

Committee Report

Management Committee



Committee Meeting Date: July 13, 2022

For the Metropolitan Council: July 27, 2022

Business Item: 2022-170

FM 8-1 Management of Regional Assets

Proposed Action

That the Metropolitan Council adopt FM 8-1 Management of Regional Assets Policy.

Summary of Management Committee Discussion/Questions

Marie Henderson, Deputy CFO and Deborah Rose, Manager, Asset Management Initiatives presented business item 2022-170

Mrs. Henderson give the following background information; This management of regional assets policy was originally 2 policies. A Council wide policy and a divisional policy. – this policy is now replacing the 2 original policies into one Council-wide policy. This policy establishes Council Assets both financial terms and physical terms.

Fixed assets are defined as assets owned, operated, or leased by the Council which is real property, personal property, or equipment used in the Metropolitan Council's operation with an estimated useful life of more than one year and with an initial cost of \$5,000 or more. Also, that the management of the fixed assets include state and federal or other requirements and will be tagged. Physical asset counts are also completed.

It also sets proper physical asset management in accordance with federal, state, and other requirements, Institute for asset management, and ISO 55,000 series standards.

The policy is intended to set unified expectation for all Council employees to manage Council assets safely, in the public interest, through established practices and the asset management procedures.

This Council-wide Policy was reviewed by the Policy and procedure review team. They review all policies and procedures for consistency, clarity, and compliance. A representative from each division and regional administration serves on this team.

Motion by Gonzalez, seconded by Barber. Motion carried.

Business Item

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FM 8-1 Management of Regional Assets Policy

District(s), Member(s):	All Districts, All Members
Policy/Legal Reference:	Minn. Stat. §§ 473.123 Subd. 4(d)
Staff Prepared/Presented:	Marie Henderson, Deputy Chief Financial Officer, 651-602-1387; Deborah Rose, Manager Asset Management Initiatives, Environmental Services, 651-602-1479
Division/Department:	Regional Administration/Finance

Proposed Action

That the Metropolitan Council adopt FM 8-1 Management of Regional Assets Policy.

Background

The Management of Regional Assets Policy has been updated by combining a Council-wide policy and a divisional policy to create this updated Council-wide policy. This policy establishes Council assets in both financial and physical terms. It sets proper management of financial resources for acquisition of Council equipment and facilities. It also sets proper maintenance of equipment and facilities through Asset Management processes and practices.

The Council-wide Policy and Procedure Review Team reviews all policies and procedures for consistency, clarity, and compliance. Representatives from each division and Regional Administration serve on this team. The team reviewed Policy FM 8-1 Management of Regional Assets Policy and endorsed it to move forward to Management Committee for approval.

Rationale

Minnesota Statutes section 473.123, subdivision 4(d), permits the Metropolitan Council to adopt policies and procedures governing its operations. The policy and related procedures align with best practices and legal requirements.

Thrive Lens Analysis

This action supports the Council's Thrive Stewardship Outcome by providing for the efficient and effective use of public financial resources.

Funding

No funding is tied to the proposed action.

Small Business Inclusion

Not applicable

POLICY

Management of Regional Assets Policy

FM 8-1

Category: Financial Management

Business Units Responsible: RA: Finance
ES: Asset Management
MT: Asset Management
CD: Housing and Redevelopment Authority

Policy Owner: Georges Gonzalez, Deputy Regional Administrator and Chief Financial Officer

Policy Contact: Craig Edlund, Director of Asset Management, Environmental Services
Director of Asset Management, Metro Transit
Paul Colton, Manager Fleet Services, MTS
Terri Smith, Director of HRA

Synopsis: Establishes a consistent definition of Fixed Assets across the Council and Asset Management requirements for all physical, maintainable assets owned/leased by the Council.

POLICY

The Metropolitan Council is committed both to ensuring appropriate accountability and stewardship of resources in alignment with the mission, vision, policies, procedures, and implementing physical Asset Management to realize the best value from the assets to meet regional objectives. The Council will capitalize only those items that meet the formal definition of Fixed Assets. Fixed Assets are defined as assets owned, operated, or leased by the Council which is real property, personal property, or equipment used in the Metropolitan Council's operation with an estimated useful life of more than one year and with an initial cost of \$5,000 or more. The Council will manage Fixed Assets in accordance with state and federal or other requirements and will tag them appropriately for their use and availability. The Council conducts physical inventories on a periodic basis, at least once every five years.

The Council will follow Physical Asset Management in accordance with federal, state, and other regulatory requirements, Institute for Asset Management, and ISO 55000 series standards. Physical Asset Management will focus on best value and life-cycle operation and management while meeting established Customer Levels of Service.

This policy is intended to set unified expectations for all Council employees to manage Council assets safely, in the public interest, through established practices and the Asset Management procedures.

PURPOSE OF POLICY

Purpose

- Provide guidance to Council staff on Asset Management best practices
- Set the requirement for an Asset Management Procedure
- Ensure appropriate accountability and stewardship of Council Fixed Assets

- Establish a common language of Asset Management terms and definitions
- Identify roles and responsibilities

BACKGROUND & REASONS FOR POLICY

This policy establishes a consistent accounting treatment of Fixed Assets across the Council to meet Generally Accepted Accounting Principles (GAAP), including where Federal Transit Administration regulations establish requirements for transit assets.

This policy establishes acceptance and use of internationally recognized Asset Management requirements, practices, and standards for Physical Assets to plan, operate, and maintain Council assets. Accepted international standards include ISO 55000, 55001, 55002 and the International Infrastructure Management Manual (IIMM) for Asset Management, along with ISO 31000 for Risk Management. Asset Management programs will be consistent with Federal Transit Administration, Housing and Urban Development, and Environmental Protection Agency requirements.

This policy establishes the requirement for a Council-wide Strategic Asset Management Plan (CSAMP) and Divisional SAMPs (DSAMPs). All applicable Council units (CD, IS, Metro Transit, etc.) will create strategies that meet the CSAMP for Council-owned assets.

This policy sets requirements for an Asset Management procedures to be used Council-wide to guide implementation of Asset Management for Fixed Assets.

IMPLEMENTATION

Implementation

A priority of the Council is to “Invest in infrastructure that supports economic development.” This policy creates the requirement for Council life-cycle asset preservation, and adoption of CSAMP and DSAMPs, and unit strategies in keeping with the Council CSAMP framework to drive acquisition, operation, maintenance, and disposition of assets identified at all levels of the Council.

All Council Divisions and units will follow the Asset Management Procedure to develop and implement Strategic Asset Management Plans and strategies for the planning, life-cycle replacement, acquisition, operation, and management of Council-wide assets.

Operation and management of the asset data and information at divisions and units will be based on federal or other regulatory requirements and through use of an Enterprise Asset Management (EAM) System. Where possible Council units will use a system that tracks the asset by type, location, cost, condition, operational, maintenance, and end of life replacement. The Asset Management procedures will provide additional guidance.

Business unit objectives, requirements, and processes will begin with this Management of Regional Assets Policy and Asset Management procedures. Business units may develop work instructions for outlining business processes to support division or unit asset management.

ROLES & RESPONSIBILITIES

Role	Responsibilities
Regional Administrator	Provides overall authority and oversight for Asset Management under legal requirements.

Risk Management	Identifies, evaluates, and manages the Council's exposure to loss through risk control and risk-financing methods.
Finance	Responsible for the management and updates of this policy and responsible for reviewing and approving the funding for the addition of new Fixed Assets, for establishing and maintaining tracking systems, and for conducting the required physical inventories.
Council Asset Management Workgroup	Defines Asset Management Governance and business processes in accordance with Council policy and procedures, communicates requirements and support for asset management initiatives associated with CSAMP implementation. The workgroup includes the Deputy Regional Administrator & Chief Financial Officer; representatives from the Office of General Counsel and Finance, and members appointed by the head of each Division.
Asset Management Directors and their Units	Facilitate and manage implementation of the business processes for Asset Management in support of Council policies and procedures. Develop, or ensure development of Divisional Strategic Asset Management Plans (DSAMP) under their Divisional responsibility. Manage, support, and facilitate use of the Plan strategies, Key Performance Indicators (KPIs) associated with all Asset Management, and regular assessments of strategies and plans.
Engineering and Capital Delivery and staff	Follows Council policy, federal, state, other regulatory guidelines to develop and deliver capital projects
Each Council unit, and its staff	Authorized and responsible for the fiscal accounting, physical accounting, and whole life-cycle of assets they acquire, design, operate, and/or maintain.
Council Divisions and units	Manage assets, data, and information on the operation and maintenance of assets through an Enterprise Asset Management System.

DEFINITIONS

Asset Management: The systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost-effective life-cycle management of assets.

Council-wide Strategic Asset Management Plan (CSAMP): A document that specifies how the Council's objectives are to be converted into asset management objectives. In addition, it describes the approach the organization takes to comply with these asset management objectives. The CSAMP is the governing document for all Council Asset Management activities.

Customer Level of Service: Parameters, or combination of parameters, which reflect social, political, environmental, and economic outcomes that the Council delivers. The parameters could include, but not limited to safety, customer satisfaction, quality, quantity, equity considerations, capacity, reliability, responsiveness, environmental acceptability, cost, and availability.

Division Strategic Asset Management Plan (DSAMP): A document that specifies how a division's objectives are to be converted into Asset Management objectives. In addition, it describes the approach

the Council takes to meet these asset management objectives. This document must be consistent with the CSAMP.

Enterprise Asset Management: Enterprise asset management (EAM) is a combination of software, systems, and services used to maintain and control operational assets and equipment. The aim is to optimize the quality and utilization of assets throughout their life-cycle, increase productive uptime, and reduce operational costs.

Fixed Assets: Fixed Assets are defined as assets owned, operated, or leased by the Council which is real property, personal property, or equipment used in the Council's operations with an estimated useful life of more than one year and with an initial cost of \$5,000 or more.

Generally Accepted Accounting Principles (GAAP): Standards that encompass the details, complexities, and legalities of business and corporate accounting.

Key Performance Indicators (KPIs): A performance indicator(s) is a type of performance measurement. KPIs evaluate the success of an organization or of a particular activity in which it engages.

Physical Assets: Physical Assets are equipment, inventory, and properties owned by an organization. Physical Assets are the opposite of intangible assets, which are non-physical assets such as leases, brands, digital assets, use rights, licenses, intellectual property rights, reputation, or by agreement.

Physical Asset Management: Physical asset management is a strategy for implementing efficient and effective upkeep of a manufactured item or property throughout its entire lifecycle.

PROCEDURES

- [FM 8-1b Regional Capital Asset Guidelines](#)
- [FM 8-1c Transfer of Transit Fleet Vehicle Assets Among Divisions Procedure](#)
- [FM 8-1d MCES and Robert Street Fleet Management Procedure](#)
- [FM 8-1e Metro Transit Non-Revenue Fleet Management Procedure](#)

RESOURCES

Related Policies

- [FM 2-2 Finance and Asset Management Policy](#)
- [FM 8-2 Transit Asset Management/State of Good Repair](#)
- [FM 15-3 Recipients of Regional Capital Grants Policy](#)

Related Procedure

- [FM 5-1a Charging Method for Inter-Division Services Procedure](#)

Council Resolution

- Council Resolution No 2016-26, Public Purpose Doctrine

HISTORY

Version 3 – Approval Date

2/23/2022 – This was a major revision which added everything related to physical asset management.

Version 2 – Template Update

10/12/2020 - Updated content into new template.

Version 1 – Approval Date

09/11/1998

Last Reviewed Date

Not Set

Next Content Review Date

07/15/2023

Former Reference #

3-4-2

Version

3

Draft