



Town of Bowden  
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Bowden, Alberta, T0M 0K0

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## **Town of Bowden – Province of Alberta**

### **Policy Document (02 / 2023)**

### **ASSET MANAGEMENT POLICY**

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#### **1 POLICY (GENERAL)**

##### **1.1 Statement**

The Town of Bowden utilizes a diverse asset portfolio to deliver core, essential services to its residents and local business community.

This Asset Management Policy provides a high-level statement that specifies the principles and approaches to be adopted for the management of the Town's capital assets.

##### **1.2 Purpose**

The purpose of this policy is to provide a commitment to developing and maintaining an asset management system that ensures provision is made for the ongoing maintenance and long-term replacement of Town assets considering:

- the successful delivery of core / essential services,
- long term financial stability and revenue streams,
- continuous assessment and revision of the Asset Management Strategy and Asset Management Plan.

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#### **2 DEFINITIONS**

##### **Asset**

Means an item, thing or entity that has potential or actual value to the Town and that enables a service to be provided. The value of an asset can include tangible or intangible, financial or non-financial, and other considerations including risk and opportunities.

Assets include:

- Land and Land improvements,
- Town Infrastructure,
- Buildings and Engineered structures,
- Vehicles,
- Equipment.

##### **Activities**

Are the processes, tasks, or actions (defined within the Asset Management Strategy) to maintain and develop the asset management system.

##### **Asset Management**

A process of making decisions on how assets are used and cared for in a manner that manages current and future needs, considers risks and opportunities, and makes the best use of resources. This covers all asset types and includes all aspects of an asset's life cycle, for example: initial identification of requirements, purchasing options, acquisition, utilization, care & maintenance, renewal, and disposal.

**Asset Management Plan**

Is a document that specifies the activities, capital resources, and timescales required for an individual asset or group of assets to achieve the organization's asset management objectives.

**Asset Management Strategy**

Is the organization's approach to implementing the Asset Management Policy.

**Asset Management System**

Is the set of policies, people, practices, and processes that are used in the governance of assets.

**Capital Types****Capital Maintenance**

The activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life, for example: road patching, unsealed road grading, building and structure repairs.

**Capital New**

A new service or new asset that did not exist previously, eg: a new item of specialist equipment.

**Capital Rehabilitation / Renewal**

Mean works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and to extend its life, and which may incorporate some modification,  
or

Activities that return the service capability of an existing asset up to the capability which it had originally had, for example: pavement reconstruction, pipeline replacement.

**Capital Replacement**

Means the complete replacement of an asset that provides a similar or agreed alternative, level of service.

**Capital Upgrade**

Means activities taken to provide a higher level of service, for example: widening a road, replacing a utility pipeline with a larger size,

**Chief Administrative Officer (CAO)**

Is the person appointed by the Council to the position of Chief Administrative Officer (or his / her designate) for the Town of Bowden in accordance with the MGA and is the administrative head of the Town.

**Council**

Means the duly elected Municipal Council of the Town of Bowden.

**Critical Assets**

Are important assets that are considered to be critical in that there may be major consequences if they fail (eg: water or wastewater systems / infrastructure).

**Level of Service**

Is an expected level of performance of a service to be delivered including the expectations of the service recipient and a commitment to a specified level of performance. Service attributes include quality, reliability, responsiveness, sustainability, timeliness, accessibility, and cost.

**Life Cycle Costs**

Is the total cost of an asset over its life including planning, design, construction, acquisition, operation & maintenance, decommissioning and disposal.

**MGA**

Means the Municipal Government Act, RSA2000, Chapter M-26 (as amended over time).

**Operations & Maintenance (O&M)**

Means the function, duties and labour associated with the normal daily operations of an asset and the normal repairs, replacement of parts and structural components, materials and energy needed to preserve an asset in order that the asset continues to operate normally and achieves its expected life.

**Planned Preventative Maintenance (PPM)**

Means a scheduled maintenance routine for an asset to maintain the asset in accordance with manufacturers or operating guidelines so as to maintain the effectiveness of the asset.

**Risk**

In the context of asset management, the evaluation of the likelihood of an event occurring (breakdown, weather, unavailability of parts) that can cause an asset to fail and its potential impact on service delivery.

**Sustainable Service Delivery**

Means that community services are delivered or provided for in a socially, economically, and environmentally responsible manner (and that do not compromise the ability of future generations to meet their future service needs).

**Tangible Capital Assets**

Means an asset that has a definable monetary value and has physical form (opposite to intangible assets which have a theorized value).

**Town**

Means the municipal corporation of the Town of Bowden, its administrative staff, designated officers, and designated persons / authorities.

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### 3 SCOPE

Asset management as a tool allows the Town to consider present and future asset needs, which is essential in order to:

- support sustainable service delivery to the community,
- effectively maintain critical infrastructure such as water distribution, wastewater collection and transport links,
- achieve the recreational, cultural, economic, institutional, and social needs of the community,
- plan for the future infrastructure needs of the community,
- maintain financial sustainability that satisfy both investment needs and long-term funding plans.

This policy applies to areas of operational activity within the Town that plans, manages, or utilizes tangible assets for the delivery of services to the residents of Bowden.

Tangible assets are defined as having a useful life of more than one year and a value of more than \$5000.00 at the time of acquisition.

This policy does not replace in part or full any existing capital planning and budgetary management requirements but rather compliments and adds to best practice procedures and management principles.



Nothing in this policy (either by inclusion or omission) exempts the Town from any obligation, liability or accountability imposed by statutory regulation or enactment, including but not limited to, the Municipal Government Act, and public sector accounting standards and principles.

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## **4 AUTHORITY / RESPONSIBILITIES**

This policy requires commitment from both Council and Administration who have joint responsibility for the management of Town assets and the delivery of Town services.

### **4.1**

Council is responsible for:

- i. adopting (by resolution) this policy,
- ii. maintaining a high-level oversight of the management of the Town's assets,
- iii. approving capital expenditures,
- iv. assessing service level requirements and needs.

### **4.2**

The Chief Administrative Officer is responsible for:

- i. ensuring that resources are utilized and allocated to support the implementation of the asset management system,
  - ii. reporting to Council on the status, performance, and effectiveness of the asset management system,
  - iii. ensuring that operational and capital budgets align with the Asset Management Plan (operational budgets to employ a "full cost" accounting methodology whereby the complete end to end cost of maintaining an asset is considered and budgeted for).
  - iv. reviewing on an ongoing basis the Asset Management Strategy and the Asset Management Plan in order to ensure quality, accuracy, and relevancy,
  - v. aligning the Asset Management Strategy and the Asset Management Plan with other strategic plans, for example, the Inter Municipal Development Plan.
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## **5 POLICY STANDARDS**

### **5.1 Sustainable Service Delivery**

Sustainable service delivery needs will be met by ensuring that adequate provision is given to the long-term planning, financing, operation, maintenance, repair, renewal, upgrade, replacement, and disposal of capital assets.

### **5.2 Fundamental Principles**

The following asset management principles will be adopted (where relevant or applicable) within the Town's Asset Management Strategy to ensure maximum value is realized across the complete asset base:

#### **Aligned:**

Ensuring that the Asset Management Strategy compliments all strategic objectives of the Town including other relevant and influencing policies, regulation, and enactments.

#### **Sustainable:**

Undertaking a long term, lifecycle-based approach in developing asset investment strategies.

#### **Systematic:**

Adoption of a methodical approach to the management of assets.

**Risk Based:**

Management of assets based on attaining levels of service and focussing resources, expenditures and priorities based on risk and associated cost / benefit.

**Optimal:**

Making relevant asset investment decisions that may be based on trade-offs between competing factors of service level, risk, and cost,

**Holistic:**

Adoption of a “big picture” approach that includes examining asset interdependencies, and the management of assets across all lifecycle phases.

**Management:**

Adoption of management practices that effectively translate the Town’s high-level objectives and aims into decisions, plans, activities, and deliverables.

**Leadership:**

Adopting an organizational culture that embodies a realization of care for all Town assets by providing where necessary policy awareness, operator competencies, and planned preventative maintenance schedules.

**Assurance:**

Provision of assurances that assets will fulfil their required purpose.

**Value:**

Recognition that assets exist to provide value to the Town, its residents, and stakeholders and those assets should be procured, delivered, and maintained in a cost-effective manner,

**Integrated:**

Coordinating all the above principles to ensure the delivery of cost-effective services and well-defined outcomes.

**5.3 Policy Requirements**

The following requirements form part of this policy.

- i. A documented Asset Management Strategy and Asset Management Plan must exist that compliment each other and this policy,
- ii. The asset management standards and principles as defined in this policy should be adopted and integrated into all planning and operational processes,
- iii. The Asset Management Strategy and Asset Management Plan should receive an annual review of its relevancy, effectiveness, and completeness,
- iv. Appropriate actions should be taken to implement necessary changes for non conformance and / or corrective action required following any review of the Asset Management Strategy and Asset Management Plan,
- v. The asset management system must adopt appropriate / best practices for the sourcing, purchasing, maintenance and disposal of any assets,
- vi. Asset renewal plans will be prioritized and implemented based on agreed levels of service and the effectiveness of the current assets to provide for those service levels,
- vii. All decisions relating to the provision of new assets and the upgrade of existing assets must consider the total life cycle costs of the asset,
- viii. An annual review must be made of all assets to ensure that the assets are managed, valued, and depreciated in accordance with asset management best practices and accounting standards,

- ix. An annual review must be made of all assets to ensure agreed levels of service are being maintained and to identify asset renewal policies,
- x. Where an asset requires ongoing maintenance in order to ensure their long-term effectiveness a Planned Preventative Maintenance (PPM) agreement must be put in place and included as part of the asset's life cycle costs.
- xi. Asset renewals and disposals will be agreed through the Town's budgetary process, funded in the annual capital budget and the funding sources will be identified,
- xii. Planned Preventative Maintenance agreements for appropriate key assets will be identified in the Town's budgetary process, and will be funded in the annual operational budget,
- xiii. Assets should be sourced with consideration of all relevant factors (not just cost) including supply chain lead times, project management costs (if applicable), financial funding sources, staff competencies & training requirements, compatibility (with other assets), environmental considerations, recommendations, software / instrumentation requirements, and health & safety matters.

## 6 NON-COMPLIANCE (CONSIDERATIONS)

A failure to adopt the principles of sound asset management practices may lead to:

- a risk that the Town fails to invest in new infrastructure and equipment and in doing so compromises the safety and long-term delivery of services,
- the risk of an inability to maintain and replace aging (fully depreciated) assets,
- conflicting investment priorities,
- a failure to meet service delivery standards, and operational inefficiencies (particularly where ongoing operation and maintenance costs are not accounted for in the initial capital ask)
- the inability to finance new asset acquisitions,
- a misalignment of the Town's Capital Plan with the Town's Asset Management Policy.

## 7 SUPPLEMENTARY INFORMATION

### 7.1 Additional Information

Questions or concerns relating to this Policy should be directed to the Chief Administrative Officer:

**Tel:** 403 224 3395  
**E-mail:** cao@bowden.ca

### 7.2 Related Documentation

Town of Bowden Asset Management Strategy  
 Town of Bowden Asset Management Program Terms of Reference  
 Town of Bowden Asset Management Plan

### 7.3 Policy Specifics

<b>Policy Number</b>	02 / 2023
<b>Policy Title</b>	Asset Management Policy
<b>Policy Type</b>	Council Policy
<b>Supersedes / Revokes</b>	Policy 02 / 2021
<b>Policy Passed</b>	Regular Council Meeting of 24 April 2023
<b>Council Resolution</b>	7.a
<b>Date Effective</b>	Immediate upon signing by Mayor & CAO
<b>Policy Review Date</b>	As required / at least annually
<b>Distribution:</b>	Town of Bowden Web Site Asset Management Team



#### 7.4 Policy Revision History

	Date	Description of Change	Section	Approved by
1	April 2023	General revision & review following attendance and completion of asset management workshops and activities.	All	Council & CAO
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#### 7.5

Signed:

Robb Stuart  
Mayor

Rudy Friesen,  
Chief Administrative Officer