

Title: Asset Management Policy**Resolution: 2018-0047, Feb 26, 2018****Revised:****Special Notes/Cross Reference:****Next Review Date:****POLICY STATEMENT:**

The Town of Westlock is committed to fiscal management and strives to provide a high level of municipal service to the community that takes into consideration the community's service expectations, the community's ability to pay for these services and the communities acceptable level of risk.

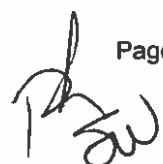
As the Town's municipal infrastructure ages, funds must be committed for proper management, maintenance and refurbishment throughout the lifecycle of the municipal infrastructure. The goal of Asset Management is to meet a desired level of service for present and future citizens in an optimized way. This is achieved through the inventorying, assessing, maintaining, renewal and replacement levels of assets when considering financial planning and forecasting capital plans.

Successful implementation and operation of Asset Management requires the continual improvement of an Asset Management system, including a multi-faceted approach across the disciplines of finance, economics, engineering and business management which includes any future assets.

PURPOSE:

The purpose of this policy is to govern the practice of Asset Management within the Town of Westlock that is consistent and aligns with the approved principles and values of the municipality.

Asset Management is an integrated process for managing municipal infrastructure to ensure it supports the delivery of quality and fiscally-responsible services. Focusing on each asset's life cycle, asset management considers the maintenance, rehabilitation and replacement of all municipal infrastructure to provide sustainable service delivery while managing risks and minimizing costs. A robust asset management plan helps municipalities make informed, proactive infrastructure and budget decisions according to priorities and needs.



The Town of Westlock 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, storm water management systems, vehicle and equipment fleets, parks and civic facilities. These assets have a defined service life. As these assets age and deteriorate, the Town 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.

GLOSSARY:

Asset — A physical component of a facility, which has value, enables services to be provided and has an economic life of greater than 12 months. Dynamic assets have some moving parts, while passive assets have none.

Asset management — The combination of management, financial, economic, engineering, operational and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.

Asset management plan — A plan developed for the management of one or more infrastructure assets that combines multidisciplinary management techniques (including technical and financial) over the life cycle of the asset in the most cost-effective manner to provide a specified level of service. A significant component of the plan is a long term cash flow projection for the activities.

Asset management strategy — A strategy for asset management covering the development and implementation of plans and programs for asset creation, operation, maintenance, rehabilitation/replacement, disposal, and performance monitoring to ensure that the desired levels of service and other operational objectives are achieved at optimum cost.

Level of service — The defined service quality for an activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability, and cost.

Life cycle costing — A method of expressing cost, in which both capital costs and operations and maintenance costs are considered, to compare alternatives. "Present worth" is one way to express life cycle costs. The present worth represents the current investment that would have to be made at a specific discount (or interest) rate to pay for the initial and future cost of the works.

Rehabilitation — Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Generally involves repairing the asset to deliver its original level of service without resorting to significant upgrading or renewal, using available techniques and standards.



Replacement — The complete replacement of an asset that has reached the end of its service life, to provide an alternative that satisfies a targeted level of service.

Reinvestment — Funds allocated to capital projects that are rebuilding the existing municipal infrastructure asset base. New capacities and operations are excluded from infrastructure reinvestment decisions.

Risk Assessment - Risk should be managed in any decision making process. The owner of the assets should analyze and document acceptable risk tolerance. Risk can be quantified by multiplying the probability of failure by the consequences of failure. Traditionally, decision making focused on cost-benefit analyses. Risk management can be used to quantify the cost of risk reduction and the resulting benefits, and can be included as a component in the overall cost-benefit analysis. Risk factors in the analysis include parameters, such as financial, environmental, health, and safety factors. Negative externalities, such as the cost of disruption and delay, and social and environmental degradation also warrant consideration.

Service life — The period that an asset provides an acceptable level of service. The economic service life is defined as the period when the present worth of the future maintenance costs are equal to the present worth of its replacement.

Tangible Capital Assets - Non-financial assets having physical substance that are acquired, constructed or developed and are held for use in the production or supply of goods and services to others; for administrative purposes or for the development, construction, maintenance or repair of other tangible assets; have useful economic lives extending beyond an accounting period; are to be used on a continuing basis; and are not for resale in the ordinary course of operations. Beneficial ownership and control clearly rests with the Town.

GUIDELINES / PROCEDURES / RESPONSIBILITIES

GUIDELINES:

To attain the goal of Asset Management, administration shall ensure the following principles are applied within any implemented asset management system:

- a) **Holistic:** Asset Management must be cross-disciplinary.
- b) **Systematic:** the approach must be applied in a structured management system
- c) **Risk Management:** understanding, assessing and managing the risk appropriately regarding all decisions made.

- d) **Service Level:** assessing desired levels of services delivered by the infrastructure systems.
- e) **Optimal:** seeking the best compromise between conflicting objectives: such as, costs versus performance versus risks.
- f) **Sustainable:** plans must deliver optimal asset life cycles, ongoing systems performance, environmental and other long-term consequences.
- g) **Integrated:** coordinate the above principles to ensure the delivery of justified services and well-defined outcomes.

PROCEDURES:

The Town of Westlock will

- a) maintain and manage infrastructure assets at defined levels to support Organizational goals, public safety and community well-being;
- b) monitor standards and service levels to ensure that they meet/support Council goals and objectives.
- c) develop and maintain asset inventories of all its infrastructure complete with condition assessments.
- d) establish infrastructure replacement strategies using full life cycle costing principles.
- e) plan financially for appropriate levels of maintenance of assets to deliver service levels and extend the useful life of assets.
- f) plan for and provide stable long-term funding to replace and/or renew and/or decommission infrastructure assets.
- g) Where appropriate, incorporate asset management in its corporate plans.
- h) regularly monitor, review and revise their asset management plan to ensure it remains current and continues to support effective and accurate decision making.

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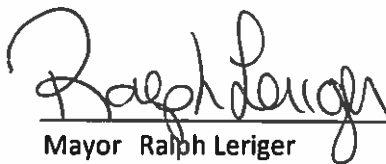
RESPONSIBILITIES:

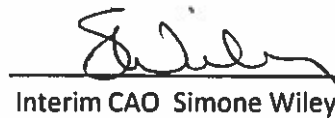
Town Council to:

- a) Consider the allocation of resources for successful implementation of this policy in the annual budget process.
- b) Review and approve a level of service and risk assessment

Administration through the annual budget process to:

- a) Implement this policy and approve procedures.
- b) Approve any exceptions to this policy.



Mayor Ralph Leriger

Interim CAO Simone Wiley