Agenda – Council – January 28, 2015

Report – Executive Policy Committee – January 21, 2015

Item No. 7 Asset Management Policy

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 21, 2015, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the Asset Management Policy, shown in Appendix A, be adopted.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Executive Policy Committee – January 21, 2015

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 21, 2015, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

Further on January 21, 2015, the Executive Policy Committee received from David Sanders a communication dated January 21, 2015, with respect to the Asset Management Policy.

ADMINISTRATIVE REPORT

Title: **Asset Management Policy**

Critical Path: **Executive Policy Committee – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
Ron Amann	M. Ruta	M. Ruta	D. Joshi A/CAO

RECOMMENDATIONS

That Council adopts the Asset Management Policy in Appendix A.

REASON FOR THE REPORT

Council approval is required for the adoption of a City Policy

IMPLICATIONS OF THE RECOMMENDATIONS

The Asset Management Policy will guide the Public Service to incorporate best practices in asset management in support of delivering service to its customers.

The Policy provides the framework to facilitate the implementation of the recommendations arising from several audit reports.

HISTORY

In December 2010 Executive Policy Committee approved the implementation of the Asset Management Initiative.

As part of this initiative, a governance structure is needed to provide leadership direction for the Public Service. The Policy ensures there is clear line of sight between Council's goals and day to day decisions.

The continued implementation of best practices in asset management will also address several Audit recommendations from the following reports:

- 2005 Public Works Asset Management (Phase 1 Roadway)
- 2006 Public Works Asset Management (Facilities)
- 2007 Capital Assets Review
- 2009 Capital Project Management Audit
- 2013 Fire Hall Audit
- 2014 Police HQ Audit
- Pending Waverley West Arterial Roads Audit

The policy objectives are:

- Link Infrastructure investment decisions to service outcomes.
- Make Stakeholders aware of the true cost of managing the City's assets necessary to meet agreed Levels of Service (LOS).
- Strive to deliver services at approved LOS while minimizing life cycle costs.
- Allocate limited resources based on lifecycle modeling, multi-criteria prioritization (triple bottom line concept) and risk management.
- Capture relevant asset information and manage this information to enable decision-making.
- Provide staff with the necessary knowledge and skills to manage assets effectively.

Asset Management is about aligning the elements (governance, processes and technology) to deliver established levels of service at an acceptable level of risk. Asset Management is the process of thinking and doing business in a robust, transparent defendable way.

The benefits of adopting the Asset Management Program:

- Prioritize Needs over wants
- Improve asset knowledge management and use date to drive decision making
- Lower overall cost of asset ownership
- Make the right investment at the right time
- Better allocation of scarce resources

The Public Service will produce the following deliverables as identified in the Policy:

- Strategic Asset Management Plan: This document defines Senior Management's commitment and approach to achieving Councils approved policy. This is approved by the CAO and submitted to Council as information.
- Asset Management Administrative Standard: This document establishes the CAO's approach to managing the City's physical assets. This is approved by the CAO.
- Customer Levels of Service: This document defines the level to which front-line infrastructure supported services will be delivered. These are approved by Council.
- Asset Management Plans: Corporate and Departmental Asset Management Plans document how assets are managed (with multi-disciplinary management techniques; including technical & financial) through their lifecycle in support of the delivery of services. These are approved by Department Directors for all service areas.
- State of the Infrastructure Report: This document (which may be part of the AM plan) provides information on the state of the City's physical assets for use in external reporting, and in the annual budget and the long range financial planning process. This report is approved by the CAO for all service areas and submitted to Council as information.

Internationally, the ISO organization has published its first Asset Management standard as of January of this year (2014). The ISO 55000 sets out the requirements of an asset management program for organizations to get the most value from their assets. The City's asset management policy, program and approach are in sync with this new ISO standard.

As well, formal Asset Management programs are being implemented in other countries such as New Zealand, European counties and in all major Cities across Canada.

The Canadian Infrastructure Report Card has several recommendations with respect to implementing an asset management program, including a specific recommendation to develop governance structures.

In addition, the Federal government requires municipalities to have Asset Management Plans in place by 2018 in order to receive federal gas tax funding.

Several Canadian Cities have adopted an Asset Management policy, such as Ottawa, Calgary and Hamilton. The recommended policy is consistent with these cities.

FINANCIAL IMPACT

Financial Impact Statement **Date:** November 18, 2014

Project Name: **First Year of Program** **2014**

Asset Management Policy

	2014	2015	2016	2017	2018
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs - Reduction in revenue	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

No financial impact.

(Original signed by R. Hodges)
Ramona Hodges
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

In preparing this report there was consultation with:

- Public Works
- Transit
- Fire-Paramedics
- Water & Waste
- PP&D
- Parking Authority - SOA
- Corporate Support Services
- Corporate Finances
- Legal Services (as to legal issues)

SUBMITTED BY

Department: Corporate Finance
Division Infrastructure Planning
Prepared by: Ron Amann, Manager of City Asset Management Program
Date: January 15, 2015
File No.


Asset Management Policy Jan 15-15.doc›