



ADMINISTRATION POLICY:

Asset Management

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ALT report:	ALT2016-0829
Approved by:	Administrative Leadership Team (ALT)
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Department/BU:	DCMO / Corporate Analytics & Innovation (Corporate Asset Management)

BACKGROUND

The City of Calgary (“The City”) relies on a large and diverse asset portfolio to deliver core and essential services to the community. The scale and criticality of the services to community wellbeing drives the need to implement a systemic approach to managing the portfolio. Therefore, The City is committed to creating, implementing and continually improving its business model linking the key elements and practices of an effective asset management program, known as The City’s **Asset Management System**¹.

PURPOSE

The purpose of this policy is to provide leadership and commitment to asset management and provide a set of principles that guide The City’s development and implementation of an Asset Management System which is consistent across the organization.

DEFINITIONS

- 1. Asset** – an asset is an item, thing or entity that has potential or actual value to an organization. The value can be tangible or intangible, financial or non-financial and includes consideration of risks and liabilities.
- 2. Asset Management** – Asset Management is the coordinated activity of an organization to realize value from assets. It encompasses all asset types, tangible and intangible, individual components or complex systems, and all activities involved in the asset’s life cycle - everything from initial identification of requirements or opportunities, acquisition/creation, operations or utilization activities, asset stewardship or care/maintenance responsibilities through to

¹ An **Asset Management System** (as defined in ISO 55000) is: a **management system** for Asset Management; where Asset Management is the effective control and governance of assets to realize value through managing risk and opportunity, to achieve the desired balance of cost, risk, and performance (refer also to Definition #2 in policy for further expansion).

renewal or disposal and any remaining liabilities. Asset management is holistic as it considers the whole picture rather than just individual contributions.

- 3. Asset Management System (AM System)** – An AM System (as defined in ISO 55000) is a management system for asset management. The City’s AM System is not necessarily a technological system, but a business model or standard management approach outlining the linkages between the key elements and practices of an effective asset management program. The AM System should be able to accommodate the various levels at which asset units may be managed, ranging from the operational level where discrete assets are managed up to the corporate level where integration across asset systems, networks or portfolios is desired.
- 4. Asset Management Strategy (AM Strategy)** – The AM Strategy is a corporate level document that defines the high level long term approach to asset management. Its purpose is to: define the scope of the AM System; identify internal and external stakeholders and how they will be engaged; document the corporate level Asset Management Objectives (AM Objectives) and describe the role of asset management in achieving the Council Priorities; document asset management Governance Structure within The City; define the process for review and continuous improvement of the AM System; and inform the approach for developing Asset Management Plans (AM Plans).
- 5. Asset Management Framework (AM Framework)** – The AM Framework is a corporate level document that sets out the principles of the AM System and provides guidance for its implementation, operation, and maintenance. It defines: the detailed components of the AM System; the functional relationships between the components and with other organizational management systems; roles and responsibilities for components of the system and for reviews and performance reporting; criteria for decision-making, prioritizing, and criticality assessments; and references other framework and asset management guidance documents (including AM Plan Framework, Integrated Risk Management Framework (IIRMF) and Continuous Improvement Plan).
- 6. Asset Management Plan (AM Plan)** – Long term (20 year) Business Unit level plans that detail the assets, activities and programs for each service area, and the resources required to provide a defined level of service in the most cost effective way. The output from Business Unit AM Plans forms the input into Departmental Infrastructure Investment Plans.
- 7. Corporate Asset Management (CAM)** – the CAM Group provides collective support to key initiatives and oversight to assure asset management excellence is embedded throughout the City of Calgary.

Refer to The City’s “AM Framework”, available from Infrastructure and Information Services (Corporate Asset Management) for a list of other definitions.

INTENDED OUTCOMES OF THIS POLICY

1. **Advance achievement of the city’s asset management vision** - The Asset Management Vision is to support the achievement of the Council Priorities* through implementation and continuous improvement of asset management practices that will:
 - a) Provide Cost Effective and Efficient services.
 - b) Manage corporate assets to minimize risk and optimize triple bottom line benefit to citizens.
 - c) Deliver quality, accessible and valued services for customers and citizens in a manner that is consistent with the Corporate Customer Service Framework.

*The City of Calgary’s Vision is “*Calgary: a great place to make a living, a great place to make a life*” and includes the following Council Priorities.

A prosperous city	Calgary continues to grow as a magnet for talent, a place where there is opportunity for all, and the best place in Canada to start and grow a business
A city of inspiring neighbourhoods	Every Calgarian lives in a safe, mixed and just neighbourhood, and has the opportunity to participate in civic life.
A city that moves	People and goods can move well and safely throughout the city, using a variety of convenient, affordable, accessible and efficient transportation choices.
A healthy and green city	We steward our air, land and water while encouraging healthy lifestyles for all Calgarians.
A well-run city	Calgary’s government is open, responsive, accountable and transparent, delivering excellent services at a fair price. We work with our government partners to ensure we have the tools we need.

2. **Align the City’s Asset Management System with:**
 - a) ISO 55000, 55001, and 55002 Asset Management Standards (2014)
 - b) 2015-2018 Calgary Action Plan
 - c) Calgary’s Asset Management Strategy (2015)
 - d) 2020 Sustainability Direction
 - e) Corporate-wide Management Initiatives

3. **Embed the ISO Fundamentals of Asset Management into the City’s Asset Management Practices** - the following fundamentals shall be embedded into The City’s asset management practices in order to ensure maximum value is realized from the asset:
 - a) **Value:** Assets exist to provide value to the organization and its stakeholders.
 - b) **Alignment:** Asset management translates the organizational objectives into technical and financial decisions, plans and activities.
 - c) **Leadership:** Leadership and workplace culture are determinants of realization of value.
 - d) **Assurance:** Asset management gives assurance that assets will fulfil their required purpose.

POLICY

1.0 Scope/Exceptions

1.1. Scope

This policy, at a minimum, applies to those areas or business units within The City that plan or manage tangible capital assets or asset systems in the ultimate delivery of services to the citizens of Calgary.

1.2. Exceptions

The AM System does not replace existing corporate strategy, business planning and budget management system and processes already in place. Instead, the AM System complements and aligns to these initiatives, with the intent to provide an asset-centric point of view that supports business strategies, objectives and plans.

2.0 Consequences of Non-Compliance

Failure to adhere to this policy may result in:

- 2.1. 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.
- 2.2. 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.
- 2.3. Conflicting business unit (BU) investment priorities, poor coordination of delivery of service, corporate inefficiencies, and lack of expenditure optimization.
- 2.4. Capital plans that are inconsistent with the needs identified in the asset management plans, thus increasing the infrastructure gap. This risk potentially compromises the alignment of infrastructure, financial, and land-use goals and objectives and the ability to achieve a sustainable urban form.

3.0 Commitment and Accountability Policies

- 3.1. The Administrative Leadership Team (ALT) is accountable for this asset management policy, as well as the supporting AM System.

- 3.2. The ALT is committed to the implementation and continuous improvement of an AM System and practices that support the achievement of the City's organizational strategic plan and objectives.
- 3.3. The ALT is accountable for the generation, implementation, management review and continual improvement of the AM Strategy, AM Objectives, AM Framework and processes related to these, to ensure suitability, adequacy, and effectiveness of the AM System. However the ALT may delegate responsibility to the CAM Group for generation of these documents, subject to ALT's approval of the final documents and procedures for implementing and maintaining the documents.
- 3.4. The ALT is committed to maintaining the necessary corporate capacity (including, but not limited to, resourcing, financial support, staff competencies, business processes, data and integrated information systems) to support the elements and practices of the AM System.
- 3.5. The ALT will delegate responsibility to the Deputy City Manager to act as asset management champion within the ALT.
- 3.6. The CAM Group will be responsible for monitoring and reporting corporate-wide progress of implementing the policy as well as improvement and refinement as necessary.

4.0 Policy on the Key Principles of Asset Management

- 4.1. To effectively use asset management to support achievement of the City's organizational goals, Administration should ensure the following principles are applied within the City's AM System:
 - 4.1.1. Holistic – take a comprehensive approach that looks at the “big picture” (i.e. the combined implications of managing all aspects rather than a compartmental approach). This includes the functional interdependencies and contributions of assets within asset systems and the different management of assets across all lifecycle phases.
 - 4.1.2. Systematic – take a methodical approach (i.e. formal, repeatable and consistent) to the management of assets.
 - 4.1.3. Systemic – make asset investment decisions in an asset system context, not just to optimize the individual asset itself.
 - 4.1.4. Risk-based – manage asset risk associated with attaining levels of service and focussing resources, expenditures and priorities based on risk and associated cost/benefit.
 - 4.1.5. Optimal – make asset investment decisions based on trade-offs between the competing factors of service level (including asset performance), risk and cost.

- 4.1.6. Sustainable – take a long-term, lifecycle-based approach in estimating asset investment and activities, thus developing effective asset management strategies for the long term. The foundation for effective asset management decisions is the Triple Bottom Line Policy (Council Policy LUP003, EM003 & CS003).
- 4.1.7. Integrated – coordinate the above principles to ensure the delivery of justified services and well-defined outcomes.
- 4.1.8. Aligned – ensure that the AM System complements the strategic objectives of The City, as well as other key business systems, legislation and regulation.

5.0 Policy on Key Principles to Guide Development of AM Strategy, AM Framework, and AM System

- 5.1. Development of an AM Strategy and an AM Framework are integral to the ALT's commitment to implementing and continuously improving the AM System and asset management practices to support achievement of the City's organizational objectives.
- 5.2. The AM Strategy defines the role of asset management in achieving the organizational objectives. It states the corporate level AM Objectives and how they are linked to the organizational objectives, risks and opportunities. It provides a high-level description of the process for implementing asset management, and assigns responsibility for development of the AM Framework.
- 5.3. The AM Framework defines: the scope of the AM System; the components of the system; links to other organizational management systems; roles and responsibilities for components of the system and for reviews and performance reporting; criteria for decision-making, prioritizing, and criticality assessments; and references other frameworks and guidance documents relating to components of the AM System.
- 5.4. The AM Strategy, and the AM System (as defined in the AM Framework document), should be aligned to the Deming Cycle (Plan, Do, Check, Act).

6.0 Policy on Elements and Practices of Asset Management

6.1. PLAN

- 6.1.1. Elements and practices of asset management shall be implemented in accordance with the AM Policy, AM Strategy, AM Framework (governance and strategy), and AM Plan Framework (business unit level plans). These documents shall be created and maintained by CAM.

6.1.2. CAM shall create and maintain an AM Strategy and AM Framework that link asset management planning to diligent financial planning and management practice. These shall, in conjunction with other AM Standards and Guidance, direct business units to carry out AM planning and create AM Plans that reflect the Council Priorities. The output of AM Plans shall constitute inputs into the Infrastructure Investment Planning process that influences both capital and operating budgets.

6.2. DO

6.2.1. AM Objectives should be specific, measurable, achievable, realistic and time-bound and shall be identified in the corporate-level AM Strategy.

6.2.2. Business units should align project delivery with effective project management techniques as defined by The City's Corporate Project Management Centre (CPMC) and shall consider value management in order to ensure that the projects are delivered in a cost effective manner that will best meet the desired outcome.

6.2.3. Project management and asset delivery, operation and maintenance should consider and aspire to achieve an optimal approach to supply chain management, environment, planning, health, and safety goals.

6.3. CHECK

6.3.1. A process for management reviews of the relevancy, effectiveness, and efficiency of the AM System is defined in the AM Framework.

6.3.2. Regular asset management performance reports shall be prepared by CAM for review by the ALT to prove achievement of corporate and AM Objectives, as well as ensuring sustainability of continued achievement of corporate objectives.

6.4. ACT

6.4.1. Appropriate actions shall be taken to implement necessary changes, non-conformances and/or corrective actions identified from the management reviews and performance reporting.

SUPPORTING REFERENCES AND RESOURCES

Please note that some of the items listed below may not be publicly available.

References to related corporate-wide procedures, forms and resources

- Corporate Asset Management intranet website
- 2020 Sustainability Direction
- Calgary's Asset Management Strategy (new – updated) 2016
- Asset Management Framework, (new – updated) 2016
- Corporate Project Management Centre (CPMC) intranet website
- Corporate Customer Service Framework

References to related [Council policies](#), bylaws and [administration policies](#)

- Triple Bottom Line Policy (Council Policy LUP003, EM003 & CS003)
- Integrated Risk Management Policy (Council Policy CC011)
- Tangible Capital Assets (Administration Policy FA-054)

Other references and resources

- Publicly Available Standard PAS 55 (2008)
- ISO 55000, 5001, 5002 Standards (2014)

REVISION HISTORY

Review Date	Description
2016 / 12 / 06	Updated Policy
2010 / 07 / 27	New Policy