



## **DEVELOPING A CORPORATE ASSET MANAGEMENT POLICY**

### **WORKSHOP SUMMARY- FEBRUARY 2015**

#### **INTRODUCTION**

On February 11, 2015, members of the IAMA attended a workshop and considered the issues around developing a corporate asset management policy. The workshop was facilitated by KPMG's Sebastian Lampo. Participants worked in small groups to address several questions. This document provides a summary of those discussions and the key points that participants identified.

The roundtable started with identifying the difference between an asset management policy and an asset management plan.

#### **WHAT IS A CORPORATE ASSET MANAGEMENT POLICY?**

A corporate asset management (CAM) policy is a high level document that provides direction and guidance about the elected council's commitment to best practices in asset management. The policy defines the "what" and should include long term goals and a framework for addressing gaps in order to achieve optimal asset management practices and levels of service to the community. A 30-year timeframe should be considered for the policy.

In order to be effective the policy should be approved by council and be reviewed periodically. In addition, the policy should include regular reporting to council on the achievement of the goals. This guiding policy will assist council and administration to consider the long-term impacts of short-term decisions.

#### **WHAT IS AN ASSET MANAGEMENT PLAN?**

In contrast to the council approved policy, an Asset Management plan should be an administrative document; it defines the "how". While the policy defines the framework and strategy for asset management efforts in the municipality, the plan outlines asset management implementation and how it will be undertaken given budget realities, work planning and municipal capacity.

The plan should be a living document that is updated and revised annually. It can also serve as a valuable tool in communicating priorities and educating the public about the realities of maintaining critical infrastructure.

## WHAT SHOULD A CAM POLICY INCLUDE?

The key sections of the CAM Policy are as follows:

- Purpose
- Scope and Asset Class
- Objectives
- Roles and Responsibilities
- Authority to Execute
- Levels of Service
- Reporting and Accountability

The CAM policy should be aligned with Corporate Strategic and Business plans. As well, the CAM policy should be consistent with existing risk management and finance management policies, including TCA, reserves and funding, and other relevant corporate documents.

The CAM policy should reference available information on assets' state (inventory / age / condition), engineering assessments and the like.

## HOW SHOULD A MUNICIPALITY DEVELOP A CAM POLICY?

### USE A TEAM APPROACH:

- The development of a successful corporate asset management policy must be a collaborative effort. It will involve not only the finance and engineering departments, but the CAO and the senior leadership team.
- Other key internal stakeholders are operations, IT/GIS, risk management and communications. In some municipalities it may be appropriate to include council representation as well.
- If possible a municipality should consider engaging an external facilitator to quarterback the policy development. A facilitator can bring experience and organization to the process and assist with the many facets of the policy.
- Alternatively, the municipal asset management coordinator or the CAO may be able to effectively lead the policy work in partnership with a steering committee. The policy should detail the governance structure that will guide the initiative.

### PROVIDE LEADERSHIP:

- Municipalities should ensure that the asset management initiative has a champion in the organization. This could be the CAO, the AM coordinator(s) or an external resource. Creating a culture that supports asset management as a priority means getting the message out, creating a communications strategy and presenting regular updates to elected officials.

### GATHER INPUT:

- For the policy to be meaningful it is important to gather a variety of opinions about local priorities from stakeholders in the community, from staff and from outside experts. Without buy-in from the community the asset management initiative is unlikely to succeed.
- Resources and examples are available online and through external consultants. Other important source documents are sustainability/infrastructure studies, customer satisfaction surveys, regulations, and best management practices.

## WHAT ARE THE COMMUNICATION ISSUES?

### AUDIENCE:

- Ultimately the success of any initiative depends on effective communications to ensure that key decision makers' opinions are reflected in the policy. Different stakeholders will have different reactions and messaging must be tailored accordingly.
- Council and administration will have better information to make decisions as an outcome.

### MESSAGE

- The key messaging should be around purpose, potential impact on staff and/or community/customers, and connecting levels of service with costs and managing expectations.

### COMMUNICATION CHANNELS

- There are number of effective communication channels including:

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|------------------------------|--|
| <u>Meetings</u>              | <ul style="list-style-type: none"><li>○ Staff / management</li><li>○ Breakfast speakers</li><li>○ Town halls</li><li>○ Lunch and learn</li></ul> |
| <u>Multimedia</u>            | <ul style="list-style-type: none"><li>○ Web</li><li>○ Intra-net</li><li>○ Newsletter</li><li>○ Bulletin boards</li></ul>                         |
| <u>Community of practice</u> | <ul style="list-style-type: none"><li>○ Public consultation</li><li>○ Surveys</li></ul>  |

## WHAT ARE THE KEY IMPLEMENTATION CHALLENGES?

Every organization will face obstacles to introducing a new initiative on asset management. Some of those obstacles are likely to be:

- organizational silos and isolation;
- trying to get council buy-in;
- engagement from all departments; and
- funding.

Asset management has to be balanced with day-to-day work and may be seen as something that is inexact and fluffy. It is very difficult to get council and administration to focus on goals that are 30 years out.

## CONCLUSION

The IAMA intends to continue working collectively to promote and encourage best practices in asset management in Alberta. This document will be updated as the members gather experience and knowledge.

It is our intention to incorporate a Lessons Learned section in the future.

## REFERENCE RESOURCES

- Infrastructure Asset Management Alberta  
<http://www.assetmanagementab.ca/resources/>
- AM BC Policy Guide  
[http://www.civicinfo.bc.ca/Library/Asset\\_Management/Tools\\_and\\_Resoures/Guide\\_to\\_Developing\\_a\\_Municipal\\_Asset\\_Management\\_Policy\\_DRAFT--LGAMWG--October\\_2009.pdf](http://www.civicinfo.bc.ca/Library/Asset_Management/Tools_and_Resoures/Guide_to_Developing_a_Municipal_Asset_Management_Policy_DRAFT--LGAMWG--October_2009.pdf)
- MFOA Financial AM Planning & Templates  
<http://www.mfoa.on.ca/asset-management#policy>

## EXAMPLE POLICIES

- Ottawa:  
[http://documents.ottawa.ca/sites/documents.ottawa.ca/files/documents/cam\\_policy\\_en\\_1.pdf](http://documents.ottawa.ca/sites/documents.ottawa.ca/files/documents/cam_policy_en_1.pdf)
- Calgary:  
<http://www.calgary.ca/CS/IIS/Pages/Asset-Management-Policies.aspx>
- Red Deer:  
[https://www.civicinfo.bc.ca/Library/Asset\\_Management/Tools\\_and\\_Resources/Enterprise\\_Asset\\_Management\\_Program\\_Policy--Red\\_Deer\\_AB--March\\_16\\_2010.pdf](https://www.civicinfo.bc.ca/Library/Asset_Management/Tools_and_Resources/Enterprise_Asset_Management_Program_Policy--Red_Deer_AB--March_16_2010.pdf)