



Section:	Administration	01
Subsection:	Circulars, Directives, Orders, Manuals, Policies	0340
Title:	ASSET MANAGEMENT POLICY	50

POLICY

The purposes of this Policy are to:

- i. establish responsible governance for the practice of asset management within the City;
- ii. document the City's commitment to asset management and the continuous improvement of asset management practices;
- iii. define over-arching principles for asset management that are appropriate for the City's business and are reasonable, logical and necessary for delivery of sustainable, affordable services; and
- iv. establish governance roles, and accountability for asset management.

REASON FOR POLICY

The City of Nanaimo (the City) is committed to sustainable, efficient and effective management of infrastructure that is used to provide valued community services. To achieve this, the City is also committed to implementation and improvement of asset management practices appropriate to the City's strategic goals, community expectations, and the current state of infrastructure assets.

AUTHORITY TO ACT

Delegated to Staff.

PROCEDURE

1. Definitions

- 1.1 Asset Management (AM): an integrated, lifecycle approach to effective stewardship of infrastructure assets to maximize benefits, manage risk and provide satisfactory Levels of Service to the public in a sustainable manner.
- 1.2 Asset Management Policy (AM Policy): The asset management policy describes the organization's intentions and directions for asset management, as formally expressed by its senior management. It describes the principles and framework adopted in applying asset management to achieve the organization's strategic objectives.

- 1.3 Asset Management Strategy (AM Strategy): Documented information that specifies: how organizational objectives are converted into asset management objectives; the scope and role of the asset management system in supporting achievement of the asset management objectives; and the approach for developing asset management plans. The AM Strategy provides a clear “line of sight” between high-level objectives and the day-to-day activities carried out to deliver services and manage assets.
- 1.4 Asset Management System (AM System): The complete set of interrelated elements used to effect the AM Policy and support the development and continuous improvement of asset management practices that will deliver sustainable, affordable services to required standards. AM System elements include documents, procedures, tools, data, and the assets. Together, these elements create the total management system for asset management.
- 1.5 Asset Management Plan (AM Plan): A plan developed for the management of infrastructure assets that combines multi-disciplinary management strategies (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to deliver a specified level of service. It specifies the activities, resources and timescales required for individual assets to achieve the organization’s asset management objectives. A significant component of the plan is therefore a long term program of works and cash flow projection for the activities. Examples of Asset management Plans include Pavement Management Plans, Bridge Management Plans, and Facility Management Plans.
- 1.6 Lifecycle costs: Lifecycle costs refer to the total cost of ownership over the life of an asset. This may include but is not limited to capital costs, operating costs, maintenance costs, renewal costs, replacement costs, environmental costs and decommissioning costs.
- 1.7 Sustainability: The pillars of sustainability include ensuring that current socio-cultural, economic and environmental commitments are considered in investment decisions and do not compromise the ability of future generations to meet their own needs.
- 1.8 Triple Bottom Line: Framework that expands on the traditional view of an organization’s financial bottom line by also measuring an organization’s commitment to socio-cultural and environmental factors.

2. Acronyms and Abbreviations

- 2.1 AM: Asset Management
- 2.2 CAO: Chief Administrative Officer
- 2.3 ISO: International Standards Organization
- 2.4 The City: City of Nanaimo

3. Responsibilities

- 3.1 To implement the AM Policy and maintain continual improvement of the City's AM System, the appropriate level of governance must be in place throughout the organization, for decision making.

3.1.1. Council is responsible for:

- (i) adoption, periodic review and updating the AM Policy;
- (ii) maintaining the necessary corporate capacity to support the elements and practices of an AM system; and
- (iii) setting priorities and articulating community values to City administration.

3.1.2. CAO is responsible for:

- (i) implementing the AM Policy;
- (ii) ensuring a Strategic Asset Management Plan (SAMP) is in place;
- (iii) committing to the implementation and continuous improvement of asset management practices and systems to support achievement of the City's organizational objectives.

4. Scope and Applicability

4.1 Scope

The City delivers services to the community through a wide range of City-owned assets as well as some assets managed through co-management agreements. In addition to these existing assets, the City may receive or construct new assets.

4.1.1 This Policy applies to:

- (i) all infrastructure assets or asset systems (including natural assets) owned by the City and used to deliver services to the community;
- (ii) assets owned by others but managed or co-managed by the city to deliver services to the community, subject to the terms of any agreements already in place.

4.2 Corporate Context

The asset management system does not replace existing corporate strategy, business planning and budget management systems and processes already in place. The asset management system complements and aligns with these initiatives.

4.3 Implementation, Review and Reporting

The implementation, review and reporting associated with this policy will be integrated within City business processes. Due to the importance of this policy, the progress of the asset management system, will be reported to the community, and implementation of this policy reviewed, periodically, by Council.

5. Benefits of Compliance

5.1 Implementing this Policy will:

- (i) support the goals stated in the Official Community Plan including the guiding principle and goals for 'striving toward a more sustainable Nanaimo';
- (ii) support the City's vision, community values and priorities as stated in Council's Strategic Plans; and
- (iii) improve the City's governance through improvements to investment decisions and financial performance, services that meet stakeholder expectations, and to efficiency and effectiveness in the planning and operational activities used to achieve organizational objectives.

6. Principle Statements

To maximize the benefits of asset management, the City will strive to ensure the following principles are applied to all asset management initiatives, strategies, procedures, tools, components and plans.

6.1 Service Delivery to Customers

- (i) The City will strive to define Levels of Service (LOS) that balance customers' expectations and regulatory requirements with affordability, available resources, risk, socio-cultural and environmental impacts.
- (ii) Over the long term, the City will strive to maintain and manage assets at the defined levels of service.
- (iii) The City will monitor standards and service levels to ensure that they meet agreed targets, support community and Council expectations and objectives, and are in compliance with regulatory requirements.
- (iv) The City will make investment decisions based on informed trade-offs between competing factors of levels of service, risk and cost.
- (v) The City will ensure new assets go through appropriate due diligence and are evaluated from a customer service delivery perspective with a valid business case and lifecycle cost benefit analysis.

6.2 Long-Term Sustainability and Resiliency

- (i) The City will make asset investment decisions that consider long-term socio-cultural, economic and environmental impacts.
- (ii) The City will consider triple bottom line (i.e. Financial, Social-Cultural, and Environmental) issues in investment decisions.
- (iii) The City will consider how climate change impacts may directly affect levels of service and systematically incorporate adaptive methods and technologies to improve infrastructure resilience.
- (iv) The City will strive to manage assets to meet the challenges of customer expectations, ability to pay, legislative requirements, climate change impacts and needs of future generations.

- (v) The City will consider future growth and demand requirements to ensure assets are adapted to meet demographic changes and the needs of both current and future generations are considered in decision-making.

6.3 Holistic Approach

- (i) The City will take a comprehensive approach that looks at the big picture. This includes the functional interdependencies and contributions of assets within and across business areas.
- (ii) The City will ensure the asset management plan complements the strategic objectives of the City, as well as other key business systems, policies and regulations.
- (iii) The City will promote a cross-departmental approach to asset management, building effective working relationships and sharing of information.
- (iv) The City will not make asset investment decisions in isolation: consideration will be given to the asset in its system context, as opposed to just optimizing the individual asset.
- (v) The City will have a system wide approach to asset management using formal, consistent and repeatable methods across all business units.

6.4 Financial Reality and Investment Decision Making

- (i) The City recognizes it faces funding pressures and the need to balance capital investments between renewal, growth and new.
- (ii) The City will make informed decisions, identifying revenues, risks and costs (including operation, maintenance, replacement and decommission) associated with infrastructure assets including new and upgraded infrastructure required for growth or to meet the City's strategic priorities.
- (iii) The City will achieve and maintain an affordable investment level for all City assets.
- (iv) The City will evaluate asset investment decisions considering affordability, risk, willingness to pay and intergenerational equity.
- (v) The City will minimize total life cycle costs of assets.

6.5 Innovation & Continual Improvement

- (i) The City recognizes continual improvement is necessary to ensure processes and practices are adjusted to changing circumstances.
- (ii) The City will report on the performance of the asset management program and the effectiveness of asset management initiatives in achieving intended outcomes.
- (iii) The City will ensure AM staff receive the appropriate training and education.
- (iv) Innovation will be encouraged.

7. Review Date

This Policy should be reviewed every 5 years.

Date:	201X-XXX-XX	Approved by:	Council / In Camera Council
1. Amendment Date:		Approved by:	