

APPROVAL REPORT

Council Policy on Corporate Asset Management

ISSUE

The City of Saskatoon (City) manages over \$4.3 billion in assets (net book value as at December 31, 2018). The City is working to develop a coordinated Corporate Asset Management (CAM) system to ensure infrastructure decisions achieve the City's strategic goals and objectives. This report seeks approval of the draft CAM Policy.

RECOMMENDATION

That the Governance and Priorities Committee recommend to City Council that the draft Council Policy on Corporate Asset Management, contained in Appendix 1 of this report, be approved.

BACKGROUND

In 2017, the City was awarded a grant up to a maximum of \$52,000 through the Climate and Asset Management Network Program to support the development of a CAM policy, strategy and governance framework. The program was offered through the Federation of Canadian Municipalities.

At its February 27, 2019 meeting, the Administrative Leadership Team was asked to provide direction on the corporate priority in regards to implementing and resourcing of the CAM system. The draft CAM policy, strategy and governance framework that were collaboratively developed with input from several divisions across the organization was presented to Administrative Leadership Team at this time. Administrative Leadership Team was in favor of further development of the CAM system and approved resourcing.

At its March 4, 2020 meeting, the Administrative Leadership Team approved the implementation of a CAM system and that the CAM Policy be forwarded to the appropriate Standing Policy Committee of Council for consideration and approval.

In 2019, Asset Management Plans for several of the City's key assets were completed, including Roadways, Water & Waste Water Systems, Transit, Access Transit, Parks, Bridges & Structures, Sidewalks, Fleet Services and Saskatoon Light & Power. With funding gaps identified, various funding plan options were presented to City Council as part of the 2020-2021 Multi-Year Business Plan and Budget Process.

DISCUSSION

What is a Corporate Asset Management System?

ISO 55000 defines a CAM system as a set of interrelated and interacting elements of an organization, whose elements include the asset management (AM) policy and AM objectives, and the processes needed to achieve those objectives. In this context, the elements of the CAM system should be viewed as a set of tools, including policies, plans, business processes and information systems, which are integrated to ensure that the AM activities will be delivered.

Benefits of a CAM System

The CAM system has the potential to benefit the City in several ways:

- Informing asset investment decisions to sustain and enhance service delivery;
- Responsible risk management;
- Demonstration of good management practices to all stakeholders; and
- Improving internal coordination and collaboration:
 - Reducing life-cycle costs while maintaining acceptable levels of service; and
 - Linking Infrastructure investment decisions to service outcomes.

Elements of a CAM System

The CAM Policy and Strategy are the key building blocks of a CAM system. The CAM Policy provides a higher-level description of AM principles and provides the basis to develop AM related objectives in alignment with the City's strategic goals. The CAM Strategy provides direction and more detail on organizational alignment, business content, AM goals, AM governance, and corporate roles and responsibilities.

A CAM Policy governs organization-wide practices for managing assets and aligns with the City's 2018-2021 Strategic Plan and the newly updated Official Community Plan. The Policy contains guiding principles that define the high-level approach to AM and intends to improve alignment between City Council and various functions of the organization as they relate to AM (e.g. management, finance, planning, long-term sustainability, asset lifecycle planning (renewal, replacement, operating and maintenance), communications and citizen engagement).

The CAM Strategy is a complementary, yet critical tool that supports integration by applying the principles identified in the CAM Policy to AM practices. The CAM Strategy identifies resources for a CAM group to lead AM corporately and perform regular updates to the CAM system. It also aims to provide consistent guidance and support, training opportunities and standard templates for AM practitioners and subject matter experts to utilize throughout the corporation.

Rationale for a CAM Policy

Communities are being challenged to make the best possible decisions with scarce resources for both today's users and future generations. An AM strategy provides a framework for planning infrastructure renewals, growth, and new demands amidst increasing service expectations, risk exposure, and financial challenges. A City Council approved policy defines the guiding AM principles to enable the Administration to implement a CAM system.

IMPLICATIONS

There are no financial, immediate legal, social, or environmental implications identified as part of approving the draft CAM Policy. A CAM system encourages a holistic approach when considering social, environmental and financial implications of asset-based decisions and does align with City Council's Triple Bottom Line Policy.

NEXT STEPS

Administration will continue to develop AM plans to better articulate the full life-cycle cost of assets so as to inform the City's investment decisions, and service level choices through the Multi-Year Business Plan and Budget Process.

Administration will establish a transparent AM governance and communication strategy that aims to educate employees, stakeholders and residents about the City's approach to asset management.

APPENDIX

1. Draft Council Policy on Corporate Asset Management

Report Approval

Written by: Lee Anne Harder, Corporate Asset Management Coordinator
Reviewed by: Celene Anger, Chief Strategy & Transformation Officer
Approved by: Jeff Jorgenson, City Manager

Admin Report - Council Policy on Corporate Asset Management.docx