City of Cold Lake

Asset Management Policy

POLICY NUMBER: 206-AD-19

Approval Date: January 22, 2019	Revise Date:
Motion Number: CRM20190122.1013	Repeal Date:
Supersedes:	Review Date:

1.0 Policy Intent

To set guidelines for implementing consistent asset management processes and to articulate a commitment by the City of Cold Lake regarding the comprehensive and best practice approach to asset management.

2.0 Purpose

The purpose of this policy is to design the guidelines for Asset Management with the intent of:

2.1 Enabling informed decision- making by Council, administration and community;
2.2 Improving decision-making accountability and transparency;
2.3 Supporting a culture where all administration takes part in incorporating the Asset Management Framework into the management of the public assets;
2.4 Ensuring that risk, approved levels of service, condition, and inventory are considered to inform and prioritize programming decisions at all levels of decision making;
2.5 Meeting federal, provincial and local legislative and regulatory requirements for asset management as applicable at the individual asset level and at the corporate level in alignment with corporate vision and goals;
2.6 Ensuring the City resources and operational capabilities are identified for City services and infrastructure so they are provided in a safe, reliable and sustainable manner with responsibility for asset management allocated.

3.0 Policy Statement

3.1 This policy shall govern all City of Cold Lake employees. The Policy dictates that the City will aim to advance the asset management guiding principles through all aspects of day-to-day work and through the entire asset lifecycle, from acquisition to disposal. The City shall comply with this Policy both internally and in its

engagements with City service providers including developers, contractors, and consultants. The City will contribute towards continuous improvement in asset management practices. If any provisions of this policy are held invalid, the remainder of this document shall be valid.

4.0 Managerial Guidelines

4.1 **Definitions:**

4.1.1 **"Asset"** is an item of value that derives its worth from its ability to be used to deliver a service or create a product. At the City, an asset can be tracked and managed as part of the financial, operations, maintenance and capital planning business processes.

4.1.2 **"Asset Management"** is an integrated approach involving planning, finance, engineering, maintenance and operations to maximize benefits, reduce risk and provide safe and reliable levels of service to community users.

4.1.3 **"Asset Management Framework"** is a set of documents (policy, strategy, plan), systems and processes that address and organizations asset management responsibilities.

4.1.4 **"Asset Management Policy"** outlines an organizations commitment and mandated requirements for asset management.

4.1.5 **"Levels of Service"** is the defined thresholds at which services are supplied to customers. They may refer to parameters or a combination of parameters that reflect regulatory, social, environmental and economic outcomes that the City has agreed to deliver to both internal and external customers.

4.1.6 **"Life Cycle"** means the cycle of activities that an asset goes through while it retains an identity as a particular asset.

4.1.7 **"Life Cycle Costs"** means the total costs of an asset throughout its life including: planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.

4.1.8 **"Risk"** means the effect of uncertainty on objectives. Risk events are events that may compromise the delivery of the City's strategic objectives or community services.

4.1.9 **"Tangible Capital Assets"** are financial assets having a physical substance that:

4.1.9.1 are used on a continuous basis by the City;

4.1.9.2 have useful economic lives extending beyond one year;

4.1.9.3 are held for use in production or supply of goods and services, for rental to others, for administrative purposes or for development, construction, maintenance, or repair of other tangible capital assets;

4.1.9.4 are not for resale in the ordinary course of operation.

4.2 The City will incorporate best practice, asset management concepts and practices, to manage the public's assets in order to reliably deliver established levels of service at the lowest cost.

The Asset Management Policy provides the foundational guidance that ensures City administration are working on the right activities and projects; at the right time; at the right costs, and for the right reasons. The Policy ensures that the City follows a standard approach to managing assets in line with the following guiding principles:

4.2.1 **Legislative Compliance**

4.2.1.1 The City's first obligation is to comply with legislation, regulatory and statutory requirements and is committed to meeting these obligations.

4.2.2 **Service Levels & Stakeholder Involvement**

4.2.2.1 Policy and decision makers are made aware of the requirement to establish Levels of Service and apply these Levels of Service in shaping and delivering asset management activities.

4.2.2.2 Stakeholders are made aware of the costs of managing the assets and maintaining agreed Levels of Service, along with the costs associated with potential changes to the Levels of Service.

4.2.2.3 Incorporation of relevant and appropriate stakeholder input will be used in the development of asset management plans to meet established Levels of Service.

4.2.3 **Lifecycle Management**

4.2.3.1 A Life Cycle Management approach to asset management is used that considers both the "big picture" and the combined impact of managing all aspects of the asset life cycle, including the full costs of acquiring; operating; maintaining; renewing and retiring our assets including additions and deletions. Tradeoffs would be articulated and evaluated and the basis of decision recorded.

4.2.3.2 Asset Management efforts are aligned with the following:

4.2.3.2.1 this policy;

4.2.3.2.2 strategies and plans developed and implemented to support this policy and

4.2.3.2.3 other City policies, strategies and plans.

4.2.4 **Administrative Inclusion**

4.2.4.1 An administrative inclusion approach is adopted to manage assets around their life cycle, where the relevant City administration provide input at key stages of the life cycle to achieve the best solution possible for reducing overall costs of asset ownership.

4.2.4.3 Training in asset and financial management will be provided for relevant administration with an emphasis on a multi-disciplinary

team learning to build a strong foundation, sustain corporate memory, aid in succession planning and mitigate risks associated with administration turnover.

4.2.5 **System Focused**

4.2.5.1 A systematic approach is adopted where the assets are considered as a system and the system is then optimized, as opposed to individual assets.

4.2.6 **Accountability**

4.2.6.1 A formal, consistent, repeatable approach is adopted for the management of infrastructure assets, incorporating a methodical approach and providing a clear and justifiable audit trail for decisions and actions.

4.2.7 **Risk-Assessment /Evidence Based**

4.2.7.1 Asset risks associated with attaining the agreed Levels of Service are managed by focusing resources, expenditures and priorities based upon risk and the corresponding cost/benefit.

4.2.7.2 Assets are maintained proactively, focusing on critical assets, to prevent service failures where proven cost effective.

4.2.7.3 Systematic and cyclic reviews will be applied to all asset classes to ensure that the assets are managed, valued and depreciated in accordance with the appropriate best practice using replacement values; not historical costs.

4.2.7.4 Service failures are investigated with root cause analysis and improvements are made through investment or changes to operational procedures.

4.2.8 **Sustainability**

4.2.8.1 New capital assets are constructed with due regard to their future operating costs.

4.2.8.2 Assets are created that are resilient to climate and environmental change.

4.2.8.3 Resources are allocated appropriately and decisions are made that take into account Levels of Service; environment; society; regulatory; statutory requirements and makes optimal trade-offs between competing factors such as performance, cost and risk over an asset's lifecycle.

4.2.8.4 Due regard is given to the long-term stewardship of the assets.

4.2.8.5 The City administration must implement appropriate best management practices throughout the whole department

4.2.8.6 Asset renewals and agreed service levels will be identified in asset management plans. Asset management plans will be used to update the City's long term financial plan.

4.2.8.7 Asset renewal plans will be prioritized and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide the level of service.

4.2.9 **Needs Driven**

4.2.9.1 Information from the City's asset management approach, including Levels of Service, performance and Capital Investment Plans, will be used to make recommendations on future rates, fees taxes and revenue sources.

4.2.9.2 An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.

4.2.10 **Innovative**

4.2.10.1 Innovation is encourage in the delivery of solutions that meet the corporate and asset management objectives in a more effective and sustainable way, thus driving continual improvements in value and service.

4.2.10.2 Service and consequence of loss and failure of asset renewal alternative options will be evidenced in both the asset management plans and the budget documentation.

5.0 References

5.1 *Municipal Government Act*, RSA 2000, c M-26 section 276
5.2 Public Sector Accounting Board (PSAB 3150)
5.3 Canada- Alberta Gas Tax Fund Agreement

6.0 Persons Affected

6.1 A strategic approach to asset management ensures that the City delivers the highest appropriate level of service through its assets. This will provide positive impacts on:
- 6.1.1 members of the public, businesses and administration;
- 6.1.2 the City's financial position;
- 6.1.3 the ability of the City to deliver expected Levels of Service and infrastructure;
- 6.1.4 the political environment in which the City operates; and
- 6.1.5 the legal liabilities of the City.

6.2 **Councillors:**

6.2.1 Review and Adopt the Asset Management Policy

6.2.2 Approve levels of service incorporating risk, financial, stakeholder input that align with the community vision and goals

6.3 **CAO**

6.3.1 Developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of the asset management with Council.

6.4 **Administration**

6.4.1 Incorporate the Asset Management Framework into the management of all assets and decision making.

6.4.2 Put into use the details of the plans and asset management systems

7.0 Revision/Review History

The Council and the CAO or their designate, shall review and revise the policy at least once every four years. Such reviews may be done in conjunction with property tax, utility rate reviews or following changes to the operating environment of any of the divisions of the City; or at such other times as the Council and or CAO considers appropriate.

Jan 25, 2019
Date

Chief Administrative Officer

CITY OF COLD LAKE CORPORATE SEAL

January 25, 2019.
Date

Mayor