




Hamilton

CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: December 11, 2012	
SUBJECT/REPORT NO: Municipal Infrastructure Investment Initiative (MIII) Capital Program Intake (FCS12110) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department	PREPARED BY: Adam Smith x.1434
SIGNATURE: 	

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RECOMMENDATION

- (a) That staff be directed to submit the expression of interest for the Claremont Access Escarpment Stabilization project, with an estimated cost of \$2,250,000, attached as appendix "A" to Report FCS12110, requesting funding in the amount of \$2,000,000 under the Municipal Infrastructure Investment Initiative (MIII) Capital Program;
- (b) That the Province of Ontario be advised that:
 - (i) The information in the Expression of Interest is factually accurate;
 - (ii) The City Of Hamilton has a comprehensive asset management plan that includes all of the information and analysis described in Building Together: Guide for Municipal Asset Management Plans in place;

- (c) That the Mayor be authorized and directed to execute the documentation associated with applications under the MIII capital program, including the expression of interest and any related future application forms;
- (d) That should the application under the MIII program be approved for funding, the Mayor and City Clerk be authorized and directed to execute, on behalf of the City of Hamilton, all necessary documentation to implement the Claremont Access Escarpment Stabilization project, all with content acceptable to the General Manager of Finance and Corporate Services, and in a form satisfactory to the City Solicitor;
- (e) That should the application under the MIII program be approved for funding, the City share of funding in the amount of \$250,000 be re-appropriated from the Escarpment Slope Stabilization Project 4031310004.

EXECUTIVE SUMMARY

On November 15, the Province announced \$51 million of funding to support a new intake for the MIII Capital Program. The objectives of the MIII Capital program are:

- Further strengthen municipal asset management practices
- Support the most critical roads, bridges, water and wastewater projects
- Provide funding to municipalities and Local Service Boards that are unable to undertake projects without Provincial support.

Under MIII, municipalities can apply for funding for only one project. The application process for this program is different from other recent programs, as this time the initial application is an expression of interest which will be pre-screened for alignment with the objectives of the program. Projects that successfully make it through the pre-screening process will then be eligible to submit a more detailed, formal application.

The MIII program will provide funding of up to \$2 million, or 90% of total project costs, whichever is lower. However, municipalities are asked only to request the amount of provincial funding that is needed, and rationale for the level of funding requested will be required. If funding were to be allocated on a per capita basis, the City of Hamilton's share would be just over \$2 million. Projects approved under this program will be required to be completed by December 31, 2014.

The following are important details regarding the eligible project categories and screening criteria:

Eligible Project Categories

- Roads
- Bridges
- Water
- Wastewater

The program guidelines state that projects that address renewal, rehabilitation and replacement needs should be proposed.

Pre-Screening Assessment Factors

The pre-screening and formal application processes will review the proposed projects based on the following criteria:

- **Asset management planning** – Evidence that the municipality has a comprehensive asset management plan in place, and that the proposed project is identified as a top priority.
- **Criticality of the proposed project** – Evidence that the project addresses a health and/or safety problem.
- **Fiscal situation of the applicant** – Applicant's general fiscal circumstances, including need for financial assistance and efforts to make full use of all available local infrastructure financing tools.

City of Hamilton Asset Management Plan

The City of Hamilton has been a leader in Asset Management Plans and practices. The City has a comprehensive asset management plan in place, which includes State of the Infrastructure reports which can be found on the City Website.

Staff have identified several projects which fit the criteria of the MIII program and are top priorities under the asset management plan: Claremont Access Escarpment Stabilization, Bridge 322 – King Street East over Kenilworth Avenue, and Bridge 087 – Mountain Park Avenue over Sherman Access. Staff have recommended the Claremont Access Escarpment Stabilization project be submitted for funding under the MIII program as this project was the best fit and optimizes the chances of being approved.

The Claremont Access Escarpment Stabilization project fits the other screening criteria as follows:

Criticality – The Claremont Access is one of the key escarpment accesses in the City, and experienced a bin wall failure earlier this year. Upon intensive rehabilitation of the failure area and review of the escarpment needs, the removal of the existing bin walls is required to reduce the existing risk and liability. In order to reduce the City's risk exposure, a traffic lane has been closed by the use of a temporary barrier. The City needs to replace the temporary barrier with a permanent barrier and catchment fence in order to prevent escarpment failures from entering the travelled portion of the roadway.

Fiscal Situation – The City of Hamilton has growing infrastructure shortfalls. The total project cost of the Claremont Access Escarpment Stabilization project is estimated to be \$2,250,000, and this cost has not been included in any budgets or capital forecasts to date. Currently, the City only has \$600,000 annually budgeted for City-wide escarpment stabilization within the Roads Capital Program. To proceed with this project without financial support from senior levels of government would result in a substantial share of the Roads Capital Program being directed away from other planned needs. A \$2 million contribution from the Provincial Government would limit the impact on the Roads Capital Program of proceeding with this necessary work.

Alternatives for Consideration – See Page 5

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: Should the expression of interest, and future application be successful, the City would be able to proceed with road works it would not otherwise have the financial capacity to proceed with. The project is estimated to cost \$2,250,000. The City share of funding would come from the Escarpment Slope Stabilization project 4031310004.

Staffing: None.

Legal: A funding agreement will be required if this project is approved for funding under the MIII program. The terms and conditions will require that the project be completed by December 31, 2014. The funding agreement will also outline eligible and ineligible costs and reporting requirements.

Additionally, a resolution from Council declaring that the information contained within the Expression of Interest is factually accurate and that the City has a comprehensive asset management plan that includes all of the information and analysis described in *Building Together: Guide for Municipal Asset Management Plans* in place.

HISTORICAL BACKGROUND (Chronology of events)

On November 15, the Province of Ontario announced \$51 million of funding to support a new intake for the MIII Capital Program. Under MIII, municipalities can only submit one project for funding. Municipalities are also required to certify that they have, or will complete by December 31, 2013, a comprehensive asset management plan in order to apply for funding.

The Province has advised that they will require that municipalities have a comprehensive asset management plan in order to be eligible for future Provincial funding programs.

POLICY IMPLICATIONS

None.

RELEVANT CONSULTATION

The Public Works Department provided the listing of projects, and were consulted in support of the recommendations.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The Claremont Access Escarpment Stabilization project is a top priority under the asset management plan due to the health and safety risks associated with the bin wall failure earlier this year. To date, only a temporary solution has been provided as funding to provide a more permanent solution is not available within the 2013 Capital Budget, and has not been provided for within the 10-year forecast for the Roads Capital Program.

Based on this, the Claremont Access Escarpment Stabilization project fits the three screening criteria as it is a top priority within the asset management plan, has health and safety risks associated showing the critical nature of the project, and there is no funding available in the Roads Capital Program which addresses the fiscal situation that without the Provincial Funding, the project would not proceed.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Alternative 1: That staff be directed to submit an expression of interest for the Bridge 322 – King Street East over Kenilworth Avenue project under the Municipal Infrastructure Investment Initiative capital program.

Alternative 2: That staff be directed to submit an expression of interest for the Bridge 087 – Mountain Park Ave over Sherman Access project under the Municipal Infrastructure Investment Initiative capital program.

Both projects were considered as they fit the screening criteria, however the Claremont Access was the optimal fit. Both Bridge 322 and Bridge 087 are included within the 2013 Capital Budget, which could work against them being approved under the MIII program. If either were submitted and approved through both the expression of interest and application stages, the result would be an additional \$2 million in funding available for the Roads Capital Program.

Financial Implications: The Claremont Access project is considered to be the best fit for the screening criteria, so choosing either of the alternatives may lower the City's chances of being approved for application submission. If, however, one of the alternatives is submitted and approved through both the expression of interest and application stages, it would make available an additional \$2 million within the Roads Capital Program which could be applied to other high priorities.

Staff Implications: None.

Legal Implications: A funding agreement will be required if this project is approved through both the expression of interest and application stages for funding under the MIII program. The terms and conditions will require that the project be completed by December 31, 2014. The funding agreement will also outline eligible and ineligible costs and reporting requirements.

Additionally, a resolution from Council declaring that the information contained within the Expression of Interest is factually accurate and that the City has a comprehensive asset management plan that includes all of the information and analysis described in *Building Together: Guide for Municipal Asset Management Plans* in place.

Policy Implications: None

These alternatives are not recommended.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- ◆ Council and SMT are recognized for their leadership and integrity

Financial Sustainability

- ◆ Financially Sustainable City by 2020
- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner
- ◆ Full life-cycle costing for capital
- ◆ Address infrastructure deficiencies and unfunded liabilities

Intergovernmental Relationships

- ◆ Influence federal and provincial policy development to benefit Hamilton
- ◆ Acquire greater share of Provincial and Federal grants (including those that meet specific needs)

Healthy Community

- ◆ Plan and manage the built environment
- ◆ Adequate access to food, water, shelter and income, safety, work, recreation and support for all (Human Services)

APPENDICES / SCHEDULES

Appendix "A" – MIII Expression of Interest – Claremont Access Escarpment Stabilization



Municipal Infrastructure Investment Initiative Capital Program – Expression of Interest

On August 16, 2012, the Province of Ontario launched the Municipal Infrastructure Investment Initiative (MIII) as part of the Municipal Infrastructure Strategy. Through the MIII Capital Program, up to \$51 million will be made available to address necessary road, bridge, water and wastewater projects identified as top priorities through comprehensive asset management plans. Funding will be targeted to municipalities and Local Services Boards (LSBs) that are unable to pay for proposed projects without provincial assistance.

Ontario municipalities and LSBs that own roads and/or bridges and/or water systems and/or wastewater systems are eligible. In addition, municipalities that have not done so already must submit their 2011 Financial Information Return to the Ministry of Municipal Affairs and Housing by January 9, 2013.

The MIII Capital Program includes both a pre-screening and an application process. To begin, municipalities and LSBs may submit this Expression of Interest form for pre-screening. Completed expression of interest forms must be submitted by 5 p.m. EST on January 9, 2013. Municipalities and Local Services Boards that pass the pre-screening process will be given the opportunity to submit a detailed application.

For more information, see the **Municipal Infrastructure Investment Initiative Capital Program manual** and **Building Together: Guide for Municipal Asset Management Plans**.

If submitting this form by email, please save the completed form to your desktop and send as an attachment to miii@ontario.ca

If submitting by mail please print the completed form and send to:

Municipal Infrastructure Investment Initiative Secretariat
c/o Rural Programs Branch
Ontario Ministry of Agriculture, Food and Rural Affairs
1 Stone Road West, 4th Floor
Guelph ON N1G 4Y2

<http://www.ontario.ca/municipalinfrastructure>

Please fill in all fields on this form that apply to your municipality or LSB.

Section 1 – Municipality/LSB Contact Information

Municipality/LSB Name*
City of Hamilton

Authorized Contact

Last Name Smith		First Name Adam	Middle Initial
Position Senior Financial Analyst	Telephone Number 905 546-2424	Email Address Adam.Smith@hamilton.ca	

*Note if this is a joint project, please include all municipalities and LSBs that are part of the project, but only the contact information for the lead municipality/LSB.

Mailing Address

Unit Number	Street Number 71	Street Name Main Street West	PO Box
City/Town Hamilton		Province Ontario	Postal Code L8P 4Y5

Section 2 – Project Information

Project Name
Claremont Access Escarpment Stabilization

Project Type (road, bridge, water or wastewater)
Road (Escarpment Stabilization)

Project Financial Information

Total Project Cost \$2,250,000.00	Amount of Provincial Funding Request \$2,000,000.00
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Section 2 – Project Information (Cont'd)

List the sources of financing for the project other than the provincial funding requested.

Funding Source	Amount
Escarpment Slope Stabilization Project	\$250,000.00

Project Location			
Unit Number	Street Number	Street Name Claremont Access	PO Box
City/Town Hamilton		Province Ontario	Postal Code
Latitude 43.245670		Longitude -79.869240	

Section 3 – Asset Management Planning

Please describe your municipality's or LSB's progress to date toward completing a comprehensive asset management plan according to the key elements outlined in **Building Together: Guide for Municipal Asset Management Plans**. Where possible, please provide supporting documentation.

State of local infrastructure

In accordance with the 2011 State of the Infrastructure Review for Road and Traffic Systems, the objective of this report is to review the implications and funding needed to move the Road Network and Traffic System infrastructure as defined within the State of the Infrastructure Report from the current overall D- grade to B+, as well as move the Structures, including bridges and major culverts infrastructure from the current overall C- grade to B+. This rating is a function of three independent variables:

- Condition and Performance – a measure of the current condition of the assets based upon a visual inspection or other qualitative assessment if a physical inspection is not available.
- Capacity vs. Need – a measure of the ability of the assets to meet the current demand which in the case of the road network could relate to the network's ability to accommodate existing traffic volumes.
- Funding vs. Need - reflects the status of funding dedicated to maintaining, replacing, and improving the current condition of existing infrastructure, and to building new infrastructure that is needed to keep up with growth where development charges may not be applicable or may be difficult to define.

Therefore, achieving a B+ grade for the assets under consideration is not simply a matter of ensuring that the asset condition is at the desired level. It will require that all three factors are balanced to ensure that not only is the overall network condition good but that both the capacity of the network to meet demands and the funding to sustain the assets both the short- and long-term is available. The report can be found though the following link: http://www.hamilton.ca/CityDepartments/PublicWorks/Environment_Sustainable_Infrastructure/Asset+Management/SOTI/

Expected levels of service

The 2011 State of the Infrastructure Review for Road and Traffic Systems, the report outlines the importance of defining a level of service (LOS) for each of the assets that can be used as the baseline for defining the budgetary requirements and provides transparency and accountability to the community for the upkeep of the asset within the City's portfolio. This study examines the first six steps in the InfraGuide LOS development, including forecasting costs of level of service. The next step is for the City to evaluate the financial risks of reducing (or increasing) levels of service before establishing the final set of service levels. The report can be found though the following link: http://www.hamilton.ca/CityDepartments/PublicWorks/Environment_Sustainable_Infrastructure/Asset+Management/SOTI/

Asset management strategy

From 2001 to the present the asset management plan has been developing at various levels for various assets. The 2011 State of the Infrastructure Review for Road and Traffic Systems is the latest report for our road network, updating those created in 2005, 2006 and 2009. As outlined in the report the current condition of our right of way assets, along with the financial requirements for various service levels for those assets has been identified. The report will be used to communicate our infrastructure needs to elected officials and public as we strive towards sustainable asset management. The report can be found though the following link: <http://www.hamilton.ca/CityDepartments/>

PublicWorks/Environment_Sustainable_Infrastructure/Asset+Management/SOTI/

Financing strategy

The identified funding needs through the State of the Infrastructure Reports assist in annual increases towards Capital Roads program. Ten year capital programs are created, along with the ongoing monitoring and prediction modelling of service levels is completed to determine financial requirements and current and predicted levels of service, therefore identifying infrastructure financial deficit and active service levels. The financing strategy provides a framework for the 10 year budget, including a review of available revenues, while balancing debt, operating budget contributions, reserves, etc.

Please explain in detail your community's workplan for completing a comprehensive asset management plan according to the key elements outlined in **Building Together: Guide for Municipal Asset Management Plans**.

State of local infrastructure

The State of the Infrastructure review has been ongoing since 2005, with high level and detailed assessment has been carried out for various corporate assets, from the assessment completed sustainability plans for key assets followed. Ongoing monitoring and annual reporting will continue, using the information gathered to provide an ongoing communication tool for our elected officials and members of the public.

Expected levels of service

The current level of service is determined by best practice. Moving forward, public consultation (initial stages underway) will be carried out to identify the level of expectation and the priorities of the community to determine the financial requirements and service level expectation.

Asset management strategy

The development of service level expectations and the associated financial requirements will be used in the creation of policy documentation. Once complete and accepted / approved by our elected officials the policies will be incorporated into the overall Asset Management plan - this in turn will drive the 10 year implementation plan methodologies and practices. The performance measurement of this plan moving forward will ongoing with annual reports and modifications.

Financing strategy

With the ongoing development of the asset management plan along with the continuing management of our assets, financial strategies will continue to adjust based on the demands of our needs. The education of our residents and elected officials will continue, therefore providing the basis of there program support and allowing educated decisions making as Capital / Levy budgets are approved. Will include a review of all available revenue streams and and optional scenarios.

Section 4 – Problem Description

The problem description should clearly describe the public health and/or safety problem arising from the current situation and the impact of the problem on the municipality or LSB (e.g., number of people affected).

The Claremont Access, is one of the key escarpment accesses within the City of Hamilton, transporting vehicles to and from the lower and upper portions of the City. After experiencing a bin wall, being metal walls that line our escarpment face, failure in 2012 upon intensive rehabilitation of the failure area and an overall review of the present escarpment needs, the removal of the existing bin walls is imminent and required to reduce the existing risk and liability. As the bin wall structures impact arterial roadways approximately 32,500 average daily traffic (ADT) on the Claremont Access is effected. Time delays would impact environment along with alternative traffic patterns impacting alternative roadways.

Section 5 – Project Description

The project description should outline the scope of the project.

Through the measures carried out to reduce the City's risk exposure, a traffic lane has been closed by the use of a temporary concrete barrier. It is the City's intent to replace the temporary barrier with a permanent barrier and catchment fence to prevent escarpment failures from entering the travel portion of the roadway. In addition, the review of the existing bin wall system has been completed. The City is currently reviewing options for potential escarpment needs, new technologies as well in discussion with the Niagara Escarpment Commission in order to expedite future approvals, if required. It is expected that no approvals are required from the NEC as this portion of the escarpment is

an engineered face. The removal of the existing bin wall is expected along with scarifying the escarpment face for the removal of loose material.

Section 6 – Project Rationale

Please describe how the project would reduce or eliminate the public health and/or safety problem.

The removal of the existing bin wall system along with the granular material that sits behind these walls will lower the risk of catastrophic failure. With the risks of falling material remaining due to the make up of the escarpment the need for a wall system and catchment fence is needed to prevent these materials from entering the travelled portion of the roadway. The strategic location of the proposed wall being further from the foot of the escarpment will encroach on the existing travelled portion of the roadway, therefore reducing capacity of the road but overall providing a safer environment. This will create a proactive approach lowering risk and restore the service level of our road network to an acceptable level.

Section 7 – Project Readiness

Describe your workplan to complete the project by Dec. 31, 2014, including obtaining any necessary approvals (e.g., Environmental Assessment).

Preliminary discussions have been carried out with the Niagara Escarpment Commission (NEC) to express the Cities concerns toward the works to be performed, therefore expediting the NEC permitting process, if required. Again it is expected that no permit will be required. Moving forward the project will move through the design tender process with construction to commence during the Spring of 2013 with completion expected in 2014.

Section 8 – Alternative Options Considered

Please describe other options considered to address the problem.

Alternative solutions are on going with the review of various materials and products. A "do nothing" scenario was considered with only minimal maintenance to be performed however the high cost of annual maintenance was determine to be not cost effective in addition to the level the risk was considered unacceptable. The optimal solution was determined to be the solution proposed above, therefore delivering a cost effective approach lowering overall risk and liability.

Section 9 – Funding Need

Explain why your municipality or LSB requires the amount of provincial funding requested above and why it cannot implement the project on its own.

The Cities aging infrastructure, declining service levels, along with growing infrastructure shortfalls identified in various State of the Infrastructure reports will only increase with the Cities ability to fund the project in question. Provincial funding will assist in addressing our infrastructure needs / backlog along with improving the Cities economic benefits.

Section 10 – Declaration

Each Expression of Interest must be accompanied by a declaration. For municipalities, the declaration can be made by a resolution or letter from municipal council. For LSBs, the declaration must be made by resolution from the LSB board.

I certify that:

- the information in the Expression of Interest is factually accurate; and
- the municipality or LSB has a comprehensive asset management plan that includes all of the information and analysis described in **Building Together: Guide for Municipal Asset Management Plans** in place; or
- the municipality or LSB is committed to developing a comprehensive asset management plan that includes all of the information and analysis described in **Building Together: Guide for Municipal Asset Management Plans** by December 31, 2013.

I have the authority to bind the municipality/LSB.

Full Name (Last name, first name)

Position

Date (yyyy/mm/dd)

If submitting an electronic copy of the resolution or by-law, please attach this document to the email submitted.

Section 11 – Submission

Expressions of Interest must be received by 5 p.m. EST on January 9, 2013.

Questions? Call 1 888 588-4111 or send an email to miii@ontario.ca.

Mailing address:

Municipal Infrastructure Investment Initiative Secretariat
c/o Rural Programs Branch
Ontario Ministry of Agriculture, Food and Rural Affairs
1 Stone Rd West, 4th Floor
Guelph ON N1G 4Y2

Section 12 – Documents Submitted With This Expression of Interest

Please outline any files or documents (e.g., asset management plan) you will be submitting along with this Expression of Interest.

If you are submitting this form by email, write a description of the file's contents to the left and indicate the file name or hyperlink to the right.

Attach all documents to the same email as this form.

If you are submitting this form by mail, simply write a description of each document you are submitting along with this Expression of Interest, in the left-hand column.

Description of File or Document Attached	File Name or Hyperlink
State of the Infrastructure Review - Road Network and Traffic Systems	www.hamilton.ca/NR/rdonlyres/ B5CC212F-1DC6-46CD-9A07-D1FB2138EBAD/0/ rpt_soti_rvwrds_20110505_fin.pdf