



**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
**Engineering Services Division**

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| <b>TO:</b>                | Chair and Members<br>Public Works Committee   |
| <b>COMMITTEE DATE:</b>    | April 7, 2014   |
| <b>SUBJECT/REPORT NO:</b> | Public Works Asset Management Plan - Provincial Requirement (PW14035) - (City Wide) |
| <b>WARD(S) AFFECTED:</b>  | City Wide   |
| <b>PREPARED BY:</b>       | John Murray<br>(905) 546-2424, Extension 4479                                       |
| <b>SUBMITTED BY:</b>      | Gerry Davis, CMA<br>General Manager<br>Public Works Department                      |
| <b>SIGNATURE:</b>         |   |

**RECOMMENDATION**

- (a) That the Public Works Asset Management Plan (AMP), attached as Appendix “A” to Report PW14035, be adopted in principle as required by the Province for the application of future infrastructure grants;
- (b) That the Public Works Department continue to develop and refine a level of service framework, as outlined within Report PW14035, to establish a clear relationship between infrastructure investment and service outcomes;
- (c) That the Public Works Department continue to develop Asset Management plans for all other categories of Public Works infrastructure;
- (d) That the Public Works Asset Management Plan, attached as Appendix “A” to Report PW14035, be posted in a designated area on the City’s website, as required under the Provincial guide.

**EXECUTIVE SUMMARY**

Under the Province of Ontario’s new Municipal Infrastructure Investment Initiative (MIII), municipalities are required to submit a detailed Asset Management Plan (AMP), in order to qualify for future Provincial grant program funding. This requirement became effective as of December 31, 2013. The City of Hamilton Public Works Asset Management Plan, attached as Appendix “A”, has been developed to meet these requirements, as set out in the Building Together: Guide to Municipal Asset Management Plans.

Based on this Guide, qualifying Asset Management Plans must be completed for road, bridge, water, wastewater and social housing assets and must include the following sections:

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- **State of the Local Infrastructure** - information on inventory, condition and valuation.
- **Desired Levels of Service** - how service is linked to infrastructure investment and how service is measured on performance goals and expectations.
- **Asset Management Strategy** - a set of planned actions based on best practices, risk management and lowest life cycle cost.
- **Financing Strategy** - Identifies lifecycle investment requirements and appropriate funding strategies.

The City of Hamilton has many well established practices surrounding the planning and management of public infrastructure, and has pioneered the use of Asset Management amongst Canadian municipalities.

As attached, Appendix “A” to this report, the Public Works Asset Management Plan (AMP) compiles those practices into a single document and meets all of the requirements as outlined within the Ontario Building Together Guide for Municipal Asset Management Plans. It includes the most up to date information regarding the state of Hamilton’s infrastructure, the best practice programs in place that extend asset life and reduce the lifecycle cost of ownership, and the current financial strategies that allocate funds to operating and capital investments.

The AMP also includes a level of service framework, compiled using the numerous performance indicators currently tracked for benchmarking and performance measurement, linking infrastructure investments to service outcomes. The framework will continue to evolve to include further customer and corporate indicators and will assist the City’s transition to a more service-oriented approach to asset management planning.

The Public Works Asset Management Plan has been completed for Road, Bridges, Water, Waste Water and Storm assets. It should be noted that Storm assets were not a provincial requirement, however, were added to the Public Works AMP to complete all rate related categories.

City Housing Hamilton will bring forward a separate AMP for their social housing assets.

The province is also encouraging municipalities to complete future AMPs for all of their additional asset categories.

**Alternatives for Consideration - See Page 4**

**FINANCIAL - STAFFING - LEGAL IMPLICATIONS**

**Financial:** The approval of the Public Works Asset Management Plan, Appendix “A” to Report PW14035, is required for the City of Hamilton to qualify for future infrastructure grants related to road, bridge, water or waste water.

**Staffing:** N/A

**Legal:** N/A

## **HISTORICAL BACKGROUND**

In June 2011, the Province of Ontario released *Building Together*, its long term infrastructure plan with a strategic framework to guide future investments. This plan sets out the Government's commitment to making investments in public infrastructure which:

- support economic growth and competitiveness;
- align public services with demographic changes; and
- ensure good stewardship of public assets

However, with the current economic climate and fiscal pressures which challenge the Province's ability to support infrastructure investment, the Province has made clear that future funding commitments to municipalities will be based on focused investments which address needs rather than wants.

To aid municipalities in identifying and prioritizing infrastructure investment, the Ministry of Infrastructure has developed the Municipal Infrastructure Strategy (Strategy) which intends to aid municipalities in strengthening asset management practices across the Province. Within the Strategy is a requirement that municipalities seeking provincial capital funding will now be required to submit a detailed Asset Management Plan (AMP), and have them endorsed by council, for future consideration. This requirement became effective as of December 31, 2013.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Under the Province of Ontario's new Municipal Infrastructure Investment Initiative (MIII), municipalities are required to submit a detailed Asset Management Plan (AMP), in order to qualify for future Provincial grant program funding. Each AMP must also be endorsed by the municipal council and made publicly available.

## **RELEVANT CONSULTATION**

As part of the AMP preparation and development process various workshops and meetings were held, including all relevant stakeholder groups.

Initially, Public Works staff met with City Housing Hamilton staff to consolidate each departments approach. Each department will produce their own AMP, however, they will be standardized and will be completed with the same overall template.

The consultation for the Public Works AMP included Hamilton Water staff, Engineering Services staff, and Operations staff, to ensure up to date infrastructure data and strategies had been captured accurately. In addition the Corporate Services, Financial Planning and Policy Division's staff were included throughout the process to provide and ensure the accuracy of all financial information.

## **ANALYSIS AND RATIONAL FOR RECOMMENDATION**

The City of Hamilton owns and operates over \$14.4 billion (replacement value) in core Public Works infrastructure (roads, bridges, water, waste water and storm) which services the needs of residents, local businesses and visitors to the City. These assets

contribute to community health, welfare and satisfaction, and long-term prosperity and growth.

The City of Hamilton uses a range of measures and indicators to evaluate asset performance, identify trends, and benchmark operations. These current measures generally are focused on physical properties, and technical and operational characteristics.

Like many progressive municipalities, Hamilton is shifting its view of asset management and moving to adopt a service-focused view of its infrastructure and investments. By adopting a customer-centric level-of-service framework, measures and targets, and weighing investment based on service impact and risk, the City will establish a clear relationship between infrastructure investment and service outcomes.

For the purposes of this Asset Management Plan a preliminary Level of Service Framework has been established around nine core service goals, which have been identified as priorities for Public Works. It is recommended that this framework be further developed and refined based on input from internal and external stakeholders, for use in guiding future plans and initiatives.

Although not explicitly required by the Ministry of Infrastructure yet, the scope of the asset management plan is expected to increase to include other asset classes. Several municipalities have voluntarily produced an asset management plan that exceeds the scope of assets required by the Ministry. It is therefore recommended that Public Works continues to produce Asset Management Plans for all Public Works infrastructure.

## **ALTERNATIVES FOR CONSIDERATION**

Council could chose not to endorse the Public Works Asset Management Plan (AMP), attached as Appendix “A” to this report, as required by the Province for the application of future infrastructure grants. This would jeopardize the qualification for future infrastructure grants from the Province.

## **ALIGNMENT TO THE 2012 - 2015 STRATEGIC PLAN**

### **Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

### **Strategic Objective**

- 1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

### **Strategic Priority #2**

Valued & Sustainable Services

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*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Objective**

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.
- 2.2 Improve the City's approach to engaging and informing citizens and stakeholders.

**Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.*

**Strategic Objective**

- 3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A"          Public Works Asset Management Plan