It's Got Teeth but Doesn't Bite:

Developing and Implementing an Effective Asset Management Policy

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This initiative is offered through the Municipal Asset Management Program, which is delivered by the Federation of Canadian Municipalities and funded by the Government of Canada.

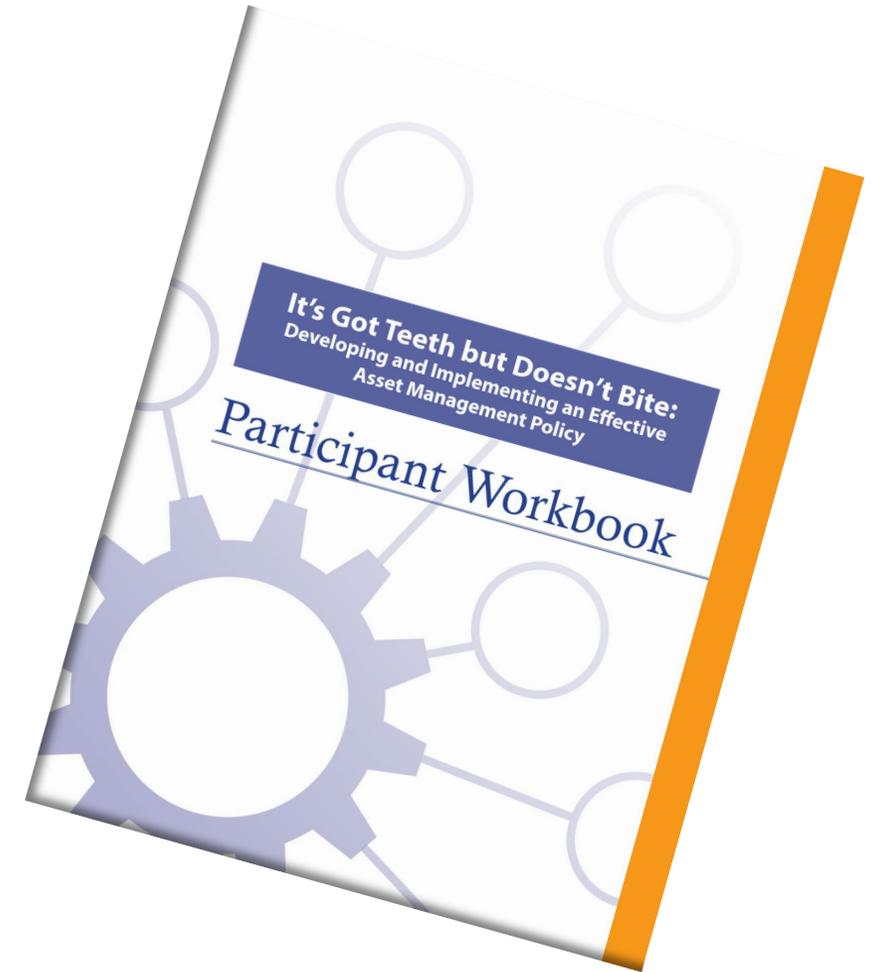**fcm.ca/assetmanagementprogram**

Developing and Implementing an Effective Asset Management Policy

Welcome!

Why we're here:

- To develop a foundation in asset management policy
  - What it is
  - What it should contain
  - How to apply it in your processes and day to day decision-making as council

FCM's Municipal Asset Management Program

- Funding for asset management activities
  - Assessments
  - Plans, policies, and strategies
  - Data collection and reporting
  - Training and organizational development
  - Knowledge Transfer

- Funds up to 80% of eligible costs to a maximum of $50,000

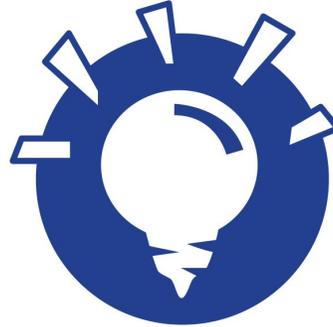Developing and Implementing an Effective Asset Management Policy

Your Facilitators

Using the Workbook

Schedule

Time	Topic
	Introductory Remarks
	➢ Asset Management Refresh
	➢ Identify the Role of Policy in Municipal Governance
	➢ Identify the Role of Policy in Asset Management
	Refreshment Break
	➢ Outline an Organization's Commitment to Asset Management and the Objectives and Mandated Requirements for Asset Management
	➢ Connect Asset Management to the Organization's Strategic Objectives, Values, Priorities, and Community Objectives
	➢ Outline Principles to Guide Decision-Making About Assets and the Approach to Managing Costs and Funding
	Concluding Remarks

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What Does Asset Management Mean to You?

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What is Asset Management?

"The process of **making decisions**
about the use and care of infrastructure
to **deliver services** in a way
that considers current and future needs,
manages risks and opportunities
and makes the best use of resources"

Source: Building Community Resilience Through Asset Management: A Handbook & Toolkit for Alberta Municipalities

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Asset Management

- It is not just for large communities - all municipalities make decisions about their services and assets.

- The systems and processes don't need to be extensively detailed or expensive.

- You can start where you are, building on existing processes.

- Asset management is about updating those processes to ensure they are systematic, documented, consider the right kind of information and take a long-term perspective.

Did You Know?

- Asset management includes not only engineered assets but also natural assets, including aquifers, riparian areas, and wetlands.

- Asset management processes can be applied to these natural assets in support of sustainable service delivery.

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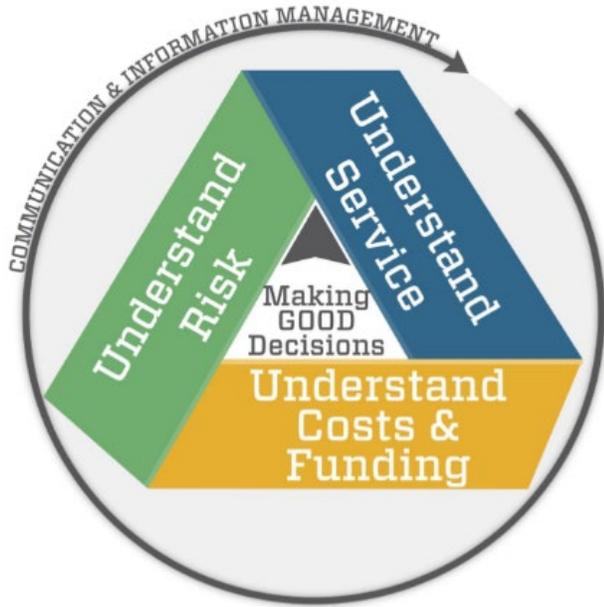of ALBERTA

Some Vocabulary…

Assets | Also known as a tangible capital asset, a physical component of a system that enables a service, or services, to be provided.

Asset management system | A set of processes and procedures that support asset management. Components may include a plan, policy, and/or strategy.

Sustainable service delivery | Process of ensuring that municipal services are delivered in a socially, economically, and environmentally responsible way.

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Asset Management and Decision Making

Source: Alberta Handbook and Toolkit

- Municipal councils make decisions and set direction.

- Decisions require trade-offs between service, risk, and cost.

- Council must incorporate an asset management lens and understand these trade-offs to support decision-making.

Service, Risk, and Cost Considerations

Service	Risk	Cost
• Types of services • Who benefits or doesn't benefit from a particular service • The current and desired level of service • Regulatory requirements • Service demands	• Events that would have an undesirable impact on services • <u>Asset risk</u> describes the risk of an asset failing to perform the way you need it to deliver a service • <u>Strategic risk</u> describes a change that would affect your ability to achieve municipal objective • Risk management strategies	• Replacement and capital costs • Operating and maintenance costs • Revenue sources • Partnerships

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Module 1
Identify the Role of Policy in Asset Management

Bylaws

Laws created by the municipality.

- Council is responsible for passing bylaws
- Staff provide support in developing bylaws
- Stakeholder engagement required
- Examples:
  - Utility rate bylaw
  - Source control bylaw
  - Hazardous waste bylaw
  - Land use bylaw

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Policies

Documented principles and statements of intent to guide administration.

- Council adopts policies through resolutions
- Staff provide support in policy development and implement policies
- Policies should be informed by internal stakeholder consultation
- Example AM related policies:
  - Asset management policy
  - Snow and ice control policy
  - Asset reserves policy

Procedures

Steps for a process or activity internal to the municipal government.

- Staff develop and implement procedures
- CAO uses procedures to communicate direction
- Procedures may be provided to council
- Examples:
  - Capital planning procedures
  - Budgeting procedures
  - Tangible capital asset reporting procedures

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Keeping Things Current

- Policies and procedures should be reviewed every 5 – 10 years, or earlier if required

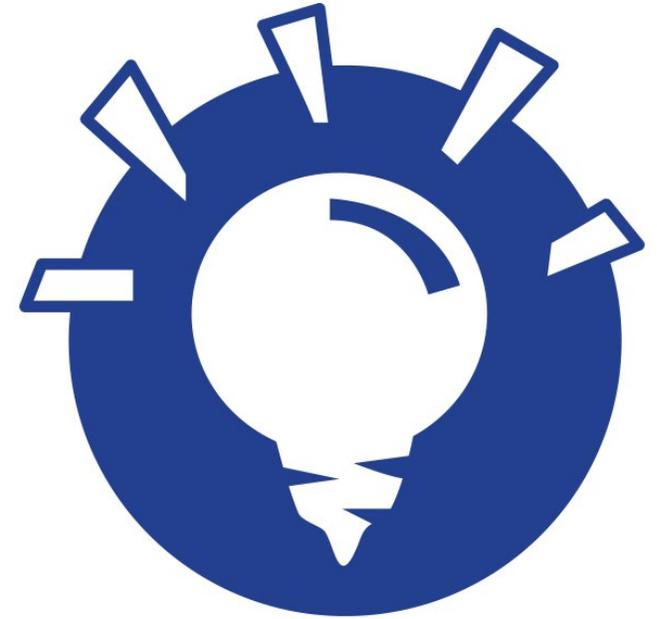- Council may request amendments to policies or procedures when necessary

Considerations for Developing Effective Policies

- High level and provide guidance
- Clear and can be implemented
- Not aspirational – appropriate for today and can be implemented upon adoption
- Appropriately flexible
- Policy language should be aligned with intent
- Policies should cover how implementation is reported on

Activity

See page 8 in Workbook

Policy Statements

- Declarations of how an organization intends to govern or do something

- Provide clear and consistent guidance

- Provide direction for asset management in the municipality

Activities and Decisions that Benefit from Policy Statements

- Communicating link between corporate vision and objectives, and asset management
- Meeting or exceeding regulatory requirements
- Setting levels of service
- Managing asset and strategic risk
- Funding and financing assets
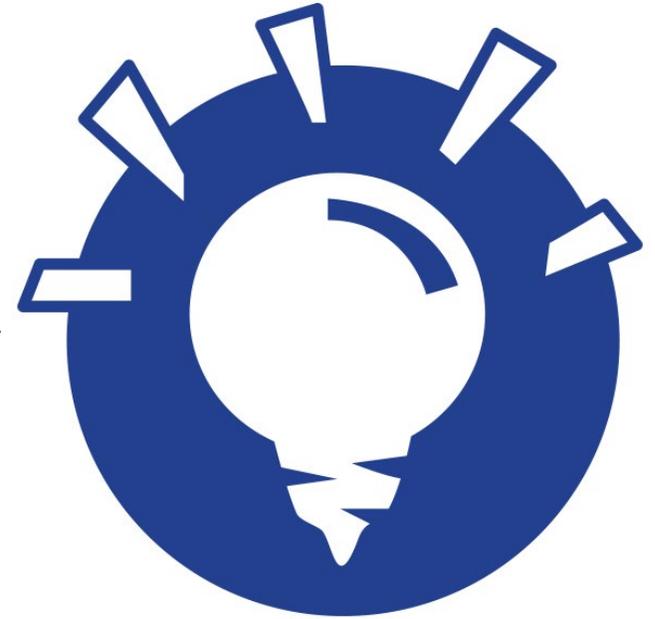- Inspection and maintenance
- And more….

Preparing Policy Statements

- Should be high-level and flexible
  - For example, do not identify a specific level of service, but state how levels of service will be informed

- When new policies are developed, review older ones to identify overlap

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Activity

See pages 10-12 in Workbook

Module 2

Evaluate Asset Management Policy Statements

Components of an Asset Management Policy
Statement of Commitment

- Provides the basis for the remaining policy direction

- Should include objectives for implementing asset management and mandated requirements for how asset management will be conducted

Did You Know?

Municipalities in Alberta must meet capital and operational planning requirements under s. 283.1 of the MGA:

- *"(2) Each municipality must prepare a written plan respecting its anticipated financial operations over a period of at least the next 3 financial years*
- *(3) Each municipality must prepare a written plan respecting its anticipated capital property additions over a period of at least the next 5 financial years"*

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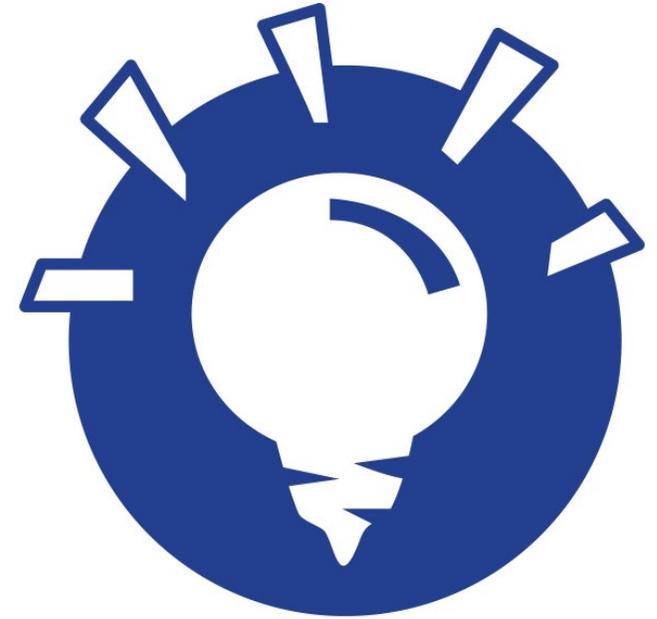
Components of an Asset Management Policy
Contextual Information

- Objectives and policy purpose

- Organization's commitment to regulatory requirements

- Requirements for a systematic approach and integration of asset management with existing processes

- Importance of staff training and capacity building

- Information management

- Organizational AM framework

- Continuous improvement

- Roles and responsibilities

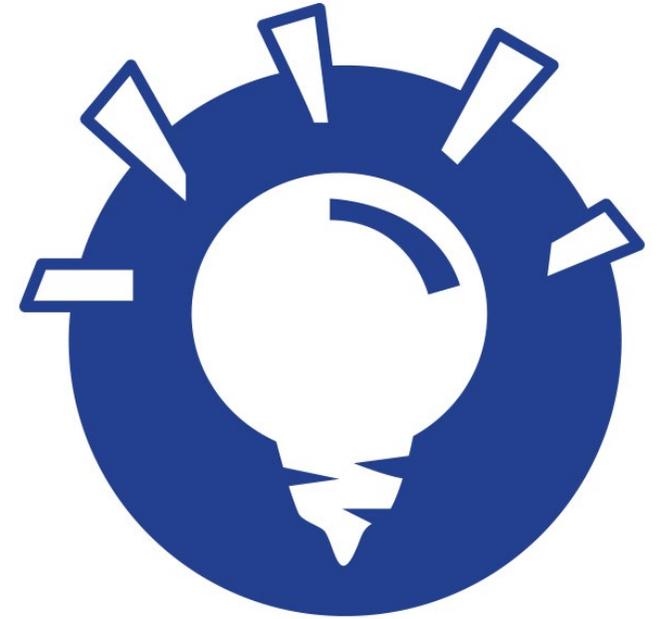# Activity

See page 14 in Workbook

Connecting to Community Goals

- Asset management is a means to meeting community goals

- Meet your mandate to constituents

- Help answer questions about assets and services from constituents

- Connect day-to-day municipal business with community goals

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Activity

See page 15 in Workbook

Decision-Making Principles

Principles	Example
Connection to levels of service	Ensuring services and infrastructure are provided in a sustainable manner with appropriate levels of service to all users
How levels of service are set	Levels of service will continue to be determined and refined in consultation with the community
Risk management	The municipality should take into account financial effects on future generations and consider changing circumstances and external economic risks to ensure a vibrant community for future generations

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Decision-Making Principles

Principles	Example
Climate change consideration	Considering effects of climate change in the design, renewal, and replacement of assets
Natural asset recognition	Maintaining assets in the most natural, energy-efficient and reliable manner that costs the least to operate over the life cycle of the asset
Regional impacts	Engaging neighbouring municipalities to coordinate management of assets where there are regional impacts to decisions

Cost Management Approaches

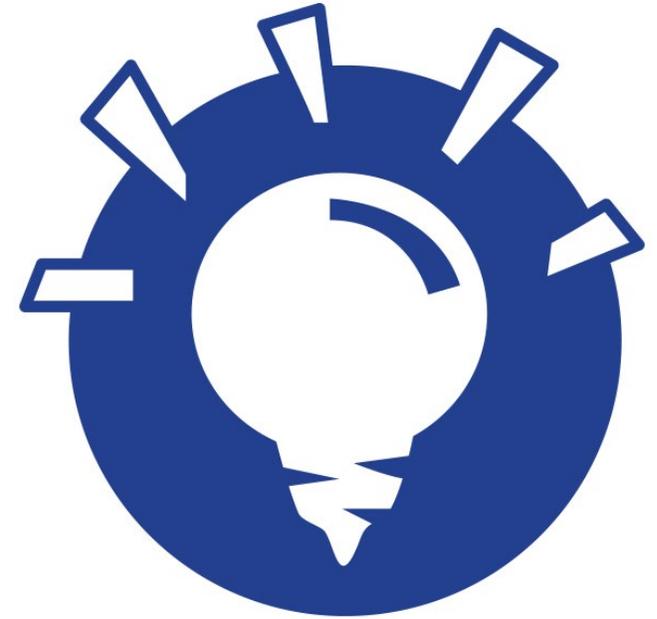| Approach	Example
Lifecycle costing	Making decisions about asset renewal and replacement that are informed by lifecycle costing
Operations and maintenance	Understanding operations and maintenance needs and how they relate to levels of service, risk, and cost
Recognition of natural assets in costs	Considering how some municipal services are provided or supported by natural assets

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Cost Management Approaches

Approach	Example
Money out	Maintaining a long-term financial plan that considers the renewal and replacement of existing infrastructure, levels of service, and funding growth
Money in	Maintaining a long-term financial plan that considers the impact of infrastructure renewal and replacement on taxation and user fees, debt, and reserve accounts, as well as the contribution from developers to capital projects

Activity

See page 18 in Workbook

You've Made It!

Asset Management Mindset Checklist

- ❑ Do we have the information we need to make a decision?

- ❑ Have trade-offs between cost, risk, and service been considered?

- ❑ Are we focusing on service delivery?

- ❑ What are the long-term implications?

- ❑ Have all the relevant disciplines been properly engaged in this decision (e.g., planning, engineering, public works, finance, etc.)?

- ❑ Are we thinking about both short- and long-term needs?

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Half-Day Specialized Courses

- Boring Until It's Broken: Engaging the Public in Infrastructure Asset Management
- Risk: How Asset Management Can Help
- "I want a Five-Star Experience for a Two-Star Price": Setting and Communicating Levels of Service
- It's Got Teeth but Doesn't Bite: Developing and Implementing an Effective Asset Management Policy
- Weathering the Storm: Asset Management and Climate Change

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Questions?

Evaluation Form