



223C Asset Management

Prepared By: Office of the CAO

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Effective Date: Immediately

Council Resolution No.: 20-216

References:

ISO 55000

Institute of Public Works Engineering Australasia

MGA Section 252 – Debt Limit

Records Management Retention Schedule Bylaw

Policy 101C Policy Development

Policy 118C Purchasing Policy

Policy 202C Tangible Capital Assets

POLICY STATEMENT

The Town of Olds will support Asset Management as a process of making decisions about the use and care of physical and natural assets in a way that considers current and future needs, manages Risks and opportunities, and makes the best use of resources to support Sustainable Service Delivery.

PURPOSE

The purpose of this policy is to govern Asset Management practices within the Town of Olds, ensuring adequate provision is made for operations, maintenance and long term replacement of engineered and natural assets by taking into consideration:

- successful delivery of core services
- long-term financial sustainability
- continuous assessment and improvement

SCOPE

This policy is applicable organizational wide to lay the foundation in making Asset Management a way of doing regular business in the Town of Olds.

- Community infrastructure is a foundation of sustained and growing economic and social development;
- Infrastructure is critical to meeting the recreational, institutional, cultural and other needs of the community;
- Properly built and effectively maintained infrastructure supports public health and safety, and mitigates potential adverse environmental impacts of society;
- Financial sustainability requires strong connections between operating costs, long term infrastructure investment needs and long term funding plans; and
- Well informed decisions contribute to achieving the goals of the community, while balancing the financial capacity of current and future generations.

Asset Management Plans encompass the following major classifications:

- Land
- Land Improvements
- Buildings

- Engineered structures
- Machinery and Equipment
- Vehicles
- Cultural and Historical Assets
- Natural Assets

DEFINITIONS

Activities are the processes and/or actions that a program undertakes to provide a service that meet the resident's needs. Activities produce one or more outputs under the program. This is what the program does with the inputs (resources) to fulfill goals.

Asset Management is a process of making decisions about the use and care of physical and natural assets in a way that considers current and future needs, manages Risks and opportunities, and makes the best use of resources to support Sustainable Service Delivery.

Asset Management Plan A document that specifies the activities, resources and timescales required for an individual asset, or a grouping of assets, to achieve the organization's infrastructure objectives.

Asset Management Policy A high level statement that specifies the principles and approach to Asset Management.

Asset Management Strategy A high level document that outlines the approach for implementing the asset management policy.

Capital:

Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. road patching, unsealed road grading, building and structure repairs).

Rehabilitation – works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally involves repairing the asset to deliver its original level of service (i.e. heavy patching of roads, slip lining of sewer mains, etc.) without resorting to significant upgrading or renewal, using available techniques and standards.

Renewal - the activities that return the service capability of an asset up to that which it had originally (i.e. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement).

Replacement - the complete replacement of an asset that provides a similar or agreed alternative, level of service.

Upgrade/New - the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

Cost means the amount of cash or cash equivalents paid or the Fair Value of or other consideration given to acquire an asset, at the time of its acquisition or construction.

Critical Assets are assets that can impact the organization's objectives in a significant manner. These are typically assets for which a failure would result in, for example, a significant service disruption, damages, Costs, and reputational or environmental impact.

Fair Value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Gross (Current) Replacement Cost means the Costs the entity would incur to acquire the asset on the reporting date. The Cost is measured by reference to the lowest Cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would Costs, to replace the existing asset with a new modern equivalent asset (not a second hand one) with the same economic benefits allowing for any differences in the quantity and quality of output and in operating Costs.

Depreciation is the expensing of a fixed asset over its Useful Life.

Inspection Regime means a scheduled inspection to review service levels and condition assessment in order to maintain the same level of service the asset was designed for.

Level of Service is an expected level of performance of a service to be delivered. It establishes the expectation for the service recipient; a commitment to a specified level of performance that is measurable, to the best of its ability.

Life Cycle is the time interval that commences at the point the Town of Olds takes ownership of the asset and/or put into service and terminates with the decommissioning of the asset or any associated liabilities.

Life Cycle Costs is the total Cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation, and disposal Costs.

Program means a group of related activities that are designed and managed to meet a specific public need to achieve shared outcomes. Programs may be internal or external facing and are often treated as a budgetary unit.

Risk The exposure of someone or something to danger, harm, or loss. In an Asset Management context this is typically expressed through the evaluation of the likelihood of an event occurring (e.g. asset failure, weather event) and its potential impact on service delivery.

Service means the achievements, output, or direct product that result from the activities undertaken to implement the service and meet the needs of residents. This may result in external and internal delivery.

Sustainable Service Delivery means that current community services are delivered in a socially, economically and environmentally responsible manner that does not compromise the ability of future generations to meet their own needs.

Useful Life means the period over which an asset is expected to be in use by an entity.

RESPONSIBILITIES

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

Council is responsible for:

- Adopting an Asset Management Policy;
- Providing high level oversight of the delivery of the organization's Asset Management Strategy; and
- Approving Levels of Service, Risk allowance, and budget.

The Chief Administrative Officer has overall responsibility for:

- Ensuring that organizational resources are appropriately allocated and utilized to support the implementation of the Asset Management program (i.e. strategies, plans and procedures);
- 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;
- Review the Asset Management Strategy within the first year of a new council cycle to ensure that it is relevant, still in the "line of sight" (as per Policy 202C);
- Review policies on an ongoing basis to ensure that they continue to be relevant and current (as per Policy 101C); and
- Aligning Asset Management in all other corporate plans (i.e. Strategic Plans).

STANDARDS

Sound Asset Management practices enable Sustainable Service Delivery by integrating community values, priorities and an informed understanding of the trade-offs between Risks, Costs and services.

Town of Olds Sustainable Service Delivery needs will be met by ensuring adequate provision is made for the long-term planning, financing, operation, maintenance, repair, renewal, upgrade, replacement and disposal of Capital assets by the following guiding principles:

Guiding Principles

- 1) A consistent Asset Management Strategy must exist for implementing systematic Asset Management and appropriate Asset Management best-practices throughout all departments;
- 2) All relevant legislative and regulatory requirements together with cultural, social, economic and environmental sustainability are to be taken into account in Asset Management;
- 3) Asset Management principles will be integrated into all planning and operational processes;
- 4) Asset Management Plans will be developed for asset categories and such plans will be informed by community consultation, financial planning and reporting systems;
- 5) An Inspection Regime will be used as part of Asset Management to ensure agreed Levels of Service are maintained and to identify asset renewal priorities;
- 6) Asset renewals required to meet agreed Levels of Service and identified in adopted Asset Management plans and long term financial plans will be funded in the annual budget with funding sources identified;
- 7) Levels of Service agreed through the budget process and defined in Asset Management Plans will be funded in the annual budget with funding sources identified;
- 8) Asset renewal plans will be prioritized and implemented progressively based on agreed Levels of Service and the effectiveness of the current assets to provide those Levels of Service;
- 9) Systematic and cyclic 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 and applicable territorial and national standards;
- 10) Future Life Cycle Costs including disposal will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets;
- 11) Future service levels will be determined in consultation with the community;

- 12) Creating a corporate culture where all Councillors and employees play a part in overall care for town assets by providing necessary awareness, training and professional development;
and
- 13) Providing those we serve with services and Levels of Service for which they are willing to pay.