



Town of Sedgewick - Asset Management Strategy



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INTENT AND SCOPE

INTENT

The intent of this Asset Management (AM) Strategy is to develop asset management strategic objectives for the Town of Sedgewick which can be used to determine an overall asset management framework. These asset management strategic objectives will be determined by utilizing the overall strategic objectives of the municipality, relevant community states, and key principles from the AM Policy. Asset management initiatives will be determined using the determined asset management strategic objectives. These initiatives will lay out the path forward for asset management of the medium to long term. Figure 1 represents the relationship, i.e. “line of sight”, between a communities vision, mission, and values all the way to the operational activities outlined in the Asset Management Plan(s). The “line of sight” refers to the idea that through the implementation of the Asset Management Policy, Strategy, and Plan an approver or stakeholder can see how each individual action item relates back to the mission and values of a community. Understanding the relationship between the needs of the community and the purpose/deliverables of asset management documents is critical for organizational integration and for community and council buy-in.

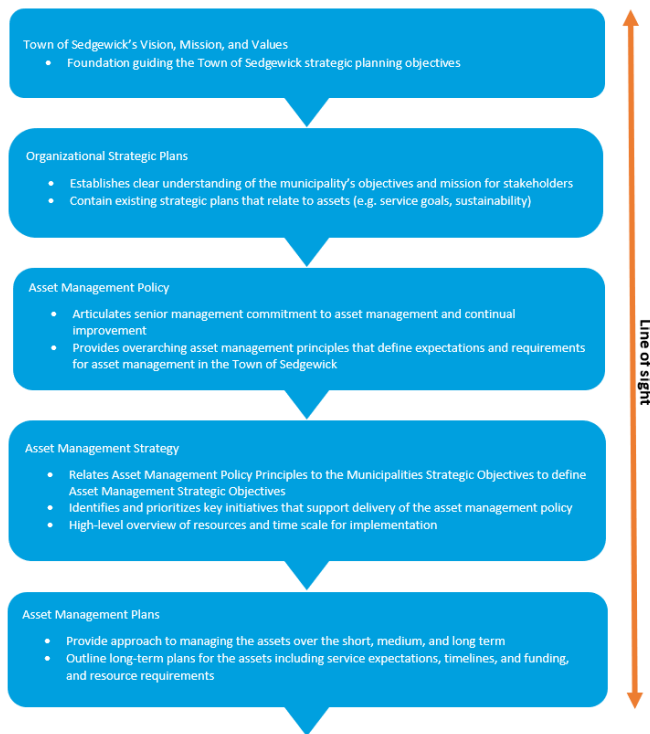


Figure 1 Asset Management Line of Sight, based on FCM recommendations (Federation of Canadian Municipalities, 2018)



The **Asset Management Policy** provides overarching principles that will be used to guide decision-making processes to deliver services to the community. It signifies Council and senior management's commitment to the development and continuous improvement of asset management practices. Through the principles laid out in the policy, the framework for funding and financing asset acquisitions, operations, maintenance, renewal, and disposal can be implemented through the Asset Management Strategy and Asset Management Plan(s).

The **Asset Management Strategy** builds off the Asset Management Policy and the communities' strategic goals and objectives to identify strategies to improve asset management practices and achieve overarching asset management objectives. It provides an overview of the current decision-making processes, assets, and funding sources for a municipality.

This document will provide strategic objectives and relevant initiatives to achieve the overarching objectives of the municipality and is guided by the Asset Management Policy principles.

SCOPE

The Town of Sedgewick manages a variety of assets for the delivery of services to its ratepayers. This Asset Management Strategy applies to the assets owned by the municipality. Including assets that are owned by the municipality and managed or co-managed by others.

DEFINITIONS

Asset: a physical component of a system that has value, enables services to be provided, and has an economic life of greater than 12 months.

Asset Management: the process of making decisions about the use and care of assets to deliver services in a way that considers current and future needs, manages risks and opportunities and makes the best use of resources.

Asset Replacement Forecast: an overview of all assets with their attributes, replacement costs, and timing of the replacement based on their theoretical useful life.

GIS: Geographic Information System designed to capture, store, manipulate, analyze, manage, and present all types of spatial data.

Level of Service: the defined standard for the provision of particular service. The levels are defined with consideration of quality, quantity, reliability, responsiveness, environmental acceptability, regulatory requirements, and life-cycle costs.

Life-cycle cost: the cost of designing, building, operating, maintaining, and disposing of an asset to deliver the defined level of service.

Long-term Capital Plan: a multi-year plan that identifies the capital infrastructure projects and their cost to address the current and future service objectives.

Long-term Financial Plan: a plan that documents the process of aligning financial capacity with long-term service objectives.

Long-term Operation Plan: a multi-year plan that identifies the cost of operating and maintaining assets to address the current and future service objectives.



Maintenance Management: administrative, financial, and technical framework for assessing and planning maintenance operations on a scheduled basis.

Risk: events or occurrences that negatively impact the ability to deliver the defined levels of service.

DECISION-MAKING APPROACH

CURRENT APPROACH

The Town of Sedgewick's current approach to asset management decision-making is largely re-active. At times asset failures are re-acted to, rather than pro-actively planned and prioritized. Currently there is a 5 year capital plan, but the municipality would like to increase this to 10 years. There are currently no known major service gaps and the municipality has been actively replacing infrastructure as laid out in the 2018 Strategic Plan (Town of Sedgewick, 2018). Going forward, there is a focus on updating fleet equipment, renewing Sewer infrastructure, and replacing water treatment plant filters. Some asset condition information has been determined through infrastructure assessments performed by engineering firms. Inspections have been performed on certain assets throughout the municipality, but the records are incomplete. The degree to which different municipal departments centralize asset information, coordinate inspections, and understand impact on levels of service varies.

TARGET APPROACH

The Town of Sedgewick's targeted approach to asset management decision making will incorporate the following principles:

- Transparency and accountability with defined levels of service and asset service performance
- Consider changing demographics and economic climates by incorporating strategic risks assessments
- Integrate appropriate business units, functions, and departments for multi-disciplinary input and buy-in
- Triple bottom line approach of socio-cultural, environmental, and economic - outcomes
- Consider long-term financial sustainability through understanding full life-cycle costs

The Town of Sedgewick will use the AM Strategy and AM Plan(s) in order to prioritize asset maintenance/renewal strategies, understand full life-cycle costs, and more accurately forecast asset renewals over the long term. Incorporating the asset management decision-making process into financial planning will enable Sedgewick to more accurately predict financial requirements over the long-term. Capital plans and budgeting processes will utilize the AM Plan(s) to ensure long-term financial stability and service delivery to stakeholders.

TOWN OF SEDGEWICK – STRATEGIC ALIGNMENT

This document was developed utilizing the Town of Sedgewick's 2018 Strategic Plan (Town of Sedgewick, 2018), Town of Sedgewick's Asset Management Policy, and recommendations from the Federation of Canadian Municipalities (Federation of Canadian Municipalities, 2018).

SEDGEWICK STRATEGIC PLAN

In 2018, the Town of Sedgewick approved a strategic plan for the election cycle 2017 to 2021 election cycle. This document outlines the Community Profile, Vision and Mission Statements, Keys to Success, and the six key



strategic objectives for the municipality. Sedgewick's strategic plan supports the importance of developing standardized and robust asset management processes. In the strategic plan, three of the six strategic objectives relate directly to the asset management decision making processes. These objectives, in the order listed in the strategic plan, as are follows:

1. Sewer/Water Infrastructure Replacement
2. Main Street Revitalization
3. Subdivision – Phase I

The Mission Statement and Vision Statement for the municipality focus on preserving and enhancing quality of life within the municipality. Council adopted six Keys to Success in order to achieve the goals of these statements. The Keys to Success are as follows:

- *Advocating - for the quality of life of our residents*
- *Connecting - with neighbours when opportunity exists to improve quality of life*
- *Delivering - a fiscally responsible level of service that ensures quality of life*
- *Enabling - the volunteer sector in making contributions to our quality of life*
- *Inviting - others to share in our quality of life*
- *Growing - as a community so future generations can enjoy a similar quality of life*

Many of these "Keys to Success" are directly supported through asset management initiatives, especially "*Delivering a fiscally responsible level of service that ensure quality of life*". This requires developing and maintaining infrastructure within the Town, effectively communicating with stakeholders, and engaging in effective long-term planning. Asset management accomplishes these tasks through developing infrastructure asset registers, understanding asset conditions, full life cycle costs, strategic risks, and defined levels of service.

ASSET MANAGEMENT POLICY PRINCIPLES

The Town of Sedgewick's AM Policy outlines over-arching principles for asset management and defines the roles and responsibilities for implementation. These principles are broken down into five categories, which are listed below.

SERVICE DELIVERY TO CUSTOMERS AND INFORMATION MANAGEMENT

- a) The Town of Sedgewick shall define levels of service in order to meet needs of community and relevant regulatory requirements. These levels of service shall take into consideration the quality of life, minimizing long term costs and balancing risks and opportunities.
- b) Sedgewick shall deliver defined levels of service to its stakeholders by managing infrastructure assets efficiently and effectively.
- c) The Town of Sedgewick shall be transparent with the defined levels of service and service performances of their infrastructure assets and through this will be accountable to the community.
- d) Town of Sedgewick shall ensure levels of service are compliant with community needs and councils' strategic objectives and relevant regulatory requirements. The municipality shall also monitor and periodically review the defined levels of service.
- e) Town of Sedgewick shall comply with all relevant legislative, statutory and regulatory requirements.
- f) Sedgewick shall develop and maintain asset inventories for all infrastructure assets



SUSTAINABILITY AND ENVIRONMENTAL ADAPTABILITY

- a) Sedgewick shall develop business cases which consider the risks and long-term costs in delivering defined levels of service for infrastructure investments.
- b) The Town of Sedgewick's infrastructure investments shall consider current and future service needs by incorporating strategic risk into the asset management decision making process.
- c) Decision making shall incorporate a triple bottom line approach, considering the socio-cultural, environmental and economic outcomes.
- d) The Town of Sedgewick shall consider potential climate change effects, and how the increased frequency and intensity of climatic events may directly affect the delivery of appropriate levels of service. The Municipality shall, where appropriate, adopt a proactive approach to reduce the potential impacts of climate change.

HOLISTIC AND INTEGRATED DECISION MAKING

- a) The Town of Sedgewick shall use the asset management decision making process to build strong working relationships and receive maximum value from infrastructure investments by coordinating business units, departments, and municipal function's effectively.
 - i) These departments and functions include planning, engineering, operations and maintenance, finance and other strategic and long-term community planning and budgetary functions.

FISCAL RESPONSIBILITY

- a) The Town of Sedgewick will consider investment needs, funding requirements, and revenue projections in order to develop and maintain a long-term financial plan which will be focused on long-term financial sustainability.
- b) Sedgewick's infrastructure investment shall promote social and inter-generational equity and consider the financial impact on current and future generations.
- c) The Town of Sedgewick shall implement processes to ensure investment needs are addressed efficiently and effectively.
- d) The decision to build, renew and/or replace an asset shall balance risks and meeting the defined levels of service while minimizing the long-term cost of asset ownership.
- e) The Town of Sedgewick shall implement efficient maintenance strategies that are designed to sustain defined levels of service and mitigate asset risk while maximizing asset value.
- f) The Town of Sedgewick shall comply with all the regulatory and statutory financial tracking and reporting requirements.

CONTINUOUS IMPROVEMENT

- a) Town of Sedgewick shall monitor and periodically re-assess the asset management processes and measure their applicability and effectiveness in achieving the municipalities strategic objectives. Throughout this review, changes shall be made where applicable.
- b) Town of Sedgewick shall seek continuous improvement of the asset management processes with a focus on incorporating innovative tools, techniques and solutions to promote the long-term efficiency and effectiveness in service delivery and asset management decision making.

- c) The Town of Sedgewick shall assess the asset management competencies required to implement the asset management processes and provide the necessary education, training and support to relevant staff members.

ASSET MANAGEMENT OBJECTIVES AND PERFORMANCE TARGETS

The intent of this section is to outline the Asset Management Strategic Objectives for the Town of Sedgewick. Strategic Objectives were developed using recommendations from the Federation of Canadian Municipalities (Federation of Canadian Municipalities, 2018), Town of Sedgewick’s AM Policy, and Sedgewick’s 2018 Strategic Plan.



Asset management initiatives shall be measured periodically using performance targets. These performance targets may include:

- Ability to predict realistic projections of costs beyond the current 10-year capital plan
- The degree to which information from the asset management plan is incorporated into Sedgewick’s long-term financial planning process



- Number of levels of service infractions per annum, broken down by service type (road network, water network, etc.)
- Effectiveness and applicability of strategic objectives in meeting community values/needs
- Achieving an asset renewal funding ratio of 1.0

Performance targets will be added and/or adjusted in subsequent iterations of this AM Strategy.

Commented [MP1]: Performance targets will largely be determined once the Levels of service are defined and understood. The ones in this section are examples to get Sedgewick started.

KEY ASSET MANAGEMENT IMPROVEMENT INITIATIVES

Key asset management improvement initiatives are described below, separated into the relevant asset management strategic objective. These initiatives are undertaken to improve asset management decision making systems and processes in the Town of Sedgewick.

OPERATIONAL EFFICIENCY:

- Develop Operation and Maintenance (O&M) Management Procedures for all services based on the determined levels of service
 - Option: Refer to “Getting Started – Toolkit User Guide” (Municipal Affairs Alberta, 2015)
- Track, monitor and document O&M activities
 - Develop a system to track, monitor, and document activities

SUSTAINABLE SERVICE DELIVERY AND INFORMATION MANAGEMENT:

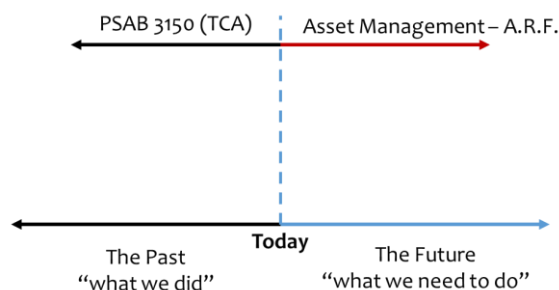
- Determine Levels of Service for all services
 - Define and document Levels of Service
 - Consider current needs and trends in service delivery to prepare for future
 - Option: Refer to “Getting Started – Toolkit User Guide” (Municipal Affairs Alberta, 2015) and the Federal Municipalities of Canada (FCM) “Asset Management Readiness Scale”
 - Review and update annually
 - Engage the community periodically to understand service needs

LONG-TERM FINANCIAL PLANNING:

- Prepare Asset Replacement Forecast (A.R.F)
 - Based on age, condition, current replacement value and year installed or renewed
 - Option: Refer to “Getting Started – Toolkit User Guide” (Municipal Affairs Alberta, 2015)
- Meet PSAB 3150 requirements for depreciating assets. The Town of Sedgewick will have the following categories, thresholds, and estimated useful life.
 - Tangible Capital Assets will be depreciated over its estimated useful life using the straight-line method
- Prepare Long-term Financial Plan based on Levels of Service, Risk and A.R.F.
 - 5-year capital plan
 - 3-year operation plan
 - Update annually
- Prepare the annual budget based on the Long-term Financial Plan
 - Assess service needs based on determined levels of service
 - Determine required operational and capital needs based on the service needs



- Document trade-offs between risks, service and long-term costs for each decision
- **Notes:**
PSAB 3150 uses the historical cost of the asset and depreciates it over its useful life. The Asset Replacement Forecast uses the current replacement value of the asset and projects the year for replacing it based on the installed year and its useful life. It gives an overall picture of the current value of the municipality's infrastructure. Or in other words, how much would it cost Sedgewick in today's dollars to replace the municipality's entire infrastructure asset network. The following graphic is a visual depiction of the difference between PSAB 3150 and the A.R.F:



- The A.R.F can help with understanding where the highest value assets are and the associated age of the asset. This combined with understanding of the RM's service needs and risks can guide decisions in infrastructure investment.

TRANSPARENT DECISION-MAKING:

- Develop Communication Plan
 - Consider all stakeholders and multiple tools to share the information with.
 - Include the cost of implementing the Communication Plan in your annual budget
 - Consider an ongoing campaign of Educating, Engaging and Communicating with public. An educated public could provide better input and feedback for operations and decisions.
- Include operational, financial, and risk updates as part of the regular reporting to Council and Community (as opposed to only reporting when there is an issue):
 - Communicate the trade-offs between levels of service, risk and costs with your community

KNOWLEDGE SHARING AND CAPACITY BUILDING:

- Form an Interdisciplinary Asset Management team
 - Strive for representation from all departments
- Prepare and maintain an Asset Inventory
 - Incorporate GIS into asset planning
 - Maintain and update GIS according to your Data and Information Management Plan
- Prepare Data and Information Management Plan
 - Refer to "Getting Started – Toolkit User Guide" (Municipal Affairs Alberta, 2015) and FCM – Asset Management Readiness Scale (Federation of Canadian Municipalities, 2018)
 - Comply with financial reporting and documentation requirements of PSAB



- Cohort learning and regional collaboration
 - Stay connected with asset management organizations such as Infrastructure Asset Management Alberta (IAMA), Rural Municipalities of Alberta (RMA), Canadian Network of Asset Managers (CNAM), and Federation of Canadian Municipalities (FCM)
 - Share knowledge with other local governments
- Succession Planning
 - Consider this in your strategic risk mitigation
 - Provide asset management training for staff

CLIMATE CHANGE CONSIDERATIONS AND RISK MANAGEMENT:

- Prepare Risk Management and Mitigation Plan for all services
 - Consider climate change adaptation and mitigation in your risk management plan
 - Consider Asset Risks and Strategic Risks
 - Engage Council and the community to determine the acceptable level of risk tolerance
 - Review and update annually



ASSET MANAGEMENT ROLES AND RESPONSIBILITIES

The AM Policy for Sedgewick outlined the relevant roles and responsibilities for the Chief Administration Office (CAO), Council, Asset Management Steering Committee, Department Managers, and Finance Lead. The CAO is tasked with setting a high-level vision (with Council's objectives in perspective) and ensure that all relevant roles are achieving set deadlines. Due to Sedgewick's smaller population and staff, some members may play multiple roles within the governance structure. Knowing this, it is important to set realistic deadlines and expectations for staff. For more information on the roles and responsibilities for the key asset management personnel refer to the Town of Sedgewick's approved Asset Management Policy.

HOW TO MONITOR AND IMPROVE ASSET MANAGEMENT

Asset management is a continuous process and as such the strategic objectives, initiatives, and performance targets will have to be re-visited as priorities within the municipality change. In order to continuously improve it is necessary for the municipality to review the Asset Management Strategy and adjust where appropriate. The Asset Management Strategy and its outcomes will be evaluated by the CAO every three to four years. Evaluations will review performance indicators to assess the effectiveness of the Asset Management Strategy. If required, a roadmap will be developed to prioritize and resource short-term, mid-term, and long-term asset management initiatives. Revisions to this document will be made and tracked by the CAO.



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