



## CORPORATION OF THE TOWNSHIP OF ESQUIMALT

### COUNCIL POLICY

**TITLE: Asset Management Policy**

**NO. FIN-17**

#### **DEFINITIONS:**

**Asset Management:** an integrated, lifecycle approach to an effective stewardship of infrastructure assets to maximize benefits, manage risk and provide satisfactory Levels of Service to the public in a Sustainable manner. The majority of the services that the Township provides are related to Asset Management.

**Engineered Assets:** assets that have been constructed or donated and are owned by the Township (e.g., water mains, roads, streetlights, buildings), land that is owned by the Township and supports assets (e.g., land under roads or buildings), or land that is undeveloped and owned by the Township. These assets must be operated, maintained, managed, and, with the exception of land, ultimately replaced as they wear out.

**Level of Service:** the service level delivered to the public by the Township. This can take the form of the selection of services that are provided (e.g., bike lanes, doggie bags, or a new pool), the standard of infrastructure in place (e.g., concrete sidewalks versus gravel paths), or the standard to which an asset is maintained (e.g., the frequency of scheduled road sweeping). The desire of Council or the public for a particular Level of Service will directly affect utility fees or taxation.

**Natural Assets:** naturally occurring land or subsurface features which perform or support service delivery to the Township. This category also includes artificial features that mimic naturally occurring features. If these assets did not exist, Engineered Assets would be required to provide these services. Natural Assets must be operated and maintained but, if managed appropriately, require no replacement.

**Risk:** analysis of the 'likelihood' and the 'consequences' of a given event. Establishing the risk associated with lower infrastructure performance due to a determined Level of Service or with the postponement of asset replacement will identify system vulnerabilities and assist in prioritizing work. For example, puddles on a gravel walkway may have a high likelihood of occurring but the consequences are not significant. In comparison, an ageing sanitary main may have a high likelihood of failure and the consequences of a break may be significant.

**Sustainable:** 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.

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**OBJECTIVE**

To ensure adequate provision is made for operations, maintenance and long term replacement of major Engineered and Natural Assets by:

Maintaining assets in the most natural, efficient and reliable manner that costs the least to operate over the cycle of the asset;

Ensuring the Township's services and infrastructure are provided in a sustainable manner with the appropriate Levels of Service to all users within the Township;

Managing the Township's Engineered and Natural Assets by implementing appropriate Asset Management strategies and appropriate financial resources for those assets;

Fostering an environment where all Township employees form an integral part in overall management of Township assets by creating and sustaining Asset Management awareness throughout the organization through training and development;

Ensuring resources and operational capabilities are identified and responsibilities for all areas of Asset Management are appropriately assigned;

Continually seeking opportunities for improving efficiencies in operations, maintenance, and asset replacement practices;

Demonstrating transparent and responsible Asset Management processes that align with established best practices;

Meeting legislative requirements for Asset Management.

**POLICY:****BACKGROUND**

Council's vision and goal for the Township consists of a safe, liveable and sustainable community supported by well managed and maintained infrastructure assets. These assets include, but are not limited to, efficient transportation networks, reliable information technology systems, appropriate fleets, and accessible parks, recreation and civic facilities.

As of December 2013, the Township owns and operates approximately \$65 Million (historical costs) of Engineered Assets to support its core business of delivery of service to the community. Although the equivalent values have not been established, the Township also recognizes the additional and significant contribution made by Natural Assets in the delivery of service to the community.

Asset Management is the core business of the Township and appropriate Asset Management is required to achieve our strategic service delivery objectives.

Adopting Asset Management principles will assist Council in achieving its strategic plans and long term financial objectives.

A strategic approach to Asset Management will ensure that the Township delivers the appropriate Level of Service through its assets

**PRINCIPLES/PROCEDURES**

A consistent Asset Management strategy will be used for implementing systematic and appropriate Asset Management best practices through all departments within the Township.

Levels of Service will continue to be determined and refined through consultation with the community.

All relevant legislative requirements together with social, economic, and environmental impacts are to be taken into account in Asset Management.

Asset Management principles will be integrated within existing planning and operational processes.

Natural Assets are recognized by Council as performing essential service delivery and will be identified and managed in a similar manner as Engineered Assets.

Asset Management plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.

An inspection regimen will be used as part of Asset Management to ensure that agreed Levels of Service are maintained and to identify asset renewal priorities.

Asset renewals and Levels of Service defined in adopted Asset Management plans and long term financial plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined services levels and budget resources detailed in budget documentation.

Asset renewal plans will be prioritized and implemented progressively based on agreed Levels of Service and the effectiveness of the current assets to provide that Level of Service.

Systematic and cyclical reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practices.

Future life cycle and replacement costs for all asset categories will be established with a goal to be completed by 2019.

Life cycle costs will be reported and considered in all decisions relating to new services and asset classes and upgrading of existing services and asset classes as soon as they are established.

Training in asset and financial management will be provided for all relevant staff.

**LEGISLATION**

All aspects of Asset Management within the Township shall be conducted in accordance with applicable legislation.

**RELATED DOCUMENTS**

Asset Management Strategy and associated Asset Management Plans (to be developed).

**RESPONSIBILITIES**

Asset Management is a corporate responsibility that involves all staff and members of Council in the effective implementation of Sustainable service delivery.

Council will be responsible for:

Adopting this Asset Management Policy and other future updates.

Allocation of financial resources.

Providing high level oversight of the delivery of the Township's Asset Management strategy.

Chief Administrative Officer has overall responsibility for:

Ensuring that organizational resources are appropriately utilized to address the Township's strategic plans and priorities.

Approving Asset Management strategies, plans and procedures in conjunction with the senior management team.

Regularly reporting to Council with updates on the status, effectiveness and performance of work related to the implementation of the Asset Management Policy.

Director of Engineering & Public Works and the Director of Parks & Recreation will be responsible for:

Ensuring that the most current information on the Township's Engineered and Natural Assets is gathered and maintained in the Township's Geographical Information System (GIS) as well as other software and databases.

Using industry standard unit costs and service lives for all infrastructure components, taking into account variations due to unique local conditions.

Establishing infrastructure replacement strategies through the use of full life cycle costing principles.

Establishing operations and maintenance policies to deliver Levels of Service and extending the useful life of assets.

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Where possible, integrate engineering and financial asset requirements into a single asset register.

In consultation with other senior management, prepare Asset Management Plans and strategies for each asset type.

Director of Development Services will be responsible for:

Ensuring the standards, goals and objectives in the Official Community Plan and other bylaws, policies and plans are consistent with Sustainable Asset Management principles.

Director of Financial Services will be responsible for:

Planning financially for the appropriate level of maintenance for assets to deliver established Levels of Service with the goal of extending the useful life of Township assets.

Establishing financial plans for consideration by Council that will ensure stable, long-term funding for replacement, renewal and/or disposal of assets.

Valuing and depreciating assets in accordance with appropriate best practices.

Integrating financial reporting requirements with the Township's asset inventory register.

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