

FIN 2.19 Asset Management

Policy

The systematic tools of asset management promote the City's Anti-Racism, Equity, Transparency, Communication, Collaboration, and Fiscal Responsibility Core Values. Asset management shall be required of all bureaus (defined as any City bureau, agency, office, project or program) that manage capital assets as defined in [FIN 6.11 Capital Assets](#).

The City shall employ comprehensive asset management practices based on a life-cycle approach to managing City assets and that support a balanced approach to decision-making, considering level of service, cost of service, risk mitigation, and community expectations. Proactive, authentic, and structured stakeholder outreach, especially to historically underrepresented communities, is necessary to understand and guide the inherent tradeoffs.

This policy expands on principles detailed in [FIN 2.03 Financial Planning](#); sets minimum requirements; and recommends Citywide asset management roles, responsibilities, and direction.

Principles

Asset management is an embedded framework guiding all asset investment decisions; it is not a stand-alone program, project, or initiative, nor is it an outcome to evaluate against other strategic objectives, but rather a comprehensive approach to making the best decisions in managing large portfolios of capital and natural assets. The goal of asset management is to obtain the best financial return for the public while delivering required service levels, at the least life cycle cost, and at an acceptable level of risk.

Each City bureau that manages capital assets as defined in [FIN 6.11 Capital Assets](#) shall:

- **Use asset management as a tool to advance the City's racial equity goals.**
- **Strive for continuous improvement through routine, structured processes; including benchmarking against best-in-class organizations.**
- **Consider "full costs" in asset investment decisions, including related internal services costs, and indirect costs, impacts related to racial equity and benefits arising from social and environmental impacts.**

- **Commit to asset management as shown through governance and enforcement of principles, policies and best practices that enable asset management.**
- **Identify the assets they manage in an asset hierarchy at a level of detail sufficient to guide the repair, rehabilitation, replacement, and other investment decisions.**
- **Document the condition, performance, utilization, and costs (including historical purchase, installation, or construction cost; life cycle operations and maintenance costs; and current replacement costs) of its assets.**
- **Use this information to inform equitable capital investment decisions.**
- **Have ready access to appropriate asset data and knowledge through corporate information systems.**
- **Understand the relationship between different levels of service and the respective life-cycle costs, with a performance management process that routinely supports striving for the optimum balance between capital expenditures (CAPEX), and operating expenditures (OPEX), risk management, and level of service.**
- **Develop long term financial projections for capital and operating programs.**
- **Document current and future level of service metrics (quantity and quality) and ensure they are well understood and accepted by all levels of our organization and by stakeholders.**
- **Identify, prioritize and monitor assets that are critical to meeting service levels and makes every reasonable effort to avoid their failure.**
- **Recommend expenditures and investments that reduce the City's risk profile and advance equity.**
- **Only recommend capital projects with the resources to operate, maintain and replace the resulting assets over the assets projected life-cycle.**
- **Document and communicate asset management roles and responsibilities throughout the bureau, across the City, and in other directly relevant organizations.**
- **Include asset management training and skill development programs, including methods to diversify the profession and practice of asset management.**
- **Report comprehensively and transparently on asset performance and costs at least annually and seek input on performance from stakeholders, including on key individual projects and programs.**
- **Produce asset management plans to manage the asset portfolio over the longest life-cycle of the assets within the asset portfolio.**

- **Structure its organization to enable effective asset management as defined by ability to meet all the above principles.**

Governance and Accountability

City Council

City Council shall approve strategic service level targets, and through the annual budget process, shall allocate resources/trade-offs to ensure equity, service delivery, livability, economic development, , and environmental goals are met.

Bureau Directors

Each bureau director shall support a robust asset management program, including assigning asset management responsibilities and completing annual budgets and long-term workplans that include relevant performance objectives.

In keeping with the principle that asset management is an overarching approach and not a stand-alone program, assignments should not be limited to designated asset management staff but instead permeate the whole organization's decision-making structure, including frontline staff. Essential responsibilities, performed by various roles within an organization, include but are not limited to:

- Overseeing asset management maturation.
- Implementing asset management training and professional development.
- Determining service levels and associated resource requirements.
- Establishing maintenance and inclusive design standards, as well as variance authority.
- Managing an asset inventory and condition information in a computerized database.
- Articulating and approving risk tradeoffs within and across asset categories.
- Developing capital budgets and determining project prioritization.
- Developing technical and financial alternatives and lifecycle cost analyses for all capital projects.
- Developing and implementing Asset Management Plans, as defined by the [International Infrastructure Management Manual](#).

Citywide Asset Managers Group

All capital-asset owning bureaus shall participate in the Citywide Asset Managers Group (CAMG) or appropriate sub-group to share relevant best practices, address issues of citywide concern, coordinate issuance of citywide asset management reports, and peer-review bureau

programs. Bureaus with relatively smaller asset portfolios may designate a proxy to the CAMG. The CAMG will adopt an asset management framework and maturity model that will be used for training purposes and benchmarking bureau asset management program maturity.

The CAMG shall standardize and annually report bureau-specific and citywide information to the City Council, including:

- Progress implementing the asset management principles, listed above.
- Current service level goals and attainment.
- Portfolio condition, risks, future renewal liabilities (expressed in life-cycle cost terms) and estimated current replacement cost.
- Future funding requirements and projections.
- Estimated costs to close service level gaps.
- Anticipated resource gaps: funding, FTEs, other.
- Asset management contribution to City Racial Equity Goals

Additional Bureaus

- *Office of Management and Finance* – Deputy Chief Administrative Officer serves as the Executive Sponsor for the CAMG and related Citywide work. Sponsors asset management policies and supports citywide strategies to close resource gaps.
- *City Budget Office* – Holds bureaus accountable for compliance with asset management policies and procedures through budget and supplemental analyses.
- *Bureau of Planning and Sustainability* – Provides bureaus with information about policy goals, long term future trends and issues, and growth management. Maintains the 20-year Citywide System Plan (aka “Public Facilities Plan”) and the Urban Services Boundary as a state-required element of the City’s Comprehensive Plan, and ensures it reflects bureau capital plans and asset management practices.
- *Bureau of Technology Services* – Partners with bureaus on implementation of technology roadmaps for asset management. Bureau owner for certain Citywide technologies
- *OMF Business Operations* – Partners with bureaus to identify all related internal service costs for asset management activities.
- *Bureau of Human Resources* – Updates relevant classification specifications with asset management knowledge, skills, and abilities. If warranted, create new asset management classifications. Coordinate the implementation of a citywide asset management training program (content developed and delivered by CAMG members).

Provides guidance to City Council on evaluating bureau director performance for asset management, as appropriate.

- *Procurement Services* – Incorporates asset management considerations, such as lifecycle cost and risk management considerations, into procurement approaches, tools, and decisions.
- *Office of Equity and Human Rights* – Reviews and approves proposed approaches to incorporate an equity lens in citywide asset management processes such as annual reporting and capital set-aside project prioritization.
- *Portland Bureau of Emergency Management* – Partners with bureaus to build resilience into asset management practices and operations.

By working together, these structures for asset management will continue to blossom citywide capacity to deliver the high-quality and sustainable infrastructure on which Portlanders depend.

Framework

The following components comprise a complete asset management framework for a City bureau.

[Asset Inventory](#)

Each bureau inventories the assets it owns, including all those for which it has legal responsibility, and maintains an accurate computerized register developed around a hierarchy that supports timely and comprehensive asset management functions. Assets are to be recorded in the City's Enterprise Resource Planning system and reported in the City's Comprehensive Annual Financial Report in accordance with [FIN 6.11 Capital Assets](#).

[Condition Assessment](#)

Each bureau gathers, records, and analyzes condition assessment data, on an approved periodic basis. Industry best practices may dictate more frequent assessments. Data is stored using computerized systems and maintained to realize a high confidence level in the data and results. Each bureau shall also establish and maintain a quality assurance and quality control (QA/QC) program to assure data integrity. These assessments help ensure city-wide consideration of service-gaps along with benefitting demographics, rather than relying on anecdote or advocacy.

[Maintenance](#)

Each bureau has a detailed maintenance policy, procedures and schedule for all assets and manages them in a Computerized Maintenance Management System (CMMS) or Enterprise Asset Management System (EAMS) to ensure they meet the intended service level and achieve their full expected service life and promote a more equitable intergenerational investment and consumption of infrastructure

Capital Improvement Planning

Each bureau plans its infrastructure investments to meet current and future levels of service given the expected lives of its assets, and requests adequate resources in the budget process for rehabilitating existing assets and constructing new assets with an understanding and commitment to the operations and maintenance, modernization, capital repair and replacement funding necessary to cover assets' intended lifecycles.

Levels of Service

Levels of service define what assets are required to do and determine if they are in-fact doing it. Each bureau defines equitable service levels and requests commensurate budget resources to achieve sustainable service delivery. Bureaus coordinate to ensure defined levels of service are stated within the City's Citywide System Plan, the Transportation System Plan, and the Comprehensive Plan, as required by state comprehensive planning statutes and administrative rules. Each bureau understands and records its current levels of service and reports its performance in meeting these in their asset management plans. These plans include service level options, including non-asset solutions, and costs. Each bureau assesses the impact of asset non-performance in terms of the social, environmental, legal and financial consequences of not meeting community expectations.

Financial Planning

Each bureau understands the value and costs of its assets and the financial resources needed to sustain them over the short- and long-term. Each bureau considers total life cycle costs and has appropriate funding strategies that match its business needs for current and future levels of service. Each bureau measures and reports the full economic cost and value of its activities.

Risk Management

Each bureau monitors, understands, and manages risks to service delivery stemming from its asset portfolio and makes appropriate trade-off decisions to ensure continued service delivery. Business risk assessment is exercised on several levels: strategic, operational, and tactical. Each bureau ensures that its policies, processes and practices reflect the City's commitment to asset risk management. Bureaus shall employ a conservative approach to public and employee safety, erring on the side of caution. Bureau's shall consider historical inequities when considering *who* bears the risks.

Asset Management Reporting

Each bureau reports and communicates its overall performance in environmental, social, financial, and technical terms in periodic asset management plans and plan updates. Included in these plans are information on the asset portfolio, current and future level of service targets, risk profile and risk management plan, and a current and future financial needs analysis for the entire asset portfolio. Asset management plans are intended to inform stakeholders about the true needs of the infrastructure portfolio and inform budget decisions for each bureau.

Innovation

Asset management is a process of continuous improvement. Each bureau shall work to identify innovative technology, financing options, improved business practices, information management tools and partnerships to accelerate the maturation of their asset management delivery.

Equity

Asset management is a tool to help achieve equitable outcomes. Data-driven analysis can highlight inequitable provisioning or quality of service. Intergenerational equity regarding capital assets occurs when the current users of the assets or service are paying the full costs. Asset management techniques such as comprehensive condition assessment, lifecycle budgeting, contextual prioritization, and balancing the use of debt to help advance the City's racial equity goals.

Information Management

Equitable service and Asset management depend on having widespread access to accurate, timely, and sufficient information to make well-informed lifecycle decisions. This therefore requires bureaus to design and operate information management systems in a manner that efficiently and effectively integrates analytics and decision-making. Asset information is a combination of data about assets and their use, required to inform decisions about how they are managed, both for short-term operational purposes and for long-term strategic planning. It enables strategic planning across the asset portfolio and encourages the informed use of resources.

Asset-owning bureaus shall work with BTS to identify and procure information management systems that will meet the needs of the asset portfolio they are managing. Simultaneously, asset-owning bureaus have an obligation to consider, in the procurement of information management systems, goals of the City related to technology alignment and the prudent use of public resources.

Linkage to Budget and Performance

Bureaus shall consider available resources and conduct alternative analyses prior to submitting budget requests that optimally deliver on service level targets. Additionally, the impacts of resource limitations on a bureau's optimized asset management plan and budget will be made explicit by the bureau when budget requests are submitted – including but not limited to the

bureau's ability to meet service level targets, increased risk acceptance, and a transfer of asset liabilities and costs to future generations. All such considerations shall be documented, in accordance with [FIN 2.04 Budget](#), and presented to Council. Service level targets shall be refined based on approved budgets.