

Asset Management Policy

1.0 Policy Statement

The City of Mount Pearl will implement an organization wide Asset Management Plan that will promote lifecycle management of all infrastructure assets. The Asset Management Plan will define the provision of levels of service while balancing customer expectations with overall cost effectiveness and risk. This policy outlines the fundamental asset management principles to be implemented across the City of Mount Pearl. The Asset Management Plan informs existing corporate strategy, business planning, and budget management systems already implemented.

2.0 Background

The City of Mount Pearl provides a wide range of services to the community that require the ownership and responsible operation maintenance and rehabilitation of physical assets including but not limited to land, buildings, equipment transportation, drainage, sewer and water infrastructure. The intent is to maximize benefits reduce risk and provide satisfactory levels of service to the community in a sustainable manner. Good asset management practices are fundamental to achieving sustainable and resilient communities. This asset management policy applies to the assets owned by the City. Where service provision is supported by other assets not owned by the City, the City will collaborate with those asset owners and promote the principles outlined in this policy. The City of Mount Pearl recognizes the importance of natural assets and will include these in its inventories and asset management practices.

3.0 Scope

This policy is a City-wide policy and it applies to all City of Mount Pearl departments, operations and activities.

4.0 Purpose

To establish a Policy for the City of Mount Pearl outlining the approach the City will take to planning and decision-making to properly manage municipal infrastructure assets through a holistic Asset Management Strategy.

5.0 Definitions

- **Asset Management (AM)**

The coordinated activity of an organization to realize value from its assets. AM involves balancing costs, opportunities and risks against the desired performance of assets, to achieve organizational objectives. AM enables an organization to examine the need for, and

performance of assets, and asset systems at different levels and in conjunction with non-asset solutions.

- **Asset Management Systems (AM System)**

The complete set of interrelated or interacting elements used to implement the AM Policy and objectives and processes such as documents, procedures, tools data and the assets.

- **Asset Management Strategy**

Documented information that specifies: how organizational objectives are converted into AM Objectives, the scope and role of the asset management system in supporting achievement of the AM Objectives, the approach for developing AM Plans.

- **Asset Management Plans**

A plan developed for the management of infrastructure assets that combines multidisciplinary management strategies (technical and financial) over the lifecycle of the asset in the most cost-efficient manner to deliver a specified level of service. It specifies the activities, resources and timescales required for individual assets (or asset groups) to achieve the City's AM objectives.

- **Community Assets**

Assets managed or stewarded by the City on behalf of the community to deliver, or support delivery of essential services. This definition includes traditional assets (roads and utilities), cultural assets (monuments), and natural resources that are used in or impacted by the delivery of services (trees, parks, land, water).

- **Business Case Evaluation**

A formal process undertaken to evaluate the best alternative for a project or initiative. The evaluation involves documenting the activity's cost-benefit ratio using life-cycle analysis.

- **Level of Service**

Levels of Service are the parameters, or combination of parameters, that reflect the social, political, environmental and economic outcomes that the organization delivers. The parameters can include safety, customer satisfaction, quality, quantity, capacity, reliability, responsiveness, environmental acceptability, cost and availability.

- **Lifecycle Costs**

The total cost of ownership over the life of an asset. This may include but it is not limited to capital costs, operating costs, maintenance costs, renewal costs, replacement costs, environmental costs, replacement costs, environmental costs, and user delay.

- **Probability and Consequence of Failure**

The likelihood that a failure will occur, and the consequences of the failure.

- **Risk**

Risk: analysis of the 'likelihood' and the 'consequences' of a given event. Establishing the risk associated with lower infrastructure performance due to Levels of Service or postponement of asset replacement will identify system vulnerabilities and assist in prioritizing work.

- **Risk Management**

The application of a formal process to assess organizational risks in order to determine the resultant ranges of outcomes, their probability of occurrence, and what actions may be taken to reduce the organization's overall risk exposure.

- **Sustainability and Sustainability in the Context of Asset Management**

Sustainability: meeting the needs of the present without compromising the ability of future generations to meet their own needs. In relation to Asset Management, sustainability means that infrastructure assets shall be managed using a balanced approach to meet the long-term economic, social and cultural, physical and environmental needs of the community.

- **Triple Bottom Line**

An organization's financial bottom line including the organization's commitment to economic, socio-cultural and environmental factors.

6.0 Asset Management Policy Principles

The City of Mount Pearl manages the community assets by striving to meet a defined upon level of service at the lowest asset lifecycle costs and at acceptable levels of risk. To achieve the goals and benefits of Asset Management (AM), Management and Staff will endeavour to apply the following principles across all aspects of the AM system:

- A. Strategic and Forward Looking** – The City will make appropriate decisions and provisions in alignment with the City's *On the Horizon Mount Pearl Strategic Plan 2019 – 2023* to meet its asset management goals, future challenges including changing demographics and populations, customer expectations, legislative requirements and technological and changing environmental factors.
- B. Customer Service Focused** – The City will have clearly defined levels of service focused on customer outcomes and service delivery with the goal to provide the highest quality services and programs, guided by the needs of our citizens and overall community.
- C. Long Term Sustainability** – The City believes that the approach to service delivery is financially achievable over the long term, is not wasteful of resources, minimized or reverses environmental damage, and continually improves social, environmental and intergenerational equality. The City will make appropriate long-term decisions and provisions by developing an asset management plan which is in alignment the City's long-term financial plan. This will assist the City is developing asset management strategies with the goal of achieving triple – bottom - line outcomes over the long term and considers the full life cycle of assets.
- D. Balanced Decision Making** – Through the goal of aligning an asset management plan with a long-term financing plan the City will make short term and long-term decisions based on balancing service, risk and full asset life costs and prioritized investment decisions in a way that maintains citizen confidence in how the City manages assets on behalf of citizens.
- E. Holistic** – The City will take a comprehensive approach that looks at the “big picture” and considers the combined impact of the entire asset life cycle. The City will consider all assets in a service context and consider the interrelationships between different assets to avoid optimizing individual assets in isolation.
- F. Systematic** – The City will adopt a formal, consistent, and best-practice approach to the management of its assets that will ensure services are provided in the most effective manner.

- G. Risk Based** – The City will manage the risk associated with attaining target levels of service by ensuring resources, expenditures, and priorities are allocated based upon risk assessments and associated cost/benefit and risk tolerance, recognizing that public safety is the priority.
- H. Innovative and Continuous Improvement** – The City will continually improve its asset management approach by driving innovation in the development of tools, practices and solutions. This includes strategic goals for digital transformation and making-it-better initiatives.
- I. Document and Knowledge Sharing** – The City will encourage the sharing and alignment of asset information between departments to support the improvement of asset management efforts across services.
- J. Aligned** – The Asset Management System compliments and contributes to achievement of the strategic objectives of the City, as well as complying with relevant legislation and regulations.

7.0 Governing Rules

Following direction of City Council, the City of Mount Pearl shall make best efforts to:

1. Make informed decisions, based on triple bottom line understanding of service performance, cost and risk associated with community asset decisions, including additions and deletions. Tradeoff should be articulated and evaluated, and the basis of the decision recorded.
2. Integrate corporate, financial, business, land-use, environmental, community, technical, regulatory and budgetary planning for community assets.
3. Establish a clear structure of organizational accountability and responsibility for service delivery, managing risk, and inventory, condition, capacity, function and performance of assets.
4. Define and articulate service levels and outcomes, including required levels of operations, maintenance and replacements linked to new infrastructure.
5. Consult with stakeholders where appropriate and when sufficient information is available in a format that is useful to stakeholders to make an informed decision.
6. Manage assets to achieve sustainable service delivery, considering financial, social and environmental sustainability goals, including awareness of intergenerational equity, climate change, resource scarcity, and the precautionary principle.
7. Pursue best appropriate practices as applicable to the state of asset management, state of the assets, and the data available for evidence based decision-making.
8. Maintain and prioritize improvement plans for the continuous improvement of the asset management system.
9. Recognize that there are constantly changing financial, social, and environmental opportunities, constraints, and challenges that surround all services and asset delivered by the City, and that asset management practices must strive to be proactive and responsive to changing environments.
10. Consider climate change impacts, how they may directly affect levels of service and systematically build resiliency characteristics into assets, systems and services.

11. Ensure transparency to customers and adhere to all current Federal, Provincial and municipal legislation regarding Freedom of information and privacy.

8.0 Responsibilities

The City of Mount Pearl shall implement the following organizational structure for the Asset Management governance:

I. Council

The Council will be responsible for:

- Maintaining the necessary corporate capacity (including, but not limited to, resourcing, financial support, staff competencies, business processes, data and integrated information systems) to support the elements and practices of an AM system
- Adopting and supporting asset management policies
- Setting priorities for asset management and articulating community values
- Providing funding for the asset management program and infrastructure operation, maintenance and capital renewal funding according to the asset management plan and long-term financial plan.

II. Chief Administrative Officer (CAO)

The CAO will be responsible for:

- Directing/facilitating the review of this Policy regularly.
- Implementing of this AM Policy and supporting the AM System, including the provision of appropriate and timely advice regarding its effectiveness in the supporting achievement of Council's strategic objectives.
- Establishing an Asset Management Steering Committee and appointing of the cross – functional representatives from relevant business areas to serve on the Steering Committee as well as Chair for the Steering Committee.
- Championing Asset Management within the organization.

III. Steering Committee Chair

The Steering Committee Chair is responsible for:

- Championing Asset Management within the organization.
- Implementing and ensuring that the Asset Management process aligns with policy principles.
- Ensuring an acceptable accounting structure is developed that supports the sustainable management of assets.
- Ensuring the development and implementation of funding strategies to support implementation of this policy, based on available resources.

IV. Steering Committee

The Steering Committee is responsible for:

- Reviewing budget and policy recommendations for approval and implementing budgets, policies and standards.
- Reviewing and approving asset management program objectives including continuous improvement initiatives.
- Identifying and allocating resources for undertaking Asset Management activities.
- Monitoring Asset Management performance and recommend/and action changes as required to achieve Asset Management objectives.
- Providing a Business Case Evaluation.

V. Asset Management Team

The Asset Management Team is responsible for:

- Providing corporate support for Asset Management.
- Coordinating engineering, financial, GIS and IT strategic planning for implementing asset management objectives.
- Providing recommendations.
- Developing financial plans and maintenance strategies.
- Assisting in developing operating budgets.
- Reporting on the state and performance of assets within the organization (condition, rehabilitation, level of service).
- Identifying AM continuous improvement initiatives.

VI. Managers and City Employees

Managers and employees are responsible for:

- Coordinating, support and enabling asset management activities.
- Implementing asset management strategies, processes and practices including continuous improvement.
- Overseeing and maintaining asset inventories and records.
- Tracking asset activities, costs and associated budgets.
- Planning and undertaking operations, maintenance and rehabilitation activities to realize value from the City's assets.
- Coordinating infrastructure funding need assessments and identify rehabilitation needs and strategies.
- Coordinating the development and updates of asset management plans and policies.
- Coordinating asset management analysis and reporting.

9.0 Approvals



 Steve Kent, Chief Administrative Officer

February 26, 2019

 Date