

DATE OF MEETING MAY 7, 2018

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SUBJECT **05-1835-01 ASSET MANAGEMENT POLICY**

## **OVERVIEW**

### **Purpose of Report**

To present options and recommendations regarding the “05-1835-01 Asset Management Policy” and “2017 Strategic Asset Management Plan”.

### **Recommendation**

That Council approve the “05-1835-01 Asset Management Policy” and endorse the “2017 Strategic Asset Management Plan”.

## **BACKGROUND**

The required changes in financial reporting for municipalities in 2008 brought needed attention to aging infrastructure and challenges facing local governments in funding operations, renewal, and growth of their infrastructure across Canada. Asset Management (AM) principles and practices were developed to help local governments face these challenges.

The City of Nanaimo (City) has been working hard to advance its AM practices for several years and desires to be a leader in adopting sustainable policies and practices.

The City has completed significant work in developing its AM System. In 2010, the City completed the first AM Plan for Engineering and Public Works. At this time, Council confirmed its support for the City’s AM System through the creation of AM Reserves and AM as a strategic priority. In 2012, Council approved the 2012-2015 Strategic Plan that included AM as a strategic priority. In 2017, a 20 Year Investment Plan and AM Update was presented to Council with strategies to reduce the funding gap. Council approved the following recommendations:

- Continuation of 1% annual increase to property taxes to 2022 for contributions to the General AM Reserve.
- Completion of the DCC Review and adoption of the new rates bylaw.
- Continued development of the City’s AM capacity.

In 2015, the City succeeded in obtaining an FCM sponsored grant to participate in the Leadership in Asset Management Program (LAMP), which was a collaborative peer-learning program that joined municipalities from across Canada to develop key AM building blocks. Phase 1 of LAMP brought together 12 municipalities to complete an AM Policy and a Strategic Asset Management Plan (SAMP).

The group of 12 municipalities engaged a consulting team to provide shared services as well as those specific to the City. The shared services component brought the municipalities together with the consultant in a collaborative environment. As part of this process, the municipalities

created a common language and guiding principals to strengthen their AM practices and organizational effectiveness.

Workshops were conducted with the City's AM Steering Committee to support the development of an AM Policy and SAMP. Interdepartmental collaboration and consultation ensured input from City Staff in Engineering, Operations, Finance, Planning and Corporate Services.

The AM Policy will be the foundation of the City's AM practices going forward. This policy will support meeting the community's expectations, ensure long-term health of the City's infrastructure and meet the needs of future generations.

The SAMP is a living document intended to be a staff guide on how to ensure effective adherence to the policy.

The main aspects of the AM Policy include:

- Description of the City's commitment and accountability with key roles and responsibilities of Council, CAO and Staff.
- Direction to align with existing corporate strategy, business planning and budget management systems already in place.
- Requirement for the City to manage sustainable assets that meet the anticipated challenges of the community's expectation, legislative requirements, climate change impacts and needs of future generation.

## **OPTIONS**

1. That Council approve "01-0340-50 Asset Management Policy" and endorse "2017 Strategic Asset Management Plan":
  - **Budget Implication:** The AM Policy and SAMP will require periodic reviews of funding levels and could affect future taxation, user rates and reserves, and will ensure the most effective investment in infrastructure.
  - **Strategic Priorities Implications:** The AM Policy and SAMP supports the City's vision, community values and priorities as stated in Council's Strategic Plans.
2. For Council to recommend changes to the "01-0340-50 Asset Management Policy" and/or "2017 Strategic Asset Management Plan."
  - **Budget Implication:** Without a Council approved AM policy and endorsed SAMP, it will not be possible to claim the grant funding for the LAMP initiative.

## **SUMMARY POINTS**

- This AM Policy and SAMP will support better long-term decision making, by encouraging integration of sustainability considerations into the City's infrastructure programs and practices.
- The AM Policy and SAMP is relevant to the City, as the owner of the infrastructure and the governing body.

- This AM Policy and SAMP will ensure that Council, CAO, Staff, consultants, contractors, developers, and public have a clear understanding of AM and the requirements to manage sustainable assets.
- The Guiding Documents, to which City of Nanaimo staff contributed are available and have been published on FCM's website.
- Approving the AM Policy and endorsing the SAMP will complete our obligations to the first phase of the LAMP and fulfill a requirement for the release of the grant funds.

## **ATTACHMENTS**

Attachment A - "01-0340-50 Asset Management Policy"

Attachment B – 2017 Strategic Asset Management Plan (SAMP)

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