



# District of Lantzville

Incorporated June 2003

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## ASSET MANAGEMENT POLICY

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### POLICY STATEMENT

The District of Lantzville (the “District”) is committed to strong fiscal management that takes into consideration the community’s service expectations and the community’s ability to pay for these services.

The District of Lantzville owns, operates and maintains a wide array of physical assets. These assets include, but are not limited to: transportation networks, water distribution networks, sewage collection systems, information technology systems, fleet vehicles and equipment, parks, and civic facilities.

All of these assets have a defined service life. As these assets age and deteriorate, the District will manage its assets in such a way to ensure that full service life is reached and to have in place a mechanism to enable their replacement or removal.

### PURPOSE

The purposes of this Policy are to:

- Establish responsible governance for the practice of asset management within the District of Lantzville;
- Document the District’s commitment to asset management and the continuous improvement of asset management practices;
- Define over-arching principles for asset management that are appropriate for the District’s business and are reasonable, logical and necessary for delivery of sustainable, affordable services; and
- Establish governance roles, and accountability for asset management.

## PROCEDURE

### 1. DEFINITIONS

- Asset Management (AM): an integrated, lifecycle approach to effective stewardship of infrastructure assets to maximize benefits, manage risk and provide satisfactory levels of service to the public in a sustainable manner.
- Asset Management Policy (AM Policy): The asset management policy describes the organization's intentions and directions for asset management, as formally expressed by its senior management. It describes the principles and framework adopted in applying asset management to achieve the organization's strategic objectives.
- Asset Management Strategy (AM Strategy): 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. The AM Strategy provides a clear "line of sight" between high-level objectives and the day-to-day activities carried out to deliver services and manage assets.
- Asset Management System (AM System): The complete set of interrelated elements used to implement the AM Policy and support the development and continuous improvement of asset management practices that will deliver sustainable, affordable services to required standards. AM System elements include documents, procedures, tools, data, and the assets. Together, these elements create the total management system for asset management.
- Asset Management Plan (AM Plan): A plan developed for the management of infrastructure assets that combines multi-disciplinary management strategies (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to deliver a specified level of service. It specifies the activities, resources and timescales required for individual assets to achieve the organization's asset management objectives. A significant component of the plan is therefore a long-term program of works and cash flow projection for the activities.
- Lifecycle costs: Lifecycle costs refer to the total cost of ownership over the life of an asset. This may include but is not limited to capital costs, operating costs, maintenance costs, renewal costs, replacement costs, environmental costs and decommissioning costs.
- Sustainability: The principles of sustainability include ensuring that current socio-cultural, economic and environmental commitments are considered in investment decisions and do not compromise the ability of future generations to meet their own needs.

## 2. RESPONSIBILITIES

- To implement the AM Policy and maintain continual improvement of the District's AM System, the appropriate level of governance must be in place throughout the organization, for decision making.
  1. Council is responsible for:
    - i. Acting as stewards and custodians for the community's assets
    - ii. Adoption, periodic review and updating the AM Policy and AM Strategy
    - iii. Maintaining the necessary corporate capacity to support the elements and practices of an AM system; and
    - iv. Setting priorities and articulating community values to District administration.
  2. Chief Administrative Officer is responsible for:
    - i. Implementing the AM Policy and AM Strategy with approved resources;
    - ii. Ensuring an AM Plan is in place;
    - iii. Committing to the implementation and continuous improvement of asset management practices and systems to support achievement of the District's organizational objectives.
  3. Department Managers are responsible for:
    - i. Maintaining capital asset systems and ensuring that asset management data is captured and updated;
    - ii. Implementing the AM Strategy and AM Plan with approved resources
    - iii. Report periodically to Chief Administrative Officer regarding progress on the Asset Management Strategy

## 3. SCOPE AND APPLICABILITY

### 1. Scope

The District delivers services to the community through a wide range of District-owned assets. In addition to these existing assets, the District may receive or construct new assets.

This policy applies to:

- All infrastructure assets or asset systems owned by the District and used to deliver services to the community
- Assets owned by others but managed or co-managed by the District to deliver services to the community, subject to the terms of any agreements already in place

## **2. Corporate Context**

The asset management system does not replace existing corporate strategy, business planning and budget management systems and processes already in place. The asset management system complements and aligns with these initiatives.

## **4. GUIDING PRINCIPLES**

To maximize the benefits of asset management, the District will strive to ensure the following principles are applied to all asset management initiatives, strategies, procedures, tools, components, and plans.

### **1. Service Delivery to Customers**

- The District will strive to determine and refine levels of service that balance community expectations and regulatory requirements with affordability, available resources, risk, and environmental impacts.
- Over the long term, the District will strive to maintain and manage assets at the defined levels of service.
- The District will monitor standards and service levels to ensure that they meet agreed targets, support community and Council expectations and objectives, and are in compliance with regulatory requirements.
- The District will make investment decisions based on informed trade-offs between competing factors of levels of service, risk and cost and the basis of the decision will be recorded.

### **2. Long-Term Sustainability and Resiliency**

- The District will make asset investment decisions that consider long-term community, economic and environmental impacts.
- The District will strive to manage assets to meet the challenges of customer expectations, ability to pay, legislative requirements, climate change impacts and needs of future generations.
- The District will consider future growth and demand requirements to ensure assets are adapted to meet demographic changes and the needs of both current and future generations are considered in decision-making.

### **3. Holistic Approach**

- The District will take a comprehensive approach that looks at the big picture. This includes the functional interdependencies and contributions of assets across various departments.
- The District will ensure the asset management plan complements the strategic objectives of the District, as well as other key business systems, policies and regulations.
- The District will promote a cross-departmental approach to asset management, building effective working relationships and sharing of information.

### **4. Financial Reality and Investment Decision Making**

- The District recognizes it faces funding pressures and the need to balance capital investments between renewal, growth and new capital expenditures.
- The District will make informed decisions, identifying revenues, risks and costs (including operation, maintenance, replacement and decommission) associated with infrastructure assets including new and upgraded infrastructure required for growth or to meet the District's strategic priorities.
- The District will achieve and maintain an affordable investment level for all City assets.
- The District will evaluate asset investment decisions considering affordability, risk, willingness to pay and intergenerational equity.

### **5. Innovations & Continual Improvement**

- The District recognizes continual improvement is necessary to ensure processes and practices are adjusted to changing circumstances.
- The District will report on the performance of the asset management program and the effectiveness of asset management initiatives in achieving intended outcomes.
- The District will ensure AM staff receive the appropriate training and education and innovation will be encouraged.