

## Policy Name

Asset Management Policy

## Policy Number

FIN-18



## Policy Statement

This policy is to ensure that Brazeau County implements asset management practices that enable a coordinated, cost effective and organizationally sustainable approach across the municipality.

Asset management is a broad strategic framework that encompasses many disciplines and involves the entire organization. To guide the organization in the implementation of asset management practices, the following policy statements have been developed:

**Asset Acquisition:** Decisions to acquire new assets will be based on an understanding that the asset supports the long term goals of the County 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 or replacements will be financed, whether 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 as per the County's Tangible Capital Asset (TCA) FIN-9 and Purchasing Policy (FIN-2).

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Chief Administrative Officer: \_\_\_\_\_

Review Date: (Y/M/D) \_\_\_\_\_

# Policy

## 1. Definition

Asset Management is an integrated 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. This involves planning, finance, engineering, maintenance and operations to reduce risk and provide safe and reliable levels of service to community stakeholders.

## 2. Purpose

Brazeau County provides a wide range of services. The objective of this policy is to lay out the Asset Management Program.

A safe, livable, sustainable and economically vibrant community is supported by well managed and maintained infrastructure assets. These assets include, but are not limited to, transportation networks, water and wastewater systems, information technology systems, equipment fleets, parks, recreation and municipal facilities.

Over time these assets age and deteriorate, but by using sound asset management practices Brazeau County can ensure the assets meet performance levels, are used to deliver the desired services in the long-term and are managed for present and future users.

This policy outlines Brazeau County's commitment to asset management and guides staff in its implementation. In doing so, this policy also outlines how it is to be integrated within the organization in such a way that it is coordinated, cost effective and organizationally sustainable.

## Principles and Guidelines

### 1. Principles

The key principles of the Asset Management Policy are outlined in the list below.

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

**Efficiency of Operations:** 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.

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**Level of 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.

## **2. Guidelines**

The Asset Management Policy shall be implemented by staff using accepted industry guidelines and practices, as well as Brazeau County's Tangible Capital Asset Policy – FIN-9.

The organization will also comply with required capital asset reporting and integrate the asset management program into operational plans throughout the organization. In addition, appropriate consideration will be given to integrating this policy in the development of corporate documents such as:

- Strategic and Corporate Asset Management Plan

## **Roles and Responsibilities**

### **Council**

- Review and adopt the Asset Management Policy;
- Approve levels of service, incorporating risk, budget, community input that aligns with goals;
- Approves asset management strategies and plans, as required, alongside strategic planning; and
- Approves asset funding through the annual budget.

### **CAO and Senior Management Team**

- Implement the Asset Management Policy;
- Form a “functional group” and appoint representatives from each department, including;
  - *Planning and Development;*
  - *Public Works;*
  - *Utilities;*
  - *Agricultural Services;*
  - *Community Services;*
  - *Finance, and*
  - *Information Technology.*
- Develop an asset management program that includes plans and procedures to implement the Asset Management Policy;
- Review the Asset Management Policy on an annual basis; and
- Provide an annual report to Council on the status of the asset management program.

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## Departmental Responsibilities

- Incorporate the Asset Management Plan into the management of municipal assets;
- Maintaining and managing infrastructure assets at defined level of service; and
- Where possible, integrate engineering and financial asset requirements into a single asset register.

## **Attachment**

Attachment 1 - Definitions and Terms - Asset Management Policy

## **References**

- FCM/AUMA/RMA Asset Management tool kit
- TCA Policy FIN-9

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## Attachment 1

**Engineered Assets:** assets that have been constructed and are owned by the municipality (e.g., roads utilities, municipal buildings, parks and land) and support 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., snow removal or fire services), 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 time of clearing of roads on cease of snow). 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 that 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 may not be 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.

**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 FIN-9, tangible capital asset 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.

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