



# **CORPORATE ASSET MANAGEMENT**

**General Issues Committee**

**April 3, 2024**

- Ontario Regulation 588/17
- Non-Core AM Plans – Findings
- Lifecycle Management

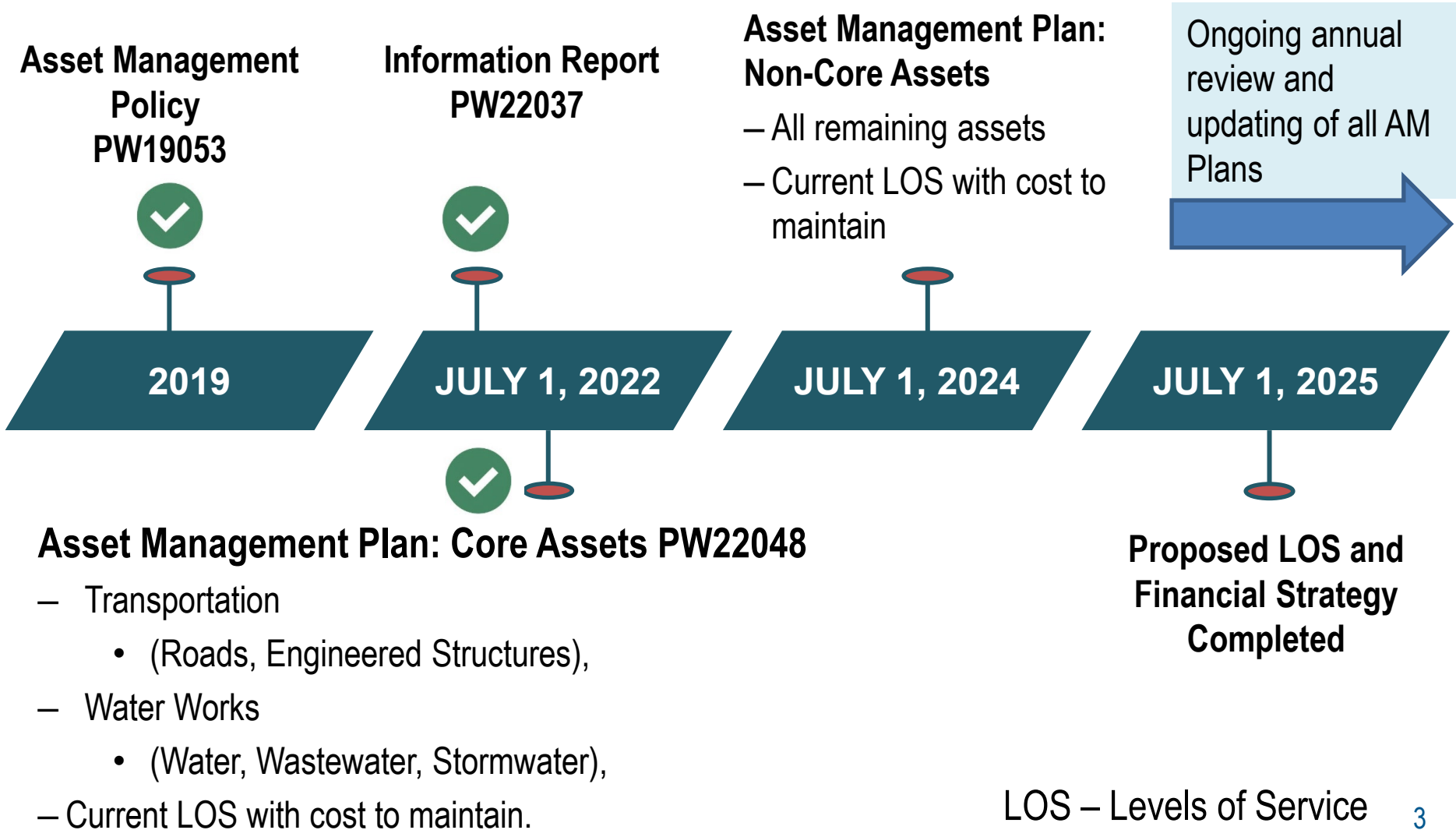


O. Reg. 588/17:  
Asset Management  
Planning for  
Municipal Infrastructure

## Recommendation

- To approve the Asset Management Plans as attached to Recommendation Report PW23073(a) (Appendices “A”, “B”, “C”, “D”, “E”)

# Ontario Regulation 588/17 Mandates



## **Plans due by July 1, 2024:**

- Information Technology
- City Housing
- Parks and Cemeteries
- Recreation and Golf Courses
- Natural Assets
- Corporate Facilities/Tim Hortons Field
- Central Fleet
- Tourism & Culture
- Bylaw and Animal Services
- Forestry and Horticulture
- Public Health
- Children's & Community Services
- Long Term Care

## **Plans completed in Q1 2024:**

- Fire
- Paramedics
- Transit
- Corporate Real Estate Office
- Libraries

## **Plans completed in 2023:**

- Police
- Waste Management
- Parking

## **Plans completed in 2022:**

- Water
- Waste Water
- Storm Water
- Road
- Engineered Structures



ASSET CATEGORY	REPLACEMENT VALUE (M)	AVERAGE AGE (YEARS)	AVERAGE CONDITION	RENEWAL FUNDING RATIO	10 YEAR O&M & RENEWAL FUNDING RATIO	FUNDING GAP PER YEAR (M)	FUNDING GAP OVER 10 YEARS (M)
Hamilton Street Railway (HSR)	\$524.8	14	Fair	81%	93%	\$16.3	\$163
Data Confidence	Medium	Medium	Low	Medium	Medium	Medium	Medium
Hamilton Fire Department	\$252	26	Good	98%	98%	\$3.7	\$37
Data Confidence	Medium	High	Medium	Medium	Medium	Medium	Medium
Hamilton Paramedic Service	\$62.7	27	Fair	65%	88%	\$11.8	\$118
Data Confidence	Medium	High	High	Medium	Medium	Medium	Medium
Corporate Real Estate Office *excludes land assets	*\$0.06	1	Good	98%	100%	\$0	\$0
Data Confidence	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Hamilton Public Library	\$424.9	29	Good	73.5%	80%	\$10	\$100
Data Confidence	Medium	High	Medium	Low-Medium	Low-Medium	Low-Medium	Low-Medium
<b>TOTAL</b>	<b>\$1,265</b>	<b>Funding Gap \$41.8 annually (data confidence low-med)</b>				<b>\$41.8</b>	<b>\$418</b>

# Introduction to Lifecycle Cost Analysis

Lifecycle Cost Analysis is a way for the City to improve decision-making and demonstrate cost-effectiveness by:

- Determining the true cost of asset ownership before acquiring an asset and not solely considering the construction or purchase price of an asset; and,
- Ensuring decision makers have the information to compare asset options and outcomes.



## The Asset Lifecycle refers to the stages involved in the management of an asset

**Acquisition:** When we buy, build or inherit something new that the City didn't own before including an expansion.

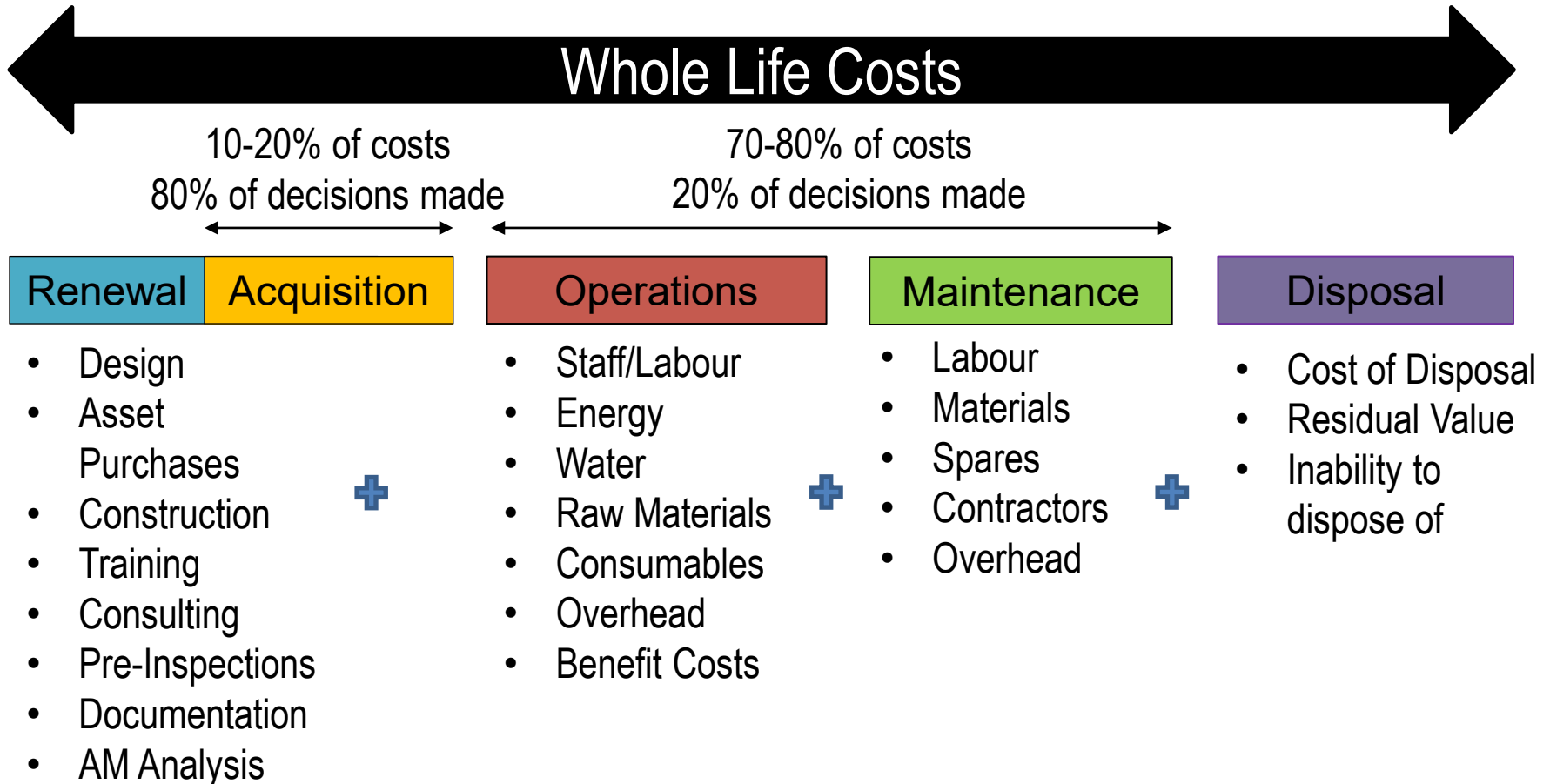
**Renewal:** When an asset is at the end of life, and we will either buy or build a new similar asset to replace it with like for like.



**Operations:** Everyday activities or resources required to keep the assets/services working (e.g., staff salaries, cleaning, painting, studies, energy costs, internet etc.).

**Maintenance:** Planned or reactive activities that restore/fix an asset, so it reaches its expected life.

**Disposal:** When the asset is at the end of life or service is being discontinued and we're not replacing it with another similar asset.



The **Whole Life Cost** is the total cost of asset ownership.

To compare asset options and outcomes we can calculate the **Average Annual Cost (Whole Life Cost / Estimated Service Life)**.



# Lifecycle Cost Analysis and Levels of Service



**Recap: Levels of service** are best described as the link between the outcomes the community desires and the way that the City technically provides those services.

## How does Lifecycle Cost Analysis connect to Levels of Service?

- Many lifecycle activities are technical levels of service we are providing to the public;
- The City needs to understand how certain decisions affect the cost of asset ownership; and,
- The choices we make today may affect future generations' levels of service.

*If we don't understand the Whole Life Cost of assets when we acquire them, how can we budget to maintain levels of service?*

# Lifecycle Cost Analysis Helps Us Understand and Present Options

Option A – Affordable L.O.S.	Option B – Current L.O.S.	Option C – Desired L.O.S.
Levels of Service that can be provided with current financial resources.	Levels of Service we are currently providing and what customers may expect.	Levels of Service that some may want which may include new services and upgrades to existing services.

## Park Example



Undetermined Grass Coverage, Mowed Monthly, Limited Public Facilities  
\$

Even Grass Coverage, Mowed Bi-Weekly  
Some Public Facilities/Sporting Fields  
\$\$

Irrigated Grass Cover, Mowed Weekly  
Formal Gardens  
Premium Public Facilities  
\$\$\$

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## **Corporate Services Financial Planning and Policy Division**

### **Public Works**

- Transit Asset Owner (Maureen Cosyn Heath)

### **Emergency Services**

- Hamilton Fire Department Asset Owner (Chief Dave Cunliffe)
- Hamilton Paramedic Service Asset Owner (Chief Michael Sanderson)

### **Planning and Economic Development**

- Corporate Real Estate Office Asset Owner (Ray Kessler)

### **Hamilton Public Library**

- Hamilton Public Library Asset Owner (Paul Takala)

### **Corporate Asset Management Office**

- Amber Dewar, Dan Leake, Muhammad Obaidullah, Subul Khalid, Jasmine MacDonald and Alix Luciani