

Title: Asset Management

Policy No: 1034

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Supersedes Policy No: None

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Purpose: This policy is to articulate Greenview’s, commitment to asset management, and guide administration and staff using the policy statements. In doing so, this policy outlines how it is to be integrated within the organization in such a way that it is coordinated, cost effective and organizationally sustainable. This policy also demonstrates to the community that Council is exercising good stewardship and is delivering affordable services while considering its legacy to future residents.

Council has a mandate to provide a wide range of services. To guide administration and staff with the effective implementation of those services, Council typically adopts policies for important issues that can be used by staff to support Council's vision, goals, and objectives. Greenview, is committed to maximizing Greenview’s return on investment in physical assets, while complying with all legislative and regulatory requirements, and ensuring that all activities are performed in a safe and environmentally sustainable manner.

1. DEFINITIONS

For consistency, terminology in all official asset management documents shall be consistent with ISO 55000:2014(E) – International Standard for Asset Management

For consistency, terminology in all official Risk management documents shall be consistent with ISO 31000:2018 – International Standard for Risk Management

- 1.1. **Amortization** means the process of incrementally charging the cost of an asset to expense over its expected period of use, which shifts the asset from the balance sheet to the income statement. It essentially reflects the consumption of an intangible asset over its useful life. Amortization is most commonly used for the gradual write-down of the cost of those intangible assets that have a specific useful life.
- 1.2. **Asset** means an item, thing, or entity that has potential or actual value to an organization. Value can be tangible or intangible financial or non-financial and includes consideration of risks and liabilities. Refer to Policy 1507.
- 1.3. **Asset Management** means the application of sound technical, social, and economic principles that considers present and future needs of users, and the service from the asset. Refers to any system that monitors and maintains things of value to an entity or group. It may apply to both tangible assets and to intangible assets.
- 1.4. **Asset Management Advisory Committee** The committee was formed to provide the Greenview with diverse perspectives on asset management and related advice and

recommendations. The committee reviews policies, procedures and results to ensure the assets are managed in a manner supportive of the Greenview's mission and in accordance with fiduciary standards and applicable law

- 1.5. **Asset Management Strategy** means a high level document that guides the overall asset management activities within an organization. Being a strategy, it is meant to explore long term issues and ensure that the overall plan is linked to key "strategic" issues of the organization.
- 1.6. **Asset Management Plan (AMP)** means a tactical plan for managing an organization's infrastructure and other assets to deliver an agreed Level of Service. This documented information that specifies the activities, resources, and timescales required for an individual asset, or grouping of assets, to achieve the organization's asset management objectives.
- 1.7. **Best Practices** means state-of-the-art methodologies and technologies for municipal infrastructure planning, design, construction, management, assessment, maintenance, and rehabilitation that consider local economic, environmental, and social factors.
- 1.8. **Greenview** means the Municipal District of Greenview No.16.
- 1.9. **Intangible Assets** means an asset that is not physical in nature. Goodwill, brand recognition and intellectual property, such as patents, trademarks, and copyrights, are all intangible assets. Intangible assets exist in opposition to tangible assets, which include land, vehicles, equipment, and inventory.
- 1.10. **Level of Service (LoS)** means parameters or a combination of parameters, which reflect social, political, environmental, and economic outcomes that an organization delivers from their assets.
- 1.11. **Lifecycle** means the time interval that commences with the identification of the need for an asset and terminates with the disposal of the asset.
- 1.12. **Line of Sight** means this alignment (or line of sight) focuses the entire organization on the same strategic goals. It lines up the value the asset is expected to produce with the financial business objectives of the organization.
- 1.13. **Long-term Cost (Life-cycle cost)** means the financial and human resources required throughout the life cycle of the asset.
- 1.14. **Performance Monitoring** means continuous or periodic quantitative and qualitative assessments of the actual performance compared with specific objectives, targets, or standards through the application of performance indicators.
- 1.15. **Risk** means the uncertainty about whether a "Risk" event has the potential to significantly affect the goals and objectives of Greenview, which will result in a gain or loss in the achievement of the organizational goals or objectives.
- 1.16. **Risk Management** means avoiding, accepting, transferring, or treating the uncertainty arising from a risk event to minimize the negative impact of the risk event and increase the likelihood of achieving the strategy or objective by reducing the negative outcomes of risk events and enhancing the positive outcomes of informed risk-taking.

- 1.17. **Service Life of an Asset** means the total period during which it remains in use, or ready to be used, in a productive process.
- 1.18. **Strategic Risk** means events or occurrences that impact the ability to achieve strategic and service objectives.
- 1.19. **Tangible Assets** means assets that have a physical form. Tangible assets include both fixed assets, such as machinery, buildings and land, and current assets, such as inventory.
- 1.20. **Useful Life** means the period of time (or total amount of activity) for which the asset will be economically feasible for use in a business. In other words, it is the period of time that the business asset will be in service and used to earn revenues.

2. POLICY STATEMENT

- 2.1. Asset Management is an integrated and adaptive approach, involving Council and all departments of Greenview, to deliver sustainable services to the community by effective management of existing and new infrastructure.
- 2.2. This policy outlines principles that shape the asset management approaches and initiatives across the organization. Also ensuring compliance with all statutory requirements applying to physical assets and asset management.
- 2.3. Ensure that all Asset Management decisions and activities comply with the Greenview’s policies relating to Occupational, Health, Safety, and Environment.
- 2.4. Ensure that Asset Management decisions and activities consider and balance the needs of all relevant stakeholders, both within and external to the organization and follow the “line of sight” principles.
- 2.5. Ensure alignment between all organizational functions that impact on Asset Management, including Projects/Engineering, Production, Maintenance, and Supply.
- 2.6. Ensure that the Greenview’s assets are managed in accordance with recognized asset management techniques that consider the achievement of both short term and longer-term business objectives.
- 2.7. Formally assess both risk and economic outcomes when making decisions relating to the management of physical assets and operate assets in a disciplined manner, and with precision.
- 2.8. Ensure that asset purchase, replacement, refurbishment, and disposal decisions are made based on an assessment of expected future customer demand, life cycle costs, and risks.
- 2.9. This Policy applies to:
 - A) All existing and new assets or asset systems (including natural assets) owned by Greenview and used to deliver services to the community;
 - B) Assets owned by Greenview, but managed or co-managed by others to deliver services to the community, subject to the terms of any agreement already in place;
 - C) Assets owned by others but managed or co-managed by Greenview to deliver services to the community, subject to the terms of any agreements already in place.

3. PRINCIPLES

- 3.1. This policy shall be implemented by employees using industry accepted guidelines and practices. Employees shall consider the use of an Asset Management strategy and Asset Management Plans
- 3.2. Greenview will also comply with required capital asset reporting requirements PS-3150 and integrate the Asset Management program into operational plans through the municipality.
- 3.3. Strategic Asset Management plans may be developed for a specific class of assets or be generic for all assets and should outline term goals, processes, and steps to show how they will be achieved. The asset management plans should be based on current inventories and conditions (acquired or derived), project performance and remaining service life and consequences of losses (i.e., vulnerability assessments, emergency management).

4. POLICY PRINCIPLES, GUIDELINES, AND INTEGRATION:

4.1. The key principles of the asset management policy are outlined in the following list. Greenview shall:

- A) Make informed decisions, identifying all revenues and costs (including operation, maintenance, replacement and decommission) associated with infrastructure asset decisions, including additions and deletions. Trade-offs should be articulated and evaluated, and the basis for the decision recorded;
- B) Integrate corporate, financial, business, technical and budgetary planning for infrastructure assets;
- C) Establish organizational accountability and responsibility for the asset inventory, condition, use and performance;
- D) Consult with stakeholders where appropriate;
- E) Define and articulate service, maintenance and replacement levels and outcomes;
- F) Use available resources effectively;
- G) Manage assets to be sustainable;
- H) Minimize total life cycle costs of assets;
- I) Know the line of sight, of assets goals;
- J) Consider environmental goals;
- K) Consider social and sustainability goals;
- L) Minimize risks to users and risks associated with failure;
- M) Pursue best practices where available; and
- N) Report the performance of its asset management program.

4.2. Guidelines and Practices

- A) This policy shall be implemented by staff using accepted industry guidelines and practices (can identify the guidelines/practices will be using) and staff shall consider the use of an asset management strategy and asset management plans. The organization will also comply with required capital asset reporting requirements and integrate the asset management program into operational plans throughout the organization.
- B) Strategic asset management plans may be developed for a specific class of assets or be generic for all assets and should outline long term goals, processes, and steps toward how they will be achieved. The asset management plans should be based on current inventories and conditions (acquired or derived), projected performance and remaining service life and consequences of losses (e.g., vulnerability assessments, emergency management). Operational plans should reflect these details.

Replacement portfolios and associated financial plans should consider alternative scenarios and risks, as well as include public consultation.

4.3. Context and Integration of Asset Management within the Organization

The context and integration of asset management throughout the organization's lines of business is typically formalized through references and linkages between Municipal documents. Where possible and appropriate, Council and staff will consider this policy and integrate it in the development of Municipal documents such as (broad list noted below, include those which apply and add others as needed):

- A) Official Community Plans
- B) Business Plan
- C) Municipal Strategic Plan
- D) Municipal Financial Plan
- E) Operational Plans and Budgets (including vehicle and fleet plans and budgets)
- F) Annual Reports
- G) Design Criteria and Specifications
- H) Infrastructure Servicing, Management, and Replacement Plans, e.g., Transportation Plans, Historical Culture Plans
- I) Community Social Plans
- J) Parks and Recreation Plans
- K) Facility, Building Plans

5. ASSET MANAGEMENT FRAMEWORK- ISO 55000

5.1. To meet the objective of this policy, Greenview will follow the Asset Management Framework described in Figure 1. The Framework describes the business processes and asset management activities and illustrates the relationship between activities. The Framework consists of several major elements:

A) Regulatory Requirements, Business drivers

Both are the external influences that govern how the infrastructure is managed and set overall expectations of how the departments operate. Including, but not limited to:

- I. Ratepayer's requirements
- II. Municipal goals and strategies
- III. Regulatory Requirements
- IV. Environmental factors

B) Core Processes supported by Core Support Services

The underlying structure is based on the all-encompassing Plan-Do-Check-Act (PDCA) cycle to control and continuously improve on processes and products.

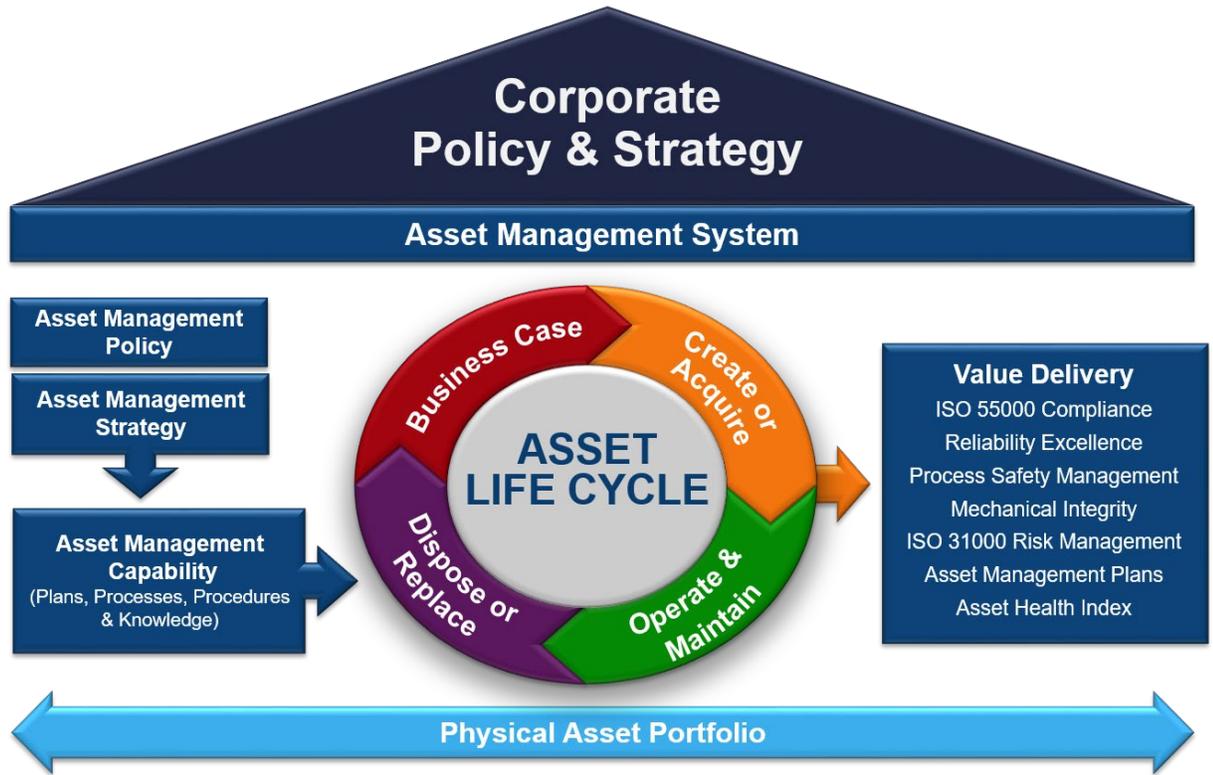
C) Asset Lifecycle

Centered amongst the Business Drivers and overlaying the PDCA cycle, is the management of physical infrastructure. This Asset Management Cycle describes how the various assets are managed. The Asset Lifecycle includes:

- I. Asset procurement, creation, or acquisition - to provide assets to meet current and future needs while achieving the defined levels of service and risks;
- II. Asset operations maintain – to maintain an asset to meet the required functional condition and/or extend its life; and

- III. Asset disposal / replace - To rebuild or replace an asset to restore it to a required functional condition

6. FROM ISO 55000 ASSET MANAGEMENT SYSTEM



7. COUNCIL RESPONSIBILITIES

- 7.1. Council shall review all policies every three years for compliance and effectiveness. While administration, employees, public and other agencies may provide input on the nature and text of the policy. Council retains the authority to approve, update, amend or repeal policies.
- 7.2. Report to ratepayers on the status of the infrastructure assets and asset management program.

8. ADMINISTRATION RESPONSIBILITIES

- 8.1. Review this policy in accordance with the review schedule and identify issues and develop policy updates.
- 8.2. Develop guidelines and practices for the Asset Management program.
- 8.3. Ensure the policy is being implemented in accordance with Greenview’s committed levels of service.
- 8.4. Progressively develop and maintain inventories and asset infrastructure.
- 8.5. Establish and monitor infrastructure replacement levels using life cycle costing principles.
- 8.6. Develop and maintain financial plan for the appropriate level of maintenance, extension and decommission of assets.

8.7. The implementation, review and reporting back regarding this policy shall be integrated within the organization due to the importance of this policy, the organization's asset management program shall be reported annually to the community, and implementation of this policy reviewed by Council at the mid-point of its term.

9. ASSET MANAGEMENT ADVISORY COMMITTEE (AMAC)

9.1. Provides a forum for discussion and development of asset management policy, strategy, plans and processes.

9.2. Encourages the collaboration and integration between different business areas to achieve efficiency and effectiveness in service delivery.

9.3. Provides a forum for learning, information sharing and co-education opportunities.

9.4. Leads the development of corporate asset management tools and practices and monitors their application across the organization.

9.5. Asset management policy and regulatory and statutory requirements.

9.6. The committee is governed by Terms of Reference (TOR) adopted by Council.