



## City of Hamilton Report for Consideration

**To:** Chair and Members  
General Issues Committee

**Date:** June 11, 2025

**Report No:** PW25036

**Subject/Title:** 2025 Proposed Levels of Service Asset  
Management Plan

**Ward(s) Affected:** City Wide

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### Recommendations

- 1) That the 2025 Proposed Levels of Service Asset Management Plan, attached as Appendix "A" to Report PW25036, **BE APPROVED** as required by Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure;
- 2) That the 2025 Proposed Levels of Service Asset Management Plan, attached as Appendix "A" to Report PW25036, subject to the approval recommendation (a), **BE APPROVED** to be posted in a designated area on the City's website, as required under Ontario Regulation 588/17;
- 3) That the updated Corporate Asset Management Overview, attached as Appendix "B" to Report PW25036, **BE RECEIVED**;
- 4) That the Schedule for Updating Asset Management Plans, attached as Appendix "C" to Report PW25036, **BE RECEIVED**; and,
- 5) That the 2025 Proposed Levels of Service Asset Management Plan, attached as Appendix "A" to Report PW25036, **BE FORWARDED** to the Hamilton Police Service Board, the CityHousing Hamilton Board, and the Hamilton Public Library Board for information.

## Key Facts

- The purpose of this report is to present the 2025 Proposed Levels of Service Asset Management Plan and related documentation in compliance with Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure.
- Ontario Regulation 588/17 requires all municipalities to include Proposed Levels of Service and a Financial Strategy in their Asset Management Plans by July 1, 2025.
- Asset Management Plans documenting current levels of service were approved by Council in prior reports in 2022, 2023 and 2024 (Reports PW22048 and PW23073(a)(b)).
- The development of the 2025 Plan involved engagement with 26 service areas across the City, whose input is reflected in Appendix “A” to Report PW25036.
- The Corporate Asset Management Overview previously presented in Report PW22048 has been updated to include non-core assets (Appendix “B”), and a comprehensive update schedule has been prepared with asset owners across the City to ensure continued compliance (Appendix “C”).
- While the plan does not require immediate funding, its findings will inform the 2026 tax-supported budget and guide the development of a Long-Term Financial Plan.
- Continuous improvement efforts are underway to enhance data, forecasting accuracy, and service level metrics, ensuring alignment with public expectations and financial capacity.

## Financial Considerations

The approval of the 2025 Proposed Levels of Service Asset Management Plan, attached as Appendix “A” to Report PW25036, is required for the City to qualify for future infrastructure funding grants.

There are no specific financial commitments required from the 2025 Proposed Levels of Service Asset Management Plan. However, the findings from Report PW25036 may be used to inform the development of the 2026 tax-supported budget.

## Background

Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure, enacted on January 1, 2018, under the Infrastructure for Jobs and Prosperity Act, 2015, establishes mandatory requirements and timelines for municipal asset management plans and policies. It builds on the province’s 10-year infrastructure plan, “Building Together: Guide for Municipal Asset Management Plans (2012)”.

Since Regulation 588/17 came into effect, a series of Asset Management reports have been brought to Council for approval, as required by the Regulation, including:

- In 2019, the Strategic Asset Management Policy was approved at Council (Report PW19053) and updated in 2023 (Report PW23044);

- In 2022, Asset Management Plans for Core Assets were also approved at Council including water, wastewater, stormwater, road, bridges, and culverts (Report PW22048);
- In 2023 and 2024, Asset Management Plans for Non-Core Assets to complete the City's initial review of assets were approved at Council (Reports PW23073 and PW23073(a)(b)).

The next deadline of July 1, 2025, builds on previously approved Asset Management Plans by requiring municipalities to define proposed levels of service and the associated financial strategy. Approval of Report PW25036 will ensure the City of Hamilton meets this regulatory requirement under Ontario Regulation 588/17.

Future requirements of Ontario Regulation 588/17 include:

- Annual Review of Asset Management Planning Process - Ontario Regulation 588/17 stipulates the municipality shall conduct an annual review of the City's asset management planning process.
- Review and Update of Asset Management Plans - Ontario Regulation 588/17 stipulates the municipality shall review and update asset management plans at least every five years.
- Review and Update of Strategic Asset Management Policy - Ontario Regulation 588/17 stipulates the municipality shall review and update the municipal Strategic Asset Management Policy at least every five years.

The City of Hamilton has met all prior requirements of Ontario Regulation 588/17. In order to effectively embed asset management into the City's budgeting process and ensure ongoing compliance, Corporate Asset Management has prepared an updated schedule in collaboration with asset owners. This schedule is provided in Appendix "C" to Report PW25036.

## Analysis

Levels of service define what services the City of Hamilton provides to its customers, residents, and visitors. Ideally, the City should provide the levels of service that the current and future community both want and are prepared to pay for while also considering intergenerational equity. Levels of service are comprised of levels of service statements, customer performance, and technical performance.

- Level of service statements describe the goal of service delivery and the outputs the City intends to deliver to customers. They are commonly related to service attributes such as: quality, reliability, accessibility, affordability, quantity, responsiveness, and timeliness.
- Customer performance measures relate to how the customer feels about the service and are typically qualitative measurements.
- Technical performance measures relate to what activities the City undertakes to deliver the services and are quantitative measurements.

Prior Asset Management Plans presented in 2022, 2023 and 2024 accounted for existing levels of service; this report accounts for proposed levels of service and the funding strategy to achieve future service delivery goals.

Any changes to levels of service must follow City process and be presented through formal funding approvals to the Mayor and Members of Council. This report does not seek such approval; any changes will be included in the development of the 2026, or future years, tax, or rate supported budget.

In review of the Proposed Levels of Service and Financial Strategy, options to maintain or change were considered by each of the 26 service areas, as follows:

- Levels of Service Change: Proposing a change to levels of service targets through formal reports to the Mayor and Members of Council; and,
- Maintain Levels of Service: Proposing current levels of service targets continue to be maintained.

In review with each service area, if no changes have been formally proposed to the Mayor and Members of Council, it was assumed that previously reported levels of service are being maintained.

The 2025 Proposed Levels of Service Asset Management Plan, attached as Appendix “A” to Report PW25036, also includes an updated Summary of Assets and Infrastructure Funding Gap.

### **Asset Value Update**

The total replacement value of all assets is estimated at \$39.4 billion, up from \$31.2 billion reported in Report PW23073(b). This increase reflects data improvements and is not an indication of a sudden rise in asset acquisitions. The Replacement Value Comparison is shown in Appendix “A”, Table 1-2 to Report PW25036, in the 2025 Proposed Levels of Service Asset Management Plan. The current data confidence level for replacement costs is **medium**, meaning asset replacement cost estimates may vary by  $\pm 25\%$ .

### **Proposed Levels of Service**

Approved levels of service changes are summarized in Annex A, Table A.2 in the 2025 Proposed Levels of Service Asset Management Plan, attached as Appendix “A” to Report PW25036. Detailed proposed levels of service tables by service area are provided in Section 2 to Section 27 of the same appendix.

### **30-Year Lifecycle Management Plan**

The 30-Year Lifecycle Management Plan (2025-2054) details the City’s approach to funding the renewal, maintenance, and operation of its infrastructure at the proposed service levels. A key output of the lifecycle management plan is the 10-Year Infrastructure Funding Gap, which is the difference between the estimated lifecycle costs and the available budget.

When forecasted needs exceed the budget, it signals a funding shortfall that could impact the City's ability to maintain current levels of service. Additional details can be found in Section 18.0 of the 2025 Corporate Asset Management Overview, attached as Appendix "B" to Report PW25036.

Based on current data and approved levels of service, the City of Hamilton faces a 10-year Infrastructure Funding Gap of \$5.2 billion, or \$520 million annually over 10 years. A large portion of this infrastructure funding gap is due to a backlog of unfunded renewal and maintenance needs which have accumulated over the City's long history.

Typically, the unfunded activities in the backlog are related to:

- Facility maintenance activities identified during building condition assessments; and,
- Renewal activities related to assets that are beyond their estimated service life or are in poor or very poor condition based on the results of a condition assessment.

Addressing the backlog of unfunded lifecycle needs should be a focus for the City when considering strategies to manage the infrastructure funding gap. If left unaddressed, service levels will decline over time as assets continue to deteriorate.

### 10-Year Infrastructure Funding Gap Analysis

The 10-Year Infrastructure Gap currently has **low to medium** data confidence indicating this gap could change by +/- 40%. As the City of Hamilton continues to enhance its asset management practices, this is expected to evolve significantly.

Table 1 below shows that the reported infrastructure funding gap has increased from \$3.8 billion to \$5.2 billion. This change reflects data improvements and is not an indication of a sudden rise in asset needs.

Although the reported infrastructure funding gap has increased, as asset management work continues, the reported gap could also decrease. For example, using higher-confidence, condition-based methods for estimating renewal needs, rather than age-based methods, can lead to more accurate and potentially lower funding gap estimates.

Table 1: Infrastructure Funding Gap Comparison

Asset Type	10-Year Infrastructure Gap	Previously Reported 10-Year Infrastructure Gap	Difference
Core Assets	\$2.3B	\$1.96B	+\$0.34B
Non-Core Assets	\$2.9B	\$1.87B	+\$1.03B
<b>Total</b>	<b>\$5.2B</b>	<b>\$3.8B</b>	<b>+\$1.4B</b>
<b>Data Confidence</b>	<b>Low-Medium</b>	<b>Low-Medium</b>	

Key factors contributing to the increase include:

- **Inflation Impact on Core Assets:** The previous Asset Management Plans (AM Plan) used 2021 data. Since then, unprecedented inflation from 2021 to 2024 has driven up replacement values for core assets; and,
- **Improved Facility Cost Estimates:** A review of past Asset Management Plan values against actual facility project bids revealed that earlier estimates did not fully account for all project delivery costs. A continuous improvement initiative was completed to improve the accuracy of these costs, resulting in a higher reported gap across most service areas.

Additional strategies to manage the infrastructure funding gap are discussed in Section 18.1 of the 2025 Corporate Asset Management Overview attached as Appendix “B” to Report PW25036. Detailed breakdowns by each of the 26 service areas, are available in Sections 2 through 27 in the 2025 Proposed Levels of Service Asset Management Plan, attached as Appendix “A” to Report PW25036.

### Financial Strategy

As indicated in the 2025 Tax Budget, after the publication of the Asset Management Plans referenced in Table 1-1, Corporate Finance allocated additional annual tax levy funds for:

- Transportation assets (over a 10-year period),
- Non-core assets (over a 25-year period), and
- Hamilton Water assets (via rate-supported funding).

However, these additional funds were not intended to fully close the City’s infrastructure funding gap.

The 10-Year Infrastructure Funding Gap, estimated at \$5.2 billion, serves as a strategic indicator of the magnitude of the City’s long-term capital pressures and funding shortfall. It is not expected to be fully funded immediately, but will inform a balanced approach between affordability, performance, intergenerational equity, and the risk to achieve sustainable service levels.

To effectively manage the Infrastructure Funding Gap, the City will require a Long-Term Financial Plan. This plan will be based on further validation, planning and resources, and various strategies beyond additional funding, such as:

- Improving data confidence,
- Completing condition assessments,
- Reducing levels of service,
- Disposing of assets, and
- Adjusting acceptable risk thresholds.

The City of Hamilton will advance several initiatives to improve the data quality and inform the financial plan to address the Infrastructure Funding Gap:

- **Prioritize Data Improvements**
  - Complete inventories & condition assessments for assets with low data confidence to target the backlog of unfunded needs.
- **Improve Lifecycle Activity Documentation**
  - Improve forecasting of asset needs to maintain current levels of service.
  - Improve forecasting for new asset acquisitions and increase asset owners' understanding of their ongoing operating impacts.
- **Revisit Levels of Service Metrics**
  - Refine levels of service metrics to ensure the City is measuring the right information to effectively monitor performance.
  - Adjust existing targets to reflect the levels of service customers both want and are willing to pay for.

Many of these activities are already underway through the Continuous Improvement items identified in the Current Levels of Service Asset Management Plans Reports PW22048 and PW23073(a)(b). These actions will serve as key inputs in the development of a future Long-Term Financial Plan. In the interim, asset owners will continue to prioritize necessary lifecycle activities as part of the annual budget process to manage risks without addressing all needs at once.

More details on managing the infrastructure funding gap can be found in Section 18 of the 2025 Corporate Asset Management Overview, attached as Appendix "B" to Report PW25036. For any approved levels of service changes summarized in Annex A of the 2025 Proposed Levels of Service Asset Management Plan, attached as Appendix "A" to Report PW25036, a funding source has been identified.

## Alternatives

Council could direct staff to amend this report; however, doing so could place the City at risk of non-compliance with Ontario Regulation 588/17.

## Relationship to Council Strategic Priorities

1. Sustainable Economic & Ecological Development
  - 1.1. Reduce the burden on residential taxpayers;
  - 1.2. Facilitate the growth of key sectors;
  - 1.3. Accelerate our response to climate change; and,
  - 1.4. Protect green space and waterways.
2. Safe & Thriving Neighbourhoods
  - 2.1. Increase the supply of affordable and supportive housing and reduce chronic homelessness;
  - 2.2. Make sure people can safely and efficiently move around by foot, bike, transit, or car; and,
  - 2.3. Provide vibrant parks, recreation, and public space.

3. Responsiveness & Transparency
  - 3.1. Prioritize customer service and proactive communication;
  - 3.2. Get more people involved in decision making and problem solving;
  - 3.3. Build a high performing public service; and,
  - 3.4. Modernize City systems.

## Previous Reports Submitted

- [Strategic Asset Management Policy \(Report PW19053\)](#), Public Works Committee – June 17, 2019
- [Corporate Asset Management Information Report \(Report PW22037\)](#), General Issues Committee – May 18, 2022
- [Strategic Asset Management Policy and Corporate Asset Management Program Update \(Report PW23044\)](#), General Issues Committee – June 14, 2023
- [Core Asset Management Plan \(Report PW22048\)](#), General Issues Committee – June 15, 2022
- [Asset Management Plans \(Report PW23073\)](#), General Issues Committee – December 6, 2023
- [Asset Management Plans \(Report PW23073\(a\)\)](#), General Issues Committee – April 3, 2024
- [Asset Management Plans \(Report PW23073\(b\)\)](#), General Issues Committee – June 19, 2024
- [Corporate Asset Management Update \(Report PW25011\)](#), General Issues Committee – March 19, 2025

## Consultation

As part of the 2025 Proposed Levels of Service Asset Management Plan preparation and development, various workshops and meetings were held with relevant asset owner groups and stakeholders to ensure all pertinent information had been captured accurately. The following divisional and departmental leaders and associated staff members were consulted:

### City Housing

Adam Sweedland, Chief Executive Officer

### Public Works

Angela Storey, Director, Waste Management  
Carolyn Ryall, Director, Transportation  
Chris Herstek, Acting Director, Corporate Facilities and Energy Management  
Cynthia Graham, Director, Environmental Services  
Jackie Kennedy, Director, Engineering Services  
Maureen Cosyn Heath, Director, Transit  
Nick Winters, Director, Hamilton Water  
Andrea Vargas, Acting Director, Corporate Asset Management



## **Planning and Economic Development**

Brian Hollingworth, Director, Transportation Planning and Parking  
Dan Smith, Acting Director, Licensing and By-Law Services  
Lisa Abbott, Director, Tourism and Culture  
Ray Kessler, Chief Corporate Real Estate Officer, Corporate Real Estate

## **Healthy and Safe Communities**

Chief David Cunliffe, Fire Chief, Hamilton Fire Department  
Dr. Elizabeth Richardson, Medical Officer of Health  
Holly Odoardi, Director, Long-term Care and Seniors  
Jessica Chase, Director, Children's, and Community Services  
Chief Michael Sanderson, Chief/Director, Hamilton Paramedic Service  
Steve Sevor, Acting Director, Recreation

## **Finance and Corporate Services**

Doug Kay, Director, Information Technology  
Mike Zegarac, General Manager, Finance and Corporate Services

## **Hamilton Public Library**

Paul Takala, Chief Librarian and staff, Hamilton Public Library

## **Hamilton Police Service**

Chief Frank Bergen, Police Chief, Hamilton Police Service and Staff

## **Committees**

Corporate Asset Management Steering Committee

## **Appendices and Schedules Attached**

Appendix A: 2025 Proposed Levels of Service Asset Management Plan

Appendix B: 2025 Corporate Asset Management Overview

Appendix C: Schedule for Updating Asset Management Plans

**Prepared by:** Amber Dewar, Senior Program Analyst  
Public Works, Corporate Asset Management

**Submitted and recommended by:** Ann Thomas, Acting Director  
Public Works, Corporate Asset Management