

CITY OF CHESTERMERE
POLICY HANDBOOK

EFFECTIVE DATE:	POLICY: 650
APPROVED BY:	SUBJECT: Asset Management Policy
REVISED DATE:	PAGE NO.: 1 of 8
EXPIRY DATE:	POLICY TYPE: General

PURPOSE AND INTENT

The City of Chestermere shall adopt and apply recognized Asset Management (AM) practices in support of delivering services to its customers.

OBJECTIVES

By approving this Asset Management policy, City Council commits to the following objectives:

- Striving to ensure the financial sustainability of the lifecycle of municipal-owned Tangible Capital Assets (TCA);
- Improving decision-making accountability and transparency by taking the long term impact into the consideration when making short term decisions on assets;
- Linking infrastructure investment decisions to service outcomes;
- Determining to deliver services at approved levels of service;
- Reducing the life cycle costs while maintaining acceptable levels of service; and
- Staff resources to manage and carry on all aspects of asset management practice.

DEFINITIONS

Tangible Capital Asset (TCA) are a significant economic resource managed by governments and a key component in the delivery of many government programs. Tangible capital assets include such diverse items as roads, buildings, vehicles, equipment, land, water and other utility systems, aircraft, computer hardware and software, dams, canals, and bridges¹.

Asset Management is an integrated business approach involving planning, finance, engineering, maintenance and operations geared towards effectively managing existing and new Tangible Capital Asset to maximize benefits, reduce

¹ Financial Reporting & Assurance Standards Canada

risk and provide safe and reliable levels of service to community users. This is accomplished in a socially, environmentally and economically conscious manner.

ASSET SCOPE

The AM Policy applies to the following Tangible Capital Assets of the city:

- **Municipal Infrastructure²**
 - Transportation infrastructure, e.g. roads, bridges, pathways, etc.
 - Landscaping infrastructure, e.g. irrigation system, trees, lawn, community entrance signs, etc.
 - Recreation infrastructure, e.g. parks, bike paths, bike park, tot lots, playground, tennis courts, etc.

- **Corporation Assets:**
 - Municipal buildings, public works building & structures, Protective Services building
 - Municipal vehicles
 - Municipal machines for asset maintenance
 - IT infrastructure, e.g. server, audio system, hardware, software, printers, phones, etc.

GUIDING PRINCIPLES

The CAM objectives are achieved through the application of the following guiding principles, which are also the principals stated in Chestermere Strategic Plan 2015-2019:

- **Livability**

The City will have clearly defined Levels of Service according to the actual needs of residents, and apply asset management practices to maintain the confidence of customers in how the its assets are managed.

- **User Pay**

The City will link, where reasonable, how much the life cycle of assets costs to how much the users utilize or consume the assets or service.

- **Using Holistic views of the community in order to create a better tomorrow**

- The City will make the appropriate decisions and provisions to better enable its assets to meet future challenges, including

² In the case of City of Chestermere, water, sanitary sewer and stormwater infrastructure are owned and managed by Chestermere Utilities Inc. therefore, this Asset Management Policy does not include these assets.

changing demographics and populations, customer expectations, legislative requirements, technological and environmental factors.

- The City will take a comprehensive approach that looks at the “big picture” in a service context, considers the combined impact of managing all aspects of the asset life cycle and takes into account their interrelationships as opposed to optimizing individual assets in isolation.

- **Sustainability**

The City will encompass all aspects of the management of each asset through its lifecycle in that it anchors on the four pillars of sustainability – economic, environmental, social and cultural - that support the City’s long-term sustainability goals.

- **Innovative**

The City will continually improve its asset management approach, by driving innovation in the development of tools, practices, and solutions.

- **The City will operate in a fiscally conservative manner**

- The City will employ a sustainable approach to ensure that asset base increases or enhancements consider the impact on the ability of the City to fund future maintenance and rehabilitation.
- The City will choose practices, interventions and operations that aim at reducing the life cycle cost of asset ownership, while satisfying approved levels of service. Decisions are based on balancing service levels, risks, and costs, recognizing that public safety is the priority

ASSET MANAGEMENT FRAMEWORK

Asset Management Framework establishes the mechanism for a clear line of sight between the AM program and the corporate objectives and strategies. It commits to providing approved levels of service for present and future residents and communities, in the most effective and efficient way.

Chestermere AM program relies on four key components integrating together to achieve the desired service outcomes:

- 1) Strategic policy/documentation framework
- 2) Committed funding sources and well-planned capital budgeting
- 3) Well defined organizational structure, and
- 4) Integrated operation procedure/standards and well maintained asset database

- **Strategic policy/documentation framework**

The AM program will be integrated with the Corporate Strategic Framework to complement the City's Vision, Mission, Principals, other key business systems, legislation, and regulations.

The following key strategic AM documents, in addition of the Long Range Financial Plans, form part of the City's overall approach to AM

- **Strategic Plan:** overarching Council's documents to establish the general direction for AM
- **Asset Management policy (AM policy):** Council's commitment to AM and provides policy statements to guide staff in carrying out the corporate strategies, plans and practice. This document establishes Council's expectations around the management of the City's TCA. It is to be approved by Council.
- **Asset Management Strategies:** Long term strategies for AM, e.g. staff team, database management, lifecycle process & practices, organizational issues, etc. This document defines Senior Management's commitment and approach to achieving the Council approved AM policy.
- **Customer Levels of Service:** This document defines the level to which assets are to be maintained to achieve defined levels of service. These are to be approved by Council.
- **Asset Management Plans (AM Plans):** An AM Plan is a tactical plan for managing an organization's infrastructure and other assets to deliver an approved standard of service. It is recommended that each major service area (e.g. Roads, Parks, IT infrastructure, etc.) should have an AM Plan. These plans should document how assets are being managed through their lifecycle in support of the delivery of services. These are to be approved at the departmental management level for all service areas.
- **State of the Asset Report:** This document provides information on the state of the City's TCA which can then be referenced when making asset investment decisions as part of the annual budget and long range financial planning processes. This is to be submitted to Council for information.

- **Committed funding sources and well-planned capital budgeting**

- Committed funding sources

All the following funding sources can be utilized in different stage of the lifecycle of tangible capital assets:

- **Off-site levies** are collected from new development according to Municipal Government Act, RSA 2000, C. M-26 and amendments, to pay for the capital cost of new or expanded infrastructure to accommodate the needs of new growth.
 - **Franchise Fees** are collected under the Franchise Agreements for the purposes of replacement and repair of tangible capital assets (excluding vehicles)³
 - **Grants & Contribution** includes Municipal Sustainable Initiative funds and other federal & provincial grants that are applicable for new construction, replacement and repair of tangible capital assets.
 - **Operating Budget** is a major funding source based on tax revenue for the operation and maintenance of assets
 - **General Capital Reserves** can be used for new construction, replacement and repair of tangible capital assets

- Capital investment planning & budgeting framework

- **Sustainable Capital Investment Plan** (25 year plan) integrates all the infrastructure master plans and sub-level plans, Off-site Levy Model & Bylaw, Asset Management Plans, Master Recreation Plan, long term financial for casting and any other TCA related plans and document to develop long-term capital investment strategies
 - **10 Year Capital Plan** sets mid-term priorities to meet the Sustainable Capital Investment Plan, and gives a more detailed cost estimate
 - **5 year Capital Budget** sets shorter-term priorities to meet mid-term objectives and provides details costs estimate, funding sources and cash flow
 - **3 Year Operation Budget** provides details about operation needs to maintain the asset and confirms expenditures, funding sources and cash flow

- **Well defined organizational structure**

³ City of Chestermere, Bylaw #018-13, Franchise Fee Revenue Allocation Bylaw

From an organizational perspective, AM needs to be structured to be a key element that fosters collaboration with multiple functions across departments, including finance, GIS, roads, shops, parks, recreation, building maintenance, IT, etc. The figure in the attachment A depicts these interactions. In this sense, AM has become a conduit of communication and coordination between traditional organizational silos.

- **Integrated operation procedure/standards and well maintained asset database**
 - In order to deliver the desirable levels of service, a set of documents needs to be developed or updated to provide guidelines for the day-to-day operation, including, but not limit to:
 - Municipal Improvement Policy
 - Engineering Guideline
 - Development Agreement
 - Landscaping Standards and Specs
 - Roads Maintenance Standards
 - Parks Maintenance Standards
 - Infrastructure Enhancement/Rehabilitation Guidelines
 - Capital Replace Forecast Report
 - In order to sustainably manage the asset life cycle, including maintenance, enhancement and replacement, an effective data management software is necessary to record and manage assets, and provide the information for capital investment planning.

POLICY DIRECTION

To meet the goals and objectives of this policy, Senior Management will:

1. Create and maintain an AM Governance Structure to lead the development of AM tools and practices and to oversee their application across the organization.
2. Adopt a Comprehensive AM Strategy to:
 - a. Establish, document and continually adhere to industry recognized AM protocols;
 - b. Define levels of service that balance customer expectations with risk, affordability and timing constraints;
 - c. Adopt risk-based decision-making processes that consider the likelihood of asset failure and the consequence of a failure with regards to impacts on safety and levels of service;
 - d. Develop AM knowledge and competencies aligned with recognized competency frameworks;

- e. Entrench lifecycle costing when evaluating competing asset investment needs across City assets; and
 - f. Monitor the performance of the assets and track the effectiveness of AM practices with a view to continuous improvement.
3. Where practical, strive to go beyond minimum legislative solutions as an enabler to make City assets more resilient to changing social, environmental and economic conditions.
 4. Seek funding and service delivery opportunities to address infrastructure investment pressures.
 5. Provide regular updates to Council on the state of the City's assets and forecasted trends (typically aligned with tabling of the Long Range Financial Plans).

Adopted by Council: November 2, 2015

Resolution Number: 3.017.110215
350-15



MAYOR



CAO

Asset Management Information Flow in the Organization

