ASSET MANAGEMENT POLICY
Council Policy No. 142/19

1. **WHY IS THIS POLICY NEEDED?**

The purpose of this policy is to outline why asset management is important to the organization, what services and assets are to be considered in the scope for asset management activities, and the principle statements for implementing asset management within the organization.

Asset Management is an integrated, collaborative business approach involving planning, finance, engineering, maintenance and operations by which Council manages its assets to achieve an optimal balance between the community’s service expectations and their willingness and capacity to pay for the infrastructure and land assets that underpin these services. It provides municipalities with the opportunity to do more with less by providing a structured way of tracking performance, costs and risks to meet service objectives in the most cost efficient and effective manner.

This policy supports Council and Administration in fulfilling the fundamental purposes of local government. As stated in Section 7 of the Community Charter under Municipal Purposes, “the purposes of a local government include providing for stewardship of the public assets of its community”.

It should be noted that there is an expectation from the Federal and Provincial governments that local governments have in place a formal asset management process and that they produce asset management reports. This will facilitate and improve a municipality’s ability to access grant funding. This expectation extends into the Peace River Agreement Grant funding and other grants.

The policy is intended to support Council's approved principles, values and priorities through the implementation and continuous improvement of corporate-wide asset management practices. This policy guides the implementation of asset management by identifying the scope of the process, intended outcomes, guiding principles, and responsibilities.

2. **SCOPE**

This policy applies to all City employees and assets owned by the City, such as roads, sidewalks, watermains, sewers, stormwater ponds, pumping stations, reservoirs/lagoons, treatment plants, fleet, IT systems, buildings, parks, as well as the natural and social assets that the City relies on to deliver services to the community.
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3. **GOALS AND OBJECTIVES OF ASSET MANAGEMENT**

   - To make the right intervention, on the right asset, at the right time.
   - To provide relevant and reliable asset data available for informed decisions about assets, asset management, and related City plans and policies.
   - To ensure long term capital plans, operational plans and decisions about the asset lifecycle are informed by an understanding of levels of service, lifecycle costs, risks, and affordability.
   - To ensure service delivery is financially sustainable, today and into the future.
   - To form a basis for the collaboration with other governments and organizations to improve the sustainability of services relied on by the community and services provided by the City to other jurisdictions.
   - To provide the community of Fort St. John with increased confidence that the City is an effective steward of sustainable service delivery.

4. **PRINCIPLES OF ASSET MANAGEMENT**

   To achieve the purpose and intended outcomes, the following principles will guide the improvement and implementation of asset management practices at the City.

   - Asset management is a corporate-wide process that takes a comprehensive approach to investment planning and decision making that looks at the “big picture” and considers the combined impact of the entire asset lifecycle, recognizing the interdependencies between asset systems.
   - Asset management complements strategic objectives of the City, other business systems, and applicable legislation and regulation.
   - Asset management takes a formal, repeatable, and consistent approach to ensure services are provided in the most effective manner.
   - Asset management is a process of focused, incremental, and ongoing improvement.
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Asset Evaluation

The current and anticipated conditions of assets and their respective asset classes will be evaluated in terms of three criteria:

1. **Condition and Performance** – a characterization of the current physical condition of the asset group and its ability to perform to the required level;

2. **Capacity versus Need** – the degree to which the asset group is meeting (current) or will meet (future) capacity requirements, and;

3. **Funding versus Need** – the level of the operational and capital funding dedicated to the asset group, for both existing and future assets, in comparison to the financial requirements.

Asset Decision-making

- Asset investment decisions are based on trade-offs between competing factors of service level, risk, and cost.

- Asset decisions are based on long-term lifecycle-based approach that incorporates social, environmental, and economic considerations.

- Asset decisions aim to apply the right intervention, on the right asset, at the right time recognizing risk and the City's fiscal constraints.

- Asset decisions are founded on 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.

- Decisions about assets consider service delivery of the system, not just the asset.

5. **Approach**

The City will use *Asset Management for Sustainable Service Delivery: A BC Framework* as a guiding framework for the improvement and implementation of asset management practices.


Improvement priorities and implementation of asset management will be guided by this policy and a corporate Asset Management Strategy.
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6. CONSEQUENCES OF NON-COMPLIANCE

Failure to adhere to this policy may result in:

- The risk that the City is not investing in safe and reliable infrastructure at the most optimal times in the asset's lifecycle. This risk potentially compromises the safety and service delivery provided by The City's infrastructure.

- The risk of sub-optimal planning for growth, maintenance and replacement of existing assets and the development of new assets. This risk potentially compromises the City's ability to meet expected levels of service.

- Conflicting investment priorities, poor coordination of delivery of service, corporate inefficiencies, and lack of expenditure optimization.

- Capital plans that are inconsistent with the needs identified in the asset management plans, thus increasing the infrastructure gap. This risk potentially compromises the alignment of infrastructure, financial, and land-use goals and objectives and the ability to achieve a sustainable urban form.

7. RESPONSIBILITIES

City Council is responsible for:

- Approving this policy and amendments.
- Allocating resources towards the implementation of this policy.

The City Manager is accountable for:

- Implementing this policy and approving related procedures.
- Exceptions to the policy.

The Asset Management Steering Committee and General Managers are responsible for:

- Implementing this policy and developing related procedures.
- Maintaining necessary corporate capacity to support asset management practices
- Monitoring and reporting corporate-wide progress of implementing the policy and recommending improvements and refinements as necessary.
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8. DEFINITIONS

Asset – an item, thing or entity that has potential or actual value to an organization. The value can be tangible or intangible, financial or non-financial and includes consideration of risks and liabilities.

Asset Lifecycle – are the costs commencing from the time the asset is acquired; the costs of operating, maintenance and repairs during the time of its active use, and; the cost of retiring the asset.

Asset Management – is an integrated, collaborative business approach involving planning, finance, engineering, maintenance and operations by which Council manages its assets to achieve an optimal balance between the community’s service expectations and their willingness and capacity to pay for the infrastructure and land assets that underpin these services. It provides municipalities with the opportunity to do more with less by providing a structured way of tracking performance, costs and risks to meet service objectives in the most cost efficient and effective manner.

Asset Management Plan – Long-term (20 year) plans that detail the assets and the resources required to provide a defined level of service in the most cost effective way. It will essentially define how assets are being managed through their lifecycle in support of delivery of services. This will include a State of the Infrastructure section that outlines the condition of the respective, existing asset that can be referenced when making infrastructure asset investment decisions.

Asset Management Steering Committee – An interdepartmental committee with the authority and mandate to develop, implement and improve the Asset Management Strategy.

Asset Management Strategy - Defines Senior Leadership’s commitment and approach to achieving initiatives within Council’s approved policy. It describes the key asset management processes, tools and documents that Administration will use to implement the Policy. It will document the asset management governance structure, and define the process for review and continuous improvement of the asset management system.

Natural Assets - Natural assets are the stock of natural resources or ecosystems that are relied upon, managed, or could be managed by a local government for the provision of one or more services to a community.

Social Assets – Social assets are the individuals, organizations, and institutions that provide one or more service to a community with the express purpose of improving community wellbeing.