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<b>Motion:</b>	19-02-056		
<b>Supersedes:</b>	New		
<b>Title:</b>	Asset Management Policy		

### **Purpose**

The Town of Peace River owns a variety of infrastructure assets which support the delivery of services. These assets require responsible acquisition, operation, maintenance, rehabilitation, and eventual replacement and/or disposal.

Asset Management is the coordinated activities of an organization to realize value from assets. It involves Town departments, stakeholders, citizens, and Council. The intent of asset management is to maximize benefits, manage risk and provide satisfactory levels of service to the community in a sustainable manner.

The Town's Infrastructure Asset Management Policy is a critical element of the Town's overall framework for asset management, which also includes the Town's Infrastructure strategy and the development of Asset Management Plans.

### **Related Documents**

- *Municipal Government Act*

### **Definitions**

*M.G.A.* means the *Municipal Government Act*, Revised Statutes of Alberta 2000, Chapter M-26, and amendments thereto.

*Town* means the corporation of the Town of Peace River.

*Asset* means an item, thing or entity that has potential or actual value to an organization. The value can be tangible or intangible, and financial or non-financial.

*Asset Management* means the coordinated activity of an organization to realize value from its assets.

*Asset Management Plan* means a plan developed for the management of infrastructure assets that combines multidisciplinary management strategies (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to deliver a specified level of service. It specifies the

activities, resources and timescales required for individual assets (or asset groups) to achieve the organization's asset management objectives. A significant component of the plan is therefore a long-term program of works and cash flow projection for the activities. Each plan will vary in complexity depending on the asset group it pertains to.

*Disposal* means actions necessary to decommission, dispose, or repurpose assets that are no longer required.

*Holistic Approach* Considers a complete system rather than isolated analysis of individual parts.

*Infrastructure Asset* The physical assets that support social, cultural and economic outcomes and deliverables (services), and also includes Natural Assets and software, but not data and information. Infrastructure assets are intended to be maintained indefinitely at a particular level of service potential by the continuing replacement and rehabilitation of their components.

*Levels of Service* means the parameters or combination of parameters that reflect socio-cultural, financial/economic and environmental outcomes that the organization delivers. They describe the outputs or objectives that the Town intends to deliver; includes measures at the corporate, stakeholder, and asset operator levels of the organization. They are the composite indicators such as quality, quantity, reliability, responsiveness, safety and cost, for a particular activity or service area against which service performance may be measured.

*Life Cycle Cost* means the sum of all recurring and one-time (non-recurring) costs over the full life span or a specified period of an asset. It includes planning, design, construction, acquisition, operation, maintenance rehabilitation and disposal costs.

*Whole Life Cost* means an approach for comparing investment options across the same time horizon (which may not be the full lifespan of the asset).

*Net Present Value (NPV / NPC)* means the sum of the discounted cash flows, where future cash flows are discounted by the discount rate. At high discount rates and long periods into the future the Present Value of money is small.

*Maintenance* means all actions necessary, excluding renewal actions, to address deterioration of an asset to preserve its condition and achieve its expected useful life. Maintenance does not increase the level of service of the asset or increase its service life, rather it slows down deterioration and delays when renewal actions are necessary. Within the Town of Peace River context, maintenance actions are not capitalized, and should be proactively built into operating budgets.

*Natural Assets* The land, air, water, living organisms and other formations, such as aquifers, creeks and rivers that provide equivalent civil engineered municipal goods and services.

*Renewal* Investment in existing infrastructure to restore to its former condition and may extend its service life. Capital investment in renewal extends the period of service potential but does not change the replacement value, and so does not increase the size of the infrastructure asset portfolio. Renewal includes rehabilitation and replacement:

*Rehabilitation* The action of restoring or replacing parts or components of an infrastructure asset to a former condition or status. Generally, involves repairing the asset to deliver its original level of service without resorting to significant upgrading or renewal, using available techniques and standards.

*Replacement* The action of replacing an infrastructure asset so as to provide similar, or an agreed alternative, level of service.

*Resilience* The concept of resilience is wider than natural disasters and covers the proactive capacity of public, private, and civic sectors to withstand disruption, absorb disturbance, act effectively in a crisis, adapt to changing conditions including climate change, and grow over time.

*Stakeholder* In this policy includes but is not limited to internal and external partners such as operators, maintainers, utilities (ATCO, Telus etc.), citizens, visitors, and explorers.

*Sustainability* Is meeting the needs of today without compromising the needs of future generations. It is about improving the standard of living by protecting human health, conserving the environment, using resources efficiently and advancing long-term economic competitiveness. It requires the integration of environmental, economic and socio-cultural priorities into policies and programs and requires action at all levels - citizens, industry, and governments.

*Triple Bottom Line* Expands on the traditional view of an organization's financial/economic bottom line by also measuring the organization's commitment to socio-cultural and environmental factors and including all three factors in decision making.

## **Policy**

1. The purpose of this policy is to:
  - 1.1. Provide guidance to staff in carrying out the organization's long-term business strategies, mid-term asset management plans, and current asset management activities;
  - 1.2. Provide clear direction for Asset Management through defining key principles that underpin Asset Management and assist with developing the organization's Asset Management objectives;

- 1.3. Align upwards with the organization's vision, goals and objectives, and alignment downwards to current and future procedures for asset management activities, and;
  - 1.4. Provide clarity to what outcomes are required when implementing the Asset Management policy.
2. Asset Management Key Principles
    - 2.1. The following outlines fundamental asset management principles that will be developed over time and implemented across both the organization and third-party organizations responsible for Town Assets for application when making decisions pertaining to the Infrastructure Assets the Town owns.
3. Service Delivery to Stakeholders
    - 3.1. It is important for the Town to adhere to defined levels of service (LOS), and in doing so balance stakeholder expectations, risk, affordability, time constraints, supporting Council priorities, and exploring technological advances and evolving markets.
    - 3.2. The Town shall have clearly defined LOS, and will target investments to:
      - 3.2.1. Maintain and manage assets at the defined LOS;
      - 3.2.2. Recognize that LOS can change over time;
      - 3.2.3. Monitor standards and service levels to ensure they continue to support community expectations and objectives; and
      - 3.2.4. Maintain legislative/regulatory compliance.
    - 3.3. Create a common framework for establishing LOS. The framework should complement and adhere to other Town Policy, including the public engagement policy.
    - 3.4. Establish LOS that will be supported by:
      - 3.4.1. Adherence to all relevant legislative, regulatory, and statutory requirements, where applicable A risk-based decision-making framework that considers impact to stakeholders when evaluating decisions on maintaining and enhancing or reducing the LOS performance;
      - 3.4.2. Determining the adequate balance between the value of stakeholder service and the cost;
      - 3.4.3. Regular communications to Council and citizens on service performance and/or asset condition; and
      - 3.4.4. A clear understanding and evaluation of all options available to provide the service (or its elimination), recognizing advances in technology, market place, and changing business models.
      - 3.4.5. Adherence to industry best practice(s), where applicable.
4. Long-Term Sustainability and Resiliency
    - 4.1. Infrastructure assets should be socio-culturally, environmentally, and economically

sustainable and resilient into the long-term. This involves triple bottom line consideration, long-term planning, and implementing resiliency actions.

4.2. The Town shall:

4.2.1. Make appropriate long-term decisions to better enable assets to meet the challenges of changing:

- 4.2.1.1. stakeholder expectations,
- 4.2.1.2. legislative requirements,
- 4.2.1.3. environmental impacts, and
- 4.2.1.4. technological advancements.

4.2.2. Consider socio-cultural, environmental, and economic factors and implications during asset management and investment planning processes.

4.2.3. Consider proactive resilience when making infrastructure asset investment decisions, including but not limited to capital renewal and operational maintenance.

5. An Integrated, Holistic Approach

5.1. The concept of thinking holistically across departments and disciplines when managing services, capital assets, stakeholder experience, and other resources while efficiently delivering quality, and asset value by managing risk and maximizing value.

5.2. The Town shall:

5.2.1. Implement a holistic approach to asset management that considers the impacts of decisions on stakeholders, and will make informed, evidence-based decisions using formal and consistent methods.

5.2.2. Consider the assets in their system context, and their interrelationships, as opposed to optimizing individual assets in isolation. This includes systematically building resilience characteristics into infrastructure systems.

5.2.3. Take a comprehensive approach to asset management that looks at the complete lifecycle of the asset, including planning, design, construction/development, operation, maintenance, rehabilitation, replacement, and disposal.

5.2.4. Take steps to encourage collaboration, synergy, and cooperation across all business units as appropriate in order to build effective working relationships and sharing of information. The Town should also extend this approach to regional, provincial, and national entities.

6. Investment Decision-Making

6.1. Demonstrate fiscal responsibility and transparency in decisions related to the management of all Town assets.

6.2. The Town shall develop and maintain appropriate long-term plans for infrastructure investment, which include:

management of all Town assets.

6.2. The Town shall develop and maintain appropriate long-term plans for infrastructure investment, which include:

- 6.2.1. Implementing and maintaining appropriate planning and assessment resources;
- 6.2.2. Evaluating asset investment decisions (construction/material specifications, procurement methodologies, maintenance strategies, value engineering, etc.) based on life cycle cost to assess the full financial impact through acquisition, operation, maintenance, renewal and disposal;
- 6.2.3. Embracing opportunities and challenges that arise from innovation and new technologies (including disruptive technologies);
- 6.2.4. Developing prioritized and optimized capital investment plans that will enable rational transparent investment decisions to be made on an asset base, and;
- 6.2.5. Clear line of sight to the service benefiting from the investment, and appropriate measures, outcomes, and targets to evaluate the effectiveness of the investment.

7. Innovation and Continuous Improvement

7.1. Create a culture that values innovation and continuous improvement in asset management practices to fully realize asset value and achieve sustainable communities.

7.2. The Town shall:

- 7.2.1. Focus on driving innovation in the development of processes, tools, techniques, and solutions as required.
- 7.2.2. Continually measure the effectiveness of its asset management programs and adjust, as applicable.
- 7.2.3. Provide the necessary education and training in asset management to internal and external stakeholders.



Thomas Tarpey, Mayor



Christopher J. Parker, CA