

501 UTILITY AUTHORITY INC.
Governance and Policy Review
Tuesday September 15th, 2020
RM of Frenchman Butte No. 501, Boardroom

AGENDA

GOVERNANCE and POLICY REVIEW

September 15th, 2020 - Progress Report and Itinerary

1. Governance, Bylaws, Policies and Procedures

Galt Resources

- a. Maintenance Agreements
– amended and approved. Signed Dec 2019; motions to approve changes March, April and May 2020; all parties have signed amended agreement
- b. Bylaw No. 01/20 Operating Agreement
– amended and approved, signed June 2020; motion March and April 2020
- c. Bylaw No. 02/20 Board Procedures Policy
– signed March 2020; motion January 2020
- d. Bylaw No. 03/20 Communication Policy and Guidelines
– signed March 2020; motion January 2020
- e. Bylaw No. 04/20 Public Notice Policy – signed March 2020; motion January 2020
- f. Bylaw No. 05/20 Financial Control Policy – signed March/20; motion March/20
- g. Bylaw No. 06/20 Disaster Recovery Policy – signed March/20; motion March/20

2. In Progress, Subject to Review and Approval

- a. Bylaw No. 12/20 Procurement Policy and Guidelines - updated Sept 15th/20
- b. Bylaw No. 21/20 Harassment Prevention Policy - updated Sept 15th/20
- c. Bylaw No. 22/20 Code of Ethics - Updated Sept 15th/20

- d. Bylaw No. 13/20 Inventory and Asset Management Policy – Board to review
- e. Bylaw No. 15/20 Tangible Capital Asset Policy Sept 15th/20
- f. Bylaw No. 14/20 Board Mandate for Reserve Accounts

- g. Bylaw No. 08/20 Professional Business Conduct Guidelines Oct 20th/20
- h. Bylaw No. 24/20 Conflict of Interest Policy and Guidelines
- i. Bylaw No. 23/20 Oath of Office

- j. Bylaw No. 16/20 Maintenance Procedures Policy and Guidelines Nov 15th/20
- k. Bylaw No. 17/20 Issues Management Policy and Guidelines
- l. Bylaw No. 18/20 Professional Services Policy and Guidelines

- m. Bylaw No. 20/20 HR and Employment Policy and Guidelines Dec 15th 2020
- n. Bylaw No. 07/20 Investment Policy and Guidelines
- o. Bylaw No. 10/20 Charitable Involvement Policy and Guidelines

- p. Bylaw No. 25/20 Governance Policy and Guidelines Jan-Feb 2021
- q. Bylaw No. 11/20 Record Retention Bylaw
- r. Property and Asset Inventory and Current Valuations

3. 2021 - 2022 Itinerary – Operations and Governance Overview Jan – June 2021

- i. Procedure Manuals –
 - a. Maintenance
 - b. Administration
 - c. Accounting/Audit
 - d. Governance
 - e. Emergency Management
- ii. Organizational Risk Management Review,
- iii. Gap Analysis – Operations, Maintenance, Administration
- iv. Recommendations and Review Protocol (25/20 Gov. Policy)

BYLAW NO. 21/20

501 UTILITY AUTHORITY INC.

HARASSMENT PREVENTION POLICY

1. POLICY STATEMENT

The 501 UTILITY AUTHORITY INC. (the Utility) is committed to the prevention of harassment in the workplace and promoting a harassment-free workplace. Every employee whether on contract or salary is entitled to employment free of harassment. The maintenance of such an environment is a responsibility shared by each Board member, worker, volunteer, contractor, supervisor and the Utility.

Harassment will not be tolerated in the workplace or any work-related setting, including work-related conferences, travel and municipality-sponsored social events. The Utility will make every reasonable, practicable effort to ensure that no individual is subjected to workplace harassment. The Utility will investigate any incidents of harassment and take corrective action to address the incidents.

2. SCOPE

This policy applies to all Board members, full-time, part-time, seasonal, temporary, hourly and salaried employees, independent contractors, agents, applicants and representatives of the Utility when conducting business or performing duties or services on behalf of the Utility (regardless of location).

While attending a Utility workplace, Board members, members of the public, visitors and individuals conducting business with the Utility, including but not limited to contractors, consultants, vendors or delivery persons, are expected to refrain from any form of harassment.

If the alleged harasser is a Board member, please refer to the Utility Code of Ethics Bylaw along with the duties and the definitions contained in this policy for the procedure for dealing with matters.

3. DEFINITIONS

A. **Harassment** – refers to:

1. Discriminatory Harassment - Any inappropriate conduct, comment, display, action or gesture by an individual that is made on the basis of race, creed, religion, colour, sex, gender identity, sexual orientation, marital status, family status, disability, physical size or weight, age, nationality, ancestry or place of origin or any other ground prohibited by provincial human rights legislation, and constitutes a threat to the health and safety of a worker.
2. Sexual Harassment - A prohibited ground of discriminatory harassment which may include conduct, comment, gesture or contact of a sexual nature that is offensive, unsolicited or unwelcome. Sexual Harassment is, or may include, but is not limited to, the following:
 - A direct or implied threat of reprisal for refusing to comply with a sexually oriented request;
 - Unwelcome remarks, jokes, innuendoes, propositions or taunting about an employee's body, attire, sex or sexual orientation;
 - Displaying pornographic or sexually explicit pictures or materials;
 - Unwelcome physical contact;

- Unwelcome invitations or requests, direct or indirect, to engage in behaviour of a sexual nature; or
 - Refusing to work with or have contact with individuals because of their sex, gender or sexual orientation.
3. Personal Harassment - An inappropriate conduct, comment, display, action or gesture by an individual that adversely affects a worker's psychological or physical well-being, and which the perpetrator knows or ought to reasonably know would cause the individual to be humiliated or intimidated. Personal harassment is sometimes referred to as "bullying".

Personal harassment may involve repeated conduct or a single, serious incident that causes a lasting harmful effect on the employee. Examples of personal harassment include, but are not limited to:

- Verbal or written abuse or threats;
- Insulting, derogatory or degrading comments, jokes or gestures;
- Personal ridicule or malicious gossip; or
- Refusing to work or to cooperate with or acknowledge others.

Harassment does not include any reasonable actions taken by the Utility, a manager or a supervisor relating to the performance, management and direction of an individual's work or the workplace. This includes, but is not limited to, day-to-day management or supervisory decisions, job assessment and evaluation, performance discussions, expectation for work productivity and quality, and disciplinary action.

Harassment can exist even where there is no intention to harass or offend another. Every individual must take care to ensure his or her conduct is not offensive to another.

- B. **Other Prohibited Behaviour** – The Utility recognizes that certain conduct, while being inappropriate and/or disruptive, may fall short of the definition of "harassment" within the meaning of this policy and/or applicable legislation. The Utility, in its discretion, may nonetheless determine that disruptive or inappropriate conduct falling short of harassment still warrants some form of corrective and/or disciplinary action.

4. **WORKER RIGHTS**

Every worker, whether paid or a volunteer, has the right to a harassment free work environment.

5. **501 UTILITY AUTHORITY INC. AND WORKER RESPONSIBILITY**

No individual shall participate in or encourage the harassment of another individual. All individuals must co-operate with harassment complaint investigations and **KEEP ALL INFORMATION CONFIDENTIAL** in accordance with this policy.

6. **501 UTILITY AUTHORITY INC RESPONSIBILITY**

The Utility, Board members, the Administrator/Chief Administrative Officer, managers and supervisors will take all complaints of harassment seriously. The Utility is committed to implementing a harassment free environment and will make every reasonable practicable effort to ensure that no individual is subjected to harassment, whether it is from a Board member, supervisor, co-worker or non-employee such as a member of the public.

7. PROCEDURE

A. Informal Process

An individual who believes that he or she has been the subject of conduct that is in violation of this policy is encouraged, where possible:

- a) to clearly and firmly make it known to the offending individual that the conduct is unwelcome and must stop; and
- b) to attempt to resolve the issue by direct discussion with the offending individual;

and may report the matter to the Board Chair. The Board Chair will call an 'in camera' meeting of all Board members as soon as possible. If the Board Chair is the accused harasser, then the matter may be reported to the Board Vice-chair. The Vice-chair will call an 'in camera' meeting of all Board members as soon as possible. Depending on the nature and severity of the alleged conduct, and subject to the consent of the individual reporting the harassment, the Utility Board may first try to resolve the issue informally.

B. Formal Process

Where the informal process is unsuccessful, or the individual does not feel comfortable addressing the issue directly, the individual should;

- i. Document the details of the alleged harassment including name(s), date, time, place, particular details of alleged harassment and any witnesses and
- ii. Submit a written report to the 501 Utility Board Chair or if the Chair is the accused harasser, then the written report may be submitted to the Vice-chair. The Chair, or if the Chair is the accused harasser, then the Vice-chair will call an 'in camera' meeting of all Board members as soon as possible and provide each member with a copy of the written report to discuss.
- iii. The report may be delivered in a sealed envelope marked 'CONFIDENTIAL' or by confidential email to admin@501utility.com. The Administrator will then handle delivery of the Confidential correspondence as required. As above in ii. the Chair, or if the Chair is the accused harasser, then the Vice-chair will call an 'in camera' meeting of all Board members as soon as possible and provide each member with a copy of the written report to discuss.
- iv. The individual or investigator receiving the written report will notify the alleged harasser of the written report and provide the alleged harasser with information concerning the circumstances outlined within the written report.
- v. An 'in camera' meeting will be called by the Chair, or if the Chair is the accused harasser, then the Vice-chair to inform of all Board members.

If there is a sufficient basis¹ the written report or if the Utility Board otherwise deems it necessary to do so, the Utility Chair or designate will carry out a formal investigation into the conduct contained in the written report in a prompt, fair and impartial manner. The investigation process may include interviews with the individual reporting the alleged harassment, the alleged harasser and, as and to the extent determined by the investigator, others with information relevant to the matters in question. All written reports, response statements, witness statements, interview notes and other documentation gathered as part of an investigation will be securely stored in a confidential investigation file.

The Utility will decide (after in camera consultation) on any action to be taken as a result of the findings of the investigation. The individual who reported the alleged harassment and the alleged harasser will be informed as to the outcome of the investigation.

¹ The Chair, Vice-Chair and/or investigator may wish to consult Sask Municipal Board, Saskatchewan Employment Standards Branch or Occupational Health and Safety to assist in determining sufficiency and next steps.

- Where harassment is substantiated, the Utility will take appropriate corrective action and/or disciplinary action, up to and including termination of employment or engagement.
- Where harassment is not substantiated, no action will be taken against an individual who made the allegation of harassment in good faith.
- Where, however, a complaint is fraudulent, malicious or otherwise made in bad faith, the individual who made the allegation of harassment may be subject to disciplinary or other action.

C. Board Director Process

If the alleged harasser is a Board member, please refer to the Utility's Code of Ethics Bylaw for the procedure to be followed and available sanctions.

8. TEMPORARY OR INTERIM MEASURES

In the event of an allegation of harassment, the Utility has full discretion to take whatever temporary interim measures that it deems appropriate to ensure the workplace remains a safe and productive environment. These measures should help to facilitate an investigation into said harassment including, but not limited to, removing an individual from the workplace.

9. VARIATION FROM THE GENERAL PROCEDURE

The steps set out above and the manner in which an investigation is carried out is intended to be flexible in order to permit the Utility to respond to the specific circumstances at issue in each case. The Utility reserves the right to engage in a different procedure as it deems appropriate in any given circumstance. In the event that an individual does not proceed with a formal report of harassment or decides to later withdraw a written report, the Utility may still initiate a formal investigation of the conduct reported if the Utility determines it is necessary to ensure the health and safety of individuals at the workplace or to comply with applicable laws.

10. RETALIATION AND FRAUDULENT / MALICIOUS REPORTS

The Utility does not condone acts of retaliation against a individual who has reported harassment, either informally or formally, or participated in any manner in the investigation or resolution of a report of discrimination or harassment. However, a report of harassment that is fraudulent or malicious (as distinct from unfounded) may itself be regarded as major misconduct subject to corrective action and/or disciplinary action, up to and including termination of employment or engagement.

11. CONFIDENTIALITY

The Utility will not disclose the name of the individual who reported the harassment, the alleged harasser or the circumstances related to the report of alleged harassment to any individual except where disclosure is necessary for the purposes of investigation of the alleged harassment report or taking corrective action, or where such disclosure is required by law.

All individuals involved with the investigation of an incident shall treat all information related to the matter as strictly confidential. Unwarranted or inappropriate breaches of confidentiality may be subject to disciplinary action, up to and including termination of employment or engagement.

12. OTHER LEGAL RIGHTS

Nothing in this policy is intended to prevent or discourage an individual from exercising:

- A. his or her statutory rights as set out in Part III of *The Saskatchewan Employment Act*, including, but not limited to, the right to request the assistance of an occupational health officer to resolve a complaint of harassment;

- B. his or her statutory rights as set out in *The Saskatchewan Human Rights Code* as it relates to discriminatory practices, including, but not limited to, the worker's right to file a complaint with the Saskatchewan Human Rights Commission; and
- C. any other legal rights pursuant to any other law.

13. AVAILABILITY OF THE POLICY

The Utility will make a copy of this policy readily available for workers', volunteers' or contractors' reference and post a copy of this policy in a conspicuous place in the workplace(s).

14. REVISIONS

The Utility shall ensure that this policy is reviewed and, where necessary, revised at least annually. A review will also be done whenever there is a change of circumstances that may affect the health or safety of workers.

15. CONTACT INFORMATION

Bonnie Mills Midgley, Chair
P.O. Box 84
Frenchman Butte, Saskatchewan
S0M 0W0

Merle Bielecki, Vice-Chair
P.O. Box 37
Paradise Hill, Saskatchewan
S0M 2G0

Virginia Mowery, Officer
P.O. Box 368
St. Walburg, Saskatchewan
S0M 2T0

Galt Group, Administrator
P.O. Box 22203, Wildwood
Saskatoon, Saskatchewan
S7H 5P1

501 UTILITY AUTHORITY INC. HARASSMENT PREVENTION POLICY

ACKNOWLEDGMENT AND DECLARATION FORM – EMPLOYEE/VOLUNTEER

I, _____, an employee, volunteer or contractor of the 501 Utility Authority Inc acknowledge that I have been provided with a copy of the 501 Utility Authority Inc. Harassment Prevention Policy (the "Policy") and have read and understood it and acknowledge that I will abide by the Policy. I understand that if I violate the rules set forth by this Policy, I may face disciplinary action up to and including termination of employment or engagement.

Date

Employee/Volunteer (Print name)

Signature

Date

Witness (Print name)

Signature

501 UTILITY AUTHORITY INC. HARASSMENT PREVENTION POLICY

ACKNOWLEDGMENT AND DECLARATION FORM – BOARD MEMBER

I, _____, a Board member of the 501 Utility Authority Inc., acknowledge that I have been provided with a copy of the 501 Utility Authority Inc. Harassment Prevention Policy (the "Policy") and have read and understood it and acknowledge that I will abide by the Policy. I understand that if I violate the rules set forth by this Policy, I may face removal, disciplinary action or sanctions.

Date

Employee/Volunteer (Print name)

Signature

Date

Witness (Print name)

Signature

501 Utility Authority Inc - Code of Ethics

1. I will be motivated primarily by an earnest desire to serve the Utility and the people of my community to the best of my ability.
2. I will endeavor to attend all Board meetings.
3. I will recognize that the expenditure of utility funds is a public trust, and I will endeavor to see that all such funds shall be expended efficiently, economically and in the best interest of the 501 Utility and Region.
4. I will not use the 501 Utility or any program for my own personal advantage or for the advantage of my friends.
5. I will do everything possible to maintain the integrity, confidence, and dignity of the office of the 501 Utility Authority Board of Directors.
6. I will always comply with all legislation, bylaws and laws of our utility, municipalities, Saskatchewan, and Canada.
7. I will listen to what other Board members, individuals or groups may have to say before making final decisions.
8. I will endeavor to avoid hostility and bitterness, to observe proper decorum and behaviour, to encourage full and open discussions in all matters and not to withhold or conceal from my fellow Board members any information or matter in which they should be concerned.
9. I will make no disparaging remarks, in or out of a council meeting, about other members of the Board or their opinions, but I reserve the right to make honest and respectful criticism.
10. I will consider it unethical to pursue any procedure calculated to embarrass a fellow member of the Board, a member of the Utility staff or another local government body.
11. I will treat my fellow Board members, the municipal staff, and the public I serve with respect and consideration.
12. I will recognize that authority rests with the Board in legal session, and not with individual members of the Board.
13. I will abide by majority decisions of the Board once they are made.
14. I will not discuss confidential business of the 501 Utility Authority outside of in camera discussions and board and committee meetings.
15. I will endeavour to keep informed on all local, provincial and national municipal developments of significance.
16. I will earnestly try to interpret the peoples' needs of the entire region and do my best to implement action to meet those needs, keeping in mind budget limitations of the 501 Utility Authority Inc.

Name

Date

Signature

501 UTILITY AUTHORITY INC.

BYLAW No. 12/20

PROCUREMENT POLICY AND GUIDELINES

A BYLAW TO GUIDE THE PURCHASING AND AUTHORIZATION OF EXPENDITURES OF THE 501 UTILITY AUTHORITY INC. AND THE CONDUCT OF ITS DIRECTORS, OFFICERS, AFFILIATES, STAFF AND STAKEHOLDERS

Objective:

To ensure that all expenditures made by the 501 Utility Authority Inc. are properly authorized.

Background:

Persuant to the The Municipalities Act "Subsection 111(2)

The administrator shall ensure that:

- (j) the funds of the [Utility] are disbursed only in the manner and to those persons that are directed by law or by the bylaws or resolutions of the [Board]."

"Section 159

The Utility may only make an expenditure that is:

- a. Included in its budget or otherwise authorized by its [Board];
- b. For an emergency;
- c. Legally required to be paid."

"Section 184

- 1) Subject to the regulations, the Board may establish a purchasing policy setting out the manner in which it is authorized to make purchases.
- 2) If a [utility] establishes a purchasing policy, the [utility] may only make purchases in a manner authorized by its purchasing policy, unless the [Board] authorizes a departure from that policy.
- 3) The Lieutenant Governor in Council may make regulations respecting the required contents of any Utility purchasing policy to be established pursuant to this section¹."

Policy:

1. Authorization and Payment of Accounts

- a) The particulars of all 501 Utility Authority expenditures made by cheque, credit card or by

¹ While the New West Partnership Trade Agreement specifies thresholds for the MASH sector (municipalities, agencies, schools and hospitals et al) nothing in the Agreement specifies Utilities, however entities controlled by the foregoing are bound by NWTPA and other trade agreements that enjoin Saskatchewan as an abiding signatory.

electronic transfer shall be presented at a regular meeting of the Board for review and approval, including;

- i) The transaction date,
 - ii) The amount paid,
 - iii) The payee
 - iv) A description of what the payment is for.
- b) Notwithstanding Section (a) above, the particulars of any expenditure whose disclosure would be restricted under *The Local Authority Freedom of Information and Protection of Privacy Act* shall not be disclosed in any verbal or written form.
- c) The Chair, together with another person designated by the Board to sign cheques on its behalf, is authorized to pay by cheque or by electronic transfer the following budgeted expenditures in a timely fashion without prior approval of the Board:
- i) wages and salaries payable to municipal employees,
 - ii) statutory payroll remittances,
 - iii) employee payroll deductions for benefits, including Public Utility portions,
 - iv) telephone, natural gas, power,
 - v) payments to suppliers of bulk fuel,
 - vi) collections on behalf of other taxing authorities,
 - vii) amounts requiring to be paid by contract or by law,
 - vi) any approved budgeted operating expenditure less than \$50,000.

The expenditure to be reviewed and approved at the next regular board meeting as described in a) above.

d) The Chair and Officers of the Board, at their discretion, are authorized to issue purchase orders and/or to make expenditures not specifically budgeted to a maximum of \$10,000. The expenditure to be reviewed and approved at the next regular [Board] meeting as described in a) above.

e) Any expenditure other than those listed in c) and d) above requires prior approval of the Board before the payment is made.

2. Purchase Orders

a) The Administrator/Chair/Vice-Chair are empowered to issue a purchase order by email confirmation without additional approval of the Board for any Approved Budgeted Operating Expenditure to a maximum of \$25,000.

b) The Certified WWII Operators are authorized to issue a purchase order for Budgeted Operating Expenditure as follows:

- i) Up to \$5,000 without prior approval of the Board Chair and Vice-Chair;
- ii) Over \$5,000 and up to \$10,000 with prior verbal approval of the Board Chair and Vice-Chair;
- iii) Over \$10,000 and up to 25,000 with prior written approval of the Board Chair and Vice-Chair.

c) The Certified WWII Operators are authorized to issue a purchase order for budgeted operating expenditures as follows:

- i) Up to \$500 without prior approval of the Chair and Vice-Chair;
- ii) Over \$500 and up to \$1,000 with prior verbal approval of the Chair and Vice-Chair;
- iii) Over \$1,000 and up to \$2,500 with prior written approval of the Chair and Vice-Chair.

3. Emergency/Urgent Situation Expenditures

- a) Emergency/Urgent situations are defined for purposes of this policy as situations where:
 - i) there is substantial risk of injury of any person;
 - ii) there is potential for substantial economic loss to the Utility or to a resident of the partner municipalities and the situation requires immediate action and resolution.
- b) Notwithstanding 3 (a) above in the case of an Emergency/Urgent situation:
 - i) all purchase authorities defined in this policy are doubled;
 - ii) Officers of the Board are authorized to make expenditures up to \$5,000 if required with written or email notification to the Board.
- c) Operations Committee to facilitate a) and b) above.

4. Purchase of Goods and Services

All purchases should be made with a view to economy. This does not necessarily mean that the lowest priced item will be purchased in any particular case. Economy in purchase price must be balanced against the quality of the product is use and ongoing costs that might be associated with using the product. Any purchase made should be considered to be the most economical in the longer term.

All purchases for goods and services up to \$10,000 can be made based on written quotes only, past experience with suppliers, knowledge of the market, and at the discretion of the purchasing authority within the limits of their authority as specified in this policy.

Any purchases of goods and services of \$75,000 or more require a tender process carried out using best practices and following the legal framework that is applicable. Currently, this requires preparing a formal tender document and posting it on the 'SaskTender' website.

The applicable 'appointed officer' shall manage the tendering process to ensure that the documentation and process comply with legal requirements and best practice. All tenders shall be reviewed and approved by the Board, its Officers and/or Administrator before they are posted publicly.

Approved by the Board _____, 2020

Board Chair _____

Vice-Chair _____

501 UTILITY AUTHORITY INC.

BYLAW No. 13/20

INVENTORY AND ASSET MANAGEMENT POLICY

1. Utility Asset Management Policy Statements

Asset Management is a broad strategic framework that encompasses many disciplines and involves the entire Utility. The term asset management, as used in this document, is defined as “the application of sound technical, social and economic principles that consider present and future needs of “the region, its users, and the service from the asset”. To guide the Utility, the following policy statements have been developed:

- a) The Utility will maintain and manage infrastructure assets at defined levels to support public safety, community well-being and regional community goals.
- b) The Utility will monitor standards and service levels to ensure that they meet/support community and the Board goals and objectives.
- c) The Utility will develop and maintain asset inventories of all its infrastructures.
- d) The Utility will establish replacement strategies through the use of full life cycle costing principles.
- e) The Utility will plan financially for the appropriate level of maintenance of assets to deliver service levels and extend the useful life of assets.
- f) The Utility will plan for and provide stable long term funding to replace and/or renew and/or decommission infrastructure assets.
- g) Where appropriate, the Utility will consider and incorporate asset management in its other corporate plans.
- h) The Utility will report to its owners, the municipal partners and regularly on the status and performance of work related to the implementation of this asset management policy.

2. Background and Purpose of Board Policy

The Board has a mandate to provide a wide range of services. This policy is established in order to guide the Board and management with effective implementation procedures to foster the provision of those services.

Board Vision and Goals for Infrastructure Assets

The Board's vision and goal for the Utility is bound by environmental stewardship, safe and sustainable services, economically underpinned by well managed and prudently maintained infrastructure assets. These assets include but are not limited to efficient transportation networks between the facilities of the Utility, an economical, safe and reliable sewage collection system, inclusive of the primary lagoon, two truck dumps, lift stations, booster station and related mechanical infrastructure.

The life-cycle of all the related assets depend upon competent and reliable management, as well as highly developed and regulate maintenance and operational practices and procedures. Though these assets age and deteriorate, by using sound asset management practices, the Board and the Utility managers can be assured that the assets meet performance levels, are used to deliver the desired service in the long term and are managed for present and future users.

This policy is to articulate the Board's commitment to asset management, and guides the Board and Management using the relevant policy statements. In doing so, this policy also outlines how it is to be integrated within the Utility in such a way that it is coordinated, cost effective and organizationally sustainable. This policy also demonstrates to the partners and the region that the Board is exercising good stewardship, and is delivering affordable services while considering its legacy to future residents.

The Board will implement the policy through the development and use of asset management guidelines and best practices. Since the performance of asset management is organization specific, reflective of knowledge, technologies and available tools, and will evolve over time, the responsibility for guidelines and practices are delegated to the Board of Directors and management.

3. Policy Principles, Guidelines and Integration

The key principles of the asset management policy are outlined in the following list.

The Board shall:

- Make informed decisions, identifying all revenues and costs (including operation, maintenance, replacement and decommission costs) associated with infrastructure asset decisions, including additions and deletions. Trade offs should be articulated and evaluated, and the basis for the decision recorded.
- Integrate corporate, financial, business, technical and budgetary planning for infrastructure assets.
- Establish Board accountability and responsibility for asset inventory, condition, use and performance.
- Consult with stakeholders where appropriate.
- Define and articulate service, maintenance and replacement levels and outcomes.
- Use available resources effectively.
- Manage assets to be sustainable.
- Minimize total life cycle costs of assets.
- Consider social, environmental and sustainability goals.
- Minimize risk to users and risks associated with failure.
- Pursue best practices where available.
- Report the performance of its asset management program.

Guidelines and Practices

This policy shall be implemented by the Board using accepted industry guidelines and practices (such as those recommended by the Federation of Canadian Municipalities, eg., InfraGuide) and shall consider the use of an asset management strategy and asset management plans.

The Board will also comply with required capital asset reporting requirements, and integrate the asset management program into operational plans throughout the financial reporting systems within the Utility.

Strategic asset management plans may also be developed for a specific class of assets, or be generic for all assets, and should outline long term goals, processes and steps toward how they will be received. The asset management plan should be based on current inventories and condition (acquired or derived), projected performance and remaining service life and consequences of losses (eg. vulnerability assessments). Operation plans should reflect these details. Replacement portfolios and associated financial plans should consider alternative scenarios and risks, as well as include consultation with the owner stakeholders and public consultation if required.

Context and Integration of Asset Management within the 501 Utility Authority, Inc.

The context and integration of asset management through the Utility's lines of business is typically formalized through references and linkages between corporate documents. Where possible and appropriate, the Board will consider this policy and integrate it in the development of corporate documents such as:

- Regional Official Community Plans
- Business plans
- Strategic plans
- Housing Business plans
- Commercial and Industrial Development plans
- Financial plans
- Capital Budget plans
- Operational plans and budgets
- Infrastructure servicing, management, replacement and innovation plans
- Parks and Recreation plans
- Facility plans

4. Key Roles for Managing the Asset Management Policy

The Utility policies are approved by the Board. While management, staff, public and other agencies may provide input on the nature and text of the policy, the Board retains the authority to approve, update, amend or rescind policies.

The implementation, review and reporting back regarding this policy shall be integrated within the Utility. Due to the importance of this policy, the organization's asset management program shall be reported annually to each individual Director for review.

501 UTILITY AUTHORITY INC.

BYLAW NO. 15/20

TANGIBLE CAPITAL ASSET POLICY

Purpose:

The objective of this policy is it to outline the accounting and reporting requirements for tangible capital assets.

Scope:

This policy applies to all utility management, operations, committees, the board, agencies and/or other organizations falling within the reporting entity of the 501 Utility Authority Inc..

Definitions:

Amortization is a rational and systematic manner of allocating the cost of an asset over its estimated useful life.

Betterments are enhancements to be the service potential of a capital asset such as:

- an increase in the previously assessed physical output or service capacity;
- a reduction in associated operating costs;
- an extension of the estimated useful life; or
- an improvement in the quality of output.

Capital Assets are non-financial assets having physical substance that:

- are held for use by the utility in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- have useful lives extending beyond a year and are intended to be used on a continuing basis; and
- are not intended for sale in the ordinary course of operations.

Capital-type expenses are costs for assets that meet the definition of a capital asset but are less than the thresholds. These assets are expensed in the year in which they are purchased.

Cost is the amount of consideration given up to acquire, construct, develop or better a capital asset and includes all costs directly attributable to its acquisition, construction, development or betterment, including installing the asset at the location and in the condition necessary for its intended use. The cost of a contributed capital asset is considered to be equal to its fair value at the date of contribution.

Disposal refers to the removal of a capital asset from service as a result of sale, destruction, loss or abandonment.

Estimated Useful Life is the estimate of the period over which a capital asset is expected to be used or the number of units of production that can be obtained from the asset. It is the period over which an asset will be amortized and is normally the shortest of the physical, technological, commercial or legal life.

Fair Value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties, who are under no compulsion to act.

Financial Assets are assets that are available to discharge existing liabilities or finance further operations and are not for consumption in the normal course of operations. Examples of financial assets are cash on hand, accounts receivable and inventories for resale.

Gain on Disposal is the amount by which the net proceeds realized upon an asset's disposal exceed the asset's net book value.

Hours of Production Method is an amortization method which allocated the cost of an asset based on its estimated hours of use or production.

Leased Capital Assets are non-financial assets leased by the utility for use in the delivery of goods and services. Substantially all of the benefits and risks of ownership are transferred to the utility without requiring the transfer of legal ownership.

Loss on Disposal is the amount by which the net book value of a capital asset exceeds the net proceeds realized upon the asset's disposal.

Net book Value is the capital asset cost less accumulated amortization and any write-downs. It represents the asset's unconsumed cost.

Non-financial Assets are assets that do not normally provide resources to discharge liabilities. They are employed to deliver utility services, may be consumed or used up in the delivery of those services, and are not generally for sale. Examples of non-financial assets are capital assets and inventories held for consumption or use.

Repairs and Maintenance are ongoing activities to maintain a capital asset in operating condition. They are required to obtain the expected service potential of a capital asset over the estimated useful life. Costs for repairs and maintenance are expensed.

Residual Value is the estimated net realizable value of a capital asset at the end of its estimated useful life. A related term, salvage value, refers to the realizable value at the end of an asset's life. If the utility expects to use a capital asset for its full life, residual value and salvage value are the same.

Service Potential is the output or service capacity of a capital asset.

Straight-Line Method is an amortization method which allocated the cost of a capital asset equally over each year of its estimated useful life.

Threshold is the minimum cost an individual asset must have before it is recorded as a capital asset on the statement of financial position.

Work in Progress is the accumulation of capital costs for partially constructed or developed projects.

Works of art and historical treasures are property that has cultural, aesthetic, or historical value that is worth preserving perpetually. These assets are not capitalized as their service potential and expected future benefits are difficult to quantify.

Write-down is a reduction in the cost of a capital asset as a result of a decrease in the quality or quantity of its service potential. A write-down should be recorded and expensed in the period the decrease can be measured and it expected to be permanent.

Utility Policy:

Legislation

1. The *Municipalities Act*, section 185; *Cities Act*, section 155(1); and *Northern Municipalities Act*, section 61(7) requires the municipal financial statement to be prepared in accordance with generally accepted accounting principles for municipal governments recommended by the Canadian Institute of Chartered Accountants.
2. It is the view of the 501 Utility Authority Inc., that inasmuch as the Utility serves the interest of and provides services to three (3) Municipalities in Saskatchewan, these principles shall form the foundation of asset management policy as if the Utility were bound by the principles embedded in the above noted acts with the same obligations of the owner municipalities.
3. Inasmuch as the owner municipalities are audited using Public Sector Accounting Board standards, namely PSAB3150, the 501 Utility Authority Inc. will also use the same standards for their Annual audits.
4. The policy is effective January 1, 2020.

Capital Asset Categories

5. Capital assets should be assigned to the categories outline in Schedule A based on their nature, characteristics and useful life.

Excluded Assets

6. The following assets should not be capitalized and amortized:
 - land (or other assets) acquired by right, such as Crown, forests, water and mineral resources;
 - works of art and historical treasures; and
 - intangible assets such as patents, copyrights and trademarks.

Assets Held for Sale

7. Assets held for sale which otherwise would have been reported as capital assets may be required to be reported as financial assets.

Costs

8. The cost of a capital asset includes the purchase price of the asset and other acquisition costs, such as installation costs, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs and duties.
9. The cost of a constructed asset includes direct construction or development costs such as materials, including inventories held for consumption or use, and labour and overhead costs directly attributable to the construction or development activity. Capitalization of administrative costs should be limited to salaries, benefits and travel for staff directly involved with project delivery (e.g., project management or construction).
10. Where several capital assets are purchased together, the cost of each asset is determined by allocating the total price paid in proportion to each asset's relative fair value at the time of acquisition.
11. Interest expense related to financing costs incurred during the time a capital asset is under construction or development can be included in the cost of the capital asset until the asset is put into service.
12. If the construction or development of a capital asset is not completed to a usable state, the costs that would otherwise be capitalized should be expensed.

Thresholds

13. The threshold for each category represents the minimum cost an individual asset must have before it is to be recorded as a capital asset on the statement of financial position.
14. Capital assets not meeting the threshold are expensed in the year in which they are purchased. Costs for these assets are referred to as capital-type expenses.
15. Thresholds should be applied on an individual asset or per item basis.
16. Schedule B outlines the thresholds for each capital asset category.

Estimated Useful Life

17. The estimated useful life is the period over which a capital asset is expected to provide services. An asset's useful life can be estimated based on its expected future use, effects of technological obsolescence, expected wear and tear from use or the passage of time, the level of maintenance and experience with similar assets.
18. All capital asset categories have predetermined estimated useful lives as outlined in Schedule B. The estimated useful lives shown here are intended to apply to assets in new condition.

19. When used assets are acquired the estimated useful lives should be reduced based on the age and condition of the asset.

Amortization

20. Amortization is calculated using the straight-line method based on the estimated useful life of each asset. The municipality has the option of using hours of production where that method is more appropriate, for example assets in the Heavy Equipment categories.
21. Land has an unlimited estimated useful life and should not be amortized.
22. Amortization should be calculated based on the full cost of the capital asset. Where an asset's expected residual value is expected to be significant in comparison to the asset's costs (20% or more), the amount would be deducted from the cost before calculating amortization.
23. A full year's amortization should be recorded in the year following acquisition, construction or development and put into use, regardless of when this event occurs in the fiscal year.
24. For Roads/streets - construction, Roads/streets - repaving, Bridges - construction, Bridges - upgrades, Culverts, Roads/Streets - other, amortization should begin in the year following the year in which the costs were incurred.
25. No amortization should be recorded in the year an asset is disposed of. This does not apply to deemed disposals.
26. No amortization should be recorded on work in progress or capital assets which have been removed from service but not yet disposed of.

Disposals

27. This disposal of a capital asset results in its removal from service as a result of sale, destruction, loss or abandonment.
28. When a capital asset is disposed of, the cost and the accumulated amortization should be removed from the accounting records and any gain or loss recorded.
29. Costs of disposal paid by the utility should be expensed.
30. A gain or loss on disposal is the difference between the net proceeds received and the net book value of the asset and should be accounted for as a revenue or expense, respectively, in the period the disposal occurs.

Write-downs

31. A capital asset should be written down when a reduction in the value of the asset's service potential can be measured and the reduction is expected to be permanent.
32. Conditions that may indicate that a write-down is required include an expectation of providing services at a lower level than originally planned, a change in use for the asset, technological advances which render the asset obsolete or other factors such as physical

damage which reduce the asset's service potential. Documentation for write-down should be retained.

33. Write-downs of capital assets should be accounted for as an expense in the current period.
34. Annual amortization of an asset that has been written down should be calculated using the net book value after the write-down and the remaining estimated useful life.
35. Regardless of any change in circumstances, a write-down should not be reversed.

Betterments

36. Betterments are enhancements to the service potential of a capital assets, such as:
 - an increase in the previously assessed physical output or service capacity;
 - a reduction in associated operating costs;
 - an extension of the estimated useful life; or
 - an improvement in the quality of output
37. Betterments which meet the threshold of the applicable capital asset category are capitalized. Otherwise, they are expenses.
38. Repairs and maintenance which are necessary to obtain the expected service potential of a capital asset for its estimated useful life are not betterments. These costs should be expensed when incurred. They include:
 - repairs to restore assets damaged by fire, flood, accidents or similar events, to the condition just prior to the event; and
 - routine maintenance and expenditures, such as repainting, cleaning and replacing minor parts.
39. Where a betterment enhances the service potential of a capital asset without increasing its estimated useful life, the amortization period should remain the same.
40. Where a betterment increases the estimated useful life of a capital asset, its useful life should be changed.
41. Where a betterment involves the replacement of an identifiable component of a capital asset, the original cost of that component and the related accumulated amortization should be removed from the accounting records.

Capital Contributions

42. When the utility received funds from a third party, such as the provincial or federal government, to assist with the construction or purchase of a capital asset, the full cost of the asset should be recorded. The funds received should be recognized as revenue.

Donated Assets

43. If a capital asset is donated to the utility, the cost is its fair value at the date of contribution. Fair value of a donated capital asset may be estimated using market or appraised value.

Capital Leases

44. Capital leases are a means of financing the acquisition of a capital asset where the lessee carries substantially all of the risks and benefits of ownership. Capital leases are recorded as if the lessee had acquired the asset and assumed a liability.
45. If one or more of the following criteria exists, the lease should be accounted for as a capital lease:
- There is reasonable assurance that the utility will obtain ownership at the end of the lease. (Transfer of ownership occurs at the end of the lease or the lease has a bargain purchase option.)
 - The utility will receive substantially all of the economic benefits of the assets. (These lease term is 75% or more of the economic life of the asset).
 - The lessor is assured of recovering the investment in the asset and earning a return. (The present value of the minimum lease payment is 90% or more of the fair value of the asset.)
46. Where at least one of the conditions in the preceding paragraph is not present, other factors may indicate that a capital lease exists.
47. For example, a capital lease may exist if:
- the utility owns or retains control of the land on which a leased asset is located and the asset cannot be easily moved;
 - the utility contributes significant assistance to finance the cost of acquiring or constructing the asset that it will lease; or
 - the utility bears other potential risks, such as obsolescence, environmental liability, uninsured damage or condemnation of the asset and any of these are significant.
48. Operating leases are leases in which the lessor does not transfer substantially all the benefits and risks of ownership. If the arrangement is an operating lease, lease payment should be expensed and no liability recorded.
49. If the arrangement is a capital lease, the utility should apply the thresholds of the appropriate capital asset category.
50. If the thresholds are not met, an expense and a liability should each be recorded for the present value of the minimum lease payments.
51. If the thresholds are met, a capital asset and a liability should each be recorded for the present value of the minimum lease payments. The leased asset should be amortized over the lesser of the lease term or estimated useful life for similar capital assets as outlined in Schedule B.
52. Executory and maintenance costs should be excluded when calculating minimum lease payments. The discount rate should be the lesser of the utility's incremental borrowing rate or the interest rate implicit in the lease, if determinable.

Work in Progress

53. Where the construction or development of a capital asset occurs over several years, capital costs should be accumulated until the asset is ready for use.
54. Identify these costs as work in progress for any interim and year-end reporting.
55. The utility should not record amortization on work in progress.
56. A work in progress account should be established to allow work in progress capital costs to be tracked separately from assets subject to amortization.
57. Examples of work in progress are the construction of a new road or building or the development of an asset which occurs over several years. Work in progress would also include down payments and deposits which are to be applied to the cost of a capital asset.

Schedule A

Capital Asset Categories

The following table lists the capital asset categories and examples of assets and costs included in each category.

Capital Asset Category	Examples of Capital Assets	Examples of Capital Asset Costs
Land	<ul style="list-style-type: none"> • land acquired for parks and recreation, conservation purposes, building sites and other programs • land purchased for construction of road surface, drainage areas and allowances or future expansions 	<ul style="list-style-type: none"> • Purchase price • Professional fees for title searches, architect, legal, engineering, appraisals, environmental surveys • Improvement and development costs such as land excavation, filling, grading, drainage, demolition of existing buildings (less salvage)
Land improvements	<ul style="list-style-type: none"> • Fencing and gates, parking lots, paths and trails, landscaping, swimming pools and playgrounds, golf courses 	<ul style="list-style-type: none"> • Original purchase price or completed project costs including costs of material and labour or costs of a contractor
Buildings - high quality construction Buildings - medium quality construction Buildings - average quality construction Buildings - short term	<ul style="list-style-type: none"> • buildings with fireproofed structural steel frames with reinforced concrete or masonry floors and roofs • buildings with reinforced concrete frames and concrete or masonry floors and roofs • buildings with masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slabs on grade • operational storage facilities, sheds, small buildings, salt sheds, asphalt tanks, inventory storage buildings and pump houses 	<ul style="list-style-type: none"> • original purchase price or completed project costs including basic costs of material and labour or costs of a contractor • costs to remodel, recondition or alter a purchased building to make it ready to use for the acquired purpose • preparation of plans blueprints, and specifications • costs of building permits, studies, tests (pre-acquisition costs) • professional fees for title searches, architect, legal, engineering, appraisals, environmental surveys • operating costs such as temporary buildings used during construction
Building improvements	<ul style="list-style-type: none"> • major repairs that increase the value or useful life of the building such as structural changes, installation or upgrade of heating and cooling systems, plumbing, electrical, telephone systems 	<ul style="list-style-type: none"> • complete project costs including basic costs of material and labour or costs of a contractor • preparation of plans, blueprints, and specifications • cost of building permits, studies, tests • professional fees for architect, legal, engineering, appraisals, environmental surveys • operating costs such as temporary buildings used during construction

Leasehold and occupancy improvements	<ul style="list-style-type: none"> improvements that increase the functionality of leased or similar accommodations (refer to the assets listed under the "building improvements" category) 	<ul style="list-style-type: none"> costs similar to those listed under the "building improvements" category
Operating equipment	<ul style="list-style-type: none"> equipment specific to maintenance, shop and sanitation, safety, appliances, education and communication such as forklifts, welding machines, utility trailers, security systems, snow plows, radios, freezers, refrigerators, washers, meters, defibrillators 	<ul style="list-style-type: none"> original contract price or invoice price freight charges sales taxes on acquisition installation charges charges for testing and preparation costs of reconditioning used items when purchased parts and labour associated with the construction of equipment
Heavy equipment	<ul style="list-style-type: none"> power and construction equipment such as graders, tractors, cranes, drill rigs, caterpillars, and trucks one tonne and over 	<ul style="list-style-type: none"> original contract price or invoice price freight charges sales taxes on acquisition installation charges charges for testing and preparation costs of reconditioning used items which purchased parts and labour associated with the construction of equipment
Vehicles	<ul style="list-style-type: none"> used primarily for transportation purposes such as automobiles, trucks under one tonne, vans, boats, all terrain vehicles, snowmobiles, motorcycles, and ambulances 	<ul style="list-style-type: none"> original contract price or invoice price freight charges sales taxes on acquisition costs of reconditioning used items when purchased
Computer software	<ul style="list-style-type: none"> off the shelf software and related upgrades, software licenses after removing any maintenance or similar charges 	<ul style="list-style-type: none"> purchase price of off the shelf software and related upgrades sales taxes on acquisition installation charges
Computer hardware	<ul style="list-style-type: none"> servers, voice logging equipment, scanners, printers, hard drives, modems, tape drives, and plotters 	<ul style="list-style-type: none"> purchase price installation charges freight and transit charges sales taxes on acquisition

System development	<ul style="list-style-type: none"> consultant fees, web site development and custom develop software 	<ul style="list-style-type: none"> external direct costs of materials and services such as consultant fees web site development costs costs to acquire software and any custom development salary and related benefits of employees directly associated with the application development stage costs of upgrades that improve the functionality of the system
Office furniture and equipment	<ul style="list-style-type: none"> desks, tables, chairs, filing cabinets, fax machines, photocopiers, videoconferencing stations, projectors, and digital cameras 	<ul style="list-style-type: none"> original contract price or invoice price freight and installation charges sales taxes on acquisition costs of reconditioning used items when purchased pats and labour associated with the construction of furniture
Roads/Streets - construction	<ul style="list-style-type: none"> municipal roads 	<ul style="list-style-type: none"> direct costs of construction including tender construction costs, labour, materials, survey costs, and project specific design costs construction and material costs related to overhead structures and signage salary and travel costs for employees assigned to the project for direct management duties such as project management, inspection and quality control
Roads/Streets - repaving	<ul style="list-style-type: none"> major resurfacing and preservation overlays on municipal roads 	<ul style="list-style-type: none"> direct costs of construction including labour and materials salary and travel costs for employees assigned to the project for direct management duties such as project management, inspection and quality control
Bridges - construction	<ul style="list-style-type: none"> bridges 	<ul style="list-style-type: none"> direct costs of construction including tender construction costs, labour, materials survey costs, and project specific design costs salary and travel costs for employees assigned to the project for direct management duties such as project management, inspection and quality control

Bridges - upgrades	<ul style="list-style-type: none"> • upgrades to bridges 	<ul style="list-style-type: none"> • direct costs of construction including labour and materials • salary and travel costs for employees assigned to the project for direct management duties such as project management, inspection and quality control
Culverts	<ul style="list-style-type: none"> • Culverts 	<ul style="list-style-type: none"> • Direct costs of construction including tender construction costs, labour, materials, survey costs, and project specific design costs • Salary and travel costs for employees assigned to the project for direct management, inspection and quality control
Roads/Streets - other	<ul style="list-style-type: none"> • light systems (traffic, outdoor, street) signals for railways, new signage initiative, rumble strips and aggregate pit acquisition costs 	<ul style="list-style-type: none"> • original purchase price • installation charges • charges for testing and preparation • parts and labour associated with construction and installation
Water infrastructure	<ul style="list-style-type: none"> • dams, drainage facilities, docks, sewer systems, sewage lagoons, marinas, reservoirs, pumping facilities, tanks and associated infrastructure 	<ul style="list-style-type: none"> • original purchase price • direct costs of construction including labour and materials • salary and travel costs for employees assigned to the project for direct management duties such as project management, inspection and quality control
Other infrastructure	<ul style="list-style-type: none"> • landfills, tanker bases, helipad, dump stations 	<ul style="list-style-type: none"> • costs that support infrastructure but are not included in any other category

Schedule B

Capital Asset Thresholds, Estimated Useful Lives and Amortization

The table below outlines the threshold and estimated useful life application to each capital asset category. A threshold of ALL means that all capital asset purchases, regardless of cost, are recorded.

Capital Asset Class and Category	Threshold	Estimated Useful Life	Amortization
Land and land improvements			
Land	All	Indefinite	N/A
Land improvements	\$1,000	15 years	Straight-Line
Engineered Structures	\$1,000	40 years	Straight-Line
Buildings and building improvements			
Buildings	\$1,000	45 years	Straight-Line
Building improvements	\$1,000	40 years	Straight-Line
Engineered Structures	\$1,000	40 years	Straight-Line
Machinery and equipment			
Heavy equipment	\$1,000	20 years	Straight-Line
Operating equipment	\$1,000	10 years	Straight-Line
Transportation equipment			
Vehicles	\$1,000	10 years	Straight-Line
Office and Info technology			
System Development - Packaged Systems	\$1,000	10 years	Straight-Line
Computer hardware * Co-owned	\$1,000	5 years	Straight-Line
Computer software * Co-owned	\$1,000	5 years	Straight-Line
Office furniture and equipment	\$1,000	10 years	Straight-Line
Infrastructure			
Road/Street - construction	ALL	40 years	Straight-Line
Road/Street - repaving	ALL	15 years	Straight-Line
Water - reservoir	ALL	45 years	Straight-Line
Water - pumps, etc	ALL	25 years	Straight-Line
Culverts	ALL	35 years	Straight-Line
Road/Street - other	ALL	15 years	Straight-Line
Water infrastructure	ALL	75 years	Straight-Line
Infrastructure - other	ALL	15 years	Straight-Line