



Hamilton

# CORPORATE ASSET MANAGEMENT

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**PUBLIC WORKS**  
Corporate Asset Management



1. What is Asset Management?
2. Benefit to the Community
3. Role of Council
4. Continuing our Journey  
- Ontario Regulation 588/17 Mandates



# PART

# 1

## What is Asset Management?

The systematic and coordinated activities and practices of the City to optimally and sustainably deliver on its objectives through the cost-effective lifecycle management of assets.



# What is an Asset?



Assets provide services that contribute to our quality of life





# Formalized planning for the services that contribute to our quality of life.



# Asset Management is .....





# Asset Management is a process used in decision-making.

It helps us care for the infrastructure that delivers valuable services to our community, in a way that:

- **Considers Service Needs of Our Community**
- **Manages Risks & Opportunities**
- **Uses Resources Wisely**



# Asset Management is .....

- **A Process**
- **A Journey**
- **An Approach**
- **A Way of Doing Business**





# Haven't we been doing this all along?





**PART**

**2**

**What is the benefit of  
Asset Management to  
my community?**

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# What do people in our community want? Safe and sustainable services in a predictable, cost-effective manner.





People don't want surprises like this.







# How does Asset Management deliver value to my community?

**Council Established Level of Service (LOS)**

**Performance**



**Risk**



**Cost**



**Value From Services**



# Performance ①

Does it do what it is supposed to  
at the level we expect?

My recreation centre is open when I want to use it and  
has the programs I'm looking for.

# Risk **2**

**What is the likelihood of service failure?  
What is the consequence of service failure?**



Cost

3

How much money do we need to acquire, operate, maintain, renew and dispose of our assets?



PART

3

# What is Your Role as an Elected Official?



# Role of Council

## Council sets strategic direction

- Level of service
- Resource allocation





**Council needs  
information about  
asset performance,  
risk and cost to set  
direction**







# ASSET MANAGEMENT

gives us the empirical  
evidence so we can...

- Do the right thing
- To the right asset
- At the right time



A photograph of several stacks of gold coins on a dark, reflective surface. The stacks vary in height and are arranged in a slightly curved line from left to right. The lighting is dramatic, highlighting the metallic texture of the coins. A blue banner is overlaid on the left side of the image.

# Let's talk about BUDGETS



# Let's not pass it on



PART

4



Continuing Our Journey



## Asset Management Goal

- To meet a required level of service (LOS), in the most cost-effective manner, through the management of assets for present and future customers.

## Benefits

- Governance and accountability,
- Effective and sustainable decisions,
- Enhanced customer service,
- Effective risk management,
- Improved financial efficiency.



O. Reg. 588/17:  
Asset Management  
Planning for  
Municipal Infrastructure

# Ontario Regulation 588/17 Mandates

## Asset Management Policy

PW19053



2019

## Information Report

PW22037



JULY 1, 2022

## Asset Management Plan: Non-Core Assets

- All remaining assets
- Current LOS with cost to maintain

JULY 1, 2024

JULY 1, 2025

## Asset Management Plan: Core Assets PW22048

- Transportation
  - (Roads, Engineered Structures),
- Water Works
  - (Water, Wastewater, Stormwater),
- Current LOS with cost to maintain.

**Proposed LOS and Financial Strategy Completed**

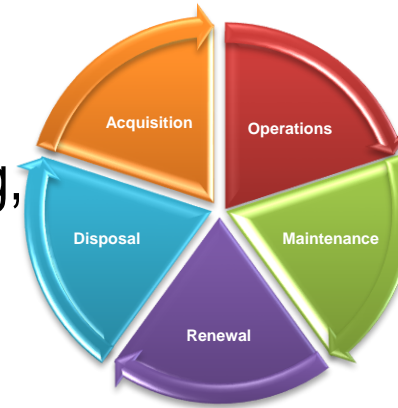
LOS – Levels of Service <sup>26</sup>



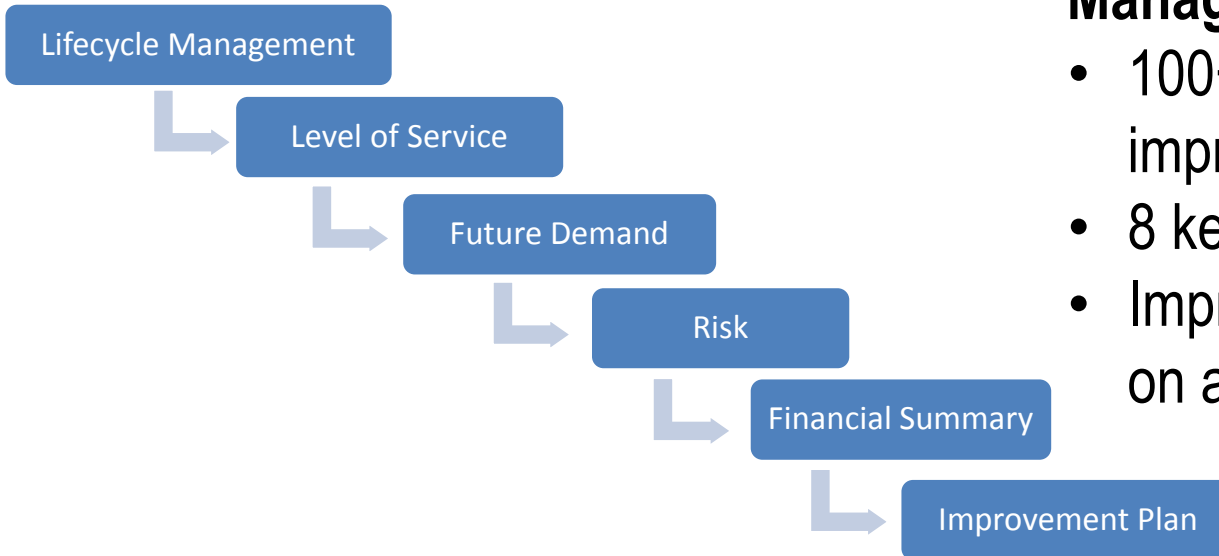
# Asset Management Approach

## Principles

- Adopt a lifecycle approach,
- Endorse evidence based decision making,
- Embrace continuous improvement,
- Provide optimal value,
- Develop service knowledge.



## Plan Components



## Lifecycle Management

- 100+ opportunities for improvement from Core Plan,
- 8 key themes,
- Improvement plan identified on all items (time/resources).

## Asset Information (Data)



- AM Planning starts with data (e.g. age, location, condition etc.),
- Data confidence scale developed in order to quantify concerns,
- Data found to be missing, old, incomplete and duplicated.

## Asset Condition



- No condition process for many assets or assessments (CA's),
- Use of Estimated Service Life (ESL) and age to approximate condition.

## Lifecycle Management



- Not all assets are properly programmed; impact of acquired assets.

## Levels of Service



- Owners are learning about and starting to embrace LOS,
- Community engagement is paramount and will be ongoing.



## Replacement Cost



- Variations exist in current data,
- Need to apply a robust process across all asset classes.

## Demand & Risk Management Improvements



- Not yet extensive requirements in O. Reg 588/17,
- Required by 2025; currently in development.

## Financial Management Improvements



- Planning horizon expanded from 10 to 30 years,
- Infrastructure gap at low-med confidence,
- Future Long-Term Financial Plan will connect the budget to AM Plans.

## Governance



- Need for standard processes evident; currently in development,
- Clearly defined asset ownership apparent yet still some gray areas.

# Core Asset Management Plans - Findings

\* Low-Medium Data Confidence

Asset Category	*Replacement Value (B)	*Average Age (Years)	*Average Condition	*10 Year O&M & Renewal Funding Ratio	*Funding Gap over 10 Years (M)
Water	\$4.3	34	Fair	85%	\$202
Wastewater	\$7.3	30	Fair	70%	\$498
Storm Water	\$3.1	22	Good	42%	\$312
Road Network	\$5.1	16	Fair	66%	\$866
Engineered Structures	\$1.5	33	Good	67%	\$81
<b>TOTAL</b>	<b>\$21.3</b>				<b>\$1,959</b>

Funding Gap \$195.9 M annually  
(Data Confidence low-medium)



# Implementation Plan

## 1. Emergency Services

- Police
- Fire
- Paramedics



## 2. Waste Management



## 3. Human Services

- City Housing Hamilton
- Ontario Works
- Children's Services
- Public Health
- Homes for the Aged

## 4. Parks, Recreation & Open Spaces

- Parks and Trails
- Recreation & Community Centres
- Forestry
- Horticulture
- Cemeteries
- Confederation Park
- Golf Courses
- Natural Assets



## 5. Corporate Services

- Computer Hardware / Software
- Corporate Facilities
- Fleet
- POA
- Bylaw and Animal Services
- Land Banking
- Industrial Business Parks
- Capital Leases



## 6. Culture & Tourism

- HECFI
- Museums
- Libraries
- Tim Horton's Field
- Cultural (Art, Public Art)

## 7. Airport

## 8. Waterworks

- Water
- Wastewater
- Stormwater



## 9. Transportation

- Roads
- Engineered Structures
- Transit
- Parking



= Complete to current LOS

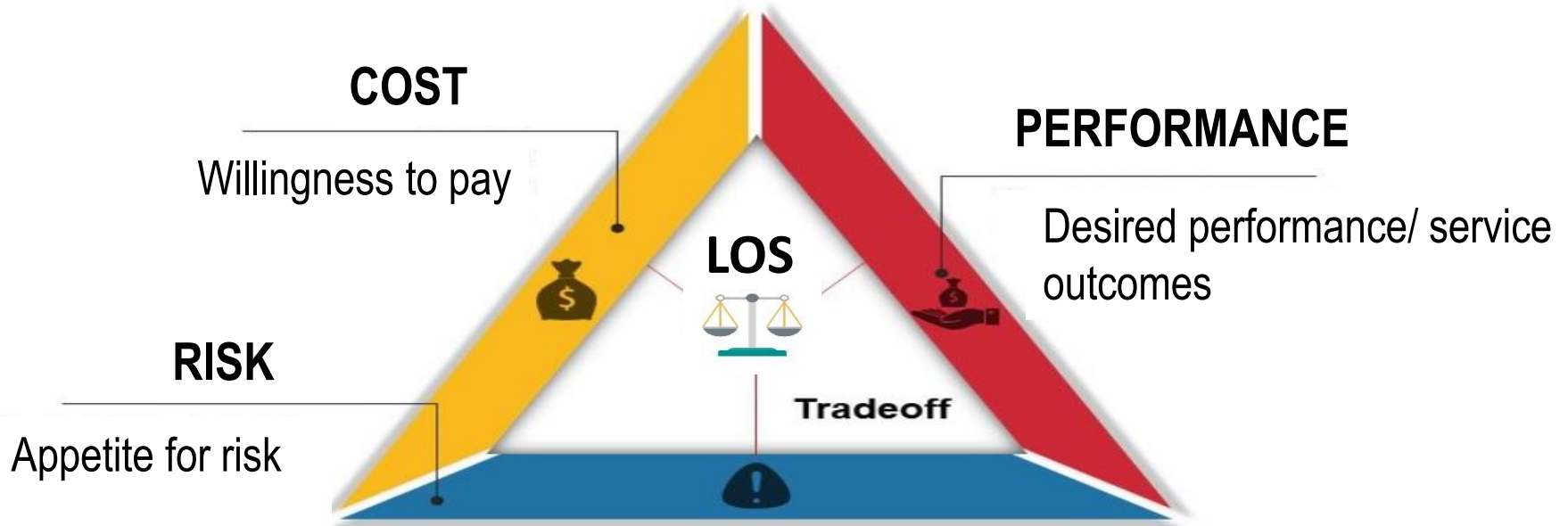


= in progress



= next on the project plan 31

# Future State – By 2025



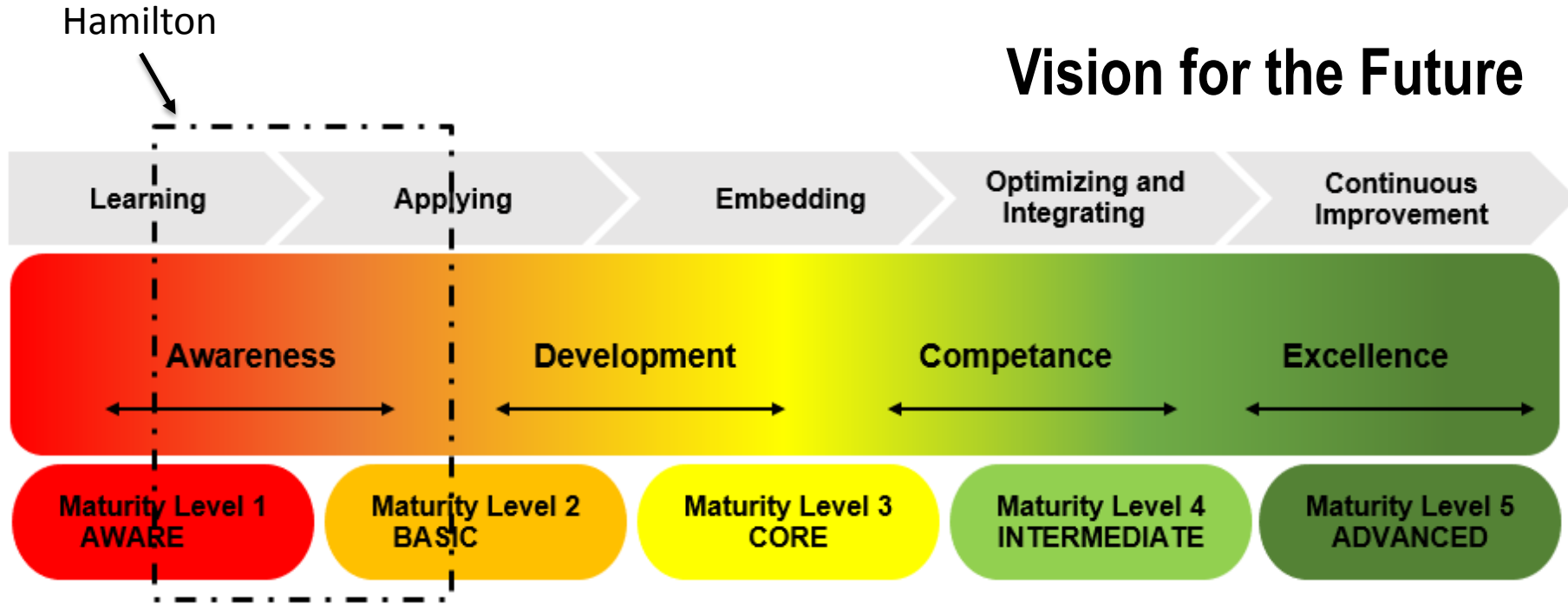
- Proposed levels of service will be achieved through the balance of cost, risk and service/asset performance.
- Prioritization of operating and capital funds becomes critical in order to ensure the best balance is achieved.
- Must find the balance that delivers the greatest value to the City.

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# Asset Management Journey

## Vision for the Future



- Reset the conversation: Managing assets vs asset management,
- Definition of Asset Owner: Service provider “owns” the assets,
- CAM Office collaboration/engagement with asset owners and stakeholders,
- Corporate Asset Management Program development.

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Hamilton

**THANK YOU**