



## **ASSET MANAGEMENT POLICY**

Applicability: All CVRD

Effective Date: September, 2024

### **PURPOSE:**

An Asset Management Policy formalizes the CVRD's commitment to asset management, and aligns its Asset Management actions with the Board's Corporate Strategic Plan. It also provides direction, defines expected outcomes, and establishes key principles to guide the Board and staff in implementing asset management into its business, plans, and activities for the community.

This Asset Management Policy Aims to:

1. Provide direction for the Asset Management Strategic Plan and the application of continuous improvement in the management of its assets to:
  - a. Complete and maintain a structured asset management inventory of current infrastructure assets including asset condition and replacement costs;
  - b. Identify the appropriate level of service to meet the community's current and future needs and annually report on achieving those levels of service;
  - c. Adopt a risk-based decision-making process that considers the probability and consequences of asset failure.
  - d. Develop structured financial policies that support sustainable funding mechanisms for ongoing asset management and end of life replacement;
  - e. Ensure that the Asset Management Policy and supporting Asset Management Strategic Plan are adopted across the whole of the organization in an integrated fashion;
  - f. Manage and regularly update the necessary data as a part of ongoing operational activities;
  - g. Ensure that assets are managed in a way that supports regional priorities; and
  - h. Advance climate mitigation and adaptation work through coordinating asset management with the CVRD's Climate Adaptation and Mitigation strategies.

2. Expected outcomes include
  - a. Improving decision-making accountability and transparency;
  - b. Demonstrating the long-term consequences of short-term decisions;
  - c. Reducing life cycle costs while maintaining appropriate acceptable levels of service;
  - d. Linking infrastructure investment decisions to service outcomes; and
  - e. Improving customer service.

## **DEFINITIONS:**

### **Asset Management**

1. Asset Management is an integrated approach, involving all departments and service areas, to deliver value to the community through the effective management of existing and new infrastructure assets. The intent is to maximize benefits, reduce risk and provide appropriate levels of service to community users. This is accomplished in a socially, culturally, environmentally and economically conscious manner.

### **Asset Management Policy**

2. The asset management policy describes the organization's intentions and directions for asset management. It describes the principles and framework adopted in applying asset management to achieve the organization's strategic objectives.

### **Asset Management Strategic Plan**

3. Documented information that specifies how the Board's strategic priorities 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 Asset Management Strategic Plan provides a clear "line of sight" between high-level objectives and the day-to-day activities carried out to deliver services and manage assets.

### **Departmental Sustainable Service Delivery Plan(s)**

4. A plan (or plans) developed by each department for the management of infrastructure assets that combines multi-disciplinary management strategies (including technical and financial) over the life cycle 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.

### **Asset Management Program**

5. The Asset Management Program encompasses all aspects of the management of each asset through its life cycle in such a way that it:
  - a. Integrates with CVRD's Strategic Plan framework to complement the strategic objectives of the CVRD, other key business systems, legislation and regulations;

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- b. Creates a framework that establishes the mechanism for a clear line of sight between the asset and CVRD corporate objectives and strategies; and
  - c. Commits to providing appropriate levels of service for present and future customers and communities, in the most effective way through the planning, design, construction, acquisition, operation, maintenance, renewal and disposal of assets.
- 6. The Asset Management Program relies on three key organizational components integrated to achieve the desired service outcomes:
  - a. Up-to-date information regarding the inventory, condition and capacity of infrastructure assets;
  - b. Well-planned and integrated strategies, focused on the purpose of the asset systems and ongoing maintenance to meet service level needs; and
  - c. Adequate staff resources with the appropriate training and capacity (integrated business processes).
- 7. These components, supported by appropriate technologies and tools, will provide a robust foundation for the necessary management and maintenance of assets required for appropriate service delivery.
- 8. The basis for our asset related decisions are:
  - a. Anchored on the four pillars of sustainability – economic, environmental, cultural, and social;
  - b. Based on applying the right intervention, on the right asset at the right time, recognizing risk and the CVRD’s fiscal constraints; and
  - c. Founded on a sustainable economic approach to ensure that increases or enhancements to the asset systems consider the ability of the CVRD to fund future maintenance and rehabilitation.

### **Infrastructure Assets**

- 9. Infrastructure assets range from engineered to natural assets that provide services such as drinking water, recreational programs, public safety, and waste management. Our assets fit into the following three categories:
  - a. Engineered assets are typically defined as the “built environment.”
  - b. Green assets are also “engineered assets” but help to reduce energy or water consumption, or promote biodiversity.
  - c. Natural assets provide a range of ecosystem services, capture carbon emissions, and benefit our environment and well-being.

## **IT Assets**

10. IT assets are tangible or intangible resources used by the CVRD to achieve their technological objectives. These assets can vary widely, ranging from physical devices like computers, servers, routers, and mobile devices, to software, licenses, networks, and digital data.

## **Levels of Service**

11. This is the level of service that is delivered to the public by the CVRD. This can take the form of the scope of services that are provided (e.g., trails, water treatment, or a new recreation centre), the standard of infrastructure in place (e.g., paved trail versus gravel trails), or the standard to which an asset is maintained (e.g., the frequency of trail clearing/cleaning).

## **Key Strategic Comprehensive Asset Management Documents**

12. The following key strategic Asset Management documents, in addition to the CVRD's five-year financial plans, form part of the CVRD's overall approach to asset management. These documents are to be approved by the Board and reviewed on a four-year rolling basis:
  - a. Asset Management Policy:
    - i. Establishes the Board's commitment and expectations around the management of the CVRD's assets and infrastructure.
  - b. Asset Management Strategic Plan:
    - ii. Defines the organization's commitment and approach to achieving the Board's approved policy.
  - c. Levels of Service Framework:
    - iii. Identifies the user groups and interested parties for each service being delivered, and defines regulatory requirements and the customer levels of service. These are the customer expectations of the service (regulatory compliance, quality, affordability, access, and safety). The framework also defines the technical levels of service, which are the level at which assets are to be maintained to achieve the defined customer levels of service, and defines the criteria used to measure and report whether the CVRD is meeting the customer level of service expectations.
  - d. Departmental Sustainable Service Delivery Plans:
    - iv. Documents how each department manages the assets throughout their life cycle in support of the delivery of services. The document includes a summary of the assets used to deliver the service taken from the state of infrastructure report, a snapshot of the achievement of service levels, details of the operations and maintenance activities completed, a forecast of renewals required to deliver the service efficiently, a long-term financial forecast, and analysis and results of any funding gaps.

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**e. State of the Infrastructure Report:**

- i. Provides information on the state of the CVRD's physical assets including quantity of assets that deliver the service, asset age, asset condition, asset value, and annual per annum costs required for the sustainable renewal of the assets over their lifespan. The state of infrastructure report can be referenced when making infrastructure asset investment decisions as part of the annual budget and long-range financial planning processes.

**POLICY:**

**Policy Statement**

13. The CVRD will adopt and apply recognized holistic Asset Management practices in its strategic planning, operations and financial management systems to deliver sustainable services to its communities and direct customers.

**Scope**

14. The policy currently applies to all infrastructure assets of the CVRD. These assets are grouped into asset systems that provide common services with similar financial requirements. Each asset system may contain individual systems and/or components, which may have independent budgets, unique operation and maintenance requirements, and distinct management structures.
15. Infrastructure with clear definitions of ownership and operational requirements will be prioritized, recognizing that it will take time and resources to develop the asset inventories required for a mature asset management plan for each asset system.
16. The CVRD's infrastructure has been categorized into the following asset systems/service areas:
  - a. Engineered Assets:

Engineered assets include recreation centres, community centres, community halls, administration buildings, fire halls, waste management facilities, water and wastewater systems, street lighting, stormwater management systems, bus stops and shelters, trails and bridges, docks and wharfs, dykes, dams and weirs, IT infrastructure, and fleet.
  - b. Green Assets:

Green assets include bioswales and permeable paving, stormwater storage systems, cool roofing systems, green roofing systems, solar panels, and electric vehicle charging stations.
  - c. Natural Assets:

Natural assets include ditches, ponds and channels, watersheds, wetlands, rivers and creeks, trees and forests, meadows, and parkland.

## **Guiding Principles**

**17.** The Asset Management objectives will be achieved through the application of the following guiding principles:

**a. Customer Focused:**

The CVRD will have clearly defined appropriate levels of service and apply asset management practices to maintain the confidence of customers in how CVRD assets are managed.

**b. Forward Looking:**

The CVRD will make the appropriate decisions to ensure assets will meet future challenges, including changing demographics/population, customer expectations, legislative requirements, technology, fuel sources and environmental factors.

**c. Service Focused:**

The CVRD will consider all the assets in a service context and consider their interrelationships as opposed to optimizing individual assets in isolation.

**d. Risk-Based:**

The CVRD will manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures and priorities based upon risk assessments and the corresponding cost-benefit analysis, recognizing that the public safety is the priority.

**e. Value-Based/Affordable:**

The CVRD will choose practices, interventions and operations that aim at reducing the life cycle cost of asset ownership, while satisfying agreed levels of service. Decisions are based on balancing service levels, risks and cost.

**f. Holistic:**

The CVRD will take a comprehensive approach that looks at the big picture and consider the combined impact of managing all aspects of the asset life cycle.

**g. Sustainable**

The CVRD will consider social, environmental and economic factors, and implications when making and implementing asset management decisions. The needs of current and future community members will be balanced with the functionality, capacity and quality of the physical and natural assets required to provide the expected level of service over the whole of life of the asset.

**h. Climate Adaptive:**

Integrate Asset Management practice with climate adaptation, mitigation and compensation strategies, so that the identified impacts of climate change and other environmental changes will form part of the approach in evaluating climate resilient alternatives to asset renewal

i. Systematic:

The CVRD will adopt a formal, consistent and repeatable approach to the management of its assets that will ensure services are provided in the most effective manner.

j. Innovative:

The CVRD will continually improve its asset management approach by driving innovation in the development of tools, practices and solutions.

## **Related Documents**

Asset Management will be implemented in coordination with the following documents:

- a. Corporate Strategic Plan
- b. Climate Adaptation & Mitigation Strategies
- c. Official Community Plans
- d. Asset Retirement Obligations (ARO) Policy
- e. Tangible Capital Asset (TCA) Policy
- f. Service Area Master Plans.

## **Responsibilities**

**18.** The CVRD has identified the following responsibilities for establishing and implementing asset management policies, objectives and practices:

**a.** Board of Directors:

- i. Approve the Key Strategic Asset Management Documents;
- ii. Articulate community values, and define priorities and service levels;
- iii. Approve funding and resources to implement the Asset Management Policy, Strategic Corporate Asset Management Plan and associated requirements through annual budgets and long-range financial plans; and
- iv. Review the Key Strategic Asset Management documents on a four-year rolling basis.

**b.** Chief Administrative Officer and Senior Managers:

- i. Establish an Asset Management Steering Committee and appoint representatives from relevant departments with sufficient technical expertise to serve on this committee, including annually appointing a senior leader to chair the committee, and approving the terms of reference of the committee;
- ii. Create and maintain a detailed asset management planning roadmap to lead the development of asset management tools/practices and ensuring their application across the organization;
- iii. Adopt an Asset Management Strategic Plan to:

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1. Establish, document, and align to industry recognized asset management protocols;
  2. Provide guiding principles for defining levels of service that balance customer expectations with risk, affordability and timing constraints;
  3. Adopt risk-based decision-making processes that consider the likelihood of asset failure and the consequence of a failure with regards to impacts on safety and levels of service;
  4. Develop asset management knowledge and competencies aligned with recognized competency frameworks and adequate staffing/capacity;
  5. Entrench life cycle costing when evaluating competing asset investment needs across CVRD assets; and
  6. Monitor the performance of the assets and track deficiencies of Asset Management practices with a view to continuous improvement.
- v. Where practical, strive to go beyond minimum legislative solutions to make CVRD assets more resilient to changing cultural, social, environmental and economic conditions;
  - vi. Seek funding and service delivery opportunities to address infrastructure investment pressures; and
  - vii. Provide regular updates to the Board on the state of the CVRD's assets and forecasted trends (typically aligned with tabling of the five-year financial plans).
- c. Managers of Departments and Service Areas:
- i. Leading the adoption of the Asset Management Policy and Asset Management Strategic Plan within their service areas; and
  - ii. Allocating appropriate resources to its implementation and associated requirements.
- d. Manager, Asset Systems:
- i. Leading the development and implementation of the Asset Management System
  - ii. Measuring the performance of the Asset Management System
  - iii. Supporting, guiding, and managing alignment across the organization.
19. All staff involved in the application of asset management are responsible for observing the requirements of the Asset Management Policy and the Asset Management Strategic Plan.

Approved by: Board Approval date: , 2024
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