



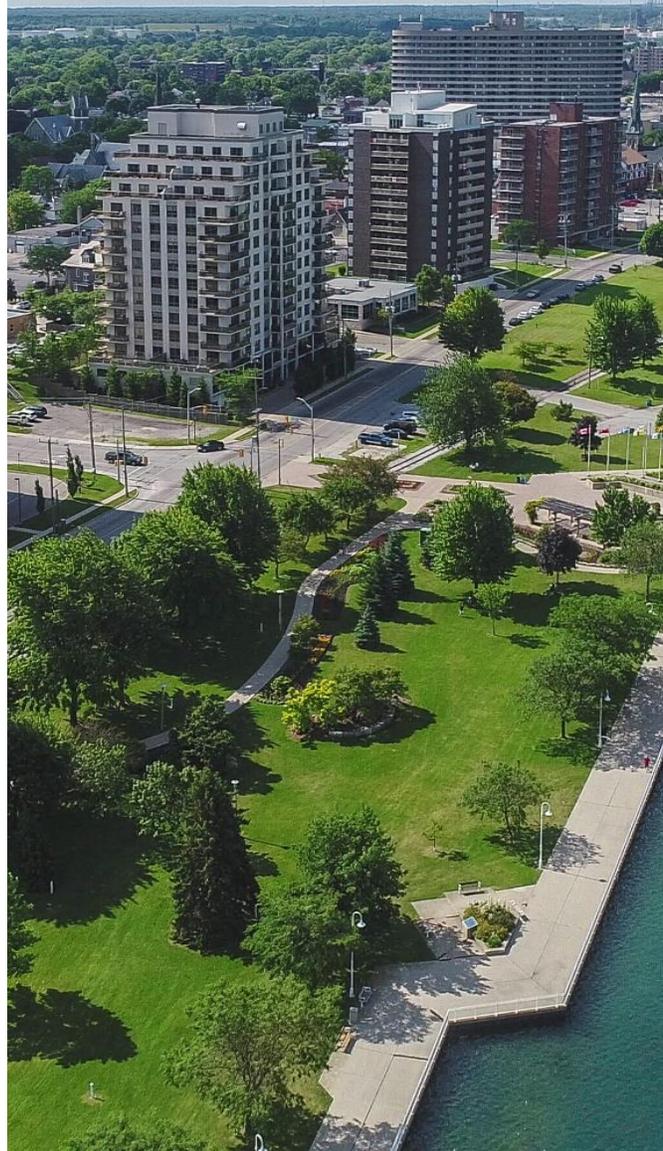
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# STRATEGIC CORPORATE ASSET MANAGEMENT POLICY

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City of Sarnia

June 17, 2019



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## 2 Background

### Municipal Services

The fundamental purpose of a municipality is to provide services to its constituents. Services are performed by people employed by a municipality through the management, operation, maintenance, rehabilitation, and replacement of corporate assets for the benefit of municipal constituents.

### Corporate Asset Management

Corporate Asset Management (Corporate AM) is a term used to describe the overall integrated approach adopted by a municipality for the strategic management, operation, maintenance, rehabilitation, and replacement of all corporate-owned assets.

Corporate AM involves the following general processes:

1. Defining goals pertaining to the delivery of services and management of corporate municipal assets.
2. Establishing a corporate policy, framework, and strategy for realizing the defined goals.
3. Developing and continuously improving a standing, long-term plan for the implementation and integration of the defined goals and corporate strategy into functions and operations throughout a municipality.

The interconnected relationship between the three general Corporate AM processes is illustrated in Figure 2 - 1 provided below.



Figure 2 - 1: Interconnected Corporate AM Processes.

## Asset Management Legislation

Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure (O.Reg 588/17), which took effect on January 1, 2018, details specific requirements and deadlines for the undertaking of the various Corporate AM processes detailed above. The specific requirements and deadlines are summarized as follows:

1. July 1, 2019 - adoption and public posting of a Strategic Corporate AM Policy.
2. July 1, 2021 - adoption and public posting of a Corporate AM Plan for core infrastructure assets.
3. July 1, 2023 - adoption and public posting of a Corporate AM Plan that includes all municipal assets.
4. July 1, 2024 - inclusion of proposed levels of services for all municipal assets, and a lifecycle management and financing strategy in the Corporate AM Plan.
5. July 1 - annual formal review of Corporate AM progress by municipal council.
6. Review and update of both the Strategic Corporate AM Policy and the Corporate AM Plan every five years, at a minimum.

## Levels of Service

For the purposes of Sarnia's Corporate AM initiatives, levels of service are defined as composite indicators that relate the performance of different types of assets to the municipality's overall social, economic, and environmental goals for different service areas. Level of services may be described by both technical and non-technical performance criteria, which may vary from asset type to asset type. Specific technical and non-technical performance criteria for water, stormwater, wastewater, road, and bridge/culvert assets are specified in O.Reg 588/17.

The term *current* level of service is used to describe an asset's present performance level, while *desired* level of service describes the performance level that a municipality seeks to achieve from a particular asset. The gap between an asset's current level of service and its desired level of service enables a municipality to identify asset performance deficiencies and asset needs. Municipal council is responsible for establishing desired levels of service for each asset type. The overall level of service for a specific service area is calculated based on the weighted average of the levels of service of all the asset types within that service area.

### 3 Purpose

The purpose of this Strategic Corporate AM Policy (Corporate AM Policy) is to formally document the Corporation of the City of Sarnia's commitment as a municipality, not only to O.Reg 588/17, but to responsible asset management as a whole.

The goals, policy statement, and guiding principles detailed in subsequent sections of this document shall frame all Corporate AM decisions and initiatives undertaken by the City of Sarnia with respect to municipal services and assets.

Please note that, given the breadth of description required, details pertaining to specific AM processes are provided in the Corporate AM Framework and Strategy documents, rather than this Corporate AM Policy document. Such specific processes include, but are not limited to, the City's approach for:

- a) The adoption and implementation of appropriate AM practices;
- b) The development of annual budgets and long-term financial plans;
- c) The mitigation and financing of vulnerabilities caused by climate change; and
- d) The development of the specific levels of service prescribed to each asset type and service area.

### 4 Scope

#### People

This Corporate AM Policy applies to Sarnia City Council and all City departments and personnel that are responsible for the management, operation, maintenance, rehabilitation, and replacement of corporate assets and services that provide benefit to the community and citizens of the City of Sarnia.

#### Service Areas

The scope of this publication of Sarnia's Strategic Corporate AM Policy is to include all City-owned tangible assets associated with the following service areas:

- Potable water delivery services;
- Sanitary conveyance and treatment services;
- Storm water conveyance and treatment services;

- Road and bridge services;
- Fire and rescue services;
- Solid waste collection services;
- Police services;
- Park services;
- Sports and recreation services;
- Shoreline protection services;
- Notary and oath commissioning services;
- Building services;
- Planning and development services;
- By-law enforcement services; and
- Transportation services.

Please note that Lambton County is responsible for providing the following services on behalf of the City of Sarnia, and therefore they are excluded from the scope of this document:

- Cultural services;
- Court services;
- Social assistance services;
- Social housing services;
- Emergency hostel services;
- Library services; and
- Long-term care services.

This policy will be revised to include additional service areas and assets in conjunction with the Corporate AM Plan deadlines specified by O. Reg 588/17.

### **Capitalization Thresholds**

In general, the City's capitalization threshold for Corporate AM purposes is set at \$5,000 for any individual asset across all service areas; that is, only individual assets whose replacement value (cost to purchase new in today's dollars) is greater than or equal to \$5,000 shall be included in the City's Corporate AM Plan. However, asset categories whose aggregate replacement value exceeds \$100,000 shall also be included in the City's Corporate AM plan, even if the individual asset replacement values within the category are below the \$5,000 individual asset threshold.

In comparison, the City's Finance Department applies capitalization thresholds that vary between \$5,000 and \$100,000 to different asset types

across the City's various service areas. Please refer to the City's Tangible Capital Asset Policy for further detail.

## 5 Goals

For the City of Sarnia, the central purpose of Corporate AM is to make the best possible, fully informed decisions regarding the management of corporate-owned assets in order to achieve the following goals:

1. The sustainable delivery of services; and
2. The realization of the highest possible value from assets.

These Corporate AM goals serve as the core of Sarnia's Corporate AM Policy, Framework, Strategy, and Plan.

## 6 Guiding Principles

The following principles shall guide the City of Sarnia's actions and decisions in all aspects of Corporate AM for the achievement of the Corporate AM goals. These guiding principles were developed based on the principles outlined in Section 3 of the Infrastructure for Jobs and Prosperity Act, 2015.

### **Principle # 1 - Customer Service**

The City of Sarnia will endeavor to provide its constituents with a complement of municipal services and assets that meet the social, economic, and environmental needs of the community. The provision of core services and adherence to legislated requirements are of the utmost importance and will always be given first consideration. The specific levels of service prescribed to each service area and/or asset shall balance community expectations, affordability, risk, and long-term sustainability. Levels of service will be defined in accordance with the requirements specified by O.Reg 588/17.

### **Principle # 2 - Community Improvement**

The City of Sarnia will endeavor to promote the overall improvement and well-being of the community by giving consideration to opportunities that:

- a) Create local jobs and training opportunities, promote economic competitiveness and productivity;
- b) Adapt to economic trends and changes in demographics;
- c) Promote the health and safety of workers and citizens;
- d) Make use of innovative technologies, practices and/or services;

- e) Promote accessibility for persons with disabilities;
- f) Protect the environment; and
- g) Assist in climate change adaptation.

Consideration will be given to opportunities that improve public spaces and/or support specific citizen priorities if it can be demonstrated that the balance of citizens will receive the desired community benefit.

### **Principle # 3 - Effective Communication**

The City of Sarnia will endeavor to maintain open and transparent lines of communication between the public, Council, and personnel on all matters pertaining to City services and assets. Information pertaining to service and/or asset needs and priorities shall be clearly communicated to the public, Council, and personnel in a manner that is consistent with the City's Public Engagement Policy. As per the City's Public Engagement Policy, members of the public and other interested parties will be provided with opportunities to communicate their concerns and provide their input in regards to Corporate AM initiatives. All decisions made in regards to City services and assets shall be supported by evidence-based information that is readily available or can be made readily available to the public, Council, and personnel upon request. The City will make the best possible effort to accommodate information requests in a timely manner. Any information with implications relating to City services and/or assets shall be shared between the government and broader public sector entities.

### **Principle # 4 - Fiscal Responsibility**

The City of Sarnia will endeavor to ensure that the Corporate AM implications of all financial decisions are considered prior to Council approval. The City's Long-Term Financial Plan will be directly informed by the projected lifecycle needs of assets as identified in the Corporate AM Plan. The City's Long-Term Financial Plan and Risk Management Plan shall inform all capital investment and operating plans including, but not limited to, 10-Year Capital Plans and the Annual Capital and Operating Budgets. In an effort to best inform all financial decisions, specific asset priorities will be explicitly identified and described in all of the City's applicable financial documents, including, not limited to, those noted above. All financial plans and budgets developed in relation to the City's Corporate AM initiative shall consider other plans, policies, budgets, and/or strategies developed under other municipal or provincial legislation, including, but not limited to, the

Fiscal Transparency and Accountability Act, the Municipal Act, the Safe Drinking Water Act, the Water Opportunities Act, and the Planning Act.

### **Principle # 5 - Integration & Continuous Improvement**

The City of Sarnia will endeavor to support the adoption of appropriate Corporate AM practices and actively encourage the continuous improvement of AM practices among all members of Council and City personnel. The City recognizes that the successful development and implementation of Corporate AM practices requires the full integration of the Corporate AM goals, Policy, Framework, and Strategy into all internal and external City operations. Best efforts will be made by the City to work collaboratively with the public, Council, personnel, and other neighbouring municipalities to support mutually beneficial Corporate AM activities and promote the goals, policy statement, and guiding principles detailed in this document. As part of their commitment to the integration and continuous improvement of the City's Corporate AM initiatives, City personnel will address Council on an annual basis in order to formally review the City's Corporate AM progress as required by O.Reg 588/17.

## **7 Policy Statement**

The City of Sarnia's Strategic Corporate AM Policy is to:

1. Strive to provide constituents with a level of service that they can afford and are willing to pay for.
2. Strive to achieve financial sustainability by making fully informed decisions when it comes to operating, maintaining, rehabilitating, and replacing tangible capital assets and to supporting, developing, and retaining personnel assets.
3. Strive to manage the level of risk that is associated with the assets and services provided to constituents.
4. Strive to achieve open communication, transparency, and collaboration between the corporation and its constituents as it pertains to the management of assets, the true cost of services, and the spending of tax dollars.

The intent of this Corporate AM Policy statement is to provide further context to the overarching Corporate AM goals and give action to the guiding principles detailed in the preceding sections of this document.

## 8 Supporting Documents

A large number of corporate governance documents, which detail the City's various goals, policies, strategies, and plans, are or will be in alignment with the City of Sarnia's Corporate AM initiatives. For clarity, these such documents have been organized into the following categories:

1. Developed *prior to* Corporate AM.
2. Developed *specifically for* Corporate AM
3. Developed *in conjunction* with Corporate AM.

### **Documents Developed Prior to Corporate AM**

The following corporate governance documents were published prior to the City-wide implementation of Sarnia's Corporate AM initiatives:

- Official Plan (2014);
- Corporate Strategic Plan (2017);
- Accessibility Plan (2017); and
- Integrated Community Sustainability Plan (2013).

All Corporate AM documents, policies, strategies, plans, and initiatives are being developed in such a way as to align with the principles, policies, and guidelines specified in these important corporate governance documents.

Continued alignment with Corporate AM initiatives will be considered in all subsequent updates and/or revisions of these corporate governance documents.

### **Documents Developed Specifically for Corporate AM**

The following documents are being developed specifically for the advancement of Sarnia's Corporate AM initiatives:

- Strategic Corporate Asset Management Policy;
- Corporate Asset Management Framework;
- Corporate Asset Management Strategy; and
- Corporate Asset Management Plan.

Each one of these Corporate AM documents will be revised and updated, at a minimum, every five years as required by O.Reg 588/17. The City's advancement of and/or adherence to the contents of these Corporate AM documents will be assessed on an annual basis as part of Council's formal review of the City's Corporate AM progress as required by O.Reg 588/17.

## Documents Developed in Conjunction with Corporate AM

Documents developed or modified in conjunction with the advancement of the City's Corporate AM initiatives include the following:

- Level of Service Standards;
- Public Engagement Policy & Strategy;
- Risk Management Plan;
- Sustainable Development Plan;
- Standard Operating Procedures;
- Budget Procedures;
- Reserve Policy;
- Tangible Capital Asset Policy;
- Long-Term Financial Plan;
- 10-Year Capital Plans;
- Capital Budgets; and
- Operating Budgets.

These documents will be revised and updated every five years, at a minimum, in conjunction with the Corporate AM documents described in the preceding section of this document.

## 9 Roles & Responsibilities

Although successful development and implementation of Sarnia's Corporate AM initiative is the shared responsibility of the public, Council and all City personnel, select individuals and groups have been identified as champions of the City's Corporate AM initiatives. As required by O.Reg 588/17, the select individuals include City personnel that have been assigned direct responsibility for the advancement of the City of Sarnia's Corporate AM initiatives. For clarity, Corporate AM responsibilities have been divided into the following categories:

1. Approval;
2. Oversight;
3. Administration;
4. Management;
5. Development;
6. Data Collection;
7. Implementation; and
8. Consultation.

The corporate positions and groups assigned to the specified categories are summarized in Figure 9 - 1 provided below. The specific responsibilities of

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key corporate positions and groups are described in the subsequent sections of this document.



Figure 9 - 1: Assigned Corporate Positions by Category.

## **Mayor & Sarnia City Council**

The Mayor and Sarnia City Council shall be responsible for the following Corporate AM tasks:

1. Approving and maintaining the corporate resources required for the successful development, implementation, and maintenance of all Corporate AM initiatives. Such corporate resources include, but are not limited to, dedicated management and data analyst personnel, qualified support personnel across all departments, training opportunities, funding, integrated information management systems, and data analysis software.
2. Defining and approving the community's overall social, economic, and environmental goals for different service areas.
3. Providing input into and approving the desired levels of service for all asset types based on community goals and the availability of funding.
4. Approving the Long-Term Financial Plan, the 10-Year Capital Plan, and the Capital and Operating Budgets developed in order to meet the lifecycle needs of assets identified in the Corporate AM Plan and address the disparity between current and desired levels of service across all asset types and service areas.
5. Providing input into and approving the Corporate AM goals, Policy, Framework, Strategy, and Plan, including all updates as required by O.Reg 588/17.
6. Attending and participating in the annual review of the City's Corporate AM progress as required by O.Reg 588/17.

## **Chief Administrative Officer**

The City of Sarnia's Chief Administrative Officer shall be responsible for the following Corporate AM tasks:

1. Reviewing and approving the Corporate AM goals, Policy, Framework, Strategy, and Plan, including all updates as required by O.Reg 588/17, prior to their presentation to Sarnia City Council.
2. Ensuring that all other corporate goals, policies, strategies, and plans are in alignment with Corporate AM needs and initiatives.
3. Reviewing and approving recommendations from the technical lead and the senior management team for the acquisitions of corporate resources required for the successful development, implementation, and maintenance of all Corporate AM initiatives.

## **Executive Lead**

The executive lead shall be responsible for the following Corporate AM tasks:

1. Coordinating the review of the Corporate AM Policy and Plan with the senior management team and Council, at a minimum, every five (5) years as required by O.Reg 588/17.
2. Endorsing the City's Corporate AM Plan, including all updates and revisions, as required by O.Reg 588/17.
3. Supporting the technical lead, as required, in the development and implementation of all Corporate AM initiatives across all City departments.

## **Technical Lead**

The technical lead shall be responsible for the following Corporate AM tasks:

1. Developing and updating Sarnia's Corporate AM Policy, Framework, Strategy, and Plan for review by the senior management team and approval by Sarnia City Council.
2. With the support of the executive lead and the senior management team, leading the development and implementation of all Corporate AM initiatives across all City departments.
3. Supporting senior management in the development of corporate and departmental policies, procedures, plans, and budgets for addressing the lifecycle needs of all assets and achieving the City's desired levels of service across all asset types and service areas.

## **Corporate AM Steering Committee**

The Corporate AM Steering Committee consists of individuals from each of the City's departments that have expertise in the field of AM and/or are passionate for AM and the improvement of the City. The Committee members shall be responsible for the following Corporate AM tasks:

1. Championing all Corporate AM initiatives within their respective departments and encouraging the sharing of expertise, information, and resources across all departments for the advancement of Corporate AM initiatives.
2. Reviewing and providing input and/or direction into all Corporate AM documents and initiatives.
3. Disseminating information and plans discussed at Corporate AM Steering Committee meetings within their respective departments, as required.

## 10 Review Period

This policy shall be reviewed by the Corporate AM Steering Committee, the technical lead, the executive lead, the senior management team, and the Chief Administrative Officer every five years, at a minimum, as required by O.Reg 588/17.

The technical lead shall report to Sarnia City Council on the progress of the City's Corporate AM initiatives on or before July 1<sup>st</sup> of every year. In this annual review, the technical lead will detail the City's progress on the development and implementation of the Corporate AM Plan, identify any impediments to its progress, and propose a strategy for overcoming them.