SARNIA CITY COUNCIL

May 21, 2019
10:00am
COUNCIL CHAMBERS, CITY HALL
SARNIA, ONTARIO

CORPORATE PRIORITIES/STRATEGIC PLANNING MEETING
AGENDA

Page

PRESENTATIONS

3 - 15  1. Corporate Strategic Plan
        Presentation by Chris Carter, Chief Administrative Officer

17 - 45  2. Overview of Infrastructure Ontario’s Loan Program
         Presentation by Anthony Pizans, Senior Relationship Manager, Municipal Business Development & Lending - Infrastructure Ontario

47 - 103  3. Corporate Asset Management
           Presentation by Lydia Comley, Municipal Engineering Specialist
The City of Sarnia
CORPORATE STRATEGIC PLAN

Sarnia: The Place You Want to Be!
Sarnia City Council endorsed the 2017-2020 Corporate Strategic Plan on March 20, 2017.

Plan is based on 4 Strategic Priorities:
- Economic Innovation
- High Quality of Life & Caring for all Citizens
- Responsible Financial Management
- Corporate Excellence & Leadership
Mission, Values & Vision

VALUES
1. Honesty
2. Continuous Improvement
3. Collaborative
4. Communicative
5. Integrity & Accountability
6. Innovation
7. Sustainability

MISSION
Strength through collaborative leadership

VISION
Sarnia, the place you want to be!
History – Development of Plan

- January 2015 - started process, presentation by CAO at CP/SP Council Meeting
- October-November 2015 – retained consultant and held planning sessions with Council
- February 2016 – draft Plan to Council with public consultation options
- March-April, 2016 – Citizen Survey (597 responses), and Employee Survey (81 responses)
History Continued

- March-April, 2016 – 3 focus group sessions held with various stakeholders; 40 total focus group attendees and mail-in responses
- June 2016 – consultant presented to Council on results of public consultation
- February 2017 – Final Plan provided to Council
- March 2017 – 2017-2020 Corporate Strategic Plan was endorsed by Council
Implementation

• Council and City staff work together with community agencies and members to implement the Corporate Strategic Plan.

• A cross-departmental Internal Strategic Planning Working Group plans and tracks work to implement the plan.

• The accomplishments from the first year of the plan were included in the 2017 Annual Report Card; 2015-2016 Council Term Highlights were also included in this document.

• The 2018 Report Card was provided to Council on March 25, 2019
Implementation

- The Report Cards and 2017-2020 Corporate Strategic Plan can be found on the City’s website www.sarnia.ca
2018 Report Card
Economic Innovation

**GOAL:** Support revitalization and growth

**Strategies:**
- Invest in infrastructure needed to revitalize the City and support growth
- Create a business-friendly environment
- Collaborate with stakeholder networks to attract and retain new business, industry and institutional services
- Collaborate with stakeholders to encourage land development
**GOAL:** Be a safe, healthy and accessible community

**Strategies:**
- Promote safe and affordable housing initiatives
- Improve quality of life assets and amenities
- Continue on the path to accessibility
- Continue to build our relationship with Aamjiwnaang First Nation
**GOAL:** Align City services and capital investment with citizen expectations and ability

**Strategies:**
- Maintain reasonable tax rates
- Aggressively manage our assets
- Foster financial sustainability
- Grow and diversify revenues
2018 Report Card
Corporate Excellence & Leadership

**GOALS**: Focus on open and transparent government. Develop employees. Deliver service excellence.

**Strategies**:
- Improve both internal and external communications
- Improve service delivery effectiveness and efficiency
- Focus on people and culture
- Establish a culture of continuous improvement
Proposed Next Steps

- Sarnia City Council commence the evaluation process of the current Strategic Plan by proceeding to schedule a strategic planning session (summer 2019) with the objective of enhancing Council’s priorities, goals, mission, values and vision.
Questions and Comments:
Chris Carter
Chief Administrative Officer
chris.carter@sarnia.ca
Overview of Infrastructure Ontario’s Loan Program

Affordable financing in support of infrastructure renewal
Infrastructure Ontario (IO)

- Infrastructure Ontario (IO) is a Crown agency owned by the Province of Ontario
- Provides a range of services that support the Ontario government’s initiatives to modernize and maximize the value of public infrastructure and realty
- Upholds Ontario’s commitment to renew public services, in partnership with the private sector
INFRASTRUCTURE LENDING
MAJOR PROJECTS
REAL ESTATE SERVICES
COMMERCIAL PROJECTS
Infrastructure Lending

- IO’s Loan Program is an alternative financing approach that provides affordable, long-term loans to renew and build public infrastructure
  - The program provides a lower-cost, longer-term financial product than is offered by private sector financial institutions
Beginnings of the Loan Program

- Ontario government created the Loan Program as an alternative financing approach that could provide Ontario municipalities with affordable, longer-term loans to renew and build public infrastructure.

- The Program was based on a pooled financing model that continues to be used successfully to support infrastructure investment in other jurisdictions across North America:
  - Similar models are used in BC (BC-MFA), Alberta (Alberta Capital Finance Authority) and Quebec (Financement Quebec).
  - The Program offers a lower-cost, longer term financial product that is not being provided by private sector financial institutions.

- Since 2003, the government has broadened the Loan Program several times to include other broader public sector groups:
  - The government sets the policy on all sectors; IO administers the Loan Program on behalf of the government.
Background

- Prior to the creation of the Loan Program, only municipalities that were rated could access the capital markets for long-term financing up to 30 yrs.
  - 15 to 20 of 444 municipalities
- Remainder were left to finance long term assets with short term debt
- Commercial bank interest rates are higher than capital markets rates and typically only offer terms 10 years or less
- More efficient financing + up to 30 yr terms/amortizations = more capital renewal capacity
- Provincial government need for a sustainable source of efficient long-term financing in support of policies and programs
Full Cost “Pay As You Go”

- The traditional approach to building and renewing infrastructure
- Can only undertake projects that are fully-funded using finite sources:
  - Reserves
  - Development charges (increase)
  - Tax increases
- Apply for senior government assistance when available

Full Cost “Pay As You Go”

Loan Financing
Loan Financing

▶ Assume manageable debt
  - Current and future tax-payers share the benefits over the life of the asset
▶ Projects are financed over extended periods of time
  - Match finance term to asset life (5 to 30 years)
  - User fees collected
  - Development charges
▶ Apply for senior government assistance when available
Funding Considerations

- The cost of deferring the project
  - Rise in operations and maintenance costs
  - Lost opportunity costs
- May limit the opportunity for growth
  - Will population or industrial growth be limited without the new infrastructure?
- Project financing
  - Time to raise or save the required capital
  - Ability and cost of servicing loans
- Impact of construction cost increases
- Uncertain economic conditions
The Loan Program

- Affordable long-term financing solutions to help renew public infrastructure and deliver value to customers and residents across Ontario
- Efficient access to the Capital markets
  - IO leverages the strength of its good credit rating and passes savings along to its borrowers
  - No need to be rated
- Short-term construction loans and long-term take-out financing
Providing Access to Capital Markets

CAPITAL MARKETS

Short /Long-Term Money

Capital Market Bonds

INFRASTRUCTURE ONTARIO

$$$

Eligible Borrowing Pool
(Municipalities, non-profit long-term care, universities etc.)

Presentation #2 - May 21, 2019
Eligible Applicants

- The following broader public sector organizations are eligible for Loan Program financing:
  - Municipalities
  - Municipal corporations (electricity distribution, power generation, transit)
  - Universities and affiliated colleges
  - Housing providers (social, affordable, co-operative, supportive)
  - Aboriginal health access centres
  - Community health and social service hubs (non-profit)
  - Hospices (non-profit)
  - Local services boards
  - Long-term care homes (non-profit)
  - Professional arts training facilities (non-profit)
  - Sports and recreation organizations (non-profit)
Eligible Projects

- Most depreciable capital expenditures are eligible for affordable, long-term financing, including:
  - New construction, renovations and retrofits
  - Water, wastewater and waste management
  - Roads, bridges and public transportation
  - Housing, hospice and long-term care projects
  - Ambulances, fire trucks, transit vehicles, snow ploughs, garbage trucks and other rolling stock
  - Accessibility and energy efficiency projects
  - Local police, fire, Admin and recreation facilities
  - Equipment, systems and asset management tools
  - Land and facility acquisition
  - Municipal Local Improvement programs
Municipal Local Improvement Programs

- IO loans may also be used to support municipally-managed local improvement projects that are funded by Local Improvement Charges (LIC)
- Municipalities manage the LIC program within their jurisdiction and are responsible for lending funds to private landowners
  - Municipality sets the requirements for the local improvement program
  - IO does not lend directly to private landowners
- Examples of local improvement projects financed by a LIC:
  - Upgrades to home heating, ventilation and cooling systems
  - Installation of energy efficient windows and doors
  - Upgrades to home hot water systems
  - Improvements to insulation and weatherproofing
- Private landowners who benefit from the improvements have the LIC added to their property taxes each year until their portion of the improvement costs have been paid down
Financing for Local Improvement Programs
Affordable Rates

- Offered in both a short-term flexible (construction) rate and long-term fixed rate terms up to 30 years
- Terms are designed to match useful life of the asset
- No additional fees and no need to renegotiate
- Rates are the same for all borrowers, within each client sector
- Ready to build, or already building?
  - Our construction financing is the most affordable way to manage your short-term cash needs
- Two kinds of long-term rates – Serial and Amortizer

Today’s Rates
0.00%
25 year amortizer municipal sector
Serial & Amortizer Loans

- **Serial Loan**: Constructed to pay equal principal amounts every 6 months with interest computed on the declining balance.

- **Amortizer Loan**: Constructed to pay equal total payments every 6 months, interest component decreases while principal component increases over the term.
## Interest Rates

**Municipal Sector**

**IO indicative lending rates for May 16, 2019**

Rates are not final

<table>
<thead>
<tr>
<th>Term</th>
<th>Amortizer</th>
<th>Serial</th>
</tr>
</thead>
<tbody>
<tr>
<td>5Y</td>
<td>2.32%</td>
<td>2.32%</td>
</tr>
<tr>
<td>10Y</td>
<td>2.62%</td>
<td>2.61%</td>
</tr>
<tr>
<td>15Y</td>
<td>2.82%</td>
<td>2.80%</td>
</tr>
<tr>
<td>20Y</td>
<td>2.97%</td>
<td>2.94%</td>
</tr>
<tr>
<td>25Y</td>
<td>3.06%</td>
<td>3.02%</td>
</tr>
<tr>
<td>30Y</td>
<td>3.10%</td>
<td>3.06%</td>
</tr>
</tbody>
</table>

**CONSTRUCTION RATE**  2.23%

---

**Infrastructure Ontario - Partnering to modernize Ontario’s public assets**

Presentation #2 - May 21, 2019

Page 34 of 103
Applying for a Loan

- WebLoans online application
- Credit and legal review
  - Projects are reviewed to ensure that they are viable and meet eligibility criteria
- Execute Financing Agreement
  - IO provides templates and our knowledgeable staff is available to assist throughout the process
- Draw money
  - Capital financing available for short term construction loans and long-term debentures
NEW: Floating Rate Capital Loan

- Created for borrowers who need to draw funds at a short term floating rate, for up to five years
  - Allows flexibility in the amount borrowers need to debenture
  - Ideal for borrowers who can use interim revenues to pay down on capital works
  - Borrowers can draw funds and make interest only payments monthly, for up to five years
  - At maturity, the interest only balance must be repaid or converted to a fixed rate long term loan (debenture)
  - Any reimbursed or converted amounts cannot be re-borrowed
NEW: Capital Line Loan

- Borrowers with recurring and/or multi-year capital expenditures can combine multiple loan applications into one
  - Streamlines the application process and saves borrowers’ time
  - Available for up to five years with extensions available
  - Borrowers can draw cash up to a pre-determined amount, with interest only payments due monthly
  - As short-term loans are repaid or converted to debenture, the remaining balance of the loan can be accessed
Lending Program – Statistics

- IO has approved $10 billion in affordable long-term financing to public sector clients throughout Ontario
  - Represents 425 clients and 2,890 infrastructure renewal projects with a total project value of more than $16 billion
- Municipalities, municipal corporations, and housing providers make up almost 90% of the loan volume (by value)

(as of March 31, 2019)
Lending Program – Portfolio

- Approved loans as of March 31, 2019, total $10 billion

- Municipalities: 66.9%
- Municipal Corporations: 9.1%
- Housing Providers: 16.6%
- Municipal Corporations: 9.1%
- Universities & Colleges: 2.7%
- Long-term Care Homes: 2.3%
- Other: 1.2%
- Arts: 1.3%

"Other" category includes Community Health and Social Services Hubs, Aboriginal Health Access Centres, non-profit sports and recreation organizations, and Local Services Boards.
Loan Program in Action – Municipal

City of Owen Sound
Financed the City’s wastewater plant expansion project.

Loan Value: $2.8 million

Municipality of Sioux Lookout
Multiple road / street reconstruction projects within the community.

Loan Value: $482 thousand
Loan Program in Action – Municipal

Township of Lucan Biddulph
Development of the new municipal offices and library facilities.

Loan Value: $3.3 million

City of Temiskaming Shores
Multiple projects including the purchase of new fire vehicles.

Loan Value: $1.4 million
Loan Program in Action

Township of Amherstburg
Multi-use sports complex that includes ice pads, soccer fields and baseball diamonds

Loan Value: $5.8 million

County of Brant
Multiple projects: fire truck acquisition, clean water and sewage treatment system upgrades, and recreation facility

Loan Value: $6.8 million
Loan Program in Action

Haldimand County
Construction of the Dunnville Memorial Arena for the community.

**Loan Value:** $7.7 million

City of Thunder Bay
Multiple projects including: pavement rehabilitation, sidewalk construction, traffic signals, street lighting and more.

**Loan Value:** $6.8 million
Loan Program Summary

- Rates are the same for all borrowers, within each sector
- All capital expenditures for infrastructure purposes are eligible
- Hassle-free access to capital markets
  - No need to be rated, no minimum / no maximum
- Affordable all-in blended rates
  - No additional transaction fees or commissions
- Longer terms than generally available elsewhere
  - One month construction loans and 5 to 30 year take-out financing
- Online application
  - Dedicated knowledgeable staff
Background Information

Part 1 Overview

A
Definitions & Concepts

B
History

C
Legislation
Corporate Asset Management Planning

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.
Municipal Services

The fundamental purpose of the Corporation of the City of Sarnia is to provide services to its customers.

The type, number and scope of the different services that are provided by the City are dictated by government regulations and Sarnia City Council.

For AM purposes, municipal services are generally categorized into the three following categories:

1. Core services;
2. Non-core services; and
3. Business administration services.
Service Provision

Municipal services are performed by people employed by the City through the management, operation, maintenance, rehabilitation, and replacement of tangible assets for the benefit of municipal customers.

People + Assets = Service Provision
Levels of Service

Levels of service are defined as composite indicators that relate asset and personnel performance (service performance) of to the City’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.
Defining Services

Fully defining all of the City’s services is key to the development of level of service criteria.

A clear understanding of the limits of services is required.
Current versus Desired

The term current level of service is used 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.
History

2016 Sarnia State of the Infrastructure & Asset Management Update
September 26, 2016

2017 Corporate Asset Management Planning Update
February 13, 2017

2018 Corporate Asset Management Planning Update
June 25, 2018
Act Highlights

• Specific principles to follow when making decisions regarding infrastructure.
• Specific Asset Management Plan publishing and availability requirements.
• Specific considerations for the evaluation, prioritization and selection of capital infrastructure projects.
Ontario Regulation 588/17
January 1, 2018

Regulation Highlights
• Specific content and timing requirements for policy documents.
• Specific requirements for levels of service, endorsements, public availability, review, updates, and implementation.

Specific Regulation Deadlines
• July 1, 2019 - adoption and public posting of a Strategic Corporate AM Policy.
• July 1, 2021 - adoption and public posting of a Corporate AM Plan for core infrastructure assets.
• July 1, 2023 - adoption and public posting of a Corporate AM Plan that includes all municipal assets.
• 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.
Strategic Asset Management Policy

Part 2 Overview

A
Purpose & Scope

B
Goals & Principles

C
Policy Statement

D
Roles & Responsibilities
Purpose & Scope

Purpose

The purpose of the Strategic Corporate AM Policy is to formally document the Corporation of the City of Sarnia’s commitment as a municipality to, not only the AM Regulation, but to responsible asset management as a whole.

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

Scope

The Corporate AM Policy is to apply to Sarnia City Council, 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.
Goals & Principles

Fundamental Asset Management 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 will serve as the core of Sarnia’s Corporate AM policy, framework, strategy, and plan.
The following principles are to guide the City of Sarnia’s actions and decisions in all aspects of Corporate AM for the achievement of the Corporate AM goals:

- Principle # 1 - Customer Service
- Principle # 2 - Community Improvement
- Principle # 3 - Effective Communication
- Principle # 4 - Fiscal Responsibility
- Principle # 5 - Integration & Continuous Improvement
Goals & Principles

House Keeping

Elements the City is already committed to
= "(EXISTING)"

Elements that are unique to the AM Regulation and the Corporate AM Policy
= "(NEW)"
Guiding Principle # 1
Customer Service

Actionable Items
1. (EXISTING) Endeavor to provide customers with a complement of municipal services and assets that meet the social, economic, and environmental needs of the community.
2. (EXISTING) Give first consideration to core services and legislated requirements.
3. (NEW) Prescribe levels of service that balance community expectations, affordability, risk, and long-term sustainability.
Guiding Principle #2
Community Improvement

Actionable Items

1. **EXISTING** Endeavor to promote the overall improvement and well-being of the community by giving consideration to opportunities that:
   - Create local jobs and training opportunities;
   - Promote economic competitiveness and productivity;
   - Adapt to economic trends and changes in demographics;
   - Promote the health and safety of workers and citizens;
   - Make use of innovative technologies, practices and/or services;
   - Promote accessibility for persons with disabilities;
   - Protect the environment; and
   - Assist in climate change adaptation.
Guiding Principle #2 - Continued...
Community Improvement

Actionable Items

2. **NEW** Give consideration 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.

Good for the community and for You!
Guiding Principle #3
Effective Communication

Actionable Items

1. (EXISTING) Endeavor to maintain open and transparent lines of communication between the public, Council, and personnel on all matters pertaining to City services and assets.

2. (EXISTING) Clearly communicate information pertaining to service and/or asset needs and priorities to the public, Council, and personnel.

3. (EXISTING) Provide members of the public and other interested parties with opportunities to communicate their concerns and provide their input in regards to Corporate AM initiatives.

4. (EXISTING) Make the evidence-based information used in the development of the City’s AM Plan readily available to the public, Council, and personnel upon request.

5. (EXISTING) Make the best possible effort to accommodate information requests in a timely manner.

6. (EXISTING) Share any information with implications relating to City services and/or assets with the government and broader public sector entities.
Guiding Principle #4
Fiscal Responsibility

Actionable Items

1. (**NEW**) Endeavor to ensure that the Corporate AM implications of all financial decisions are considered prior to Council approval.

2. (**NEW**) Ensure that the City’s Long-Term Financial Plan is directly informed by the projected lifecycle needs of assets as identified in the Corporate AM Plan.

3. (**NEW**) Ensure that the City’s Long-Term Financial Plan and Risk Management Plan inform all capital investment and operating plans including, but not limited to, 10-Year Capital Plans and the Annual Capital and Operating Budgets.

4. (**NEW**) Explicitly identify and describe specific asset priorities in all of the City’s applicable financial documents.
**Guiding Principle #4 - Continued...**

**Fiscal Responsibility**

**Actionable Items**

5. *(EXISTING)* Consider other plans, policies, budgets, and/or strategies developed under other municipal or provincial legislation (such as the Fiscal Transparency and Accountability Act, the Municipal Act, the Safe Drinking Water Act, the Water Opportunities Act, the Planning Act, etc.) in all financial plans and budgets developed in relation to the City’s Corporate AM initiative.
Guiding Principle #5
Integration & Continuous Improvement

**Actionable Items**

1. **(NEW)** Endeavor to support the adoption of appropriate Corporate AM practices.
2. **(NEW)** Endeavor to actively encourage the practice of continuous improvement among all members of the public, Council, and personnel and across all City operations.
3. **(NEW)** 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.
4. **(NEW)** 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.
5. **(EXISTING)** Formally review the City’s Corporate AM progress with Sarnia City Council on an annual basis.
The following principles are to guide the City of Sarnia’s actions and decisions in all aspects of Corporate AM for the achievement of the Corporate AM goals:

1. Strive to provide customers 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 customers.
4. Strive to achieve open communication, transparency, and collaboration between the corporation and its customers as it pertains to the management of assets, the true cost of services, and the spending of tax dollars.
In order to take advantage of the possible benefits, it is proposed that the City’s Corporate AM planning efforts be branded.

Staff will report back to Council with sample logos for consideration at a later date.
Roles & Responsibilities

Proposed

APPROVAL
- Mayor & Members of Sarnia City Council

OVERSIGHT
- Chief Administrative Officer
- Members of Senior Management Team

ADMINISTRATION
- Executive Corporate AM Lead
- Technical Corporate AM Lead
- Support from Various Department Directors

MANAGEMENT
- Technical Corporate AM Lead
- All Department Directors

DEVELOPMENT
- Corporate AM Analysts
- Corporate GIS Technologist

DATA COLLECTION
- Various Positions From All Departments
- Third Party Consultants (As Required)

IMPLEMENTATION
- All Department Directors
- Technical Corporate AM Lead

CONSULTATION
- Corporate AM Steering Committee
- Public AM Committee
Roles & Responsibilities

Role of Council

The Mayor and Sarnia City Council will 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.
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 developed in order to address the disparity between current and desired levels of service across all asset types and service areas.
5. Approving departmental 10-year capital plans developed based on the Corporate AM needs identified in the Long Term Financial Plan.
6. Approving annual capital and operating budgets that are in alignment with the Long Term Financial Plan and departmental 10-year capital plans.

7. Providing input into and approving the Corporate AM goals, policy, framework, strategy, and plan, including all updates.

8. Attending and participating in the annual review of the City’s Corporate AM progress.
Roles & Responsibilities

Role of the CAO

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

1. Reviewing and approving the Corporate AM goals, policy, framework, strategy, and plan, including all updates, prior to their presentation to Sarnia City Council.

2. Ensuring that all corporate goals, policies, strategies, and plans are in alignment with Corporate AM needs and initiatives.

3. Reviewing and approving recommendations for the acquisitions of corporate resources required for the successful development, implementation, and maintenance of all Corporate AM initiatives.
Roles & Responsibilities

Role of the Executive Lead

The executive lead will 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.
2. Endorsing the City’s Corporate AM Plan, including all updates and revisions.
3. Supporting the technical lead, as required, in the development and implementation of all Corporate AM initiatives across all City departments.
The technical lead will 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.
Roles & Responsibilities

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 will 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 departments.
Role of All

All City personnel and members of Sarnia City Council will be responsible for advocating for the City’s Corporate AM initiative throughout the community.
The official draft Strategic Corporate AM Policy will be provided to Sarnia City Council at the May 27, 2019 regular Council Meeting for information, with consideration of approval at the June 17, 2019 regular Council Meeting.
Next Steps

Asset Management Staffing

Staff will report back to Council on the costs associated with various staffing proposals for the successful implementation of Sarnia’s Corporate AM initiatives.
**Other Asset Management Documents**

**The AM Framework**

The completed draft Corporate AM Framework document will be circulated to Council at a later date.

**The AM Strategy**

The Corporate AM Strategy is currently being developed. Once complete, the draft will be circulated to Council for review prior to implementation across all departments and City operations.

**The AM Plan**

The updated draft Corporate AM Plan for core infrastructure asset will be circulated to Council for review in the spring of 2021, in advance of the July 1, 2021 legislated deadline.
Next Steps

Other Corporate Documents

The following documents require development and/or modification in conjunction with the advancement of the Corporate AM initiatives.

Development:
• Level of Service Standards;
• Risk Management Plan;
• Sustainable Development Plan; and
• Long-Term Financial Plan.

Modification:
• Public Engagement Policy;
• Integrated Community Sustainability Plan;
• Standard Operational Procedures;
• Budget Procedures;
• Reserve & Tangible Capital Asset Policies;
• 10-Year Capital Plan; and
• Capital and Operating Budgets.

Appropriate staff from various departments will be assigned the task of developing and/or modifying these documents in conjunction with Corporate AM practices.
Next Steps

Data Collection

City staff from all departments continue to work diligently to collect the required asset data and complete the required condition assessments for the development of the Corporate AM Plan.
Next Steps

Upcoming Events

2019 Events

- **May 27** - Draft Strategic Corporate AM Policy provided.
- **June 17** – Consideration of Approval of the Policy.
- **Summer** - Review of the Corporate Strategic Plan.
- **September** - Presentation on Current State of the Infrastructure & Asset Management Planning.
- **September 23** - Corporate Priorities/Strategic Planning Meeting – Budget Presentation.
- **December 3** - Budget Deliberations Meeting.

Future Events

- **July 1, 2021** - The adoption and public posting of a new updated Corporate AM Plan for core infrastructure assets.

Future Events

- **July 1, 2021** - The adoption and public posting of a new updated Corporate AM Plan for core infrastructure assets.
THANK YOU

Questions?
Table of Contents

1  Background ........................................................................................................... 2
2  Purpose .................................................................................................................. 4
3  Scope ..................................................................................................................... 4
4  Goals ...................................................................................................................... 6
5  Guiding Principles ................................................................................................. 6
6  Policy Statement ..................................................................................................... 8
7  Supporting Documents ........................................................................................... 9
8  Roles & Responsibilities ......................................................................................... 10
9  Review Period ....................................................................................................... 14
1. **Background**

**Municipal Services**

The fundamental purpose of a municipality is to provide services to its customers. 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 customers.

**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 1-1 provided below.

![Diagram of Corporate AM Processes](image-url)
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 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.
2. 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.
d) The development of the specific levels of service prescribed to each asset type and service area.

3. 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;
- Transportation services; and
- By-law 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.

4. **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.

5. **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 customers 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 upmost 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 practice of continuous improvement of among all members of the public, Council, and personnel and across all City operations. 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 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.

**6. Policy Statement**

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

1. Strive to provide customers 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 customers.
4. Strive to achieve open communication, transparency, and collaboration between the corporation and its customers 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.
7. Supporting Documents

A large number of corporate governance documents, which detail the City’s various goals, policies, strategies, and plans, are or will be align 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 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 Corporate AM initiatives in Sarnia include the following:

- Level of Service Standards;
- Public Engagement Policy & Strategy;
- Risk Management Plan;
- Sustainable Development Plan;
- Standard Operational 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.

8. 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 initiative. As required by O.Reg 588/17, these 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 assigned to the specified categories are summarized in Figure 8-1 provided below. The specific responsibilities of
key corporate positions and groups are described in the subsequent sections.

<table>
<thead>
<tr>
<th>APPROVAL</th>
<th>Mayor &amp; Members of Sarnia City Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>OVERSIGHT</td>
<td>Chief Administrative Officer</td>
</tr>
<tr>
<td></td>
<td>Members of Senior Management Team</td>
</tr>
<tr>
<td>ADMINISTRATION</td>
<td>Executive Corporate AM Lead</td>
</tr>
<tr>
<td></td>
<td>Technical Corporate AM Lead</td>
</tr>
<tr>
<td></td>
<td>Support from Various Department Directors</td>
</tr>
<tr>
<td>MANAGEMENT</td>
<td>Technical Corporate AM Lead</td>
</tr>
<tr>
<td></td>
<td>All Department Directors</td>
</tr>
<tr>
<td>DEVELOPMENT</td>
<td>Corporate AM Analysts</td>
</tr>
<tr>
<td></td>
<td>Corporate GIS Technologist</td>
</tr>
<tr>
<td>DATA COLLECTION</td>
<td>Various Positions From All Departments</td>
</tr>
<tr>
<td></td>
<td>Third Party Consultants (As Required)</td>
</tr>
<tr>
<td>IMPLEMENTATION</td>
<td>All Department Directors</td>
</tr>
<tr>
<td></td>
<td>Technical Corporate AM Lead</td>
</tr>
<tr>
<td>CONSULTATION</td>
<td>Corporate AM Steering Committee</td>
</tr>
<tr>
<td></td>
<td>Public AM Committee</td>
</tr>
</tbody>
</table>
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.
9. 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 1st of each 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 factors impeding the progress, and propose a strategy for overcoming them.