

# COUNCIL POLICY



Document Name: Asset Management System

Department Name: Engineering

Document Number: OPE-030

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## **STRATEGIC PLAN LINKAGE**

- Strategic Priority 1 – Responsible Government
- Strategic Priority 1d – Asset Management

## **PURPOSE AND OBJECTIVE**

The Regional Municipality of Wood Buffalo (the Municipality) relies on a large and diverse collection of Assets to deliver core and essential services to its communities. These Assets require responsible acquisition, operation, maintenance, rehabilitation, and eventual replacement and/or disposal.

Asset Management Systems enable effective control and governance of Assets to realize value through managing Risk and opportunity in addition to achieving the desired balance of cost, Risk, and performance. Systematic improvements in existing Asset Management practices maximize benefits, manage Risk, and provide satisfactory Levels of Service to the region in a sustainable, fiscally responsible manner.

The purpose of this Policy is to:

- provide leadership and commitment to ensuring a more comprehensive, systematic and integrated approach to Asset Management;
- ensure that the Asset Management System complements the strategic objectives of the Municipality, as well as other key business systems, legislation and regulations;
- guide Administration in carrying out the Municipality's long-term business strategies, Asset Management Plans, and current Asset Management activities; and
- deliver value to regional communities by effectively managing existing and new capital Assets.

## **GENERAL PRINCIPLES**

### **1. Definitions:**

- 1.1. The terms used in this Policy have the same meaning as given to them in the *Municipal Government Act*, R.S.A. 2000, c. M-26, as amended, unless noted otherwise for the purposes of this Asset Management System Policy.
- 1.2. “Annual Budgets” means the operating budget and capital budget adopted by Council in accordance with the *Municipal Government Act*.
- 1.3. “Asset” for the purposes of this Policy, means a tangible component (item, thing or entity) with an economic life greater than twelve (12) months that has potential or actual value to the Municipality and enables programs and services to be provided within the region.
- 1.4. “Asset Lifecycle Cost” involves estimating the total cost associated with an Asset over its entire service life. The phases of an Asset’s service life include concept, planning and design, purchase or construction, operation and maintenance, repair and renewal, and decommissioning or disposal.
- 1.5. “Asset Management” (AM) means the coordinated activities of an organization to realize best-value from Assets, and involves the balancing of costs, opportunities, and Risks against the desired performance of Assets to achieve organizational objectives.
- 1.6. “Asset Management Plan” (AM Plan) means the long-term plans that outline the Asset activities and programs for each municipal department and the resources used to provide a defined Level of Service in the most cost-effective way.
- 1.7. “Asset Management System” (AM System) describes a set of interrelated or interacting elements of the Municipality (including people, practices, processes and technology) whose function is to establish the AM Policy and identify the AM results to be achieved.
- 1.8. “Benefit-Cost Analysis” (BCA) is a decision-making technique that analyzes the expected balance of benefits and costs, including an account of any alternatives and of the status quo, to predict whether the benefits of a decision outweigh its costs, and by how much, relative to other alternatives.
- 1.9. “Level of Service” (LoS) means the specific attributes of the service that the Municipality intends to deliver from the customer point of view. LoS attributes provide the link between higher-level municipal priorities, AM Plans, and more detailed technical and operational objectives. These attributes – against which performance may be measured using key performance indicators such as customer service or technical performance – include, but are not limited to:
  - 1.9.1. affordability;
  - 1.9.2. reliability;
  - 1.9.3. quality;
  - 1.9.4. quantity;

- 1.9.5. responsiveness;
  - 1.9.6. safety; or
  - 1.9.7. environmental acceptability.
- 1.10. "Risk" means the potential of loss or gain of something of value to the Municipality. Values (i.e. services, environmental and community well-being, or financial wealth, etc.) can be gained or lost when taking Risk by acting or not acting in a certain situation.

## **2. Responsibilities:**

### **2.1. Council:**

- 2.1.1. Approve the Asset Management System Policy;
- 2.1.2. approve amendments to this Policy as required; and
- 2.1.3. have regard for the principles established in the AM System Policy during the review, evaluation, and approval of Annual Budgets.

### **2.2. Chief Administrative Officer:**

- 2.2.1. Make recommendations for amendments to this Policy;
- 2.2.2. support the implementation of the Asset Management System Policy; and
- 2.2.3. ensure that appropriate procedures are established to achieve the Municipality's Asset Management objectives.

### **2.3. Senior Leadership Team:**

- 2.3.1. Provide appropriate and timely support for this Policy in their departments;
- 2.3.2. generate solutions to organizational challenges related to the implementation of the AM System;
- 2.3.3. ensure consistency of AM System practices and processes across municipal departments; and
- 2.3.4. confirm the principles established in the AM System Policy during the development, review, evaluation, and subsequent recommendation of Annual Budgets for adoption by Council.

## **3. Asset Management System Structure:**

- 3.1. The AM System is a hierarchical relationship structure that begins with vision, mission, values, strategic priorities and policies established by Council. These priorities are then actioned through an overarching Strategic Asset Management Plan and organizational Asset Management objectives. From these, Asset Management Plans are developed that outline the Asset Management practices and activities for each service area. This relationship structure is shown in Figure 3.1.

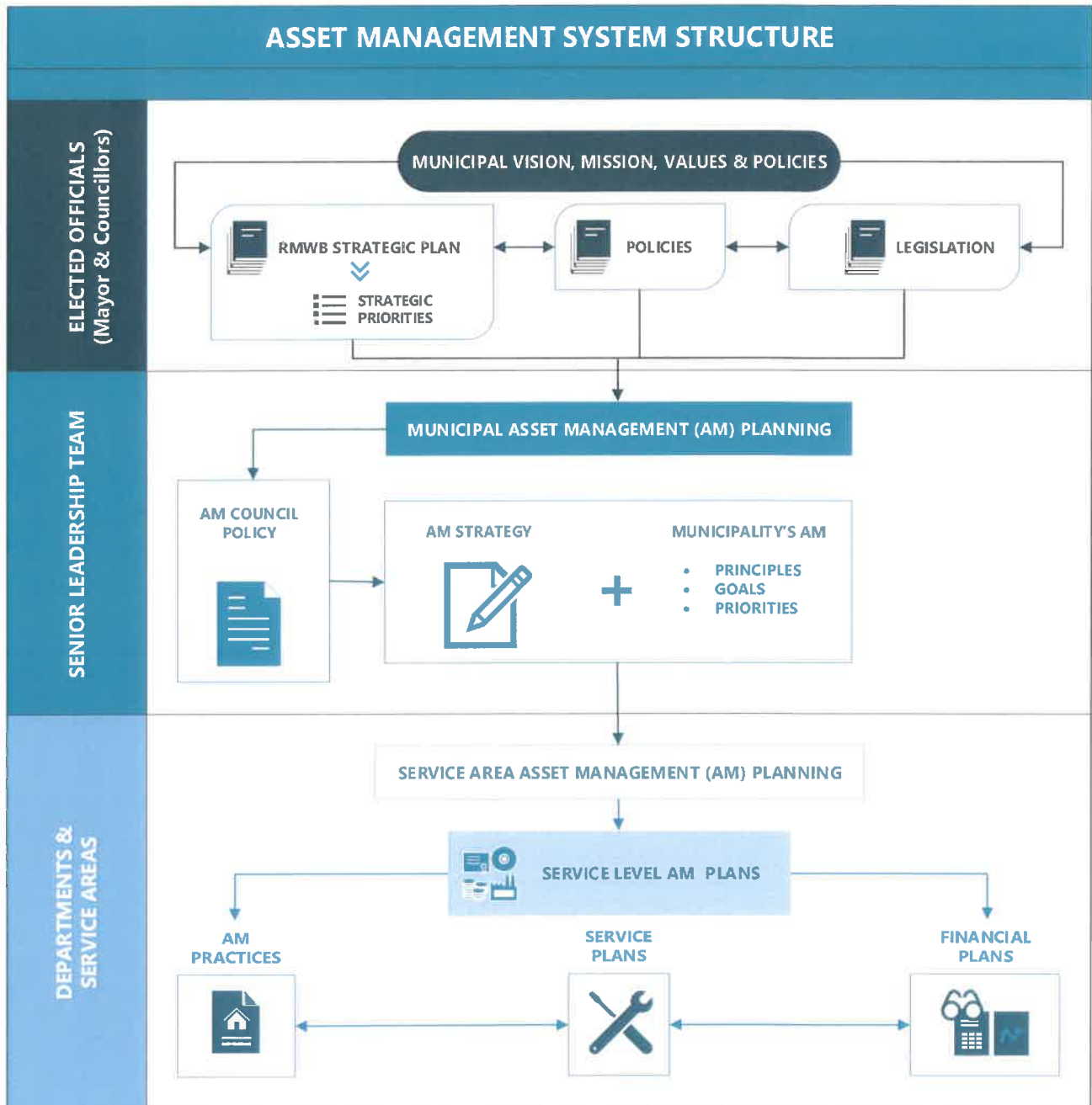


Figure 3.1.

**4. Asset Management System Scope:**

- 4.1. This Policy applies to those departments within the Municipality that plan or manage Assets for the delivery of essential programs and services to the citizens of the RMWB.
- 4.2. The Municipality owns a wide-range of Asset types that support services and programs in the RMWB. This Policy applies to all municipally-owned Assets.

4.2.1. The figure below summarizes services provided and gives examples of municipally-owned Assets that support the delivery of programs and services.

ASSET TYPES SUPPORTING PROGRAMS & SERVICES		
Service Provided to Communities	Example of Asset Group	Examples of Asset Types
Transportation	Roads	pavements, bridges, sidewalks, traffic signals, street lighting, signs
	Fleet	buses, service vehicles, snow ploughs
Potable Water Supply	Water Infrastructure	pipes, valves, hydrants, pump stations
Waste Collection & Treatment	Sanitary Infrastructure	manholes, pipes, lift stations
	Solid Waste	bins
Storm Management	Drainage	ponds, outlets, culverts, ditches, catch basins
Open Space Recreation	Parks	playfields, playgrounds, trails
	Natural Assets	trees, shrubs, plants
Community & Municipal Facilities	Buildings	Jubilee Centre, MacDonald Island Park, Casman Centre, public works yards, fire halls, water treatment plants
	Art Collection	wall murals, paintings, sculptures
Emergency Response	Fleet	fire trucks, ambulances
Governance	IT Infrastructure	computers, photocopiers, communications

Figure 4.2.1.

- 4.3. The AM System incorporates best-practices through the application of internationally-recognized standards for Asset Management by aligning with the International Organization of Standardization (ISO) family of standards:
  - 4.3.1. ISO 55000 – specifies the overview, concepts, and terminology in AM;
  - 4.3.2. ISO 55001 – defines the requirements for an AM System; and
  - 4.3.3. ISO 55002 – provides interpretation and implementation guidance for an AM System.

The ISO family of standards for Asset Management provides guidance to the Municipality – certification or completion of a conformity assessment will not be sought – to ensure LoS and that system quality is consistently improved.

- 4.4. The AM System complements and aligns with existing strategic priorities, business planning, financial management systems, and processes in place for the Municipality. Advocating an Asset-centred point of view supports municipal priorities whilst simultaneously reducing capital, operating, and support costs.

## **5. Asset Management System Principles:**

The Municipality will undertake all Asset Management System activities utilizing the following principles:

### **5.1. Strategic Alignment**

- 5.1.1. Alignment of AM System initiatives with municipal priorities determined by Council.
- 5.1.2. Ensure Asset Management principles are integrated into the Municipality's corporate objectives to provide a direct link to service delivery Asset requirements.
- 5.1.3. Consideration of how the Municipality's systems are interconnected and how decisions about one set of Assets may impact on other Assets or services under the direction of other municipal departments.
- 5.1.4. Review and update departmental AM Plans to ensure that they continue to further the achievement of AM System outcomes that are aligned with Council's strategic priorities.

### **5.2. Service Level Focused**

- 5.2.1. Monitor service levels and standards to ensure that community needs and expectations for service delivery are understood by Administration and support Council's strategic priorities.
- 5.2.2. Understand the effects that stakeholder/customer needs and expectations have on Asset Management, including overall service delivery provision and prioritization of service delivery programs.

- 5.2.3. Engage stakeholders when appropriate to ensure their needs and expectations are considered as part of the decision-making process and establishment of LoS.

### **5.3. Risk-Based**

- 5.3.1. Management of Risk associated with providing LoS by taking a deliberate and structured approach to focusing resources, expenditures, and priorities using Risk assessments and corresponding Benefit-Cost Analysis that:
  - 5.3.1.1. review, monitor, and document municipal activities, procedures, and loss exposure;
  - 5.3.1.2. approach decisions by quantifying the benefits and costs – in monetary terms – of an Asset supporting programs and services as compared to the costs incurred over the life of the Asset; and
  - 5.3.1.3. recognizing that public safety is the priority.

### **5.4. Whole-Life Based**

- 5.4.1. Establish renewal and financing strategies using Asset Lifecycle Cost analysis to:
  - 5.4.1.1. evaluate options for the procurement of new Assets;
  - 5.4.1.2. support ongoing management decision-making throughout the life of the Asset;
  - 5.4.1.3. benchmark the cost performance of the Asset; and
  - 5.4.1.4. review the process for future design and acquisition decisions.

### **5.5. Sustainable**

- 5.5.1. Management of Assets so that the benefits of the services provided are available for future generations.
- 5.5.2. Promote sustainability through:
  - 5.5.2.1. planning maintenance and renewals to reflect current Asset consumption;
  - 5.5.2.2. evaluation of all methods to meet LoS demands, including non-Asset solutions; and
  - 5.5.2.3. implementation of demand management strategies to forecast, plan for, and manage the demand for Assets that support programs and services.

### **5.6. Continuous Improvement**

- 5.6.1. Commitment to the ongoing evaluation of the AM System implementation process and the design of the AM System itself with a focus on increasing its effectiveness, efficiency, and fulfillment of strategic priorities.

- 5.6.2. Establish processes for the ongoing monitoring and measuring of the Asset Management System to ensure suitability, adequacy, and effectiveness.

### **SUPPORTING REFERENCES AND POSITION RESPONSIBLE**

**Legal References:**

- *Municipal Government Act*, R.S.A. 2000, c. M-26, as amended

**Cross References:**

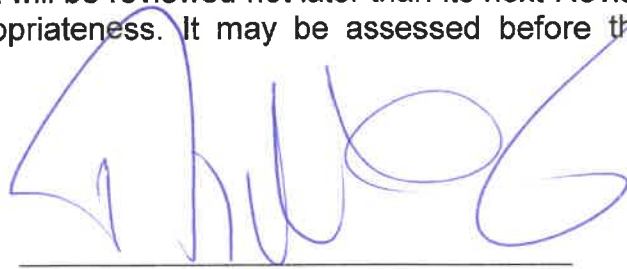
- Alternative Capital Financing Policy (FIN-170)
- Asset Management System – Assessing Condition, Criticality and Risk Administrative Procedure (OPE-030-P05)
- Asset Management System – Asset Management Maturity Index Administrative Procedure (OPE-030-P01)
- Asset Management System – Asset Register Administrative Procedure (OPE-030-P02)
- Asset Management System – Levels of Service Administrative Procedure (OPE-030-P04)
- Asset Management System – Performance Evaluation Administrative Procedure (OPE-030-P06)
- Asset Management System – Lifecycle Strategies and Costing Administrative Procedure (OPE-030-P03)
- Capitalization Policy (FIN-040)
- Debt Management Policy (FIN-120)
- Disposal of Municipal Assets Administrative Procedure (PUR-020)
- Fiscal Responsibility Policy (FIN-160)
- Procurement Policy (FIN-100)
- Risk Management Administrative Procedure (ADM-190)

**Position Responsible for Procedure:** Director, Engineering Department



**APPROVAL**

This Policy was approved by Council. It will be reviewed not later than its next Revision Date to determine its effectiveness and appropriateness. It may be assessed before that time as necessary.



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Don Scott, Mayor



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Jade Brown, Chief Legislative Officer

April 23, 2019

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Date