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**Item No. 15.1.4**  
**Halifax Regional Council**  
**June 18, 2024**

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed

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Cathie O'Toole, Chief Administrative Officer

**DATE:** April 24, 2024

**SUBJECT:** **Corporate Asset Management Policy**

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**ORIGIN**

This report originates from staff.

**LEGISLATIVE AUTHORITY**

*Administrative Order Number 54 Respecting the Procedures for Developing Administrative Orders*

*Halifax Regional Municipality Charter*

**s. 2** The purpose of this Act is to

- (a) give broad authority to the Council, including broad authority to pass by-laws, and respect its right to govern the Municipality in whatever ways the Council considers appropriate within the jurisdiction given to it;
- (b) enhance the ability of the Council to respond to present and future issues in the Municipality; and
- (c) recognize the purposes of the Municipality set out in Section 7A.

**s. 7A** The purposes of the Municipality are to:

- (a) provide good government;
- (b) provide services, facilities and other things that, in the opinion of the Council, are necessary or desirable for all or part of the Municipality; and
- (c) develop and maintain safe and viable communities.

**s.34 (3)** The Council shall provide direction on the administration, plans, policies and programs of the Municipality to the Chief Administrative Officer.

**Recommendation on page 2**

- s.58 (1) The Council shall make decisions in the exercise of its powers and duties by resolution, by policy or by by-law
- s. 59 (3) In addition to matters specified in this Act or another Act of the Legislature, the Council may adopt policies on any matter that the Council considers conducive to the effective management of the Municipality.

### **RECOMMENDATION**

It is recommended that Halifax Regional Council adopt Administrative Order 2024-003-ADM, the *Corporate Asset Management Policy*, as set out in Attachment 1 to this report.

### **BACKGROUND**

The Asset Management Office (AMO) was operationalized in 2018 to support HRM and its business units in the creation of an asset management (AM) system and to facilitate AM governance and ownership. The AMO has been working diligently with staff and stakeholders to develop AM maturity over the past number of years in anticipation of the future adoption of an AM system. Its mission has been to setup the business units for success by supporting their operational asset data needs and collaborating on their long-term capital & financial planning strategies. In the time leading to the submission of this report to council, the AMO has been collaborating with key staff to educate and discuss the future of the AM program. This report provides a brief review of the implications and benefits of adopting the proposed *Corporate Asset Management Policy*.

### **DISCUSSION**

#### Why HRM needs a Corporate Asset Management Policy

An Asset Management Policy is a core requirement of an AM system. Its endorsement at the highest level instructs the Municipality on the guiding principles that will drive the AM system moving forward. The underlying principles will tie asset management to the larger municipal objectives established by Council, such as those in the Plan on a Page. It will provide a formal and consistent guidance to the organization throughout council transitions and other organizational changes, but also have the flexibility to evolve over time as the priorities change across HRM. It is the first major step in the adoption of an overarching AM system and paves the way for development of future documents such as the Asset Management Strategy and Asset Management Plans.

#### What are the benefits to the organization?

Adopting an AM policy spreads awareness and signifies at the highest level that the Municipality is committed to asset management as a business model, promoting continuous improvement. It helps set the standard of what is considered good practice and sets clear expectations and direction to reach this goal. The policy will also better position the AMO to support the business units regarding the management of their assets and provide a strong catalyst for a wide variety of business improvement activities. It unifies the business units' decision-making processes under one document, which will provide more opportunities for sharing of information and resources across departmental boundaries, improving the quality of our asset data and reports.

#### How will this affect Council?

Key aspects of Council's decision-making and planning that are expected to be affected are:

- Shaping the capital budget to be focused on the best decisions for the longevity of our assets with enhanced asset data being available.

- Increasing decision-making accountability and transparency by providing Council with a more uniform asset data reporting structure across the organization. Increased ability to justify budget decisions when comparing competing projects.
- Increasing reliability and resiliency of our service delivery by improving our asset information and incorporating more data in the decision-making process such as risk management and targeted Levels of Service. With these inclusions we can ensure we are creating sustainable budgets and keeping our communities safer.
- Spreading awareness to the public – with proper asset reporting Council will have an improved ability to engage with the public regarding service expectations, the costs of different service options, and willingness to pay for services changes.
- Realizing more value from our assets by being better asset stewards. Better understanding of our asset needs and growth means that we can more confidently provide Council with the best information possible to set sustainable budgets and tax levels.
- Further the commitment to the HalifACT initiative through asset management planning for natural assets and explicit consideration of climate change impacts in long-term planning.

### **FINANCIAL IMPLICATIONS**

The Corporate Asset Management Policy does not create new financial implications. It will bring structure to the analysis of asset lifecycle cost and inform the Municipality's long-term capital planning, as well as operations planning. The policy will provide direction on developing methodologies to evaluate costs of varying level of service options.

### **RISK CONSIDERATION**

Adopting the Corporate Asset Management Policy does not give rise to new risks. The policy is meant to encourage systematic review of risks and development of strategies to mitigate risks associated with asset ownership and operation over the lifecycle of those assets.

### **COMMUNITY ENGAGEMENT**

No community engagement was required.

### **ENVIRONMENTAL IMPLICATIONS**

The Corporate Asset Management Policy includes inventorying and creating asset management plans for HRM's natural assets such as forests and wetlands, just the same as will be done for constructed assets. The practice of asset management also means explicitly considering the impacts of climate change on both natural and constructed assets and how to mitigate those impacts, particularly as the Municipality seeks to replace or rehabilitate aging assets.

### **ALTERNATIVES**

Regional Council could choose to:

1. Recommend modifications to the attached policy; recommendations should align with asset management industry best practices.
2. Refuse to adopt the recommendations and continue to support asset management practices within HRM without an overarching policy.

**ATTACHMENTS**

Attachment 1 – Administrative Order 2024-003-ADM Corporate Asset Management Policy

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

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**HALIFAX REGIONAL MUNICIPALITY  
ADMINISTRATIVE ORDER NUMBER 2024-003-ADM  
RESPECTING MUNICIPAL INFRASTRUCTURE DECISION-MAKING**

**BE IT RESOLVED AS AN ADMINISTRATIVE ORDER** of the Council of the Halifax Regional Municipality under the authority of the *Halifax Regional Municipality Charter*, as follows:

**Short Title**

1. This Administrative Order may be known as the “*Corporate Asset Management Policy*”.

**Interpretation**

2. In this Administrative Order,

(a) “asset” means a physical item, thing or entity that has potential or actual value to the Municipality, where the value may be tangible or intangible, and financial or non-financial;

(b) “asset class” means a group of assets having a similar nature or function in the operations of the Municipality;

(c) “asset lifecycle” means the succession of stages and activities that an asset goes through while it retains an identity as a particular asset and includes but is not limited to planning, design, operation, decommission and disposal, which may be expressed by the diagram at clause 4(4) of this Administrative Order;

(d) “asset lifecycle management” means a process which is designed to ensure assets are appropriately managed throughout their lifecycle including but not limited to planning, design, operation, maintenance, decommission and disposal of assets, having an intention to realize the complete value from assets at all stages over their entire lifecycle and which may be expressed by the diagram at clause 4(4) of this Administrative Order;

(e) “asset management” (AM) means a systematic and multi-disciplinary approach to managing an asset over the different stages of its asset life cycle while minimizing whole life costs;

(f) “Asset Management Office” means the business unit within the Finance and Asset Management Department or such other Department the CAO determines which has the responsibility to coordinate asset management activities corporately;

(g) “asset management plan” means a document for assets that outlines the asset activities and programs for a service area and resources applied to provide a defined level of service in the most cost-effective way;

(h) “business unit” means a division of a department;

(i) “CAO” means the Chief Administrative Officer of the Municipality;

(j) “Capital Steering Committee” means the committee comprised of the CAO and all department Executive Directors tasked with overseeing capital planning for the Municipality;

(k) “Council” means the Regional Council of the Municipality;

(l) “Department” means a department of the Municipality established by the CAO;

(m) “Executive Director” means the position determined by the CAO to be the head of a department of the Municipality, and who is accountable to the CAO under section 36 of the *Halifax Regional Municipality Charter*;

(n) “Finance & Asset Management” means the department which oversees financial activities including taxation, budgeting, accounting, and asset management;

(o) “IT” means the business unit which oversees information technology on behalf of the Municipality;

(p) “Member” means a Member of the Council;

(q) “Municipality” means the Halifax Regional Municipality;

(r) “municipal infrastructure” includes infrastructure that supports the provision of municipal services, and includes street lighting, traffic lights, traffic signs and other municipal signs;

(s) “natural asset” means a natural feature, resource or ecosystem that is relied upon, managed, or could be managed by a Municipality for the provision of one or more municipal services, and includes but is not limited to parks, trees, and wetlands.

(t) “Service Level” means the parameters that describe the activity outputs or objectives the Municipality delivers and includes safety, customer satisfaction, capacity, reliability, and frequency;

(u) “street” means a street as defined by 3(bu) of the *Halifax Regional Municipality Charter*, and

(v) “traffic control signal” means a traffic control signal as defined by clause 3(bt) of the *Motor Vehicle Act*.

### **Purposes**

3. The purpose of this Administrative Order is to guide asset management, including,

(a) providing a systematic approach to ensure that the Municipality’s diverse portfolio of assets is safe, reliable and managed in a cost-effective manner;

(b) acknowledging that the Municipality has a large and diverse portfolio of assets which represent a significant investment in the communities of the Municipality and are integral

to delivery of municipal services;

(c) complementing and supporting the requirements contained in applicable municipal legislation;

(d) providing notice to the Members and the citizens respecting the Municipality's asset management procedures;

(e) demonstrating how asset management will be integrated into the Municipality;

(f) emphasizing the long-term consideration of short-term decisions by considering the impacts on the entire asset lifecycle;

(g) improving decision-making accountability and transparency;

(h) reducing life cycle costs while maintaining appropriate levels of service;

(i) linking asset investment decisions to desired service outcomes;

(j) mitigating and managing risk associated with owning and operating assets; and

(k) creating and sustaining asset management awareness throughout the organization by providing training and development to all employees.

#### **Application**

4. (1) This Administrative Order applies to all the departments that manage the Municipality's assets.

(2) Assets included within the scope of this policy include,

(a) streets, including bridges and sidewalks;

(b) traffic control signals and other municipal infrastructure;

(c) structures, including buildings;

(d) parks, sport fields, playgrounds, and trails;

(e) vehicles, vessels equipment, and machinery;

(f) natural assets; and

(g) any other physical asset used by any department.

(3) This Administrative Order is complimentary to existing strategic initiatives, business planning and budgeting, and applies to all activities associated with asset lifecycle management.

(4) For greater certainty, asset lifecycle and asset lifecycle management may be expressed as follows:



### **Roles and Responsibilities**

#### **Capital Steering Committee and Asset Management Office**

5. The Capital Steering Committee shall:

(a) review and recommend to Council long-term financial plans to support asset lifecycles as part of the capital budget process;

(b) with support by the departments, report to citizens on the status of the Municipality's assets and asset management program;

(c) with support by the Asset Management Office, review this Administrative Order every two years and may recommend amendments to Council for its consideration.

6. The Asset Management Office:

(a) may determine the scope of the application of any part of this Administrative Order applicable to a Department;

(b) may make a recommendation to the CAO regarding the applicability of this Administrative Order to a Business Unit;



(c) with support from the Capital Steering Committee, shall develop and maintain an Asset Management Strategy.

7. The Asset Management Strategy shall

(a) establish, and adhere to, industry recognized asset management protocols;

(b) define levels of service that balance customer expectations with risk, affordability and timing constraints;

(c) adopt risk-based decision-making processes that consider the likelihood of asset failure and the consequence of a failure with regards to impacts on safety and levels of service;

(d) develop asset management knowledge and competencies aligned with recognized competency frameworks to be determined by the Asset Management Office;

(e) require asset lifecycle costing when evaluating competing asset investment needs across municipal assets;

(f) monitor the performance of the assets and track the effectiveness of asset management practices with a view to continuous improvement;

(g) set the timelines for the departments to complete asset inventories, create management asset plans, and future reviews of the complete plans.

### **Departments**

8. (1) Once the asset management strategy is developed, each department, with the support of the Asset Management Office and IT, shall create, develop and maintain asset inventories.

(2) Once the asset inventory is created, the department, supported by the Asset Management Office, shall develop and maintain asset management plans by asset class.

9. Each department shall:

(a) with support from the Asset Management Office and IT, assess infrastructure condition and service levels relevant to the assets falling within their responsibility;

(b) establish asset replacement strategies using the asset lifecycle costing principles and levels of service;

(c) with support from Finance & Asset Management, develop and maintain financial plans to support the operations, maintenance, rehabilitation, replacement, and decommissioning of assets.

10. Departments shall dispose of surplus assets in accordance with all applicable policies and legislation of the Municipality, including Administrative Order Number 50, the *Disposal of Surplus Real Property Administrative Order* and Administrative Order Number 2020-003-ADM, the *Surplus Assets Policy*.

### **CAO**

11. The CAO:

(a) shall maintain a department, or a business unit, to lead the development of asset management tools and practices and to oversee their application across the Municipality; and

(b) may, in the event of a conflict between this Administrative Order and any other legislation or policy of the Municipality, determine the applicability of this Administrative Order;

(c) may seek funding and service delivery opportunities to address infrastructure investment pressures; and

(d) may provide updates, from time to time, to Council on the state of the Municipality's assets and forecasted trends every two years, unless otherwise directed by the Asset Management Office.

### **Key Asset Management Principles**

12. The Municipality shall, with respect to this Administrative Order:

(a) Make financially informed decisions associated with asset decisions, identifying all revenues and costs, including operation, maintenance, replacement and decommissioning;

(b) Integrate corporate, financial, business and technical planning for assets;

(c) Establish organizational accountability and responsibility for asset inventory, condition, use, maintenance and performance by documenting those responsibilities and reporting on performance;

(d) Consult with internal and external stakeholders where appropriate;

(e) Define and articulate service, maintenance, and replacement outcomes in asset management plans;

(f) Manage assets such that they are financially, environmentally, and socially sustainable based on levels of service as approved by Council;

(g) Minimize total asset life cycle costs through preventative maintenance while maintaining levels of service as established by Business Units and approved by Council;

(h) Consider goals relating to environmental, resiliency and climate change when acting pursuant to this Administrative Order;

- (i) Consider social and sustainability goals as well as intergenerational equity when acting pursuant to this Administrative Order;
- (j) Minimize risks and liabilities when acting pursuant to this Administrative Order;
- (k) Pursue best practices where available, as determined by industry standards; and
- (l) through the Asset Management Office, report the performance of its asset management function to the Capital Steering Committee annually.

Done and passed in Council this      day of      , 2024.

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Mayor

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Municipal Clerk

I, Iain MacLean Municipal Clerk of the Halifax Regional Municipality, hereby certify that the above noted Administrative Order was passed at a meeting of Halifax Regional Council held on      , 2024.

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Iain MacLean, Municipal Clerk