ARROW UTILITIES

MEMBER MUNICIPALITIES

CITY OF BEAUMONT

CITY OF LEDUC

CITY OF FORT SASKATCHEWAN

CITY OF SPRUCE GROVE

CITY OF ST. ALBERT

TOWN OF BON ACCORD

TOWN OF GIBBONS

TOWN OF MORINVILLE

TOWN OF STONY PLAIN

LEDUC COUNTY

PARKLAND COUNTY

STRATHCONA COUNTY

STURGEON COUNTY

Sustainable Wastewater Solutions

BOARD POLICIES: ASSET MANAGEMENT

approved by ARROW Utilities Board of Directors – September 26, 2025

PURPOSE

The purpose of this policy is to ensure that the Board of Directors provides effective oversight of ARROW Utilities' asset management practices, enabling the organization to deliver safe, reliable, and sustainable wastewater services. This includes ensuring that all assets (physical and digital) are planned, maintained, and renewed in a manner that supports service continuity, regulatory compliance, environmental stewardship, and long-term value to member municipalities.

DEFINITIONS

Administrative Policy - Means policies that focus on operational versus governance matters.

Asset – Includes all physical infrastructure, equipment, digital systems, and data that support ARROW Utilities' operations.

Asset Management – A coordinated activity of an organization to realize value from its assets. It includes the balancing of costs, risks, opportunities, and performance benefits over the asset lifecycle.

Asset Management Strategy – A guiding document that translates policy into clear operational strategies for asset maintenance, performance, investment, and renewal.

Board of Directors or "the Board" – Means the appointed elected officials representing the member municipalities of ARROW Utilities, responsible to govern and provide oversight to the organization, in compliance with Alberta's Municipal Government Act.

Board Members – Means the individuals appointed to the Board of Directors, who collectively make up the Board.

Chief Executive Officer or "CEO" – Means the individual appointed by the Board to the position of Chief Executive Officer.

Lifecycle Costing – Assessment of the total cost of ownership over an asset's lifespan, including acquisition, operation, maintenance, and disposal.

RESPONSIBILITIES

Board of Directors –

a. Shall approve this policy and ensures alignment with ARROW Utilities' strategic goals, risk tolerance, and long-term sustainability commitments.
b. Shall provide governance oversight by reviewing periodic reports on asset performance, risks, and investment planning.
c. Shall ensure that asset management practices contribute to responsible fiscal stewardship.
d. Shall provide fiduciary oversight to ensure that debt management and financial reserves support long-term asset replacement and repair.
e. Shall review and update this policy as required, at minimum every four years.

CEO –

a. Shall ensure integration of asset management practices into strategic and business planning.
b. Shall develop and maintain an Asset Management Strategy and supporting frameworks.
c. Shall ensure compliance with legal and regulatory requirements, including public sector accounting standards, and maintaining sufficient assets to meet the conditions of the Commission's operating permit.
d. Shall assign roles and responsibilities for asset lifecycle planning and execution.
e. Shall report bi-annually to the Board on asset conditions, investment needs, compliance, and emerging risks.
f. Shall ensure alignment between asset planning, capital planning, rate modeling, emergency preparedness, and digital governance.

STANDARDS/ PROCEDURES

ARROW Utilities commits to the following principles:

1. **Service Reliability and Safety**: Operate all assets to meet defined service levels and regulatory requirements while protecting public and environmental health.

2. **Lifecycle Stewardship**: Apply lifecycle costing and risk-based decision-making to optimize asset performance and investment timing.

3. **Evidence-Based Planning**: Use asset data, performance trends, and best practices to inform planning, renewal, and decommissioning decisions.
4. **Digital Infrastructure Protection**: Ensure cybersecurity and data integrity for digital assets and operational technologies.
5. **Financial Sustainability**: Establish long-term funding mechanisms (e.g., rates, reserves, grants) to maintain and renew assets responsibly.
6. **Workforce Competency**: Equip staff with the training and tools needed to support effective asset management, including IT and cybersecurity components.
7. **Vendor and Contractor Alignment**: Ensure that external service providers uphold ARROW's asset management principles and standards.
8. **Audit and Improvement**: Conduct periodic internal reviews or third-party audits to verify compliance with this policy and drive continuous improvement.

REFERENCE DOCUMENTS

ARROW Utilities Asset Management Strategy