



Hamilton

**Reporting of Annual Expenditures
on the Transportation Network
in Alignment with the Asset Management Plan**

**General Issues Committee
October 2, 2024**

Agenda

- Overview of Motion and Report
- Background: Funding Gap and Capital Financing Plan
- Review Methodology
- Key Findings from the Review
- Recommendations
- Future Recommendations and Next Steps
- Questions

Overview of Motion and Report

- i. examination of the entire capital planning procedure in creating capital program pertaining to the Transportation network, independent of department or division responsible for executing the capital works;
- ii. examination of the historic Transportations network capital funding levels, adjusted for inflation, compared to the 2024 capital spending, including the multi-year outlook in the 2024 Budget presentation(s);
- iii. examination of the historical classification or categorization of the capital projects, and recommended strategies, in accordance with current and future known administrative procedures, such as the Corporate Asset Management framework, to maintain the City's Transportation network in "fair to good" condition; and
- iv. development of a methodology and report format for consistent communication of the information as described in above paragraphs (i), (ii) and (iii)

Background: Funding Gap and Capital Financing Plan

In June of 2022, Council approved the Transportation Asset Management Plan (Report PW22048) which identified an annual funding gap of \$94.7 M for transportation assets.

To provide for the annual funding required for asset renewal, the annual historical Capital Levy increase of 0.50% (~\$5M) was increased to 0.89% (~\$9.5M) beginning in 2024 and is planned to continue through to 2033 (see table below).

| CAPITAL FINANCING PLAN (Net) (\$000's) | 2025 Forecast | 2026 Forecast | 2027 Forecast | 2028 Forecast | 2029 Forecast | 2030 Forecast | 2031 Forecast | 2032 Forecast | 2033 Forecast |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Roads / Bridges / Sidewalk / Street Lighting / Traffic | 89,811 | 102,092 | 114,176 | 126,569 | 139,279 | 152,315 | 165,684 | 179,395 | 193,458 |

Review Methodology

1. Documentation of current capital planning procedure.
2. Examination of the historical categorization of transportation projects. Confirmation of future categories.
3. Classification of historic planned investments in the transportation network, and examination of the historic transportation network funding, adjusted for inflation.
4. Development of a recommended methodology and report format for consistent communication of this information.

Key Findings from the Review: Proposed Categorization

| | | |
|---|--|---|
| Road Pavement – Urban | Expressway | Local |
| | Arterial Major | Assumed Alleyways |
| | Arterial Minor | Ramp or Interchange with Provincial Highway |
| | Collector | |
| Road Pavement – Rural | Arterial | Local |
| | Collector | Unpaved |
| Active Transportation | ROW Bicycle Lanes (Protected & Unprotected; excl. Cycle Tracks) | ROW Multi-Use Pathways |
| | ROW Cycle Tracks | Bicycle Parking |
| | Sidewalks | Bicycle Share Infrastructure |
| Traffic Network | Signalized Intersections & Mid-block Crossings | Streetlighting |
| | Traffic Signs (Regulatory & Warning) | Traffic Medians |
| | Pedestrian Crossovers (PXO's & IPSs) | Pavement Markings (Durable & Waterborne) |
| Traffic Safety | Infrastructure Safety Measures (speed cushions, flexible bollards, etc.) | Guide Rails & Crash Attenuators |
| | Transit Stops (Bus Pads & Associated Signage) | Escarpment Safety Mesh |
| | Noise Walls & Fencing | |
| Administration | Vehicles | Yards |
| Engineered Structures | Bridges & Culverts > 3 m | Overhead Sign Support Structures (OSSS) |
| | Culverts < 3 m | Retaining Walls |
| | Escarpment Steel Walls | |
| Operating Activities to Support the Transportation Network | | |
| Operating Activities to Support the Transportation Network – Escarpment | | |
| Operating Activities to Support the Transportation Network – Staffing | | |

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Review Methodology: Historical Funding Levels

Sources of planned investments:

- Projects approved through the Tax Supported Capital Budget
(Roads / Bridges / Sidewalk / Street Lighting / Traffic Budget)
- Area rating projects that represent an investment in the transportation network
- Capital in-year budget adjustments that represent an investment in the transportation network

In total, **2,000** entries were reviewed and re-categorized.

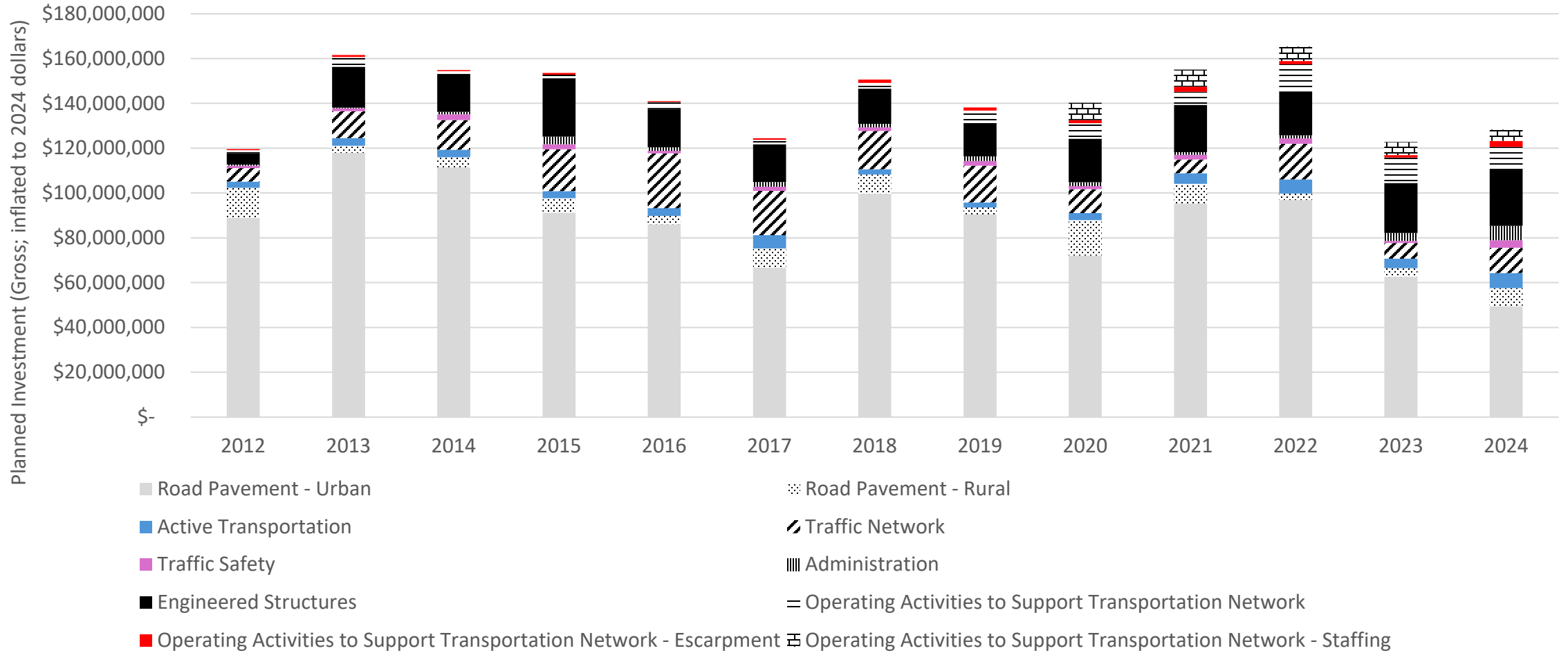
Planned investments were inflated to 2024 dollars using the Non-Residential Building Construction Price Index.

| Non-Residential Building Construction Price Index | | | | | | | | | | | | | |
|---|------|------|------|------|------|------|------|------|------|------|------|------|------------------|
| (%) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Non-residential Building Construction Price Index | 2.3 | 0.3 | 1.4 | 1.8 | 2.9 | 3.2 | 4.6 | 3.9 | 2.6 | 9.5 | 16.2 | 5.5 | 5.3* forecast |

Key Findings from the Review: Historic Funding Levels

Planned Investment in the Transportation Network

Approved through Tax Supported Capital Budget (Roads / Bridges / Sidewalk / Street Lighting / Traffic Budget) - by Asset
(Gross, inflated to 2024 Dollars)



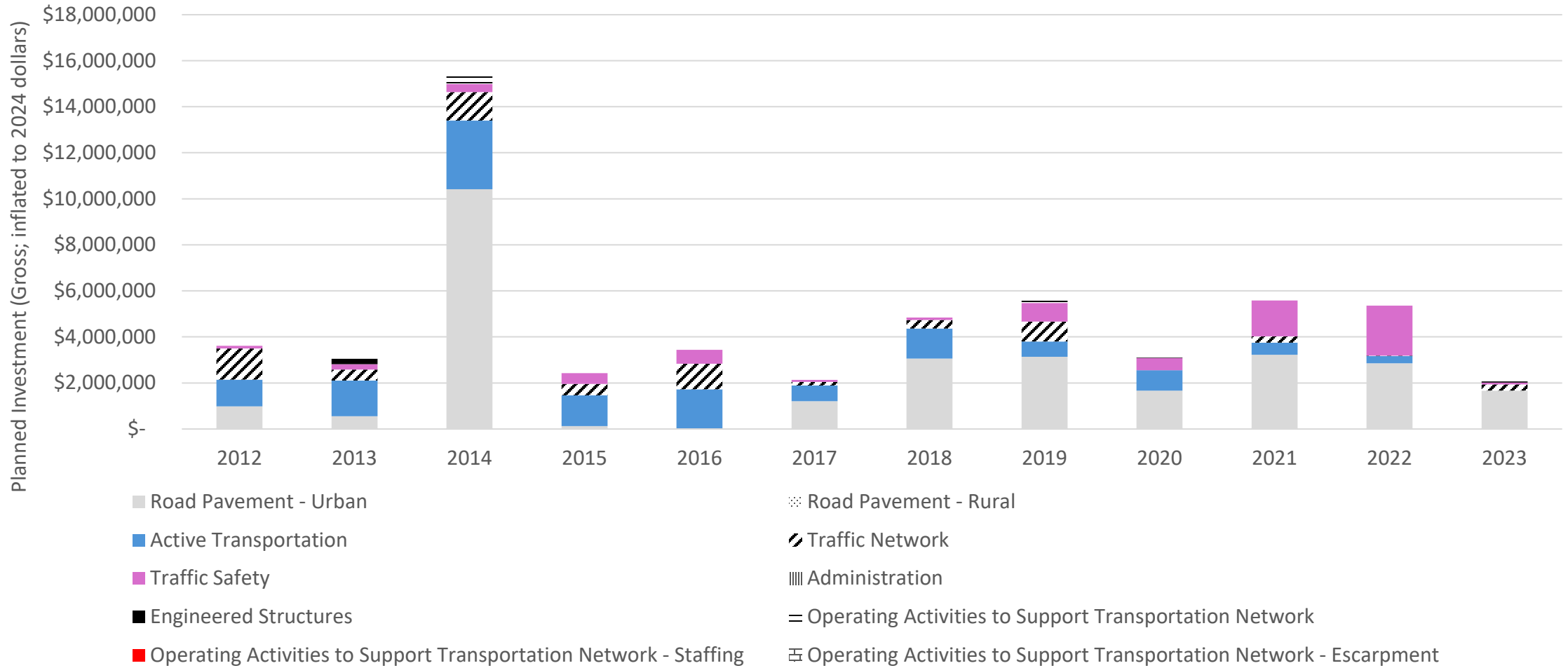
Key Findings from the Review: Historic Funding Levels

Planned Investment in the Transportation Network Approved through Tax Supported Capital Budget

- Historical investments (2012-2023) have been adjusted for inflation in the comparator data to represent “\$2024”
- The City increased gross investment in the Transportation network steadily each year since 2012
- The extraordinary inflation in 2022-2023 eroded purchasing power and much of the progress gained in addressing the infrastructure gap
- In response to the inflationary pressures faced by the City, City Council augmented the 2022 capital budget with one-time additional funding (detailed in a later slide)

Key Findings from the Review: Historic Funding Levels

Planned Investment in the Transportation Network
 Approved through Area Rating – by Asset
 (Gross, inflated to 2024 dollars)

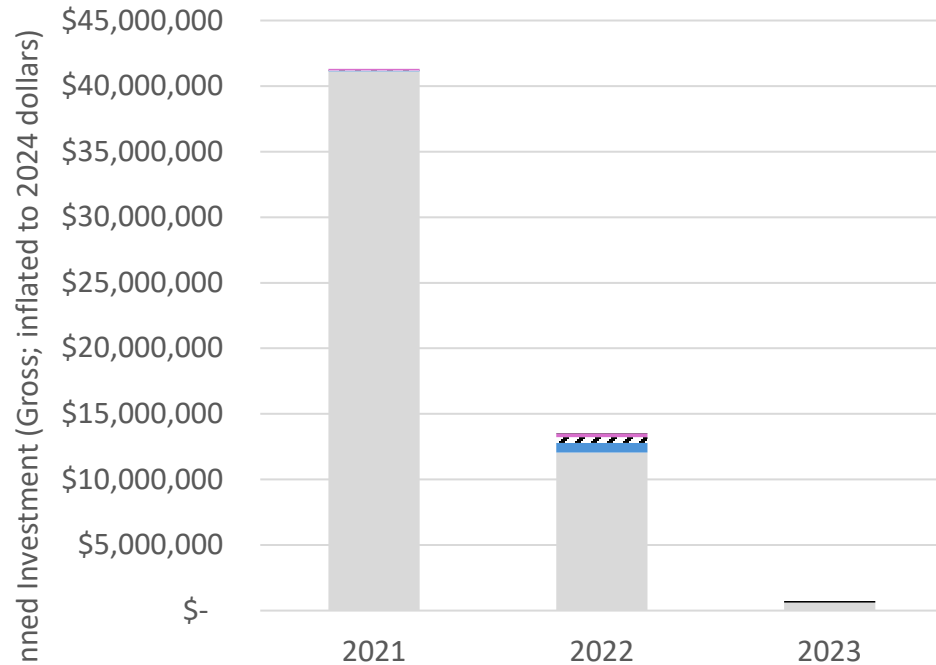


Key Findings from the Review: Historic Funding Levels

Planned Investment in the Transportation Network

Approved through Capital In-Year Budget Adjustments – by Asset

(Gross, inflated to 2024 dollars)



2021 – Primarily one-time Canada Community-Building Fund funding

2022 – Primarily related to Report FCS22067 Increase in Capital Project Expenses

■ Road Pavement - Urban

■ Active Transportation

■ Traffic Safety

■ Engineered Structures

■ Operating Activities to Support Transportation Network - Staffing

■ Road Pavement - Rural

■ Traffic Network

■ Administration

■ Operating Activities to Support Transportation Network

■ Operating Activities to Support Transportation Network - Escarpment

Key Findings from the Review

Capital Planning Procedure

No specific findings; process documented in report

Project Categorization

- Transportation network categories evolved over time
- Challenges in categorizing projects affecting multiple assets
- Opportunities to incorporate asset lifecycle into future analyses

Historic Funding Levels

- Underfunding of the transportation network
- Transitional plan to increase the Roads / Bridges / Sidewalk / Streetlighting / Traffic block to \$193.5 M in 2033 is a critical step
- Continuing to leverage the Area Rating Special Capital Re-investment Fund remains important

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Recommendations

- (a) That staff be directed to **use the categorization for projects within the Roads / Bridges / Sidewalk / Street Lighting / Traffic budget as described in this report and detailed in Appendix “A”** attached to Report PW24054/FCS24045, and that the General Manager, Public Works, or their designate, in consultation with the General Manager, Finance and Corporate Services or their designate, be authorized to revise categories as required;
- (b) **That staff be directed to align budget and financing plan documents with the Transportation Asset Management Plan**, including changing references to the Roads / Bridges / Sidewalk / Street Lighting / Traffic Budget to the Transportation Network Budget;
- (c) That the information contained in Report PW24054/FCS24045 **be considered when proposed Levels of Service for the Transportation Network are brought forward in accordance with report PW22048** and;
- (d) That the information contained in Report PW24054/FCS24045 including the categories as identified in Appendix “A” attached to Report PW24054/FCS24045, **be considered as part of the annual budget process.**

Future Recommendations and Next Steps

- Better categorization of projects that affect multiple assets
- Consideration of asset lifecycle in future categorization and/or analyses
- Leveraging the Area Rating Special Capital Re-investment Fund
- Consideration of benchmarking with other municipalities in future analyses
- Improve how we apply equity to the transportation network budgets and projects

Many Thanks to the Team

Public Works

- Engineering Services – Jackie Kennedy and Team
- Transportation – Carolyn Ryall and Team
- Corporate Asset Management – Andrea Vargas and Team

Corporate Services

- Financial Planning Administration and Policy – Kirk Weaver and Team

Planning and Economic Development

- Growth Management and Development Engineering – Ashraf Hanna and Team
- Transportation Planning and Parking – Brian Hollingworth and Team



Hamilton

THANK YOU