



Incorporated

R.M. of Frenchman Butte No. 501

POLICY TITLE Asset Management Implementation Policy		ADOPTED BY RM Council Resolution No. 2023-04-26-010 EFFECTIVE DATE April 26, 2023	POLICY NO. 100-15
ORIGIN/AUTHORITY RM Council	JURISDICTION RM of Frenchman Butte No. 501	Amended: Rescinded:	Resolution No. Resolution No.

1. PURPOSE:

This policy aims to set guidelines for implementing the asset management plan, precisely the 10-year capital plan and asset repair and replacement. This policy describes how the policy is applied, the assessment process, the construction standards required, and the criteria the Council uses to determine when assets require maintenance. The policy also describes the level of service that the public can expect once the plan is in place and addresses the need to:

- Determine the point at which an asset is better served by replacement rather than repair.
- Develop, as necessary, a maintenance schedule for all equipment and machinery owned and operated by the RM of Frenchman Butte.
- Provide a framework through the asset management plan that accommodates repair and replacement expenses within the budget.
- Improve support for the ratepayers by reducing the time equipment is out for repair.
- Demonstrates Council commitment to integrating asset management in a cost-effective, coordinated, and sustainable way.
- Promotes service levels that balance service expectations with cost and business risk.

2. SCOPE:

The RM of Frenchman Butte Council's goal for this policy is to provide well-maintained equipment and facilities to provide the best possible level of service within the budget. This policy complements the RM of Frenchman Butte Asset Management Plan and applies to the CAO, Council, and designated employees. This policy pertains to:

- Office equipment
- Public works equipment
- Vehicles
- Recreation facilities
- Buildings
- Culverts
- Roads

Staff implement the policy through procedures and guidelines. Staff may and are encouraged to develop, implement, and improve asset management procedures.

3. OBJECTIVES:

- To ensure that adequate budget is in place to maintain, repair, and replace assets as they fail by:
Designating appropriate funding within the acceptable level of service within the annual budget.

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- Keeping the 10-year capital plan up to date by entering new assets as they are acquired and removing those assets as they are disposed of or removed from service *on at least an annual basis*.
- Using the 10-year capital plan to inform the annual budget and allot funding to relevant asset categories.
- Understanding that it may be necessary to make changes to the asset management plan and 10-year capital plan based on the availability of funding or other unforeseen circumstances.
- To ensure that consistent maintenance is done to roadways throughout the RM of Frenchman Butte, without preference or prejudice, based on asset management principles.
- Ensure that maintenance of anyone (rural) road is not maintained to the extent that other (rural) roads are neglected.
- Implementing a transparent process that identifies how decisions are made regarding road repair and maintenance.
- Developing and implementing standards based on affordability, desired road conditions, and asset management principles which makes safety a priority.
- Developing an annual schedule and budget for recurrent maintenance, including but not limited to local reconstruction and patching.

4. POLICY:

Background

Asset management is only effective when sufficient dollars are designated in an annual budget to repair, maintain and replace the assets. The asset management plan must become operationalized by designating amounts from the operating budget to maintain them. We do this using the 10-year capital plan.

Priority for road repair and replacement is derived from the Public Works inspections, requested by Council to identify those priorities based on the conditions that existed at the time they were assessed. As these conditions change, it should be expected that the priorities will also change. The ability to maintain the roads is impacted by location, drainage, and soil conditions, and allowances need to be made to accommodate those changes.¹ Therefore, this policy's focus is more on how repair and maintenance decisions are made than on a prescriptive approach to what road should take priority over another.

When the procedure is based on a more objective policy, it releases Councillors from making repair and replacement decisions based on opinion and provides a united approach to repair and maintenance that should remain relevant as new Councils are elected.

Principles

1. The RM of Frenchman Butte makes sure that budget decisions are based on asset management principles by:
 - Prioritizing safety issues first.
 - Prioritizing infrastructure issues ahead of less-essential projects.
 - Setting aside a sufficient reserve to ensure future needs can be met.
 - Being transparent.

¹ Source: The Corporation of the Municipality of Neebing Roads Maintenance Policy



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2. The asset management plan, and therefore the 10-year capital plan, are not prescriptive and may, as budget, funding, and priorities change, be likewise changed.
3. Asset management is essential to the long-term sustainability of the community. Priority issues are not ignored.
4. The travelling public should be safe on RM of Frenchman Butte roads. However, the RM of Frenchman Butte is a rural municipality with limited resources. The standards set out in this policy are considered the minimum and are exceeded when possible.
5. The Council considers the standards a reasonable balance between acceptable maintenance and service levels and their fiscal responsibilities.

Disclaimer

The RM of Frenchman Butte reserves the right to deviate from road repair due to the following:

1. Inclement weather.
2. Labour shortages.
3. Equipment failure.
4. Unforeseen circumstances.

Procedure

1. Before drafting the budget, the CAO reviews the 10-year capital and asset management plans to determine capital priorities for the upcoming year.
2. The priorities are included as part of the standard budget procedure.
3. Once the budget is approved, changes impacting the 10-year capital plan are made to reflect the changes.
4. Beginning in the spring of 2024 and every subsequent spring, the Public Works department arranges for a patrol of the roads by the Infrastructure Manager, Public Works Supervisor, and division Councillor (optional) to examine and report on the road conditions after the impacts of winter. Digital pictures and written reports record conditions.
5. The Administrator and Infrastructure Manager use this report and the 10-year capital plan, priority routes, and budget to determine the upcoming annual maintenance schedules and repair work.
6. If approved, the Administrator updates the 10-year capital plan and assigns the work as appropriate.
7. Monitor standards and service levels to ensure they meet and support the RM of Frenchman Butte's expected level of service and Council's goals and objectives through documented maintenance schedules.
8. Maintain and update inventories of municipal assets.
9. A copy of the annual repair and maintenance plan is made available to the public, and residents and stakeholders can provide input into asset management planning.
10. Take a long-term view on infrastructure planning and investment to meet the future needs of the RM of Frenchman Butte.
11. Create the opportunity to communicate with ratepayers and promote a transparent decision-making process, recording the basis for any decisions.
12. Make reasonable efforts to maintain and manage RM of Frenchman Butte assets at a defined level of service to support public safety, community well-being, and future planning.
13. Deliver the expected service levels while extending the useful life of the asset.
14. Plan for, and provide stable, long-term funding to replace, renew, or decommission assets.





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15. Provide an opportunity for residents within the RM of Frenchman Butte and other stakeholders to provide input into asset management planning. Ensure stakeholders/volunteers who use RM of Frenchman Butte facilities understand their role in maintaining those assets.
16. Asset management training is provided to new Council and staff.
17. The Infrastructure Manager and Public Works Supervisor are responsible for maintaining the records required by this policy. An electronic copy of these records is provided to the Administrator regularly. The Infrastructure Manager works with the Administrator to keep all the records in a format accessible to them both.
18. When planning asset management, Council considers the following:
 - a. Operations.
 - b. Desired level of service.
 - c. Lifecycle management considers all revenues and expenses, including operational costs and maintenance, replacement, and decommissioning expenditures.
 - d. Budget.
 - e. Availability of funding.
 - f. Disaster planning and emergency management.
 - g. Future needs.
 - h. Minimize the risks associated with asset failure on behalf of the ratepayers.
 - i. Where there are insufficient resources for the RM to follow these principles, the RM attempts to follow this policy's overall spirit and intent.
19. Data on road conditions result from:
 - Community reports.
 - Road patrols.
 - Routine maintenance and repairs.
 - Supervising employers who perform duties on behalf of the RM of Frenchman Butte.
 - Professional reports.

Please note: Road patrol is not considered a Council meeting, and nothing discussed during the patrol takes the place of a regular resolution process.

Guidelines

1. The RM uses accepted asset management guidelines and best practices for their asset management plan.
2. The RM follows legislation regarding asset management.
3. The roles for implementation are defined within the job descriptions and the asset management plan.
4. Asset management is considered and incorporated into other plans, including:
 - a. Official Community Plans (OCP.)
 - b. Strategic Plans.
 - c. Council Priorities.
 - d. Operations plans and budgets.
 - e. Infrastructure services, management, and replacement plans.
 - f. Facility plans.
 - g. Transportation plans.
5. To determine whether to repair or replace an asset, the RM and CAO consider the following:
 - a. Ongoing expenses over the asset's remaining functional lifespan.
 - b. Whether or not the repairs make a difference in the overall lifespan of the asset.

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- c. The cost to repair includes the labour, parts, lost productivity, safety risks, and higher labour costs.
- d. The cost to purchase new, including disposal of the previous asset, acquisition costs, inventory of replacement parts, cost of training, and loss of productivity.
- e. To use a formula to determine value:
 - i. $\text{Purchase Price (PP)} - \text{Salvage Expected (SE)} / \text{Remaining Life Span (LS)}$

Example

The RM purchased a new grader for \$400,000 (PP), with a lifespan (LS) of 10 years. If you sell it in 10 years, you expect to be able to sell it for \$50,000 (SE.)

This gives you a value of $(\$400,000 - \$50,000) / 10 = \$35,000$ per year of useful life.

If the grader fails in year 4, you calculate the remaining value of useful life.

$\$35,000 \times 6 = \$210,000$

If the repairs cost more than \$210,000 and will restore the grader to 10 years of use life, we will repair the asset. If the repairs cost more than the assessed remaining value, we will replace the asset.

Responsibility

Councillors are responsible for adopting this policy and ensuring that the budget reflects the 10-year capital plan.

The **Chief Administrative Officer** (or Administrator) is responsible for maintaining the 10-year capital plan and may delegate this work at their discretion.

Review Date:

This policy has a life of 4 years or less at the discretion of the current Council.