

# STRATEGIC ASSET MANAGEMENT POLICY

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| <b>Policy Number:</b>       | CS 026                                   |
| <b>Responsibility:</b>      | Asset Management Specialist              |
| <b>Approval:</b>            | Mayor and Council                        |
| <b>Effective Date:</b>      | June 17, 2019 (original policy approval) |
| <b>Date of Last Review:</b> | June 2026                                |

## 1.0 PURPOSE

This policy is created in compliance with Ontario Regulation (O. Reg.) 588/17: Asset Management Planning for Municipal Infrastructure of the *Infrastructure for Jobs and Prosperity Act*, 2015.

This is the second iteration of the strategic asset management policy, with the first edition of the policy approved by Council in 2019.

The purpose of Strategic Corporate Asset Management Policy is to provide a framework for ongoing asset management development at the City of Sarnia.

## 2.0 SCOPE

This policy applies to Sarnia City Council, all City Divisions, and City personnel that are responsible for the planning, acquisition, operation & maintenance, renewal, and disposal of City-owned assets. Responsibility of City-owned assets is divided into the following City Divisions:

### Corporate Services/Administration

- Information Technology
- Sarnia Chris Hadfield Airport
- Sarnia Harbour

### Community Services

- Facilities
- Park Features
- Fleet Inventory
- Tree Inventory

### Engineering and Operations

- Transit
- Fleet Inventory
- Bridges and Culverts

- Municipal Drains
- Facilities
- Traffic Signals and Streetlights
- Shoreline
- Stormwater
- Wastewater
- Roads
- Water

## **Fire and Rescue Service**

- Facilities
- Fire Fleet and Equipment
- Emergency Management

## **Sarnia Police Service**

- Facility
- Police Fleet and Equipment

## **3.0 DEFINITIONS**

“**AMP**” means Asset Management Plan.

“**O. Reg. 588/17**” means Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure of the *Infrastructure for Jobs and Prosperity Act*, 2015.

“**(s. 3. (1) 1.)**” means reference to legislative sections of O. Reg. 588/17. (s. 3. (1) 1.) is used as an example.

“**Target Re-investment Rate**” means the annual amount of funding per asset category that is targeted for capital expenditures or reserve funding for long-term sustainability.

“**Capitalization Threshold**” means the value or pooled value of an asset that is recorded as a long-term asset and included in the AMP.

## **4.0 POLICY**

This policy is developed in compliance with the requirements of Ontario Regulation 588/17 (Asset Management Planning for Municipal Infrastructure).

### **Municipal Goals, Policies, or Plans Supported by AMP (s. 3. (1) 1.)**

There is a direct link between the AMP and the following corporate plans and policies:

City Council Strategic Plan (2024)  
 City of Sarnia Official Plan (2025)  
 Tangible Capital Assets Policy (2020)  
 Master Plans (across City Divisions)

Other plans and studies that are impacted by asset management can be found on the City’s website <https://www.sarnia.ca/city-government/plans-and-studies/>

## Municipal Budget integration (s. 3. (1) 2.)

The asset management plan will be considered for annual budget preparation. All Divisions and Departments should strive to take into consideration the annual target re-investment rates identified in the AMP for both short-term capital need, as well as long-term reserve funding. Further, long-term data improvements will assist with specific capital plans and scenarios for council to consider with each budget cycle. Target re-investment rates are based on total replacement costs, lifespan of assets, condition, and risk (if available). The 10-year capital plan also provides insight into capital need to help identify re-investment rates. Re-investment rates can also be proposed using sources such as the Canadian Infrastructure Report Card.

### Annual Target Re-investment Rate Examples

| Annual Target Re-investment Rate Examples |                           |                                |
|---|---------------------------|--------------------------------|
| Asset Service Life (years)                | Target Re-investment Rate | Examples                       |
| 5   | 20%                       | IT Equipment                   |
| 10  | 10%                       | Fleet                          |
| 25  | 4%                        | Playgrounds and Park Features  |
| 50  | 2%                        | Core Assets, Facilities, Roads |
| 75  | 1.3%                      | Core Assets, Facilities        |
| 100                                       | 1%                        | Core Assets, Sewers            |

## Continuous Quality Improvement (s. 3. (1) 3.)

### 1. Data improvement

This will occur annually and follow a 5-year cycle per O. Reg. 588/17 and rotate through each City Division, as identified below. This will involve updating inventory, replacement costs, unit costs, inflationary increases, GIS database, risk matrix, capital planning, financial planning, and target re-investment rates. A push towards a GIS-centric plan will occur with each data improvement cycle.

### 2. Annual Inflation Review

This will occur annually and calculations will be applied to each category of assets to update their current replacement value (CRV). This will be

based on an annual review of Statistics Canada Consumer Price Index (CPI), the Non-Residential Building Construction Price Index (NRBCPI), and the Municipal Finance Officers' Association of Ontario's calculated CPI and NRBCPI. This will also ensure CRV values reported annually to various Provincial Ministries will remain current.

### 5-Year Data Improvement Cycle

| 5-Year Data Improvement Cycle         |                                   |                                   |                                   |  |
|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|
| Year 1<br>2026                        | Year 2<br>2027                    | Year 3<br>2028                    | Year 4<br>2029                    | Year 5<br>2030                         |
| Corporate Services/<br>Administration | Community Services                | Engineering and Operations        | Fire and Rescue Service           | Full plan renewal per O. Reg. 588/17   |
| Vulnerability and Risk Assessment     | Vulnerability and Risk Assessment | Vulnerability and Risk Assessment | Sarnia Police Service             | Full policy renewal per O. Reg. 588/17 |
| Annual Update                         | Annual Update                     | Annual Update                     | Vulnerability and Risk Assessment |  |
|                                       |                                   |                                   | Annual Update                     |  |

### Principles (s. 3 (1) 4.)

The following principles were developed based on Section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015*.

#### 1. Customer Service

To ensure asset management development at the City of Sarnia is undertaken to provide constituents with knowledge and sound judgement of assets owned by the City, their condition, lifecycle status, and target re-investment rates. Asset management plans will attempt to balance community expectations, affordability, risk, and long-term sustainability.

#### 2. Community Improvement

To ensure asset management development at the City of Sarnia promotes the overall well-being of the community through infrastructure recommendations, adapting to trends and demographic needs, ensuring health and safety and risk are managed, and protecting the environment.

#### 3. Effective Communication

To ensure asset management development at the City of Sarnia, and all subsequent plans, are openly accessible to the public. All AMP

recommendations shall be supported by evidence-based information that is available at the time of asset analysis. An annual asset management update to council is required by O. Reg. 588/17, as well as a full plan update every five years.

#### **4. Fiscal Responsibility**

To ensure asset management development at the City of Sarnia, and all subsequent plans, are realistic and provide council with knowledge of current replacement value and target re-investment rates. Future development will focus on asset options, as well as renewal plans, to help mitigate long-term costs.

#### **5. Integration and Continuous Improvement**

To ensure asset management development at the City of Sarnia integrates Corporate asset management goals, policy, framework, and strategy into all City operations and continuously improve these practices.

### **Municipal Commitments (s. 3 (1) 5.)**

- i. actions required to address vulnerabilities that may be caused by climate change  
(A. operations, B. levels of service, and C. lifecycle management)**
- ii. anticipated costs from vulnerabilities**
- iii. adaptation opportunities**
- iv. mitigation approaches**
- v. disaster planning and contingency funding**

In response to these requirements, the City of Sarnia is committed to continuous quality improvement through the asset management process. This involves developing a more robust inventory of assets in a central location, commitments to collecting critical attributes, risk identification and future asset needs. As part of this process; climate change, through a cycle of vulnerability and risk assessments, identified in the 5-Year Data Improvement Cycle, will be considered for all asset categories.

### **Alignments WITH Financial Plans (s. 3 (1) 6.)**

- i. Financial Plans related to water assets**
- ii. Financial Plans relates to wastewater assets**

The *Safe Water Drinking Act, 2002* and Ontario Regulation 453/07 require that each municipality that operates a water system submit a Financial Plan to the Ministry of Municipal Affairs and Housing. This plan must demonstrate that the water system is financially viable and self-sustaining. Another requirement of this legislation is that each municipality must obtain a license to provide water

(Ontario Regulation 188/07). The financial plan is required for the maintenance and renewal of this license.

Wastewater Assets are aligned with this process and included in the last Financial Plan submitted to Council.

Through this policy, target re-investment rates identified in the asset management plan will be analyzed against the Financial Plan requirement above, as well as future rate studies, to ensure alignment and resolution of any discrepancies.

**Alignment with Land Use Planning (s. 3 (1) 7.)**

The City of Sarnia Official Plan outlines the objectives and policies to guide the short-term and long-term physical development of all lands within the City. Long-term asset management planning will assist in planning for infrastructure needs, infrastructure capacity, renewals, and replacements of critical assets required to support sustainable growth.

**Capitalization Thresholds (s. 3 (1) 8.)**

In general, the City’s capitalization threshold for Corporate asset management purposes is set at \$5,000 for any individual asset. In addition, assets below the \$5,000 threshold can be pooled to be included in the AMP. For example, computers less than \$5,000 can be pooled to be included in the AMP.

**Municipal Coordination (s. 3 (1) 9.)**

The City of Sarnia will participate in local asset management committees for knowledge sharing and best practices. Further, the City will network with local, provincial, and national asset management associations.

Where appropriate, the City shall consult with the County of Lambton and neighbouring municipalities regarding infrastructure needs, infrastructure capacity, renewals and replacements of critical assets required to support sustainable growth. For example, the City and County share infrastructure along various roadways and coordinating asset renewal and replacement is an important step in capital planning.

**Executive Lead and Responsibilities (s. 3 (1) 10.)**

The City of Sarnia’s **Chief Administrative Officer (CAO)** is responsible for reviewing and approving key corporate asset management documents and resource recommendations, while ensuring all corporate plans align with asset management objectives.

The **Executive Lead** oversees the City's corporate asset management by coordinating required policy and plan reviews, endorsing updates, and supporting implementation across Departments.

The **Specialist Lead** is responsible for developing and updating the City's corporate asset management documents, leading implementation across Departments, and supporting senior management in planning and budgeting for asset lifecycle needs and service levels.

The **Corporate Asset Management Steering Committee** includes representatives from each City Division who champion asset management initiatives, provide input on related documents and plans, and share relevant information within their Departments. This committee is guided by a Terms of Reference.

The **Corporate Asset Management Working Group** includes representatives from each City Division who assist the Specialist Lead with asset inventories and collecting asset attributes. They are the subject matter experts for asset inventories within their Division. This often includes Division and Department Managers. This group is guided by a Terms of Reference.

### **Municipal Council Involvement (s. 3 (1) 11.)**

The Mayor and City Council are responsible for approving the resources, goals, service levels, financial plans, and key asset management documents needed to support the City's corporate asset management program. They also participate in annual reviews to monitor progress and ensure compliance with regulatory requirements.

### **Commitment to Provide Public Input (s. 3 (1) 12.)**

The City of Sarnia is committed to providing residents and interested parties meaningful opportunities to provide input on asset management planning. Where appropriate, the City will gather feedback through public meetings, online engagement, and surveys, especially when setting proposed service levels. The municipality also commits to aligning public input with budget and long-term financial planning, while ensuring transparency by publishing key policies and plans online as required by O. Reg. 588/17.

## **5.0 ROLES AND RESPONSIBILITIES**

Roles and Responsibilities are outlined above, under 4.0 POLICY Executive Lead and Responsibilities (s. 3 (1) 10.).

## 6.0 RELATED POLICIES AND PROCEDURES

Related policies are outlined above, under 4.0 POLICY Municipal Goals, Policies, or Plans Supported by AMP (s. 3. (1) 1.).

There are no related procedures currently.

## 7.0 GOVERNING LEGISLATION

- Ontario Regulation (O. Reg.) 588/17: Asset Management Planning for Municipal Infrastructure of the *Infrastructure for Jobs and Prosperity Act*, 2015

## DOCUMENT HISTORY

| Revision  | Date          |
|---|---------------|
| Policy created.   | June 17, 2019 |
| Updates as part of 5-year renewal per O. Reg. 588/17 and reformatted to align with new policy template. | June 2026     |