



Corporate Policy

Asset Management Policy

Approved by:	Burlington Leadership Team (BLT)	on	March 2, 2016
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Next Review:	D& I Committee	Note:	

DEFINITION OF ASSET MANAGEMENT

Asset management planning is the process of making the best possible decisions regarding the building, operating, maintaining, renewing, replacing and disposing of infrastructure assets.

The objective is to maximize benefits, manage risk, and provide satisfactory levels of service to the public in a sustainable manner. Asset management requires a thorough understanding of the characteristics and condition of infrastructure assets, as well as the service levels expected from them.

It also involves setting strategic priorities to optimize decision-making about when and how to proceed with investments. Finally, it requires the development of a financial plan, which is the most critical step in putting the plan into action.

PURPOSE:

The purpose of the Asset Management Policy is to outline principles and requirements for implementing consistent asset management processes throughout the City of Burlington.

POLICY:

1.0. SCOPE / EXCEPTIONS

1.1. Scope

This policy, at a minimum, applies to those areas or service areas within the city that manage tangible capital assets or asset systems to deliver services to the citizens of the City of Burlington.



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1.2. Exceptions

The asset management system does not replace existing corporate strategy, business planning and budget management systems and processes already in place. Instead, the asset management system complements and aligns to these initiatives, providing an asset-centric point of view.

2.0. CONSEQUENCE OF NON-COMPLIANCE

2.1. Failure to adhere to this policy may result in:

- 2.1.1. The risk that the city is not investing in safe and reliable infrastructure at the most optimal times in the asset's lifecycle. This risk potentially compromises the safety and service delivery provided by the city's infrastructure.
- 2.1.2. The risk of sub-optimal planning for growth, maintenance and replacement of existing assets and the development of new assets. This risk potentially compromises the city's ability to meet expected levels of service.
- 2.1.3. Conflicting service area investment priorities, issues with the coordination of delivery of service, corporate inefficiencies, and lack of expenditure optimization.
- 2.1.4. Inconsistency of capital plans with the needs identified in the asset management plans, thus exacerbating the infrastructure gap. This risk potentially compromises the alignment of infrastructure, financial, and land-use goals and objectives.

3.0. POLICY ON THE KEY PRINCIPLES OF ASSET MANAGEMENT

The city owns, operates, and maintains a number of infrastructure assets. The Corporate Asset Management Policy ensures that as assets age and deteriorate over time, they will continue to meet acceptable levels of service over the long term, and are managed for present and future users in a sustainable manner.

The organization and asset categories shall:

- 3.1. Develop and implement appropriate asset maintenance practices in order to ensure asset reliability and maximize asset lifecycle;



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- 3.2. Define levels of service that balance customer expectations, compliance and legislative requirements, technological and environmental considerations;
- 3.3. Manage risk, through risk-based decision making processes, to minimize probability and consequences of failure with regards to safety and levels of service;
- 3.4. Monitor and evaluate the performance of assets and associated programs and track the effectiveness of asset management principles and practices.
- 3.5. Use full lifecycle costing principles when evaluating asset investment;
- 3.6. Develop long-term financial plans to ensure sustainable funding for rehabilitation, replacement, or decommissioning of infrastructure assets; and
- 3.7. Recognizes that periodic review is necessary to ensure the Strategy remains up-to-date in view of evolving best practices and professional experience.
- 3.8. Create Asset Management Plans for all asset categories across the full lifecycle of the infrastructure assets. The Asset Management Plans should:
 - 3.8.1. Outline long-term goals, processes and steps toward how they will be achieved to deliver optimized whole lifecycle cost;
 - 3.8.2. Be based on current inventories and condition projected performance and remaining service life and consequences of failures; and
 - 3.8.3. Outline guidelines and processes to developing a sustainable financial plan with understanding of corporate risk and finance requirements and impacts on the levels of service.
- 3.9. Establish regular reports to Council on the status and performance of assets and work related to asset management.



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RESPONSIBILITIES:

Council

- Approves Asset Management strategies and plans, as required
- Approves asset funding through the annual budget

Corporate Asset Management Team Committee

- Asset category-led with a representation across all service areas
- Leads the development of corporate asset management tools and practices and oversees their application across the organization
- Provides a forum for discussion of asset management strategy, integration and best practices
- Development and application of corporate risk scoring/evaluation framework

Asset Category Lead

- Create and implement Asset Management Strategies and Plans
- Develop asset maintenance strategy
- Liaises with Financial Management Services on financial matters

Asset Maintenance Lead

- Execute maintenance strategies to follow and implement
- Liaises with Financial Management Services on financial matters

Corporate Finance

- Provides financial direction to asset categories
- Responsible for the stewardship of financial records

DEFINITIONS:

Term	Definition
Asset	An item, thing or entity that has potential or actual value to an organization. (Such as plant, machinery, equipment, buildings, etc.)
Asset Management Coordination	The systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the



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	cost-effective lifecycle management of assets.
Asset Management Policy	A high level statement of an organization's principles and approach to asset management.
Asset Management Plan	Long-term plan that outline the asset activities and programs for each service area and resources applied to provide a defined level of service in the most effective way.
Asset Management System	A set interrelated or interacting elements of an organization, including the AM Policy, AM objectives, AM Strategy, AM Plans, and the processes to achieve these objectives.
Asset Management Strategy	A high level action plan that gives effect to an organization's AM Policy.
Condition	The physical state of an asset.
Infrastructure Gap	The difference between the amount of funding required to maintain our assets in a reasonable state of repair, compared with the currently available capital funding.
Level of Service (LOS)	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 on organization or activity intends to deliver to customers.
Lifecycle Cost	The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
Performance Monitoring	Continuous or periodic quantitative and qualitative assessments of the actual performance compared with specific objectives, targets or standards.
Risk	The effect of uncertainty on objectives. Risk events are event which may compromise the delivery of the organization's strategic objectives.
Service/Useful Life	The period over which an asset or component is expected to be available for use.

References and Related Documents:

- Building Together: Guide for Municipal Asset Management Plans