

City of Merritt Council Policy

Council Policy: **Asset Management Policy**

Category No. **05 - ##**

Contact Department: **Finance**



1. PURPOSE:

This policy outlines the fundamental asset management principles that will be developed and implemented across all departments of the City of Merritt. The City of Merritt Council is committed to applying asset management to achieve their strategic objectives and improve fiscal sustainability through informed decision making. This commitment to asset management provides direction to staff to ensure that asset management best practices are implemented to support sustainable service delivery.

2. POLICY

Scope

Asset management is a broad strategic framework that encompasses many disciplines and involves the entire organization. The City of Merritt owns many assets which support the delivery of services and require responsible acquisition, operation, maintenance, rehabilitation, and eventual replacement and/or disposal. This policy applies to all existing assets and new physical assets. It applies across departments, officers, employees and contractors.

Table 1 summarizes the services that the City of Merritt provides and gives examples of the asset groups and asset types owned by the City that support the delivery of those services. These are not exhaustive lists.

Service provided to the community	Example of asset group	Examples of asset types
Potable water supply	Water infrastructure	Dams, reservoirs, pipes, valves
Wastewater collection and treatment	Sewer infrastructure	Pipes, lift stations, manholes, treatment plant
Flood protection	Drainage infrastructure	Pipes, culverts, chambers, dikes
Transportation	Transportation infrastructure	Roads, bridges, sidewalks, traffic signals, street lighting, active transportation network
Recreational parks	Parks infrastructure	Playfields, trails, playgrounds, splash park, skate park
Civic/Community facilities	Buildings	Municipal offices, recreation and culture facilities, public works buildings, fire and police buildings
Emergency response	Vehicles	Fire trucks, heavy equipment

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Airport	Air transportation infrastructure	Buildings, runway, ramps and apron, fueling facilities
Natural infrastructure	Water infrastructure	Aquifers
Support for departments that serve the community	IT services	Hardware, communications equipment
Fleet	Road maintenance	Snow plough, vehicles, loaders, backhoe

Definitions

“Asset management” means an integrated, lifecycle approach to effective stewardship of infrastructure and other capital assets to maximize benefits, manage risk, and provide satisfactory levels of service to the public in a sustainable manner.

“Asset Management Strategy (AM Strategy)” means the documented information that specifies; how organizational objectives are converted into asset management objectives; the scope and role of the asset management system in supporting achievement of the asset management objectives; and the approach for developing asset management plans.

“Asset Management System (AM System)” means the complete set of interrelated or interacting elements used to affect the Asset Management Policy and objectives and process to achieve those objectives. The elements that make up the AM System can include documents, procedures, tools, data and other assets.

“Asset Management Plan (AMP)” means a plan that identifies engineered and natural assets that are used to provide services to the community and their condition, gaps between current and desired levels of service, risks to service delivery, capital and O&M practices, projects, and programs required to meet organizational asset management objectives, manage risk, mitigate and/or adapt to climate change, and achieve the desired level of service in the most cost effective way, a timeline for implementation, resources required, and necessary future improvements to the plan.

“Engineered assets” means assets that have been constructed and are owned by the City of Merritt (e.g. roads, buildings, and vehicles), land that is owned by the City and supports assets (e.g. land under the roads or buildings), or land that is undeveloped and owned by the City. These assets must be operated, maintained, managed, and apart from land, ultimately replaced as they wear out.

“Level of service” means the service level delivered to the public by the City. This can take the form of the selection of services that are provided, the standard of infrastructure in place, or the standard to which an asset is maintained. The desire of Council or the public for a particular ‘Level of Service’ will directly affect taxation.

“Lifecycle costs” means the total cost of ownership of an asset. This may include but is not limited to capital costs, operating costs, maintenance costs, renewal costs, replacement costs, environmental costs and social costs (such as delays or reduction in service).

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“Natural assets” mean natural assets which provide value and services to the community over time and are essential to service delivery. These include things such as rivers, aquifers, and forests. Although natural assets do not have a market value. It is important to understand the cost of replacing these assets with “built” assets should they no longer be available.

“Risk” means the analysis of the ‘likelihood’ and the ‘consequences’ of a given event. Establishing the risk associated with lower infrastructure performance due to levels of service or postponement of asset replacement will identify system vulnerabilities and assist in prioritizing work.

“Sustainable” means meeting the needs of the present without compromising the ability of future generations to meet their own needs. In relation to Asset Management a sustainable approach takes into consideration the current and future benefits and costs of existing and new assets or services.

3. Principles

3.1 Service Delivery to Residents

The City of Merritt will clearly define level of service objectives that balance community expectations and regulatory requirements with risk, affordability and available resources, and will do the following:

- Manage assets appropriately to efficiently and effectively deliver the defined levels of service.
- Monitor and periodically review the level of service objectives to ensure that they meet or support community and council expectations and other strategic objectives.

The City will ensure transparency and accountability to the community on service delivery. This will include regular communication to Council to share information on service performance as well as technical information such as asset condition.

The City will comply with all relevant legislation, regulatory and statutory requirements.

The City will implement an AM system that incorporates risk-based and information-driven decision-making frameworks that appropriately consider the potential impacts of asset failure on ongoing service delivery.

The City will ensure that decisions regarding the need for new assets are made with appropriate due diligence; and that these needs are evaluated with a focus on service delivery to the community and supported with a valid business case that articulates costs and benefits.

The City will prioritize and direct resources and expenditures to deliver levels of service and other community benefits at an acceptable level of risk.

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3.2 Long-term Sustainability and Resilience

The City's asset management decision-making will consider the needs of both current and future generations, and the potential challenges associated with changing community demographics and expectations related to service delivery, as well as potential modifications to legislative requirements.

The City's asset management decision-making will consider the potential effects of climate change and other environmental changes, and how the increased severity and frequency of climatic events may directly affect levels of service. Where possible, the city will make decisions and take a proactive approach to mitigate the potential impacts of climate change and the city's contribution to climate change factors.

The City will consider socio-cultural, environmental and economic factors and implications when making and implementing asset management decisions.

3.3 Integrated Decision Making

To support asset management decision-making, the City will take steps to connect the appropriate departments, functions and support activities to build effective working relationships and encourage information-sharing.

Asset management decision-making will drive optimum value for the community by focusing on the "big picture." The City will therefore ensure that decisions are made collaboratively and consider all life-cycle stages and inter-relationships between asset performance, operational performance and overall service performance. Decision-making will also recognize the interconnected nature of asset systems and how decisions about one set of assets may potentially interact with or affect assets controlled by other departments or functions.

3.4 Fiscal Responsibility and Asset Management Decision-making

The City will develop and maintain appropriate plans for infrastructure renewal, for purchase or construction of new infrastructure, for receiving donated infrastructure, and for the decommissioning of redundant or end of useful life infrastructure. This includes:

- Developing long-term projections of investment needs.
- Applying rigorous analysis, including consideration of risk, to identify short-term investment needs.
- Implementing processes to ensure that proposed investment plans address needs efficiently and effectively.
- Implementing processes to address the operation budget implications of capital investments.
- Exploring efficiency opportunities where appropriate, including new technologies.

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- Analyzing investment plans and associated funding requirements and putting in place mechanisms to ensure long-term financial sustainability.

The City will evaluate relevant asset investment decisions based on consideration of the whole-life costs associated with managing those assets throughout their entire lifecycle.

The City will develop prioritized capital investment plans that reflect community and stakeholder expectations with regard to level of service and other strategic objectives.

The City will evaluate the magnitude, nature and overall balance of investment plans considering the aggregate value derived for the community, affordability, willingness to pay and intergenerational equity.

3.5 Innovation and Continual Improvement

The City views continual improvement as a key part of our asset management approach and will focus on driving innovation in the development of tools, processes, and solutions.

The City will monitor and periodically review the effectiveness of asset management processes and the wider asset management system in supporting the delivery of strategic objectives and will adjust as required.

The City will assess the asset management competencies required to implement the AM system and provide the necessary support, education and training to all staff.

The City will review the asset management policy in conjunction with its review of the asset management strategy, every four to five years.

4. Responsibilities for Leading Implementation

4.1 Council's Role and Responsibilities:

- Approve asset management policy,
- Articulate community values and define priorities,
- Approve funding and resources to implement the AM policy and associated requirements; and,
- Approve asset funding through multi-year and long-range financial plans.

4.2 Staff Responsibilities

The Chief Administrative Officer (CAO) is responsible for leading implementation of the AM policy across the City's operational organization.

Departmental directors and managers are responsible for leading the adoption of the AM policy within their departments and for allocating appropriate resources to its implementation and associated requirements.

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All staff across the City’s operational organization are involved in the application of asset management and are responsible for the requirements of the AM policy.

Approved on:
Amended on
Amended on
Amended on

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