehensive Asset Management Strategy:
<http://ottawa.ca/calendar/ottawa/citycouncil/csedc/2012/09-19/Document%203%20-%20CAM%20Strategy.pdf>
- The City of Calgary Asset Management Strategy:
<http://www.calgary.ca/CS/IIS/Documents/PDF/asset-management-strategy.pdf?noredirect=1>

3. Develop an Asset Register

One of the initial steps you can take in developing your AM plan is to create a comprehensive asset register. An asset register is a listing of assets (facilities, roadways, sewer infrastructure, etc.) that are owned by your municipality.

Types of Information Listed in the Asset Register

An asset inventory or register typically includes the following information:

- The assets you own
 - Asset type (may be by class and sub-class)
 - Asset identifier (may be an asset tag number or some other unique identifier for the asset)
 - Asset name (e.g. ABC Park)
- The location of the asset
 - Physical location (where the asset is e.g. water line – on ABC Street from 1st Ave to 2nd Ave)
 - Municipal address (if one is assigned)
 - Legal description (for land and building)
- Attributes that describe the asset
 - Quantity and size, material constructed from
 - Key dates (such as construction/installation date; date of major renovation or renewal that would extend use)
 - Age of asset
- Cost of the asset
 - Historic (cost when acquired)
 - Replacement (anticipated cost to replace the asset)
- Condition ratings (*Note: Addition of condition rating information to the register is required by June 30, 2019*)
 - Physical condition
 - Functional condition (*rating on whether it is functioning as is intended*)
 - Demand condition (*rating on whether the asset is meeting the required demand*)

- Life span of the asset
 - Expected service life
 - Remaining service life (*Estimated number of years until asset fails-may be based on the expected service life and age, or on actual renewal, performance and condition data*)
 - Remaining service life basis
- Summary of the source and accuracy of information in the register for the asset
- Other information that may be included
 - Identification of high value or core assets
 - Risks created or impacted by climate change
 - Annual operating costs

Where to Find Information for Your Asset Register

Your municipality will already have much of this information compiled as a result of the *CICA PSAB Handbook* section 3150 Tangible Capital Assets accounting reporting requirements; therefore, this document can serve as a good starting point. It's important to note that preparing your asset register for AM may require additional refinement, such as:

- Segmentation of your asset register into a more or less appropriate level of detail. Asset segments should reflect a portion of the asset that is a reasonable size and that would be replaced at the same time for a similar cost. This means that each segment should have a common year of construction, type of construction, type of materials, and expected useful life.
For example, your municipality may have constructed a park and have the whole park listed as a single asset on your register. In order to effectively use your asset register for AM planning, the individual asset "park" should be broken down and listed by its parts (segments), such as benches, pathways, irrigation and play structures.
- Additional information not required by PSAB 3150 such as replacement costs.
Replacement cost can be used to calculate future funding gaps and the cost if AM is not undertaken. There are various ways to calculate replacement values of your assets, increasing the accuracy of the value along the way. For example, inflated historical cost, insurance values, reproductions costs, and replacement costs.

As you continue to collect and update information for AM, you will further develop your asset register.

Potential Resources:

How To

- Asset Management Getting Started Guide
<http://publications.gov.sk.ca/documents/313/92459-Asset%20Management%20Guide.pdf>
- Alberta: Getting Started – Toolkit User Guide
http://www.municipalaffairs.alberta.ca/documents/ms/2015-11-18_Toolkit_-_FINAL.pdf

4. Add the Current Condition of Assets

As noted previously, the content of this guide will continue to evolve as the AM journey progresses. In the interim, if you wish to proceed with adding a condition rating to your asset register the following two resources may assist you:

- Saskatchewan: Asset Management Condition Assessment Techniques
<http://publications.gov.sk.ca/documents/313/92457--Asset%20Management%20Condition%20Assessment%20Techniques.pdf>
- Saskatchewan: Asset Management Condition Grading Standards
<http://publications.gov.sk.ca/documents/313/92458-Asset%20Management%20Condition%20Grading%20Standards.pdf>

Resources

[Province of Ontario: *Building Together: Guide for Municipal Asset Management Plans*](#)

[Local Government of Victoria: *Local Government Asset Management Better Practice Guide*](#)

[Alberta Association of Municipal Districts and Counties: *Asset Management for Municipalities in Alberta*](#)

[The Local Government Asset Management Working Group of British Columbia: *A Guide to Developing A Municipal Asset Management Policy*](#)

[Asset Management for Sustainable Service Delivery: A BC Framework](#)

[Alberta: *Getting Started Toolkit User Guide*](#)

APPENDIX A

EXAMPLE MUNICIPAL ASSET MANAGEMENT POLICY

Municipality Name

Policy Title: MUNICIPAL ASSET MANAGEMENT POLICY

Policy Number: Supersedes Numbers:

Authority: Council

Approval date: Last Review date:

Effective date: Next Review date:

1.0 COUNCIL ASSET MANAGEMENT POLICY STATEMENTS

Asset management is a broad strategic framework that encompasses many disciplines and involves the entire organization. The term asset management, as used in this document, is defined as "the application of sound technical, social and economic principles that considers present and future needs of users, and the service from the asset" (*or can change to municipality's definition*).

This policy document guides how staff and Council will interact with the (*Municipality Name*) Asset Management Strategy and Asset Management Plans.

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

The *Name of Municipality* will:

- i. Develop and maintain asset inventories of all its infrastructure.
- ii. Monitor standards and service levels to ensure they meet/support community and Council goals and objectives.
- iii. Maintain and manage infrastructure assets at defined levels to support public safety, community well-being and community goals (*this can be customized to reflect specifics the municipality wishes to support*).
- iv. Establish infrastructure replacement strategies using full life cycle costing principles.
- v. Plan financially for:
 - a. The appropriate level of maintenance of assets to deliver service levels and extend the useful life of asset.
 - b. Provision of stable long-term funding to replace, renew and/or decommission infrastructure assets.
- vi. Where appropriate, consider and incorporate asset management in its other corporate plans.
- vii. Report to citizens regularly on the status and performance of work related to the implementation of this asset management policy.

2.0 BACKGROUND AND PURPOSE OF COUNCIL POLICY

Council has a mandate to provide a wide range of services. To guide staff with the effective implementation of those services, Council typically adopts policies for important issues that can be used by staff to support Council's vision, goals and objectives.

Council vision and goals for infrastructure assets

Council's vision and goal for the community is *(Insert council's vision relative to infrastructure assets. Examples: "a safe, livable, sustainable and economically vibrant community underpinned by well managed and maintained infrastructure assets that support the services as defined in consultation with the ratepayers." "to deliver the services that fall under its mandate to residents and businesses in a cost effective and creative manner.")* These assets include but are not limited to *(identify the various asset categories e.g. efficient transportation networks, economical and reliable-water distribution networks, safe and reliable sewage collection systems, reliable information technology systems, productive fleets, and accessible parks, recreation and civic facilities, etc.)*

Through the use of sound asset management practices, Council and the community can be assured that the assets meet performance levels, are used to deliver the desired service in the long-term and are managed for present and future users.

This policy is to articulate Council's commitment to asset management, and guides staff using the policy statements. In doing so, this policy outlines how it is to be integrated within the organization in such a way that it is coordinated, cost effective and organizationally sustainable. This policy also demonstrates to the community that Council is exercising good stewardship, and is delivering affordable services while considering its legacy to future residents.

Staff will implement-the policy through the development and use of asset management guidelines and practices. Since the performance of asset management is organization specific, reflective of knowledge, technologies and available tools, and will evolve over time, the responsibility for guidelines and practices are delegated to staff.

3.0 POLICY PRINCIPLES, GUIDELINES AND INTEGRATION

The key principles of the asset management policy are outlined in the following list. The organization shall:

- i. Make informed decisions, identifying all revenues and costs (including operation, maintenance, replacement and decommission) associated with infrastructure asset decisions, including additions and deletions. Trade-offs should be articulated and evaluated, and the basis for the decision recorded.
- ii. Integrate corporate, financial, business, technical and budgetary planning for infrastructure assets.
- iii. Establish organizational accountability and responsibility for asset inventory, condition, use and performance.
- iv. Consult with stakeholders where appropriate.
- v. Define and articulate service, maintenance and replacement levels and outcomes.
- vi. Use available resources effectively.
- vii. Manage assets to be sustainable.
- viii. Minimize total life cycle costs of assets.
- ix. Consider environmental goals.
- x. Consider social and sustainability goals.
- xi. Minimize risks to users and risks associated with failure.
- xii. Pursue best practices where available.
- xiii. Report the performance of its asset management program.

Guidelines and Practices

This policy shall be implemented by staff using accepted-industry guidelines and practices *(can identify the guidelines/practices will be using)* and staff shall consider the use of an asset management strategy and asset management plans.

The organization will also comply with required capital asset reporting requirements, and integrate the asset management program into operational plans throughout the organization.

Strategic asset management plans may be developed for a specific class of assets, or be generic for all assets and should outline long term goals, processes and steps toward how they will be achieved. The asset management plans should be based on current inventories and condition (acquired or derived), projected performance and remaining service life and consequences of losses (e.g. vulnerability assessments, emergency management).

Operational plans should reflect these details. Replacement portfolios and associated financial plans should consider alternative scenarios and risks, as well as include public consultation.

Context and Integration of Asset Management within Organization

The context and integration of asset management throughout the organization's lines of business is typically formalized through references and linkages between corporate documents. Where possible and appropriate, Council and staff will consider this policy and integrate it in the development of corporate documents such as (*broad list noted below, include those which apply and add others as needed*):

- Official Community Plan
- Business plans
- Corporate strategic plan
- Corporate financial plan
- Capital Budget plan
- Operational plans and budgets (including vehicle and fleet plans and budgets)
- Neighbourhood plans
- Annual reports
- Design criteria and specifications
- Infrastructure servicing, management and replacement plans, e.g., transportation plans
- Community social plans
- Parks and recreation plans
- Facility plans

4.0 KEY ROLES FOR MANAGING THE ASSET MANAGEMENT POLICY

Policies are approved by Council. While staff, public and other agencies may provide input on the nature and text of the policy, Council retains the authority to approve, update, amend or rescind policies.

| Role | Responsibility (<i>those noted are suggested</i>) |
|--|--|
| Identification of issues and development of policy updates | Council and staff |
| Establish levels of service | Council, staff and public |
| Exercise stewardship of assets, adopt policy and budgets | Council |
| Implementation of policy | Administrator and staff |
| Development of guidelines and practices | Administrator and staff |
| On-going review of policies | Council and staff |

Implementation, Review and Reporting of Asset Management work

The implementation, review and reporting back regarding this policy shall be integrated within the organization—Due to the importance of this policy, the organization's asset management program shall be reported annually to the community, and implementation of this policy reviewed by Council at the mid-point of its term (*these timelines are at discretion of council; consider also, Gas Tax Fund requirements*)

| Actions | Responsibility (<i>those noted are suggested</i>) |
|---|--|
| Adopt asset management policy | Council and Chief Administrator |
| Monitor and review infrastructure standards and service levels at established intervals | Council and Chief Administrator |
| Develop and maintain infrastructure strategies including development and service plans | Planning, Public Works, asset operation and maintenance departments, finance |

| Role | Responsibility (<i>those noted are suggested</i>) |
|--|--|
| Develop and maintain asset inventories | Public Works, asset operation and maintenance departments, finance |
| Assess infrastructure condition and service levels | Public Works, asset operation and maintenance departments |
| Establish and monitor infrastructure replacement levels using full life cycle costing principles | Public Works, asset operation and maintenance departments |
| Develop and maintain financial plans for the appropriate level of maintenance, rehabilitation, extensions and decommission of assets | Public Works, asset operation and maintenance departments, finance |
| Report to citizens on status of the community's infrastructure assets and asset management program | Council, administrator, communications |