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STRATEGIC ASSET MANAGEMENT POLICY

(in accordance with the Infrastructure for Jobs and Prosperity Act)

PURPOSE

Strategic municipal asset management involves the challenge of planning and investing in municipal infrastructure assets, while ensuring sound stewardship of public resources and delivering valued customer services.

The purpose of this Asset Management Policy is to affirm the City of Hamilton commitments in asset management through defined principles and processes, and to align and integrate asset management into strategic planning processes and long-term financial planning.

This policy will provide a foundation for a strategic Asset Management (AM) Plan. This will help identify and prioritize investments in existing and future infrastructure assets, as the City continues its efforts to maintain assets in a safe, efficient, and effective manner, capable of supporting the quality of life desired in the community.

Strategic Asset Management enables the City to purposefully plan for community sustainability and resilience by:

- Proactively managing assets throughout their life cycle to deliver services sustainably to the community now and into the future;
- Prioritizing infrastructure decisions that balance costs, risks, and services;
- Delivering services more efficiently and effectively;
- Ensuring long-term affordability of services;
- Reducing deficits and debt; and,
- Attracting business and investment.

This Asset Management Policy conforms to prescribed requirements from Ontario Regulation 588/17 (O.Reg.588/17), as amended.

POLICY STATEMENT

Pursuant to O.Reg. 588/17, The City of Hamilton makes the following commitments:

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| <p>POLICY STATEMENT</p> | <ol style="list-style-type: none"> 1. The City will manage its assets over the entire lifecycle to ensure the long-term sustainability of its services is achieved in the most fiscally responsible manner possible for current and future generations; 2. The City is committed to adopting asset management practices to ensure optimal value is achieved by balancing all costs, risks, and asset performance; 3. The City is committed to offering opportunities for municipal residents and other interested parties to provide input into asset management planning; 4. The City is committed to coordinating asset management planning for infrastructure assets interrelated with neighbouring municipalities, or jointly owned, including inter-connected drinking water distribution assets and road networks; and, 5. As part of its asset management planning for municipal infrastructure, the City is committed to considering climate change. This includes the following: <ol style="list-style-type: none"> a. Identifying the vulnerabilities of the City's existing and proposed infrastructure assets caused by climate change, and subsequent potential costs; b. Considering the means to address those vulnerabilities, related to operations, levels of service and lifecycle activities; c. Considering adaptation opportunities that may be undertaken to manage the vulnerabilities; d. Considering mitigation approaches to limit the magnitude or rate of long-term climate change (such as greenhouse gas emission reduction objectives); and, e. Considering disaster planning and contingency funding. |
| <p>SCOPE</p> | <p>The scope of this policy applies to all Municipal Infrastructure Assets owned by the City of Hamilton, as defined in O.Reg. 588/17.</p> |
| <p>PRINCIPLES</p> | <p>The City will consider the following principles in decisions to invest, design, construct, acquire, operate, maintain, renew, replace, or decommission infrastructure assets.</p> |

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| <p>Service Delivery to Customers</p> | <p>Hamilton will clearly define level of service objectives that balance community expectations and regulatory requirements with risk, affordability, and available resources, and will do the following:</p> <ul style="list-style-type: none"> • Manage assets appropriately in order to efficiently and effectively deliver the defined levels of service; and, • Monitor and periodically review level of service objectives to ensure that they meet or support community and council expectations and other strategic objectives. <p>Hamilton will:</p> <ul style="list-style-type: none"> • Ensure transparency and accountability to the community on service delivery; • Implement a Management system that incorporates risk-based and information-driven decision-making frameworks that appropriately consider the potential impacts of asset failure on ongoing service delivery; and, • Prioritize and direct resources and expenditure in order to deliver levels of service and other community benefits at an acceptable level of risk. |
| <p>Long-term Sustainability and Resilience</p> | <p>Hamilton’s asset management decision-making will:</p> <ul style="list-style-type: none"> • Consider the needs of both current and future generations including changing community demographics and expectations related to service delivery, as well as potential modifications to legislative requirements; • Consider the potential effects of climate change and other environmental changes, and how the increased severity and frequency of climatic events may directly affect levels of service; • Consider socio-cultural, environmental, and economic factors and implications when making and implementing asset management decisions; and, • Apply an equity framework to its activities to identify and remove barriers and to support best practices. |

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| <p>Integrated and Systematic Approach</p> | <p>Hamilton’s asset management decision-making will:</p> <ul style="list-style-type: none"> • Strive to connect the appropriate departments, functions, and support activities in order to build effective working relationships and encourage information-sharing; • Drive optimum value for the community by focusing on the “big picture”; and, • Ensure that decisions are made collaboratively and consider all life-cycle stages and the inter-relationships between asset performance, operational performance, and overall service performance. |
| <p>Fiscal Responsibility and Asset Management Decision Making</p> | <p>Hamilton will develop and maintain appropriate plans for infrastructure renewal, for the purchase or construction of new infrastructure and for the decommissioning of redundant infrastructure.</p> <p>This includes:</p> <ul style="list-style-type: none"> • Applying rigorous analysis, including consideration of risk, to identify short and long-term investment needs; • Implementing processes to address the operational budget implications of capital investments; • Exploring efficiency opportunities where appropriate, including new technologies; • Analyzing investment plans and associated funding requirements and putting in place mechanisms to ensure long-term financial sustainability; • Evaluating relevant asset investment decisions based on consideration of the whole-life costs associated with managing those assets through their entire life cycle; • Developing prioritized capital investment plans that reflect community and stakeholder expectations with regard to level of service and other strategic objectives; and, • Evaluating the magnitude, nature and overall balance of investment plans considering intergenerational equity and the aggregate value derived for the community through affordability, willingness to pay and consideration of inclusion, equity, diversity, and accessibility. |

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| Innovation and Continuous Improvement | <p>Hamilton views continual improvement as a key part of our asset management approach and will focus on driving innovation in the development of tools, techniques, and solutions.</p> <p>Hamilton will:</p> <ul style="list-style-type: none"> • Monitor and periodically review the effectiveness of asset management processes, asset performance, the outcomes of asset decisions and the wider asset management system in supporting the delivery of strategic objectives and will adjust as required. |
| RESPONSIBILITIES Council and Committees of Council (herein called “Council”) | <ul style="list-style-type: none"> • Approve asset management policy; • Articulate community values and define priorities; • Approve funding and resources to implement the AM policy and associated requirements; and, • Approve asset funding through multi-year and long-range financial plans. |
| City Manager | <ul style="list-style-type: none"> • Responsible for leading the implementation of the AM policy across the municipality. |
| Senior Leadership Team | <ul style="list-style-type: none"> • Responsible for ensuring the Asset Management Policy is relevant, suitable, adequate, reviewed and updated as required; • Responsible for communicating land-use or master plans, forecasts, policies and other planning or financial commitments related to municipal infrastructure assets; and, • Authority to carry out these responsibilities. |
| General Managers of Public Works and Corporate Services | <ul style="list-style-type: none"> • Executive sponsors for Asset Management in Hamilton |
| Director, Corporate Asset Management | <ul style="list-style-type: none"> • Responsible for the implementation of Corporate Asset Management including development of Asset Management strategies, policies, plans and procedures for the Corporation. Responsible for ensuring the City complies to O.Reg. 588/17 including regular reporting to SLT and the Mayor and Council on effectiveness of the Program. |

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| <p>OTHER PROVISIONS</p> <p>Plans, Budgets and Forecasts</p> | <p>This Policy and future AM Plans are only effective when fully aligned with City budgeting and forecasting activities. A process will be utilized to coordinate asset management decisions when developing municipal capital and operating budgets, and long-term forecasting related to infrastructure assets. Alignment with financial plans for water assets including any plans related to the Safe Drinking Water Act and Wastewater assets will be ensured.</p> |
| <p>Land-Use Planning Framework</p> | <p>A process will be utilized to align asset management planning with land-use planning, including the City of Hamilton Official Plan, Development Charge By-Laws, and other related master plans as they may be applicable.</p> |
| <p>Risk Management</p> | <p>Climate change introduces risk and vulnerabilities for municipal infrastructure assets. In order to fulfil climate change commitments in this Policy and stay aware of these risks and vulnerabilities, a Risk Assessment process will be utilized.</p> <p>The Capital Asset threshold is the threshold at or above which a resource is considered an asset. For the City of Hamilton, the capital asset threshold is defined in the Capital Asset Policy.</p> <p>Occasionally an item's value may be less than the defined capital asset threshold, but it has a functional value that introduces risk should the item's inventory, availability, condition or forecast not be considered and planned for. In that case, this item may be added using the Risk Assessment process.</p> <p>Infrastructure priorities are inherently identified by consideration of risk. This process will be utilized as the AM Plans are developed and updated, along with an overview of the risks associated with the strategy and any actions that will be taken in response.</p> |
| <p>Stakeholder Consultation</p> | <p>Stakeholder involvement is a commitment in this Policy, and an important factor of successful and relevant AM Plans. It is imperative that opportunities to provide input are consistently offered to residents and interested parties.</p> |
| <p>Availability and Update</p> | <p>This policy is posted on the City website and provided to anyone who requests it.</p> <p>It is reviewed and updated as required, no more than 5 years from the last revision date posted.</p> |

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| Revisions | History |
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| Rev 1 | <ul style="list-style-type: none"> • PW-19053 Strategic Asset Management Plan, 2019-28-05 |
| Rev 2 | <ul style="list-style-type: none"> • Strategic Asset Management Policy COH-Y-005-001, April 2023 |