

REGIONAL DISTRICT OF NANAIMO

POLICY

SUBJECT:	<i>Asset Management</i>	POLICY NO:	A2.21
		CROSS REF.:	A2.5 A2.9 A2.12
EFFECTIVE DATE:	April 26, 2016	APPROVED BY:	Board
REVISION DATE:	<i>New Policy</i>	PAGE:	1 OF 45

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PURPOSE

To establish the foundation and an organization-wide approach to ~~managing~~Asset Management to:

- assist in identifying and prioritizing investments to existing and future Regional District of Nanaimo's (RDN) engineered infrastructure and natural assets; and to
- ensure ~~that~~ the delivery of regional services is sustained at levels expected by current and future residents; ~~that the optimal service lives of assets are reached; and that mechanisms are in place to enable asset renewal and replacement, businesses and visitors and is capable of supporting the desired quality of life in our communities.~~

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DEFINITIONS

• "Assets"

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For the purpose of this policy 'Assets' are defined broadly as any item, thing or entity that has actual or potential value to the ~~Regional District of Nanaimo (RDN); RDN~~, where value can be tangible or intangible, financial or non-financial, and includes consideration of risks and liabilities.

Under this definition, 'Assets' includes ~~Tangible~~tangible capital assets, including equipment, buildings, properties and other physical assets owned by RDN; natural assets within the region not owned by the RDN including watersheds, aquifers, and other natural assets that support delivery of RDN services or contribute to the wellbeing of RDN residents; and non-physical assets including leases, brands, digital assets and information, licenses, intellectual property rights, reputation, agreements, and other non-physical assets that contribute to the delivery of services by the RDN.

- **"Asset Management"**

The coordinated application of sound technical, social and economic principles to organizational activities in order to realize the optimal value of assets for present and future users

Corporate Planning Committee

- **"Asset Management Program"** refers to all the interconnected parts at the RDN that work together to achieve the objectives outlined in this policy. This includes the organizational structure, roles, responsibilities, business processes, plans, and operations related to asset management practices.

The objectives of the Asset Management Program include but are not limited to:

- Enhancing the efficiency and effectiveness of asset management practices across all RDN departments.
- Ensuring the sustainable delivery of regional services in alignment with the RDN's strategic goals.
- Promoting transparency and accountability in asset management decision-making processes.
- Facilitating continuous improvement and innovation in asset management strategies.
- Mitigating risks associated with asset management to safeguard the RDN's assets and resources.
- Fostering resilience and adaptability to address emerging challenges, including those related to climate change.
- Enhance Community involvement and collaboration to support informed decision-making and promote community well-being.
- Complying with relevant regulations and standards while striving for excellence in asset management practices.
- Supporting/driving the asset renewal process.

- **"Executive Leadership Team (ELT)"** means the ~~senior management team, comprised of the Chief and their direct reports,~~ group of the RDN, convened and chaired by the RDN ~~team of General~~ implementation and administration of the service areas of the RDN.

- **"Asset Management Working Group"** means a cross-functional group of individuals from all departments tasked with leading and managing the development, implementation, and continuous improvement of asset management practices and systems within the RDN.

- **"Board"** means the duly elected Board of the RDN.

- **"Level of Service (LOS)"** means a measure of the quality, performance or output of the services provided by an asset or group of assets.

- **"Risk"** means a combination of the likelihood and consequence of an unforeseen event occurring.

POLICY

The RDN will implement an organization-wide asset management program that promotes the application of key principles and essential asset management activities across all RDN departments. This will assist departments to follow consistent processes for the creation, operation, maintenance and disposal of

assets, including recording and updating asset information. The RDN Asset Management Program (the Program) will be designed for continuous quality improvement, following the ongoing cycle of Plan, Do, Check, Act. To assist with the implementation of organization-wide asset management and for internal capacity building, the RDN will formalize an interdepartmental Asset Management Working Group (Working Group) comprised of staff tasked with representing all relevant departments in the RDN.

Key asset management principles include:

~~**Alignment** – The asset management system complements the strategic objectives of the RDN organization, conforms to relevant legislation and regulations, and is understood by staff at all levels in the organization.~~

Embracing the following principles, the organization-wide asset management program provides a framework for decision making, when the RDN invests, designs, constructs, operates, maintains, renews, replaces, decommissions or disposes of assets. These principles ensure a standard approach to managing the RDN's assets and services in alignment with the RDN's strategic objectives:

- Level of Service Focused (LOS)/Customer Focused - The RDN shall clearly define and measure its assets related LOS for delivering on customer and other community requirements in the respective service areas' Asset Management Plans. The RDN shall adhere to optimal asset management processes and practices in defining LOS, including investment, that are supported by existing customer service standards, regularly updated asset and customer data.
- Strategic Alignment – This Policy aligns with the RDN's Strategic Plan. As the RDN's Strategic Plan is updated, this Policy shall be revised to align with emerging and evolving strategies, actions and priorities.
- Integrated – Asset planning and decision-making integrates corporate, financial, business, technical, budgetary and environmental factors. The RDN shall implement and sustain Asset Management practices in a structured and coordinated way across all the RDN departments.
- Comprehensive - Asset planning and management examines and involves the organization as a whole, its functional interdependencies and contributions of assets within asset systems, and the management of assets across all life-cycle phases.
- Systematic – Asset management follows a methodical approach that is formalized, consistent and repeatable across departments.
- Regulatory Compliance - The RDN shall comply with all relevant health, safety, environmental and other regulations and statutory requirements.
- Risk-Based – Asset risks will be managed in consideration of attaining desired levels of service and focusing resources, expenditures and priorities based on risk, cost and benefit.

~~**Optimal** – Asset investment decisions are based on trade offs between the competing factors of service level (including asset performance), risk and cost, measured over asset life cycles.~~

~~Informed~~— Asset related decision making will be based on a full understanding of revenues and costs for acquisition, operations, maintenance, replacement, and disposal. Tradeoffs should be articulated and evaluated, and the basis for decisions recorded.

- Whole Life Perspective - The RDN shall take a holistic and comprehensive approach to service delivery, investment planning and decision-making that considers the combined impact on the entire asset life cycle, with a focus on balancing performance, risk, and cost.
- Robust, Repeatable & Defensible Decision Making - The RDN shall adopt a formal, yet flexible approach to the management of its assets in a way that ensures informed decisions are made and services are consistently provided in the most effective manner.
- Forward Looking and Sustainable - The RDN shall assess its asset investment decisions to plan for growth in the region with respect to economic, environmental and social outcomes to improve quality of life.
- Climate Resiliency/adaptation – The RDN shall consider the impacts and risks of climate change to our communities in the design, renewal, replacement and disposal of assets.
- Continual Improvement and Innovation – The RDN shall make continual improvement a key part of its Asset Management approach, with a focus on driving innovation to make use of industry proven technologies, tools, practices and services.

Essential Asset Management Activities include:

- Maintaining and managing assets at defined levels of service to support public safety, community well-being and community goals, and to fulfil Board Strategic Priorities;
- Establishing organizational accountability and responsibility for asset management, including for asset inventory and data management, asset condition monitoring, asset utilization and maintenance of asset performance levels;
- Monitoring standards and levels of service to ensure that community expectations and Board goals and objectives are met;
- Taking an optimized approach to asset related decisions and trade-offs, including renewals, acquisitions and disposals, which considers all revenues and costs (including operation, maintenance, replacement and decommissioning) and strives to minimize the total life cycle costs of assets;
- Defining and articulating asset service, maintenance and replacement levels in relation to service delivery objectives and desired Customer Service outcomes;
- Planning for and providing stable long term funding through the utilization of capital reserves, taxation, and borrowing in alignment with the long-term financial plan;

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- Reviewing business practices as they relate to asset management and adapting processes as necessary to achieve consistency in how assets are managed, and to improve overall operational effectiveness and efficiency;
- Developing and maintaining asset inventories that include a record of current replacement cost, depreciated value, replacement year and remaining useful life for all recorded assets;
- Establishing infrastructure replacement strategies based on full life-cycle costing principles;
- Planning financially for the appropriate maintenance levels of assets to deliver service levels and extend the useful life of assets;
- ~~Planning for and providing stable long-term funding to replace, renew and dispose of assets as necessary;~~
- Considering and incorporating asset management into other corporate plans;
- Building capacity within the organization to ensure ongoing understanding and application of essential asset management activities and key principles;
- ~~Consulting~~Engaging with ~~stakeholders~~the community on a periodic basis, where appropriate and necessary;~~and~~
- Reporting publicly on the status and performance of work related to the implementation of the Program;
- Managing assets to be sustainable through the best use of available resources and the implementation of best practices; and
- Complying with the capital asset reporting requirements and integrating the asset management program throughout RDN's service areas through references and linkages between corporate documents.

ACCOUNTABILITY

1. The ~~RND~~RDN Board of Directors is responsible for adopting the Asset Management Policy, allocating resources as required, providing high level oversight of the delivery of the organization's asset management strategy and plans, and maintaining the accountability mechanisms to ensure that organizational resources are appropriately used to address the Board's Strategic Plan and Priorities.
2. The Chief Administrative Officer (CAO) has overall responsibility for directing the development of an asset management strategy, plans and procedures, reporting on the status and effectiveness of the Program to the Board of Directors, and initiating reviews and amendments to this policy.
3. ~~The Corporate Planning Committee has the responsibility and authority to ensure that the Program is implemented as an organizational wide asset management program; that the Program is consistent with legislative requirements; and to review, update and amend the Working Group Terms of Reference as necessary.~~

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- ~~4. The Working Group has the responsibility to ensure that the Program is implemented at the departmental level, providing effective communication to staff in representative departments, and to provide updates concerning issues, concerns and priorities including recommendations for staff capacity building to the Corporate Planning Committee.~~
- ~~3. A Manager, appointed by the CAO~~The asset owner, or the Manager of the department that owns the asset, has responsibility for developing, maintaining, and executing the Asset Management Plan, and ensuring that it is aligned with the RDN Financial Plan.
- ~~5.4.~~The Asset Manager is responsible for the day-to-day coordination of the Program, including promotion of the Program, providing support to departmental managers to develop asset management plans and strategies, implement required changes in organizational practices, and facilitate the continuous improvement of asset management activities.
- ~~5. —~~The Working Group is responsible for ensuring any needs, wants, concerns, or other matters related to their department's asset management activities are effectively communicated to the Asset Manager, and to provide meaningful contributions to the development, implementation, and continued improvement of the RDN's organization-wide Asset Management Program.