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|  | <h1 style="color: red; margin: 0;">POLICY</h1> | Department: Infrastructure & Public Works |
| | <h2 style="margin: 0;">ASSET MANAGEMENT POLICY</h2> | |
| Effective Date: November 15, 2023 | | Last Reviewed Date: September 22, 2023 |

1. PURPOSE STATEMENT

The Municipality constructs and maintains a wide range of assets to provide an acceptable level of service to residents and business owners. To maintain the value that these assets provide, a coordinated effort is required to plan for the maintenance, renewal, and eventual replacement of all assets. The costs associated with these actions must be balanced against the likelihood and severity of a failure of these assets. These risks include the anticipated impacts of climate change.

As a result, the Municipality is committed to preparing, implementing, and continually improving an Asset Management Plan which describes short-term and long-term strategies for sustainably maintaining and growing our significant portfolio of assets. Asset Management will be a guiding principle which will influence decisions at all levels.

The objectives of this policy are:

- To favor the optimization of an Asset Management system for existing and future assets in the Municipality;
- To promote the establishment of the roles and responsibilities of various municipal staff members involved in Asset Management;
- To foster a commitment to healthy and sound Asset Management;
- To favor transparency in decision-making to demonstrate to community stakeholders the link between strategic planning, budgeting, service levels, and risk management;
- To favor the continued use, updating and improvement of the Asset Management Plan;
- To promote the development and updating of a roadmap to achieve the set objectives.

2. APPLICATION

The present policy applies to all tangible assets of the municipality. Tangible assets cover infrastructure assets, including, but not limited to, roads, sidewalks, culverts, wastewater infrastructure and treatment plants, pumping stations, municipal buildings, vehicles, parks, computer systems and machinery.

The municipality recognizes the importance of natural assets for the well-being of its community and will include these assets, over time, in its inventory and its asset management practices.

3. DEFINITIONS

- **“Asset”** means infrastructure owned by the municipality, such as roads, sidewalks, wastewater treatment plants, sanitary and storm sewer systems, municipal buildings, vehicles, equipment, parks, etc.;
- **“Asset Management”** means a lifecycle costs/benefits approach to optimizing infrastructure maintenance and operation, renewal, replacement and construction;
- **“Asset Management Plan”** means a document summarizing activities associated with development and implementation of municipal Asset Management. This document is to be used as a reference when making recommendations related to budgeting and project planning;
- **“Chief Administrative Officer”** means the head of the municipal administration. The individual is the only employee who reports directly to Council “CAO”;
- **“Clerk/Treasurer”** means the employee appointed to oversee financial and accounting procedures and serve as the municipal Clerk, pursuant to section 74(1) and 76(1) of the Local Governance Act, SNB 2018, c.18.;
- **“Lifecycle”** means the tool used to quantify the costs associated with each stage of an asset's life, such as acquisition, operation, maintenance, reinvestment, etc.;
- **“Target level of service”** means the level at which the municipality aims to deliver a service to residents.

4. GUIDING PRINCIPLES

The following principles guide the municipality’s action with respect to asset management:

- Review and improve the level and quality of information concerning its inventory of assets;
- Meet the needs of the current population without compromising the quality of life of future generations with decisions made;
- Periodically assess the condition of all assets using a recognized method appropriate for each asset type;
- Review and address the level of risk associated with each asset and asset group and reflect those decisions in the Asset Management Plan;
- Assess the potential implications of climate change for municipal assets and update the Asset Management Plan accordingly;
- Recognize the importance of natural assets, including, but not limited to: wetlands, forests and water bodies for inclusion in the Asset Management Plan;
- Evaluate the current and target levels of service to guide investment and budgetary decisions;
- Review the priority assets and projects presented in the Asset Management Plan to guide budgetary decisions, as a minimum on an annual basis;
- Maintain and periodically update the Asset Management Plan in accordance with this policy;

- Actively seek opportunities to pursue Asset Management best practices through networking and training opportunities for key municipal personnel;
- Meet the Provincial requirements for Asset Management planning.

5. ROLES & RESPONSIBILITIES

The policy requires the commitment of all stakeholders. The roles and responsibilities of the council and municipal staff related to Asset Management are described below:

Municipal Council

- Revise and adopt the Asset Management Policy as required, or at minimum every four (4) years;
- Revise and adopt the Asset Management Plan as required, or at minimum every five (5) years;
- Approve the necessary funding and resources to continue improving asset management;
- Review financial planning on an annual basis based on the recommendations provided by municipal staff;
- Make decisions regarding assets based on recommendations provided by municipal staff;
- Adopt the Municipality's target levels of service based on municipal staff's recommendations;
- Act as ambassadors of the Asset Management Policy to the organization and the community.

Chief Administrative Officer

- Educate the Municipal Council on the importance of Asset Management;
- Ensure an annual review of the Asset Management Plan is undertaken, in collaboration with operational staff;
- Make recommendations to the Council related to Asset Management and target levels of service based on professional expertise;
- Participate in the improvement of the Asset Management system (tools, database) periodically;
- Ensure that municipal staff receive the appropriate training;
- Maintain the necessary capacity (human resources, equipment, etc.) to support Asset Management;
- Ensure the link between the Asset Management Policy and other organizational documents.

Asset Management Coordinator

- Act on behalf of the municipality and consider its vision;
- Continually improve Asset Management systems;
- Provide direction to the municipal staff associated with asset management;
- Record data associated with maintenance activities to establish, in the long term, a lifecycle analysis and strategy for each asset;
- Evaluate the condition of the assets with available data;
- Maintain and improve the asset inventory information;
- Recommend priority capital projects to the General Manager;

- Provide regular updates on Asset Management to the General Manager;
- Coordinate and advise on asset management initiatives in order to offer the target levels of service established by the Council;
- Provide adequate training to the municipal staff;
- The Manager of Infrastructure and Public Works, or designate, serves as the Asset Management Coordinator.

Clerk/Treasurer

- Develop and maintain a long-term financial plan that adequately identifies and plans for the costs of operation, maintenance and replacement of municipal assets;
- Update capital spending forecast on an annual basis and present it to the Council during the budgetary process;
- For the purposes of Asset Management, serves the following functions served by the Asset Management Coordinator:
 - Stay informed on the performance of assets;
 - Record data associated with maintenance activities to establish, in the long term, a lifecycle analysis and strategy for each asset;
 - Maintain financial records and information on capitalization of assets;

Municipal Staff

- Read, understand and respect this policy;
- Provide data and information on assets and services;
- Participate in asset and risk management.

6. FINANCIAL FRAMEWORK

Maintaining services requires a financial framework that is managed in a responsible and sustainable manner; this is one of the primary objectives of Asset Management.

The Municipality is committed to implementing the recommendations from the Asset Management Plan and developing a financial strategy to address the needs of the Plan.

The undertaking of a capital project can have a significant impact on subsequent operating budgets. This impact should be considered as part of any capital planning. When assessing the budgetary impacts, areas to consider include: future operating revenue, operating expenditures, and debt. Such costs will be included in future budgets representing operating costs resulting from Capital projects. These must be represented within the project summary provided for each project put forth in the capital plan.

7. PRIORITIZATION MODEL

Capital project proposals come from a variety of sources, including Council priorities, Council-proposed initiatives, management priorities, citizen requests, consideration of the Strategic Plan, and recommendations from the Asset Management plan. These proposals are generally a mix of

service improvements, enhancements, items to support growth and development, projects that enhance quality of life, and reinvestments in existing assets.

The following have been established to assist with prioritizing capital projects during the preparation of the capital budgets and the annual review of capital priorities.

The following six criteria, in order of importance, shall apply for evaluation of all acquisitions:

- i. Legal Requirements (e.g. Sewer Systems)**
 - a. These projects comply with legal, regulatory or judicial requirements set forth by the Federal and/or Provincial government.
 - b. These projects may be required as a result of binding settlements with other governmental agencies to meet current codes, ordinances, environmental or health and safety issues.
- ii. Safety and Security**
 - a. These projects enhance the safety and security of our buildings, streets, and communities.
- iii. Essential Improvements**
 - a. These projects improve the functioning of facilities or infrastructure. This criterion measures the extent to which a facility or infrastructure has deteriorated and needs improvements relative to the overall condition of similar structures.
 - b. Examples include storm water infrastructure improvements and repairs, roadway resurfacing, facility roof replacements and structural damage or anything essential for the health and safety of our citizens or employees.
- iv. Support Anticipated Growth**
 - a. These projects demonstrate an increase in the Town's capability to support future anticipated growth and enhance quality of life as well as contribute to the development of arts, culture, and heritage, leisure and the environment.
 - b. Examples include recreational facilities or a new lift station to support residential growth.
- v. Efficiency Improvements**
 - a. These projects will increase efficiency or result in overall cost savings to the Town.
 - b. Such projects may benefit a greater number of people or more efficiently and effectively provide and support the defined functional requirements of the intended use.
- vi. Revenue Producing**
 - a. These projects generate additional revenues to the Town.
 - b. Projects of this nature show an overall return on investments, and should be measured on the risk involved, the number of people who would benefit from the project and the associated costs versus revenues generated.

Adherence to Strategic Plan Pillars

Additional criteria will be considered in accordance with adherence to the Strategic Plan of the capital projects proposed in each year's capital budget.

Unforeseen Projects

Periodically within a fiscal year, unforeseen projects may arise which require a re-evaluation of current capital projects. It is the intent that unforeseen projects will not increase approved capital spend, and will result only in a redistribution of approved funds.

For an unforeseen project to be considered over an existing approved capital project, it will need to meet the ranking test above and must be supported with a business case. Reallocation must be approved by Town Council, unless it is within the spending authority of the Chief Administrative Officer (CAO).

Other Criteria

Other criteria to be considered should be in relation to funding available from other funding parties (federal or provincial government and other supporting organizations), from programs supported by Town Council, as well as where a funding commitment has already been provided for specific capital projects.

8. NON-COMPLIANCE

The Municipality is responsible for enforcing this policy. Failure to comply with this policy may result in the following risks:

- Planning that does not optimize maintenance and replacement of existing assets as well as the development of new assets;
- Conflicts across the investment priorities of each asset category, poor coordination, and inefficient delivery of services;
- Capital and development projects that are incompatible with the Municipality's actual needs.

These risks potentially compromise the:

- Technical and financial capacity of the Municipality to provide the desired levels of service to current and future generations;
- Safety and reliability of services provided through the municipal infrastructure;
- Alignment of the Municipality's strategic objectives with Asset Management and service delivery activities.