

Rural Municipality of Heart's Hill No. 352

Box 458 Luseland, Saskatchewan S0L 2A0
Phone 306 372-4224 E-mail rm352@sasktel.net Fax 306 372-4770

ASSET MANAGEMENT STRATEGY

Approved by Council – August 9, 2018
Review Date – June 2022

X

Reeve. Gordon Stanq

X

Temporary Administrator, Calvin Giqqs

Revised: January 8, 2021

EXECUTIVE SUMMARY

BACKGROUND – An Asset Management Strategy provides an overview of Asset Management, its principles and expected benefits from adopting Asset Management.

RISKS CRUCIAL TO COUNCIL’S OPERATIONS – The overall purpose of the Asset Management Strategy is to understand the cause, effect and likelihood of adverse events occurring, to manage such risks to an acceptable level and to provide an audit trail for the management of risks.

ASSET MANAGEMENT CAPABILITY – An Asset Management Strategy is a high level but very important document that guides the overall Asset Management activities within an organization. Being a strategy, it means to explore long-term issues and ensure the overall plan is limited to key “strategic” issues of the Municipality.

STRATEGY OUTLOOK – An Asset Management Strategy should be a strategy for identifying and implementing a more cost effective way of providing and maintaining assets and make the R.M. of Heart’s Hill No. 352 a better place in which to live.

ASSET MANAGEMENT IMPLEMENTATION – The Asset Management Strategy is to be implemented after consultation between the Council and the Administrative staff, ensuring that an appropriate level of service is provided for the ratepayers of the R.M. of Heart’s Hill No. 352.

1. INTRODUCTION

The R.M. of Heart's Hill No.352 is already performing a form of Asset Management: they operate their assets, maintain and repair on a regular basis and plan for future maintenance needs. However, this is viewed as taking a reactive approach to Asset Management rather than a proactive approach.

Asset Management helps bring together people, skills and technological advances across the organization to solve service and infrastructure problems: engineers, planners, administration and elected officials.

The Government of Canada has provided the Gas Tax Fund as a means of helping communities with the infrastructure challenges they face. They realize the infrastructure challenges that this nation faces as a whole. The Government of Saskatchewan has made it mandatory that Municipalities in Saskatchewan adopt an Asset Management Policy and Strategy by June 30, 2018. Those Municipalities that do not comply risk losing their Gas Tax funding.

The R.M. of Heart's Hill No. 352 must first adopt an Asset Management Policy followed by the development an Asset Management Strategy. From these two documents, the Asset Management Plan will be formed, and lastly the planning culminates in a Long-Term Financial Plan.

2. WHAT ASSETS DO WE HAVE?

The R.M. of Heart's Hill No. 352 has key asset classes such as:

- Transportation Assets, including paved and graveled roads, culverts
- Machinery and Equipment
- Buildings

Other assets and service areas of the RM include:

- Employees
- Technological equipment
- Gravel pits – Rights to

3. COUNCIL'S ASSETS AND THEIR MANAGEMENT

As our Municipality has developed, there has been an increased demand to upgrade our road infrastructure. Balancing Municipal future growth expectations, aging infrastructure and potential service disruption against the limited funding available to Municipalities requires diligence. To insure our communities are sustainable and resilient action needs to be taken.

The R.M. of Heart's Hill No. 352 assets center around transportation services to the ratepayers of the Municipality. Assets to provide these services include Municipal roads- paved, gravel and dirt surfaces, machinery and equipment, and buildings. The Municipality has invested in paved roads to provide an increased level of service for all road users including ratepayers and in the Oil/Commercial Industry to transport their products to markets. Grid surfaces are constructed and maintained to provide for travel and access to farm residences, farmlands, acreages, and oil/commercial developments. Paving projects are considered during the budget process with attention given to factors such as traffic count data and availability of conditional Provincial grants. Machinery and equipment is updated from time to time based on factors such as condition, remaining warranty and cost of replacement. Buildings are regularly maintained and additions added from time to time when assessing factors such as the capacity to accommodate existing employees and equipment and work environment safety

4. WHERE DO WE WANT TO BE? COUNCIL'S MISSION, GOALS & OBJECTIVES

The R.M. of Heart's Hill No.352's goal is to meet the defined level of service (as amended from time to time) in the most cost effective manner for present and future generations.

Objectives are:

- To take a lifecycle approach to maintain the R.M. of Heart's Hill No.352's assets to agreed levels of service at the lowest cost possible for each year of its useful life
- To manage the impact of growth through demand management and infrastructure investment
- To monitor performance by including technologies that may assist in the collection of data to support and answer asset management concerns or even to compel change
- To identify, assess and appropriately control risks
- To provide a linkage to a long-term financial plan which identifies required, affordable expenditures and outlining how it will be allocated.

HOW ARE WE GOING TO DO IT? ASSET MANAGEMENT ACTIVITIES

Year One (2018)

- Define Level of Service
- Develop an Asset Management Policy & Strategy
- Add the current condition & desired condition of assets to the Asset Register
- Begin developing individual Asset Management Plans per major Asset Classes

Year Two (2019)

- Develop a risk framework
- Report on replacement costs for all assets
- Data collection relating to replacement and operations/maintenance
- Add an Improvement Plan within the Asset Management Plan as required
- Continue developing individual Asset Management Plans per major classes

Year Three to Five (2020 – 2022)

- Develop proposed replacement schedules
- Develop a long-term financial plan by linking the capital and operational plans
- Identify the funding gap between current and desired condition for completed asset classes

A review of the current condition of the assets must occur. In 2009, an inventory of the capital assets was undertaken. The next step is to expand on that by reviewing:

- Where it is? (inventory)
- What is it worth? (costs/replacement rates)
- What condition is it in and what is its remaining service life? (condition and capability analysis)
- What is our confidence level of available data?
- What is the level of service expectation and what needs to be done? (capital and operating plans)
- When do we need to do it? (capital and operating plans)
- How much will it cost and what is the acceptable level of risk? (short and long term financial plan?) Does it need to be prioritized or managed?
- What is our funding shortfall? Current plan to fund that gap.
- What are the funded and unfunded needs over the next 10 years for the total infrastructure class of assets.

This review shall be undertaken by the Administrator, Assistant Administrator, Foreman, and Council.

5. FINANCIAL SUMMARY

In order to deliver affordable services, we will need to ensure that we set aside sufficient funds to operate, maintain and replace our assets. Once we develop and complete our Management Plan for all of our asset classes, we will have a greater understanding of the gap between the current and desired conditions.

We will then re-evaluate the level of service that we are capable of providing. If we are unable to fill this gap, we will run the risk of running higher operating costs, adversely impacting the environment, increasing the risk to public health and safety, a loss economic potential and productivity and higher capital costs in the future.

CONCLUSION

The Asset Management Strategy is the template for the Asset Management Plan. All documents regarding Asset Management form part of our life cycle approach to Asset Management and should be reviewed and revised as needed. Our hope our decisions become strategic by understanding of levels of service, risks, demands and costs of all of our assets.

The goal is review and revise the Strategy annually with a comprehensive review done by June 2022.