



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Engineering Services Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	June 17, 2019
SUBJECT/REPORT NO:	Strategic Asset Management Policy (PW19053) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Erika Waite (905) 546-2424 Ext. 6397
SUBMITTED BY:	Gord McGuire Director, Engineering Services Public Works Department
SIGNATURE:	

RECOMMENDATION(S)

That the Strategic Asset Management Policy be approved.

EXECUTIVE SUMMARY

The purpose of this report is to provide City Council with an overview of the new municipal infrastructure asset management legislative regime in Ontario, an update on the City of Hamilton asset management initiatives, and the recommended new Strategic Asset Management Policy.

The purpose of the recommended Policy is to affirm the City's approach to infrastructure asset management through clearly defined commitments and principles for decision-making (prescribed by legislation), and to align and integrate asset management into strategic planning processes.

Alternatives for Consideration – Page 6

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There are no financial impacts associated with the proposed recommendation. When established and adhered to, the policy aids decision-makers in making sound and consistent municipal infrastructure decisions. The recommended

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Policy does not bind the City to specific expenditures on prioritized assets/services – those are dynamic decisions - but instead sets a framework for consistent decision-making and planning, applicable to all those with authority to make asset management decisions.

It is reasonable to assume the ability to demonstrate the benefit of a project to the community through quantifiable metrics tied to legislative-based levels of service and costs will be a component of future provincial funding requests.

The policy being recommended in this report does not bind council to any level of service or budget. In future staff will return to committee to seek approval of the Asset Management Plan and it is through that process whereby Council will make specific commitments relative to service levels and by extension a range of budget commitments for each category of assets.

Staffing: No additional staffing is required as a result of the recommendations in this report.

Legal: Approval of the recommended Strategic Asset Management Policy allows the City of Hamilton to demonstrate conformance to Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure, under the Infrastructure for Jobs and Prosperity Act, 2015. This regulation requires that “Every municipality shall prepare its first strategic asset management policy by July 1, 2019”.

HISTORICAL BACKGROUND

The City of Hamilton delivers public services that are critical to its citizens and these services rely on well-planned and well-maintained infrastructure. There is increased pressure on the ability of the City to ensure the long-term sustainability of its infrastructure. This is the case in all Ontario municipalities, and while many municipalities have asset management plans, significant differences exist, thus the province introduced an asset management regulation in December 2017.

A presentation was delivered on January 16th, 2017 to inform the Public Works Committee of the expected legislative requirements discussed herein. An Information Report PW18085 followed to reiterate the pending requirements.

The Asset Management Planning for Municipal Infrastructure Regulation 588/17, under the Infrastructure for Jobs and Prosperity Act, prescribes requirements for an Asset Management Policy in Sections 3 and 4. It requires that all municipalities have a comprehensive asset management plan (AMP) in place by July 1, 2024 for all

infrastructure assets, to be phased in over 5 years, beginning with the preparation of a Strategic Asset Management Policy by July 1, 2019.

Key legislative deadlines for all Ontario municipalities are depicted below:

July 1, 2019	_____	Prepare and publish a strategic asset management policy.
July 1, 2021	_____	Develop enhanced AMPs that include the cost to maintain current service levels covering core infrastructure assets.
July 1, 2023	_____	Expand enhanced AMPs that include the cost to maintain current service levels covering all infrastructure assets.
July 1, 2024	_____	Expand AMPs to provide further details on all infrastructure assets, including proposed service levels and the revenue and expenditure plan to achieve the proposed service levels (if greater than current service levels).

The AMP is founded on the Policy framework, and is developed for the management of infrastructure assets with a view to operating, maintaining and renewing the assets which support the provision of services to the community while ensuring sound stewardship of public resources. The City of Hamilton Asset Management Plan was first established in 2014. No Asset Management Policy is in place at this time. Activities to update this AMP to the new legislated requirements are underway, while improving and enhancing the AMP to ensure it remains a robust system. The Regulation also mandates specific content of the AMP that is centered around developing a relationship between costs and service levels.

When done well, asset management planning is part of a strategic planning process that is integrated with budgeting processes and long-term financial planning. Good asset management planning helps municipalities make well-informed and evidence-based decisions about their infrastructure assets.

Asset Management is of the shared responsibility of engineering and financial experts to support enhanced infrastructure decision-making. The policy, and subsequent Asset Management Plan, should aim to eliminate or minimize silo effects in the exchange of information that typically exist within municipal administrations.

The recommended Strategic Asset Management Policy applies to core infrastructure assets only at this time, which includes assets in water treatment and distribution, wastewater collection and treatment, stormwater management, roads, bridges and culverts. At a later date, the Policy will be updated to include all infrastructure assets, such as facilities and fleet, before the legislated deadline of July 1, 2023.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Approval of the recommended Strategic Asset Management Policy allows the City of Hamilton to demonstrate conformance to Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure, under the Infrastructure for Jobs and Prosperity Act, 2015. This regulation requires that “Every municipality shall prepare its first strategic asset management policy by July 1, 2019”.

Launched in 2012, the Municipal Infrastructure Strategy required municipalities requesting provincial infrastructure funding to prioritize needs by showing how projects fit within an Asset Management Plan (AMP). The province requires any municipality seeking provincial capital funding to prepare a detailed AMP and show how its proposed project fits within its plan. Although not yet confirmed, some discussion is occurring about the new, more prescribed AMP regulation being tied to future provincial funding eligibility. The province is communicating to the public that the new regulation aims to bring greater consistency to municipal Asset Management Plans, and it is hypothesized that once the regulated deadlines have been reached, funding approvals will require municipalities to demonstrate compliance with O.Reg.588/17.

“The Ontario Community Infrastructure Fund is tripling to \$300 million per year by 2018/19 and focusing more on formula based funding. In addition, the federal government has made a renewed commitment to new infrastructure spending. Evidence-based planning is critical to ensuring these funds support the right investments at the right time.”

~Province of Ontario, ROMA Conference, January 2018

It is reasonable to assume the ability to demonstrate the benefit of a project to the community through quantifiable metrics tied to legislative-based levels of service and costs will be a component of future provincial funding requests.

RELEVANT CONSULTATION

A collaborative staff approach was used to create the recommended Policy so that it may become a key guidance document for infrastructure decisions. Discussions around culture in infrastructure planning and governance, scope, capitalization threshold, transparency, climate change, shared assets and commitments have been built into the

policy to ensure it is a functional and effective foundational document that guides those with asset management authorities.

On January 15th, 2019 a workshop was held with GM BluePlan as the consulting firm engaged to assist City staff in drafting the Asset Management Policy, and in coordination with Engineering Services Asset Management and Financial Services staff. This workshop was conducted in alignment with City culture, commitments and plans, and to provide a long term financial analysis of the infrastructure needs to provide the City with the processes required to understand the revenue requirements to fund the infrastructure expenditure needs. This firm's staff provided input and guidance during the drafting of the new AMP regulation, through senior leadership positions and involvement in various federal, provincial and municipal associations and committees.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Beyond compliance there are further benefits to the establishment of an Asset Management Policy and enhancement of the AMP for the City of Hamilton. Enhancements will provide opportunity to gain perspective on the current service levels being rendered to the community and identify the infrastructure needs to maintain current service levels or achieve proposed service levels. A sound policy along with an updated and robust AMP provides council and staff new tools and information to make better AM decisions, by offering:

- A clear depiction of 'what a dollar buys', especially related to present state of good repair, growth-related infrastructure or service improvements;
- A clear picture of projects that may be deferred due to a capital decision;
- A means towards major failure prevention, rather than reactive projects; and
- A shift towards rehabilitation and preventive maintenance, to help assets reach or exceed the expected asset life, rather than focusing on reconstruction.

Based on an approved Policy, the updated AMP will allow staff to continue with asset management initiatives, including updates to asset condition information, infrastructure lifecycle analysis, levels of service assessments, financial forecasting, and costs to achieve proposed target levels of service.

Similar initiatives in utilities and government observe ISO 55001, an international standard developed by ISO Committee with 31 participating organizations. This standard specifies the requirements for an integrated, effective management system for asset management. Ontario Regulation 588/17 does not mirror the ISO 55001 requirements; however some of the sound asset management concepts prescribed in the ISO standard have been incorporated into the proposed Policy in such areas as senior management involvement, commitment to continual improvement, consistency with other municipal strategic and planning documents, and communication with stakeholders and the public.

Under the regulation the recommended Policy should be updated at least every five years, or sooner should adjustments be required.

ALTERNATIVES FOR CONSIDERATION

The alternatives are limited in this process as the Province has regulated the development of a Strategic Asset Management Policy. Committee can review, amend, edit and update the Policy once approved.

Committee could decline to approve this recommendation and the City would continue with its current methods of asset management. There is no direct connection to Provincial Infrastructure funding yet, however it is expected that future applications will require the submission of our Policy.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PW19053 - Strategic Asset Management Policy

Appendix "B" to Report PW19053 - Ontario Regulation 588/17 made under the Infrastructure for Jobs and Prosperity Act, 2015; Asset Management Planning for Municipal Infrastructure