



REQUEST FOR DECISION

To: Board of Directors

From: Rosalyn Macauley, Asset Management Implementation Coordinator

Meeting Date: January 24, 2018

Subject: Adoption of the ACRD Asset Management Policy

Recommendation:

That the Board of Directors adopt the Alberni-Clayoquot Regional District Asset Management Policy.

Desired Outcome:

To adopt the draft Asset Management Policy in order to proceed with developing the Asset Management Program.

Summary:

The policy is the first step to developing a formal Asset Management program; the policy states key objectives, expected outcomes, and direction of the Asset Management program.

Background:

The recent Federal Gas Tax Agreement now requires local governments to work towards the development of an asset management program. Using Asset Management of BC (AMBC) frame work and reviewing other Asset management policies, plans, and studies from surrounding municipalities we have developed a policy that incorporates AMBC requirements and the ACRD's vision and objectives.

Time Requirements – Staff & Elected Officials:

A significant amount of staff time will be required to develop and implement the Asset Management Program. Advisory committees and the Board will also be involved in the process by setting direction, assisting in the determination of level of service and reviewing the other components of the program.

Financial:

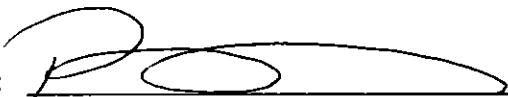
Staff time was the only cost related to the development of the ACRD Asset Management Policy. There will be financial requirements to some components of developing the program, staff will bring these forward to the Board as they are determined. Asset Management grant funding opportunities are available to offset increased financial resources that will be required to develop and implement the Asset Management Plan.


Policy or Legislation:

Federal Gas Tax Agreement –UBCM, Schedule F: Asset Management states that developing an asset management program is a condition of the funding agreement.

Options Considered:

Provide recommendations, additions, or revisions to the policy or adopt the policy

Submitted by: 
Rosalyn Macauley, CPA, CGA, Asset Management Implementation Coordinator

Reviewed by: 
Teri Fong, CPA, CGA, Manager of Finance

Approved by: 
Douglas Holmes, BBA, CPA, CA, Chief Administrative Officer

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Policy Issued by:
Date Adopted:
Date(s) Amended:

Policy Statement:

The Alberni-Clayoquot Regional District (ACRD) shall adopt consistent, systematic Asset Management practices in its strategic planning, operations, and financial management processes to deliver sustainable, cost effective services to its communities in a socially, economically, and environmentally responsible manner.

Asset Management Defined:

Asset Management is an integrated business approach involving planning, finance, engineering and operations to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide satisfactory levels of service to community users.

Purpose of the Policy:

The Asset Management Policy will be the foundation for the ACRD's approach to Asset Management (AM). It will aid in managing new and existing infrastructure to maximize use of financial resources long term, reduce risk, and provide a prioritized view for service continuity and improvements.

Key Objectives and Principles:

The policy outlines the objectives and direction of the ACRD's plan for Asset Management promoting continuous improvement in the management of new and existing assets in order to provide:

- A complete and maintained inventory of fixed assets including current condition, risk probability, and replacement cost which is continuously updated as the services are changed or improved.
- A process for Asset Management that is systematic and methodical; the process must be clear, repeatable, and consistent across all assets in a manner that supports the ACRD's goals and objectives.
- An effective allocation of financial resources promoting a long term strategic view based on operational maintenance, renewal/ replacement and decommissioning of assets; this will form the basis of annual budget estimates.
- An environment where all ACRD employees take on an integral part in overall management of assets by creating and sustaining Asset Management awareness throughout the organization through training and continuous development.
- A clear understanding of how to maintain assets in the most natural, energy-efficient, and reliable manner that cost the least to operate over the life cycle of the asset; ensuring services and infrastructure are provided in a sustainable way, with the appropriate Levels of Service to all users.
- A holistic, transparent, and responsible Asset Management process that aligns with demonstrable best-practices and ensures assets will meet future challenges including;

Asset Management Policy

customer expectations and service expectations based on an inspection regime, changing demographics, population, environmental factors, and regulations.

- An Asset Management plan that assesses risk, expenditures, and priorities based on risk assessments, cost/benefit analysis, and necessary financial reporting; recognizing that public safety is critical and community consultation, is important.

The Outcomes Will:

- Improve the information that is provided to the board of directors for decision making, as well as accountability and transparency
- Reduce life cycle costs while ensuring sustainable service delivery
- Link infrastructure investment decisions to service outcomes
- Open doors to grant funding for infrastructure projects and Asset Management education, plan, and development
- Assist staff in developing business cases for new infrastructures or services

Scope

The policy currently applies to all fixed assets of the ACRD, such as water systems, solid waste management infrastructure, septic fields, airports, fire departments, parks, government buildings, and mobile equipment.

Policy Direction

Meeting the goals and objectives of this policy will require the asset implementation coordinator, with leadership and guidance from management, finance, operations, and the committee to:

1. Create and maintain an Asset Management plan detailed by service area to lead the development of standardized practices and ensuring their application across the organization.
2. Adopt an Asset Management Strategy to:
 - a. Establish, document and continually adhere to the industry recognized asset management protocols;
 - b. Define levels of service that ensure regulatory compliance and balance customer expectations with risk, affordability and timing constraints;
 - c. Adopt risk-based decision making processes that consider the likelihood of asset failure and the consequence of a failure with regards to impacts on safety and levels of service;
 - d. Develop asset management knowledge and competencies aligned with recognized competency frameworks and adequate staffing/capacity;
 - e. Entrench lifecycle costing when evaluating competing asset investment needs across ACRD assets; and
 - f. Monitor the performance of the assets and track deficiencies of the asset management practices with a view to continuous improvement.
3. Where practical, strive to go beyond minimum legislative solutions to make ACRD assets more resilient to changing social, environmental, and economic conditions.
4. Seek funding and service delivery opportunities to address infrastructure investment pressures.
5. Provide regular updates to the board of directors on the state of the ACRD's assets and forecasted trends. (Typically aligned with tabling of the five- year financial plans).

Asset Management Policy

Key Strategic Asset Management Documents Required

The key strategic Asset Management documents, in addition to the 5 year financial plans form part of the ACRD's overall approach to asset management:

- Asset Management Policy- This document establishes the board's expectations around the management of the ACRD's physical assets. It is to be approved by the board and reviewed on the first year of Board of Directors new term.
- Asset Management Strategy- This document defines the organizations commitment and approach to achieving the boards approved policy.
- Asset Management Plan- Will document how the assets are being managed through their lifecycle in support of the delivery of services. The plan by service area will first be approved at the departmental level with final approval by the Board.
- State of the Assets Report- This document provides information on the state of the ACRD's physical assets which can be referenced when making infrastructure asset investment decisions as part of the annual budget and long range financial planning processes. This is to be submitted to the board for information.

