



# Asset Management

## Financial Services – Business Advisory Services Policy C39

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| <b>Policy:</b>               | C39– Asset Management                           |
| <b>Policy Department(s):</b> | Financial Services – Business Advisory Services |
| <b>Adoption Date:</b>        | August 13, 2018                                 |
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### Policy Purpose

The purpose of Policy C39 – Asset Management is:

- To establish responsible governance and guiding principles for the practice of asset management.
- To ensure effective management of the large and diverse asset portfolio to deliver core and essential services to the community.
- To implement a systemic approach to managing the scale and criticality of services for community wellbeing.
- To provide leadership and commitment to asset management and provide a set of guidelines for the County's development and implementation of a consistent Asset Management System.

### Policy Statement

The County is committed to effective management of new and existing assets, through an integrated and data-drive approach, to maximize benefits, reduce risk, and provide expected levels of service to the community in a sustainable manner.

### Definitions

"Asset" means an item, thing or entity that is physically existing and has potential or actual value to an organization.

"Asset Management" means the systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost effective life cycle management of assets. Encompasses all asset types, tangible and intangible, individual components or complex systems, and all activities involved in the asset's life cycle – everything from initial identification of requirements or opportunities, acquisition / creation, operations or utilization, asset stewardship or care / maintenance responsibilities through to renewal or disposal.



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“Asset Management Plan” means a long-term plan developed for the management of one or more infrastructure asset classes with a view to operating, maintaining, and renewing the assets within the class in the most cost effective manner possible, whilst providing a specific level of service.

Asset Management Plans will provide an understanding of:

- (i) Existing and desired service levels
- (ii) Demands on the assets
- (iii) Financial commitments needed to maintain assets
- (iv) Policies and programs needed to be sustainable
- (v) Business risk of asset failure

“Asset Management System” means the set of people, processes, tools, and other resources involved in the delivery of Asset Management.

“Central Asset Registry” means the central source of truth of record, for all assets in the County. This is held within the Tangible Capital Asset registry in the County’s financial system. Assets which do not meet the capital threshold, and where spatially available, still require maintenance are to be in a spatial capture system (GIS).

“Critical Assets” means those assets which have a high consequence of failure causing significant loss or reduction of service.

“Corporate Asset Management” means the application of asset management practices on a corporate level to maximize consistency among the diverse categories, a financial planning framework, and create linkages to other resiliency frameworks including climate adaptation and mitigation strategies.

“County” means the municipality of the County of Grande Prairie No. 1 having jurisdiction under the Municipal Government Act and other applicable legislation.

“ISO (International Standards Organization)” means a group of international standards covering management of physical assets.

“Levels of Service” means the parameters or combination of parameters that reflect social, political, economic, and environmental outcomes that the organization delivers. Levels of service statements describe the outputs or objectives an organization or activity intends to deliver to its customers.

“Lifecycle” means a series of stages through the age of an asset that characterizes the ability of the asset to meet an expected level of service and retain its identity as an asset.

“Lifecycle Costs” means the total cost of an asset through its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal.



“Natural Assets / Green Infrastructure” means these terms are used interchangeably, to describe designed and engineered elements created to mimic natural functions and processes in the service of human interests. While green infrastructure can provide many ecosystem services, most current emphasis pertains to ecological and hydrological functions and processes for managing things such as water: ex: storm water management systems, parklands, urban forests, green roofs, and permeable surfaces.

“Resilient” means the capacity of the County of Grande Prairie to function, so that people living and working within the county can survive and flourish no matter the stresses, shocks or changes that may occur. The ability to withstand disruption, adapt to changing conditions, including climate change and growth over time.

“Risk” means the effect of uncertainty on objectives, with an effect meaning a positive or negative deviation from what is expected.

“Risk Management” means the process that systematically applies management policies, procedures, and practices to a set of activities intended to establish the context, communicate and consult with stakeholders, and identify, analyze, evaluate, treat, monitor, and review risk.

“Sustainability” means developing in a manner that meets the needs of the present without compromising the ability of future generations to meet their own needs, while striking a balance between economic prosperity, social responsibility, and environmental stewardship.

“Tangible Capital Asset (TCA)” means a significant economic resource managed by governments and a key component in the delivery of many government programs. Tangible capital assets include diverse items such as roads, buildings, vehicles, equipment, land, water, and other utility systems, computer hardware, software and bridges.

Tangible capital assets are non-financial assets having physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance, or repair of other tangible capital assets;
- Have useful economic lives that extend beyond an accounting period;
- Are to be used on a continuing basis;
- Are not held for sale in the ordinary course of operations.

## Policy Guidelines

### 1. Implementation

1.1. Utilizing implementation and continuous improvement of asset management practices that aim to:

1.1.1. Provide cost effective, sustainable, resilient, and efficient services.

1.1.2. Manage corporate/critical assets to minimize risk and optimize benefits to citizens.



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- 1.1.3. Deliver quality, accessible, and valued services for ratepayers, citizens, customers, stakeholders, that are consistent with the County Strategic Plan.

### 2. ISO Alignment

- 2.1. Align corporate asset management at the county with: ISO 55000, 55001, 55002, Asset Management Standards (2014)
- 2.2. ISO 31000 Risk Management (2009+)
- 2.3. County's Strategic Plan
- 2.4. County wide management initiatives and business plans

### 3. Inclusion of ISO Fundamentals

The following fundamentals shall be embedded into decision making within the County's Asset Management System, in order to ensure maximum value is realized from the asset:

- 3.1. Value: Assets exist to provide value to the organization and its stakeholders
- 3.2. Alignment: Asset Management translates the organizational objectives into technical and financial decisions, plans, and activities.
- 3.3. Leadership: Leadership and workplace culture are determinants of realization of value.
- 3.4. Assurance: Asset Management gives assurance that assets will fulfill their required purpose.

### 4. Scope of the Asset Management Policy

- 4.1. The scope of the policy, at a minimum, applies to those areas, business units, and staff within the County that plan or manage assets, or asset systems in the ultimate delivery of services to the citizens of the County.
- 4.2. Includes, but not limited to these asset categories and the assets that feature within: Natural Assets, Water Distribution, Wastewater, Stormwater, Parks, Overland Water, Recreation, Gravel, Paved, Oiled Roadways, Facilities, Recreational Facilities, Cultural Facilities, Fleet Vehicles, Fleet Equipment, Sidewalks, Solid Waste, Information Technology, Bridges, Signs, Traffic Management Systems, Electrical Utilities, Electrical Generation Utilities, Firefighting Infrastructure, Cultural Artefacts, County owned Land, and other infrastructure that has significant spending requirements along with acquisition, maintenance, and retirement phases.

#### 4.3. Exceptions

The Asset Management System does not replace existing corporate strategy, business planning, budget management systems and processes already in place. Instead, the Asset Management System complements and aligns to these initiatives, with the intent to provide an asset-centric point of view that supports business strategies, objectives, and plans.



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5. Data Management, Centralization of Record
  - 5.1. Assets, where available, shall have all financial information integrated back to a single source of truth, that being, the Central Asset Registry. Assets where spatially available, must be held and accounted for in the Geographic Information System, with assets being tied to an Asset Management System.
  - 5.2. Information must be managed, and reported back to the centralized registry system, as outlined in C39 – Asset Management Procedure.
6. Asset Procurement, Sustainability, Resiliency
  - 6.1. Assets procured with the relevant Asset Replacement / Procurement Manuals must be procured with the total lifecycle cost in mind. Assets should be resilient, sustainable, and provide value throughout their lifecycle. When procuring assets, the cost of operation, maintenance, and disposal of assets should be accounted for.
7. Natural Assets and Green Infrastructure
  - 7.1. Natural Assets and Green Infrastructure must be accounted for and valued when making decisions regarding infrastructure projects. This data, as outlined in C39 – Asset Management Procedure, should be held appropriately.
  - 7.2. The County recognizes the value of natural assets in supporting service delivery and reducing the need for engineered assets and will strive to make advances in integrating natural assets into asset management practices.
8. Levels of Service
  - 8.1. Levels of Service are to be developed as outlined in C39 – Asset Management Procedure, for critical asset classes, then remaining asset classes.
9. Asset Replacement
  - 9.1. An asset shall be replaced when the asset is no longer financially sustainable, or able to provide the required levels of service, or creates a safety risk to staff or members of the public.
  - 9.2. Asset replacements should be forecasted utilizing enhanced inspections as outlined in C39 – Asset Management Procedure.

## References

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| <b>Legal Authorities</b>                     | Municipal Government Act, RSA 2000, c M-26<br>Government of Alberta – Asset Management Approach   |
| <b>Related Plans, Bylaws, Policies, Etc.</b> | Policy B1 – Policy Development<br>Policy C12 – Tangible Capital Asset<br>Policy C21 – Disposal of Surplus Assets and Goods<br>Policy D10 – Rental Equipment |



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|              | Policy Q1 – Communal Water and Sewer Systems<br>County of Grande Prairie Strategic Plan                           |
| <b>Other</b> | ISO 55000 Standards Series<br>ISO 31000 Standards Series<br>PAS 55 (2008)<br><br>C39 – Asset Management Procedure |

### Revision History

| Review Date       | Description                         |
|-------------------|-------------------------------------|
| December 12, 2022 | Reviewed and Amended CM20221212.011 |
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