



City of Hamilton

AUDIT, FINANCE AND ADMINISTRATION COMMITTEE

Meeting #: 18-008
Date: June 11, 2018
Time: 9:30 a.m.
Location: Council Chambers, Hamilton City Hall
71 Main Street West

Angela McRae, Legislative Coordinator (905) 546-2424 ext. 5987

CEREMONIAL ACTIVITIES

1. CUPE 5167 Awards Presentation

	Pages
1. APPROVAL OF AGENDA	
(Added Items, if applicable, will be noted with *)	
2. DECLARATIONS OF INTEREST	
3. APPROVAL OF MINUTES OF PREVIOUS MEETING	
3.1 May 17, 2018	5
4. DELEGATION REQUESTS	
4.1 Assunta Zizza, Respecting a request to refund their fixed water and sewer charges on a new build (For a future meeting)	11
5. CONSENT ITEMS	
5.1 2017 Annual Energy Report on Commodity Price Hedging (FCS18055 / PW18043) (City Wide)	13
5.2 2018 First Quarter Request for Tenders and Proposals Report (FCS18037) (City Wide)	29

5.3	2018 First Quarter Emergency and Non-competitive Procurements Report (FCS18038) (City Wide)	43
5.4	First Quarter Non-compliance with the Procurement Policy Report (FCS18039) (City Wide)	51
5.5	Tax Appeals under Sections 357 and 358 of the Municipal Act, (2001) (FCS18008(a)) (City Wide)	55
5.6	Development Charges Reserves Status Report as of December 31, 2017 (FCS18060) (City Wide)	69
5.7	Follow Up to Audit Report 2013-02 Corporate Ethics Review (AUD18003) (City Wide)	91
5.8	Hamilton Status of Women Advisory Committee Minutes - March 22, 2018	107

6. PUBLIC HEARINGS / DELEGATIONS

7. STAFF PRESENTATIONS

7.1	Human Rights, Diversity and Inclusion Annual Report (HUR18012) (City Wide)	111
7.2	City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) (Outstanding Business List Item)	143

8. DISCUSSION ITEMS

8.1	2017 City of Hamilton Financial Report and Audited Financial Statements (FCS18059) (City Wide)	199
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Due to bulk, Appendix "B" is not printed in the agenda but is available for viewing in the City Clerk's Office and on-line at www.hamilton.ca.

9. MOTIONS

10. NOTICES OF MOTION

11. GENERAL INFORMATION / OTHER BUSINESS

11.1 Outstanding Business List:

11.1.a Item requiring a new due date:

Joe Deschenes Smith, Trillium Housing, respecting implementation of by-law 14-153 and how the City can add its support for housing affordability at Trillium Housing's two affordable housing projects in Hamilton

Item On OBL: P

Due Date: June 25, 2018

Revised Due Date: July 2018

12. PRIVATE AND CONFIDENTIAL

13. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 18-007

**9:30 a.m.
May 17, 2018
Council Chambers
Hamilton City Hall**

Present: Councillors A. VanderBeek (Chair), B. Johnson, M. Pearson,
L. Ferguson, C. Collins, and A. Johnson

**Absent with
Regrets:** Councillor D. Skelly – Personal

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

- 1. Follow Up to Audit Report 2014-08 Human Resources - Absenteeism (AUD18005) (City Wide) (Item 5.2)**

(Pearson/Ferguson)

That Report AUD18005, respecting Follow Up to Audit Report 2014-08 Human Resources - Absenteeism, be received.

CARRIED

- 2. Joe Deschenes Smith, Trillium Housing, respecting implementation of by-law 14-153 and how the City can add its support for housing affordability at Trillium Housing's two affordable housing projects in Hamilton (Item 6.2)**

(B. Johnson/Pearson)

That staff be directed to include affordable housing in the Development Charges Policy review.

CARRIED

- 3. Professional and Consultant Services Roster 2017-2018 (PW18037/PED18122/FCS18057) (City Wide) (Item 8.1)**

(Pearson/A. Johnson)

That Report PW18037/PED18122/FCS18057, respecting the Professional and Consultant Services Roster 2017-2018, be received.

CARRIED

4. Extension of Trial Period Amendment within Procurement Policy #4.9 Consulting and Professional Services for 2019-2020 (PW18036/PED18121/FCS18056) (City Wide) (Item 8.2)

(Pearson/A. Johnson)

That amendment to Section #4.9 of the Procurement Policy, Policy #9 – Consulting and Professional Services allowing the two-year trial period for roster assignments with an estimated procurement value between \$150,000 and \$249,999 be extended to the 2019-2020 roster period.

CARRIED

5. Advisory Committee for Immigrants and Refugees Membership (Item 9.1)

(A. Johnson/Ferguson)

WHEREAS, the Advisory Committee for Immigrants and Refugees is having challenges in obtaining quorum for their meetings;

WHEREAS, Sylvia Gill has been absent without notice from 3 or more consecutive Advisory Committee for Immigrants and Refugees meetings;

WHEREAS, without quorum the Advisory Committee for Immigrants and Refugees cannot recommend the removal of a Committee Member who has not provided a letter of resignation nor explained the reasons for their absence;

THEREFORE BE IT RESOLVED:

- (a) That Sylvia Gill be removed as a member of the Advisory Committee for Immigrants and Refugees; and
- (b) That the membership of the Advisory Committee for Immigrants and Refugees be adjusted accordingly in order to obtain quorum.

CARRIED

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 1)

The Committee Clerk advised of the following change to the agenda:

1. DELEGATION REQUESTS

- 4.1 Shekar Chandrashekar, respecting an opportunity to rebut information contained in Report FCS18030 (For a future meeting)

(Pearson/A. Johnson)

That the agenda for the May 17, 2018 Audit, Finance and Administration Committee meeting be approved, as amended.

CARRIED

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

(i) May 7, 2018 (Item 3.1)

(Pearson/Ferguson)

That the Minutes of the May 7, 2018 meeting of the Audit, Finance and Administration Committee be approved, as presented.

CARRIED

(d) DELEGATION REQUESTS (Item 4)

(i) Shekar Chandrashekar, respecting an opportunity to rebut information contained in Report FCS18030 (For a future meeting) (Added Item 4.1)

(Pearson/A. Johnson)

That the delegation request from Shekar Chandrashekar, respecting an opportunity to rebut information contained in Report FCS18030, be approved and his delegation referred to the June 6, 2018 General Issues Committee Meeting.

CARRIED

(e) CONSENT ITEMS (Item 5)

(i) Minutes of Various Advisory Committees (Item 5.1)

(A. Johnson/Pearson)

That the following minutes from various advisory committee meetings, be received as presented:

(1) Hamilton Aboriginal Advisory Committee – February 1, 2018
(Item 5.1.a)

(2) Committee Against Racism – February 27, 2018 (Item 5.1.b)

CARRIED

(f) PUBLIC HEARINGS/DELEGATIONS (Item 6)

(i) Robert Elliot, Lawson Ministries, Salvation Army, respecting the business case and benefits of hiring employees with disabilities (Item 6.1)

Josh Dion-Broadley and Theresa Speers from Lawson Ministries, Salvation Army, addressed the Committee on behalf of Robert Elliot, respecting the business case and benefits of hiring employees with disabilities.

(Ferguson/A. Johnson)

That the delegation from Josh Dion-Broadley and Theresa Speers, of Lawson Ministries, Salvation Army, respecting the business case and benefits of hiring employees with disabilities, be received.

CARRIED

(ii) Joe Deschenes Smith, Trillium Housing, respecting implementation of by-law 14-153 and how the City can add its support for housing affordability at Trillium Housing's two affordable housing projects in Hamilton (Item 6.2)

Joe Deschenes Smith from Trillium Housing, addressed the Committee respecting implementation of by-law 14-153 and how the City can add its support for housing affordability at Trillium Housing's two affordable housing projects in Hamilton.

(B. Johnson/Ferguson)

That the delegation from Joe Deschenes Smith of Trillium Housing, respecting implementation of by-law 14-153 and how the City can add its support for housing affordability at Trillium Housing's two affordable housing projects in Hamilton, be received.

CARRIED

(Collins/Ferguson)

That staff report back to the Audit, Finance & Administration Committee by June 25th as to whether the City has the capacity to assist Trillium Housing with Development Charges reductions.

CARRIED

For further disposition of this matter, refer to Item 2.

(g) STAFF PRESENTATIONS (ITEM 7)

(i) Immigrant & Refugee Advisory Committee - 2017 Review & Future Goals (Item 7.1)

Zenaida Roque Cruz from the Immigrant & Refugee Advisory Committee, addressed the Committee respecting their 2017 Review and 2018 Future Goals.

(Ferguson/Pearson)

That the presentation from Zenaida Roque Cruz from the Immigrant & Refugee Advisory Committee, respecting their respecting their 2017 Review and 2018 Future Goals, be received.

CARRIED

(h) PRIVATE AND CONFIDENTIAL (ITEM 12)

(i) Closed Session Minutes – May 7, 2018 (Item 12.1)

(Collins/Pearson)

(a) That the Closed Session Minutes of the May 7, 2018 Audit, Finance and Administration meeting, be approved as presented; and

(b) That the Closed Session Minutes of the May 7, 2018 Audit, Finance and Administration meeting, remain confidential.

CARRIED

(i) ADJOURNMENT (Item 13)

(Pearson/A. Johnson)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 10:21 a.m.

CARRIED

Respectfully submitted,

Councillor VanderBeek, Chair
Audit, Finance and Administration
Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk

4.1

Form: Request to Speak to Committee of Council

Submitted on Thursday, May 17, 2018 - 11:56 am

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Assunta Zizza

Name of Organization:

Contact Number:

Email Address:

Mailing Address:

Reason(s) for delegation request: We are currently building a new single family home on the Stoney Creek Mountain. When we received our construction permit from CoH, we paid for construction water and for a water meter install. In January 2018, Alectra was notified by the CoH to begin charging for water consumption, without our knowledge and without notifying us that we need to have the water meter installed (which by the way is not listed/mentioned anywhere in the Building Permit package). We were surprised to find that we were getting charged fixed water and sewer for something we are not consuming (the house is still not using any water as we do not have any sinks, faucets, etc installed). After multiple calls to Alectra and the CoH we finally found out that we need to have the water meter installed and we did so right away. However, we are being bounced around between Alectra and CoH as neither would take action on our dispute. We have fully complied to the Building Permit requirements and it is not our fault that there was a communication gap from CoH. We would like to request a refund of the fixed water and sewer charges.

Will you be requesting funds from the City? Yes

Will you be submitting a formal presentation? No



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 11, 2018
SUBJECT/REPORT NO:	2017 Annual Energy Report on Commodity Price Hedging (FCS18055 / PW18043) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	John Savoia (905) 546-2424, Extension 7298 Tom Chessman (905) 546-2424, Extension 2494 Linda Campbell (905) 546-2424, Extension 2810
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	
SUBMITTED BY:	Rom D'Angelo, C.E.T.; CFM Director, Energy, Fleet and Facilities Management Public Works Department
SIGNATURE:	

Council Direction:

The City's Corporate Energy Policy stipulates the General Manager of Finance and Corporate Services, reports to Council at least once each fiscal year with respect to any Energy Commodity agreements. In May 2014, Council approved a revision to the City's Corporate Energy Policy (refer to Report PW14050) which now incorporates the City's previously separate Energy Commodity Policy into one comprehensive policy.

Information:

The City of Hamilton's 2017 Annual Energy Report on Commodity Price Hedging deals exclusively with the City's energy commodity price hedging agreements and utility rate transactions for natural gas, electricity and fuel.

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As defined in the Corporate Energy Policy, “Energy Commodities” means electricity, green power, natural gas, methane and all other petroleum based fuel products such as, diesel, bio-diesel, gasoline, fuel oil, propane and any other bulk commodity primarily used by the City for the purpose of heating and cooling of buildings and other structures, electricity generation, cogeneration demand response programs, smart grid programs and the fuelling of City fleets, as determined by the Manager of Energy Initiatives.

Policy Statement

The City will procure the necessary quality and quantity of Energy Commodities in an efficient, timely and cost-effective manner, while maintaining the controls necessary for a public institution in accordance with this Corporate Energy Policy. The City will encourage the negotiation of fair Master Agreements and agreements with Contract Agents, with respect to the purchase, sale, delivery and storage of Energy Commodities. The City will strive to ensure that the best value is obtained and that the financial stability of Energy Commodity suppliers meets high thresholds to ensure sustainability and reliability of supply.

The City will consider commodity price hedging agreements as a means of fixing, directly or indirectly, or enabling the City to fix the price or range of prices to be paid by the City for the future delivery of some or all of a specific Energy Commodity, or the future cost to the municipality of an equivalent quantity of the Energy Commodity, where it is advantageous for the City to do so.

The City will also consider opportunities for entering into agreements with utilities and other transportation and delivery supplier contracts (e.g. pipeline supply) to secure commodity supply and utility rates of specific Energy Commodities.

Utility Rates and Commodity Strategies Results

The utility rates and commodity strategies results include Global Adjustment (GA) rate changes and natural gas hedging programs. For the 2017 calendar year, there was a \$6.5M cost benefit.

Figure 1: 2017 Utility Rates and Commodity Strategies Results

2017 Results	\$M	% Levy	% Rate
Global Adjustment	5.98	22%	78%
Natural Gas Hedging	0.51	87%	13%
Total	6.49	28%	72%

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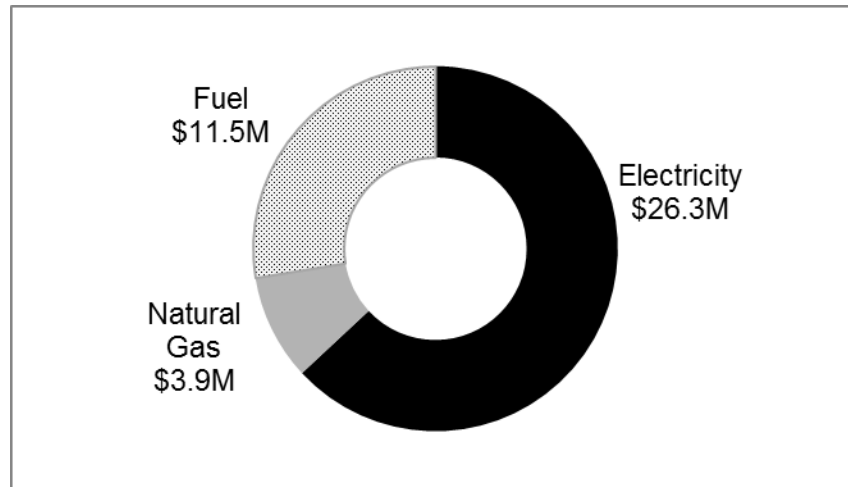
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Overall Costs

In the City's, 2017 Annual Energy Report (refer to Report PW18041), the total actual energy costs for electricity, natural gas and fuels were reported at \$41.7M. This is a 9% decrease from 2016 energy costs. The breakdown is shown in Figure 2.

Figure 2: 2017 Total Energy Costs (Electricity, Natural Gas & Fuel) in Millions (M)



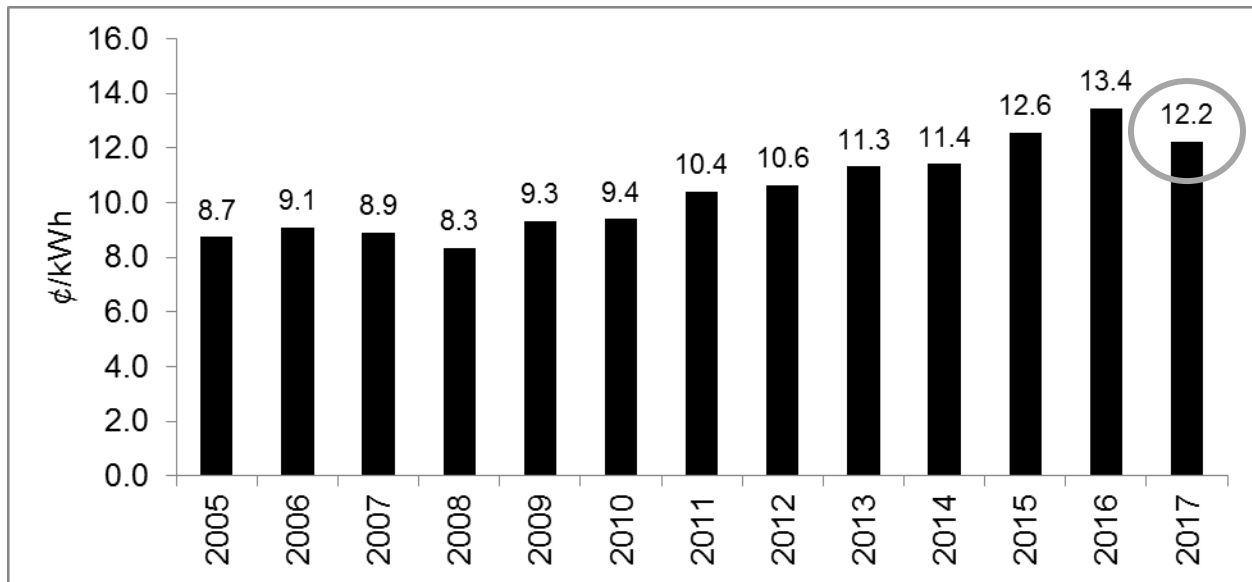
The electricity and natural gas costs (including those from district heating and cooling) are incurred by City-owned buildings / facilities, Hamilton Water, Public Works Operations and Street and Traffic lighting. It excludes CityHousing Hamilton. Utilities include Alectra Utilities, Hydro One and Union Gas. Fuel includes diesel, unleaded gasoline and CNG for all Fleet, Operations and Transit vehicles but does not include Hamilton Police Services or Darts. Sites with only partial data were excluded.

Electricity

Electricity is comprised of commodity as well as costs associated with distribution, transmission, regulatory and delivery. The City is serviced by two local distribution companies: Alectra Utilities (formally Horizon Utilities) and Hydro One. The City's cost and consumption are approximately 85% from Alectra Utilities and 15% from Hydro One. While the utility rates may vary between the local distribution companies, both are regulated by the Ontario Energy Board (OEB) and must seek approvals for any rate or cost of service adjustments.

In 2017, the City's overall expenditure for electricity was \$26.3M. Overall, electricity costs in 2017 decreased by approximately 13% versus 2016. There was a decrease of 4% in overall electrical consumption in 2017 compared to 2016. The City's overall average price of electricity per kilowatt-hour (kWh) decreased from 13.4 cents/kWh in 2016 to 12.2 cents/kWh in 2017. The average price (cents/kWh) for electricity, year over year, from 2005 to 2017 is outlined in Figure 3.

Figure 3: City of Hamilton Annual Average Electricity Cost



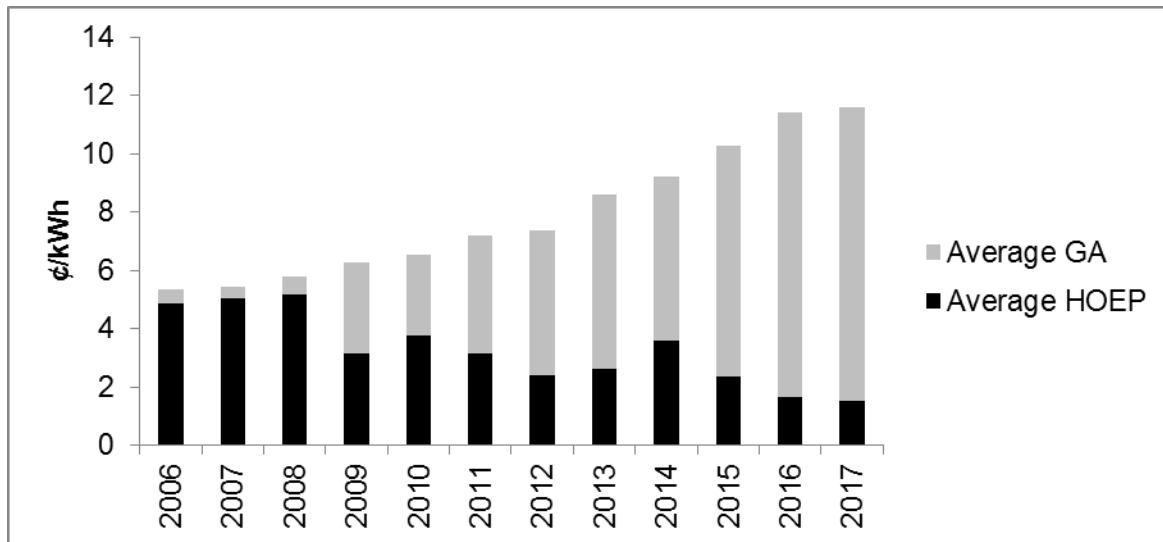
There are a variety of factors that can impact electricity cost, some of which are consumption and process changes, regulatory changes, market activity and weather.

The largest impact to prices in Ontario for 2017 was twofold: the milder summer, where the cooling degree days were 40% less than those from 2016, thereby lowering demand for electricity in the summer months; and the introduction of the Fair Hydro Plan, a regulatory program that lowered provincial hydro costs to small commercial rate class and residential customers.

The electricity market in Ontario itself is complex, volatile and only partially de-regulated. Market conditions play a role in monthly rate setting for the cost of electricity (commodity), but the rates are heavily influenced by long-term generation contracts. Ontario's electricity commodity is comprised of the Hourly Ontario Electricity Price (HOEP) and the Global Adjustment (GA). When the HOEP is low, the GA increases in order to cover the costs of generation and demand management programs in the province. The monthly costs vary depending on consumer demand, the generation mix, how often each type of generation is offered into the market and weather.

Although fixing the price on forward terms for the HOEP is possible, doing so does little to protect against the greater fluctuations of the GA, which now makes up the larger portion of commodity costs. Staff recommendations have been to not hedge against the HOEP due to unfavourable market conditions. While the HOEP has declined over recent years, this has been offset by significant increases to the price of the Global Adjustment, as illustrated in Figure 4.

Figure 4: Electricity - Annual Average Price of HOEP and Global Adjustment



The annual average HOEP was 1.6 cents/kWh in 2017, which was a 7% decrease versus 2016. The HOEP decrease in 2017 was offset by increases in the GA. The average GA price in 2017 was 10.0 cents/kWh. This represents a 3% increase versus 2016. The overall combined commodity price for electricity (11.6 cents/kWh) amounted to a 2% increase in 2017 when compared to 2016.

However, as noted above, the total overall unit price of electricity was down from 2016 partly because of the change in regulatory rates via Ontario’s Fair Hydro Plan.

Global Adjustment

The Global Adjustment (GA) is a market mechanism to account for differences between the market price and the rates paid to regulated and contracted generators and for conservation and demand management programs. Most of the GA costs arise from contracts that the Independent Electricity System Operator (IESO) has with generators, many of which are fixed price or guaranteed revenue agreements. There is no market mechanism to hedge against the GA rate.

When spot prices (HOEP) are lower, the generator does not earn enough revenue from power sales to meet its revenue guarantees. In that case, the IESO pays the generator to make up this difference and the costs are recovered from consumers through the GA. Therefore, in a month when the market price of electricity is low, the GA will be higher and conversely when market prices are high, the GA will be lower.

The majority of City accounts are billed to the GA as a Class B customer. The GA price that Class B customers pay is posted monthly by the IESO. High electrical demand customers, typically industrial, qualify for a different billing methodology called Class A.

The City was able to move some of its largest accounts to Class A over the past several years. Class A sites are billed based on their specific demand profile as set during a peak setting period. Class A customers have the ability to impact their costs by reducing consumption during hours of provincial peak demand. Class A sites at 900 Woodward Avenue (Hamilton Water); the Municipal Recycling Facility, FirstOntario Centre, Central Utilities Plant (CUP) and Greenhill Avenue Pump Station (Hamilton Water) were joined by two new sites in July of 2017, Tim Horton’s Field and Kenilworth Pump Station (Hamilton Water). The results for 2017 were a cost benefit of \$5.98M as shown in Figure 5.

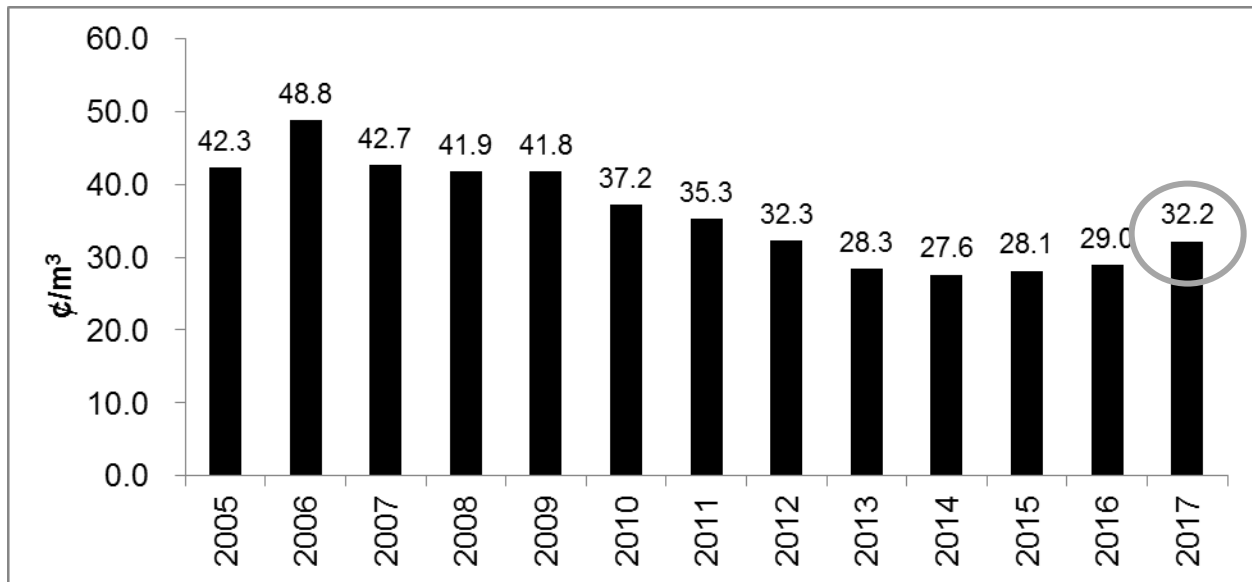
Figure 5: Global Adjustment Class A Results 2011-2017

Year	Standard Global Adjustment Charge (Class B)	Actual Global Adjustment Charge (Class A)	Cost Benefit
2011	\$ 2,703,065	\$ 1,640,102	\$ 1,062,963
2012	\$ 3,852,903	\$ 2,354,335	\$ 1,498,568
2013	\$ 5,720,669	\$ 3,220,565	\$ 2,500,104
2014	\$ 5,574,562	\$ 3,127,867	\$ 2,446,695
2015	\$ 7,931,504	\$ 4,020,207	\$ 3,911,297
2016	\$ 9,132,962	\$ 4,450,757	\$ 4,682,206
2017	\$ 10,218,507	\$ 4,242,405	\$ 5,976,103
Total	\$ 45,134,173	\$ 23,056,237	\$ 22,077,936

Natural Gas

The City’s overall expenditure for 2017 natural gas, including the commodity costs and utility charges for delivery, transportation and storage was \$3.9M. This is an increase of 12% over 2016 costs as reported in the 2017 Annual Energy Report (PW18041). There was an increase of less than 1% in natural gas consumption compared to 2016 numbers. The overall average unit price was 32 cents per cubic metre (¢/m³), which was an 11% increase over 2016’s price of 29 ¢/m³. The average price for natural gas, year over year, from 2005 to 2017 is outlined in Figure 6.

Figure 6: City of Hamilton Annual Average Natural Gas Cost



Although the City’s consumption was on par with the previous year, the primary reason for the increase in natural gas costs for 2017 can be attributed to the Cap and Trade program that was introduced in January 2017. The program, designed to meet provincial GHG emission reduction targets, meant consumers were charged for the price of carbon. For Hamilton consumers, the price was embedded within the “delivery” charge on Union Gas bills as approved by the Ontario Energy Board (OEB).

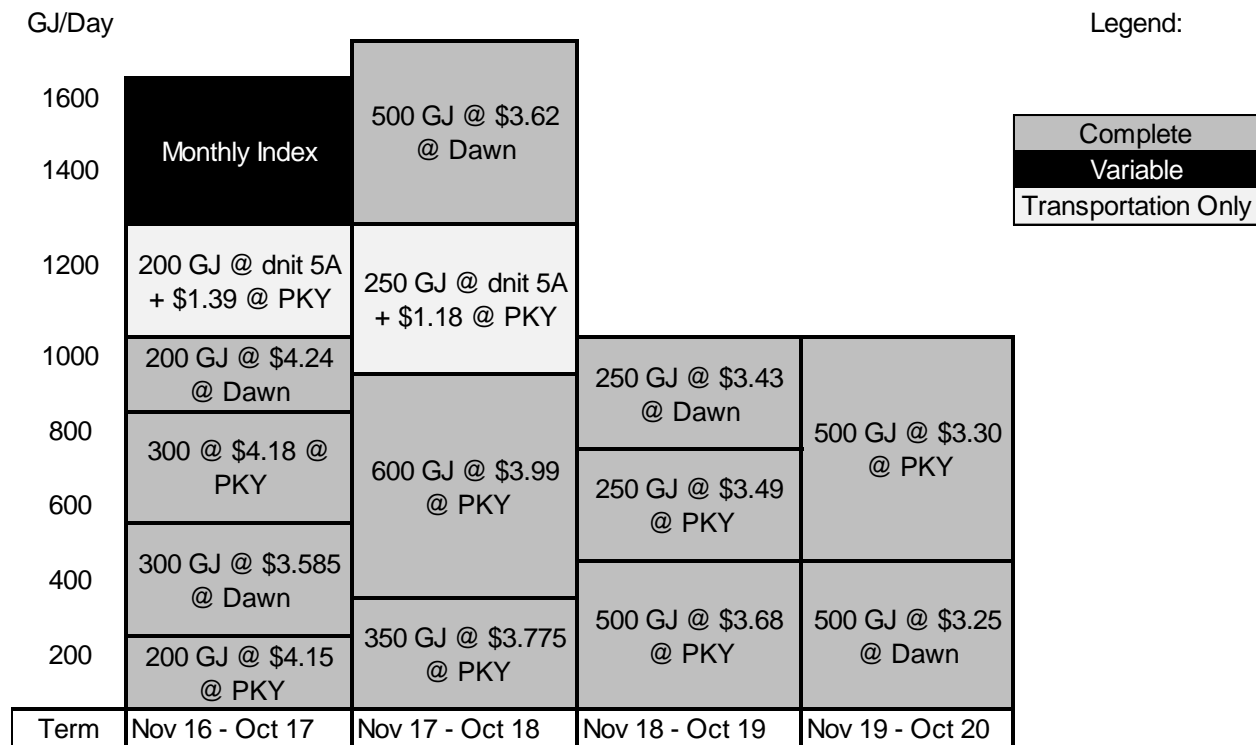
Natural Gas Risk Management

Natural gas can be a volatile commodity. There are many factors that can influence prices in natural gas markets including weather, supply, demand, geo-political events and changes to refining and extraction technologies. In an effort to maintain control of costs and minimize the degree of price volatility, the City has purchased its natural gas directly from the wholesale market (since June 2006). The City has supply agreements with multiple parties to allow for competitive purchasing. Overall, the procurement strategy is dynamic as staff, in conjunction with industry experts and the retained consultancy firm; make purchasing decisions based on market conditions. A portion of natural gas supply may be purchased as much as two to three years in advance to protect against market volatility while other portions are purchased just a month or two in advance. Fixing the price on a portion of the City’s natural gas volumes results in better budget predictability and protection against spot market fluctuations, particularly during extreme weather conditions or unforeseen market events.

The City purchases natural gas for City-owned facilities (excluding CityHousing Hamilton) and for compressed natural gas (CNG) used to fuel transit vehicles. The average 2017 price for the natural gas commodity only was \$3.84 per gigajoule (GJ) (\$0.149/m³) including a blend of hedged and unhedged volumes. This does not include any Union Gas charges such as delivery or storage. In 2017, the Cap and Trade charge was also included within the Union Gas delivery charge.

For the majority of 2017, 63% of natural gas supply was fully hedged, with a further 13% of transportation only hedged up until the end of October 2017. This was based on 2017 volume requirements. As of the end of 2017, further volume was hedged for the periods starting November 1, 2017, November 1, 2018 and November 1, 2019. Figure 7 provides a profile of the completed hedges. Staff monitors the market and continues to develop strategies for purchasing into the forward terms to further capture agreeable market opportunities.

Figure 7: Natural Gas Hedge breakdown (as of December 2017)



Notes:

- GJ/Day = Gigajoule per day
- PKY = Parkway Ontario delivery point
- Dawn = Union Dawn Ontario delivery point
- Transportation only = volume only fixed for transport of gas from AECO to Ontario delivery point
- AECO (dnit 5A) = Alberta index delivery point

To evaluate the performance of the hedging program, the City benchmarks its natural gas hedging activities against the procurement program offered by the Association of Municipalities of Ontario / Local Authority Services (AMO / LAS). Although the City has enough volume to allow for wholesale purchase from market suppliers, smaller municipalities may not have the volume or expertise to manage their own programs and may benefit from and highly valued AMO / LAS purchasing program. The City and AMO / LAS program comparison is shown in Figure 8 with overall results shown in Figure 9.

Figure 8: Average Price Comparison City to AMO/LAS Natural Gas Program

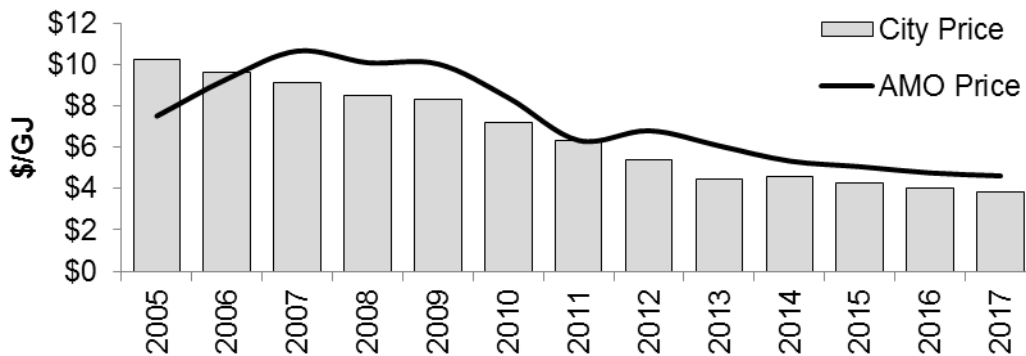


Figure 9: Performance of Natural Gas Hedge Activity compared to AMO/LAS

Natural Gas Hedging Performance Results	2017 Results*	Cumulative Results*
Levy (Tax) Supported Budget	\$ 446,304	\$ 6,059,687
Rate Supported Budget	\$ 66,946	\$ 1,072,607
Total Cost Benefit:	\$ 513,249	\$ 7,132,294

*Performance relative to AMO/LAS natural gas hedging program since 2007.

Natural Gas Agreements for Supply, Transportation, Storage and Delivery

In 2017, the City had master agreements for natural gas supply in place with Shell Energy North America (Canada) Inc., EDF Trading North America, LLC, Tidal Energy Marketing Inc. and Royal Bank of Canada. All current supply counterparties have credit ratings that are compliant with the Corporate Energy Policy.

In addition, the City has several contracts in place with Union Gas that are required to facilitate the transportation, delivery and storage of the City’s natural gas supply. The utility agreements include direct purchase agreements for City sites, a T1 rate storage contract for managing Transit CNG and M13 rate production contract for renewable natural gas.

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Direct Purchase Agreements (DPA) with Union Gas

DPAs outline the terms of service for delivery of natural gas, including designated delivery points, contract volumes and storage within the Union Gas franchise area. The parameters are shown below in gigajoules (GJ) which is the unit in which gas is purchased to meet the requirements. Prices and consumption data on Union Gas bills are reported in cubic metres (1 GJ = ~26.4 cubic metres). In 2017, the agreements and parameters were:

- SA9369 for 151 GJ/day – 29 miscellaneous City natural gas accounts which run from February 1 to January 31 each year.
- SA7020 for 1,173 GJ/day – 201 miscellaneous City natural gas accounts which run from November 1 to October 31 each year.
- T1 for 439 GJ/day (increased from 320 GJ/day as of September 2017) - For Transit's CNG bus fleet and transit site. The contract runs September 1 to August 31 each year.

Each DPA has its own specific delivery requirements, at different points along the variety of pipelines within North America and are reviewed and renewed annually. DPAs may also be amended throughout the year. For the T1 contract, additional volume (over the DCQ) is typically delivered to accommodate for increases in fleet size throughout the year.

Natural Gas Market

Overall, natural gas commodity prices in 2017 were relatively flat. While there were some seasonal fluctuations, particularly with a cold start to the year, the majority of the year saw limited volatility on the day-to-day markets. Daily Dawn (Ontario pricing hub) prices in the first quarter averaged in the \$4 per GJ range, where the summer averaged \$3.50 per GJ. Weather has a big impact on short-term pricing and extreme weather for most of 2017 was a non-event. The milder summer reduced typical demand for natural gas-fired electrical generation, which, despite Hurricane Harvey shutting down some Gulf production, limited any major price volatility. A plentiful North American storage position, coupled with strong production also kept downward pressure on prices. However, the cold end to 2017 and prolonged colder temperatures that have prevailed into 2018 impacted prices and lead to a greater drawdown of the storage position. Production in North America is expected to be steady throughout 2018 which should limit upward pressure on day pricing. However, unexpected weather events or as speculated, a hot summer, could cause prices to rise in the short and long terms. Changes to demand, production levels, pipeline capacity pressures and / or a decrease to the value of the Canadian dollar will also impact pricing. Long-term pricing gradually fell throughout 2017 which gave opportunities to hedge forward terms at prices that were favourable.

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While steps can be taken to manage natural gas prices through hedging activity, controlling consumption plays a large role in managing the overall costs. Consumption reduction helps to mitigate the potential for increased costs of natural gas due to changes in utility rates (i.e. Delivery), while further reducing the footprint of the City’s facilities by reducing carbon emissions.

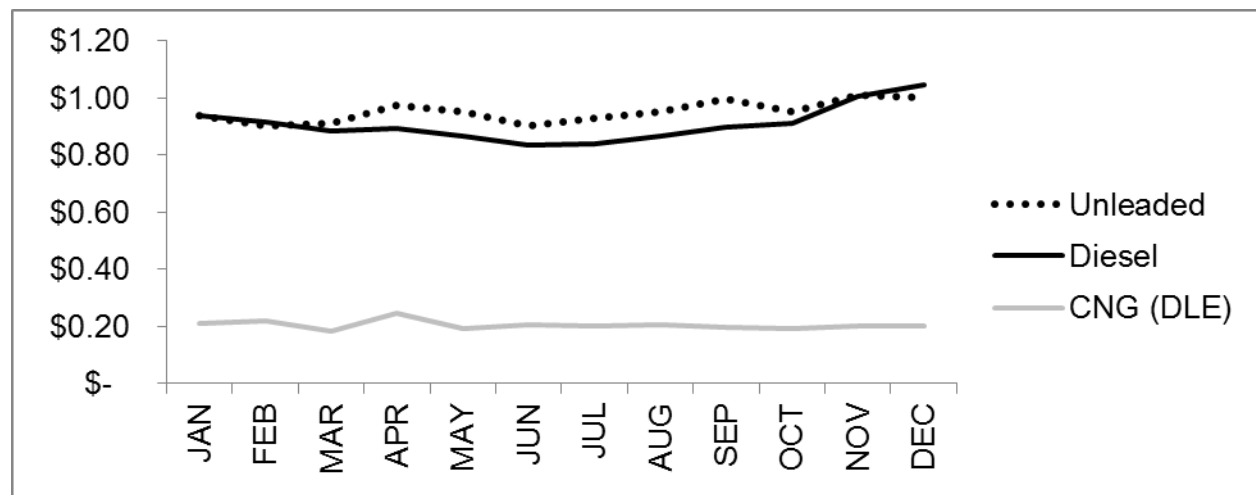
Compressed Natural Gas (CNG)

Natural gas is also purchased for Transit’s fleet of natural gas buses. The CNG station at the Mountain Transit Centre services the fleet of existing and new natural gas buses for the City.

The CNG station operates under a natural gas storage contract (T1). The T1 contract is a daily-balanced contract with storage availability. The amount of storage volume is contracted annually and for the 2017 contract term (September 2017 to August 2018); the T1 was allotted 9,941 GJs of storage. The difference between the daily volumes purchased and consumed are injected or withdrawn from the storage account. The contract allows for greater flexibility in managing the supply, but must be reviewed daily to adhere to specific storage parameters.

The Transit fleet of natural gas buses totalled 85 by the end of 2017 and is expected to increase in the coming years. Natural Gas has a lower cost compared to diesel; however, it does operate at approximately 75% efficiency per diesel litre equivalent when compared to diesel bus usage. Despite its lower efficiency, its lower cost and lower GHG emissions is of benefit to the City. In 2017, the total cost of natural gas for the buses was approximately \$910,500. Figure 10 shows the City’s monthly fuel prices with CNG price converted to diesel equivalent (DLE).

Figure 10: 2017 Monthly Average Fuel Prices for Diesel, Unleaded Gasoline and CNG



When converted to diesel equivalent dollars and adjusting for efficiency, Transit spent \$1.9M less in fuel costs using CNG buses than they would have using only diesel buses.

Figure 11: Cost Benefit of CNG as Compared to Diesel

Diesel Litre Equivalent (L)		4,195,759
Number of DLE Litres of Diesel Required*		3,125,840
Diesel cost at \$.91/L (2017 Avg price)	\$	2,844,515
2017 CNG Cost	\$	910,464
Cost Benefit of CNG	\$	1,934,051

* Average of CNG buses run at 75% of DLE compared to average DSL bus

Traditional Fuel Supply

The City of Hamilton purchases diesel and gasoline fuel for its fleet of vehicles such as buses, waste collection vehicles, snow removal trucks, street sweepers, forestry and parks vehicles, as well as Fire and Hamilton Paramedic Services vehicles. In addition, the City purchases fuel for Hamilton Police Services.

In 2017, the City’s fuel procurement strategy involved utilizing a contractual bulk supply agreement with Suncor Energy Products Partnership. Fuel contracts are reviewed annually and based on pricing, deliverability and fuel types, the strategy can be adjusted accordingly.

The pricing arrangement for 2017 was based on the daily “rack” price of each required fuel type (diesel and gasoline) from a designated source terminal with negotiated discounts, delivery charges and taxes. Paying daily rack pricing for fuel assures customers are getting the lowest available price on the market for that day. Suncor Energy Products Partnership has a credit rating that is compliant with the Corporate Energy Policy.

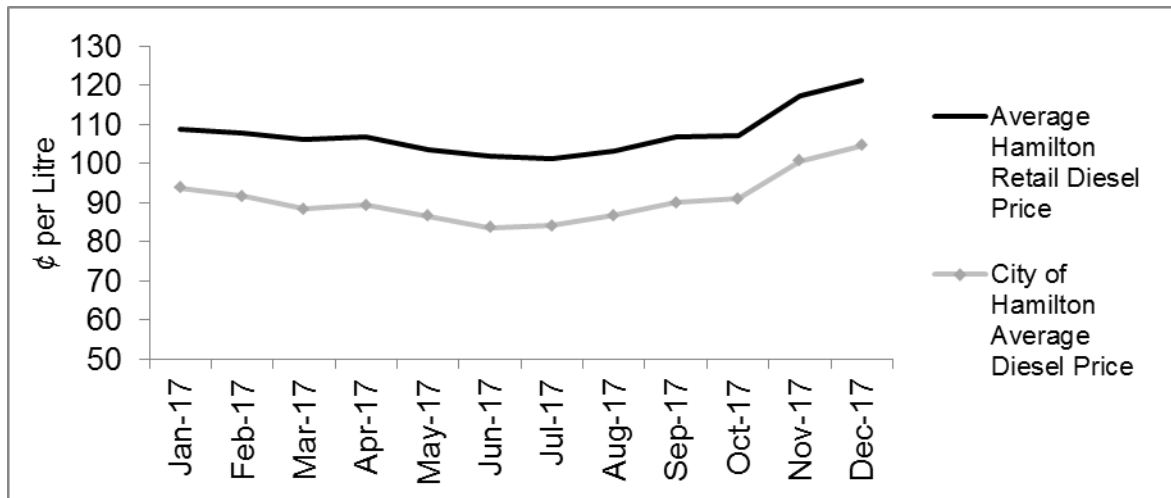
Wholesale purchase of diesel and gasoline offer lower prices than those at public fuel stations across the City. With data collected from reliable industry sources on average fuel pump prices in Hamilton, Figures 12 and 13 show the comparison between the average prices paid for diesel and gasoline purchased under City wholesale contracts versus the average retail prices paid at the pump (“Pump”) by the public at fuel stations throughout Hamilton.

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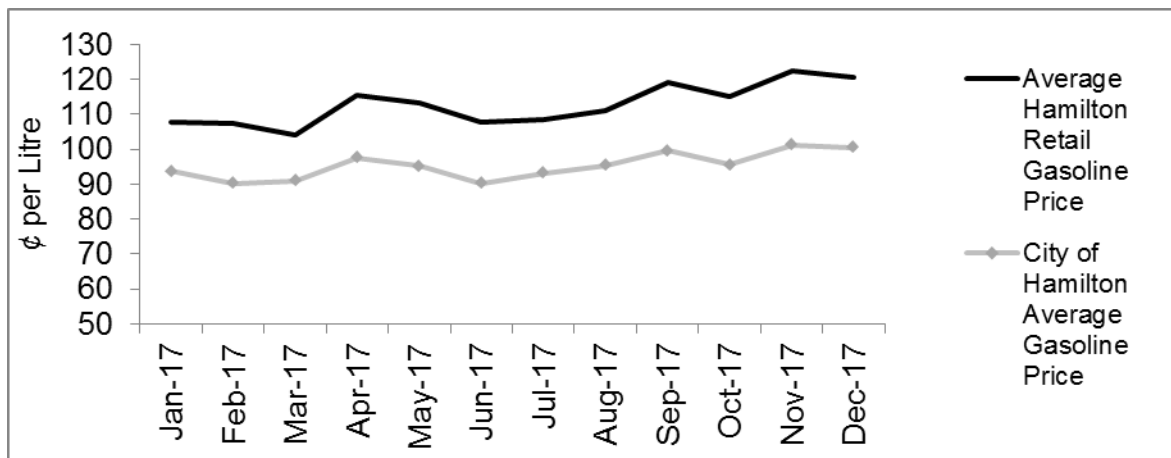
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Figure 12: 2017 Monthly Average Price of Diesel Paid by the City versus at the Pump



*Average Diesel retail pump prices from data available by Kent Group Ltd.

Figure 13: 2017 Monthly Average Price of Gasoline Paid by the City versus at the Pump



*Average Gasoline retail pump prices from data available by Kent Group Ltd.

Fuel purchases, as reported in the 2017 Annual Energy Report (refer to Report PW18041), excludes Hamilton Police Services. City departments used approximately 9.4 million litres of diesel, a 15% reduction from 2016 and approximately 2.2 million litres of gasoline, a 3% decrease from 2016. A large part of the decrease in diesel usage can be attributed to the increase in CNG usage for Transit buses.

The 2017 budget prices for diesel and gasoline were set at \$0.94 per litre and \$1.00 per litre, respectively. For 2017, the average diesel and gasoline prices ended below budget with overall costs at 16% below budget. Figure 14 shows the 2017 results as compared to budget.

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Figure 14: 2017 Fuel Costs and Consumption as Compared to Budget

Fuels	2017 Budget	2017 Actual	Variance (Actual - Budget)
Diesel Consumption (L)	11,030,053	9,404,408	- 1,625,645
Diesel Costs (\$)	\$ 10,368,250	\$ 8,544,954.06	-\$ 1,823,296
Diesel Average Unit Cost (\$/L)	\$ 0.94	\$ 0.91	-\$ 0.03
Gasoline Consumption (L)	2,256,080	2,138,446	- 117,634
Gasoline Costs (\$)	\$ 2,256,080	\$ 2,034,279	-\$ 221,801
Gasoline Average Unit Cost (\$/L)	\$ 1.00	\$ 0.95	-\$ 0.05
Total Consumption (L)	13,286,133	11,542,854	- 1,743,278
Total Costs (\$)	\$ 12,624,330	\$ 10,579,233	-\$ 2,045,097

Fuel Risk Management

Like other commodities, diesel and gasoline markets are volatile and are impacted by many localized and geopolitical factors. One method to manage volatility is to hedge volumes for a forward term at a set price. As hedge products for diesel and gasoline are not available, financial hedges for heating oil do exist as a way to manage fluctuations in the market. Although the City has hedged in the past and staff continues to monitor the oil markets for favorable opportunities, no volumes were hedged in 2017 or are currently hedged.

Fuel Market Update

2017 began with upward pressure on Crude oil prices as Organization of Petroleum Exporting Countries (OPEC) had set production limits in late 2016. However, increased U.S. production and global crude inventories saw prices lower and level off for the first half of 2017. Prices started to rise in the latter half of 2017 due to increased demand for refined products like gasoline and diesel. Upward pressure on North American crude oil prices began to increase in August with Hurricane Harvey making landfall in the Gulf as it disrupted a large portion on U.S. refining capacity (of crude oil to useable petroleum products). This greatly impacted prices for diesel and gasoline in the last quarter of 2017 where several maintenance and pipeline-related issues led to constraints on refined supply. Crude prices have been on an upward trend since the end of 2017 and are expected to rise throughout 2018. While crude oil prices are a component of diesel and gasoline price, other impacts to prices are the refining capacity, costs for export, the value of the Canadian dollar, marketing and carbon initiatives, such as the Cap and Trade program. Purchasing wholesale fuel does help insulate the City from some of the costs associated with pump prices, largely the marketing fees.

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Commodity Stabilization Reserve

In light of the volatile and rising fuel costs, a Commodity Stabilization Reserve (110043) was established in 2011 by Council as a reserve to allow for commodity related budget over-runs. The use of this reserve is expected to occur when no other operating surplus is available to offset over budget commodity expenses. The reserve was established with an initial \$1.5M contribution.

Contract Agents

Managing the annual energy cost of over \$40M requires on-going attention to detail as it relates to an ever-changing energy industry. In order to maximize available expertise, the City uses outside consultants (Contract Agents) in order to assist staff in negotiating the unstable and complex energy commodity markets and associated regulatory frameworks. The use of these Contract Agents has proven valuable in that they are immersed daily in the energy commodity markets and have specialized expertise with respect to monitoring and responding to market changes. With Council approval, the City has a professional services agreement with Agent Energy Advisors to assist with the day-to-day management of the City's natural gas portfolio.

Additionally, the City reviews several market-based publications and engages with outside parties to further gather information on factors influencing pricing both domestically and globally.

Consistency with City Energy Commodity Hedging Policy and Goals

The agreements entered into during the reporting period are consistent with the City's Commodity Price Hedging Policy and Goals:

- The agreements have provided for a price of natural gas that was more stable and therefore, less risky than it would have been omitting the agreements;
- The actions taken through the authority of the Energy Commodity Policy have reduced uncertainty about energy costs, which have a direct impact on the City's financial position. It has also enabled staff to respond to favourable market conditions;
- Credit ratings for the City's primary commodity suppliers remain above the minimum threshold outlined in the policy;
- Commodity hedging provides municipalities with added flexibility to potentially mitigate or manage potential price fluctuations.

Policy Reporting Requirements

The General Manager, Finance and Corporate Services shall report to Council at least once each fiscal year with respect to any and all energy commodity price hedging agreements and other energy commodity agreements in place. The report shall contain, at a minimum, all requirements as set out in O. Reg. 653/05 (as it exists from time to time) and shall include:

- 1) A statement about the status of the energy commodity price hedging agreements during the period of the report, including a comparison of the expected and actual results of using the agreements;
- 2) A statement by the General Manager, Finance and Corporate Services indicating whether, in his opinion, all of the agreements entered during the period of the report, are consistent with this Energy Commodity Policy relating to the use of financial agreements to address commodity pricing and costs;
- 3) An overview of any agreements with contract agents (including, without limitation, actual costs, services provided and frequency of use) and a statement by the General Manager, Finance and Corporate Services indicating whether, in his opinion, all of these agreements are consistent with this Energy Commodity Policy with respect to the use of contract agents;
- 4) An overview of any co-operative energy purchasing initiatives and / or agreements and a statement by the General Manager, Finance and Corporate Services indicating whether, in his opinion, all of these agreements are consistent with this Energy Commodity Policy with respect to the use of co-operative energy purchasing;
- 5) Such other information as Council may require; and
- 6) Such other information as the General Manager, Finance and Corporate Services considers appropriate to include in the report.

The City of Hamilton's commitment to responsibly managing energy costs plays an important role in supporting the City's Strategic Plan by contributing to a prosperous and healthy community, providing valued and sustainable services and demonstrating innovation and leadership. Ongoing success of the energy program requires engagement of all Five Pillars of Our Culture: Collective Ownership; Steadfast Integrity; Sensational Service; Engaged, Empowered Employees; and Courageous Change.

Appendices and Schedules Attached

Not applicable.

JS/TC/LC/dt



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 11, 2018
SUBJECT/REPORT NO:	2018 First Quarter Request for Tenders and Proposals Report (FCS18037)(City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Cheryl Velenosi (905) 546-2424 Ext. 3988
SUBMITTED BY:	Rick Male Director, Financial Services, Taxation and Corporate Controller Finance and Corporate Services Department
SIGNATURE:	

Council Direction:

Procurement Policy, Section 4.2 – Approval Authority, Item (6) requires a quarterly status report for Request for Tenders and Request for Proposals be prepared and presented to Council.

Information:

This Report provides an update on the status of active Request for Tenders and Request for Proposals and Co-operative Contracts for the first quarter of 2018.

Request for Tenders and Request for Proposals have been issued and awarded in accordance with the City of Hamilton Procurement Policy. Those items with a status of “Under Review” will remain on the Report until such time an award is made. Request for Tenders and Request for Proposals listed under the “Co-operative Contracts” section were entered into by the City of Hamilton (City) via a co-operative procurement in accordance with the City’s Procurement Policy, Section 4.12 – Co-operative Procurements.

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**SUBJECT: 2018 First Quarter Request for Tenders and Proposals Report
(FCS18037) (City Wide) - Page 2 of 2**

Appendix "A" to Report FCS18037 details all Request for Tenders and Request for Proposals documents issued by the City or entered into by the City through a co-operative procurement. Award information is current as of April 1, 2018.

Appendices and Schedules Attached

Appendix "A" to Report FCS18037 – 2018 First Quarter Request for Tenders and Proposals Report

CV/dw

CITY OF HAMILTON
 Summary of Tenders and Proposals Issued – January 1, 2018 to March 31, 2018

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C11-63-17	Proposal for Professional Services for the Development and Coordination of an Outreach Program for Hamilton Water's Flushables Campaign	11/01/2017	eSolutions Group Ltd.	\$64,000.00
C15-64-17 (H)	Tender for First Road West Resurfacing	11/15/2017	Coco Paving Inc.	\$172,500.00
C11-70-17	Proposal for Marble, Terrazzo and Polished Concrete Floor Cleaning, Maintenance and Restoration Services	11/16/2017	1419718 Ontario Inc. o/a Marble Renewal Niagara	\$1,657,602.55
C11-69-17	Tender for Supply and Delivery of Concrete	11/21/2017	Dufferin Concrete Company, division of CRH Canada Group Inc.	\$199,658.00
C15-67-17 (BR)	Tender for Bridge 397 Glanaster Road Culvert Lining	11/24/2017	CSL Group Ltd.	\$112,950.00
C15-53-17 (P)	Tender for East Mountain Trail	11/28/2017	1312772 Ontario Inc. o/a Alpine Green Contracting	\$373,800.00

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C12-08-17	Tender for the Provision of Uniform and Non-Uniform Cleaning Services as and When Required Schedule A - Division 1 Schedule B - Division 2 Schedule C - Division 3A Schedule D - Division 3B Schedule E - Division 3C	11/29/2017	Hamilton Cleaners Aseem Enterprises d.b.a The Dry Cleaning Spot 2543890 Ontario Ltd. o/a Wright's Dry Cleaning and Laundry 2543890 Ontario Ltd. o/a Wright's Dry Cleaning and Laundry 2543890 Ontario Ltd. o/a Wright's Dry Cleaning and Laundry	\$144,344.74 \$77,881.00 \$150,409.24 \$47,319.88 \$21,558.72
C11-76-17	Tender for Contractors Required for the CCTV Inspection of Existing Small Diameter Sewers	12/12/2017	Pipetek Infrastructure Services Inc.	\$339,525.00
C13-69-17	Tender for Supply and Delivery of Basketball & Tennis Courts at Parkdale Park	12/12/2017	Anthony's Excavating Central Inc.	\$165,755.00
C15-66-17 (HSW)	Tender for Mohawk Road East - Upper Ottawa to Mountain Brow Reconstruction	12/12/2017	Wesroc Construction Ltd.	\$5,127,613.00
C3-07-17	Proposal for Professional Consultant Services Required for a Creative Industries Sector Profile Study	12/15/2017	MDB Insight Inc.	\$58,380.00

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C11-72-17	Proposal for Professional Engineering Consultant Services Required for the First Street (DC014) Wastewater Pumping Station Capacity and Facility Upgrades	12/19/2017	R.V. Anderson Associates Ltd.	\$575,611.00
C11-75-17	Tender for Hourly Rental of Equipment with and without Operators as Required for Various Maintenance Projects	12/19/2017	8680230 Canada Inc. Finesse Contracting Ltd. 10438677 Canada Corp. o/a Sibwest Crane Services	Hourly Rate Contract
C5-13-17	Tender for Supply and Delivery of Various Fire Apparatus for the Hamilton Fire Department	12/19/2017	John Harrold Metz o/a Metz Fire & Rescue	\$9,066,223.24
C13-67-17	Tender for Replacement of Sewer Laterals, Public Portion, in the City of Hamilton	12/20/2017	714794 Ontario Limited o/a LM. Enterprises	\$3,491,451.00

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C11-77-17	Tender for Property Maintenance Services at Various Hamilton Municipal Cemeteries	01/04/2018		
	Section "A"		4054237 Canada Inc. o/a Sol-Mar Landscaping Contracting	\$21,320.00
	Section "B"		Harpers Property Maintenance Corp.	\$48,590.00
	Section "C"		Griffin Landscape Management Solutions Inc.	\$29,398.76
	Section "D"		Harpers Property Maintenance Corp.	\$37,830.00
	Section "E"		Griffin Landscape Management Solutions Inc.	\$45,702.28
	Section "F"	4054237 Canada Inc. o/a Sol-Mar Landscaping Contracting	\$45,670.00	
C11-78-17	Proposal for Clubhouse Operations at the City of Hamilton's Chedoke Civic Golf Course	01/09/2018	Lancaster Medical Group	Estimated Revenue Generating \$20,000.00
C15-54-17 (HW)	Tender for Rymal Road West - Garth to West 5th Reconstruction	01/09/2018	Coco Paving Inc.	\$5,892,000.00
C15-73-17 (H)	Tender for Dumbarton Avenue - Rosedale Avenue to East End	01/10/2018	Coco Paving Inc.	\$244,000.00

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C11-80-17	Tender for Supply and Delivery of Two (2) Articulating High Lift Waste Handling Wheel Loaders with 8.0 Cubic Yard Rollout Buckets and Trade-In of Two (2) 2014 Volvo L150G Loaders	01/11/2018	Stronco L.P.	\$660,000.00
C15-68-17 (HW)	Tender for Buchanan Area Reconstruction	01/17/2018	DESO Construction Ltd.	\$5,249,800.00
C11-58-17	Tender for Supply and Delivery of Advanced Traffic Signal Controllers and Cabinets	01/19/2018	Tacel Ltd.	\$590,150.00
	Section "1" Advanced Traffic Signal Controller: Section "2" Signal Controller Cabinets		Peek Traffic Corporation	\$594,900.00
C13-62-17	Tender for Relocation of Carpenters Shop and Interior Renovations at 125 Barton West in the City of Hamilton	01/26/2018	Bestco Construction (2005) Ltd.	\$780,369.00
C15-42-18 (H)	Tender for Centre Road - New Sidewalk Installation	01/29/2018	Dufferin Construction Company– division of CRH Canada Group Inc.	\$167,737.40
C15-49-17 (P)	Tender for Beasley Park Redevelopment	01/30/2018	Newman Bros. Ltd.	\$1,399,664.27
C13-08-18	Tender for Wentworth Lodge - Oak Lane & Rose Court Tub & Shower Replacements in the City of Hamilton	02/06/2018	Anacond Contracting Inc.	\$520,242.00
C11-03-18	Tender for Emerald Ash Borer Tree and Stump Removal	02/07/2018	Asplundh Canada ULC	\$1,302,673.84
C11-02-18	Proposal for Supply and Distribution of Rain Barrels - Annual One Day Sale to City of Hamilton Residents	02/08/2018	Enviro World Corp.	Unit Price Contract

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C13-02-18	Tender for the Replacement of Three (3) Sixty Ton Chiller Units at Macassa Lodge	02/08/2018	B & B Mechanical Services o/a Bagli Brothers Ltd.	\$424,462.00
C15-35-18 (H)	Tender for Burkholme Neighbourhood Resurfacing	02/08/2018	Coco Paving Inc.	\$3,399,500.00
C13-07-18	Tender for Locke St. Library New Entrance Vestibule & Ramp, Stanley Ave Canopy, and Interior Washroom Renovation & Upgrades	02/09/2018	Caird-Hall Construction Inc.	\$464,417.00
C15-16-18 (BR)	Tender for Replacement of Bridge #450 Highway 5 West	02/12/2018	Coco Paving Inc.	\$1,105,000.00
C11-09-18	Tender for Baseball Diamond Grading and Maintenance Services Including Supply and Delivery of Clay Baseball Diamond Products, as and When Required	02/13/2018	CSL Group Ltd.	\$55,122.00
C13-04-18	Tender for Prequalified General Contractors Required for the Freelon Water Tower (HDT03) Upgrades	02/15/2018	Landmark Municipal Services ULC	\$1,582,870.00
C11-11-18	Tender for Supply of Large Caliper Trees for Emerald Ash Borer Replacement Program and Street Tree Planting Program	02/20/2018	V. Kraus Nurseries Ltd. Dutchmaster Nurseries Ltd. Neil Vanderkruk Holdings Inc.	Unit Price Contract
C11-07-18	Proposal for the Provision of Full Maintenance Services and Parts by Original Equipment Manufacturer (OEM) Employed Technicians for Various Uninterruptable Power Supply (UPS) Systems at City of Hamilton Facilities	02/21/2018	Potencia Technologies Inc.	\$306,059.00
C11-04-18	Tender for Irrigation Maintenance Services	02/22/2018	8 Days A Week Inc.	\$149,800.00
C15-01-18 (H)	Tender for Fennel Avenue East & Upper Gage Avenue Resurfacing	02/27/2018	Associated Paving & Materials Ltd.	\$1,875,901.61

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C13-09-18	Tender for Macassa Lodge Structural Slab Repair in the City of Hamilton	03/01/2018	Bestco Construction (2005) Ltd.	\$170,000.00
C15-49-18 (M)	Tender for Sidewalk and Curb Repair for Ward 4	03/01/2018	Ontario Concrete Paving Ltd.	\$528,880.00
C11-01-18	Tender for Urban Mowing Services	03/07/2018		
	Section A - District North – Wards 1, 2, 3, 4		Greentrail Landscaping	\$25,789.74
	Section B – District South - Wards 6, 7 ,8,11S		The Gordon Company Inc.	\$74,058.80
	Section C – District East - Wards 5,9,10,11E		Green Collar Inc.	87,492.22
	Section D – District West - Wards 12,13,14,15		CSL Group Ltd.	\$101,202.50
C13-06-18	Tender for Storm Water Management Facility Heavy Maintenance Service Contract at Various Locations in the City of Hamilton	03/07/2018	1573335 Ontario Ltd. o/a Charlton Group	\$415,239.50
C15-24-18 (TR)	Tender for Construction of New Traffic Signal Intersections	03/0720/18	Rankin Construction Inc.	\$387,936.00
C15-29-18 (H)	Tender for James Street South Rehabilitation	03/12/2018	B. Dillane Construction Inc.	\$346,708.00
C13-13-18	Tender for Mountain Cemetery Sanitary Sewer Connection in the City of Hamilton	03/15/2018	Gedco Excavating Ltd.	\$111,327.70

Contracts Cancelled

Contract Number	Contract Title	Closing Date (mm/dd/yyyy)	Reason for Cancellation
C3-02-17	Proposal for Consultant Required for the Review and Creation of an Updated Site Alteration By-Law	10/04/2017	No bids received. Department plans to reissue.

Contracts Pending Award

Contract Number	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status
C11-53-17	Tender for the Supply and Delivery of One Tandem Axle Aerial Truck with a 68 Foot 3 – Boom Aerial Device and Two Person Bucket	11/22/2017	Closed and under review
C13-61-17	Tender for Prequalified General Contractors Required for the New Hauled Waste Receiving Station at the Eastport Drive Pumping Stations	01/09/2018	Closed and under review
C3-10-17	Proposal for Consultant Required for Twenty Road East and Upper Red Hill Valley Parkway Extensions Municipal Class Environmental Assessment Phases 3 and 4	01/30/2018	Closed and under review
C12-05-18	Proposal for Maintenance Services for Elevating Devices in the City of Hamilton	02/13/2018	Closed and under review
C15-46-18 (TR)	Tender for Construction of Concrete Speed Humps	02/22/2018	Closed and under review
C13-03-18	Tender for Prequalified General Contractors Required for the Environmental Laboratory Expansion at the Woodward Avenue Water Treatment Plant	02/27/2018	Closed and under review
C3-09-17	Proposal for Consulting Services Required for eDOCS Expansion	02/28/2018	Closed and under review
C11-05-18	Proposal for Safety Assessments for Grade Level Railway Crossings	02/28/2018	Closed and under review
C11-68-17	Proposal for Advertising Rights on Transit Buses	02/28/2018	Closed and under review
C11-15-18	Proposal for Pre and Post Event Cleaning Services at Tim Hortons Field at the City of Hamilton	03/01/2018	Closed and under review
C11-16-18	Tender for Supply and Delivery of New and Rebuilt Hydraulic & Air Cylinders	03/01/2018	Closed and under review
C2-01-18	Proposal for Geographic Information Systems (GIS) Corporate Metadata Catalogue Consulting and Implementation Services	03/08/2018	Closed and under review
C11-06-18	Proposal for Consulting Services Required to Complete a Route Optimization Review for Waste Collection Services and Supply and Delivery of a Route Optimization Software System	03/08/2018	Closed and under review

Contracts Pending Award

Contract Number	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status
C11-22-18	Tender for Services Required to Perform Traffic Count Studies	03/09/2018	Closed and under review
C11-10-18	Tender for Installation of Large Caliper Trees in Soft Surface Areas	03/13/2018	Closed and under review
C11-14-18	Tender for Supply and Delivery of Aggregates	03/13/2018	Closed and under review
C5-01-18	Tender for Mosquito Identification and Viral Testing for West Nile Virus Surveillance Program	03/14/2018	Closed and under review
C15-14-18 (H)	Tender for Parkview Neighbourhood Resurfacing	03/19/2018	Closed and under review
C15-51-18 (H)	Tender for Delaware Avenue Resurfacing	03/20/2018	Closed and under review
C13-20-18	Tender for Install and Remove Traffic Signal Infrastructure	03/21/2018	Closed and under review
C15-05-18 (H)	Tender for Brock Road and Sydenham Road Resurfacing	03/21/2018	Closed and under review
C11-20-18	Tender for Supply and Delivery of Industrial Vacuum Truck Service and Power Wash Service	03/22/2018	Closed and under review
C13-11-18	Tender for Prequalified General Contractors Required for the Binbrook (HC058) Wastewater Pumping Station Interim and Ultimate Capacity Upgrades	03/22/2018	Closed and under review
C15-50-18 (M)	Tender for Bridge 128 Fallsview Road East	03/22/2018	Closed and under review
C11-19-18	Tender for Cleaning and Painting of Municipal Fire Hydrants in the City of Hamilton	03/27/2018	Closed and under review
C11-23-18	Tender for Independent Testing Agency for Sewer and Watermain Cured in Place Pipe Sample Testing	03/27/2018	Closed and under review
C11-13-18	Tender for Supply and Delivery of Grey Iron Castings	03/28/2018	Closed and under review
C11-25-18	Tender for Supply, Delivery and Service of Feminine Hygiene Bins for Various City Facilities	03/29/2018	Closed and under review

Contracts Pending Award

Contract Number	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status
C15-06-18 (HSW)	Tender for Windemere Road and Shippee Avenue	03/29/2018	Closed and under review
C11-12-18	Tender for Supply, Installation and Maintenance of Large Caliper Trees for Johnson Tew Park and Arboretum	04/03/2018	Not closed as of April 1, 2018
C11-66-17	Proposal for Pier 8 Development Opportunity (for Prequalified Proponents)	04/04/2018	Not closed as of April 1, 2018
C11-18-18	Tender to Provide Industrial Grade Network Switches for Traffic Signal Applications	04/05/2018	Not closed as of April 1, 2018
C15-21-18 (P)	Tender for Ancaster Community Centre Baseball Diamond Lighting	04/06/2018	Not closed as of April 1, 2018
C15-10-18 (P)	Tender for Glanbrook Sun Shelter	04/09/2018	Not closed as of April 1, 2018
C13-21-18	Tender for Beverly Arena Exterior Wall Repairs in the City of Hamilton	04/10/2018	Not closed as of April 1, 2018
C15-28-18 (H)	Tender for East Street South Storm Sewer	04/10/2018	Not closed as of April 1, 2018
C13-25-18	Tender for Pinky Lewis Recreation Centre Interior Renovations in the City of Hamilton	04/11/2018	Not closed as of April 1, 2018
C15-48-18 (H)	Tender for Bow Valley Drive and Barton Street Rehabilitation	04/11/2018	Not closed as of April 1, 2018
C11-29-18	Tender for Supply and Delivery of Two Courier Trucks for Hamilton Public Library	04/12/2018	Not closed as of April 1, 2018
C13-05-18	Tender for Culvert Replacement Services at Various Locations in the City of Hamilton	04/12/2018	Not closed as of April 1, 2018
C15-11-18 (P)	Tender for Mount Hope Community Park Redevelopment	04/12/2018	Not closed as of April 1, 2018
C13-19-18	Proposal for Contractor Required for the Design, Supply and Installation of Play Structures at Four Parks	04/17/2018	Not closed as of April 1, 2018
C11-24-18	Tender for Supply, Installation and Maintenance of Large Caliper Trees in new Subdivisions	04/18/2018	Not closed as of April 1, 2018
C13-26-18	Tender for 330 Wentworth Roof Replacement Phase 4 in the City of Hamilton	04/18/2018	Not closed as of April 1, 2018

Co-operative Contracts

City Contract Reference	Contract Title	Cooperative Group	Effective Date (mm/dd/yyyy)	Vendor	Estimated City Spend
No co-operative contracts were engaged in the first quarter of 2018.					



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 11, 2018
SUBJECT/REPORT NO:	2018 First Quarter Emergency and Non-competitive Procurements Report (FCS18038) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Cheryl Velenosi (905) 546-2424 Ext. 3988
SUBMITTED BY:	Rick Male Director, Financial Services, Taxation and Corporate Controller Finance and Corporate Services Department
SIGNATURE:	

Council Direction:

Council has directed Procurement to report on the use of Sections 4.10 and 4.11 of the City of Hamilton (City) Procurement Policy on a quarterly basis.

Information:

This Report is issued quarterly in accordance with the Procurement Policy. The Report details the procurement of goods and/or services during emergency situations and those detailed in Section 4.11 – Non-Competitive Procurements for the first quarter 2018.

The Policy for Non-Competitive Procurements is used in narrowly defined circumstances where it is justified that the policies for the general acquisition process could not be followed. The “Emergency Procurement/Non-Competitive Procurement Form” is completed by the Client Department and approved by the General Manager.

During the first quarter of 2018, there were 96 purchases totalling \$4,885,405 which were processed through the use of an approved Policy 10 or 11. These are summarized in Appendix “A” to Report FCS18038.

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**SUBJECT: 2018 First Quarter Emergency and Non-competitive Procurements
Report (FCS18038) (City Wide) - Page 2 of 4**

The breakdown is as follows:

- 8 purchases totalling \$804,061.08 were issued under Policy 10, as “Emergency” purchases, whereby goods and services were acquired by the most expedient and economical means. The following purchases represent the largest dollar amount in this category:
 - Purchase Order 87670 for \$360,441.44 was issued to Force 1 Security for mobilization of an interim security guard service for the provision of security guard services for City facilities managed by the Energy, Fleet and Facilities Management Division of Public Works (C11-08-15). Primary Response, who held the contract for this service, approached the City for compensation to account for the scheduled increases to minimum wages as a result of Ontario’s Bill 148. The City offered the option of allowing Primary Response to finish Term Three of their contract and not extend Term Four (Term Three contract end date was March 31st, 2018) and thereby avoid facing a ban. Primary Response declined the offer and ceased to provide security guard services as of December 31, 2017. As a result of Primary Response’s actions, Force 1 Security was hired to maintain security guard services without disruption and allow staff sufficient time to issue a new procurement process and award a new contract. The new contract is expected to be in place by third quarter 2018.
 - Purchase Order 88330 for \$221,048.20 was issued to Star Security Inc. for Cashiering and Security Services Contract - C3-10-16 to allow for the continuation of services to the Hamilton Convention Centre and York Boulevard Parkade. The vendor finished the contract on December 31, 2017 completing Term One. The Policy 10 was issued to further engage the vendor to allow staff sufficient time to complete the procurement process and award the new contract without disruption of services. The new contract is expected to be in place by third quarter 2018.
- 10 purchases totalling \$718,137.10 represent short-term “Extensions” of current contracts which have expired and unforeseeable circumstances have caused a delay in awarding a new contract. The following purchases represent the largest dollar amount in this category:
 - Purchase Order 84035 for \$300,000.00 was issued to Barton Truck Centre Ltd. for the extension of Barton Truck Centre’s current contract C11-66-13. This extension will allow staff sufficient time to complete the procurement process and award the new contract without disruption of services. The new contract is expected to be in place by the second quarter 2018.

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**SUBJECT: 2018 First Quarter Emergency and Non-competitive Procurements
Report (FCS18038) (City Wide) - Page 3 of 4**

- Purchase Order 84299 for \$200,000.00 was issued to Metro Freightliner Hamilton Inc. for the extension of Metro Freightline Hamilton's current contract C11-33-13. This extension is to allow staff sufficient time to complete the procurement process and award the new contract without disruption of services. The new contract is expected to be in place by the second quarter 2018.
- 78 purchases totalling \$3,363,206.57 were identified as “Single Source” purchases whereby a particular vendor was recommended because it was more cost-effective or beneficial to the City. The following purchases represent the largest dollar amount in this category:
 - Purchase Order 87728 for \$249,000.00 was issued to Pure Technologies Ltd. for urgent condition assessment of the Woodward Kenilworth Transmission Main (WKTM). WKTM is one of the City's most critical pipelines and recently experienced a break in close proximity to the Kenilworth Reservoir. It was critical to know the condition of this pipe as the City will rely on it as the sole supply of the Hamilton mountain for three months beginning at the end of February 2018. This work was completed in the third week of January 2018. A condition assessment of a portion of this pipe was completed in September 2017 where some defects were found, however, due to the limitation of the inspection tool the full 3km was not inspected.
 - Purchase Order 86304 for \$247,360.00 was issued to GM Blueplan Engineering Ltd. for additional engineering services to complete the development of the Water and Wastewater and Stormwater Infrastructure Master Plan.
 - Purchase Order 87973 for \$150,000.00 was issued to Action Car & Truck Accessories Inc. for the upfitting services of new and existing fleet of light vehicles. The existing contract was not renewed and ended December 31, 2017. Action Car & Truck Accessories Inc. was engaged to allow staff sufficient time to complete the procurement process and award the new contract without disruption of services. The new contract is expected to be in place by the second quarter 2018.
 - Purchase Order 87578 for \$116,084.76 was issued to Gerrie Electric Wholesale Ltd. to single source three 600 Volt Solid State Starters (Motor Control Centre), manufactured by Allen Bradley, for interim capacity upgrades at the Binbrook Sewage Pumping Station. The current pumping station contains two Allen Bradley submersible wastewater pumps (P1 and P2) with space for a third pump (P3). The interim capacity upgrades include the provision of two new larger capacity pumps; one to replace P2 and the second installed in the space provided for P3, which requires two 600 Volt Solid State Starters. The manufacturer was selected based on the current use within the existing pumping station. The consistency of

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**SUBJECT: 2018 First Quarter Emergency and Non-competitive Procurements
Report (FCS18038) (City Wide) - Page 4 of 4**

manufacturer will benefit operations and maintenance of this facility during the interim operation. Due to the criticality and time sensitive nature of commissioning the interim capacity upgrades at the pumping station, consistency of equipment is necessary to minimize risk during installation. The current Motor Control Centre design and configuration is suitable for Gerrie Electric (Allen Bradley) and will allow for an efficient installation.

- Purchase Order 88170 for \$106,260.00 was issued to McMaster University Department of Engineering to address challenges facing the public and private sectors with a specific focus of improving the efficiency of transportation systems. As a result of the media attention around the "Fix the HSR" campaign, McMaster and Logistics (MITL), an institute affiliated with McMaster University was created to work with business, government and other strategic partners. MITL approached the Hamilton Street & Railway (HSR) with an unsolicited product demonstration of a new research methodology that focuses on using perception and attitude measures to statistically analyze customer survey feedback. This new approach involves a ground breaking methodology not yet exposed to the transit industry that was developed by MITL. This work involves evaluating and testing the robustness of a transit system as it relates to weak points in the network. HSR believes the MITL team has the necessary academic and research resources to assist the HSR in its efforts to plan and shape a reconfigured transit network for Hamilton.

Appendices and Schedules Attached

Appendix "A" to Report FCS18038 - First Quarter Emergency and Non-Competitive Procurements Report

CV/dw

2018 First Quarter Emergency and Non-Competitive Procurements Report

PO No.	Type	Amount	Name	Department/Division
City Managers Office				
88393	SGLE	\$12,500.00	Meltwater News Canada Inc.	Strategic Partnership & Communications
87778	SGLE	\$54,000.00	Parklane Systems	Human Resources
87711	EXTN	\$70,000.00	Mercer (Canada) Ltd.	Human Resources
88281	SGLE	\$95,000.00	Cycom Canada Corp.	Human Resources
Corporate Services				
88173	SGLE	\$14,060.00	Questica Inc.	Financial Planning Admin & Policy
88074	SGLE	\$21,200.00	Consortech Solutions Inc.	Information Technology
Healthy and Safe Communities				
88199	EXTN	\$2,000.00	Ground Floor Elevator Ltd.	Wentworth Lodge
87731	SGLE	\$4,730.64	Medical Mart Supplies Ltd.	Public Health Services
88323	SGLE	\$9,000.00	Alpine Refrigeration & Appliances	Housing Services
87946	SGLE	\$11,000.00	Metroline Research Group Inc.	Emergency Services
87885	SGLE	\$13,000.00	Agropur Division Natrel	Children's & Home Management Services
88327	SGLE	\$15,000.00	R.M. Signs & Engraving Inc.	Emergency Services
88360	SGLE	\$16,000.00	Bienenstock Design & Consulting Inc.	Neighbourhood&Community Initiatives
87628	SGLE	\$25,000.00	Canadian Cancer Society	Healthy Environments
87771	SGLE	\$30,000.00	1888783 Ontario Inc.	Public Health Services
87860	SGLE	\$31,942.00	Civicplan	Public Health Services
87832	SGLE	\$32,000.00	Mission Systems Development Corp.	Children's & Home Management Services
88138	SGLE	\$50,000.00	Norfolk County	Public Health Services
88139	SGLE	\$50,000.00	Halton Region Health Department	Public Health Services
88140	SGLE	\$50,000.00	Region of Waterloo	Public Health Services
88141	SGLE	\$50,000.00	Wellington-Dufferin-Guelph Public Health	Public Health Services
88142	SGLE	\$50,000.00	Brant County Health Unit	Public Health Services
88143	SGLE	\$50,000.00	Niagara Region Public Health	Public Health Services
88379	SGLE	\$62,000.00	Hedgerow Software Ltd.	Public Health Services
88224	SGLE	\$65,000.00	Central Equipment Sales & Service Ltd.	Emergency Services
88026	SGLE	\$70,000.00	Compression Technology Corp.	Recreation
87635	SGLE	\$87,500.00	Medical Mart Supplies Ltd.	Public Health Services
88192	SGLE	\$90,000.00	Middlesex-London Health Unit	Public Health Services
Library				
87964	SGLE	\$10,990.50	Jim Clifford Moving Services Inc.	Hamilton Public Library
88320	SGLE	\$14,806.50	Hamilton Video & Sound Ltd.	Hamilton Public Library

2018 First Quarter Emergency and Non-Competitive Procurements Report

PO No.	Type	Amount	Name	Department/Division
88063	SGLE	\$15,750.00	Hess Millwork	Hamilton Public Library
Planning and Economic Development				
87661	SGLE	\$2,915.00	Lori Lemare Studio Inc.	Culture
88104	SGLE	\$7,000.00	Webb Planning Consultants	Environment & Sustainable Infrastructure
84994	SGLE	\$7,037.50	WSP Canada Group Ltd.	Planning Division
75686	SGLE	\$8,789.00	Morrison Hershfield Ltd.	Growth Management
77408	SGLE	\$10,052.20	Dougan & Associates Ecological	Environment & Sustainable Infrastructure
88346	SGLE	\$11,625.00	Duke Electric (1977) Ltd.	Culture
87589	SGLE	\$25,000.00	Hamilton Chamber Of Commerce	Economic Development
88380	SGLE	\$25,000.00	Synapse Life Science Consortium	Economic Development
88340	SGLE	\$27,324.00	Turn of the Century Lighting	Culture
88222	SGLE	\$31,180.55	CTM Media Group Ltd.	Culture
88332	SGLE	\$55,000.00	ASI Group Ltd.	Culture
88335	SGLE	\$55,000.00	ASI Group Ltd.	Culture
82742	SGLE	\$80,131.00	AMEC Foster Wheeler Environment	Growth Management
87728	SGLE	\$249,000.00	Pure Technologies Ltd.	Environment & Sustainable Infrastructure
Police				
87817	SGLE	\$9,490.00	Cellebrite USA Inc.	Police
87622	SGLE	\$10,000.00	Panasonic Canada Inc.	Police
88033	EXTN	\$10,000.00	Barton Auto Parts Ltd.	Police
88129	SGLE	\$10,710.00	Rampart International Corp.	Police
88262	SGLE	\$12,899.50	Tetragon-Tasse Distributors Inc.	Police
87662	SGLE	\$15,000.00	2915324 Canada Inc. o/a Rana Development Inc.	Police
87863	SGLE	\$31,005.50	Rampart International Corp.	Police
88359	EXTN	\$40,000.00	Barton Auto Parts Ltd.	Police
Public Works				
87692	EXTN	\$454.84	Ground Floor Elevator Ltd.	Water and Wastewater
87794	EXTN	\$682.26	Ground Floor Elevator Ltd.	Water and Wastewater
87697	SGLE	\$2,000.00	Blue Oceans Satellite Systems Inc.	Operations & Waste Management
87657	SGLE	\$2,500.00	Brunswick Masonry Inc.	Parks
87695	SGLE	\$10,000.00	Civicplan	Parking Services
88275	SGLE	\$15,000.00	A.B.C. Recreation Ltd.	Parks
88277	SGLE	\$15,000.00	Henderson Recreation	Parks
88278	SGLE	\$15,000.00	Kayscott Holdings Ltd.	Parks
80010	SGLE	\$15,305.00	Pitton Plumbing & Heating Inc.	Hamilton Street Railway

2018 First Quarter Emergency and Non-Competitive Procurements Report

PO No.	Type	Amount	Name	Department/Division
88162	SGLE	\$15,833.20	ABB Inc.	Water and Wastewater
87726	EMER	\$16,916.04	Stantec Consulting Ltd.	Water and Wastewater
88013	EMER	\$18,014.28	Hamilton Convention Centre By Carmens	Facilities
88194	EMER	\$19,265.37	Perfect Restoration Inc.	Facilities
88238	EXTN	\$20,000.00	Ground Floor Elevator Ltd.	Parking Services
88313	SGLE	\$20,000.00	Slack Reel Services Inc.	Fleet
88065	SGLE	\$26,000.00	Metropolitan Consulting Inc.	Operations & Waste Management
87567	SGLE	\$28,000.00	J J Mackay Canada Ltd.	Parking Services
80127	SGLE	\$29,200.00	ATA Architects Inc	Culture
87727	EMER	\$30,880.73	Alberici Constructors Ltd.	Water and Wastewater
88051	SGLE	\$31,000.00	Shoreplan Engineering Ltd.	Parks
88276	SGLE	\$35,000.00	Playpower LT Canada Inc.	Parks
85501	SGLE	\$36,000.00	WSP Canada Inc.	Facilities
87733	SGLE	\$49,895.00	Aecom Canada Ltd.	Water and Wastewater
87814	SGLE	\$50,000.00	Renew Aggregate Systems Inc.	Operations & Waste Management
88314	SGLE	\$50,000.00	Green Stream Lawn & Vegetation Mngmt Inc.	Operations & Waste Management
88218	SGLE	\$52,155.72	Industrial Scientific Canada ULC	Water and Wastewater
87612	EMER	\$53,345.02	Fairway Electrical Services Inc.	Facilities
85465	SGLE	\$54,000.00	Ferro Anchors Ltd.	Fleet
87696	SGLE	\$65,000.00	Green Venture	Public Works Finance and Admin
84115	EXTN	\$75,000.00	Barton Auto Parts Ltd.	Fleet
88048	SGLE	\$75,000.00	Associated Paving & Materials Ltd.	Operations & Waste Management
86484	SGLE	\$79,975.00	R V Anderson Associates Ltd.	Water and Wastewater
88191	EMER	\$84,150.00	Emnor Mechanical Inc.	Water and Wastewater
88319	SGLE	\$89,999.00	Ottawa Key Shop	Facilities
83167	SGLE	\$97,000.00	Superior Boiler Works & Welding Ltd.	Fleet
88170	SGLE	\$106,260.00	McMaster University Dept. of Civil Engineering	Transit
87578	SGLE	\$116,084.76	Gerrie Electric Wholesale Ltd.	Water and Wastewater
87973	SGLE	\$150,000.00	Action Car & Truck Accessories Inc.	Fleet
84299	EXTN	\$200,000.00	Metro Freightliner Hamilton Inc.	Fleet
88330	EMER	\$221,048.20	Star Security Inc.	Parking Services
86304	SGLE	\$247,360.00	GM Blueplan Engineering Ltd.	Water and Wastewater
84035	EXTN	\$300,000.00	Barton Truck Centre Ltd.	Fleet
87670	EMER	\$360,441.44	Force 1 Security	Facilities



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 11, 2018
SUBJECT/REPORT NO:	First Quarter Non-compliance with the Procurement Policy Report (FCS18039) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Cheryl Velenosi (905) 546-2424, Ext. 3988
SUBMITTED BY:	Rick Male Director, Financial Services, Taxation and Corporate Controller Finance and Corporate Services Department
SIGNATURE:	

Council Direction:

Procurement Policy, Section 4.19, Item (3) requires a quarterly report be prepared and presented to Council to report the use of all Procurement Policy Non-Compliance Forms.

Information:

This Report is issued quarterly in accordance with the Procurement Policy. This Report details the use of all Procurement Policy Non-Compliance Forms for the first quarter of 2018.

Procurements that are non-compliant with the Procurement Policy can be identified at any time during the procurement process. Procurements are deemed to be non-compliant with the Procurement Policy when the applicable Policy (Policies) and published procedure(s) are not followed. Under Policy 19, the General Manager is responsible for reviewing each incident and determines the appropriate level of disciplinary action to be taken.

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**SUBJECT: 2018 First Quarter Non-compliance with the Procurement Policy
Report (FCS18039) (City Wide) - Page 2 of 2**

During the first quarter of 2018, there were 9 instances relating to the use of Policy 19, totalling \$323,255.00. The instances are summarized in Appendix "A" to Report FCS18039.

Appendices and Schedules Attached

Appendix "A" to Report FCS18039 – 2018 First Quarter Non-compliance with the Procurement Policy Report.

CV/dw

2018 First Quarter Non-Compliance with the Procurement Policy Report

PO No.	Amount	Name	Division
City Manager's Office			
87148	\$8,000.00	Cyclone Canada Corp.	Human Resources
Healthy & Safe Communities			
88312	\$2,500.00	Alpine Refrigeration & Appliances Inc.	Housing Services
87464	\$5,600.00	Compression Technology Corp.	Recreation
No PO	\$110,280.00	Oakridge Landscape Contractors	Wentworth Lodge
88259	\$151,000.00	Berrn Consulting Ltd.	Emergency Services
Legislative			
No PO	\$1,500.00	Bob Penner	Councillor's Office
Planning & Economic Development			
88231	\$32,500.00	Acceo Solutions Inc.	Parking Services
Public Works			
84330	\$2,645.00	Viau's Custom Welding	Energy, Fleet & Facilities
87970	\$9,510.00	Galer Equipment Ltd.	Energy, Fleet & Facilities



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Taxation Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 11, 2018
SUBJECT/REPORT NO:	Tax Appeals under Sections 357 and 358 of the <i>Municipal Act, (2001)</i> (FCS18008(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	David Janaszek (905) 546-2424 Ext. 4546
SUBMITTED BY:	Rick Male Director, Financial Services, Taxation and Corporate Controller Finance and Corporate Services Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That Appendix “A” to Report FCS18008(a) respecting the Tax Appeals processed under Section 357 of the *Municipal Act, (2001)*, in the amount of \$442,011.74 be approved;
- (b) That Appendix “B” to Report FCS18008(a) respecting the Tax Appeals, due to a Gross or Manifest Clerical Error, Pursuant to Section 358 of the *Municipal Act, (2001)*, in the amount of \$232,124.31 be approved.

EXECUTIVE SUMMARY

Section 357 of *Municipal Act, (2001)* allows the taxpayer, through the Treasurer’s Office, to submit an application to cancel, reduce or refund all or part of the taxes levied on the land in the year in respect of which the application is made as a result of a change of use, damage to a property rendering it partially or totally unusable; or a gross or manifest error that is clerical in nature.

Examples of such applications are:

- mid-year purchase of a property by an exempt body;
- fire or flood damage to all or partial property; and,
- an assessment error in entering a property value.

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**SUBJECT: Tax Appeals under Sections 357 and 358 of the *Municipal Act, (2001)*
(FCS18008(a)) (City Wide) - Page 2 of 3**

Section 358 of *Municipal Act, (2001)* allows the taxpayer, through the Treasurer's Office, to appeal assessment as supplied by the Municipal Property Assessment Corporation (MPAC) they believe have been overcharged, due to gross or manifest clerical error, on the part of MPAC. They are allowed to appeal current, plus prior two years, in which the application is made. This section also allows for the reduction of taxes, due to such errors, once confirmed by the Regional Assessment Office of MPAC.

Examples of such applications are:

- a transposition of figures;
- a typographical error; and,
- a duplicate property created.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The taxes that will be written-off under Section 357, total \$442,011.74 and taxes that will be written-off under Section 358, total \$232,124.31, for a total amount of \$674,136.05 of which \$152,003.87 will be charged back to the local school boards, based on school support, indicated on each account. The City portion of \$483,681.23 will be charged to the operating budget (HAMTN 52108-252013).

Staffing: Not Applicable

Legal: Not Applicable

HISTORICAL BACKGROUND

Appendix "A" attached to Report FCS18008(a) Tax Appeals processed under Section 357 of the *Municipal Act, (2001)* and Appendix "B" attached to Report FCS18008(a) Tax Appeals due to Gross or Manifest Clerical Error, Pursuant to Section 358 of the *Municipal Act, (2001)*, have been reviewed by MPAC and have been approved or denied by them. Taxation Division staff has calculated any refund / reductions that are due which now require Council approval. Applicants have 35 days after Council has rendered its decision to appeal any Section 357 decision through the Assessment Review Board (ARB). Section 358 decisions are final.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Sections 357 and 358 of the *Municipal Act, (2001)*.

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**SUBJECT: Tax Appeals under Sections 357 and 358 of the *Municipal Act, (2001)*
(FCS18008(a)) (City Wide) - Page 3 of 3**

RELEVANT CONSULTATION

Municipal Property Assessment Corporation (MPAC).

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The Section 357 applications allow for the Municipality and MPAC to quickly rectify assessment classification changes since the return of the year end assessment roll.

The Section 358 applications allow the taxpayer to rectify prior years' errors through the municipality and the local assessment office.

Both processes allow errors to be quickly rectified without having to go through the formal assessment review process.

ALTERNATIVES FOR CONSIDERATION

There are no other alternatives as this is a legislated process under the *Municipal Act, (2001)*.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" – Tax Appeals processed under Section 357 of the *Municipal Act, (2001)*.

Appendix "B" – Tax Appeals due to Gross or Manifest or Clerical error, Pursuant to Section 358 of the *Municipal Act, (2001)*.

DJ/cr

City of Hamilton
Corporate Services Department
Taxation Division
Section 357 Tax Appeals of the *Municipal Act, 2001*

357-13-160	10-18 Kenilworth Ave N	No change in the tax liability or property classification is warranted	2013	0.00
357-14-274	375 McNeilly Rd	Classification change from Industrial to commercial	2014	-8,733.70
357-15-172	103 Old Ancaster Rd	Demolition was addressed by 2015 Omitted Assessment	2015	0.00
357-15-215	196 Wentworth St N	Classification change from Commercial to Exempt	2015	-16,297.82
357-16-060	0 Echovalley	Classification change from Residential to Exempt	2016	-1,868.66
357-16-078	265 Wellington St N	Demolition of Single Family Dwelling	2016	-721.76
357-16-159	149 Province St S	Demolition of detached garage	2016	-28.53
357-16-182	1 Bulls Lane	Pool and pool enclosure condition reduced to poor	2016	-426.62
357-16-193	141 Park St N	Classification change from Commercial to Residential	2016	-8,603.91
357-16-194	50-58 Jackson St W	Classification change from Commercial to Exempt	2016	-70,215.56
357-16-217	1046 Barton St E	No change in the tax liability or property classification is warranted	2016	0.00
357-16-221	8226 White Church Rd	The pole barn was not assessed for 2016 roll return. No change to the assessment	2016	0.00
357-16-222	526 Dundas St E	Demolition handled in recent Assessment Review Board settlement	2016	0.00
357-16-228	2 Locarno Ave	Demolition of detached garage	2016	-9.71
357-16-264	41 Carene Ave	Demolition of single family dwelling	2016	-604.54

City of Hamilton
Corporate Services Department
Taxation Division
Section 357 Tax Appeals of the *Municipal Act, 2001*

357-16-274	19 Albert St	Classification change from Commercial to Residential	2016	-3,941.61
357-16-279	237 Bendamere Ave	Demolition of the pool	2016	-86.57
357-16-280	20 Miller Dr	Demolition of all structures on the property	2016	-12,123.78
357-16-286	112 Wentworth St S	Classification change from Multi-residential to Exempt	2016	-11,142.53
357-16-328	2641 Regional Rd 56	Partial demolition	2016	0.00
357-16-361	423-429 Barton St E	Commercial classification is confirmed, no change	2016	0.00
357-16-369	110 Essling Ave	Reduction due to the fire	2016	-27.75
357-17-003	2-100 King St W	Part of the property became Exempt	2017	-35,375.08
357-17-004	249 Hess St N	Classification change from Industrial to Exempt	2017	-1,767.08
357-17-009	423-429 Barton St E	Commercial classification is confirmed, no change	2017	0.00
357-17-024	2120 Concession 10 Rd W	The demolished structure was not assessed. No change to the assessment	2017	0.00
357-17-027	1658 Highway No 6	All buildings were demolished	2017	-1,263.58
357-17-036	51 Swayze Rd	Demolition resulted in the change to classification (industrial) with higher tax rate	2017	0.00
357-17-047	70 Melvin Ave	Classification change from Commercial to Residential	2017	-7,460.78
357-17-049	11 Market St S	No change in the property classification is warranted	2017	0.00

City of Hamilton
Corporate Services Department
Taxation Division
Section 357 Tax Appeals of the *Municipal Act, 2001*

357-17-057	0 Ferguson Ave N	Gross or Manifest Error	2017	-66.15
357-17-060	1835 Burlington St E	No change in the property classification is warranted	2017	0.00
357-17-119	6 Romar Dr	Demolition of Single Family Dwelling and garage	2017	-3,143.21
357-17-122	675 Strathearne Ave	Demolition of all structures on the property	2017	-4,175.56
357-17-139	205 Melvin Ave	Demolition of structure on the property	2017	0.00
357-17-148	0 Harmony Hall Rd	Demolition of generator control building and sewage pump station	2017	-1,361.17
357-17-150	125 Margaret Ave	Error of fact	2017	-185.55
357-17-151	24 Leslie Dr	Demolition of single family dwelling	2017	-896.05
357-17-152	104 Emerson St	Classification change from Commercial to Residential	2017	-981.51
357-17-153	225 Locke St S	Change in classification was addressed before roll returned	2017	0.00
357-17-155	120 Park St N	Damage by fire	2017	-574.94
357-17-159	55 Wellington St N	Damage by fire	2017	-92.24
357-17-161	47 Chestnut Ave	Damage by fire	2017	-98.78
357-17-162	107 Gertrude St	Damage by fire	2017	-136.39
357-17-163	1486 Main St E	Classification change from Commercial to Residential	2017	-289.73

City of Hamilton
Corporate Services Department
Taxation Division
Section 357 Tax Appeals of the *Municipal Act, 2001*

357-17-164	447-479 Cochrane Rd	Classification change from Commercial to Residential	2017	-1,654.26
357-17-166	57 Brigade Dr	Demolition of the pool	2017	-99.70
357-17-167	891 Upper James St	Classification change from Commercial to Exempt	2017	-9,457.81
357-17-168	2 Bulls Lane	Demolition of the pool	2017	-781.04
357-17-169	538 Upper James St	Classification change from Commercial to Residential	2017	-610.34
357-17-170	22 Legacy Lane	Classification change from Residential to Exempt	2017	-1,303.55
357-17-171	1334 Osprey Dr	Classification change from Industrial to Commercial	2017	-21,325.91
357-17-172	1541 Fiddlers Green Rd	Damage by fire	2017	-929.65
357-17-173	16 King St E	Demolition of structure on the property	2017	-477.77
357-17-174	823 Highway No. 6	Damage by fire	2017	-2,572.72
357-17-175	50 Mill St N	Classification change from Commercial to Residential	2016	-2,762.87
357-17-177	31 Parkside Ave	Demolition of structure on the property	2017	0.00
357-17-178	865 Centre Rd	Demolition of single family swelling and shed	2017	-741.39
357-17-179	1019 Wilson St W	Demolition of single family dwelling	2017	-428.41
357-17-184	87 Owen Pl	Demolition of single family dwelling	2017	-1,145.90

City of Hamilton
Corporate Services Department
Taxation Division
Section 357 Tax Appeals of the *Municipal Act, 2001*

357-17-185	462 Mary St	Demolition of single family dwelling and garage	2017	-732.20
357-17-186	755 Beach Blvd	Demolition of single family dwelling and garage	2017	-656.60
357-17-189	24 Amberwood St	Standalone portables were not assessed. No change due to demolition	2017	0.00
357-17-190	79 Kensington Ave S	Demolition of single family dwelling and garage	2017	-620.23
357-17-191	237 Upper Mount Albion	Demolition of all structures on the property	2017	-695.31
357-17-193	188-232 Dewitt Rd	The structure demolished was not assessed. No change to the assessment	2017	0.00
357-17-194	961 Garner Rd E	Demolition of all structures on the property	2017	-3,890.07
357-17-197	97 Centennial Pkwy S	Partial demolition	2017	-306.14
357-17-198	202 Barton St	Demolition of single family dwelling	2017	0.00
357-17-202	221 Barton St E	The structure demolished was not assessed. No change to the assessment	2017	0.00
357-17-203	400 Concession 5 Rd W	Demolition of all structures on the property	2017	-708.04
357-17-205	8 Slinger Cres	Demolition of all structures on the property	2017	-709.10
357-17-206	585 Highway 6 N	Demolition of all structures on the property	2017	-893.67
357-17-249	132 Cline Ave S	Demolition of all structures on the property	2017	-216.09
357-17-250	49 Lloyd St	Eligible for property tax exemption as property is now Municipally owned	2017	-836.84

City of Hamilton
Corporate Services Department
Taxation Division
Section 357 Tax Appeals of the *Municipal Act, 2001*

357-17-252	202 Concession 8 E	Demolition of secondary structure(s) on the property	2017	-33.99
357-17-253	302 14th Concession Rd E	No change in the tax liability or property classification is warranted	2017	0.00
357-17-255	225 Bay St S	Classification change from Commercial to Residential	2017	-86.83
357-17-256	227 St Clair Blvd	Reduction due to the fire	2017	-265.60
357-17-263	20 Nisbet Blvd	Reduction due to the fire	2017	-67.63
357-17-264	18 Nisbet Blvd	Reduction due to the fire	2017	-72.18
357-17-266	22 Nisbet Blvd	Reduction due to the fire	2017	-19.88
357-17-268	54 Nisbet Blvd Unit 14	No change in the tax liability or property classification is warranted	2017	0.00
357-17-269	54 Nisbet Blvd Unit 15	Reduction due to the fire	2017	-71.71
357-17-270	54 Nisbet Blvd Unit 16	Reduction due to the fire	2017	-71.71
357-17-271	135 Erie Ave	Demolition of all structures on the property	2017	-72.39
357-17-275	723 Ridge Rd	Demolition of secondary structure(s) on the property	2017	-38.33
357-17-281	21 South St W	Demolition of all structures on the property	2017	-80.54
357-17-283	684 Dunn Ave	Demolition of all structures on the property	2017	-70.22
357-17-284	951 Scenic Dr	Demolition of all structures on the property	2017	-415.44

City of Hamilton
Corporate Services Department
Taxation Division
Section 357 Tax Appeals of the *Municipal Act, 2001*

357-17-286	143 Cayuga Ave	Demolition of all structures on the property	2017	-100.35
357-17-287	388 Springbrook Ave	Demolition of all structures on the property	2017	-129.45
357-17-288	372 Springbrook Ave	Demolition of all structures on the property	2017	-46.35
357-17-290	306 Carlisle Rd	Demolition of all structures on the property	2017	-181.11
357-17-291	46 Douglas Rd	Demolition of all structures on the property	2017	-80.47
357-17-292	1285 Wilson St E	The structure demolished was not assessed. No change to the assessment	2017	0.00
357-17-294	65 Floresta Crt	Demolition of all structures on the property	2017	-20.94
357-17-296	197 Terrence Park Dr	Demolition of all structures on the property	2017	-57.16
357-17-297	1527 Old Highway No. 99	Demolition of all structures on the property	2017	-272.32
357-17-299	747 Vernon Pl	Demolition of all structures on the property	2017	-26.11
357-17-300	798 Haig Rd	The structure demolished was not assessed. No change to the assessment	2017	0.00
357-17-301	20 Miller Dr	Demolition of all structures on the property	2017	-61,495.82
357-17-302	20 Reid Ave N	Demolition of all structures on the property	2017	0.00
357-17-303	1 Bulls Lane	Condition of structures were reduced as they were less than average	2017	-455.98
357-17-310	293 Wellington St N	Eligible for property tax exemption based on Hamilton Health Sciences leasing 93% of the building	2017	-1,253.79

City of Hamilton
 Corporate Services Department
 Taxation Division
 Section 357 Tax Appeals of the *Municipal Act, 2001*

357-17-311	237 Bendamere Ave	Demolition of secondary structure(s) on the property	2017	-252.60
357-17-312	375 McNeilly Rd	Gross or Manifest Error. Tax class change from Industrial to Commercial carried forward from 2014 tax year	2017	-129,016.38
			TOTAL	-442,011.74

City of Hamilton
Corporate Services Department
Taxation Division
Section 358 Tax Appeals of the *Municipal Act, 2001*

358-16-015	0 Echovalley Dr	Municipally owned property. Tax class changed from Residential to Exempt.	2015	-1,837.56
358-16-061	112 Wentworth St S	Eligible for property tax exemption as a "house of refuge" and owned by not for profit company.	2015	-10,517.25
358-16-069	128 10th Con Rd E	Gross or Manifest Error. Unfinished allowance was not carried forward.	2015	-1,493.22
358-16-070	128 10th Con Rd E	Gross or Manifest Error. Unfinished allowance was not carried forward.	2014	-1,246.68
358-17-007	0 Ferguson Ave N	Property has nominal value. Described as an alleyway.	2016	-62.75
358-17-008	0 Ferguson Ave N	Property has nominal value. Described as an alleyway.	2015	-55.55
358-17-018	0 Upper Centennial Pkwy	Municipally owned property. Formerly owned by the Ministry of Transportation.	2015	-3,992.12
358-17-034	311 Strathearne Ave	Eligible for property tax exemption as a "house of refuge" and owned by not for profit company.	2015	-9,645.49
358-17-028	46 Kennedy Ave	Gross or Manifest Error. Incorrect square footage of property.	2016	-1,776.85
358-17-029	46 Kennedy Ave	Gross or Manifest Error. Incorrect square footage of property.	2015	-585.73
358-14-040	375 McNeilly	Gross or Manifest Error. Tax class change from Industrial to Commercial carried forward from 2014 tax year.	2015	-99,878.36
358-15-012	502-544 Centennial Pky N	Gross or Manifest Error based on easement of 4.02 acres of land.	2014	-50,216.51
358-15-013	502-544 Centennial Pky N	Gross or Manifest Error based on easement of 4.02 acres of land.	2013	-50,725.79

City of Hamilton
Corporate Services Department
Taxation Division
Section 358 Tax Appeals of the *Municipal Act, 2001*

358-17-037	202 Concession 8 Rd E	Gross or Manifest Error. Confirmed demolition of multiple structures.	2016	-45.99
358-17-038	202 Concession 8 Rd E	Gross or Manifest Error. Confirmed demolition of multiple structures.	2015	-44.46
			TOTAL	-232,124.31



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 11, 2018
SUBJECT/REPORT NO:	Development Charges Reserves Status Report as of December 31, 2017 (FCS18060) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Alicia Li (905) 546-2424 Ext. 1434
SUBMITTED BY:	Mike Zegarac General Manager Finance and Corporate Services
SIGNATURE:	

RECOMMENDATIONS

- (a) That Report FCS18060 “Development Charges Reserves Status Report as of December 31, 2017” be received and made available to the public;
- (b) That Report FCS18060 “Development Charges Reserves Status Report as of December 31, 2017” be forwarded, if requested, to the Ministry of Municipal Affairs and Housing.

EXECUTIVE SUMMARY

As per the requirements of the *Development Charges Act, 1997*, as amended, an annual report of Development Charge (DC) reserves activity must be provided to Council. The DC Reserves Status Report is the “Treasurer’s Statement” as outlined in the *Development Charges Act, 1997*, as amended, which must be made available to the public and forwarded to the Ministry of Municipal Affairs and Housing at their request.

The accounting balance of the 2017 DC Reserves balances has increased \$31.04M since 2016 to an overall balance of \$159M. The increase is due to collections and other inflows exceeding direct capital funding. The balance of \$159M reflects Public Sector Accounting Board (PSAB) standards which requires that any DC funds remain in (or are returned to) the DC reserves until the eligible capital project has expended the funds.

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**SUBJECT: Development Charges Reserves Status Report as of December 31, 2017
(FCS18060) (City Wide) - Page 2 of 8**

Of note, while the accounting balance increased, the adjusted balance shown in Table 2, which considers cash and debt commitments from the DC Reserves, has decreased \$25M to a deficit of \$214M in 2017 due to Capital Budget approvals exceeding the net of collections and actual capital funding.

Table 2 to Report FCS18060 shows that if all approved direct capital funding were allocated to the approved projects, the DC reserves balances would be reduced by \$115.99M. Table 2 to Report FCS18060 also shows what the impacts on the reserves would be if amounts budgeted to be debt funded were to be cash funded from the reserves.

Per the City's Development Charges Reserve Policy (Report FCS13035), as long as the consolidated balance remains in excess of the outstanding DC Deferral Agreements (2017 – \$24.3M), service specific DC Reserves may incur a negative balance with staff working on financing strategies to remedy said negative balance for the future. Municipalities require most growth infrastructure to be constructed prior to the development (e.g. subdivision, industrial park) being completed and therefore, DC collections lag expenditures. Significant negative balances can usually be mitigated by financing large projects over longer terms through debt financing.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The DC Reserves Status Report reflects balances in the City's audited financial statements and Schedule 61 of the Financial Information Return (FIR). The consolidated DC reserve balance in 2017 reflects the application of PSAB reporting requirements for obligatory reserve funds whereby funds collected remain in the DC reserves and are not transferred to capital projects until expenditures are incurred. The year-end consolidated DC reserve balance is \$159M, as outlined in Table 1.

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**SUBJECT: Development Charges Reserves Status Report as of December 31, 2017
(FCS18060) (City Wide) - Page 3 of 8**

**TABLE 1
Development Charge Service Specific Reserve Balances
as of December 31, 2017**

<u>DC Service</u>	<u>Res (\$)</u>	<u>Non-Res (\$)</u>	<u>Total (\$)</u>
Water Services	26,774,993	9,104,764	35,879,757
WWTP Services	45,395,309	16,479,549	61,874,858
Linear Wastewater	28,561,426	11,232,220	39,793,646
Storm Water Drainage	33,633,267	(8,572,042)	25,061,225
Roads	17,923,368	(24,990,381)	(7,067,013)
Public Wks&Roll Stock	2,203,368	(109,626)	2,093,742
Transit Services	1,550,558	(1,435,080)	115,478
Airport	1,132,165	(396,144)	736,021
Fire Protection	3,641,742	(2,465,354)	1,176,388
Police Services	1,237,251	(1,423,842)	(186,591)
Ambulance Services	(263,303)	(233,127)	(496,430)
Outdoor Recreation	(2,619,735)	(442,094)	(3,061,830)
Indoor Recreation	347,601	(819,298)	(471,697)
Library Services	(1,349,327)	(272,067)	(1,621,394)
Admin Studies	1,695,554	(4,879,356)	(3,183,802)
OPA 28 Fee	2,922,080	-	2,922,080
Burlington roads SAC	2,223,316	-	2,223,316
Homes for Aged	1,326,465	61,277	1,387,742
Health	451,967	-	451,967
Social&Child	525,048	13,061	538,110
Housing	6,576,900	-	6,576,900
Parking	1,781,572	312,499	2,094,072
Provincial Offences Act	122,815	15,287	138,102
Hamilton Conservation Authority	118,861	30,752	149,613
Binbrook SAC	(217,232)	-	(217,232)
Dundas/Waterdown SAC	(5,152,162)	(2,758,750)	(7,910,912)
TOTAL	170,543,866	(11,547,751)	158,996,115

Note: Consolidated Total may not match Appendix "A" due to rounding.

As at December 31, 2017, there was \$373M in approved DC funding that hasn't been transferred to projects (including DC Debt that hasn't yet been issued). Table 2 provides the accounting DC reserve balance at December 31, 2017, the approved funding that has not yet been transferred to projects, the debt funding that has not yet been incurred and the adjusted DC reserve balances. The adjusted DC reserve balance illustrates that if all of the budgeted expenditures had occurred and budgeted DC funding was transferred from reserves (including DC Debt that hasn't yet been issued), the consolidated DC reserve balances would be in a deficit position of \$214M.

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**SUBJECT: Development Charges Reserves Status Report as of December 31, 2017
(FCS18060) (City Wide) - Page 4 of 8**

Of note, the funding commitments (including debt) are only included in the Capital Budgets to the extent that current (and future) DC collections can be expected to fund the commitments. Should development activity vary from the existing development forecasts, staff would ensure that future years' collections can meet existing commitments or undertake a review to determine which growth projects can be delayed or cancelled.

TABLE 2

DC Service	Dec 31/17 Balance (\$)	Adjustments		Adjusted Balance (\$)
		Direct Capital Funding (\$)	DC Debt (\$)	
Water Services	35,879,757	(15,803,553)	(60,473,000)	(40,396,796)
WWTP Services	61,874,858	(1,449,000)	(946,000)	59,479,858
Linear Wastewater	39,793,646	(7,481,785)	(121,427,799)	(89,115,938)
Storm Water Drainage	25,061,225	(13,943,639)	(32,885,000)	(21,767,415)
Roads	(7,067,013)	(44,743,257)	(33,202,331)	(85,012,601)
Public Wks&Roll Stock	2,093,742	(799,232)	-	1,294,510
Transit Services	115,478	(7,188,122)	-	(7,072,644)
Airport	736,021	-	-	736,021
Fire Protection	1,176,388	(699,000)	-	477,388
Police Services	(186,591)	-	(3,000,000)	(3,186,591)
Ambulance Services	(496,430)	-	-	(496,430)
Outdoor Recreation	(3,061,830)	(4,709,174)	-	(7,771,003)
Indoor Recreation	(471,697)	(3,708,565)	-	(4,180,262)
Library Services	(1,621,394)	-	(2,966,500)	(4,587,894)
Admin Studies	(3,183,802)	(7,758,831)	-	(10,942,632)
OPA 28 Fee	2,922,080	(5,850,000)	-	(2,927,920)
Burlington roads SAC	2,223,316	(118,002)	-	2,105,314
Homes for Aged	1,387,742	-	-	1,387,742
Health	451,967	(691,830)	-	(239,863)
Social&Child	538,110	(1,045,800)	-	(507,690)
Housing	6,576,900	-	-	6,576,900
Parking	2,094,072	-	-	2,094,072
Provincial Offences Act	138,102	-	(2,323,000)	(2,184,898)
Hamilton Conservation Authority	149,613	-	-	149,613
Binbrook SAC	(217,232)	-	-	(217,232)
Dundas/Waterdown SAC	(7,910,912)	-	-	(7,910,912)
TOTAL	158,996,115	(115,989,789)	(257,223,630)	(214,217,304)

Note: The DC Reserve Policy (Report FCS13035) permits the General Manager of Finance and Corporate Services to change approved DC funding from debt funded to reserve funded or from reserve funded to debt funded in order to maintain the sustainability of the DC reserves. Table 2 reflects current estimates under this authority by showing some reserve funding from the rates (water, linear wastewater, storm water) reserves and showing some debt funding from the roads, police, library and POA DC reserves.

Staffing: None.

Legal: None.

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**SUBJECT: Development Charges Reserves Status Report as of December 31, 2017
(FCS18060) (City Wide) - Page 5 of 8**

HISTORICAL BACKGROUND

As per the requirements of the *Development Charges Act, 1997*, as amended, an annual report of Development Charge (DC) reserves activity must be provided to Council. The DC Reserves Status Report is the “Treasurer’s Statement” as outlined in the *Development Charges Act, 1997*, as amended, which must be made available to the public and forwarded to the Ministry of Municipal Affairs and Housing at their request.

Appendix “A” to Report FCS18060 summarizes the 2017 activity for each DC reserve. The DC revenues were collected through authorization of Municipal DC By-law 14-153, which was passed by Council in 2014. Collections under By-law 14-153 are deposited into DC reserves.

GO Transit DC By-law 11-174, as amended, was passed in 2011 to recover the growth-related share of the City’s annual contribution to GO Transit’s growth capital budget (GO Transit is also referred to as Metrolinx). Collections under the GO Transit DC By-law are deposited into a separate DC reserve and are used solely to fund the City’s contribution to GO Transit’s growth related capital budget.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The DC Reserves Status Report is the “Treasurer’s Statement” as required in Section 43 of *Development Charges Act, 1997*, which must be made available to the public and sent to the Ministry of Municipal Affairs and Housing, if requested.

RELEVANT CONSULTATION

Staff from the City’s Planning and Economic Development Department confirmed that the City is in compliance with s.s. 59.1(1) of the *Development Charges Act, 1997*, as amended, which states that a “municipality shall not impose, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by this Act or another Act”.

In their correspondence regarding the 2014 DC Background Study, the Hamilton Halton Homebuilders Association requested that the City include a summary of the funding for all projects completed and closed in the period with the annual DC reserve report. Staff included Appendix “D” to Report FCS18060 in response to this request.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

As per the requirements of the *Development Charges Act, 1997*, as amended, an annual report of Development Charges reserves activity must be provided to Council. The report must be made available to the public and provided to the Minister of Municipal Affairs and Housing, if requested.

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**SUBJECT: Development Charges Reserves Status Report as of December 31, 2017
(FCS18060) (City Wide) - Page 6 of 8**

Appendices “A”, “B” and “C” to Report FCS18060 contain the financial information required to meet the disclosure requirements as set out in Section 43 of the *Development Charges Act, 1997*, as amended.

In addition to disclosing financial information, a municipality is required to confirm compliance with s.s. 59.1(1) of the *Development Charges Act, 1997*, as amended, which states that a “municipality shall not impose, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by this Act or another Act”. The City of Hamilton is in compliance with this requirement.

This Report summarizes the changes in the DC reserves for the year ended December 31, 2017. The consolidated DC reserves balance as of December 31, 2017 was \$159M. The increase in the DC reserves balance of \$31.04M is due to collections and other inflows exceeding direct capital funding, as reported in Table 3. The DC outflows have been controlled by delaying the issuance of DC debt until the project is substantially completed and delaying projects where the required draw on DC Reserves would jeopardize the sustainability of the future balance. Table 2 shows the required debt issuance based on approved DC projects spending the funding approved. The calculated deficit has increased \$25M to \$214M since the 2016 report due to additional DC budget approvals in 2017 exceeding the net of collections and actual capital funding in 2017.

The DC reserves balance as at December 31, 2017 reflects the application of Public Sector Accounting Board (PSAB) reporting requirements for obligatory reserve funds.

The PSAB reporting requirements require the City to only recognize DC revenue in capital projects once the expenses have been incurred. Therefore, the DC reserve balances are based on actual expenses to date and not the Council approved budgeted amounts. Table 2 shows the adjusted DC reserve balances if all Council approved budgeted amounts were to be cash funded.

Since project funding from DC reserves can only be allocated to capital projects after the expenses have been incurred, there is often a timing difference between when current budget contribution, other source funding and DC funding are allocated to the projects. For this reason, the current year funding to each project often does not reflect the funding ratios identified in the DC background study. Staff included Appendix “D” to Report FCS18060 to show the DC funded projects closed in the year and their final revenue funding from all sources.

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**SUBJECT: Development Charges Reserves Status Report as of December 31, 2017
(FCS18060) (City Wide) - Page 7 of 8**

DC collections in 2017 totalled \$67.79M, \$2.24M more than in 2016. Residential DC collections increased to \$58.40M in 2017 from \$55.66M in 2016, while non-residential DC collections decreased to \$9.39M in 2017 from \$9.89M in 2016.

Any DC exemptions authorized by Council through By-law 14-153 (e.g. reduced industrial rate, stepped commercial rate) or through a Council meeting (i.e. exemptions for non-profits) are required to be recovered through other sources. Council has approved amounts in the Rates and Tax Capital Budgets to enable staff to recover a greater portion of these exemptions. A five-year summary of the exemptions is included as Appendix "E" to Report FCS18060.

Appendix "E" to Report FCS18060 shows that even with a reduced DC exemption in the Downtown Hamilton Community Improvement Area, the dollar value of exemptions for downtown are not seeing a corresponding decrease due to continued downtown development. Further, the City is experiencing a significant increase in the amount of building permits to add additional dwelling units to existing single family homes (e.g. basement rental units, in-law suites). This increase in intensification can be correlated to the increase in the market value of residential properties in Hamilton as residents attempt to live within their means. These additional (intensification) units are not subject to DCs as per the requirements of the *Development Charges Act, 1997*, as amended.

Table 3 provides a summary of inflows and outflows to the DC reserves in 2017 resulting in a consolidated balance of \$159M.

TABLE 3 (\$ millions)

Balance as of January 1, 2017	\$ 127.96
<u>Funding Inflows:</u>	
Interest	\$ 2.62
Collections	\$ 67.79
DC Exemption funding	\$ 10.44
Internal Borrowing repayment	\$ 0.48
Sub-total of Inflows:	<u>\$ 81.33</u>
<u>Funding Outflows:</u>	
External Debt Payments	\$ 9.54
Dundas / Waterdown Payout ^[1]	\$ 8.73
Other Transfers	\$ 0.46
Direct Capital Funding	\$ 31.56
Sub-total of Outflows:	<u>\$ 50.29</u>
Balance as of December 31, 2017	<u>\$ 159.00</u>

[1] Payout required related to the Dundas / Waterdown Special Area Charge.

For more detail please refer to Report FCS17049.

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OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Development Charges Reserves Status Report as of December 31, 2017
(FCS18060) (City Wide) - Page 8 of 8**

Per the City's Development Charges Reserve Policy (Report FCS13035), as long as the consolidated balance remains in excess of the outstanding DC Deferral Agreements (2017 – \$24.3M), service specific DC Reserves may incur a negative balance with staff working on financing strategies to remedy said negative balance for the future. Municipalities require most growth infrastructure to be constructed prior to the development (e.g. subdivision, industrial park) being completed and therefore, DC collections lag expenditures. Significant negative balances can usually be mitigated by financing large projects over longer terms through debt financing.

ALTERNATIVES FOR CONSIDERATION

Not Applicable

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement & Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" – Development Charges Reserve Funds for the period of January 1, 2017 to December 31, 2017

Appendix "B" – Development Charges Funded Projects for the year ended December 31, 2017

Appendix "C" – Development Charges Project Funding by Reserve for the year ended December 31, 2017

Appendix "D" – Development Charges Capital Projects' Closing Summary for the year ended December 31, 2017

Appendix "E" – Five Year Development Charges Exemption Summary

AL/dt

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

CITY OF HAMILTON
Development Charges Reserve Funds
For the period of Jan 1, 2017 to Dec 31, 2017

Positive values indicate a cash balance, negative values indicate deficit balances or withdrawals

DC Reserve #	Description	Balance as at Jan 1/17	Interest	Collections	External Debt	Other Transfers Note 1	Capital Financing	Balance as at Dec 31/17
		\$	\$	\$	\$	\$	\$	\$
110300	Water Services - Residential	20,229,050	460,538	6,804,310	(16,225)	694,827	(1,397,507)	26,774,993
110301	Water Services - Non Residential	7,317,615	147,276	657,079	(8,359)	1,521,204	(530,051)	9,104,764
110302	WWTP - Residential	38,164,044	840,971	6,009,901	-	621,293	(240,900)	45,395,309
110303	WWTP - Non Residential	14,015,922	252,259	1,373,904	-	961,564	(124,100)	16,479,549
110304	Storm Water Drainage - Res	24,243,459	562,302	10,543,851	(249,399)	957,803	(2,424,748)	33,633,267
110305	Storm Water Drainage - Non Res	(8,435,543)	(191,037)	819,732	(12,399)	589,345	(1,342,142)	(8,572,042)
110306	Roads - Residential	18,867,258	377,029	13,129,039	(4,268,612)	477,373	(10,658,720)	17,923,368
110307	Roads - Non Residential	(22,476,419)	(600,299)	4,091,395	(3,058,766)	1,628,528	(4,574,820)	(24,990,381)
110308	PW & Rolling Stock - Residential	1,872,849	42,193	507,824	-	17,794	(237,292)	2,203,368
110309	PW & Rolling Stock - Non Res	(177,646)	(3,775)	43,790	-	41,583	(13,578)	(109,626)
110310	Transit - Residential	1,308,988	28,627	828,890	-	29,071	(645,019)	1,550,558
110311	Transit - Non Residential	(1,246,271)	(28,352)	77,953	-	51,380	(289,791)	(1,435,080)
110312	Fire Protection - Residential ^{Note 2}	3,396,086	68,668	559,047	(563,548)	181,489	-	3,641,742
110313	Fire Protection - Non Residential	(2,301,263)	(52,537)	48,736	(206,493)	46,204	-	(2,465,354)
110314	Police Services - Residential	949,872	18,757	664,508	(418,326)	22,441	-	1,237,251
110315	Police Services - Non Residential	(1,281,857)	(30,897)	53,589	(215,501)	50,824	-	(1,423,842)
110316	Outdoor Rec - Residential	(1,811,800)	(42,596)	2,234,821	-	78,996	(3,079,875)	(2,619,735)
110317	Outdoor Rec - Non Residential	(319,946)	(7,763)	24,344	-	23,102	(161,830)	(442,094)
110320	Indoor Rec - Residential ^{Note 2}	(207,107)	(1,673)	3,435,932	-	444,581	(3,324,132)	347,601
110321	Indoor Rec - Non Residential	(699,479)	(16,043)	36,525	-	34,663	(174,954)	(819,298)
110322	Library - Residential	(2,029,250)	(42,237)	969,368	(281,493)	34,284	-	(1,349,327)
110323	Library - Non Residential	(285,026)	(6,024)	9,742	-	9,241	-	(272,067)
110324	Admin Studies - Residential	1,208,489	29,557	1,204,484	(42,213)	42,445	(747,207)	1,695,554
110325	Admin Studies - Non Residential	(4,681,764)	(100,984)	109,603	(18,965)	103,958	(291,204)	(4,879,356)
110326	Ambulance - Residential	(273,978)	(6,154)	59,324	(44,591)	2,097	-	(263,303)
110327	Ambulance - Non Residential	(217,656)	(4,940)	4,882	(20,034)	4,620	-	(233,127)
110329	OPA 28 Fee	2,597,180	58,449	266,452	-	-	-	2,922,080
110330	Burlington Roads SAC	1,879,946	38,960	422,412	-	-	(118,002)	2,223,316
110332	Homes for the Aged - Residential ^{Note 3}	814,271	20,825	392,878	-	13,770	84,721	1,326,465
110333	Homes for the Aged - Non Residential	40,732	1,581	9,723	-	9,241	-	61,277
110334	Health Services - Residential	399,185	8,705	42,547	-	1,530	-	451,967
110336	Social & Child - Residential	467,565	10,177	45,664	-	1,643	-	525,048
110337	Social & Child - Non Residential	12,821	227	14	-	-	-	13,061
110338	Housing - Residential	5,546,302	122,628	876,858	-	31,111	-	6,576,900
110340	Linear Wastewater - Residential	20,704,911	476,556	7,601,833	(75,425)	771,833	(918,281)	28,561,426
110341	Linear Wastewater - Non Residential	8,546,666	139,055	1,717,701	(38,855)	1,214,140	(346,487)	11,232,220
110342	Airport - Residential	705,128	17,138	395,959	-	13,940	-	1,132,165
110343	Airport - Non Residential	(457,365)	(9,971)	36,540	-	34,653	-	(396,144)
110344	Parking Services - Residential	1,176,005	28,075	557,942	-	19,551	-	1,781,572
110345	Parking Services - Non Residential	208,453	4,458	51,075	-	48,514	-	312,499
110346	Provincial Offences Act - Residential	80,702	1,931	38,822	-	1,360	-	122,815
110347	Provincial Offences Act - Non Residential	10,318	226	2,433	-	2,310	-	15,287
110348	Hamilton Conservation Authority - Residential	78,514	1,873	37,170	-	1,303	-	118,861
110349	Hamilton Conservation Authority - Non - Residential	20,635	630	4,866	-	4,620	-	30,752
Subtotal		127,961,317	2,614,389	66,803,457	(9,539,204)	10,840,220	(31,555,921)	167,124,258
GO Transit								
110328	GO Transit	-	4,031	383,080	-	(387,111)	-	-
Subtotal		-	4,031	383,080	-	387,111	-	-
Special Area Charges								
110210	DunWat SAC - Res	89,856	1,023	404,591	-	(5,647,633)	-	(5,152,162)
110211	DunWat SAC - NR	120,454	3,830	198,949	-	(3,081,983)	-	(2,758,750)
110216	Binbrook SAC	(212,738)	(4,494)	-	-	-	-	(217,232)
Subtotal		(2,428)	360	603,540	-	(8,729,615)	-	(8,128,144)
Grand Total		127,958,889	2,618,779	67,790,077	(9,539,204)	1,723,494	(31,555,921)	158,996,115

Note 1 Other Transfers include all internal borrowing transactions, DC Exemption funding, and transfers to operating.

Note 2 Borrowings from the DC Reserves for non-growth items

\$6 million in non-growth funds related to the Mohawk Sports Park 4-pad Arena were borrowed from DC reserves 110320 and 110312 in 2005 to be repaid over 20 years with interest at 5.245%. The annual debt charges are recovered from the rental income from the Mohawk Sports Quad Pad Arena. The following illustrates what the year end reserve balances would be without the borrowings and repayments.

Reserve #	110320	110312
2017 year end balance	347,601	3,641,742
Less: Borrowings	(4,000,000)	(2,000,000)
Less: Repayments to date (principal)	2,053,653	1,026,827
Less: Repayments to date (interest)	2,068,565	1,034,282
2017 year end balance adjusted for borrowings	<u>225,383</u>	<u>3,580,633</u>

Note 3 The amount under Capital Financing should be transferred to reserve 110322 Library-Residential but was incorrectly processed to reserve 110332 Homes for the Aged-Residential. Correction will be made in FY 2018.

CITY OF HAMILTON
Development Charges Funded Projects
for the year ended December 31, 2017

PROJECT ID	DESCRIPTION	RES DEV. CHARGES YTD \$	NON RES DEV. CHARGES YTD \$	DEBT RES DEV. CHARGES YTD \$	DEBT NON RES DEV. CHARGES YTD \$	SUBSIDIES \$	OTHER REVENUES \$	CURRENT BUDGET CONTRIBUTION \$	DEBENTURE FINANCING \$	RESERVE FINANCING \$	TOTAL REVENUES \$
8140755700	Aggregate Resource Study	40,654.22	18,264.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	58,919.16
8140855800	Official Plan-OMB Appeal	29,327.91	13,176.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42,504.22
8141155103	Zoning By-law OMB Appeals	4,353.54	1,955.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,309.48
8141555600	Hamilton Growth Management Rev	3,812.11	1,712.69	0.00	0.00	0.00	0.00	125,000.00	0.00	0.00	130,524.80
8141655600	2016 CityWide Employmnt Survey	67,627.83	30,383.52	0.00	0.00	0.00	0.00	8,000.00	0.00	0.00	106,011.35
8201555100	Open for Business - City Appro	23,769.37	10,678.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34,448.35
	TOTAL	23,649,525.91	7,906,394.83	0.00	0.00	1,226,170.89	86,937.57	8,454,698.01	0.00	9,250,804.16	50,574,531.37

CITY OF HAMILTON
Development Charges Project Funding by Reserve
for the year ended December 31, 2017

Section 1: Water, Wastewater - Linear, Wastewater - WWTP, Storm Water, Roads, Burlington Roads

PROJECT ID	DESCRIPTION	Water		Wastewater - Linear		Wastewater - WWTP		Storm Water		Roads		Burlington Roads	
		RES DC YTD \$	NON RES DC YTD \$	RES DC YTD \$	NON RES DC YTD \$	RES DC YTD \$	NON RES DC YTD \$	RES DC YTD \$	NON RES DC YTD \$	RES DC YTD \$	NON RES DC YTD \$	RES DC YTD \$	NON RES DC YTD \$
5160866801	Woodward WWTP - Clean Harbour					240,900.00	124,100.00						
5161055955	Annual I & I Studies & Control			30,109.00	15,510.70								
5161196011	2011 Intnsificatn Infra Upgrad			10,381.62	5,348.11								
5161468422	Randle Reef Sediment Remediate			363,000.00	187,000.00								
5161480480	Cormorant San Sewer Extension			4,482.41	2,309.12								
5161555640	Non-Trunk Flow Monitoring			52,892.47	27,247.64								
5161555955	Inflow & Infiltration			18,265.87	9,409.69								
5161755640	Non-Trunk Flow Monitoring			6,602.00	3,401.03								
5161755955	Inflow & Infiltration			99,000.00	51,000.00								
5161796786	First Street PS Upgrade DC014			15,595.35	8,033.97								
5180880681	SWMP-A12 Anc IBP Duffs Corner							(2,095.48)	(897.76)				
5181055057	Airport Employment - Ph 3&4 EA							25,440.05	25,440.05				
5181180090	2011 Annual Storm Water Mngmnt							30,386.78	0.00				
5181180188	RR56-Binbrook Rd to Cemetery							81,646.38	81,646.38				
5181274800	Watercourse 5 and 6							8,829.61	8,829.61				
5181280280	SWMP A20 Limestone Manor							425,612.78	0.00				
5181280287	Hannon Crk W Tribtry Drainage							20,000.00	20,000.00				
5181280297	SCUBE Master Drainage Plan EA							118,392.56	118,392.56				
5181380377	Arvin - McNeilly to 350m W							25,939.33	25,939.33				
5181380385	Watercourse 7 - Phase 2							12,972.53	12,972.53				
5181480461	Parkside Urbanization - Ph1							276,395.81	276,395.81				
5181480484	SWMP - SL8 Cloverdale							8,993.99	0.00				
5181480488	Rymal - Dartnal to Fletcher							230,069.42	230,069.42				
5181517152	Roadside Drainage Improvements							25,857.79	25,857.79				
5181572295	SERG - LEEDS Implementation							31,988.31	31,988.31				
5181580596	Green Mtn-Morrissey-First Rd W							15,806.78	15,806.78				
5181780785	RHBP - Dartnall-Stone to Rymal							475,000.00	475,000.00				
8100355100	ROPA 9-Master Plan & EA									(1,458.22)	0.00		
TOTAL		1,397,506.90	530,050.85	918,281.44	346,487.23	240,900.00	124,100.00	2,424,748.22	1,342,141.68	10,658,719.79	4,574,819.88	106,202.14	11,800.24
COMBINED RES AND NR TOTAL			1,927,557.75		1,264,768.67		365,000.00		3,766,889.90		15,233,539.67		118,002.38

CITY OF HAMILTON
Development Charges Project Funding by Reserve
for the year ended December 31, 2017

Section 2: Outdoor Rec, Indoor Rec, Homes for the Aged, Admin

PROJECT ID	DESCRIPTION	Outdoor Rec		Indoor Rec		Homes for the Aged		Admin	
		RES DC	NON RES DC	RES DC	NON RES DC	RES DC	NON RES DC	RES DC	NON RES DC
		YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
		\$	\$	\$	\$	\$	\$	\$	\$
3381355301	14 DC Study & '15-18 Intensif							18,727.80	8,413.94
3620604500	Update Noise Exposure Forecast							(26,981.82)	(18,017.70)
4240955901	Barton-Tiffany Urban Design							(6,324.99)	(42,478.68)
4401056060	OpnSp Repl Strategy-E Mtn Trai	13,280.40	698.97						
4401156916	Freelton Community Park Dev	(4,267.30)	(856.17)						
4401256516	Trillium Garden Park	75,885.76	3,993.98						
4401256801	Green Millen Shore EstsWtrfnt	957.06	50.37						
4401356124	William Connell Community Park	594,284.53	31,278.14						
4401356541	Borers Creek Trail Link	90,135.06	5,375.52						
4401456101	Perth Park - Grange School	23,142.00	1,218.00						
4401556503	Heritage Green Sports Pk Ph II	145,670.64	7,666.88						
4401556507	Mountaingate North Park	(13,995.00)	(1,005.00)						
4401556512	Glanbrook Hills Park	455,894.22	23,994.43						
4401556516	Carpenter Park Redevelopment	360,987.78	18,999.36						
4401756402	Waterdown S Pk 2 (Agro Pk)	67,450.00	3,550.00						
4401756612	Up Country Ests Proposed Pk DB	67,450.00	3,550.00						
4401756718	Ancaster Meadows Pk (Proposed)	17,676.29	930.33						
4401756824	William Connell Community Park	468,137.16	24,638.80						
4411506103	Pier 8 Sanitary PS & Forcemain	124,664.79	6,561.30						
4411506107	Pier5-7 Marina Shoreline Rehab	592,521.63	31,185.35						
5161055955	Annual I & I Studies & Control								
5181555422	GRIDS II - Stormwater MP							39,847.76	17,902.61
7101254201	Scott Park-New Senior Centre			1,107,655.01	58,297.63				
7101554506	Valley Park Community Ctr-Expn			6,127.50	322.50				
7101554508	Public Use Feasability Study							20,897.60	9,388.78
7101554510	Dundas JLGrightmire Arena Reno			950,000.01	49,999.99				
7101654603	Beverly Rec Centre & School			12,718.73	669.41				
7101654608	Wm Schwenger Park Washrooms			217,970.52	11,472.13				
7101654609	Greensville Rec Centre&School			120,976.35	6,367.17				
7101654700	Pinky Lewis Expansion Project			53,176.13	2,798.75				
7101654802	Wm Connell Park Washroom			840,820.42	44,253.71				
7101754508	Public Use Feasibility Study							12,989.69	5,835.95
7101754708	Waterdown Pool & RecCtr Fsbilty			14,687.35	773.02				
7401755703	10Yr HFD Service Delivery Plan							25,595.51	11,499.43
7500941900	Lynden Branch Library ^{Note 1}					(84,720.59)	0.00		
8101355100	Comprehensive Zoning By-Law							40,920.59	18,384.62
8101655600	2016 Comp Zoning By-Law							209,472.52	94,110.84
8120955900	Community Planning Studies							5,439.34	2,443.76
8120959901	Downtown Heritage Inventory							(3,680.41)	(619.13)
8121355605	Elfrida Expansion-Studies							209,162.04	93,971.34
8140755700	Aggregate Resource Study							40,654.22	18,264.94
8140855800	Official Plan-OMB Appeal							29,327.91	13,176.31
8141155103	Zoning By-law OMB Appeals							4,353.54	1,955.94
8141555600	Hamilton Growth Management Rev							3,812.11	1,712.69
8141655600	2016 CityWide Employmnt Survey							67,627.83	30,383.52
8201555100	Open for Business - City Appro							23,769.37	10,678.98

CITY OF HAMILTON
Development Charges Project Funding by Reserve
for the year ended December 31, 2017

Section 2: Outdoor Rec, Indoor Rec, Homes for the Aged, Admin

PROJECT ID	DESCRIPTION	Outdoor Rec		Indoor Rec		Homes for the Aged		Admin	
		RES DC YTD \$	NON RES DC YTD \$	RES DC YTD \$	NON RES DC YTD \$	RES DC YTD \$	NON RES DC YTD \$	RES DC YTD \$	NON RES DC YTD \$
4031055057	Airport Employment - Ph 3&4 EA							31,596.55	14,195.55
TOTAL		3,079,875.02	161,830.26	3,324,132.02	174,954.31	(84,720.59)	0.00	747,207.16	291,203.69
COMBINED RES AND NR TOTAL			3,241,705.28		3,499,086.33		(84,720.59)		1,038,410.85

Note 1 Amount incorrectly recorded in reserve 110332 Homes for the Aged-Residential as presented in Appendix A of Report FCS18060. This will be reversed and corrected in FY2018.

Section 3: PW& Rolling Stock, Transit

PROJECT ID	DESCRIPTION	PW & Rolling Stock		Transit	
		RES DC YTD \$	NON RES DC YTD \$	RES DC YTD \$	NON RES DC YTD \$
4031321350	Fleet Additions - Roads O&M	146,497.91	0.00		
4031480582	2014 Developmnt Rd Urbanization	(2,622.30)	0.00		
4031721350	Fleet Additions - Roads O&M	4,709.38	2,426.04		
4401351601	Equipment Acquisitions - DC	22,800.00	(22,800.00)		
4401651601	Equipment Acquisitions - DC	2,503.46	1,289.66		
4401751601	Equipment Acquisitions - DC	61,399.25	31,629.92		
5301641500	Transit Storage Facility			642,735.00	288,765.00
5301785701	Transit Mtnce&Storage Facility			2,283.64	1,025.99
7101551501	Facility Vehicles	2,004.78	1,032.76		
TOTAL		237,292.48	13,578.38	645,018.64	289,790.99
COMBINED RES AND NR TOTAL			250,870.86		934,809.63

CITY OF HAMILTON
Development Charges Capital Projects' Closing Summary
For the year ended December 31, 2017

PROJECT ID	DESCRIPTION	BUDGET (\$)	FINAL FUNDING (\$)								Total	
			DC Reserve Funding	DC Debt Funding	Subsidies	Federal Grant	Other Revenues	Current Budget Contribution	Debenture Financing	Reserve Financing		
4030755707	Waterdown S Sched C Class EA	1,952,340.00	559,241.40	493,000.00	-	-	368,086.26	344,236.11	-	-	-	1,764,563.77
4030955910	Rymal Road Functional Design	200,000.00	175,206.80	-	-	-	-	19,370.12	-	-	-	194,576.92
4030980985	Copes Lane- Jones to 330m E	1,000,000.00	243,547.06	-	-	-	38,165.03	-	-	-	-	281,712.09
4031019001	Up Well-Stone Church to Rymal	2,626,000.00	1,166,000.00	-	-	-	17,000.00	29,984.19	1,413,000.00	-	-	2,625,984.19
4031180582	2011 Developmt Rd Urbanization	367,880.00	366,004.99	-	-	-	1,875.00	-	-	-	-	367,879.99
4031219101	Road Reconstruction 2012	15,212,000.00	1,025,000.00	240,000.00	10,072,400.81	-	530,173.27	1,980,000.00	-	-	506,000.00	14,353,574.08
4031280291	Wilson McLure Traffic Circle	1,000,000.00	452,693.29	-	-	-	-	-	-	-	-	452,693.29
4031280582	2012 Developmnt Rd Urbanization	500,000.00	500,000.00	-	-	-	-	-	-	-	-	500,000.00
4031321350	Fleet Additions- Road O&M	270,000.00	248,626.11	-	-	-	-	19,290.00	-	-	-	267,916.11
4031380388	Rymal - Dartnall to Fletcher	20,110,000.00	-	12,038,330.73	-	1,980,000.00	1,843,192.07	20,000.00	-	-	-	15,881,522.80
4031655820	TDM & Smart Commute	97,300.00	50,000.00	-	34,000.00	-	2,500.00	2,273.38	-	7,500.00	-	96,273.38
4041414008	Annual New Full Traffic Signal	650,000.00	560,000.00	-	-	-	47,780.17	42,000.00	-	-	-	650,000.00
4041510016	Annual Street Lighting	1,200,000.00	544,897.79	-	-	-	-	60,000.00	-	-	-	604,897.79
4041514008	Annual New Full Traffic Signal	950,000.00	500,000.00	-	-	-	-	450,000.00	-	-	-	950,000.00
4041514010	Traffic Signal Modernization	502,000.00	490,000.00	-	-	-	-	12,000.00	-	-	-	502,000.00
4041610016	Street Lighting Enhancement	2,000,000.00	904,756.05	-	-	-	-	100,000.00	-	-	-	1,004,756.05
4140346109	Subdivision Closed Projects	675,185.53	29,544.23	-	-	-	241,665.72	-	-	403,975.58	-	675,185.53
4141046106	Pine Hill Drive Extension	358,000.00	321,670.56	-	-	-	-	-	-	-	-	321,670.56
4141146102	Summerlea West - Phase 2A	308,500.00	307,493.93	-	-	-	-	-	-	-	-	307,493.93
4141246105	Summerlea West - Phase 3	200,000.00	194,605.31	-	-	-	-	-	-	-	-	194,605.31
4141246108	Ancaster Glen Phase 1	246,575.62	246,575.62	-	-	-	-	-	-	-	-	246,575.62
4141446104	59 Tew Lane	9,000.00	6,067.45	-	-	-	-	-	-	-	-	6,067.45
4141746101	Briarcliffe Estates Ph 3	5,676.30	5,676.30	-	-	-	-	-	-	-	-	4,584.30
4141746102	Briarcliffe Estates Ph 2	15,215.55	12,497.62	-	-	-	-	-	-	-	-	12,497.62
4141746103	Chappel Estate Ph1	23,700.00	23,691.01	-	-	-	-	-	-	-	-	23,691.01
4401056020	Village Green Park	765,370.00	58,450.00	-	-	-	58,424.00	335,000.00	141,732.23	167,022.06	-	760,628.29
4401351601	Equipment Acquisitions - DC	203,844.95	203,844.95	-	-	-	-	-	-	-	-	203,844.95
4401556500	Meadowlands Park Ph 8 & 10	537,900.00	111,816.53	-	-	-	-	426,000.00	-	-	-	537,816.53
4401556507	Mountaingate North Park	30,000.00	15,000.00	-	-	-	-	15,000.00	-	-	-	30,000.00
4401651601	Equipment Acquisitions - DC	247,000.00	3,793.12	-	-	-	-	-	-	-	-	3,793.12
4401656602	Summerlea East and West Trail	141,400.00	24,000.00	-	-	-	-	85,400.00	24,701.77	-	-	134,101.77
4661620010	Traffic Signal Modernization	300,000.00	286,000.00	-	-	-	-	14,000.00	-	-	-	300,000.00
5140795752	PD3 PS Hghlnd Grdns- W08	7,080,000.00	2,681,566.53	-	-	-	-	2,863,619.46	-	-	-	5,545,185.99
5160896855	Royal to Main-King San Upgrade	8,630,000.00	1,278.10	1,374,301.02	-	-	-	-	-	-	-	1,375,579.12
5161055955	Annual I & I Studies & Control	495,619.70	495,619.70	-	-	-	-	-	-	-	-	495,619.70
5180880681	SWMP-A12 Anc IBP Duffs Corner	1,151,770.00	967,280.18	-	-	-	2,993.24	-	-	-	-	970,273.42
5181280287	Hannon Crk W Tributry Drainage	296,473.92	296,473.92	-	-	-	-	-	-	-	-	296,473.92
5181417152	Roadside Drainage Improvements	1,073,000.00	945,300.95	4,699.05	-	-	-	123,000.00	-	-	-	1,073,000.00
5181480484	SWMP - SL8 Cloverdale	70,000.00	68,463.17	-	-	-	-	-	-	-	-	68,463.17
5181517152	Roadside Drainage Improvements	1,320,000.00	1,250,000.00	-	-	-	-	70,000.00	-	-	-	1,320,000.00
5301558101	HSR New Bus Purchases	16,125,000.00	3,000,000.00	-	3,425,000.00	-	63,693.00	-	3,450,000.00	3,530,998.12	-	13,469,691.12
7101454105	Park & Fieldhouse Retrofits	683,909.94	360,000.00	-	-	-	1,000.00	322,909.94	-	-	-	683,909.94
7400341100	Fire Stn 20-Land Purchase	4,302,804.87	2,190,000.00	1,633,000.00	-	-	-	-	-	479,804.87	-	4,302,804.87
8101255201	Review Guidelines & Policies	143,540.00	139,739.04	-	-	-	-	-	-	-	-	139,739.04
8101355100	Comprehensive Zoning By-Law	1,211,447.04	1,070,000.00	-	-	-	-	141,447.04	-	-	-	1,211,447.04
8120959901	Downtown Heritage Inventory	280,000.00	136,208.73	-	-	-	-	50,000.00	-	85,700.45	-	271,909.18
8200903901	Binbrook Village Parkette	619,200.00	365,000.00	-	-	-	-	209,179.26	-	44,999.99	-	619,179.25
Total		96,187,653.42	23,602,758.27	15,543,330.80	3,699,000.00	12,052,400.81	3,216,547.76	7,734,709.50	5,029,434.00	5,226,001.07		76,104,182.21

Notes:

- [1]: Where a project was identified to be debt funded, but debt had not yet been issued for the project, the project was closed and the debt funding recorded in a holding account to be funded with the next City debt issuance.
- [2]: This summary includes projects closed through the 2017 Capital Projects Closing Reports Reports (FCS17078, FCS17078(a), and FCS17078(b))
- [3]: Where excess funding was approved/identified through the closing report the budget has been adjusted on this schedule

CITY OF HAMILTON
Five Year Development Charges Exemption Summary

	Five Year History					
	2013	2014	2015	2016	2017	5 year total
DC Exemptions By Area						
Hamilton	\$ 9,237,467	\$ 16,319,881	\$ 5,228,539	\$ 11,629,859	\$ 24,329,844	\$ 66,745,591
Stoney Creek	2,946,716	4,135,348	2,584,002	1,933,947	2,039,113	13,639,126
Flamborough	259,441	8,217,783	801,666	2,858,491	2,085,378	14,222,758
Ancaster	1,369,356	598,581	1,729,109	1,021,527	2,253,048	6,971,621
Glanbrook	60,617	1,811,077	4,533,314	431,516	378,343	7,214,867
Dundas	59,300	1,183,147	298,946	96,791	169,840	1,808,023
Total Exemptions By Area	\$ 13,932,897	\$ 32,265,816	\$ 15,175,577	\$ 17,972,132	\$ 31,255,566	\$ 110,601,987
DC Act Statutory Exemptions						
Residential Intensification	\$ 11,576	\$ 528,665	\$ 685,923	\$ 1,189,027	\$ 2,251,960	\$ 4,667,151
50% Industrial expansion	2,341,814	1,220,113	485,441	2,718,715	3,537,639	10,303,722
Subtotal DC Act Statutory Exemptions	\$ 2,353,390	\$ 1,748,778	\$ 1,171,363	\$ 3,907,742	\$ 5,789,599	\$ 14,970,873
Council Authorized						
Residential Exemptions						
Affordable Housing	\$ 56,190	\$ 414,023	\$ 283,720	\$ 36,113	\$ -	\$ 790,046
Farm Help Houses	-	-	-	-	53,730	53,730
Student Residence	-	-	115,070	103,570	2,050,125	2,268,765
Redevelopment for residential facility	-	-	-	-	17,089	17,089
Non-Residential Exemptions						
Industrial rate reduced from max	670,131	1,053,241	1,844,481	666,318	2,652,471	6,886,642
Stepped non-industrial rates	2,034,575	1,190,944	463,987	761,142	813,419	5,264,066
Non-industrial expansion	525,026	1,081,948	256,693	449,210	713,225	3,026,101
Academic	4,357,745	2,484,666	1,449,940	3,176,896	7,435,020	18,904,267
Public Hospital	10,870	-	-	-	-	10,870
Agricultural Use	-	7,652,982	1,257,589	2,579,039	491,027	11,980,637
Place of Worship	-	614,436	161,318	84,509	24,407	884,669
Parking Structure	-	-	-	-	3,841,662	3,841,662
Covered Sports Field	-	-	-	-	-	-
Residential and Non-residential Exemptions						
Downtown Hamilton CIPA	2,814,787	11,095,535	1,118,464	4,891,965	5,820,647	25,741,399
Downtown Public Art	231,191	44,333	-	-	641,050	916,574
Heritage Building	-	-	-	-	337,372	337,372
Transition Policy	56,584	4,802,094	6,761,281	228,632	532,585	12,381,176
Council Granted	822,409	82,836	4,406	1,086,996	42,138	2,038,785
ERASE ^[1]	-	-	287,265	-	-	287,265
Subtotal Council Authorized Exemptions	\$ 11,579,507	\$ 30,517,038	\$ 14,004,213	\$ 14,064,390	\$ 25,465,967	\$ 95,631,114
Total Exemptions By Development Type	\$ 13,932,897	\$ 32,265,816	\$ 15,175,577	\$ 17,972,132	\$ 31,255,566	\$ 110,601,987
DC Exemption Funding						
Exemptions funded from Rates Budget	\$ 7,280,599	\$ 8,000,000	\$ 7,750,000	\$ 7,640,000	\$ 7,400,000	\$ 38,070,599
Exemptions funded from Tax Budget				3,000,000	3,000,000	6,000,000
Exemptions funded from Council (Rate portion)					18,895	18,895
Exemptions funded from Council (Tax portion)					23,243	23,243
Net total of unfunded Exemptions	\$ 6,652,298	\$ 24,265,816	\$ 7,425,577	\$ 7,332,132	\$ 20,813,428	\$ 66,489,250

Notes:

[1] ERASE used to be grouped with other exemptions, now funding recovered through the future ERASE grant/future taxes.



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 11, 1018
SUBJECT/REPORT NO:	Follow Up to Audit Report 2013-02 Corporate Ethics Review (AUD18003) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Charles Brown CPA, CA, CPA (Illinois) 905-546-2424 x4469
SUBMITTED BY:	Charles Brown CPA, CA, CPA (Illinois) Director, Audit Services City Manager's Office
SIGNATURE:	

RECOMMENDATION

That report AUD18003, respecting the follow up of Audit Report 2013-02, Corporate Ethics Review, be received.

EXECUTIVE SUMMARY

The Corporate Ethics Review was originally issued in December 2013, as Appendix "A" to the report on Corporate Culture, Values & Ethics for City Employees (CM13019). It included Audit Services' observations and 18 recommendations. Management responded by presenting 23 management action plans as Appendix "B" to report CM13019. The recommendations and action plans are in various stages of completion due to the involvement of various stakeholder groups. Details of the implementation of management's 23 action plans are included in Appendix "A" to report AUD18003.

Note that one of the 23 management action plans relates to Audit Services – the Whistleblower By-Law and the implementation of the Fraud and Waste Hotline. As such, Audit Services' opinion is not independent on this issue.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: None
 Staffing: None
 Legal: None

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Follow Up to Audit Report 2013-02 Corporate Ethics Review
(AUD18003) (City Wide) - Page 2 of 3**

HISTORICAL BACKGROUND

The Corporate Ethics Review was originally issued in December 2013, as Appendix “A” to the report on Corporate Culture, Values & Ethics for City Employees (CM13019). It included Audit Services’ observations and 18 recommendations. While management disagreed with Audit’s major recommendation to implement a corporate wide Employee Ethics Program, indicating the City had already started to implement the Corporate Culture Program which included “Steadfast Integrity”, it agreed that additional work was necessary. Therefore, management proposed that Audit’s recommendations be integrated into the existing management systems, and responded by presenting 23 management action plans as Appendix “B” to report CM13019.

In June 2015, management reported to Audit, Finance and Administration on the progress they had made on the implementation of their action plans by presenting Corporate Culture, Values & Ethics (CM15008) Information Report.

In December 2017, Audit Services conducted a follow up exercise to determine if appropriate actions have been taken on its 18 recommendations, as well as updating the status of management’s 23 action plans. These are presented as Appendix “A” to report AUD18003.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The Corporate Culture action plans will be reflected in various City policies and procedures as they are reviewed and updated over time.

Progress on implementing the recommendations made in Audit Services’ Corporate Ethics Review will continue to impact updates and changes to the Whistleblower By-law, Code of Conduct Policy and related schedules i.e. Gifts and Hospitality, Conflict of Interest, Anti-nepotism, etc.

RELEVANT CONSULTATION

The results of this follow up were discussed with Human Resources management and staff responsible for developing and enforcing the Code of Conduct and related schedules.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The report attached as Appendix “A” to Report AUD18003 contains Audit Services’ comments resulting from the work performed in December 2017 and compares it to the Management Action Plans originally noted in 2013 in report CM13019, and management’s June 2015 report of the progress made in implementing the action plans (CM15008).

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**SUBJECT: Follow Up to Audit Report 2013-02 Corporate Ethics Review
(AUD18003) (City Wide) - Page 3 of 3**

The 23 Management Action Plans contained in the original 2013 Report were found to be in varying stages of completion. Some improvements were noted from the June 2015 report. The four Management Action Plans that remain “Not Completed” relate to the development of an ethics/compliance risk assessment which has been delayed due to Human Resources re-organization in 2017. Appendix “A” to Report AUD 18003 contains the details.

Of the 18 recommendations made in the original Audit Services report the one that remains outstanding is a hotline or other formal mechanism for external stakeholders, such as residents, to anonymously report fraud, waste, misconduct or misuse of City resources.

ALTERNATIVES FOR CONSIDERATION

None

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement & Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report AUD18003

OUR Vision: To be the best place to raise a child and age successfully.

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**CITY OF HAMILTON
 INTERNAL AUDIT REPORT 2013-02
 CORPORATE ETHICS REVIEW - FOLLOW UP**

MANAGEMENT ACTION PLAN (DECEMBER 2013)	STATUS REPORTED BY MANAGEMENT (JUNE 2015)	FOLLOW UP STATUS (DECEMBER 2017)
<p>A) Integration 1. Integrate Ethics into Corporate Culture action plans that are being developed in 2014. Target Completion: End of 2014</p>	<p>Complete. Ethics has been incorporated into Corporate Culture Action Plans and exists within a key pillar in the strategy - Steadfast Integrity.</p>	<p>Completed. Management indicated that development of the City's five Corporate Culture Pillars comprised the Corporate Culture action plans. Ethics has been incorporated into the Steadfast Integrity pillar.</p>
<p>2. Shape the interview and reference checking process to include explicit behavioural questions on corporate culture and ethics. This includes support and training if required for hiring managers to hire and manage to this standard. Target Completion: End of 2014</p>	<p>Complete. Employment Services has incorporated interview and reference checking questions that reflect the corporate culture pillars. While there is some choice in the questions asked, every interview must contain two of these questions.</p>	<p>Partially Completed/Management Intends No Further Action. The interview questions used currently do not consistently include behavioural questions designed to assess ethics. The standard reference check questionnaire does not contain questions pertaining to corporate culture. Human Resources indicated that job descriptions do not include anything specific to ethics as they are within the competencies/values of the corporation.</p>

**CORPORATE ETHICS REVIEW
FOLLOW UP – DECEMBER 2017**

MANAGEMENT ACTION PLAN (DECEMBER 2013)	STATUS REPORTED BY MANAGEMENT (JUNE 2015)	FOLLOW UP STATUS (DECEMBER 2017)
<p>A) Integration (cont.) 3. Ensure all employees receive an update on the Code of Conduct Policy in 2014, using existing staff meetings/training sessions.</p> <p>Target Completion: May 2014 EMT; all employees by end of 2014</p>	<p>Extended Management Team (EMT) on May 30, 2014 focused on Ethics, and included resource materials and a directive for supervisors to take forward to their staff; HR informed all employees of the updated Code of Conduct through Connections, and Supervisor and Above memos. HR staff discussed the Code of Conduct and sign off requirement with the executive of all Unions.</p>	<p>Partially Completed/Management Intends No Further Action. There is evidence showing that an update on the Code of Conduct revisions was provided to all management employees as well as many City employees via memos, newsletters, postings on the City's intranet site and meetings in 2014. Human Resources instructed Managers to provide employees with an update on the Code of Conduct and provided supports to do so. However, Audit Services was not able to ascertain whether such updates were provided to all City employees that year.</p>
<p>4. Incorporate ethics into the updated Annual Performance Management Process starting with the roll-out in 2014.</p> <p>Target Completion: End of 2015</p>	<p>Complete. The Code of Conduct is currently a part of the Performance Accountability and Development (PAD) form and a signed copy of the verification form must be included with the PAD.</p>	<p>Alternative Implemented. From 2014-2015, the Performance Accountability and Development (PAD) form required that a signed Code of Conduct Form be attached to the completed PAD form. In 2016, sign off on the Code of Conduct Form was no longer required to close the PAD form. Human Resources created a separate process to track signed Code of Conduct Forms which is no longer linked to the annual performance management process. The core competencies in the PAD remain linked to the Corporate Culture Pillars which include integrity.</p>

**CORPORATE ETHICS REVIEW
FOLLOW UP – DECEMBER 2017**

MANAGEMENT ACTION PLAN (DECEMBER 2013)	STATUS REPORTED BY MANAGEMENT (JUNE 2015)	FOLLOW UP STATUS (DECEMBER 2017)
<p>B) Policy Review 1. Review and update the Employee Code of Conduct Policy for Council approval. Review to set out a timeframe for regular review within the policy and assess roles and responsibilities of Senior Management and Council to ensure they are clear. The policy also needs to ensure that appropriate controls are set out to ensure compliance.</p> <p>Target Completion: September 2014</p>	<p>Complete. Approved by Council on September 24, 2014.</p>	<p>In Progress. The Code of Conduct was updated to include a timeframe for regular review, to clarify the roles and responsibilities of Council and management, and to include some controls to ensure compliance such as annual email notification and on-line employee sign offs, as well as the whistleblower program. However, key controls such as regular awareness training for all employees and monitoring have yet to be included. Human Resources has agreed to explore this further. A completion date cannot be estimated at this time.</p>
<p>2. External review of the Council Code of Conduct Policy to ensure consistency with the Employee Policy. Approval by Council in 2015.</p> <p>Target Completion: Initiate in Q3 2014, Approval by Council in 2015</p>	<p>To be discussed with new Integrity Commissioner. Review of the Council Code of Conduct is a responsibility of the Integrity Commissioner. The Integrity Commissioner By-law, section 7 e) states – Provide advice and recommendations to Council regarding amendments to the Code of Conduct and any other procedures, rules or policies governing their ethical behaviour.</p>	<p>No Longer Applicable. The Council Code of Conduct was updated in October 2016 to incorporate the recommendations brought forward by the City's Integrity Commissioner in conjunction with Legal Services. These changes included a number of housekeeping amendments including alignment with the Integrity Commissioner and Lobbyist By-Laws. While the Council and Employee Codes of Conduct include the same topical areas, Legal Services confirmed that the two Codes of Conduct are not and were never intended to be identical. There are no plans to ensure both Codes of Conduct are perfectly consistent.</p>

**CORPORATE ETHICS REVIEW
FOLLOW UP – DECEMBER 2017**

MANAGEMENT ACTION PLAN (DECEMBER 2013)	STATUS REPORTED BY MANAGEMENT (JUNE 2015)	FOLLOW UP STATUS (DECEMBER 2017)
<p>B) Policy Review (Cont.) 3. Ensure all employees receive an update on the Code of Conduct Policy in 2014, using existing staff meetings/ training sessions.</p> <p>Target Completion: May 2014 EMT; all employees by end of 2014.</p>	<p>Extended Management Team (EMT) on May 30, 2014 focused on Ethics, and included resource materials and a directive for supervisors to take forward to their staff; HR informed all employees of the updated Code of Conduct through Connections, Supervisor and Above memos. HR staff discussed the Code of Conduct and sign off requirement with the executive of all Unions.</p>	<p>Partially Implemented and management intends no further action. There is evidence showing that an update on the Code of Conduct revisions was provided to all management employees via memos, newsletters, postings on the City's intranet site and meetings in 2014. Evidence is also available to show that management updated many City employees on the revised Code of Conduct. However, Audit Services was not able to ascertain whether such updates were provided to all City employees that year.</p>
<p>4. Review and update the Gifts and Hospitality Procedure.</p> <p>Target Completion: Q2 2014</p>	<p>Complete.</p>	<p>Completed. Procedures pertaining to Gifts and Hospitality have been incorporated into a broader Code of Conduct Procedure. Gifts and Hospitality provisions were last reviewed and updated in September 2015.</p>

**CORPORATE ETHICS REVIEW
FOLLOW UP – DECEMBER 2017**

MANAGEMENT ACTION PLAN (DECEMBER 2013)	STATUS REPORTED BY MANAGEMENT (JUNE 2015)	FOLLOW UP STATUS (DECEMBER 2017)
<p>B) Policy Review (Cont.) 5. Review and update the Whistleblower By-Law to ensure consistency with related policy. Review to include establishing related procedures and protocols for gathering reports of suspected non-compliance events.</p> <p>Target Completion: End of 2014 and Approval by Council in 2015</p>	<p>Review and update of Whistleblower By-law is on hold until new Director of Audit Services is hired. In the interim, a Whistleblower tracking system has been developed and implemented by the Acting Director. The current By-laws reporting requirements will be complied by the Acting Directors. An initial report to disclose the nature, number and outcome of disclosures under the current Whistleblower By-law is anticipated to be presented to the Audit, Finance and Administration Committee in September for activity in May, June and July 2015, with quarterly reports (as required by the current By-law) thereafter until the By-law is reviewed and updated.</p>	<p>Initiated. The Whistleblower By-Law has not been reviewed to ensure consistency with the Code of Conduct Policy and the ethics communication strategy. Although a review of the whistleblower intake and reporting process was performed, and Legal Services has provided Audit Services with advice on draft procedures, these considerations have yet to be incorporated into the By-Law or internal procedures. The Director of Audit Services indicated that By-Law and procedure amendments will be considered in conjunction with consideration of a fraud hotline. However, due to lack of dedicated funding, the Director of Audit Services has been unable to implement a fraud and waste hotline.</p> <p>Expected Completion: December 2018.</p>

**CORPORATE ETHICS REVIEW
FOLLOW UP – DECEMBER 2017**

MANAGEMENT ACTION PLAN (DECEMBER 2013)	STATUS REPORTED BY MANAGEMENT (JUNE 2015)	FOLLOW UP STATUS (DECEMBER 2017)
<p>B) Policy Review (Cont.) 6. Develop a procedure for the Code of Conduct Policy to assist with implementation of the policy, including a checklist. This will assist in defining roles and responsibilities of management and Council. The procedure will also help to clarify how controls set out in the policy are monitored and tracked. The procedure will also address the process for employee review and sign off of the policy.</p> <p>Target Completion: End of 2014</p>	<p>In progress - Procedure was drafted and reviewed by corporate Policy Review Group, edits are being made, will go to SMT for approval in June.</p>	<p>In Progress. The Code of Conduct Procedure contains sufficient information to implement the Policy, defines the roles and responsibilities of management and Council (in their capacity as People Leaders), and contains a process for employee review and sign off on the Code of Conduct. The Procedure outlines how controls, such as the annual employee sign offs and the Whistleblower program, are to be monitored and tracked. As indicated in Policy Review Management Action Plan #1, a procedure to track and monitor annual awareness training will be developed after this control is further developed and included in the Code of Conduct. A completion date cannot be estimated at this time.</p>
<p>7. Tracking and Reporting – The review of the policies will consider appropriate metrics and reporting processes that demonstrate compliance with the appropriate policy.</p> <p>Target Completion: See above dates</p>	<p>In progress, ongoing.</p>	<p>In Progress. In 2017, Human Resources with the assistance of Information Technology has designed and built an electronic sign off tool that will track annual employee sign off on the Code of Conduct. This tool will provide information on the date of sign off, the agreement/disagreement and who enters the sign off. The system also provides leaders with notification emails to advise of their employees' completion status. At the point of this audit, information from this tool gathered in 2017 had not been assessed and Human Resources was not able to show the metrics that were adopted and used. A completion date cannot be determined at this time.</p>

**CORPORATE ETHICS REVIEW
FOLLOW UP – DECEMBER 2017**

MANAGEMENT ACTION PLAN (DECEMBER 2013)	STATUS REPORTED BY MANAGEMENT (JUNE 2015)	FOLLOW UP STATUS (DECEMBER 2017)
<p>C) Risk Assessment 1. Develop an ethics/compliance risk assessment process so that a consistent approach can be followed by all departments. The development of the process will also consider requirements for training and tools such as checklists. The scope will include both work processes and project management practices how to incorporate checks and controls into these processes.</p> <p>Target Completion: End of 2014</p>	<p>Draft complete; currently under review by corporate Policy Review Group and will be implemented by end of 2015.</p>	<p>Partially Completed/Management Intends No Further Action. Human Resources has developed a process to assess Code of Conduct compliance risk of all positions across the City. A draft risk assessment was presented to the corporate Policy Review Group (PRG) in July 2015. Human Resources plans to streamline the risk assessment based on the PRG's concerns over the amount of time and resources required to undertake this assessment. A completion date cannot be estimated at this time.</p>
<p>2. Complete the risk assessment and development of scenarios across the organization. The outcome of the assessment is to identify risk areas, appropriate controls and metrics to ensure ethics compliance.</p> <p>Target Completion: End of 2015</p>	<p>On target to be completed by end of 2015.</p>	<p>Not Completed. As noted above, the risk assessment remains in draft form only. Therefore, it has not been possible to complete the risk assessment, develop scenarios and risk mitigations. A completion date cannot be estimated at this time.</p>

**CORPORATE ETHICS REVIEW
 FOLLOW UP – DECEMBER 2017**

MANAGEMENT ACTION PLAN (DECEMBER 2013)	STATUS REPORTED BY MANAGEMENT (JUNE 2015)	FOLLOW UP STATUS (DECEMBER 2017)
<p>C) Risk Assessment (Cont.) 3. Implementation</p> <p>Target Completion: As developed in 2015 and ongoing</p>	<p>Not started.</p>	<p>Not Completed. As noted above, the risk assessment remains in draft form only. Therefore, it has not been possible to implement the risk assessment. A completion date cannot be estimated at this time.</p>
<p>4. Review and Update job descriptions as required based on risk assessments.</p> <p>Target Completion: 2016 and ongoing</p>	<p>Not started.</p>	<p>Not Completed. Human Resources will not be altering the job description process to include risk assessments based on ethics. Human Resources expects that within the responsibilities in the Code of Conduct Policy, leaders across the City will review their sections/jobs to identify ethical risks and tailor code of conduct discussions around these risk areas. A completion date cannot be estimated at this time.</p>

**CORPORATE ETHICS REVIEW
FOLLOW UP – DECEMBER 2017**

MANAGEMENT ACTION PLAN (DECEMBER 2013)	STATUS REPORTED BY MANAGEMENT (JUNE 2015)	FOLLOW UP STATUS (DECEMBER 2017)
<p>D) Awareness, Training and Communications</p> <p>1. Ensure appropriate face to face interaction with ALL City employees and that they receive face to face information on ethics and corporate culture in 2014. This will include expectations for reporting and monitoring under the Gifts and Hospitality Policy. The metric for 2014 is to confirm that all employees have read, understood and signed off on the Code of Conduct Policy.</p> <p>Target Completion: End of 2014</p>	<p>Extended Management Team (EMT) on May 30, 2014 focused on Ethics, and included resource materials and a directive for supervisors to take forward to their staff; HR informed all employees of the updated Code of Conduct through Connections, Supervisor and Above memos. HR staff discussed the Code of Conduct and sign off requirement with the executive of all Unions.</p>	<p>Partially Completed/Management Intends No Further Action. There is evidence showing that presentations on ethics and corporate culture, including the Gifts and Hospitality Policy, were carried out for some City employees. Human Resources additionally released a number of communications over the course of 2014 to employees through memos, employee newsletters and postings on the City's intranet to provide employees with an update on the Code of Conduct Policy. However, due to lack of documentation at the departmental level, Audit Services is unable to ascertain whether face to face interactions occurred with all city employees in 2014. As face to face interactions were not required for employees to sign off on the Code of Conduct, the metric outlined in the management action plan is inadequate to show in person contact occurred in 2014.</p>
<p>2. Direct Managers and Supervisors to Include Ethics as a topic at staff meetings/training on a regular basis, whenever an ethics non-compliance issues arises in the workplace, and at a minimum of once per year.</p> <p>Target Completion: End of 2014</p>	<p>Completed.</p>	<p>Completed. The current Code of Conduct requires Directors, Managers and Supervisors to incorporate Code of Conduct discussions into staff meetings. Furthermore, the May 2014 Extended Management Team presentation "Strengthening Our Ethics to Earn the Public's Trust" directed that such staff meeting discussions occur at least annually. Staff meetings provide an opportunity for management to discuss non-compliance issues that arise in the workplace.</p>

**CORPORATE ETHICS REVIEW
FOLLOW UP – DECEMBER 2017**

MANAGEMENT ACTION PLAN (DECEMBER 2013)	STATUS REPORTED BY MANAGEMENT (JUNE 2015)	FOLLOW UP STATUS (DECEMBER 2017)
<p>D) Awareness, Training and Communications (Cont.) 3. Develop training materials so they can be delivered in a brief manner in multiple formats and integrated into existing training and development activities where ever possible, e.g. existing departmental training, existing Management Skills Development modules, Extended Management Team meetings, town hall meetings. Supervisor/Manager specific training will also be developed.</p> <p>Target Completion: End of 2015</p>	<p>Completed – Corporate New Employee Orientation sessions that occur monthly include training on the Code of Conduct; a Manager Toolkit on Strengthening Ethics and Earning Trust was developed and disseminated to all supervisors and above.</p>	<p>In Progress. Ethics and Code of Conduct training materials have been developed for managers, supervisors and employees. The toolkit “Strengthening Ethics and Earning Trust” is available on the City’s intranet site. McMaster University developed online ethical leadership and employee training modules for the City; however, while Ethics and Code of Conduct training are included in corporate orientation sessions for new employees, these materials are not yet available to all employees. An implementation date cannot be estimated at this time.</p>
<p>4. Review existing training programs to determine how ethics can be integrated.</p> <p>Target Completion: 2015</p>	<p>In progress.</p>	<p>In Progress. Human Resources has integrated ethics training into the corporate new employee orientation training. Human Resources has indicated a desire to incorporate ethics training into other training programs in the future once training materials are finalized. A completion date cannot be estimated at this time.</p>
<p>5. Review frequency of training as tools are developed and risk assessments are completed.</p> <p>Target Completion: 2016</p>	<p>Not started.</p>	<p>Not Completed. As noted in section C, the risk assessment remains in draft form only. Training materials and an ethics risk assessment process have yet to be finalized. Reviewing the frequency of ethics training will follow. A completion date cannot be estimated at this time.</p>

**CORPORATE ETHICS REVIEW
FOLLOW UP – DECEMBER 2017**

MANAGEMENT ACTION PLAN (DECEMBER 2013)	STATUS REPORTED BY MANAGEMENT (JUNE 2015)	FOLLOW UP STATUS (DECEMBER 2017)
<p>D) Awareness, Training and Communications (cont.) 6. Review employee survey and engagement approaches to determine how to evaluate employee awareness of ethics policies</p> <p>Target Completion: 2014</p>	<p>In progress. The on-line training module on Code of Conduct and ethics will include an assessment of employee's understanding. Human Resources is currently looking at inclusion of employee awareness of ethics questions in our corporate measurement model.</p>	<p>Completed. Human Resources has decided to evaluate employee awareness of ethics policies as part of an employee survey every three years. The Our People Survey was last conducted in the fall of 2017.</p>
<p>7. Develop an internal communications strategy and tactics (e.g.. Posting information in workplaces, website, etc.) that can be used to communicate ethics information as well as other key information for employees for implementation in 2015. The plan and tactics will evolve over the next five years.</p> <p>Target Completion: Q1 2015</p>	<p>In Progress.</p>	<p>In Progress. Human Resources, has developed a number of tactics to communicate ethics related information (e.g. management team bulletins/memos/emails and posting information on the City's intranet website). While Human Resources, together with the City's Communications section, continues to investigate how to communicate with front line employees, an internal communications strategy has yet to be developed. A completion date cannot be estimated at this time.</p>
<p>8. Develop external communication materials so the community is aware of the City's policies and approach and what they can expect from the City.</p> <p>Target Completion: End of 2015</p>	<p>In Progress.</p>	<p>Completed. Corporate policies and procedures, including the Code of Conduct, are posted on the City of Hamilton website. The public may access these materials at any time.</p>



Hamilton

Status of Women
Thursday, March 22, 2018 5:30 p.m.
City Hall, 71 Main St. W, Room 193

Present: Denise Christopherson, Janice Lukas, Katie Hood, Zenaida Roque Cruz Marie Robbins, Miracle Chukwu, Katherine Kalinowski

Regrets: Councillor Donna Skelly, Yulena Wan, Doreen Ssenabulya

Absent: N/A

Also Present: Nadia Olivieri (Staff Liaison)

Guests: N/A

Chair: Denise Christopherson (Chair)

WELCOME & INTRODUCTIONS

1. APPROVAL OF AGENDA
(M. Chukwu/M. Robbins)

That the Status of Women Committee agenda of March 22, 2018 be accepted as presented. **CARRIED**

2. DECLARATIONS OF INTEREST

None declared.

3. APPROVAL OF MINUTES

3.1. Minutes of January 25, 2018

(J. Lukas/K. Hood)

That the Status of Women Committee minutes of January 25, 2018 be accepted as presented. **CARRIED**

4. PRESENTATIONS- n/a

5. DISCUSSION ITEMS

5.1. 2018 Activity plan

Presentation to AF&A March 26, 2018 9:30 am

The group agreed to word smith a motion which reflects the work the Committee has done and will support the activities of the committee into the 2018 year.



Hamilton

A hand out will be organized into 3 columns, each with the following headings:

2017 -2018 Objectives:

Contextualize all the SWC activities with City's strategic directions Engage/advise City Council on the implementation of a gender/equity lens for future municipal budget process

Support/promote/inform community activities to enhance the safe, equitable inclusion of women and girls in Hamilton.

Develop a Childcare Policy Invitation of the Urban Indigenous Strategy Project Manager to SWC

Accomplishments:

Overviewed the City's budget and strategic plan with the City Manager and General Manager of Finance and Corporate Services, providing relevant feedback from a gender perspective.

Hosted the Elect More Conference on October 21, 2017 which was attended by over 120 women including women elected representative from all levels of government who engage in dialogue around the importance of promoting gender issue in politics and the active participation of all women in all levels of the political process.

Provided Childminding Services for SWC members so that parental responsibilities were not barriers for members to attend meetings in 2017/ 2018. Surveyed other VAC to see if this resource should be extended all VAC.

Provided access to Accessible Parking as a means of eliminating other barriers to meeting attendance.

Provided feedback on the Equity Tool kit.

Supported the consultation and development of the Transgender Protocol and participated as part of the delegation to Council when the Protocol was passed.

Consulted with Urban Indigenous Strategy Senior Project Manager on the Truth and Reconciliation Commission recommendation and how the SWC can actively participate.



Hamilton

Future Goals

To consider the impact of policy decisions related to transit, gentrification/housing, and environment on the health and wellbeing of women and their children.

Increase the leadership, representation and participation of all women and girls in all City departments and affiliates.

Advocate for more investment in affordable and accessible childcare including exploring opportunities to expand childminding to all volunteers on city committees

Explore removing all barriers to full engagement in committee work including exploring digital and teleconferencing options.

All City of Hamilton budget process are done through a gender equity lens.

Support ongoing Safety Audits.

Arising from the above, the SWC would like to put forward the following motion.

Motion:

To integrate a gender equity perspective into the design, development and execution of all budgetary processes in order to support equitable, effective and appropriate resource allocation.

Establish budgetary allocations to support and build gender equity and development programs which enhance women's empowerment and engagement in civic life
Restructure the allocation of public expenditures to promote women's economic opportunities and access to productive resources and address basic social, educational and health needs of women, particularly those living in poverty.

Develop the necessary analytical and methodological tools and mechanism for monitoring and evaluating, progress on building gender equity.

Make efforts to systematically review how women benefit from public sector expenditures; adjust budgets to ensure equity of access to public sector expenditures, both for enhancing productive capacity and for meeting social needs

Conduct reviews of city service delivery systems to eliminate any existing bias against women

Facilitate at all levels, more open and transparent budget process using all available resources, community partners and equity and Inclusion Tool Kit recently developed through the office of the Mayor



Hamilton

6. OTHER BUSINESS

Information Sharing (relevant to SWC activities)

Women of Distinction Award – congratulations to SWC member M. Chukwu for her nomination. The event was a success. All tickets purchased by the SWC were donated to women who would not otherwise attend the event.

Elect More Women Workshops – one more work shop in the series. Looking to add another workshop.

The workshops have great attendance and feedback.

7. ADJOURNMENT

(M. Chukwu/ Z. Roque Cruz)

That the Status of Women Committee meeting be adjourned at 7:20pm.

CARRIED



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 11, 2018
SUBJECT/REPORT NO:	Human Rights, Diversity and Inclusion Annual Report (HUR18012) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Jodi Koch (905) 546-2424 Ext 3003
SUBMITTED BY:	Lora Fontana Executive Director Human Resources and Organizational Development
SIGNATURE:	

Council Direction:

Not Applicable

Information:

In June 2017, City Council approved the Human Rights, Diversity and Inclusion Strategic Plan. This office focuses on the administration, implementation, and interpretation of the following legislation and corporate policies:

- Ontario Human Rights Code
- Accessibility for Ontarians with Disabilities Act (AODA), 2005
- Harassment and Discrimination Prevention Policy
- Personal Harassment Prevention Policy
- Equity Policy
- Anti-Racism Policy
- Protocol for Gender Identity and Gender Expression; Transgender and Gender Non-Conforming Persons
- Use of Indigenous Medicines Policy

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**SUBJECT: Human Rights, Diversity and Inclusion Annual Report
(HUR18012) (City Wide)**

Page 2 of 4

The efforts are focused on providing proactive training to staff as well as necessary support on consultations and interventions regarding concerns raised by employees and/or citizens relating to the above. In addition, the team provides Staff Liaison support for a total of eight (8) Volunteer Advisory Committees. These committees include:

- Aboriginal Advisory Committee
- Accessibility Committee for Persons with Disabilities
- Committee Against Racism
- Immigrant and Refugee Committee
- LGBTQ Committee
- Mundialization Committee
- Senior's Advisory Committee
- Status of Women Advisory Committee

Staff also provided support to a number of Accessibility Committee for Persons with Disabilities working groups including Built Environment, Housing, and Transportation.

Key Accomplishments:

During 2017, the Human Rights, Diversity and Inclusion team focussed on three key projects:

- 1) Anti-Racism Resource Centre
- 2) Transgender and Gender Non-Conforming Protocol and Training
- 3) Partnering with Community and Neighbourhood Initiatives on Indigenous Medicines Policy and Staff Training

The Anti-Racism Resource Centre is a joint venture between the City of Hamilton, McMaster University and Hamilton Centre for Civic Inclusion. City Council approved funding of \$100,000 per year for a three-year pilot project. The Centre is designed to collect data to better understand issues relating to racism that occur in Hamilton in an effort to identify key issues, trends and provide recommendations on policies to address identified issues. In order to make this vision a reality, an Oversight Committee was formed amongst the partners and a finalized agreement was executed in August 2017.

City Council approved the Transgender and Gender Non-Conforming Protocol in March, 2017. This was a significant commitment to our employees and citizens that the City of Hamilton would support an individual's right to self-identification. The next phase in implementing the protocol was to enlist the assistance of Egale Human Rights Trust Canada to develop a training program for all employees.

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**SUBJECT: Human Rights, Diversity and Inclusion Annual Report
(HUR18012) (City Wide)****Page 3 of 4**

In 2015, Council supported a motion to explore the use of Indigenous Medicines at City facilities. In 2016, a Senior Project Manager was hired by Community and Neighbourhood Initiatives to develop an Urban Indigenous Strategy. In 2017, the Diversity and Inclusion team partnered with this group and others to develop and implement a new Human Rights Policy and Procedure relating to the Use of Indigenous Medicines as well as supporting a number of staff training initiatives such as experiential learning at the Hamilton Arts Gallery, and a visit to Woodlawn Cultural Centre.

This work was critical to the accomplishments in 2018 which saw the opening of the Anti-Racism Centre on April 4, 2018, the training of over 700 supervisors and above on June 1, 2018 on the new Transgender Protocol, and the first smudging in Council Chambers which took place on March 26, 2018.

Other work included securing endorsements from the relevant Volunteer Advisory Committees on recommendations to Council on accessibility, including the installation of hearing loops and support for adoption of the new Forward Movement mobility icon. Accessibility tours were also conducted at First Place Seniors Residence, Hamilton Convention Centre, and Tim Horton's Field, which resulted in several suggestions regarding accessibility barriers and opportunities for improvement.

Training:

Training represents a key compliance issue both from a legislative Accessibility for Ontarians with Disabilities Act (AODA) perspective as well as mandated City policies impacting training such as Respect in the Workplace (It Starts With You) training. In 2017, a total of 511 employees completed the AODA training. This training is managed through the Human Rights, Diversity and Inclusion office and is primarily delivered through an online module or by in-person instructor led completion of the AODA Customer Service Handbook. Both approaches take between fifteen to thirty minutes to complete.

Respect in the Workplace (It Starts With You) training is delivered to frontline employees through an in-person two hour component as part of the Corporate New Employee Orientation (CNEO) session, supplemented by in-person sessions or upon request to address departmental initiatives. Managers also complete a more intensive online and half day in person session which provides them with additional skills and resources to address issues they may encounter. In 2017, a total of 734 employees completed the training requirements delivered through instructor led classes.

Additionally, a new course, Workplace Civility and Gossip, was developed and delivered to a total of 79 participants in 2017. This program has been in high demand and serves to be particularly helpful in dealing with situations which do not yet reach the threshold of a policy violation, but are, nonetheless, less desirable behaviours in the workplace.

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Issue Consultations and Investigations:

The Human Rights Specialists addressed a total of 135 issues or concerns during 2017. This resulted in 25 formal investigations of which 12 cases were substantiated. The single largest issue category related to allegations of violations of the Personal Harassment Prevention Policy representing over 52% of all complaints. This was followed by consultations or issues relating to disability accommodations representing another 20% of all issues. There were also three applications made to the Ontario Human Rights Tribunal as compared to eight applications in 2016. This represents a 62% decrease in Tribunal applications year over year. Appendix A to Report HUR18012 illustrates the breakdown of issues by category.

Additionally, staff addressed 68 t inquiries from the public during 2017. Sixty percent of these concerns related to services such as washroom access, cleanliness, as well as requests for accessible documents including Braille. Forty percent were related to accessibility barriers and AODA related inquiries. Overall, 88% of the issues fell within the purview of the City of Hamilton while the remaining 12% were outside of the City's scope. Appendix B to Report HUR18012 illustrates the composition of issues.

Key efforts for 2018 will include focus on voluntary demographic data collection to identify trends and opportunities as they relate to recruitment, selection, retention and promotion practices. Additional efforts will be made to increase community presence at select recruitment events to encourage applicants that reflect the diverse and vibrant composition of our City

Appendices Attached

Appendix A to Report HUR18012 - Human Rights, Diversity and Inclusion Activity Summary

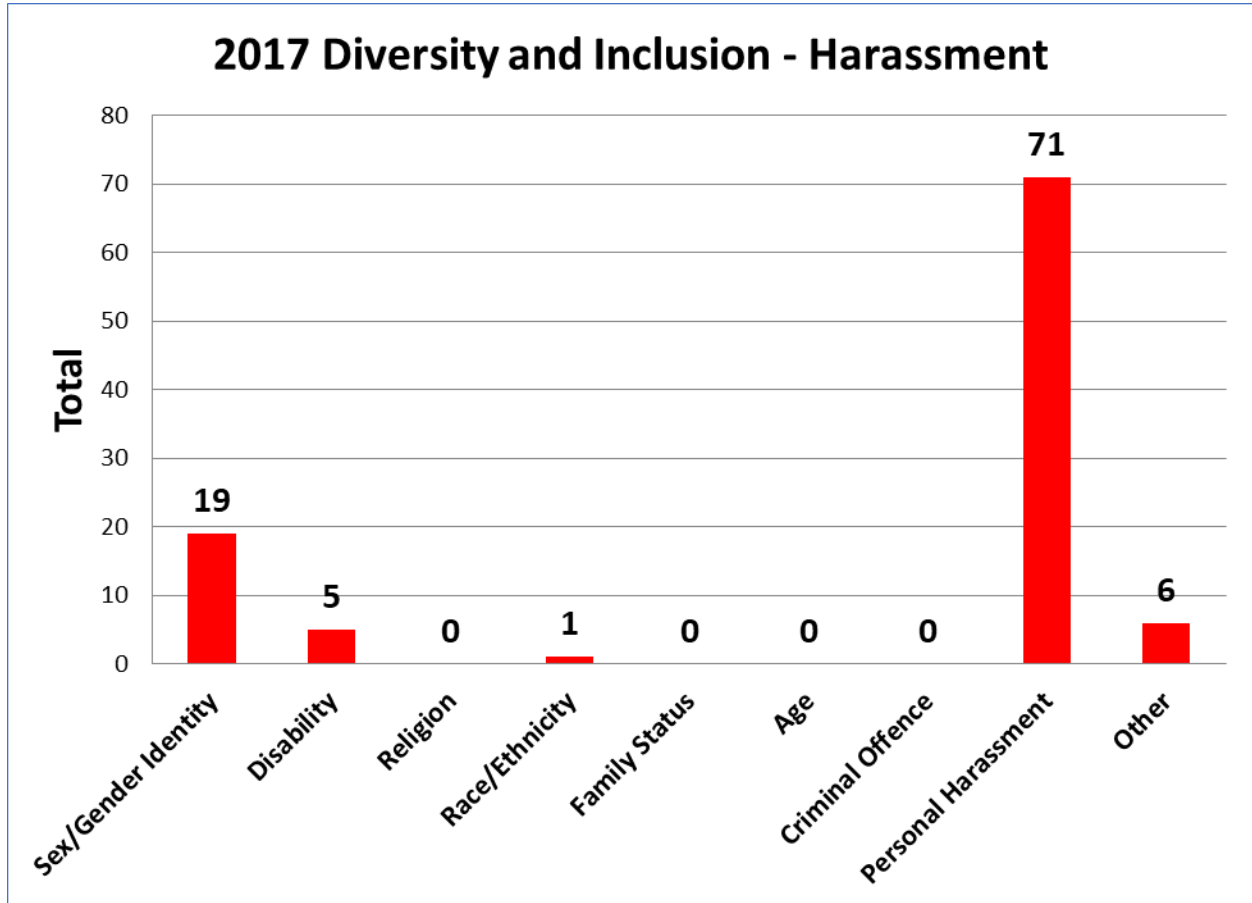
Appendix B to Report HUR18012 – Citizen Activity Summary

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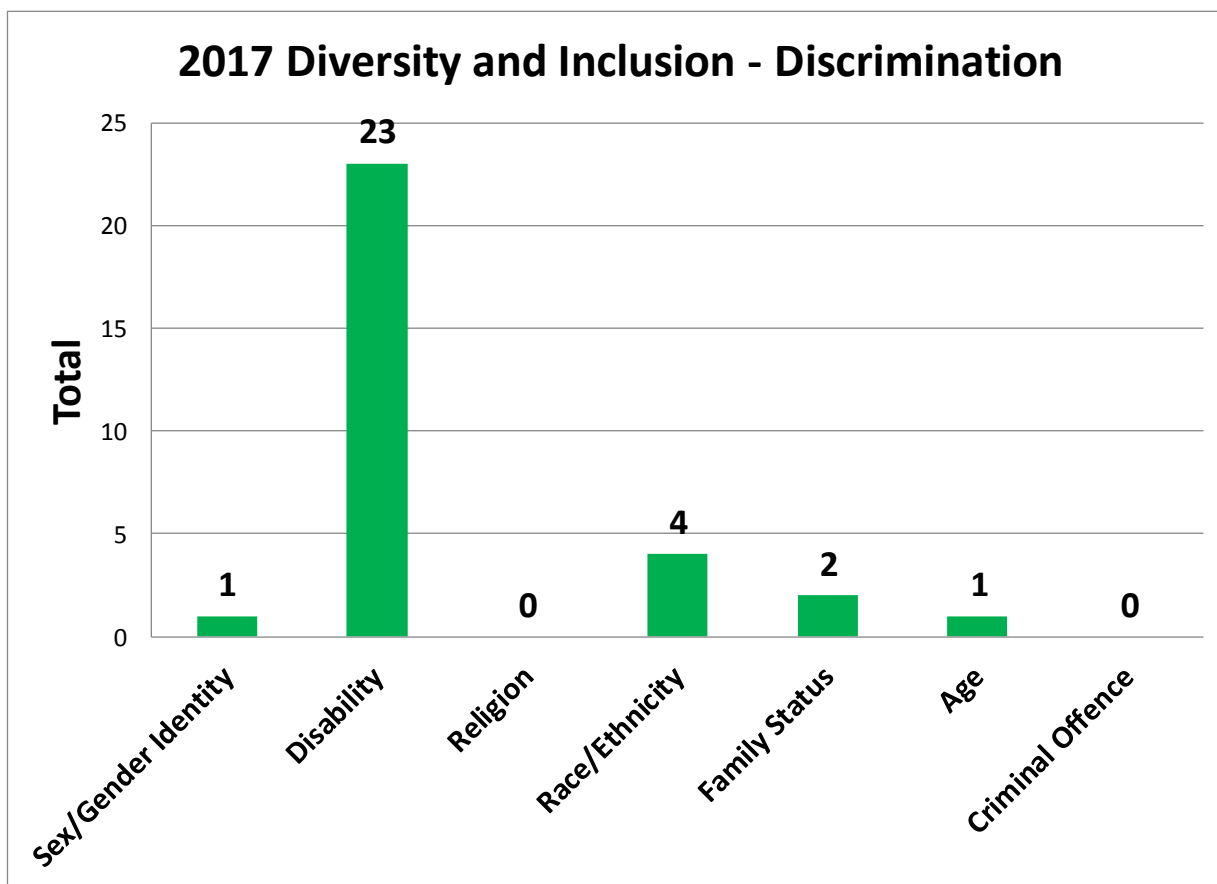
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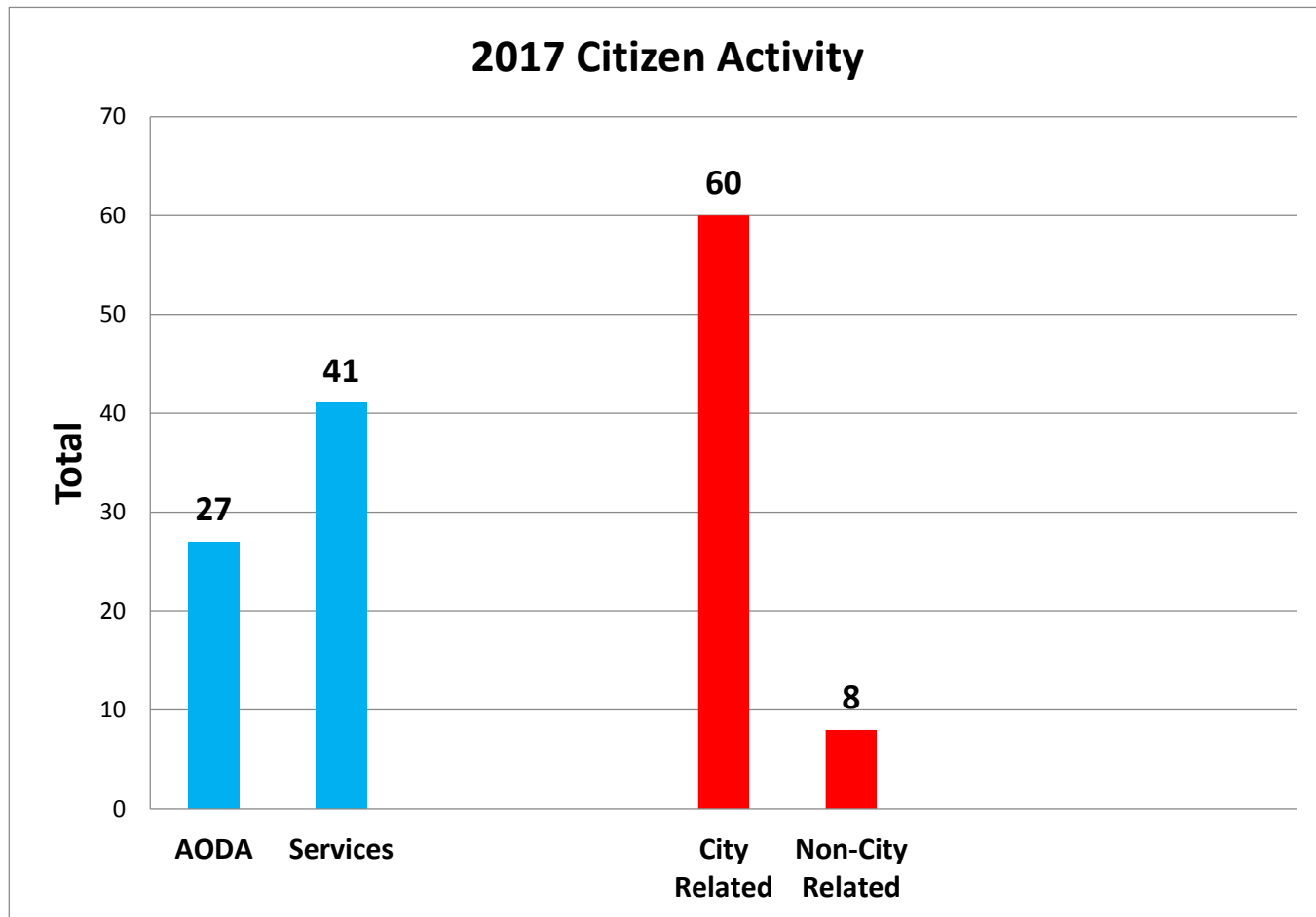
2017 Diversity and Inclusion - Harassment



2017 Diversity and Inclusion - Discrimination



2017 Citizen Activity





Hamilton

Diversity and Inclusion

Strategic Plan

June 2018

Principles

To ensure all aspects of our City are built on the principles of Human Rights, Diversity and Inclusion.

To create, foster, support and, ultimately, sustain a City culture whereby all people feel a strong sense of inclusion, empowerment, and opportunity for development and growth.



Links to City Strategic Plan

The Diversity and Inclusion Plan is linked to the City of Hamilton's Strategic Plan as follows:

- Community Engagement and Participation
- Economic Prosperity and Growth
- Healthy and Safe Communities
- Built Environment and Infrastructure
- Culture and Diversity
- Our People and Performance



Links to City Strategic Plan

Community Engagement and Participation:

Through active involvement in and consultation with our Volunteer Advisory Committees and various Community Partnerships, we strive to ensure we represent the interests and values of those we serve in an inclusive and respectful manner.



Links to City Strategic Plan

Economic Prosperity and Growth:

A diverse and inclusive culture is essential for attracting and retaining the best ideas and talent which are key ingredients for future success in delivering cost effective and efficient services to our community. Quite simply, Diversity and Inclusion are essential “must haves” to achieve our objectives.



Links to City Strategic Plan

Built Environment and Infrastructure:

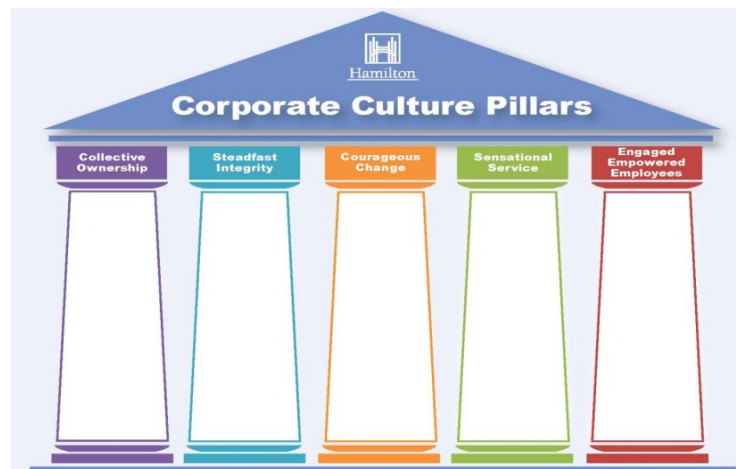
Ensuring equitable access for all is fundamental in achieving a diverse and inclusive workplace and community. This will ensure our employees, citizens and visitors have equitable access to safe and supportive environments in which to live, work, and play through our policies, commitments, services, and facilities.



Links to City Strategic Plan

Culture and Diversity:

Our Diversity and Inclusion Strategic Plan is intrinsically linked to the City of Hamilton's Corporate Culture Pillars. All pillars are essential for a truly sustainable diverse and inclusive City.



Hamilton

Links to City Strategic Plan

Our People and Performance:

Attracting, selecting and retaining the best talent is essential for our success. We will strive to be the employer of choice for the region and share our learnings with others. Our citizens will trust in our commitment to create and sustain a City culture built on Diversity and Inclusion.



Links to City Strategic Plan

Healthy and Safe Communities:

An environment where all feel welcomed and safe is critical for both our workplace and our municipal facilities. Creating a safe space for work and play where everyone belongs.



Priorities

The Diversity and Inclusion team's priorities are:

- Legislative and Policy Compliance
- Education
- Workplace Diversity
- Database and Metric Tracking
- Workplace Inclusion



Legislative and Policy Compliance

To ensure the City of Hamilton meets its requirements for Legislative and Policy Compliance with respect to:

- Ontario Human Rights Code
- Accessibility for Ontarians with Disabilities Act (AODA)
- Harassment and Discrimination Prevention Policy
- Personal Harassment Prevention Policy
- Equity and Inclusion Policy
- Racial Equity Policy



Workplace Diversity

To ensure recruitment, selection and professional development processes are consistent and equitable so that:

- Our employees reflect the diverse composition of the communities we serve
- Our employees feel empowered to add value in a meaningful manner



Voluntary Demographics

- Demographic data collection at the point of application that will be linked to candidate profile
- Information will flow through process from point of application to hire to promotion to retire
- Able to identify trends and opportunities as well as possible systemic barriers in the process



Employment Equity

- Initial data collection will reflect Employment Equity designated groups:
 - Aboriginal Peoples
 - Members of Visible Minorities
 - Persons with disabilities
 - Women
- Secondary phase of data collection will include information on gender identity and sexual orientation



2017 OPS Census Data

Group	City of Hamilton Respondents	Hamilton Census Subdivision *
Aboriginal	2.7%	1.5%
GLBTQ	3.7%	1.5%*
Visible Minority	7.6%	13.6%
Landed Immigrant	15.5%	26.4%
Persons with Disabilities	5.3%	4.8%*

* Denotes provincial-level external data where city-level data is not available



Hamilton

Database and Metric Tracking

To establish a formal database for tracking information on Human Rights and AODA issues so that:

- Accurate records are maintained in a confidential manner
- Data compilation will allow for trend analysis
- Information can be used to develop proactive and focussed training and skill development



Workplace Inclusion

To work in partnership with various stakeholders to determine future plans for improving Inclusion Awareness in the Workplace. Specifically:

- Work in conjunction with City Leaders, City Council, and Community partners to improve awareness of the importance of Diversity and Inclusion within the workplace
- Work alongside the Neighbourhood and Community Initiatives team on such projects as the Hamilton Urban Indigenous Strategy



Anti-Racism Resource Centre

- Idea conceived by the Committee Against Racism dating back to 2006
- Council approved funding in 2015
- Joint effort between City of Hamilton, McMaster University, and Hamilton Centre for Civic Inclusion
- 3 Year Pilot Project
- Official Launch on April 4, 2018





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Transgender Protocol

- Protocol approved by Council in March 2017
- Resulted from HRTTO Application
- Partnered with Egale Canada Human Rights Trust to develop protocol and training program
- Community Consultations held April 17 and May 1, 2018
- Senior Leadership Team received training on May 24, 2018
- EMT received training on June 1, 2018





CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division
and
CORPORATE SERVICES DEPARTMENT
Financial, Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 11, 2018
SUBJECT/REPORT NO:	City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	(City Wide)
PREPARED BY:	Edward John (905) 546-2424 Ext. 2359 Lindsay Gillies (905) 546-2424 Ext. 2790
SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department
SIGNATURES:	
SUBMITTED BY:	Mike Zegarac General Manager Finance and Corporate Services
SIGNATURES:	

RECOMMENDATIONS

- (a) That Report PED18093 / FCS18054 be recognized as a DC Background Study under Section 10 of the *Development Charges Act, 1997, as amended*, for the purpose of providing background for amending policy of the existing Development Charge By-law 14-153;
- (b) That the approval of Report PED18093 / FCS18054 be considered the Public Release of the DC Background Study as required by Section 10 (4) of the *Development Charges Act, 1997, as amended*;

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SUBJECT: City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) - Page 2 of 13

- (c) That the August 15, 2018 Audit, Finance and Administration Committee meeting be designated a public meeting as required under Section 12 (1) (a) of the *Development Charges Act, 1997, as amended*;
- (d) That the City Clerk be directed to provide appropriate notice of the Public Meeting in accordance with Section 12 (1) (b) of the *Development Charges Act, 1997, as amended*;
- (e) That staff be directed to prepare an amending by-law for consideration following any and all public delegations at the August 15, 2018 Public meeting;
- (f) That Item BB respecting amendments to the Downtown Community Improvement Plan be identified as complete and removed from the Planning Committee Outstanding Business List.

EXECUTIVE SUMMARY

On May 9, 2018, Council approved the update to the Downtown Secondary Plan and Zoning By-law. The update provided a clear vision of Downtown Hamilton intended to guide all future development proposals. The purpose of this Report is to present proposed amendments to the Development Charges (DC) By-law and highlight recently approved amendments to the Parkland Dedication By-law with respect to the exemptions provided through the Downtown Hamilton Community Improvement Project Area (CIPA). These amendments are intended to reinforce and protect the newly articulated Council approved vision of Downtown Hamilton. They are as follows:

- Publish Report PED18093 / FCS18054 as a Background Study for the purpose of amending the DC By-law to ensure only those portions of a development that do not exceed Schedule F – Figure 1 of Zoning By-law 05-200 Respecting Downtown Zones are eligible for exemptions; and,
- Highlight the recently amended Parkland Dedication rate to ensure that only those portions of a development that do not exceed Schedule F – Figure 1 of Zoning By-law 05-200 Respecting Downtown Zones (as adopted by Council on April 25, 2018) are eligible for reduced rates.

A more detailed discussion of the specific amendments is provided in the Analysis / Rationale for Recommendations Section of this Report.

Alternatives for Consideration – See Page 12

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SUBJECT: City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) - Page 3 of 13

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The financial impacts of the recommended alignment of CIPA DC and Parkland incentives with the City’s Downtown Secondary Plan and Zoning By-law will result in a potential increase in the amount of these fees collected from developers versus current policy. By aligning the incentives with the Council articulated vision it ensures that the existing tax and rate payers do not experience an increased financial responsibility for incentives outside of the articulated vision.

Through the 2019 DC Background Study and comprehensive review of DC exemptions, staff will prepare a financial strategy to fund all DC exemptions. The five year (2013 to 2017) total of unfunded DC exemptions, including the Downtown Hamilton CIPA DC exemptions, is \$66.5 M.

Staffing: None.

Legal: Subsection 28 (7) of *The Planning Act* permits a municipality, in accordance with a Community Improvement Plan, to determine loans and grants which would otherwise be prohibited under Sub-section 106(2) of *The Municipal Act*, to the registered owners, assessed owners, tenants, or their respective assignees, of lands and buildings within the designated Community Improvement Project Areas.

Report PED18093 / FCS18054 functions as the background study required by the *Development Charges Act, 1997, as amended* (“DC Act”) to be released at a minimum of 60 days prior to the passing of any new or amended DC by-law. In order to amend a DC By-law there are other legal responsibilities such as holding a public meeting and providing notice of said public meeting.

HISTORICAL BACKGROUND

At the Council meeting of January 24, 2018, Council approved the following Motion:

“That staff be directed to report back on the feasibility of limiting Development Charge reductions, Parkland Dedication Fee reductions, or any Community Improvement Plan (CIP) incentives to the regulated height and density restrictions of the Council adopted Official Plan and / or Zoning By-law with full fees to be applied to all height and density that surpass the restrictions.”

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SUBJECT: City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) - Page 4 of 13

On May 9, 2018 Council approved the update to the Downtown Secondary Plan and Zoning By-law. The update provided a clear vision of Downtown Hamilton intended to guide all future development proposals. The Downtown Secondary Plan and Zoning By-law place height restrictions in the downtown, density is not specifically limited and therefore restrictions related to density are not feasible based on the approvals from the May 9, 2018 Council meeting.

In light of the recently approved new vision of the Downtown and in response to the Council Motion, this Report recommends amending one of the most significant incentives directed towards stimulating residential development – Development Charge exemptions, to ensure they reinforce the newly articulated vision of Downtown Hamilton.

It should be noted that Parkland Dedication rates were amended in a similar approach through report PED18105, which was subsequently approved by Council on May 23.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Downtown Secondary Plan and Zoning By-law

In a significant update to the existing Downtown Secondary Plan and Zoning By-law approved by Council on April 25, 2018, specific height limits were established for the entire downtown area.

The proposed heights in the Downtown Secondary plan were carefully assessed by evaluating numerous design approaches and considerations such as shadowing and pedestrian experience. This review resulted in a detailed and responsive height schedule that forms part of Zoning By-law 05-200 (Schedule “F” Figure 1 of Zoning By-law 05-200 attached as Appendix “A” to Report PED18093 / FCS18054).

Based on the extensive review and public consultation process in creating the Downtown Secondary Plan, it is considered prudent that incentives be tailored to ensure they do not undermine the vision of growth. To do this, development beyond that envisioned within the updated policy environment should not be eligible for financial incentives. The exemptions for both DCs, through this Report, and Parkland, through the May 2018 Report PED18105, are to be capped at the Council approved heights (Appendix “A” to Report PED18093 / FCS18054), subsequent amendments that may occur to the Zoning By-law 05-200, either through Local Planning Appeal Tribunal decisions or Council approved site specific modifications, would not change the eligibility of exemptions.

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SUBJECT: City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) - Page 5 of 13

Bonusing under Section 37 of the *Planning Act* is also included in the Downtown Secondary Plan. Limiting the DC CIPA Exemption to the Council approved Zoning By-law heights aligns with the introduction of utilizing Section 37 Bonusing provisions under the *Planning Act*. Section 37 provides a municipality the right to request the provision of community benefits where the City authorizes development beyond those permitted as of right in the Zoning By-law. The purpose of the DC exemption is to incentivize development according to the City's articulated vision.

Development Charges By-law Amendment

Report PED18093 / FCS18054 would function as a background study for the purpose of amending the existing policy contained within DC By-law 14-153 which is attached for reference as Appendix "C" to Report PED18093 / FCS18054. The background study is required to be public for a minimum of 60 days before Council may pass the amendments.

There must be at least one public meeting prior to passing the amendments. Staff, including the City Clerk's Office, will work to meet the legislative requirements and finance staff will bring a report to the August 15, 2018 Audit, Finance and Administration Committee meeting which could amend the existing DC By-law. A draft of the By-law amendment has been included as Appendix "B" to Report PED18093 / FCS18054.

Section 19 of the DC Act requires that Sections 10 through 18 of the DC Act be applied to an amendment of an existing DC By-law. Section 10 requires a background study with some prescribed detail. The by-law amendments being considered, namely changes to the Downtown CIPA exemption policy, impact only the by-law and do not necessitate a change to the growth forecast, capital costs or calculation of the quantum as prepared by Watson & Associates Economists Ltd. through the detailed work in the 2014 DC Study. The full document can be accessed on the Development Charges Overview webpage on www.hamilton.ca.

Watson & Associates Economists Ltd. have reviewed potential amendments and have confirmed that Report PED18093 / FCS18054 meets the requirements of a background study. The confirmation from Watson & Associated Ltd. is included as Appendix "D" to Report PED18093 / FCS18054.

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SUBJECT: City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) - Page 6 of 13

Table 1: DC Act Requirements of What is to be Included in a Background Study

Section		Applicability to amendment
10 (1)	Before passing a development charge by-law, the council shall complete a development charge background study	Report PED18093 / FCS18054 is the background study.
10 (2)	The development charge background study shall include,	
	(a) the estimates under paragraph 1 of subsection 5 (1) of the anticipated amount, type and location of development;	The estimate of the anticipated amount, type and location of development considered in the original 2014 Development Charges Background Study which was used in the calculation of DC rates for the current DC By-law has not materially changed as a result of the amendment proposed. A full review and update will occur with the replacement by-law due to be in place prior to expiry of DC By-law 14-153.
	(b) the calculations under paragraphs 2 to 8 of subsection 5 (1) for each service to which the development charge by-law would relate;	The calculations under paragraphs 2 to 8 of subsection 5 (1) for each service to which the development charge by-law relates in the original 2014 Development Charges Background Study which was used in the calculation of DC rates for the current DC By-law has not materially changed as a result of the amendment proposed. A full review and update will occur with the replacement by-law due to be in place prior to expiry of DC By-law 14-153.
	(c) an examination, for each service to which the development charge by-law would relate, of the long term capital and operating costs for capital infrastructure required for the service;	The long term capital infrastructure and operating costs for capital infrastructure required for each service work performed in the original 2014 Development Charges Background Study which was used in the calculation of DC rates for the current DC By-law has not materially changed as a result of the amendment proposed. A full review and update will occur with the replacement by-law due to be in place prior to expiry of DC By-law 14-153.

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SUBJECT: City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) - Page 7 of 13

Section		Applicability to amendment
10 (2) Cont'd	(c.1) unless subsection 2 (9) or (11) applies, consideration of the use of more than one development charge by-law to reflect different needs for services in different areas;	While not a requirement when the original 2014 Development Charges Background Study was published, any work related to area specific charges would not be materially changed as a result of the amendment proposed. A full review and update will occur with the replacement by-law due to be in place prior to expiry of the current by-law.
	(c.2) an asset management plan prepared in accordance with subsection (3); and	<p>While not a requirement when the original 2014 Development Charges Background Study was published, the impact on any work related to asset management plans would not be materially changed as a result of the amendment proposed.</p> <p>This amendment does not involve the addition of any capital projects or changes to the cost of any capital projects included in the 2014 Development Charges Background Study. Further, it will not increase any operating costs for any new infrastructure to be funded, in part, from development charges.</p> <p>A full review and update will occur with the replacement by-law due to be in place prior to expiry of the current by-law.</p>
	(d) such other information as may be prescribed	No other information has been prescribed to date

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SUBJECT: City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) - Page 8 of 13

Table 2: Schedule of Dates for the DC By-law Amendment Process

Background Study and proposed by-law amendment available to public	June 11, 2018
Public Meeting ad placed in newspaper(s)	July 2018 At least 20 days prior to the public meeting
Public Meeting	August 15, 2018
Council considers passage of by-law	AF&A – August 15, 2018 Council – August 17, 2018 No less than 60 days after the background study is made available to the public
Newspaper and written notice given of by-law passage	By 20 days after passage
Last day for by-law appeal	40 days after passage
City makes available pamphlet (where by-law not appealed)	By 60 days after passage

RELEVANT CONSULTATION

Legal Services Division, Corporate Services Department
Watson & Associates Economists Ltd.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The Downtown Secondary Plan review process included a comprehensive evaluation, assessment, and update of the vision, goals, objectives, policies and mapping of the Downtown Hamilton Secondary Plan and implementing Zoning By-law. The revised Secondary Plan builds upon the vision and policies of “Putting People First”, the existing Secondary Plan for Downtown Hamilton, while providing updated direction for development and change. Updates to the policies of the Secondary Plan reflect current Provincial land use policy direction as well as existing conditions and changes that have occurred since the Plan’s adoption in 2001.

The Secondary Plan review process included an extensive process of public consultation with the community. Key participants in the consultation process included the City’s Technical Advisory Committee (TAC), the Downtown Hamilton Community Liaison Committee (CLC), and stakeholders (Hamilton Advisory Committee for Persons with Disabilities, BIAs, Arts community, Chamber of Commerce), the City’s Development Industry Liaison Group and Design Review Panel. These meetings provided opportunities for technical input, community discussions and feedback related to the Secondary Plan review. In addition to these meetings, the study team met with other various stakeholders in informal meetings to discuss the updates to the Plan.

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SUBJECT: City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) - Page 9 of 13

Given the extensive consideration provided within the approved documents and in response to the Motion approved by Council, staff reviewed the potential for amending current City of Hamilton Financial Incentives to ensure they aligned and reinforced the newly articulated vision.

Table 3 represents the requirements of DCs and Parkland dedication rates for Downtown Hamilton CIPA without and with the current downtown exemptions.

Table 3: Full City Requirements of DCs and Downtown Parkland Dedication (Cash-in-lieu) Rates

	One-Bedroom Apartment	Two-Bedroom Apartment
City DC (rate as of July 6, 2018)	\$16,277.00	\$23,396.00
Parkland Dedication (cash-in-lieu)	\$17,422.00 (Avg. per unit)	\$17,422.00 (Avg. per unit)
Total Full Requirement	\$33,699.00	\$40,818.00
Downtown DC Rate (rate as of July 6, 2018)	\$4,883.10	\$7,018.80
Parkland Dedication (cash-in-lieu)	\$1,161.00 (Avg. per unit)	\$1,161.00 (Avg. per unit)
Total Downtown with exemptions	\$6,044.10	\$8,179.80

The DC By-law currently provides a 75% exemption which will be reduced to 70% effective July 6, 2018. Table 3 has been prepared using the July 6, 2018 rates and the 70% exemption that will be in effect at that time. The current DC By-law expires on July 5, 2019 and any changes to the Downtown CIPA DC exemption will be implemented through the DC Background Study and By-law process.

With regard to Parkland Dedication, generally when a property is developed or redeveloped, a certain amount of land for parkland, or other recreational facilities, must be set aside for public use. This assists with the number of public parks available to serve the City.

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SUBJECT: City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) - Page 10 of 13

Obtaining parkland is a City priority. However, in certain cases, where the City does not find the land to be desirable for parkland or where not feasible, cash-in-lieu of parkland conveyance or a combination of land and cash may be accepted. City Council, at its meeting held on September 9, 2015, reduced Parkland Dedication Fees for an 18-month period as follows:

- i) A maximum land dedication of five percent of the Net land area, or cash-in-lieu thereof, will apply to a maximum of six apartment dwellings above a commercial use and street townhouses fronting on a public street where such developments are not part of a registered plan of subdivision;
- ii) If a second dwelling unit is added in an existing single detached dwelling, a cash-in-lieu flat fee of \$500 applies; and,
- iii) Where additional dwelling units are created within a building “designated” under the *Ontario Heritage Act*, a cash-in-lieu flat fee of \$500 per unit applies.

In addition, Council established a \$7,500 cap on the per-unit Parkland Dedication fee and indexed for inflation as it relates to densities of 300 units per hectare or greater. By-law 09-124 was also amended in order to delete a schedule and replace it with the Downtown Hamilton CIPA boundary. Therefore, the parkland dedication reduction of five percent of the Net land area, or cash-in-lieu thereof, applies to residential development regardless of density in the entire Downtown Hamilton CIPA rather than the Urban Growth Centre only.

It is noted that DC exemptions and Parkland reductions as detailed above represent the most attractive incentives available to the development industry with respect to providing upfront financial assistance. As such, while it is noted that a comprehensive review of these matters is underway, it is considered prudent to implement immediate measures to ensure that financial incentives are limited to not incentivizing development that is contrary to the updated downtown policy documents.

It is therefore the opinion of staff that in order to further augment the updated and clear articulation of the vision for growth of the Downtown, the alignment of the Development Charge Exemptions and Parkland Dedication to this vision will serve to reinforce and protect the vision of the Downtown.

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In order to achieve this, this Report recommends that only development consistent with the Council approved policy vision for the Downtown CIP be eligible for Development Charge exemptions. In those instances whereby development is proposed beyond that contemplated through Schedule “F” Figure 1 of Zoning By-law 05-200 (attached as Appendix “A” to Report PED18093 / FCS18054), Development Charge exemptions shall not be available to that portion of the proposal beyond the height articulated within the Zoning By-law Schedule.

Similarly, as detailed in the May 15 2018 Report PED18105 compiled by Real Estate, Parkland Dedication rates for any portion of the proposed development in excess of the height contemplated in Schedule “F” Figure 1 of Zoning By-law 05-200 (attached as Appendix “A” to Report PED18093 / FCS18054) be applied at an unreduced rate.

The exemptions for both DCs, through this Report, and Parkland Dedication, through the May 2018 Report PED18105, are to be capped at the Council approved heights, subsequent amendments that may occur to the Zoning By-law 05-200, either through Local Planning Appeal Tribunal decisions or Council approved site specific modifications, would not increase the eligibility of exemptions.

Therefore, units constructed above the height articulated in Schedule “F” Figure 1 of Zoning By-law 05-200 (attached as Appendix “A” to Report PED18093 / FCS18054) will be charged the full City rate for DCs and Parkland Dedication as illustrated in Table 3. Specifically, the developer will be required to pay the full City rate approximated at \$33,699.00 versus \$6,044.10 for a one-bedroom unit exceeding the height limits with these amendments.

Other Incentives

It is noted that the initial Council Motion spoke to other potential incentives that may be amended in a similar approach to the Development Charge Exemptions and Parkland Dedication rate. Staff however does not recommend amending these programs for a number of reasons which are as follows:

- 1) Complexity – programs such as the Tax Increment Grant are calculated holistically and to pro-rate the figure based on which portions are within the vision versus those that are beyond the vision would be cumbersome and difficult to quantify accurately.
- 2) Consistency – It is recognized that unlike the Development Charge Rebate Program and the flat 5% parkland fee which are exclusive programs to the Downtown, the other Incentive Programs are standard and identical throughout other CIP areas.

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SUBJECT: City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption (PED18093 / FCS18054) (City Wide) - Page 12 of 13

ALTERNATIVE FOR CONSIDERATION

Alternatively, Council could not take any action at this time. Under this alternative staff would utilize the background information contained within PED18093 / FCS18054 with the 2019 DC Background Study and any resulting change to the DC CIPA policy would be determined at a later date.

Finance: The current DC CIPA exemption policies would be applied and DCs charged and collected according to those policies.

Staffing: None

Legal: None

Pros: Developers would have additional time to adjust their budgets for development in excess of the current heights identified in Appendix "A" to Report PED18093 / FCS18054.

Cons: The City would be responsible providing exemptions for any development in excess of the City's articulated vision in the Downtown Hamilton CIPA which effectively becomes a burden on the existing tax and rate payers.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Culture and Diversity

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

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**SUBJECT: City of Hamilton Development Charges By-law Background Study Re:
Amendments to the Downtown Community Improvement Project Area
(CIPA) Exemption (PED18093 / FCS18054) (City Wide) - Page 13 of 13**

APPENDICES AND SCHEDULES ATTACHED

Appendix A – Zoning By-law 05-200 Height Schedule

Appendix B – Draft Development Charges By-law Amendment

Appendix C – DC By-law 14-153

Appendix D – Memo from Watson & Associates Ltd.

EJ/LG/dt

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Appendix "A" to Report PED18093 / FCS18054



Authority:
City Wide
Bill No.

CITY OF HAMILTON

BY-LAW NO.

Being a By-law to amend By-law 14-153 and By-law 11-174
"City of Hamilton Development Charges By-law, 2014"
and
"City of Hamilton GO Transit Development Charges By-law, 2011"

WHEREAS section 19 of the *Development Charges Act, 1997*, S.O. 1997, c.27 (hereinafter referred to as the "Act") provides for amendments to be made to development charges by-laws;

WHEREAS the Council of the City of Hamilton has determined that certain amendments should be made to the City of Hamilton Development Charges By-law, 2014 (By-law14-153);

WHEREAS the Council of the City of Hamilton has determined that certain amendments should be made to the City of Hamilton GO Transit Development Charges By-law, 2011 (By-law11-174);

WHEREAS, in accordance with section 10 of the Act, at its meeting of _____, 2018, the Council of the City of Hamilton approved a background study through Report PED18093 / FCS18054 dated June 11, 2018 entitled "City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption."

WHEREAS, as required by section 10 of the Act, the said development charges background study has been completed and made public a minimum of 60 days prior to passing this development charges By-law amendment;

WHEREAS, as required by section 11 of the Act, this By-law amendment is being enacted within one year of the completion of the said development charges background study, titled "City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption" prepared by staff, dated _____, 2018;

WHEREAS the Council of the City of Hamilton has given notice and held a public meeting on _____, 2018 in accordance with section 12 the Act regarding its proposals for this development charges By-law amendment;

Being a By-law to amend By-law 14-153 and By-law 11-174
"City of Hamilton Development Charges By-law, 2014"
and
"City of Hamilton GO Transit Development Charges By-law, 2011"

(Page 2 of 8)

WHEREAS the Council of the City of Hamilton, through its Audit, Finance and Administration Committee, has received written submissions and heard all persons who applied to be heard no matter whether in objection to, or in support of, the said By-law amendment;

WHEREAS the Council of the City of Hamilton, at its meeting of _____, 2018, has adopted and approved the said background study and the development charges policies recommended by the General Manager of the Finance and Corporate Services Department to be included in this By-law amendment and determined that no further public meetings are required under section 12 of the Act;

WHEREAS the Council of the City of Hamilton, at its meeting of _____, 2018, has adopted and approved the said background study and the development charges policies recommended by the General Manager of the Finance and Corporate Services Department to be included in this By-law amendment and determined that no further public meetings are required under section 12 of the Act; and

WHEREAS the Council of the City of Hamilton, at its meeting of _____, 2018, approved a Report PDE18093 / FCS18054 dated June 11, 2018 entitled "City of Hamilton Development Charges By-law Background Study Re: Amendments to the Downtown Community Improvement Project Area (CIPA) Exemption."

NOW THEREFORE the Council of the City of Hamilton enacts as follows:

1. Section 2 of By-law 14-153 is hereby amended by adding the following:

Schedule "H": Height Restrictions for Downtown Hamilton CIPA Exemption

2. Section 22 of By-law 14-153 is hereby amended by replacing Section 22 with the following:

"Downtown Hamilton Community Project Area (CIPA) Exemption

22. Development within the boundaries of the Downtown Hamilton Community Improvement Project Area (CIPA) as shown on Schedule "D" attached to this By-law shall:

- (a) be exempted from the following percentages of the development charges otherwise payable, after all other credits and exemptions are considered, under the By-law for only the portion of the building that is within the height restrictions as shown in Schedule "H" attached to this By-law based on the later of the date on which development charges are payable or the date all applicable development charges were actually paid:

Being a By-law to amend By-law 14-153 and By-law 11-174
 "City of Hamilton Development Charges By-law, 2014"
 and
 "City of Hamilton GO Transit Development Charges By-law, 2011"

(Page 3 of 8)

Date	Percentage of exemption (%)	Percentage of development charge payable (%)
July 6, 2014 to July 5, 2015	90	10
July 6, 2015 to July 5, 2016	85	15
July 6, 2016 to July 5, 2017	80	20
July 6, 2017 to July 5, 2018	75	25
July 6, 2018 to July 6, 2019	70	30

Schedule "H" attached to this By-law shall not be amended by any decision by the Local Planning Appeal Tribunal relating to the City's Zoning By-law Amendment 18-114; or by any amendments, including site specific or area specific, to the City's Zoning By-law 05-200 either through Local Planning Appeal Tribunal decisions or Council.

For clarity, any development in excess of the height restrictions as shown in Schedule "H" shall be subject to the full calculated development charge and only be reduced if there are any credits or exemptions remaining after applying any and all other credits or exemptions to the portion of the building that is within the height restrictions as shown in Schedule "H" attached to this By-law.

- (b) receive an additional dollar for dollar exemption on any remaining development charges payable based on the amount of voluntary contributions to a Downtown Public Art Reserve, except and provided that no exemption under this Section 22(b) may exceed ten percent (10%) of the development charges otherwise payable on the height that is within the height restrictions as shown in Schedule "H" attached to this By-law.
3. By-law 14-153 is hereby amended by adding thereto the Schedule "H" attached to this By-law.
 4. Section 2 of By-law 11-174 is hereby amended by adding the following:
 Schedule "C": Height Restrictions for Downtown Hamilton CIPA Exemption
 5. Section 18 of By-law 11-174 is hereby amended by replacing Section 18 with the following:

"Downtown Hamilton Community Project Area (CIPA) Exemption

18. Development within the boundaries of the Downtown Hamilton Community Improvement Project Area (CIPA) as shown on Schedule "B" attached to this By-law shall:

Being a By-law to amend By-law 14-153 and By-law 11-174

"City of Hamilton Development Charges By-law, 2014"

and

"City of Hamilton GO Transit Development Charges By-law, 2011"

(Page 4 of 8)

- (a) be exempted from the following percentages of the development charges otherwise payable, after all other credits and exemptions are considered, under the By-law for only the portion of the building that is within the height restrictions as shown in Schedule "C" attached to this By-law based on the later of the date on which development charges are payable or the date all applicable development charges were actually paid:

Date	Percentage of exemption (%)	Percentage of development charge payable (%)
July 6, 2014 to July 5, 2015	90	10
July 6, 2015 to July 5, 2016	85	15
July 6, 2016 to July 5, 2017	80	20
July 6, 2017 to July 5, 2018	75	25
July 6, 2018 to July 6, 2019	70	30

Schedule "C" attached to this By-law shall not be amended by any decision by the Local Planning Appeal Tribunal relating to the City's Zoning By-law Amendment 18-114; or by any amendments, including site specific or area specific, to the City's Zoning By-law 05-200 either through Local Planning Appeal Tribunal decisions or Council.

For clarity, any development in excess of the height restrictions as shown in Schedule "C" attached to this By-law shall be subject to the full calculated development charge and only be reduced if there are any credits or exemptions remaining after applying any and all other credits or exemptions to the portion of the building that is within the height restrictions as shown in Schedule "C" attached to this By-law.

- (b) receive an additional dollar for dollar exemption on any remaining development charges payable based on the amount of voluntary contributions to a Downtown Public Art Reserve, except and provided that no exemption under this Section 18(b) may exceed ten percent (10%) of the development charges otherwise payable on the height that is within the height restrictions as shown in Schedule "C" attached to this By-law.
6. By-law 11-174 is hereby amended by adding thereto the Schedule "C" attached to this By-law.
7. The City Clerk is hereby authorized and directed to consolidate this and any other duly enacted amendments to By-law 14-153 into the main body of the said By-law, and to make any necessary and incidental changes to numbering and nomenclature thereof arising from the said consolidation.

Being a By-law to amend By-law 14-153 and By-law 11-174
"City of Hamilton Development Charges By-law, 2014"
and
"City of Hamilton GO Transit Development Charges By-law, 2011"

(Page 5 of 8)

8. The City Clerk is hereby authorized and directed to consolidate this and any other duly enacted amendments to By-law 11-174 into the main body of the said By-law, and to make any necessary and incidental changes to numbering and nomenclature thereof arising from the said consolidation.
9. This By-law shall come into force and take effect at 12.01 a.m. on _____, 2018.

PASSED this .

Fred Eisenberger
Mayor

Rose Caterini
City Clerk

Being a By-law to amend By-law 14-153 and By-law 11-174
"City of Hamilton Development Charges By-law, 2014"
and
"City of Hamilton GO Transit Development Charges By-law, 2011"

(Page 6 of 8)

SCHEDULE H TO BY-LAW 14-153
Height Restrictions for Downtown Hamilton CIPA Exemption



Being a By-law to amend By-law 14-153 and By-law 11-174
"City of Hamilton Development Charges By-law, 2014"
and
"City of Hamilton GO Transit Development Charges By-law, 2011"

(Page 7 of 8)

SCHEDULE C TO BY-LAW 11-174
Height Restrictions for Downtown Hamilton CIPA Exemption



Being a By-law to amend By-law 14-153 and By-law 11-174
"City of Hamilton Development Charges By-law, 2014"
and
"City of Hamilton GO Transit Development Charges By-law, 2011"

(Page 8 of 8)

For Office Use Only, this doesn't appear in the by-law - Clerk's will use this information in the Authority Section of the by-law

Is this by-law derived from the approval of a Committee Report? Yes

Committee: Chair and Members Report No.: FCS180XX Date: XX/XX/2018

Ward(s) or City Wide: City Wide (MM/DD/YYYY)

Prepared by: Lindsay Gillies

Phone No: (905) 546-2424 Ext. 2790

For Office Use Only, this doesn't appear in the by-law

Authority: Item 5, General Issues Committee
Report 14-012 (FCS1033)
CM: June 11, 2014

Bill No. 153

**CITY OF HAMILTON
BY-LAW NO. 14-153**

**Being a By-law respecting development charges
on lands within The City of Hamilton**

WHEREAS the *Development Charges Act, 1997*, S.O.1997, c.27 (hereinafter referred to as the "Act") authorizes municipalities to pass a By-law for the imposition of development charges against land to pay for increased capital costs required because of increased needs for services arising from development of the area to which the said By-law applies.

AND WHEREAS the City of Hamilton, as required by section 10 of the Act, has undertaken and completed a development charge background study regarding the anticipated amount, type and location of development; the increase in needs for services; estimated capital costs to provide for such increased needs, including the long term capital and operating costs for capital infrastructure required for the services.

AND WHEREAS, as required by section 11 of the Act, this By-law is being enacted within one year of the completion of the said development charge background study, titled "*City of Hamilton 2014 Development Charge Background Study*" prepared by Watson & Associates, dated May 20, 2014;

AND WHEREAS in advance of passing this By-law the Council of the City of Hamilton has given notice of and held a public meeting on June 4, 2014 in accordance with section 12 of the Act regarding its proposals for this development charges By-law;

AND WHEREAS the Council of the City of Hamilton, through its General Issues Committee, has received written submissions and heard all persons who applied to be heard no matter whether in objection to, or in support of, the said By-law;

AND WHEREAS, Council intends that development-related 2014 – 2031 capacity will be paid for by development charges;

AND WHEREAS the Council of the City of Hamilton, at its meeting of June 11, 2014, has adopted and approved the said background study and the development charges and policies recommended by the General Manager of the Finance and Corporate Services Department to be included in this By-law and determined that no further public meetings are required under section 12 of the Act;

AND WHEREAS, Council approved report FCS14033 respecting "*2014 City of Hamilton Development Charge By-law*", thereby updating its capital budget and forecast where

Being a By-law respecting development charges on lands within The City of Hamilton

Page 2 of 30

appropriate and indicating that it intends that the increase in the need for services to service anticipated development will be met;

NOW THEREFORE, the Council of the City of Hamilton hereby enacts as follows:

Definitions

1. In this By-law,

- (a) "Act" means the *Development Charges Act, 1997*, S.O. 1997, c.27.
- (b) "Adaptive Reuse" means the alteration of an existing heritage building for compliance of its continuing or resumed use(s) with current building code requirements; or, for compliance of its proposed new use(s) with current building code requirements; or, for ensuring its structural integrity; or for optimizing its continued, resumed or new use(s); while maintaining the cultural heritage value or interests of the subject building; and in compliance with the conditions of any Heritage Permit required for the subject alterations.
- (c) "affordable housing project" means a development or redevelopment that provides housing and incidental facilities primarily for persons of low and moderate income.
- (d) "agricultural land" means land which is zoned for an agricultural use in the zoning By-law of the predecessor municipality in which the land is located, and any subsequent amendment or replacement thereof, and used for a bona fide agricultural use.
- (e) "agricultural use" means the bona fide use of lands and buildings for apiaries, fish farming, dairy farming, fur farming, the raising or exhibiting of livestock, or the cultivation of trees, shrubs, flowers, grains, sod, fruits, vegetables and any other crops or ornamental plants and includes the operation of a farming business and the erection of a farm help house on agricultural land outside the Urban Area Boundary, but excludes a commercial greenhouse. Agricultural use does not include the development of a single detached dwelling on agricultural land. Development of building or structures inside the Urban Area Boundary for a use that would, except for its location inside the Urban Area Boundary, be an agricultural use under this By-law shall be an industrial development.
- (f) "apartment" means a building consisting of more than one dwelling unit with a private bathroom and kitchen facilities in each dwelling unit and which is not a single detached dwelling, a semi-detached dwelling, a farm help house or a multiple unit dwelling. For the purposes of this By-law, apartment includes a mobile home.
- (g) "bedroom" means a habitable room larger than seven square metres, including a den, study, or other similar area, but does not include a living room, dining room or kitchen.

Being a By-law respecting development charges on lands within The City of Hamilton

Page 3 of 30

- (h) "Board of Education" means a board as defined in sub-section 1(1) of the *Education Act 1997*, S.O. 1997, c.E.2.
- (i) "By-law" means, unless the context requires otherwise, this City of Hamilton By-law Number 14-xxxx, including with all Schedules hereto, as amended from time to time, and shall, as the context requires, include previous City of Hamilton development charges by-laws (including City of Hamilton By-law 09-143 and including City of Hamilton By-law 11-175, but excluding City of Hamilton By-law 11-174); "herein", "hereof", "hereto" and "hereunder" and similar expressions refer to this By-law and not any particular Section of this By-law; "Article", "Paragraph", "Schedule" and "Section" mean and refer to the specified Article, Section or Schedule of or to this By-law.
- (j) "Council" means the Council of the City of Hamilton.
- (k) "covered sports field" means a completely enclosed sports field, court, track or surface. A covered sports field may be either free-standing or part of a larger building. A covered sports field may include an area for spectator seating or an audience but does not include ancillary lobby areas, change-rooms, restroom facilities, restaurants or food or beverage concessions, licensed drinking establishments, storage areas, or areas devoted to office or administrative use.
- (l) "development" has the meaning set out in sub-section 41(1) of the *Planning Act*; R.S.O. 1990, c.P.13, and includes redevelopment. For clarity, development may refer to one or more buildings or structures.
- (m) "development charge or development charges" means the charges imposed by this By-law against land to pay for increased capital costs required because of increased needs for services arising from development of the area to which this By-law applies.
- (n) "Downtown Hamilton Community Improvement Project Area" or "CIPA" means the area shown on Schedule "D".
- (o) "Downtown Public Art Reserve" means a public art reserve established and administered by the City of Hamilton that may fund public art in the Downtown Hamilton Community Improvement Project Area.
- (p) "dwelling unit" means a room or suite of rooms used, or designed or intended for use by one or more persons living together as a single housekeeping unit in which culinary and sanitary facilities are provided for the exclusive use of such person or persons.
- (q) "existing industrial building" shall have the same meaning as that term is defined under Ontario Regulation 82/98 under the Act, but, for clarity, shall exclude any enlargement which are or have been subject to or exempt from development charges.
- (r) "farming business" means a business operating on agricultural land with a current Farm Business Registration Number issued pursuant to the *Farm*

Being a By-law respecting development charges on lands within The City of Hamilton

Page 4 of 30

Registration and Farm Organizations Funding Act, 1993, S.O. 1993, c.21, and assessed in the Farmland Realty Tax Class by the Municipal Property Assessment Corporation.

- (s) "farm help house", means a dwelling unit constructed on agricultural land used for agricultural uses and not attached to any other building or structure, with sleeping, cooking, living and sanitary facilities, and used for seasonal, interim or occasional residential uses by farm labourers.
- (t) "grade" means the average level of proposed or finished ground adjoining a building at all exterior walls.
- (u) "gross floor area" means the total area of all floors above grade of a building containing one or more dwelling units, or of a non-residential building or structure, or of a building or structure with both residential and non-residential uses, measured between the outside surfaces of exterior walls, or between the outside surfaces of exterior walls and the centre line of party walls dividing the dwelling unit or non-residential building or structure from another dwelling unit or non-residential building or structure or other portion of a building.
- (v) "hangar" means a covered or enclosed building used for housing and repairing aircraft within one thousand (1000) metres of an aerodrome as that term is defined in the *Aeronautics Act*, R.S.C., 1985, c.A-2. For the purposes of this By-law, hangars will be considered an industrial development;
- (w) "industrial development" means a building or structure used, designed or intended for use for, or in connection with,
 - (i) manufacturing, producing, processing, storing or distributing something;
 - (ii) research or development in connection with manufacturing, producing or processing, something;
 - (iii) retail sales by a manufacturer, producer or processor of something they manufactured, produced or processed, if the retail sales are at the site which the manufacturing, production or processing takes place; and
 - (iv) office or administrative purposes, if they are, carried out with respect to manufacturing, producing, processing, storage or distributing of something, and, in or attached to the building or structure used for that manufacturing, producing or processing, storage or distribution.
 - (v) Any use inside the Urban Area, that would, except for its location inside the Urban Area Boundary, be considered an agricultural use under this By-law.

Without limiting the generality of the foregoing, industrial development also includes a building used as a commercial greenhouse which is not an agricultural use as defined herein, a warehouse, and a mini-storage facility.

Being a By-law respecting development charges on lands within The City of Hamilton

Page 5 of 30

For the purposes of this By-Law, Industrial development also includes hotels and hangars.

- (x) "local board" means any municipal service board, municipal business corporation, transportation commission, public library board, board of health, police services board, planning board, or any other board, commission, committee, body or local authority established or exercising any power under any act with respect to the affairs or purposes of the City, excluding a school board, a conservation authority, any municipal business corporation not deemed to be a local board under O. Reg 168/03 under the *Municipal Act, 2001*, S.O. 2001, c.25,.
- (y) "lot" means a lot, block or parcel of land which can be legally and separately conveyed pursuant to section 50 of the *Planning Act*, as amended, and includes a development having two (2) or more lots consolidated under a single ownership.
- (z) "mixed use development" means a building or structure used, designed or intended for use for both residential and non-residential uses.
- (aa) "mobile home", means a building recognized in the Building Code as a "Mobile Home" in accordance with the standard for mobile homes in CANICSA-Z240.2.1 "Structural requirements for Mobile Homes".
- (bb) "multiple unit dwelling" means a residential building consisting of two or more dwelling units attached by a vertical or horizontal wall or walls. Multiple unit dwelling refers to all dwelling units other than single detached, semi-detached, apartment unit dwellings, and residential facility dwellings. Multiple unit dwelling includes, but is not limited to, townhouses, street townhouses, row dwellings, stacked townhouses and duplexes.
- (cc) "non-industrial development" means any non-residential building or structure which is not an industrial development. Without limiting the generality of the foregoing, non-industrial development includes commercial and retail buildings, a public hospital within the meaning of the *Public Hospitals Act*, R.S.O. 1990, c. P. 40, and R.R.O. 1990, Regulation 964, and motels and other forms of tourist accommodation.
- (dd) "non-residential development" is any development other than a residential development.
- (ee) "place of worship", means a building, or any part thereof, owned or occupied by a church or religious organization which is or would be classified as exempt from taxation in accordance with paragraph 3 of sub-section 3(1) of the *Assessment Act*, R.S.O. 1990, Chapter A.31.
- (ff) "Planning Act" means the *Planning Act*, R.S.O. 1990, c. P. 13.

Being a By-law respecting development charges on lands within The City of Hamilton

Page 6 of 30

- (gg) "Protected Heritage Properties" means properties that are designated under Part IV of the Ontario Heritage Act; or designated under Part V of the Ontario Heritage Act; or subject to a Heritage Easement under Part II of the Ontario Heritage Act; or Subject to a Heritage Easement under Part IV of the Ontario Heritage Act; or subject to a covenant or agreement on title held between the property owner and a conservation authority or level of government in the interest of conserving built heritage.
- (hh) "Regulation" means Ontario Regulation 82/98 under the Act.
- (ii) "residential development" means:
- (i) a single detached dwelling;
 - (ii) a semi-detached dwelling;
 - (iii) a residential facility;
 - (iv) a mobile home;
 - (vi) a multiple unit dwelling;
 - (vii) an apartment; or
 - (viii) a semi-detached dwelling, multiple unit dwelling and/or apartment in a mixed use development.
- (jj) "residential facility" means a building containing two or more bedrooms which bedrooms do not have self-contained kitchens. Residential facility includes a garden suite within the meaning of section 39.1 of the *Planning Act*. Residential facility does not include a single detached dwelling, a semi-detached dwelling, a farm help house, a multiple unit dwelling or an apartment as defined herein.
- (kk) "semi-detached dwelling" means a residential building consisting of two dwelling units attached by a vertical wall or walls, each of which has a separate entrance or access to grade.
- (ll) "services" means services designated in Schedule "C" of this By-law or designated in an agreement under section 44 of the Act.
- (mm) "single detached dwelling" means a residential building containing one dwelling unit and not attached to another building or structure, whether or not the single detached dwelling is situated on a single lot.
- (nn) "temporary building or structure" means a non-residential building without a foundation which is constructed, erected or placed on land for a continuous period of time not exceeding one (1) year, or a like addition or alteration to an existing building or an existing structure that has the effect of increasing the usability thereof for a continuous period not exceeding one (1) year.

Being a By-law respecting development charges on lands within The City of Hamilton

Page 7 of 30

- (oo) "Urban Area Boundary" shall mean the area within the City of Hamilton that is depicted as the Urban Area Boundary in Schedule "B".
- (pp) Any defined term in the Act or Regulation that has not been defined in this Section 1 of this By-law, shall have the meaning given to it in the Act or Regulation.
- (qq) Any reference in this By-law to any statute or regulation or any section of any statute or regulation shall, unless otherwise expressly stated, be deemed to be a reference to such statute, regulation or section as amended, restated or re-enacted from time to time and to any successor legislation or regulation.

Schedules

2. The following schedules to this By-law form an integral part of this By-law:

- Schedule "A": Municipal Wide Development Charges
- Schedule "B": Map of the Urban Area Boundary of the City of Hamilton
- Schedule "C": Stormwater, Water and Wastewater Development Charges
- Schedule "D": Downtown Hamilton Community Improvement Project Area (CIPA)
- Schedule "E": Binbrook Special Area Charge (SAC) Map
- Schedule "F": Dundas/Waterdown Special Area Charge (SAC) Map
- Schedule "G": Special Area Charges

Lands Affected

3. This By-law applies to all land within the City of Hamilton.

Amount of Charge

4. The development of land in the City of Hamilton is also subject to City of Hamilton By-law 11-174, as amended, and any additional development charges by-laws that may be enacted by the Council of the City of Hamilton during the life of this By-law.
5.
 - (a) Where there is development of land within the Urban Area Boundary, the development charges payable pursuant to this By-law shall be the development charges set out in both Schedule "A" and Schedule "C" to this By-law.
 - (b) Where a building permit is issued for a building or structure located on land outside of the Urban Area Boundary the development charges payable pursuant to this By-law shall be the development charges set out in Schedule "A" and, where a connection of that building or structure to any or all of the water, wastewater, and stormwater services in Schedule "C" is proposed, the applicable charge set out in Schedule "C" shall also be applied to the said development as a development charge.
 - (c) The development charge for Industrial development shall be calculated based on the percentages outlined in Table 1 below, of the full non-residential development charge set out in Schedules "A" and "C" to this By-law:

Being a By-law respecting development charges on lands within The City of Hamilton

Table 1 - Industrial Development Charges to be Imposed

Service	Percentage of full charge		
	Effective July 6, 2014 to January 5, 2015	Effective January 6, 2015 to July 5, 2015	Effective July 6, 2015
Water Services	0%	0%	0%
Wastewater Facilities	78.5%	89.2%	100%
Wastewater Linear Services	78.5%	89.2%	100%
Stormwater Drainage and Control Services	78.5%	89.2%	100%
Services Related to a Highway	51.0%	58.1%	65%
Public Works	0%	0%	0%
Police Services	0%	0%	0%
Fire Protection Services	0%	0%	0%
Transit Services	0%	0%	0%
Parkland Development Services	0%	0%	0%
Recreation Facilities	0%	0%	0%
Library Services	0%	0%	0%
Administrative Studies	0%	0%	0%
Paramedic Services	0%	0%	0%
Social and Child Services	0%	0%	0%
Social Housing	0%	0%	0%
Health Services	0%	0%	0%
Long-Term Care	0%	0%	0%
Provincial Offenses Act	0%	0%	0%
Airport Services	0%	0%	0%
Parking Services	0%	0%	0%
Hamilton Conservation Authority	0%	0%	0%

- (d) Subject to any applicable exemption set out in this By-Law, where there is development of land in Binbrook within the area depicted as "Phase 1" on Schedule "E" to this By-law, or within those areas of Dundas and Waterdown delineated on Schedule "F" to this By-law, respectively, the development charges payable pursuant to this By-law shall be the development charges set out in Schedule "A" and Schedule "C" and the applicable Special Area Charge as shown on Schedule "G" to this By-law.

- (e) In the event of a challenge to the inclusion of the Hamilton Conservation Authority as a Service in Schedule "A" for the development charges imposed by this By-law, this By-law shall be amended to comply with the first final decision on the challenge and Schedules "A" shall be amended as required to implement such decision.

Designation of Services

- 6. All development of land within the area to which this By-law applies will increase the need for services.

- 7. The development charges applicable to a development as determined pursuant to this By-law shall apply without regard to the services required or used by an individual development.

Being a By-law respecting development charges on lands within The City of Hamilton

Page 9 of 30

Approvals for Development

8. The development of land is subject to a development charge where the development requires the following:
 - (a) the passing of a zoning by-law or an amendment thereto under section 34 of the *Planning Act*;
 - (b) the approval of a minor variance under section 45 of the *Planning Act*;
 - (c) a conveyance of land to which a by-law under sub-section 50(7) of the *Planning Act*;
 - (d) the approval of a plan of subdivision under section 51 of the *Planning Act*;
 - (e) a consent under section 53 of the *Planning Act*;
 - (f) the approval of a description under section 50 of the *Condominium Act*, R.S.O. 1990, c.C. 26 or section 9 of the *Condominium Act 1998*, S.O. 1998, c.19; or
 - (g) the issuance of a permit under the *Building Code Act*, 1992, S.O. 1992, c.23, as amended, or successor legislation, in relation to a building or structure.
9. Where two or more of the actions described in Section 8 of this By-law occur at different times, or a second or subsequent building permit is issued resulting in increased, additional or different development, then additional development charges shall be imposed in respect of such increased, additional, or different development permitted by that action.
10. Where a development requires an approval described in Section 8 of this By-law after the issuance of a building permit and no development charges have been paid, then the development charges shall be paid prior to the granting of the approval required under Section 8 of this By-law.
11. Where a development does not require a building permit but does require one or more of the approvals described in Section 8 of this By-law, then, notwithstanding Section 30 of this By-law, development charges shall be payable.
12. Nothing in this By-law prevents Council from requiring, in an agreement under section 51 of the *Planning Act* or as a condition of consent or an agreement respecting same under section 51 of the *Planning Act* or as a condition or an agreement respecting same under section 53 of the *Planning Act*, as amended, or successor legislation, that the owner, at his or her own expense, shall install such local services related to or within a plan of subdivision, as Council may require, in accordance with the City's applicable local services policies in effect at this time.

Calculation of Development Charges

13. A development charge imposed pursuant to this By-law shall, subject to any other applicable provision hereof, be calculated as follows:

Being a By-law respecting development charges on lands within The City of Hamilton

Page 10 of 30

- (a) Subject to (i), (ii) and (iii) below, in the case of residential development or the residential portion of mixed use development, based on the number and type of dwelling units;
 - (i) in the case of a residential facility, based upon the number of bedrooms;
 - (ii) subject to (iii) below, in the case of a dwelling unit containing six (6) or more bedrooms, the sixth and any additional bedroom shall be charged at the applicable residential facility rate; or
 - (iii) in the case of an apartment with dwelling units containing six (6) or more bedrooms, then the following should apply: (A) the applicable "apartment 2 bedroom +" rate shall apply to the dwelling unit and the first five (5) bedrooms; and (B) the applicable residential facility rate shall apply to the sixth bedroom and each additional bedroom.
 - (b) in the case of non-residential development, or the non-residential portion of a mixed-use development, based upon the gross floor area of such development measured in square feet.
14. Subject to the provisions of this By-law, development charges against land are to be calculated and collected in accordance with the services and rates set out in Schedule "A" and Schedule "C" to this By-law.

Exemptions for Intensification of Existing Housing

15. (a) No development charge shall be imposed where the only effect of an action referred to in Section 8 of this By-law is to:
- (i) permit an enlargement to an existing dwelling unit;
 - (ii) permit the creation of one or two additional dwelling units within an existing single detached dwelling; or
 - (iii) permit one additional dwelling unit in any semi-detached dwelling, a row dwelling or any other existing residential building.
- (b) Notwithstanding (a) above, development charges shall be imposed if the total gross floor area of the additional one or two units exceeds the gross floor area of the existing dwelling unit.
- (c) Notwithstanding (a) above, development charges shall be imposed if the additional unit has a gross floor area greater than:
- (i) in the case of a semi-detached or row dwelling, the gross floor area of the existing dwelling unit; and
 - (ii) in the case of any other residential building, the gross floor area of the smallest dwelling unit contained in the said residential building.

Being a By-law respecting development charges on lands within The City of Hamilton

Page 11 of 30

- (d) The exemption to development charges in (a) above shall only apply to the first instance of intensification in an existing dwelling.
- (e) Subject to (b), (c) and (d) above, any exemption under (a) above shall apply to the smallest dwelling unit, as determined by applicable rates under this By-law.

Exemptions for Certain Buildings

- 16. No development charge shall be imposed on any building owned by and used for the purposes of:
 - (a) the City of Hamilton;
 - (b) a Board of Education; or,
 - (c) a local board.

Exemption for the Enlargement of Existing Industrial Buildings

- 17. No development charge shall be imposed on development constituting one or more enlargements of an existing industrial building as defined herein, whether attached or separate therefrom, up to a maximum of fifty percent (50%) of its gross floor area of the existing industrial building.
- 18. Where a proposed enlargement exceeds fifty percent (50%) of the gross floor area of an existing industrial building, development charges are payable on the amount by which the proposed enlargement exceeds fifty percent (50%) of the gross floor area before the enlargement.
- 19. The cumulative total of the gross floor area previously exempted hereunder shall not be included in the determination of the amount of the exemption applicable to any subsequent enlargement and shall be calculated on the basis of the site as it existed on the date immediately prior to the first exemption hereunder.
- 20. Where a subdivision of the site subsequent to any enlargement previously exempted hereunder results in the existing industrial building being on a lot separate from the development previously, further exemptions, if any, pertaining to the existing industrial building shall be calculated on the basis of the site as it existed on the date immediately prior to the first exemption hereunder.

Other Exemptions from Development Charges

- 21. Notwithstanding any other provision of this By-law, the following types of development are exempted from development charges under this By-law, in the manner and to the extent set out below. Unless otherwise specified herein, the said exemption is equivalent to one hundred percent (100%) of the development charges otherwise payable under this By-law;
 - (a) a parking garage or structure exclusively devoted to parking, including an outdoor parking lot located at grade;

Being a By-law respecting development charges on lands within The City of Hamilton

- (b) an agricultural use;
- (c) a place of worship;
- (d) a covered sports field;
- (e) a temporary building or structure, subject to Section 29; and
- (f) an affordable housing project that: (A) either has been approved to receive funding from the Government of Canada or the Province of Ontario (including their Crown corporations) under an affordable housing program or has been approved by the City of Hamilton or the CityHousing Hamilton Corporation through an affordable housing program; and (B) such affordable housing project is not eligible for funding for development charge liabilities from the Government of Canada or the Province of Ontario (including their Crown corporations).

Downtown Hamilton Community Improvement Project Area (CIPA) Exemption

22. All development within the boundaries of the Downtown Hamilton Community Improvement Project Area (CIPA) as shown on Schedule "B" attached to this By-law shall:

- (a) be exempted from the following percentages of the development charges otherwise payable, after all other credits and exemptions are considered, under this By-law based on the later of the date on which development charges are payable or the date all applicable development charges were actually paid:

Date	Percentage of exemption (%)	Percentage of development charge payable (%)
July 6, 2014 to July 5, 2015	90	10
July 6, 2015 to July 5, 2016	85	15
July 6, 2016 to July 5, 2017	80	20
July 6, 2017 to July 5, 2018	75	25
July 6, 2018 to July 6, 2019	70	30

- (b) receive an additional dollar for dollar exemption on any remaining development charges payable based on the amount of voluntary contributions to a Downtown Public Art Reserve, except and provided that no exemption under this Section 22(b) may exceed ten percent (10%) of the development charges otherwise payable.

Partial Exemptions

23. The following types of development will be partially exempt from development charges under this By-law in the manner and to the extent set out below:

- (a) for any non-industrial development other than an expansion, development charges shall be imposed as follows:

Being a By-law respecting development charges on lands within The City of Hamilton

Page 13 of 30

- (i) fifty percent (50%) of the applicable development charge on the first five thousand (5000) square feet;
- (ii) seventy-five percent (75%) of the applicable development charge on applicable development between five thousand and one and ten thousand (5001 – 10,000) square feet;
- (iii) one hundred percent (100%) of the applicable development charge on the amount of development exceeding ten thousand (10,000) square feet.

Where development has been exempted pursuant to this Sub-section, the exemption set out in Sub-section (b) below does not apply to any subsequent expansion on such development.

- (b) subject to (a) above, the initial five thousand (5,000) square feet of gross floor area of an expansion of a non-industrial development provided that:
 - (i) the development which is subject to such expansion is existing as of the effective date of this By-Law;
 - (ii) an expansion may be attached or unattached to the existing development provided that, where unattached, it must be situated on the same site as the existing development; and,
 - (iii) where, subsequent to an unattached expansion exempted hereunder, the lot is further subdivided such that the original existing development and the unattached expansion thereof are no longer situated on the same lot, further exemptions pursuant to this Section, if any, shall only be calculated on the basis of the building and the lot as they existed on the date of the first exemption recognized after the effective date of this By-law, as set out in Section 40 herein.
- (c) development of a Brownfield property that has been approved by the City for an ERASE Redevelopment Grant, or any successor thereof. The amount of the exemption hereunder is equivalent to the cost of environmental remediation on, in or under the property as approved by the City under the ERASE Redevelopment Grant program and required to be paid by the owner, up to but not exceeding the amount of the development charges otherwise payable under this By-law;
- (d) a development by a university, other post-secondary school offering a degree or diploma recognized by the Province of Ontario or a not-for-profit private elementary or secondary school operated in compliance with section 16 of the *Education Act*, as amended, where such development is used for the academic or teaching purposes of the university or school, is exempt from development charges under this By-law save and except for the transit component of development charges as set out in Schedule "B" and such transit component of development charges shall be charged.

Being a By-law respecting development charges on lands within The City of Hamilton

Page 14 of 30

- (e) development of a public hospital, within the meaning of the *Public Hospitals Act*, R.S.O. 1990, Chapter P.40 and R.R.O. 1990, Regulation 964 is exempt from fifty percent (50%) of the development charges otherwise payable under this By-law.
- (f) development of student residences by a university, college of applied arts and technology or other accredited post-secondary institution is exempt from fifty percent (50%) of the development charge otherwise payable pursuant to this By-law. Notwithstanding anything else contained in this By-law, save and except Paragraph 24(d) and Section 28, the credit applicable to any redevelopment involving an increase in the number of student residences contained within an existing building envelope shall be based on one hundred percent (100%) of the residential facility rate in effect at the time of receipt by the Chief Building Official of a complete building permit application for the said redevelopment within the meaning of Section 37 of this By-law.
- (g) redevelopment of an existing residential development for the purpose of creating residential facilities within the existing building envelope is exempt from fifty percent (50%) of the development charge otherwise payable pursuant to this By-law.
- (h) redevelopment of an existing residential facility for the purpose of creating more residential facility units within the existing building envelope shall be exempt from fifty percent (50%) of the development charge payable pursuant to this By-law. Notwithstanding anything else contained in this By-law, save and except Paragraph 24(d) and Section 28, the credit applicable to any such redevelopment shall be based on one hundred percent (100%) of the residential facility rate in effect at the time of receipt by the Chief Building Official of a complete building permit application for the said redevelopment within the meaning of Section 37 of this By-law.
- (i) the Adaptive Reuse of Protected Heritage Properties is exempted from Development Charges within the existing building envelope.
- (j) for new industrial developments that are less than 10,000 square feet, the industrial rate charged will be set at 75% of the effective non-residential industrial rate as set out in clause 5(c) above.

Rules with Respect to Redevelopment - Demolitions

24. In the case of the demolition of all or part of a building:

- (a) in the case of a demolition permit issued after the effective date of this By-law, a credit shall be allowed against the development charges otherwise payable pursuant to this By-law, provided that a building permit has been issued for the redevelopment within five (5) years, from the date the demolition permit has been issued as may be extended by the General Manager of Finance and Corporate Services either for developments located outside the Urban Area Boundary or for developments where it has been determined by the General Manager of Planning & Economic Development that significant development delays were not the responsibility of the developer, or may be otherwise extended by Council;

Being a By-law respecting development charges on lands within The City of Hamilton

Page 15 of 30

- (b) the credit shall be calculated based on the portion of a building used for a residential purpose that has been demolished by multiplying the number and type of dwelling units demolished, or in the case of a building used for a non-residential purpose that has been demolished by multiplying the non-residential square feet demolished by the relevant development charges in effect on the date when the development charges are payable pursuant to this By-law;
- (c) for greater certainty, and without limiting the generality of the foregoing, no credit shall be allowed where the demolished building or part thereof would have been exempt pursuant to this By-law; and
- (d) the amount of any credit pursuant to this Section shall not exceed, in total, the amount of the development charges otherwise payable pursuant to this By-law with respect to the redevelopment.

Rules with Respect to Redevelopment - Conversions

- 25. Where an existing non-residential building or structure is converted in whole or in part to a residential use, the residential development charge payable for the residential units created shall be reduced by an amount equal to the non-residential rate per square foot established under this By-law and set out in Schedule "A" and Schedule "C", applied against the gross floor area so converted to residential use.
- 26. Where an existing residential building is converted in whole or in part to non-residential uses, the non-residential development charge payable for the gross floor area so converted shall be reduced by an amount equal to the residential development charge established under this By-law and set out in Schedule "A" and Schedule "C" applied for the type of residential unit(s) so converted. If a unit is only partially converted the reduction shall be in proportion to the extent of the conversion.
- 27. Development charges payable for the conversion of uses in a mixed use building or structure shall be determined in accordance with Sections 25 and 26.
- 28. The amount of any credit shall not exceed in total the amount of the development charges otherwise payable under this By-law.

Temporary Buildings or Structures

- 29. Where an application is made for the issuance of a permit under the *Building Code Act* in relation to a temporary building or structure, the Chief Building Official, or his or her delegate, may, as a condition of the issuance of the said permit, require that the owner of the land enter into an agreement with the City pursuant to section 27 of the Act and Section 31 of this By-law and/or submit security satisfactory to the General Manager of Finance and Corporate Services and the City Solicitor, to be realized upon in the event that the temporary building or structure remains on the land for more than one (1) year, or any other time as may be set out in the said agreement or security, from the date of the construction or erection thereof. A temporary building or structure that has not been removed or demolished by the first anniversary of its construction or erection on the land, or by the date specified in an agreement, shall be deemed not to be, nor ever to have been, a temporary building or structure and development charges under this By-

Being a By-law respecting development charges on lands within The City of Hamilton

Page 16 of 30

law shall become due and payable forthwith and the City may draw upon any letter of credit and/or transfer any cash security into the appropriate development charge reserve fund.

Collection of Development Charges

30. Subject to the provisions of Section 31, development charges are payable at the time a building permit is issued with respect to a development.

Prepayment or Deferral Agreements

31. (a) Save as otherwise specified in this By-law, and for non-residential development, a residential facility or an apartment development only, the General Manager of Finance and Corporate Services may authorize in writing, in accordance with section 27 of the Act, an agreement with a person to permit, on such terms as the General Manager of Finance and Corporate Service may require, including the payment of interest by such person, and for a term no longer than five (5) years, the payment of the development charge before or after it is otherwise payable under this By-law.
- (b) Notwithstanding (a) above, Council may authorize an agreement with a public hospital within the meaning of the *Public Hospitals Act*, R.S.O. 1990, Chapter P.40 and R.R.O. 1990, Regulation 964 to permit, on such conditions as Council may require, including the payment of interest, and for a term no longer than ten (10) years, the payment of the development charge after it is otherwise payable under this By-law.
- (c) Notwithstanding (a) above, Council may authorize an agreement with an entity described in Section 23(d) above to permit, on such conditions as Council may require, including the payment of interest, and for a term no longer than thirty (30) years, the payment of the development charge after it is otherwise payable under this By-law.

Credit for Services-in-lieu Agreement

32. In accordance with Sections 38, 39, 40 and 41 of the Act, a person may perform work that relates to a service to which this By-law applies, in return for a credit towards the development charges payable by the said person, by way of an agreement. No such credit shall exceed the total development charges payable by the person.

Front-Ending Agreements

33. Council may authorize a front-ending agreement in accordance with the provisions of Part III of the Act, upon such terms as Council may require, in respect of the development of land.

Being a By-law respecting development charges on lands within The City of Hamilton

Page 17 of 30

Administration of By-law

34. This By-law shall be administered by the Corporate Services Department of the City of Hamilton.

Indexing

35. The development charges set out in Schedule "A" and Schedule "C" of this By-law shall be adjusted annually without amendment to this By-law by the percentage change during the preceding year, as recorded in the Statistics Canada's Construction Cost Index (non-residential building) (CANSIM table 327-0043) for the City of Toronto, as may be amended or replaced from time to time. This adjustment shall take place as follows:
- (a) the initial adjustment shall be one year from the effective date of this By-law, and
 - (b) thereafter, adjustment shall be made each year on the anniversary of the effective date of this By-law.

Reserve Fund Report

36. The General Manager of Finance and Corporate Services shall, in each year prior to June 30 thereof, commencing June 30, 2015 for the 2014 year, furnish to Council a statement in respect of the reserve funds required by the Act for the services to which this By-law relates, for the prior year, containing the information set out in Section 43 of the Act and Section 12 of the Regulation.

Transition

37. The development charge rates payable are the rates in effect on the date a complete building permit application is received and accepted by the City's Chief Building Official, provided that the permit is issued within 6 months of the effective date of a development charge rate increase. Where the said building permit is lawfully revoked by the Chief Building Official on or after the date of the said development charge rate increase, any subsequent application for a building permit on the lands or site will be subject to the development charge rate in effect on the date of building permit issuance. For the purposes of this Section, a "complete application" shall mean an application with all required information and plans provided, all application fees paid and all prior charges and taxes relating to the subject land paid and discharged.
38. Where a complete application for site plan approval pursuant to City of Hamilton By-law 03-294, as amended, or any successor thereto, has been received by the City prior to May 1, 2014, and no building permit in relation thereto has been issued prior to July 06, 2014, the development charge payable upon the issuance of the building permit or permits issued in relation to said approved site plan shall be the applicable development charge as of July 5, 2014, provided that:
- (a) any building permit required in relation to the said approval has been issued prior to January 6, 2015; and

Being a By-law respecting development charges on lands within The City of Hamilton

Page 18 of 30

- (b) construction has commenced thereafter within six (6) months of the date of issuance of the said building permit or permits, such construction to be deemed to have commenced when all footings and foundations have been completed.

For the purposes of this Section 38, a "complete site plan application" means an application in compliance with the requirements of the City as set out in the document entitled "*City of Hamilton Submission Requirements and Application Form for Site Plan Control*" dated January 01, 2004, or any successor thereto, as the same may be amended from time to time, together with all applicable fees.

Refund Without Interest

39. Except as expressly required otherwise in the Act, the Regulation or this By-law, any refund by the City of Hamilton shall be without interest.

General

40. This By-law may be referred to as the "*City of Hamilton Development Charges By-law, 2014.*"

Date By-law Effective

41. This By-law shall come into force and take effect at 12:01 a.m. on July 06, 2014.

Date By-law Expires

42. This By-law expires five (5) years after the date on which it comes into force.

By-law Registration

43. A certified copy of this By-law may be registered in the Land Titles Office as against title to any land to which this By-law applies.

Headings for Reference Only

44. The headings inserted in this By-law are for convenience of reference only and shall not affect the construction or interpretation of this By-law.

Severability

45. If, for any reason, any provision, Section, Sub-section, Paragraph or clause of this By-law is held invalid, it is hereby declared to be the intention of Council that all the remainder of this By-law shall continue in full force and effect until repealed, re-enacted or amended, in whole or in part or dealt with in any other way.


Being a By-law respecting development charges on lands within The City of Hamilton

Page 19 of 30

Repeal

46. By-law 09-143 and By-law 11-175, is hereby repealed effective as of the date and time of this By-law coming into effect.

PASSED THIS 25th day of June, 2014.



R. Bratina
Mayor



R. Caterini
City Clerk

Being a By-law respecting development charges on lands within The City of Hamilton

SCHEDULE A TO BY-LAW 14-153
 Municipal Wide Development Charges – Effective July 6, 2014 to January 5, 2015

Service	Single-Detached Dwelling & Semi-Detached Dwelling	Townhouses & Other Multiple Unit Dwellings	Apartments 2-Bedrooms +	Apartments Bachelor & 1-Bedroom	Residential Facility Dwelling	Non-Residential	
	(per Unit)	(per Unit)	(per Unit)	(per Unit)	(per Bedroom)	(per Sq. Ft.)	(per Sq. m.)
Services Related to a Highway	6,556	4,699	4,046	2,700	2,054	8.31	89.45
Public Works	244	175	151	101	77	0.17	1.83
Police Services	308	221	190	127	97	0.21	2.26
Fire Protection Services	272	195	168	112	85	0.19	2.05
Transit Services	399	286	246	164	125	0.31	3.34
Parkland Development	1,084	777	669	447	340	0.10	1.08
Recreation Facilities	1,665	1,194	1,028	686	522	0.15	1.61
Library Services	471	337	291	194	147	0.04	0.43
Administrative Studies	583	418	360	240	183	0.44	4.74
Ambulance Services	29	21	18	12	9	0.02	0.22
Long Term Care	189	135	116	78	59	0.04	0.43
Health Services	21	15	13	9	7	-	-
Social & Child Services	22	16	14	9	7	-	-
Social Housing	427	306	264	176	134	-	-
Airport Services	191	137	118	79	60	0.15	1.61
Parking Services	268	192	166	110	84	0.20	2.15
Provincial Offenses Act	18	13	11	8	6	0.01	0.11
Hamilton Conservation Authority	18	13	11	7	6	0.02	0.22
Total Municipal Wide Charges	12,765	9,150	7,880	5,259	4,002	10.36	111.51

Being a By-law respecting development charges on lands within The City of Hamilton

SCHEDULE A TO BY-LAW 14-153
 Municipal Wide Development Charges – Effective January 6, 2015 to July 5, 2015

Service	Single-Detached Dwelling & Semi-Detached Dwelling	Townhouses & Other Multiple Unit Dwellings	Apartments 2-Bedrooms +	Apartments Bachelor & 1-Bedroom	Residential Facility Dwelling	Non-Residential	
	(per Unit)	(per Unit)	(per Unit)	(per Unit)	(per Bedroom)	(per Sq. Ft.)	(per Sq. m.)
Services Related to a Highway	7,357	5,299	4,514	3,083	2,352	8.31	89.45
Public Works	274	197	168	115	88	0.17	1.83
Police Services	346	249	212	145	111	0.21	2.26
Fire Protection Services	306	220	187	128	98	0.19	2.05
Transit Services	448	323	275	188	143	0.31	3.34
Parkland Development	1,217	877	747	510	389	0.10	1.08
Recreation Facilities	1,869	1,346	1,147	783	597	0.15	1.61
Library Services	528	380	324	221	169	0.04	0.43
Administrative Studies	655	471	402	274	209	0.44	4.74
Ambulance Services	32	23	20	14	10	0.02	0.22
Long Term Care	212	153	130	89	68	0.04	0.43
Health Services	23	17	14	10	7	-	-
Social & Child Services	25	18	15	11	8	-	-
Social Housing	480	345	294	201	153	-	-
Airport Services	215	155	132	90	69	0.15	1.61
Parking Services	301	217	185	126	96	0.20	2.15
Provincial Offenses Act	21	15	13	9	7	0.01	0.11
Hamilton Conservation Authority	20	14	12	8	6	0.02	0.22
Total Municipal Wide Charges	14,329	10,319	8,791	6,005	4,580	10.36	111.51

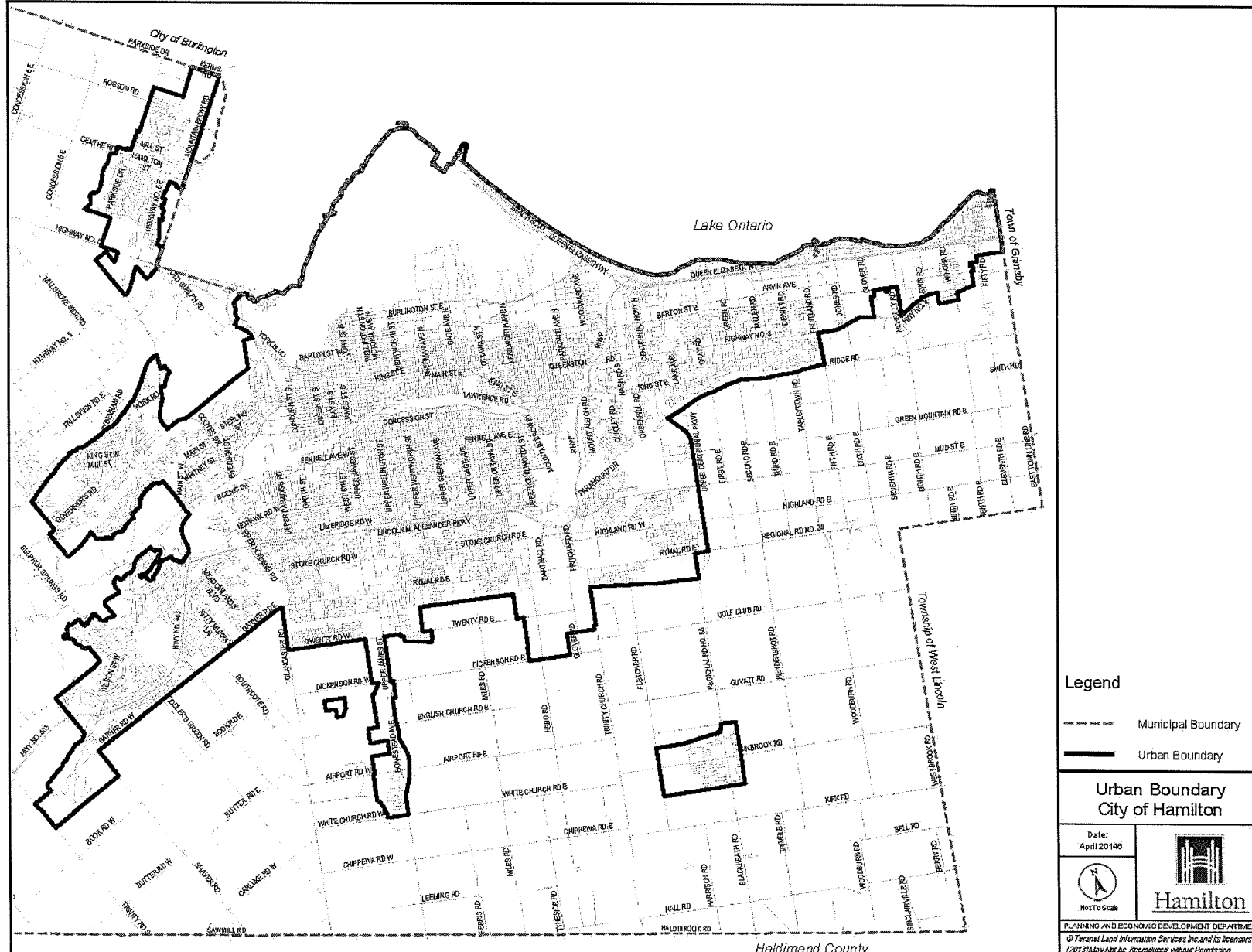
Being a By-law respecting development charges on lands within The City of Hamilton

SCHEDULE A TO BY-LAW 14-153
 Municipal Wide Development Charges – Effective July 6, 2015 (Subject to Indexing)

Service	Single-Detached Dwelling & Semi-Detached Dwelling	Townhouses & Other Multiple Unit Dwellings	Apartments 2-Bedrooms +	Apartments Bachelor & 1-Bedroom	Residential Facility Dwelling	Non-Residential	
	(per Unit)	(per Unit)	(per Unit)	(per Unit)	(per Bedroom)	(per Sq. Ft.)	(per Sq. m.)
Services Related to a Highway	8,161	5,898	4,983	3,467	2,648	8.31	89.45
Public Works	304	220	186	129	99	0.17	1.83
Police Services	384	278	234	163	125	0.21	2.26
Fire Protection Services	339	245	207	144	110	0.19	2.05
Transit Services	497	359	303	211	161	0.31	3.34
Parkland Development	1,350	976	824	573	438	0.10	1.08
Recreation Facilities	2,073	1,498	1,266	881	673	0.15	1.61
Library Services	586	424	358	249	190	0.04	0.43
Administrative Studies	726	525	443	308	236	0.44	4.74
Ambulance Services	36	26	22	15	12	0.02	0.22
Long Term Care	235	170	143	100	76	0.04	0.43
Health Services	26	19	16	11	8	-	-
Social & Child Services	28	20	17	12	9	-	-
Social Housing	532	384	325	226	173	-	-
Airport Services	238	172	145	101	77	0.15	1.61
Parking Services	334	241	204	142	108	0.20	2.15
Provincial Offenses Act	23	17	14	10	7	0.01	0.11
Hamilton Conservation Authority	22	16	13	9	7	0.02	0.22
Total Municipal Wide Charges	15,894	11,488	9,703	6,751	5,157	10.36	111.51

Being a By-law respecting development charges on lands within The City of Hamilton

SCHEDULE B TO BY-LAW 14-153
 Urban Area Boundary Map



Haldimand County

Being a By-law respecting development charges on lands within The City of Hamilton

SCHEDULE C TO BY-LAW 14-153
 Stormwater, Water, and Wastewater Development Charges – Effective July 6, 2014 to January 5, 2015

Service	Single-Detached Dwelling & Semi-Detached Dwelling	Townhouses & Other Multiple Unit Dwellings	Apartments 2-Bedrooms +	Apartments Bachelor & 1-Bedroom	Residential Facility Dwelling	Non-Residential	
	(per Unit)	(per Unit)	(per Unit)	(per Unit)	(per Bedroom)	(per Sq. Ft.)	(per Sq. m.)
Water service	3,374	2,419	2,084	1,391	1,058	2.37	25.51
Wastewater Facilities	2,999	2,149	1,852	1,236	940	2.10	22.60
Wastewater Linear Services	3,777	2,707	2,332	1,556	1,184	2.65	28.52
Stormwater Drainage and Control Services	5,180	3,713	3,198	2,134	1,625	1.29	13.89
Total Urban Services	15,330	10,988	9,466	6,317	4,807	8.41	90.52

Being a By-law respecting development charges on lands within The City of Hamilton

SCHEDULE C TO BY-LAW 14-153
 Stormwater, Water, and Wastewater Development Charges – Effective January 6, 2015 to July 5, 2015

Service	Single-Detached Dwelling & Semi-Detached Dwelling	Townhouses & Other Multiple Unit Dwellings	Apartments 2-Bedrooms +	Apartments Bachelor & 1-Bedroom	Residential Facility Dwelling	Non-Residential	
	(per Unit)	(per Unit)	(per Unit)	(per Unit)	(per Bedroom)	(per Sq. Ft.)	(per Sq. m.)
Water service	3,788	2,728	2,325	1,588	1,211	2.37	25.51
Wastewater Facilities	3,367	2,424	2,066	1,411	1,076	2.10	22.60
Wastewater Linear Services	4,240	3,053	2,602	1,777	1,355	2.65	28.52
Stormwater Drainage and Control Services	5,815	4,188	3,568	2,437	1,858	1.29	13.89
Total Urban Services	17,210	12,393	10,561	7,213	5,500	8.41	90.52

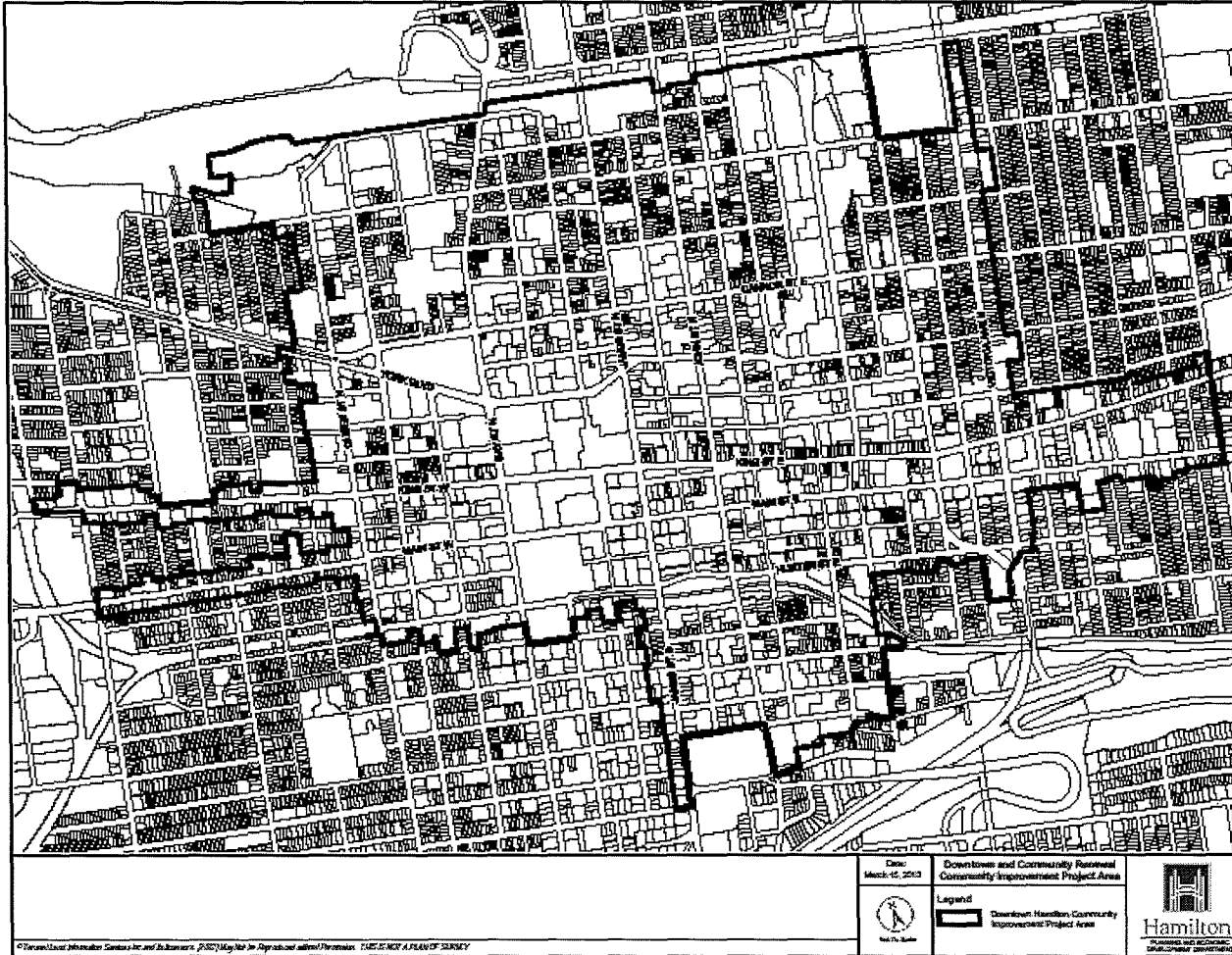
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SCHEDULE C TO BY-LAW 14-153
 Stormwater, Water, and Wastewater Development Charges – Effective July 6, 2015 (Subject to Indexing)

Service	Single-Detached Dwelling & Semi-Detached Dwelling	Townhouses & Other Multiple Unit Dwellings	Apartments 2-Bedrooms +	Apartments Bachelor & 1-Bedroom	Residential Facility Dwelling	Non-Residential	
	(per Unit)	(per Unit)	(per Unit)	(per Unit)	(per Bedroom)	(per Sq. Ft.)	(per Sq. m.)
Water service	4,202	3,037	2,566	1,785	1,363	2.37	25.51
Wastewater Facilities	3,734	2,699	2,280	1,586	1,212	2.10	22.60
Wastewater Linear Services	4,703	3,399	2,872	1,998	1,526	2.65	28.52
Stormwater Drainage and Control Services	6,450	4,662	3,938	2,740	2,093	1.29	13.89
Total Urban Services	19,089	13,797	11,656	8,109	6,194	8.41	90.52

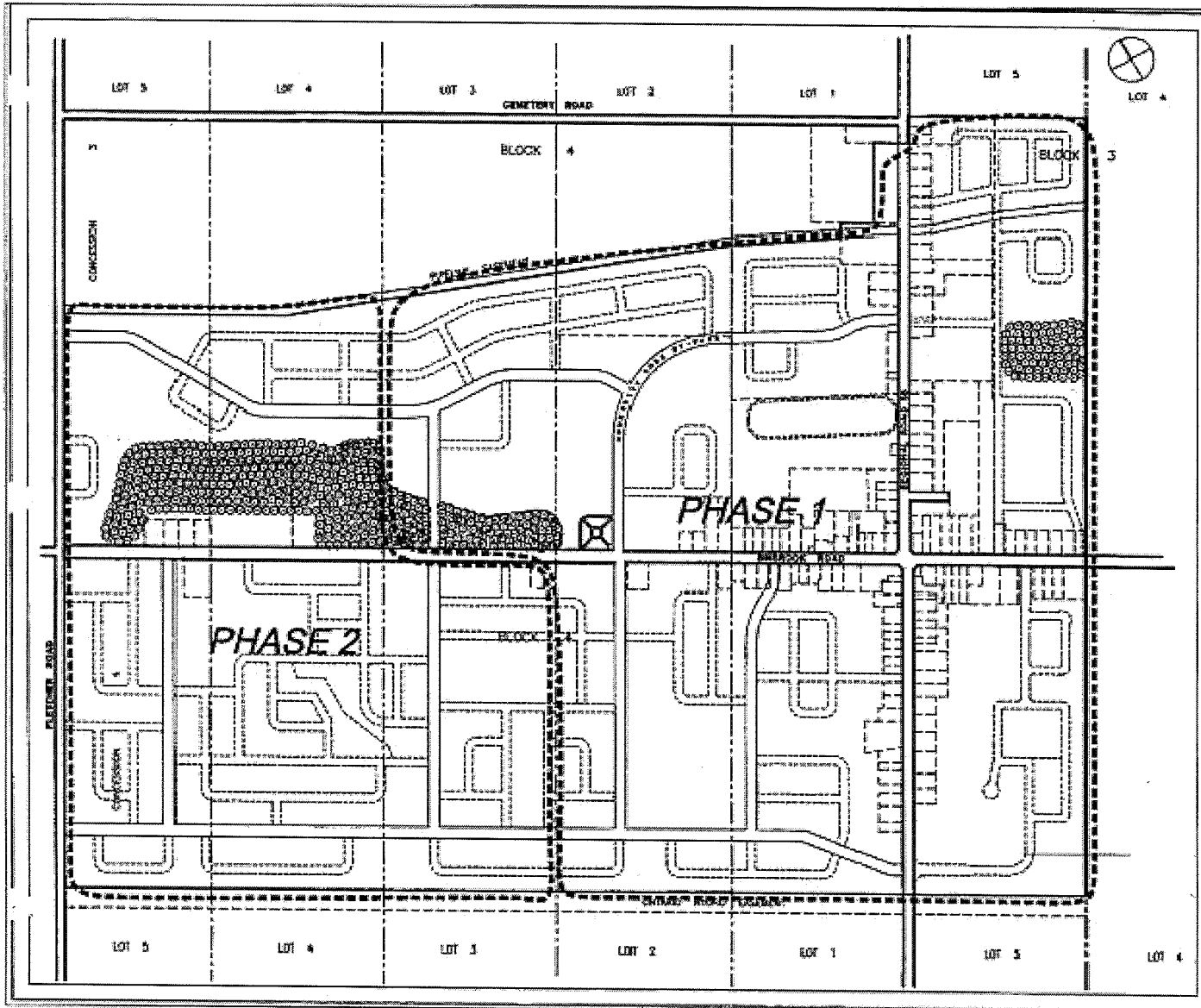
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SCHEDULE D TO BY-LAW 14-153
Downtown Hamilton Community Improvement Project Area



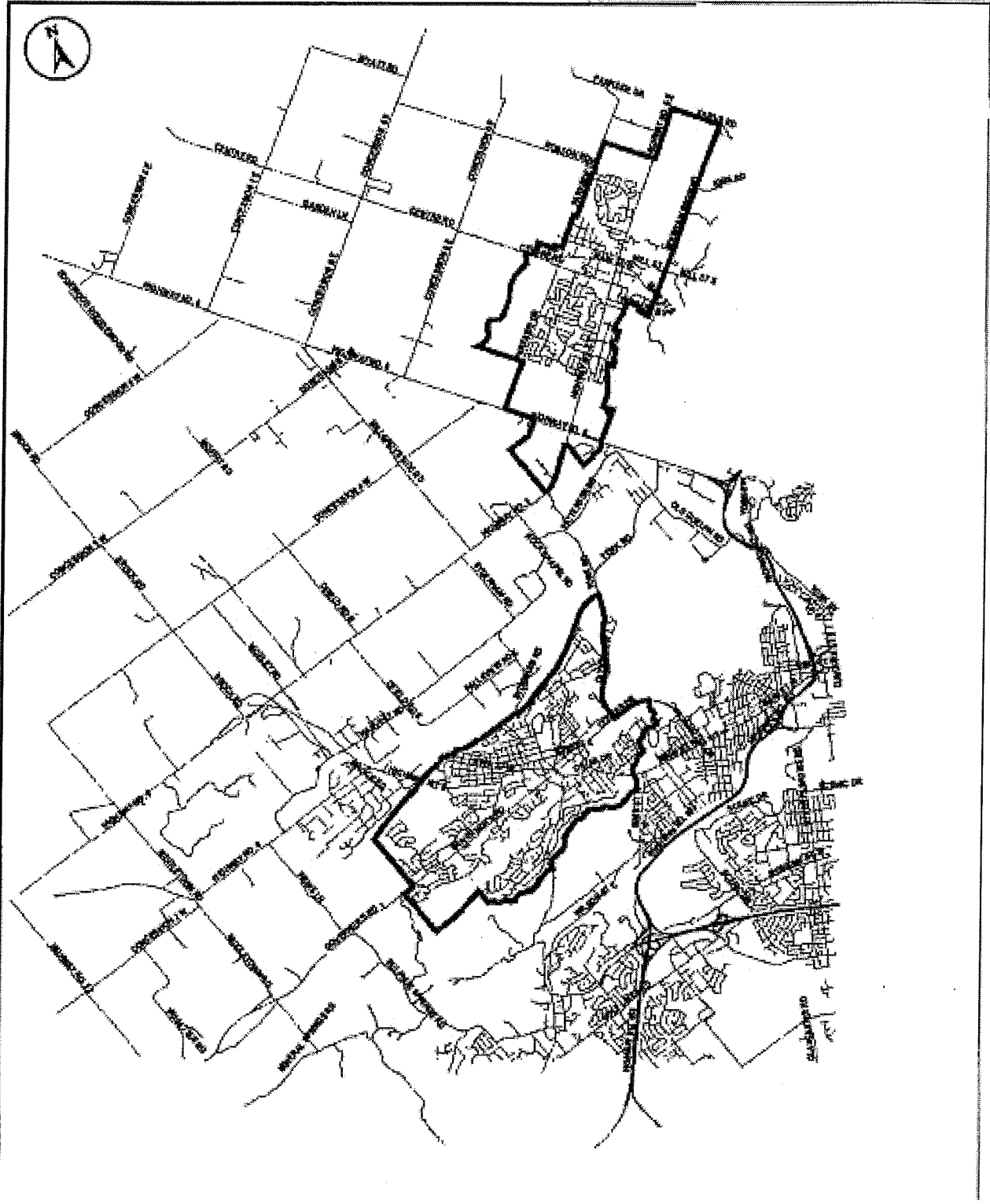
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SCHEDULE E TO BY-LAW 14-153
Binbrook Special Area Charge Map



Being a By-law respecting development charges on lands within The City of Hamilton

SCHEDULE F TO BY-LAW 14-153
Dundas/Waterdown Special Area Charge Map



Being a By-law respecting development charges on lands within The City of Hamilton

SCHEDULE G TO BY-LAW 14-153
 Special Area Charges – Effective July 6, 2014

Special Area Charge	Single-Detached Dwelling & Semi-Detached Dwelling	Townhouses & Other Multiple Unit Dwellings	Apartments 2-Bedrooms +	Apartments Bachelor & 1-Bedroom	Residential Facility Dwelling	Non-Residential	
	(per Unit)	(per Unit)	(per Unit)	(per Unit)	(per Bedroom)	(per Sq. Ft.)	(per Sq. m.)
Binbrook Special Area Charge	3,211	2,320	1,961	1,364	1,042	N/A	N/A
Dundas/Waterdown Special Area Charge	1,588	1,147	970	674	515	1.09	11.73

Memorandum

To:	Joe Spiler	Fax	<input type="checkbox"/>
From:	Gary Scandlan	Courier	<input type="checkbox"/>
Date:	May 7, 2018	Mail	<input type="checkbox"/>
Re:	City Report on the Proposed Downtown CIP DC Exemption (Report PED18093 / FCS18054)	e-mail	<input type="checkbox"/>

In follow-up to your request, we would confirm that we have reviewed the above noted report and are satisfied that it includes all the necessary items to meet the requirements of a "Background Study under the Development Charges Act. As noted in section 19 of the DCA, to amend an existing DC By-law, you are required to address items set out in sections 10 through 18 of the DCA. Section 10 provides for different items to be specifically addressed in the report whereas the remaining sections deal with process. A table has been provided within the report setting out the section 10 items and how they are being addressed.

We trust this is satisfactory for your needs

Services

- Demographics, Pupil Forecasting, Industrial/ Commercial Forecasts
- Land Needs and Market Studies
- School Board Planning and Financing
- Development/Education Development Charge Policy
- Long Range Financial Planning for Municipalities
- Servicing Cost Sharing
- Financial Analysis of Municipal Restructuring Options
- Municipal Management Improvement
- Tax Policy Analysis
- Fiscal Impact of Development
- O.M.B. Hearings – Financial, Market, Demographic
- Waste Management Rate Setting, Valuation and Planning



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 11, 2018
SUBJECT/REPORT NO:	2017 City of Hamilton Financial Report and Audited Financial Statements (FCS18059) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Shelley Hesmer (905) 546-2424 Ext. 3020
SUBMITTED BY:	Mike Zegarac General Manager Finance and Corporate Services Department
SIGNATURE:	

RECOMMENDATION

That the 2017 City of Hamilton Financial Report and Audited Financial Statements, attached as Appendix "B" to Report FCS18059 be approved;

EXECUTIVE SUMMARY

Each year, the Treasurer of the Municipality must prepare and present the audited financial statements to Council for approval as prescribed by the *Municipal Act, (2001)*. The financial statements, attached as Appendix "B" to Report FCS18059, present the consolidated statement of financial position of the Municipality as at December 31, 2017, the consolidated statement of operations for the year ended December 31, 2017, the consolidated statement of changes in net financial assets and the consolidated statement of cash flow.

KPMG LLP, the City of Hamilton's (City) external auditors, performed the statutory audit function and expressed an opinion, free of qualification, that these financial statements present fairly, in all material respects, the financial position of the City of Hamilton as at December 31, 2017. The Audit Findings Report of KPMG for the year ended December 31, 2017, is attached as Appendix "C" to Report FCS18059. KPMG's report provides the status of the audit, a summary of significant audit, accounting, and reporting matters; a summary of audit adjustment; and updates to technical accounting and auditing standards. The report from KPMG indicates that there were no significant

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: 2017 City of Hamilton Financial Report and Audited Financial Statements (FCS18059) (City Wide) - Page 2 of 4

internal control deficiencies during the 2017 audit. One reclassification adjustment was communicated to management and was subsequently corrected in the financial statements.

The financial statements have been prepared by staff in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA). Full accrual accounting was implemented with the changes to the CPA Public Sector Accounting Handbook, Section PS1201 Financial Statement Presentation and Section PS3150 Tangible Capital Assets, effective January 1, 2009. The changes were illustrated with the presentation of the 2009 Consolidated Financial Statements (FCS10042) to the Audit, Finance and Administration Committee in June 2010. The most significant change was the reporting of tangible capital assets in the consolidated financial statements.

Appendix “A” to Report FCS18059 provides an overview of management’s analysis of the 2017 Consolidated Financial Statements for the City of Hamilton. The 2017 Financial Report (Appendix “B” to Report FCS18059) contains the following information:

- City of Hamilton 5 Year Financial and Statistical Review (unaudited);
- City of Hamilton Consolidated Financial Statements;
- City of Hamilton Trust Fund Financial Statements (Cemetery and General Trust Funds); and
- City of Hamilton Homes for the Aged Trust Fund Financial Statements.

Financial statements for the Hamilton Public Library Board, the City’s Housing Corporation and Business Improvement Areas are presented to their respective Boards or Oversight Bodies for approval.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Appendix “A” to Report FCS18059 provides an overview of management’s analysis of the 2017 Consolidated Financial Statements of the City of Hamilton.

Staffing: There are no associated staffing implications.

Legal: There are no associated legal implications.

HISTORICAL BACKGROUND

The Consolidated Financial Statements of the City of Hamilton are prepared by management in accordance with the Canadian generally accepted accounting principles

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SUBJECT: 2017 City of Hamilton Financial Report and Audited Financial Statements (FCS18059) (City Wide) - Page 3 of 4

for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA).

Effective January 1, 2009, the City adopted CPA Public Sector Accounting Handbook Section PS1201 Financial Statement Presentation and Section PS3150 Tangible Capital Assets. As a result of the changes to full accrual accounting, the City began to record tangible capital assets in the 2009 consolidated financial statements. Other changes include standardization of the presentation of the financial assets, liabilities, non-financial assets and accumulated surplus in the financial statements of governments. Expenses replace expenditures in the statement of operations in the full accrual accounting approach. Expenditures were outlays of assets to purchase goods and services. Expenses represent the consumption of assets to provide goods, services and intangibles. Expenses include the amortization of tangible capital assets over the useful life of the assets, the change in liabilities for post-employment, retirement and pension benefits and the change in liabilities for solid waste landfill closure and post closure care costs.

PSAB changes are applied in the years' they come into effect in legislation and will include any required note disclosure. PSAB 3260 – Liability of Contaminated Sites came into effect January 1, 2015 and was shown for the first time in our 2015 Financial Statements, applied retroactively as prescribed. For this new requirement, the City includes this risk-based estimate for remediation of various lands with past industrial uses as part of our liabilities. Details of the liability for 2017 can be found in the financial statements in Appendix “B” to Report FCS18059, Note 21. For 2017 year-end financial statements there were no new PSAB accounting policy changes. The Audit Findings Report provided by KPMG in Appendix “C” to Report FCS18059 includes in its current developments section the upcoming changes to PSAB summarized with notes on implications.

The Operating and Capital Budgets continue to be reported on the modified accrual basis of accounting. In addition to the accrual of the usual operating revenues and expenses, the Operating and Capital Budgets include expenditures for principal payments on debt, payments of retiree benefits and payments of landfill costs and revenues from the proceeds on the issuance of debentures or loans.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Not Applicable.

RELEVANT CONSULTATION

KPMG LLP, our external auditors performed the annual audit for the City of Hamilton financial statements for 2017 and provided the related Appendix “C” Audit Findings Report.

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SUBJECT: 2017 City of Hamilton Financial Report and Audited Financial Statements (FCS18059) (City Wide) - Page 4 of 4

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Each year, the Treasurer of the Municipality must prepare and present the audited financial statements to Council for the approval as prescribed by the *Municipal Act, (2001)*. The 2017 City of Hamilton Financial Report and Audited Financial Statements are included in Appendix “B” to Report FCS18059.

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement & Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS18059 – Management’s Analysis – 2017 City of Hamilton Consolidated Financial Statements

Appendix “B” to Report FCS18059 – 2017 City of Hamilton Financial Report

Appendix “C” to Report FCS18059 – KPMG’s Audit Findings Report for the year ended December 31, 2017

SH/dw

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**City of Hamilton
2017 Consolidated Financial Statements
Analysis – May 2018**

General

The City of Hamilton’s 2017 consolidated financial statements have been prepared by management and staff of the City of Hamilton in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA).

These financial statements, Appendix “B” to Report FCS18059, are based on the full accrual basis of accounting under the CPA Public Sector Accounting Handbook sections PS1201 Financial Statement Presentation. The consolidated statement of financial position provides a summary of the City’s financial position as of the end of the year while the consolidated statement of operations provides a summary of the financial activity during the year.

Under the full accrual basis, expenditures related to the purchase and acquisition of tangible capital assets are reported as non-financial assets on the statement of financial position rather than as expenses in the statement of operations. Amounts received that relate to expenditures of future periods are recorded as deferred revenue and reported as liabilities on the statement of financial position.

Expenses are reported on the statement of operations by functional area. Expenses are also broken out by salaries and benefits, interest on long-term debt, materials and supplies, contracted services, rents and financial expenses, external transfers, and amortization of tangible capital assets over the useful life of the assets in the Schedule of Operations for Business Segments. Expenses include the change in liabilities for post-employment, retirement and pension benefits, contaminated sites, and solid waste landfill closure and post closure care costs.

In addition to taxation and investment income, reported revenues include government grants and development charges recognized in the period as well as tangible capital assets donated to the City.

The operating and capital budgets are prepared on the modified accrual basis of accounting. Proceeds from the issuance of long term debt that are included as a source of funding in the capital budget and debt principal repayments that are included as expenditures in the operating budget are not reported in the consolidated statement of operations.

Appendix “A” to Report FCS18059
Page 2 of 12

2017 City of Hamilton Consolidated Financial Statements Analysis

The consolidated financial statements report the financial transactions and estimates made by management during 2017. The consolidated financial statements report the City’s municipal operations including all departments, Hamilton Police Services, Library, Housing, Business Improvement Areas and government business enterprises (Hamilton Utilities Corporation and Hamilton Renewable Power Inc.).

The Consolidated Financial Statements consist of:

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations
- Consolidated Statement of Changes in Net Financial Assets
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position consists of financial assets, liabilities, non-financial assets and accumulated surplus.

Financial Assets

The City’s total financial asset position increased in 2017 by \$158.8M to \$1.695B and is reported in the consolidated financial statements as:

	<u>2017</u> \$000's	<u>2016</u> \$000's
Financial Assets		
Cash and cash equivalents	\$ 139,287	\$ 148,185
Taxes receivable	77,918	83,730
Accounts receivable	120,405	107,965
Other assets	1,327	651
Long term receivables	52,124	48,312
Portfolio investments	947,928	900,035
Investment in Government Business Enterprises	<u>356,098</u>	<u>247,386</u>
Total financial assets	<u>\$ 1,695,087</u>	<u>\$ 1,536,264</u>

Cash and cash equivalents \$139.0M (2017) \$148.0M (2016)

The total represents the balance in City’s bank accounts, deposits held and housing short term investments. The bank accounts include the City’s operating bank, accounts payable bank, payroll bank, Ontario Works bank, and City Housing Hamilton bank. The balance decreased in 2017 from 2016 as less money was held in the bank at year end.

Appendix “A” to Report FCS18059
Page 3 of 12

2017 City of Hamilton Consolidated Financial Statements Analysis

Taxes Receivable \$77.9M (2017) \$83.7M (2016)
Taxes receivable represent unpaid property tax bills net of estimates for allowances for uncollectible accounts. Taxes Receivable represent 7.0% of current year’s tax levies (2016 – 8.0%). The 2017 balance includes an allowance for doubtful accounts of \$1.9M (2016 - \$5.4M).

Accounts Receivable \$120.4M (2017) \$108.0M (2016)
Accounts receivable represents revenues earned by the City but not received at year end net of estimates of allowances for uncollectible accounts. The 2017 balance consists of water and wastewater receivables (\$42.1M), general receivables & accruals (\$22.9M), HST receivables (\$11.4M), provincial and federal grants receivable (\$22.5), and interest receivable (\$4.9M).

Long Term Receivables \$52.1M (2017) \$48.3M (2016)
Long Term Receivables represent the balance of loans and deferral agreements with agencies and organizations net of the provision for loans with concessionary terms. The long term receivables include:

	<u>2017</u> \$000’s	<u>2016</u> \$000’s
Development charge deferral agreements	\$26,987	\$22,117
Mortgages receivable:		
Downtown convert to rent program	11,422	10,470
Hamilton Utilities Corporation	7,128	8,100
Hamilton Renewable Power Inc.	808	1,304
Sheraton Hotel loan	977	1,086
Other City loan programs	3,802	3,719
Loans to other agencies and organizations	3,997	4,357
Less: Provision for loans with concessionary terms	<u>(2,997)</u>	<u>(2,841)</u>
	\$52,124	\$ 48,312

Portfolio Investments \$947.9M (2017) \$900.0M (2016)
Portfolio investments represent the City’s holdings, as prescribed by the Municipal Act, in short and long term fixed income securities. The investments earn various interest rates with different premiums, discounts and maturities. Portfolio investments have a market value of \$955.9M.

Investment in Government Business Enterprises \$356.1M (2017) \$247.4M (2016)
Investment in Government Business Enterprises represents net equity of the consolidation of the City’s subsidiary corporations, Hamilton Utilities Corp. (HUC)

Appendix “A” to Report FCS18059
Page 4 of 12

2017 City of Hamilton Consolidated Financial Statements Analysis

and Hamilton Renewable Power Inc. (HRPI). The consolidation of subsidiary corporations under the modified equity basis of accounting is required by the generally accepted accounting principles of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA). This PSAB recommendation was instituted in 2000 and also affects the reporting of the accumulated surplus and net municipal position in the consolidated financial statements. Dividends received in 2017 consisted of \$14.7M from HUC and \$0.06M from HRPI (2016 - \$8.5M from HUC and \$0.06M from HRPI).

Liabilities

The City’s total liabilities position increased in 2017 by \$53.8M to \$1.449B and is reported in the consolidated financial statements as:

	<u>2017</u>	<u>2016</u>
	\$000’s	\$000’s
Liabilities		
Accounts payable and accrued liabilities	\$ 319,187	\$ 268,174
Deferred revenue - general	67,667	59,618
Deferred revenue - obligatory reserve funds	252,156	213,247
Long term liabilities – Municipal Operations	359,637	408,735
Long term liabilities – Housing Corporations	58,508	64,070
Employee future benefits and other obligations	367,587	356,762
Solid waste landfill liabilities	<u>24,174</u>	<u>24,466</u>
Total liabilities	\$ 1,448,916	\$ 1,395,072

Accounts Payable and Accrued Liabilities \$319.2M (2017) \$268.2M (2016)

Accounts Payable and Accrued Liabilities represent obligations owing by the City to third parties and employees at year end. The balance primarily consists of amounts payable to vendors and contractors (\$142.8M), payroll accruals (\$37.4M), amounts for insurance claims (\$20.5M), security deposits (\$22.7M), and the present value of the City’s commitment to the Randle Reef remediation project (\$3.6M).

Deferred Revenue -General \$67.7M (2017) \$59.6M (2016)

Deferred Revenue represents amounts received that will be recorded as revenue in future years to match expenditures incurred for goods received and services performed. The balance includes federal and provincial government grants and subsidies (\$11.9M), future urban roads (\$12.4M), housing (\$18.2M), General Deferred (\$3.8M), and forestry (\$2.0M).

Deferred Revenue – Obligatory Reserve Funds \$252.2M (2017) \$213.2M (2016)

Deferred Revenue – Obligatory Reserve Funds represents amounts received that will be recorded as revenues in future years to match expenditures incurred for goods received and services performed. The balance includes:

Appendix “A” to Report FCS18059
Page 5 of 12

2017 City of Hamilton Consolidated Financial Statements Analysis

	<u>2017</u> \$000's	<u>2016</u> \$000's
Development charge reserve funds	\$158,996	\$127,959
Subdivider contributions	-	56
Recreational land dedicated under the Planning Act	35,235	32,493
Gasoline tax revenue: Provincial	16,692	18,774
Federal	21,919	16,265
Building Permit Revenue	19,285	17,671
Other (Ivor Wynne)	<u>29</u>	<u>29</u>
	<u>\$252,156</u>	<u>\$213,247</u>

Development Charge and Special Area Reserve Fund balances increased in 2017. The increase is made up of \$78.7 million in collections less transfers to finance capital projects of \$39.3 million and transfers to operating of \$11.0 million. During 2017 the City received and accrued federal gas tax transfers of \$32.2 million and provincial gas tax transfers of \$11.1 million. Federal Gas Tax was allocated to capital upgrades to roads and bridges for \$27.1 million. The provincial gas tax was allocated to transit related projects (\$2.6M) and transit operating budget (\$11.0M). During 2017 the City received parkland dedication fees of \$9.4 million and \$7.9 million was allocated to capital projects for future development of city parks. Approximately \$1.5 million of the surplus building permit revenue in 2017 was transferred to the building permit revenue reserve fund. “Other (Ivor Wynne)” refers to a reserve fund that was established in 2011 with funds received from the Province for the reconstruction of Ivor Wynne Stadium (Tim Horton’s Field) for the 2015 Pan Am Games.

Long Term Liabilities – Municipal Operations \$359.6M (2017) \$408.7M (2016)
Long Term Liabilities – Municipal Operations represents the outstanding principal for long term debt issued to finance capital expenditures and obligations for leased tangible capital assets. In 2017, the City made principal repayments on long term debt of \$48.5M (2016 - \$42.0M) and principal repayments on leased tangible capital assets of \$0.6M (2016 - \$0.5M). No new debt was issued in 2017 for capital projects (2016 – \$128.4M).

Long Term Liabilities – Housing Operations \$58.5M (2017) \$64.1M (2016)
Long Term Liabilities – Housing Operations represents the outstanding principal for loans and mortgages obtained to finance certain housing capital expenditures and asset purchases. In 2017, CityHousing Hamilton made principal repayments on long term debt of \$5.6M (2016 - \$5.4M). Housing debenture debt issued by the Ontario Housing Corporation remains the obligation of the Province of Ontario as a result debenture debt of \$14.0M (2016 - \$17.0M) is not reported in the consolidated financial statements.

Appendix “A” to Report FCS18059
Page 6 of 12

2017 City of Hamilton Consolidated Financial Statements Analysis

Employee Future Benefits and Other Obligations \$367.6M (2017) \$356.8M (2016)

These estimates represent the liabilities associated with employee post-employment, retirement and pension benefits. The generally accepted accounting principles recognize the liabilities in the year in which the employees provide the services associated with the benefits.

The 2017 estimates are provided by independent actuaries from actuarial valuations performed for 2017 or performed for earlier years and extrapolated for 2017. The estimates use assumptions for inflationary increases of 2% to 2.25% annually, a discount rate of 3.5% to 4.9%, payroll increases of 3%, and increases in pension plan assets of 4.9%. Projections for retirement benefits assumed that drug costs would increase by 8.2% in 2017 with future annual increases grading down linearly by 0.20% to an ultimate rate of 4.0% and dental costs will increase by 4.0% annually. These liabilities are not reported net of any reserves already setup on the balance sheet in the Statement of Financial Position.

The employee future benefits and other obligations are summarized in the consolidated financial statements as:

	<u>2017</u> \$000's	<u>2016</u> \$000's
Accrued Benefit Obligation		
Sick leave benefit plan	\$ 55,982	\$ 55,108
Long term disability plan	26,687	23,819
Workplace safety and insurance board liabilities (WSIB)	88,537	78,297
Retirement benefits	146,547	142,509
Vacation benefits	27,478	26,291
Pension benefit plans	<u>9,132</u>	<u>32,634</u>
	354,363	358,658
Net unamortized actuarial gain (loss)	<u>13,224</u>	<u>(1,896)</u>
Accrued Liability	\$ 367,587	\$ 356,762
Less: Provisions in Reserves	<u>(66,021)</u>	<u>(66,142)</u>
Unfunded Liability	\$ 301,566	\$ 290,405

PSAB's disclosure requirements for employee benefits and other obligations are quite extensive. Notes 9 and 10 to the Consolidated Financial Statements provide the details of the actuarial valuations, the actuarial gains and losses, payments and expenses related to these liabilities.

Actuarial gains and losses, permitted in the PSAB accounting standards, result from changes in valuation assumptions used for the current valuations versus previous valuations. The net unamortized actuarial gain of \$13.2M represents a loss in long term disability of \$1.7M, a loss in retirement benefits of \$19.1M, a loss in WSIB liabilities of \$6.3M, a loss in sick leave obligations of \$6.1M and a

Appendix “A” to Report FCS18059
Page 7 of 12

2017 City of Hamilton Consolidated Financial Statements Analysis

gain in the pension plans of \$46.6M. These actuarial gains and losses will be spread over future periods and recognized as expenses under the category of salaries and benefits in the Statement of Operations.

Provisions have been made in the reserves for \$66.0M (2016 - \$66.1M) to fund a portion of these liabilities. These liabilities are only 18.0% funded (2016 – 18.6%) and there is no PSAB requirement to fund the net unfunded liability portion of these employee benefits of \$302.0M from reserves or taxation at this time. These unfunded liabilities can be funded in future years as amounts are expensed in the operating budget for actual payments.

Solid Waste Landfill Liabilities \$24.2M (2017) \$24.5M (2016)

This amount represents the estimate of the liability for closure and post closure costs of the City’s twelve closed and one open landfill sites. The liability is calculated by discounting the future years’ expected cash outflows for the spending on eligible activities on the landfill sites. For liability calculation purposes the open landfill site has been divided into two phases. Phase 1 is expected to close in 2018 and Phase 2, which has yet to begin accepting fill, is expected to close in 2043. Expenses for the post-closure care of the open landfill site are estimated for 50 years after each phase is expected to close. The City’s expenses related to spending on capital projects and the change in the estimated liability are reflected in the Statement of Operations.

Waste diversion rates, waste initiatives such as the green cart program and composting, new waste technologies and ongoing assessments of the closed sites impact the landfill liabilities. The City’s waste diversion rate for 2017 was 43% (2016 – 45%).

Provisions have been made in a reserve of \$1.1M (2016 - \$1.0M) to fund a portion of this liability. There is no PSAB requirement to fund the liability at this time.

Non-Financial Assets

The City’s total non-financial assets position increased in 2017 by \$162.1M to \$5.5B and is reported in the consolidated financial statements as:

	<u>2017</u> \$000's	<u>2016</u> \$000's
Non-Financial Assets		
Tangible capital assets	\$ 5,429,864	\$ 5,271,414
Inventories	12,556	11,733
Prepaid expenses	<u>10,709</u>	<u>7,915</u>
	<u>\$ 5,453,129</u>	<u>\$ 5,291,062</u>

Appendix “A” to Report FCS18059
Page 8 of 12

2017 City of Hamilton Consolidated Financial Statements Analysis

Tangible Capital Assets (TCAs) \$5.4B (2017) \$5.3 B (2016)

The City’s general and infrastructure tangible capital assets include land, land improvements, buildings, vehicles, computer, other machinery and equipment, roads, bridges and structures, water and wastewater plants, facilities and underground infrastructure networks. The net book value of \$5.4B represents the cost of the tangible capital assets less accumulated amortization over the life of the assets. The TCA total includes amounts spent to the end of the year on tangible capital assets under construction.

A summary of the tangible capital assets valued as at Dec. 31, 2017 include:

	<u>2017</u> \$000's	<u>2016</u> \$000's
General		
Land	\$ 333,818	\$ 315,467
Land improvements	152,325	150,337
Buildings	756,160	761,396
Vehicles	128,600	133,786
Computer hardware and software	11,821	11,058
Other	99,540	103,490
Infrastructure		
Roads	1,261,223	1,253,561
Bridges and structures	183,422	184,213
Water and wastewater facilities	403,647	396,884
Underground and other networks	<u>1,789,334</u>	<u>1,761,542</u>
Net Book Value	\$ 5,119,890	\$ 5,071,734
Assets under construction	<u>309,974</u>	<u>199,680</u>
Total	\$ 5,429,864	\$ 5,271,414

The Schedule of Tangible Capital Assets in the Consolidated Financial Statements contains additional information on these non-financial assets. The replacement cost of assets valued as at Dec. 31, 2017 is estimated at \$20.5B.

Inventories	\$12.6M (2017)	\$11.7M (2016)
Prepaid expenses	\$10.7M (2017)	\$ 7.9M (2016)

Two other categories of non-financial assets are inventories of goods for use in the delivery of services and prepaid expenses for purchases made in 2017 for expenses to be incurred in 2018.

Appendix “A” to Report FCS18059
Page 9 of 12

2017 City of Hamilton Consolidated Financial Statements Analysis

Accumulated Surplus

Net Municipal Financial Position **\$5.699B (2017)** **\$5.432B (2016)**

The City’s accumulated surplus represents the net municipal financial position in PSAB’s financial statement presentation requirements for 2017. The balance is comprised of the following:

	<u>2017</u> \$000's	<u>2016</u> \$000's
Accumulated surplus (Net municipal financial position)		
Operating surplus of BIA, Flamborough Recreation sub-committee, Confederation Park and Westfield Heritage Village	\$ 1,652	\$ 2,414
Operating surplus – housing	(154)	(394)
Capital surplus – municipal	(37,423)	(65,205)
Capital surplus – housing	9,286	4,816
Reserves and Reserve Funds	742,253	690,357
Unfunded liabilities – Employee benefits	(343,679)	(333,787)
Unfunded liabilities – Landfill sites	(24,174)	(24,466)
Investment in Government Business Enterprises	356,098	247,386
Investment in tangible capital assets	<u>4,995,441</u>	<u>4,780,723</u>
Total accumulated surplus	\$ 5,699,300	\$ 5,432,254

Consolidated Statement of Operations

The Consolidated Statement of Operations represents the revenue and expenses under the PSAB format for financial statements introduced in 2009. The budget and actual revenues and expenses reported in the Consolidated Statement of Operations will not match amounts reported to Council for a number of reasons. The consolidated financial statements include revenues from donated capital assets, expenses from the amortization of tangible capital assets and change in unfunded liabilities which are not included in the budget. Proceeds from the issuance of long term debt that are included as a source of funding in the capital budget and debt principal repayments that are included as expenditures in the operating budget are not reported in the consolidated statement of operations.

These financial statements reflect the transfers to reserves of the City’s municipal tax and rate operating budget surplus of \$43.1M as reported in report FCS17060.

The annual surplus in the Consolidated Statement of Operations of \$278.5M represents the excess of revenue over expenses for 2017 under PSAB’s full accrual basis of

Appendix "A" to Report FCS18059
Page 10 of 12

2017 City of Hamilton Consolidated Financial Statements Analysis

accounting and, therefore, is a different surplus than the operating budget surplus reported to Council.

Revenue increased by \$131.6M to \$1.970B in 2017 from \$1.838B in 2016 and is reported in the Consolidated Statement of Operations as:

	Budget	Actual	Actual
	<u>2017</u>	<u>2017</u>	<u>2016</u>
	\$000's	\$000's	\$000's
Revenue			
Taxation	\$ 874,187	\$ 876,880	\$ 854,709
Government grants and contributions	458,101	394,785	385,447
User charges	323,788	334,974	332,601
Development charges and subdivider contributions	53,200	50,313	82,025
Donated tangible capital assets	18,217	18,217	16,646
Investment and dividend income	33,897	28,070	27,067
Net income from Government Business Enterprises	-	134,914	22,857
Other	<u>101,811</u>	<u>131,383</u>	<u>116,549</u>
Total revenue	<u>\$ 1,863,201</u>	<u>\$ 1,969,536</u>	<u>\$ 1,837,901</u>

The increase in taxation revenue includes the 2017 Operating Budget property tax increase of 2.1%.

Government grants and contributions revenue's increased by \$9.4M in 2017 from 2016. Significant government grants and contributions for operating budget programs and capital projects include:

	<u>2017</u>	<u>2016</u>
	\$ millions	\$ millions
Ontario Works	\$ 138.6	\$ 128.2
Child Care	56.3	53.4
Public Health Services	29.2	28.8
Social Housing	37.4	21.7
Federal Gas Tax	27.1	40.1
Homes for the Aged	21.3	21.1
Emergency Medical Services - Ambulance	23.7	21.8
Homelessness	19.6	19.0
Provincial Gas Tax	13.5	14.7
Other capital grants	2.2	11.2
Other operating program grants	<u>25.9</u>	<u>25.4</u>
	<u>\$ 394.8</u>	<u>\$ 385.4</u>

User charges of \$335.0M primarily consist of water and wastewater revenues of \$199.6M (\$200.3M in 2016) and transit fares and fees of \$58.3M (\$54.8M in 2016). Other user fees are recorded in Recreation & Cultural Services of \$22.2M (\$24.9M in 2016), Social and Family Services of \$16.1M (\$13.1M in 2015), Waste Diversion &

Appendix “A” to Report FCS18059
Page 11 of 12

2017 City of Hamilton Consolidated Financial Statements Analysis

Disposal of \$12.5M (\$10.9M in 2016), Planning and Development of \$11.1M (\$10.0M in 2016) and Protection Services of \$5.5M (\$5.7M in 2016).

Development charges and sub-dividers' contributions of \$50.3M was recognized as revenue in 2017 while unearned revenue is recorded as deferred revenue on the Statement of Financial Position.

Donated tangible capital assets of \$18.2M represent assets that were donated or contributed to the City by developers and recorded as revenue as per PSAB accounting standards.

Investment and dividend income consists of investment income of \$28.1M from City municipal and housing operations from fixed income securities, bank balances and deposits.

Net income from Government Business Enterprises represents net income of \$134.9M from HUC and HRPI for 2017 (\$22.8M in 2016). This includes dividends to the City in 2017 of \$14.7M from HUC (\$8.5M in 2016) and \$0.06M from HRPI (\$0.06M in 2016). The “other comprehensive income (loss) from Government Business Enterprises” was a loss of \$11.4M in 2016 (2016 - \$0.3M income) and represents the re-measurement gains and losses arising from HUC's post-employment liabilities.

Other Revenue of \$131.4M represents revenue from licenses and permits of \$20.5M (\$19.5M in 2016), rents of \$43.4M (\$41.7M in 2016), fines and penalties of \$28.6M (\$28.5M in 2016) and other miscellaneous revenue of \$38.9M (\$35.4M in 2016).

Expenses increased by \$34.0M to \$1.691B in 2017 from \$1.657B in 2016 and are reported in the Consolidated Statement of Operations as:

	Budget <u>2017</u> \$000's	Actual <u>2016</u> \$000's	Actual <u>2016</u> \$000's
Expenses			
General government	\$ 69,600	\$ 70,733	\$ 72,550
Protection services	305,708	312,564	306,629
Transportation services	333,690	326,274	310,190
Environmental services	249,241	239,488	238,553
Health services	99,932	99,125	98,443
Social and family services	326,323	315,218	302,830
Social housing	99,017	105,141	111,113
Recreation and cultural services	171,480	169,029	165,214
Planning and development	<u>64,067</u>	<u>53,455</u>	<u>51,514</u>
Total expenses	<u>\$1,719,059</u>	<u>\$ 1,691,027</u>	<u>\$ 1,657,036</u>

Expenses are summarized by the functional categories above in the Statement of Operations and by object of expenses in the Schedule of Operations for Business

Appendix “A” to Report FCS18059
Page 12 of 12

2017 City of Hamilton Consolidated Financial Statements Analysis

Segments in the Notes to the Consolidated Financial Statements. Expenses include salaries and benefits, interest on long term debt, material and supplies, contracted services, rents and financial expenses, external transfers, amortization of tangible capital assets and inter-functional transfers. Expenses include expenses in the operating budget programs and expenses from specific projects in the capital budget that are not tangible capital assets. Expenses exclude principal repayments on long term debt recorded as reductions of long term debt and capital expenditures recorded as acquisitions and construction of tangible capital assets.

Expenses are summarized in the following categories as:

	<u>2017</u> \$ millions	<u>2016</u> \$ millions
Salaries and benefits	\$ 755.4	\$ 741.9
Interest on long term debt	13.4	12.9
Materials and supplies	218.1	221.5
Contracted services	275.4	276.2
Rents and financial expenses	42.4	34.3
External transfers	194.2	184.5
Amortization	<u>192.1</u>	<u>185.7</u>
Total	<u>\$1,691.0</u>	<u>\$1,657.0</u>

Primary drivers for the increase in expenses relate to \$12.1M in non-tangible capital asset expenses from capital projects (materials and supplies; contracted services, external transfers), \$13.5M in salaries, benefits, pensions, increase of \$6.4M related to amortization for the Tangible Capital Assets.



Hamilton

FINANCIAL REPORT

2017

**City of Hamilton
71 Main Street West
Hamilton, Ontario
L8P 4Y5**

City of Hamilton Financial Report 2017

Contents

2017 City of Hamilton Five Year Financial and Statistical Review	Section 1
2017 City of Hamilton Consolidated Financial Statements	Section 2
2017 Financial Statements for the City Trust Funds (Cemetery and General Trusts)	Section 3
2017 Financial Statements for the Trust Funds for the Homes for the Aged	Section 4

Accommodations for Readers with Disabilities

In accordance with the Ontario Human Rights Code, Ontarians with Disabilities Act, 2001 (ODA) and Accessibility for Ontarians with Disabilities Act, 2005 (AODA), the City of Hamilton will accommodate for readers with a disability upon request.

Section 1

City of Hamilton Five Year Financial and Statistical Review 2017

City of Hamilton
Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating Revenue					
Taxation	\$ 876,880	\$ 854,709	\$ 831,645	\$ 792,317	\$ 764,684
Government grants and contributions	394,785	385,447	384,363	418,772	341,258
User charges	334,974	332,601	315,340	298,888	280,712
Development charges and subdivider contributions	50,313	82,025	25,611	47,102	22,031
Donated tangible capital assets	18,217	16,646	43,571	36,584	29,821
Investment and dividend income	28,070	27,067	30,284	35,452	32,268
Net income from Government Business Enterprises	134,914	22,857	18,758	3,622	15,449
Other	131,383	116,549	114,019	98,716	97,371
	<u>1,969,536</u>	<u>1,837,901</u>	<u>1,763,591</u>	<u>1,731,453</u>	<u>1,583,594</u>
Operating Expenses by Function					
General government	\$ 70,733	\$ 72,550	\$ 57,664	\$ 50,906	\$ 57,987
Protection services	312,564	306,629	300,362	283,934	278,774
Transportation services	326,274	310,190	318,605	323,253	282,486
Environmental services	239,488	238,553	219,339	206,052	198,720
Health services	99,125	98,443	105,377	91,846	91,564
Social and family services	315,218	302,830	294,343	284,733	276,984
Social housing	105,141	111,113	120,898	111,650	100,098
Recreation and cultural services	169,029	165,214	155,720	142,383	145,064
Planning and development	53,455	51,514	54,882	46,933	41,890
	<u>1,691,027</u>	<u>1,657,036</u>	<u>1,627,190</u>	<u>1,541,690</u>	<u>1,473,567</u>
Net Operating Revenue or Annual Surplus from Operations	<u>278,509</u>	<u>180,865</u>	<u>136,401</u>	<u>189,763</u>	<u>110,027</u>

Note: Amounts reported may have been restated from previous amounts presented to conform to 2017 Public Sector Accounting Board (PSAB) standards.

City of Hamilton
Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Taxation					
Taxation from real property	\$ 1,056,723	\$ 1,032,999	\$ 1,010,050	\$ 967,719	\$ 940,090
Taxation from other governments/payments in lieu of taxes	\$ 17,042	\$ 16,469	15,367	15,367	15,080
Taxation collected on behalf of school boards	(196,885)	(194,759)	(193,772)	(190,769)	(190,486)
Net taxes available for municipal purposes	<u>876,880</u>	<u>854,709</u>	<u>831,645</u>	<u>792,317</u>	<u>764,684</u>
Tax Levies					
City portion	\$ 845,392	\$ 827,668	\$ 797,619	\$ 761,745	\$ 737,350
School Board portion	<u>193,714</u>	<u>191,734</u>	<u>188,861</u>	<u>186,846</u>	<u>187,274</u>
	1,039,106	1,019,402	986,480	948,591	924,624
Tax arrears					
Taxes receivable	\$ 77,918	\$ 83,730	\$ 85,429	\$ 82,976	\$ 80,067
Taxes receivable per capita	140	155	155	152	148
Taxes receivable as a percentage of current years' levies	7.5%	8.2%	8.7%	8.7%	8.7%
Unweighted Taxable Assessment					
Residential	\$ 57,306,633	\$ 53,366,322	\$ 50,882,588	\$ 48,734,517	\$ 46,565,889
Non-Residential	<u>7,908,588</u>	<u>7,571,212</u>	<u>7,262,270</u>	<u>6,937,908</u>	<u>6,791,790</u>
	65,215,221	60,937,534	58,144,858	55,672,425	53,357,679
Weighted Taxable Assessment					
Residential	\$ 61,208,842	\$ 57,357,959	\$ 54,721,738	\$ 52,506,258	\$ 50,094,712
Non-Residential	<u>17,376,301</u>	<u>16,428,325</u>	<u>15,809,651</u>	<u>15,125,118</u>	<u>14,946,695</u>
	78,585,143	73,786,284	70,531,389	67,631,376	65,041,407
Residential vs Non-Residential Percentage of Total Weighted Taxable Assessment					
Residential	78%	78%	78%	78%	77%
Non-Residential	22%	22%	22%	22%	23%
Taxable Assessment Growth (weighted)					
	1.4%	0.7%	1.6%	1.3%	0.8%

Note: Amounts reported may have been restated from previous amounts presented to conform to 2017 Public Sector Accounting Board (PSAB) standards.

City of Hamilton Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating Expenses by Object					
Salaries, wages and employee benefits	\$ 755,403	\$ 741,847	\$ 723,337	\$ 693,067	\$ 667,736
Interest on long term liabilities	13,442	12,934	14,297	13,176	14,717
Materials	218,037	221,520	223,349	212,112	199,596
Contracted services	275,361	276,159	248,843	238,005	213,569
Rents and financial expenses	42,421	34,297	36,435	32,821	28,845
External transfers	194,241	184,546	202,881	177,383	176,435
Amortization of tangible capital assets	192,122	185,733	178,048	175,126	172,669
	<u>1,691,027</u>	<u>1,657,036</u>	<u>1,627,190</u>	<u>1,541,690</u>	<u>1,473,567</u>
Operating Expenses as Percentage of Total					
Salaries, wages and employee benefits	44.7%	44.8%	44.6%	45.0%	45.3%
Interest on long term liabilities	0.8%	0.8%	0.9%	0.9%	1.0%
Materials	12.9%	13.4%	13.7%	13.8%	13.5%
Contracted services	16.3%	16.7%	15.3%	15.4%	14.5%
Rents and financial expenses	2.5%	2.1%	2.2%	2.1%	2.0%
External transfers	11.5%	11.1%	12.5%	11.5%	12.0%
Amortization of tangible capital assets	11.3%	11.1%	10.8%	11.3%	11.7%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Long Term Liabilities					
Long Term Liabilities incurred by the City	\$ 418,145	\$ 472,805	\$ 394,295	\$ 444,766	\$ 388,663
Long Term Debt incurred by the City for which other entities have assumed responsibility	-	-	(3,239)	(6,280)	(9,136)
	<u>418,145</u>	<u>472,805</u>	<u>391,056</u>	<u>438,486</u>	<u>379,527</u>
Long Term Liabilities					
Housing operations	\$ 58,508	\$ 64,070	\$ 69,466	\$ 74,675	\$ 79,650
City operations	359,637	408,735	321,590	363,811	299,877
	<u>418,145</u>	<u>472,805</u>	<u>391,056</u>	<u>438,486</u>	<u>379,527</u>
Long term liabilities as a % of Reserves and Capital Surplus					
	58.60%	62.20%	62.30%	60.50%	56.80%

Note: Amounts reported may have been restated from previous amounts presented to conform to 2017 Public Sector Accounting Board (PSAB) standards.

City of Hamilton Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tangible Capital Assets					
General					
Land	\$ 333,818	\$ 315,467	\$ 304,977	\$ 287,316	\$ 265,406
Land improvements	152,325	150,337	135,252	137,563	142,054
Buildings	756,160	761,396	735,926	583,083	570,509
Vehicles	128,600	133,786	107,241	100,547	109,191
Computer hardware and software	11,821	11,058	7,876	6,701	4,928
Other	99,540	103,490	92,098	88,164	90,596
Infrastructure					
Roads	1,261,223	1,253,561	1,248,288	1,188,995	1,183,951
Bridges and structures	183,422	184,213	184,794	183,252	176,442
Water and wastewater facilities	403,647	396,884	385,404	391,440	388,850
Underground and other networks	1,789,334	1,761,542	1,713,019	1,631,570	1,585,462
Net Book Value	5,119,890	5,071,734	4,914,875	4,598,631	4,517,389
Assets under construction	309,974	199,680	235,413	359,541	223,286
	5,429,864	5,271,414	5,150,288	4,958,172	4,740,675
Accumulated Surplus or Municipal Financial Position					
Reserves and reserve funds					
Reserves	\$ 697,931	\$ 647,278	\$ 660,757	\$ 636,625	\$ 606,664
Hamilton Future Fund	44,322	43,079	37,711	46,436	61,116
	742,253	690,357	698,468	683,061	667,780
Capital surplus	\$ (28,137)	\$ 70,021	\$ (70,758)	\$ 41,550	\$ 44
Operating surplus	1,498	2,020	2,305	(1,862)	(71)
Investment in Government Business Enterprises	356,098	247,386	232,811	223,724	235,392
Investment in tangible capital assets	4,995,441	4,780,723	4,740,652	4,507,349	4,351,854
Unfunded liabilities - Employee future benefits	(343,679)	(333,787)	(326,627)	(313,254)	(297,989)
Unfunded liabilities - Solid waste landfill sites	(24,174)	(24,466)	(25,769)	(26,084)	(28,655)
	5,699,300	5,432,254	5,251,082	5,114,484	4,928,355

Note: Amounts reported may have been restated from previous amounts presented to conform to 2017 Public Sector Accounting Board (PSAB) standards.

City of Hamilton
Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statistical Information					
Population	558,397	558,397	550,700	545,850	540,000
Households	222,918	222,918	223,000	221,000	218,500
Area in hectares	112,775	112,775	112,775	112,775	112,775
Building Permit Values	\$1,364,145,419	\$1,056,237,746	\$1,108,192,846	\$1,143,192,706	\$1,025,785,758
Housing Starts	1,340	1,436	1,415	1,203	1,250
Residential Units - Building Permits	6,053	5,835	4,142	3,379	3,112
Average Monthly Social Assistance Case Load	12,807	12,753	12,946	12,388	12,619
Continuous Full Time Employees	6,664	6,670	6,597	6,405	6,411

Note: Amounts reported may have been restated from previous amounts presented to conform to 2017 Public Sector Accounting Board (PSAB) standards.

Section 2

City of Hamilton Consolidated Financial Statements 2017

Contents

	<u>Section - Page</u>
Independent Auditor's Report	2-1 to 2-2
Consolidated Statement of Financial Position	2-3
Consolidated Statement of Operations	2-4
Consolidated Statement of Changes in Net Financial Assets	2-5
Consolidated Statement of Cash Flow	2-6
Notes to the Consolidated Financial Statements	2-7 to 2-38

Independent Auditor's Report

<<NOTE: The Independent Auditor's Report will be inserted after the Financial Report is approved by the Audit, Finance and Administration Committee. >>

Independent Auditor's Report

<<NOTE: The Independent Auditor's Report will be inserted after the Financial Report is approved by the Audit, Finance and Administration Committee. >>

City of Hamilton Consolidated Statement of Financial Position

For the year ended December 31, 2017 (all numbers are in thousands of dollars)

	<u>2017</u>	<u>2016</u>
Financial assets		
Cash and cash equivalents (Note 2)	\$ 139,287	\$ 148,185
Taxes receivable	77,918	83,730
Accounts receivable	120,405	107,965
Other assets	1,327	651
Long term receivables (Note 3)	52,124	48,312
Portfolio investments (Note 2)	947,928	900,035
Investment in Government Business Enterprises (Note 4)	<u>356,098</u>	<u>247,386</u>
Total financial assets	<u>\$ 1,695,087</u>	<u>\$ 1,536,264</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 319,187	\$ 268,174
Deferred revenue - general	67,667	59,618
Deferred revenue - obligatory reserve funds (Note 5 & 6)	252,156	213,247
Long term liabilities – Municipal Operations (Note 7)	359,637	408,735
Long term liabilities – Housing Corporation (Note 8)	58,508	64,070
Employee future benefits and other obligations (Note 9)	367,587	356,762
Solid waste landfill liabilities (Note 11)	<u>24,174</u>	<u>24,466</u>
Total liabilities	<u>1,448,916</u>	<u>1,395,072</u>
Net financial assets	<u>\$ 246,171</u>	<u>\$ 141,192</u>
Non-financial assets		
Tangible capital assets (Note 19)	\$ 5,429,864	\$ 5,271,414
Inventories	12,556	11,733
Prepaid expenses	<u>10,709</u>	<u>7,915</u>
Total non-financial assets	<u>5,453,129</u>	<u>5,291,062</u>
Accumulated surplus (Note 12)	<u>\$ 5,699,300</u>	<u>\$ 5,432,254</u>

Contractual obligations (Note 16)

Contingent liabilities (Note 18)

See accompanying notes to the consolidated financial statements.

City of Hamilton Consolidated Statement of Operations

For the year ended December 31, 2017 (all numbers are in thousands of dollars)

	Budget <u>2017</u> (Note 22)	Actual <u>2017</u>	Actual <u>2016</u>
Revenue			
Taxation (Note 14)	\$ 874,187	\$ 876,880	\$ 854,709
Government grants and contributions (Note 15)	458,101	394,785	385,447
User charges	323,788	334,974	332,601
Development charges and subdivider contributions	53,200	50,313	82,025
Donated tangible capital assets	18,217	18,217	16,646
Investment and dividend income	33,897	28,070	27,067
Net income from Government Business Enterprises (Note 4)	-	134,914	22,857
Other	101,811	131,383	116,549
Total revenue	<u>1,863,201</u>	<u>1,969,536</u>	<u>1,837,901</u>
Expenses			
General government	\$ 69,600	\$ 70,733	\$ 72,550
Protection services	305,708	312,564	306,629
Transportation services	333,690	326,274	310,190
Environmental services	249,241	239,488	238,553
Health services	99,932	99,125	98,443
Social and family services	326,323	315,218	302,830
Social housing	99,017	105,141	111,113
Recreation and cultural services	171,480	169,029	165,214
Planning and development	64,067	53,455	51,514
Total expenses	<u>1,719,059</u>	<u>1,691,027</u>	<u>1,657,036</u>
Annual Surplus	\$ 144,142	\$ 278,509	\$ 180,865
Accumulated surplus			
Beginning of year	\$ 5,432,254	\$ 5,432,254	\$ 5,251,082
Other comprehensive income of Government Business Enterprises (Note 4)	-	(11,463)	307
End of year	<u>\$ 5,576,396</u>	<u>\$ 5,699,300</u>	<u>\$ 5,432,254</u>

See accompanying notes to the consolidated financial statements.

City of Hamilton Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31, 2017 (all numbers are in thousands of dollars)

	Budget <u>2017</u> (Note 22)	Actual <u>2017</u>	Actual <u>2016</u>
Operating activities			
Annual surplus	\$ 144,142	\$ 278,509	\$ 180,865
Other comprehensive income (loss) of Government Business Enterprises	-	(11,463)	307
Acquisition of tangible capital assets	(410,891)	(350,916)	(301,133)
Loss on disposition of tangible capital assets	18,561	18,561	10,921
Amortization of tangible capital assets	192,122	192,122	185,732
Donated tangible capital assets	(18,217)	(18,217)	(16,646)
Increase (decrease) in inventories	-	(823)	(1,432)
Decrease in prepaid expenses	-	(2,794)	(1,382)
Net increase (decrease) in net financial assets	<u>(74,282)</u>	<u>104,979</u>	<u>57,232</u>
Net financial assets			
Beginning of year	<u>141,192</u>	<u>141,192</u>	<u>83,960</u>
End of year	<u>\$ 66,910</u>	<u>\$ 246,171</u>	<u>\$ 141,192</u>

See accompanying notes to the consolidated financial statements.

City of Hamilton Consolidated Statement of Cash Flows

For the year ended December 31, 2017 (all numbers are in thousands of dollars)

	<u>2017</u>	<u>2016</u>
Operating activities		
Annual surplus	\$ 278,509	\$ 180,865
Decrease (increase) in taxes receivable	5,812	1,699
Decrease (increase) in accounts receivable	(12,440)	9,718
Decrease (increase) in other assets	(676)	23
Increase (decrease) in accounts payable and accrued liabilities	51,013	16,240
Increase in deferred revenue - general	8,049	14,025
Increase (decrease) in deferred revenue – obligatory reserve fund	38,909	(13,498)
Decrease (increase) in inventories	(823)	(1,432)
Decrease (increase) in prepaid expenses	(2,794)	(1,382)
Non-cash activities		
Amortization of tangible capital assets	192,122	185,732
Donated tangible capital assets	(18,217)	(16,646)
Loss on disposition of tangible capital assets	18,561	10,921
Net income from Government Business Enterprises	(134,914)	(22,857)
Change in employee future benefits and other obligations	10,825	7,755
Change in solid waste landfill liabilities	(292)	(1,303)
	<u>433,644</u>	<u>369,860</u>
Investing activities		
Decrease (increase) in portfolio investments	(47,893)	(109,315)
Decrease (increase) in long term receivables	(3,812)	5,425
Dividends received from Government Business Enterprises	14,740	8,590
	<u>(36,965)</u>	<u>(95,300)</u>
Financing activities		
Long term debt issued – Municipal Operations	-	129,901
Debt principal repayment – Municipal Operations	(48,480)	(42,208)
Lease obligation payment – Municipal Operations	(619)	(548)
Debt principal repayment – Housing Corporation	(5,562)	(5,396)
	<u>(54,661)</u>	<u>81,749</u>
Capital activities		
Purchase of tangible capital assets	<u>(350,916)</u>	<u>(301,133)</u>
Net increase (decrease) in cash and cash equivalents	(8,898)	55,176
Cash and cash equivalents		
Beginning of year	<u>148,185</u>	<u>93,009</u>
End of year	<u>\$ 139,287</u>	<u>\$ 148,185</u>

See accompanying notes to the consolidated financial statements.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies

The Consolidated Financial Statements of the City of Hamilton ("City") are prepared by management in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the City are as follows:

(a) Reporting entity

- (i) The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in accumulated surplus, changes in net financial assets of the reporting entity. The consolidated financial statements include the activities of all committees of Council and the following boards and enterprises which are under the control of and accountable to Council:

Hamilton Police Services Board
The Hamilton Public Library Board
The Hamilton Street Railway Company
CityHousing Hamilton Corporation
Hamilton Business Improvement Areas including Ancaster BIA, Barton Street Village BIA, Concession Street BIA, Downtown Hamilton BIA, Dundas BIA, International Village BIA, King Street West BIA, Locke Street BIA, Main Street West Esplanade BIA, Downtown Stoney Creek BIA, Ottawa Street BIA, Waterdown BIA, and Westdale BIA
Flamborough Recreation Sub-Committees
Confederation Park
Hamilton Farmers Market

Interdepartmental and organizational transactions and balances are eliminated.

CityHousing Hamilton Corporation was incorporated as Hamilton Housing Corporation on January 1, 2001 as a result of the provincial legislation, Social Housing Reform Act 2000, which transferred the operation of various local housing authorities to municipalities. The City of Hamilton assumed social housing responsibilities on December 1, 2001. The share capital of CityHousing Hamilton Corporation is 100% owned by the City of Hamilton and a separate Board of Directors has been established to provide oversight responsibilities for the Corporation.

CityHousing Hamilton Corporation has been consolidated on a line-by-line basis after conforming with the City's accounting principles after eliminating inter-organizational transactions and balances.

Hamilton Utilities Corporation ("H.U.C.") and Hamilton Renewable Power Inc. ("H.R.P.I.") are subsidiary corporations of the City and are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 4). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City and inter-organizational transactions and balances are not eliminated.

City of Hamilton trust fund assets that are administered for the benefit of external parties are excluded from the consolidated financial statements. Separate financial statements have been prepared.

Cemetery trust, and general trust funds administered by the City amounting to \$17,663,000 (2016 - \$16,579,000) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations. Homes for the Aged trust funds administered by the City amounting to \$452,000 (2016 - \$438,000) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies (continued)

(a) Reporting entity (continued)

- (ii) The financial activities of certain entities associated with the City of Hamilton are not consolidated. The City's contributions to these entities are recorded in the Consolidated Statement of Operations. The entities that are not consolidated are as follows:

Hamilton Region Conservation Authority
Disabled and Aged Regional Transit System
The Hamilton Municipal Retirement Fund
The Hamilton-Wentworth Retirement Fund
The Pension Fund of the Employees of the Hamilton Street Railway
The Hamilton and Scourge Foundation Inc.
Township of Glanbrook Non-Profit Housing Corporation

- (iii) The financial activities of programs administered by the City which are fully funded by the Province of Ontario or the Government of Canada on the basis of a March 31st year-end are excluded from these financial statements. The programs, which are not consolidated, are as follows:

Anonymous Testing Program
IDU Outreach Program
Child and Adolescent Services
Community Capacity Building - Choices and Changes Program
Community Mental Health and Addictions
Healthy Kids Community Challenge
Prenatal Nutrition & Support
Remedial Measures

- (iv) The taxation, other revenues, expenses, assets and liabilities with respect to the operations of various school boards are not reflected in the consolidated financial statements.

(b) Basis of accounting

Revenues are recorded on the accrual basis of accounting, whereby revenues are recognized as they are earned and measurable. Expenses are recognized in the period goods and services are acquired and a liability is incurred.

(c) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating provisions for allowance for doubtful accounts, donated tangible capital assets, solid waste landfill liabilities, liabilities for contaminated sites, and in performing actuarial valuations of employee future benefit obligations.

Where estimation uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies (continued)

(d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of 365 days or less. Temporary investments are recorded at cost and are written down to fair value when there has been a decline in value.

(e) Portfolio investments

Portfolio investments are comprised of fixed income securities primarily federal, provincial and municipal government bonds and federal government treasury bills. Portfolio investments are valued at cost less any amounts written off to reflect an other than temporary decline in value.

(f) Deferred revenue – obligatory reserve funds

Receipts which are restricted by legislation of senior governments or by agreement with external parties are in nature restricted revenues and are reported as deferred revenues. When qualifying expenses are incurred, deferred revenues are recognized into revenue in the fiscal period they are expended.

(g) Employee future benefits and other obligations

Employee future benefits and other obligations for retirement, post employment and pension benefits are reported in the Consolidated Statement of Financial Position. The accrued benefit obligations are determined using management's best estimates of expected investment yields, wage and salary escalation, mortality rates, termination and retirement ages. The actuarial gain or loss is amortized over the expected average remaining life expectancy of the members of the employee groups.

(h) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Donated or contributed assets are capitalized and recorded at their estimated fair value upon acquisition and recognized in revenue. Leased tangible capital assets are valued at the present value of the future minimum lease payments. Certain tangible capital assets for which historical cost information is not available have been recorded at current replacement cost deflated by a relevant inflation factor.

Amortization for road linear assets is calculated on a consumption basis using road deterioration curves. The City's open landfill site is amortized based on units of production (capacity used during the year). All other tangible capital assets are amortized on a straight-line basis over their estimated useful lives. One half of the annual amortization is recorded as amortization expense in the year of acquisition or construction and in the year of disposal. Estimated useful lives range from 3 years to 100 years as follows:

General - Land improvements	20 to 75 years
General - Buildings	20 to 50 years
General - Vehicles	4 to 20 years
General – Computer hardware and software	3 to 5 years
General – Other – Machinery and equipment	3 to 100 years
Infrastructure – Roads	10 to 50 years
Infrastructure – Bridges and other structures	40 to 75 years
Infrastructure – Water and wastewater facilities	20 to 40 years
Infrastructure – Water, wastewater, stormwater linear network	18 to 100 years

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies (continued)

(h) Tangible capital assets (continued)

The City has leased tangible capital assets which are amortized over the term of the lease, ranging from 5 to 50 years. The cost, accumulated amortization, net book value and amortization expense have been reported in these consolidated financial statements.

Assets under construction are not amortized until the asset is ready for use. All interest on debt incurred during construction of related tangible capital assets is expensed in operations in the year incurred. Works of art and historic treasures are not recorded as assets in these financial statements.

(i) Inventories

Inventories held for consumption or use are valued at the lower of cost and net realizable value.

(j) Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(k) Long term receivables

Long term receivables are valued at cost. Recoverability is assessed annually and a valuation allowance is recorded when recoverability has been impaired. Long term receivables are written off when they are no longer recoverable. Recoveries of long term receivables previously written off are recognized in the year received. Interest revenue is recognized as it is earned. Long term receivables with significant concessionary terms are reported as an expense on the Consolidated Statement of Operations. Long term receivables are reported in Note 3.

(l) Tax revenue

Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred.

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

2. Cash and portfolio investments

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents are comprised of:		
Cash on hand	\$ 174	\$ 166
Cash held in banks	132,957	141,879
Temporary investments	<u>6,156</u>	<u>6,140</u>
	<u>\$ 139,287</u>	<u>\$ 148,185</u>
Portfolio investments are comprised of:		
Unrestricted investments	\$ 651,451	\$ 643,709
Designated investments (obligatory reserve funds)	252,155	213,247
Designated investments (Hamilton Future Fund)	<u>44,322</u>	<u>43,079</u>
	<u>\$ 947,928</u>	<u>\$ 900,035</u>

Portfolio investments have a market value of \$955,877,000 (2016 - \$927,573,000). The City has purchased \$7,426,000 (2016 - \$10,024,000) of its own debentures which have not been cancelled. This investment in own debentures is included in investments on the consolidated statement of financial position. The gross outstanding amount of these debentures is \$355,658,000 (2016 - \$404,138,000).

3. Long term receivables

The City has long-term receivables in the amount of \$52,124,000 (2016 - \$48,312,000). The long term receivables are comprised of:

	<u>2017</u>	<u>2016</u>
Development charge deferral agreements	\$ 26,987	\$ 22,117
Mortgages receivable:		
Downtown convert to rent program	11,422	10,470
Hamilton Utilities Corporation	7,128	8,100
Hamilton Renewable Power Inc.	808	1,304
Sheraton Hotel loan	977	1,086
Other City loan programs	3,802	3,719
Loans to other agencies and organizations	3,997	4,357
Less: Provision for loans with concessionary terms	(2,997)	(2,841)
	<u>\$ 52,124</u>	<u>\$ 48,312</u>

Development charge deferral agreements and mortgage receivables are loans which are secured by property, with interest rates varying from 0% to 4.75% and terms of one year to thirty years.

Loans to other agencies and organizations include loans to the Hamilton Conservation Authority, Catholic Children's Aid Society, Winona Peach Festival, Redeemer University College, the Bob Kemp Hospice, Canadian Football Hall of Fame, Rosedale Tennis Club with interest rates varying from 0% to 6.75% for terms of up to thirty years. □

4. Investment in Government Business Enterprises

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

Hamilton Utilities Corporation and Hamilton Renewable Power Inc. are subsidiary corporations of the City and are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises.

In compliance with provincial legislation enacted to restructure the electrical industry in Ontario, the Hamilton Utilities Corporation ("H.U.C.") was incorporated on June 1, 2000. All of the assets and liabilities of the predecessor hydro-electric systems were transferred to H.U.C. During 2004, Hamilton Hydro Energy Inc. was established with the City's acceptance of a dividend in kind in the form of one common share from H.U.C. Effective June 1, 2005, the articles of incorporation reflected the amendment of a name change to Hamilton Renewable Power Inc. ("H.R.P.I.").

The amounts related to government business enterprises as reported in the Consolidated Statement of Operations for 2017 and 2016 is as reported by the Hamilton Utilities Corporation and Hamilton Renewable Power Inc.

	<u>2017</u>	<u>2016</u>
Net income from H.U.C.	\$ 134,786	\$ 22,774
Net income from H.R.P.I.	<u>128</u>	<u>83</u>
Net income from Government Business Enterprises	<u>\$ 134,914</u>	<u>\$ 22,857</u>

The City's investment in Government Business Enterprises is reported in the Consolidated Statement of Financial Position as:

	<u>2017</u>	<u>2016</u>
Investment in H.U.C.	\$ 356,430	\$ 247,785
Investment in H.R.P.I.	<u>(332)</u>	<u>(399)</u>
	<u>\$ 356,098</u>	<u>\$ 247,386</u>

4. Investment in Government Business Enterprises (continued)

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

The following table provides condensed supplementary financial information for Hamilton Utilities Corporation reported by H.U.C. at December 31, 2017 and December 31, 2016 respectively.

	<u>2017</u>	<u>2016</u>
Financial Position		
Current assets	\$ 18,699	\$ 148,001
Capital assets	39,239	497,484
Intangible assets	2,400	20,005
Goodwill	582	18,923
Future payments in lieu of taxes	1,883	8,409
Investments in Alectra Inc.	347,238	-
Total assets	<u>410,041</u>	<u>692,822</u>
Current liabilities (including current portion of long term debt)	5,350	126,687
Non-current liabilities	48,149	263,267
Total liabilities	<u>53,499</u>	<u>389,954</u>
Minority Interest	112	55,083
Shareholders' equity	<u>\$ 356,430</u>	<u>\$ 247,785</u>
Results of operations		
Revenues	\$ 67,940	\$ 765,053
Operating expenses	(71,489)	(714,369)
Equity income in Alectra Holdings Inc.	13,659	-
Financing expenses	(1,097)	(7,745)
Investing expenses	(49)	(2,115)
Other income	159,544	605
Equity earnings from operations	<u>168,508</u>	<u>41,429</u>
Payment in lieu of taxes	(33,705)	(11,786)
Minority Interest	(17)	(6,869)
Net Income before other comprehensive income	134,786	22,774
Other comprehensive income	(11,463)	307
Net income	<u>\$ 123,323</u>	<u>\$ 23,081</u>
Dividends paid	\$ 14,678	\$ 8,529

4. Investment in Government Business Enterprises (continued)

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

The following table provides condensed supplementary financial information for Hamilton Renewable Power Inc. reported at December 31, 2017 and December 31, 2016 respectively.

	<u>2017</u>	<u>2016</u>
Financial Position		
Current assets	\$ 758	\$ 717
Capital assets	6,735	7,300
Other assets	<u>32</u>	<u>32</u>
Total assets	<u>7,525</u>	<u>8,049</u>
Current liabilities		
(including current portion of long term debt)	1,160	1,183
Future payment in lieu of taxes	419	457
Long term debt	<u>278</u>	<u>808</u>
Total liabilities	1,857	2,448
Common shares	<u>6,000</u>	6,000
Net deficit	<u>\$ (332)</u>	<u>\$ (399)</u>
Results of operations		
Revenues	\$ 3,182	\$ 3,264
Expenses	<u>(3,054)</u>	<u>(3,181)</u>
Net income	<u>\$ 128</u>	<u>\$ 83</u>
Dividends paid	\$ 62	\$ 61

Hamilton Utilities Corporations' non-current liabilities include long term debt owing to the City of Hamilton for secured borrowings of \$7,128,000 (2016 - \$8,100,000) bearing interest at 4.06% due 1 January 2020.

Hamilton Renewable Power Incorporated Capital Loan:

The City of Hamilton, the sole shareholder, has provided a capital loan in the amount of \$808,000 (2016 - \$1,304,000), bearing interest at 6.75% compounded semi-annually, due in semi-annual payments of \$287,698 principal and interest maturing in 2019.

4. Investment in Government Business Enterprises (continued)

The following summarizes the City's related party transactions with Hamilton Utilities Corporation and Hamilton Renewable Power Inc. for the year.

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

All transactions are in the normal course of operations, other than dividend revenue, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	<u>2017</u>	<u>2016</u>
Revenue		
Dividend revenue from H.U.C.	\$ 14,678	\$ 8,529
Dividend revenue from H.R.P.I.	62	61
Property and other taxes received by the City from H.U.C.	640	593
Sale of Methane to H.R.P.I.	872	920
Expenditures		
Hydro purchased by the City from H.U.C.	38,100	40,170
Water and sewer billing contracted service with H.U.C.	419	5,072
Thermal and Electrical Energy purchased from H.U.C.	2,378	1,916
Thermal Energy purchased from H.R.P.I.	360	428
Fibre Services purchased by the City from H.U.C.	1,077	780
Cooling changes related to Central Utilities Plant	1,802	1,788
Assets		
Accounts receivable from H.U.C.	1,363	1,285
Water user charges receivable from H.U.C.	-	14,480
Accounts receivable from H.R.P.I.	446	371
Long term receivable from H.U.C.	7,128	7,452
Long term receivable from H.R.P.I.	808	1,304
Liabilities		
Accounts Payable – H.U.C.	1,005	3,348

5. Deferred revenue – obligatory reserve funds

	<u>2017</u>	<u>2016</u>
Development charge reserve funds	\$ 158,996	\$ 127,959
Subdivider contributions	-	56
Recreational land dedicated under the Planning Act	35,235	32,493
Gasoline tax revenue: Provincial	16,692	18,774
Federal	21,919	16,265
Building Permit Revenue	19,285	17,671
Other (Ivor Wynne)	29	29
	<u>\$ 252,156</u>	<u>\$ 213,247</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

6. Deferred revenue – obligatory reserve funds

The deferred revenue – obligatory reserve funds, reported on the consolidated statement of financial position, are made up of the following:

	<u>2017</u>	<u>2016</u>
Balance at the beginning of the year	\$ 213,247	\$ 226,745
Add:		
Developer and other contributions	90,155	84,994
Interest earned	4,706	3,775
Provincial and Federal Funding	43,238	42,297
	<u>138,099</u>	<u>131,066</u>
Less:		
Contributions used in operating and capital funds	<u>(99,190)</u>	<u>(144,564)</u>
Balance at the end of the year	<u>\$ 252,156</u>	<u>\$ 213,247</u>

7. Long term liabilities – municipal operations

- (a) The long term liabilities – municipal operations consists of long term debt for serial debentures and loans that mature in the years 2018 to 2044 with interest rates varying between 1.61% and 6.75% and obligations for leased tangible capital assets with payments from 2018 to 2051 at a discount rate of 5%. The balance of long term liabilities consists of the following:

	<u>2017</u>	<u>2016</u>
Long term liabilities incurred by the City	\$ 355,658	\$ 404,138
Long term liabilities incurred by the City for which other entities have assumed responsibility	<u>-</u>	<u>-</u>
Net long term debt	355,658	404,138
Long term liabilities for leased tangible capital assets incurred by the City	<u>3,979</u>	<u>4,597</u>
Net long term liabilities	<u>\$ 359,637</u>	<u>\$ 408,735</u>

- (b) Of the \$355,658,000 long term debt (2016 - \$404,138,000) certain principal payments do not represent a burden on general City revenue, as they are to be recovered in future years from other sources.

The total long term debt is to be recovered from the following:

	<u>2017</u>	<u>2016</u>
General revenues	\$ 233,406	\$ 275,662
Water & Wastewater user charges	122,252	128,475
Non-consolidated entities	-	1
	<u>\$ 355,658</u>	<u>\$ 404,138</u>

7. Long term liabilities – municipal operations (continued)

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

- (c) The total City principal repayments of long term debt in each of the next five years and thereafter are due as follows:

	General Revenues	Water & Wastewater User Charges	Total 2017
2018	27,466	10,284	\$ 37,750
2019	28,052	10,288	38,340
2020	23,849	10,293	34,142
2021	23,980	10,298	34,278
2022	24,397	10,303	34,700
2023 and thereafter	105,662	70,786	176,448
Total	<u>\$ 233,406</u>	<u>\$ 122,252</u>	<u>\$ 355,658</u>

- (d) The total City principal repayments of leased tangible capital assets in each of the next five years and thereafter are due as follows:

	2017
2018	\$ 619
2019	619
2020	619
2021	335
2022	62
2023 and thereafter	1,725
Total	<u>\$ 3,979</u>

- (e) Total charges for the year for long term debt are as follows:

	2017	2016
Principal repayments	\$ 48,480	\$ 42,208
Interest expense	11,716	11,059
	<u>\$ 60,196</u>	<u>\$ 53,267</u>

- (f) Total charges for the year for leased tangible capital assets are as follows:

	2017	2016
Principal repayments	\$ 619	\$ 548
Interest expense	238	177
	<u>\$ 857</u>	<u>\$ 725</u>

8. Long term liabilities – housing corporation

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

(a) The balance of long term debt – housing corporations reported on the Consolidated Statement of Financial Position represents capital assets of the CityHousing Hamilton that are financed by mortgages. The mortgages mature in the years 2018 to 2027 with interest rates varying between 0.96% and 5.83%. The mortgage obligations for CityHousing Hamilton are \$58,508,000 (2016 - \$64,070,000).

(b) The principal repayments of these mortgages in each of the next five years and thereafter are as follows:

	<u>2017</u>
2018	\$ 14,492
2019	16,771
2020	6,188
2021	4,054
2022	10,369
2023 and thereafter	<u>6,634</u>
	<u>\$ 58,508</u>

(c) Total charges for the year for long term debt - housing corporations are as follows:

	<u>2017</u>	<u>2016</u>
Principal repayments	\$ 5,562	\$ 5,396
Interest expense	<u>1,489</u>	<u>1,697</u>
	<u>\$ 7,051</u>	<u>\$ 7,093</u>

(d) Other long term debt incurred by the City of Hamilton's housing corporations, representing capital assets financed by debentures issued by the Ontario Housing Corporation of \$14,035,000 (2016 - \$17,016,000), is not included in the Consolidated Statement of Financial Position. The Social Housing Reform Act, 2000 transferred the ownership and responsibility for the administration of Province of Ontario public housing to the City of Hamilton as a local housing corporation. The transfer, effective January 1, 2001, included land and buildings at no cost. The servicing of long term debt remains the obligation of the Province of Ontario.

9. Employee future benefits and other obligations

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

The City provides certain employee benefits that require funding in future periods. An estimate of these liabilities has been recorded in the Consolidated Statement of Financial Position. These amounts are summarized as follows:

	<u>2017</u>	<u>2016</u>
Accrued Benefit Obligation		
Sick leave benefit plan	\$ 55,982	\$ 55,108
Long term disability	26,687	23,819
Workplace safety and insurance board liabilities (WSIB)	88,537	78,297
Retirement benefits	146,547	142,509
Vacation benefits	27,478	26,291
Pension benefit plans (Note 9f)	<u>9,132</u>	<u>32,634</u>
	354,363	358,658
Net unamortized actuarial (loss) gain	<u>13,224</u>	<u>(1,896)</u>
Accrued Liability	<u>\$ 367,587</u>	<u>\$ 356,762</u>

The City has established reserves for some of these liabilities totalling \$66,022,000 (2016 - \$66,142,000) as described in the following notes.

The continuity of employee future benefits and other obligations are summarized as follows:

	<u>2017</u>	<u>2016</u>
Liability for Employee Future Benefits and Other Obligations		
balance at beginning of the year	\$ 356,762	\$ 349,007
Plan amendment per actuarial valuation	-	861
Benefit expense	26,394	25,156
Interest expense	13,735	13,443
Amortization of actuarial loss on accrued benefit obligations	7,417	7,487
Amortization of actuarial gain on earnings on pension assets	(1,271)	(2,380)
Benefit payments	<u>(35,450)</u>	<u>(36,812)</u>
Liability for Employee Future Benefits and Other Obligations		
balance at end of the year	<u>\$ 367,587</u>	<u>\$ 356,762</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

9. Employee future benefits and other obligations (continued)

The expenses related to these employee benefits and other obligations are reported in the Consolidated Statement of Operations. These expenses are summarized as follows:

	<u>2017</u>	<u>2016</u>
Plan amendment	\$ -	\$ 861
Benefit expense	26,394	24,941
Interest expense	13,735	13,443
Amortization of net actuarial loss	6,146	5,107
	\$ 46,275	\$ 44,352

Actuarial valuations are performed on post employment, retirement benefits and pension benefits to provide estimates of the accrued benefit obligations. These estimates are based on a number of assumptions about future events including interest rates, inflation rates, salary and wage increases, medical and dental cost increases and mortality. The assumptions are determined at the time of the actuarial valuations and are reviewed annually. Consequently, different assumptions may be used as follows:

	Discount	Return	Inflation	Payroll	Dental	Life
	Rate	on Assets	Rate	Increases	Increases	Expectancy (Years)
Vested sick leave	3.50%	NA	2.0%	3.0%	NA	11.8 to 12.4
Long term disability	3.50%	NA	2.0%	3.0%	NA	8.0
Workplace safety and insurance	4.25%	NA	2.0%	3.0%	NA	10.0
Retirement Benefits Health and Dental	3.80%	NA	2.0%	3.0%	4	14.3 to 16.0
Pensions Benefits (non-OMERS)	4.90%	4.90%	2.25%	NA (2)	NA	7.9 to 10.0

Notes: (1) Drug costs increased by 8.2% in 2017 reducing by 0.20% each year to ultimate rate of 4.0%. Hospital and other medical services costs are assumed to increase by 4.0% per year.

(2) There is no estimate for future salary and wage increases in the non-OMERS pension plans as the active employees have been transferred to OMERS.

(a) Liability for sick leave benefit plans

The City provides a sick leave benefit plan for certain employee groups. Under the sick leave benefit plan of the City, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the City's employment. An actuarial valuation as at December 31, 2017 has estimated the accrued benefit obligation at \$55,982,000 (2016 - \$55,108,000). Changes in valuation assumptions have resulted in an increase in the liability to \$55,982,000 from the expected liability of \$49,867,000. The actuarial loss as at December 31, 2017 of \$6,115,000 is being amortized over 11.8 to 12.4 years, which is the expected average remaining life expectancy of the members of the employee groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$7,955,000 (2016 - \$6,806,000).

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

9. Employee future benefits and other obligations (continued)

(b) Liability for long term disability

The City provides benefits in the event of total disability for certain employee groups. An actuarial valuation of the City's self-insured long term disability program as at December 31, 2015 has estimated the accrued benefit obligation at \$26,687,000 (2016 - \$23,819,000). Changes in valuation assumptions have resulted in an increase in the liability to \$26,687,000 from the expected liability of \$24,960,000. The actuarial loss as at December 31, 2017 of \$1,727,000 is being amortized over 8.0 years, which is the expected average remaining life expectancy of the members of the employee groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$16,394,000 (2016 - \$16,629,000).

(c) Liability for workplace safety and insurance

The City is liable for compensation related to workplace injuries as stipulated by the Workplace Safety & Insurance Act. An actuarial valuation as at December 31, 2015 estimated the accrued benefit obligation for workplace safety & insurance existing claims and future pension awards at \$88,537,000 (2016 - \$78,297,000). Changes in valuation assumptions have resulted in an increase in the liability to \$88,537,000 from the expected liability of \$82,178,000. The actuarial loss of \$6,359,000 is being amortized over 10.0 years, which is the expected average remaining life expectancy of the plan members in various groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$40,172,000 (2016 - \$41,240,000).

(d) Liability for retirement benefits

The City provides certain health, dental and life insurance benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS) or the normal retirement age and up to the age of 65 years. An actuarial valuation at December 31, 2017 estimated the accrued benefit obligation at \$146,547,000 (2016 - \$142,509,000). Changes in valuation assumptions have resulted in an increase in the liability to \$146,547,000 from the expected liability of \$127,397,000. The actuarial loss of \$19,150,000 is being amortized over 14.3 to 16.0 years, which is the expected average remaining life expectancy of the plan members in various groups.

(e) Liability for vacation benefits

The City is liable for vacation days earned by its employees as at December 31, 2017 but not taken until a later date. The liability as at December 31, 2017 has been estimated at \$27,478,000 (2016 - \$26,291,000), of which \$17,096,000 is funded by City departments' budgets (2016 - \$16,708,000). Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$1,500,000 (2016 - \$1,467,000), and the remaining liability of \$8,882,000 is unfunded (2016 - \$8,116,000).

(f) Liability for pensions plans

In addition to the Ontario Municipal Employees Retirement System (OMERS) described in Note 10 the City also provides pension benefits under three other plans. The actuarial valuations at December 31, 2017 estimated the combined accrued benefit obligation of the pension plans at \$9,132,000 (2016 - \$32,634,000). Changes in valuation resulted in a decrease in the liability to \$9,132,000 from an expected liability of \$55,706,000. The actuarial gain of \$46,575,000 is being amortized over 7.9 to 10.0 years, which is the expected average remaining life expectancy of the plan members.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

10. Pension agreements

(a) Ontario Municipal Employees Retirement System

The City makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of approximately 7,096 members of City staff and councillors. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by employees, based on the length of credited service and average earnings.

The latest actuarial valuation as at December 31, 2016 (with projections to December 31, 2017) indicates a "going concern" Actuarial Deficit based on the plan's current member and employer contribution rates. Contributions were made in the 2017 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. As a result \$56,454,000 (2016 - \$54,369,000) was contributed to the OMERS plan for current service.

As OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees.

(b) Other pension plans

Approximately 360 employees and 1011 former employees of the City are members of three defined benefit plans and are current or future beneficiaries under their terms and conditions. Actuarial valuations of the pension plans for funding purposes are required under the Pension Benefits Act every three years. The actuarial valuations of the pension plans for accounting purposes provide different results than the valuations for funding purposes. For funding purposes, one of the pension plans is in a surplus position and the other two of the pension plans are in a deficit position.

The actuarial valuation for these pension plans are based on a number of assumptions about future events including mortality, inflation and interest rates. The two plans with deficits are paying a number of amortization schedules that will be completed over a period ranging from two to fifteen years. The accrued pension liability reported in the Consolidated Statements of Financial Position is comprised as follows:

	<u>2017</u>	<u>2016</u>
Accrued pension benefit obligation - HWRF	\$ 60,494	\$ 66,463
Pension plan assets:		
Marketable securities (Market value)	<u>(59,418)</u>	<u>(59,443)</u>
	1,076	7,020
Unamortized actuarial gain	<u>8,594</u>	<u>2,498</u>
Accrued pension liability - HWRF	<u>\$ 9,670</u>	<u>\$ 9,518</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

10. Pension agreements (continued)

(b) Other pension plans (continued)

The actuarial gain or loss on pension fund assets and the actuarial gain or loss on accrued pension benefit obligation are comprised as follows:

	<u>2017</u>	<u>2016</u>
Expected pension fund assets at end of year	\$ 57,132	\$ 57,735
Actual pension fund assets at end of year	<u>59,418</u>	<u>59,443</u>
Actuarial gain (loss) on pension fund assets - HWRF	<u>\$ 2,286</u>	<u>\$ 1,708</u>
Expected accrued pension benefit obligation at end of year	\$ 63,375	\$ 64,162
Actual accrued pension benefit obligation at end of year	<u>60,494</u>	<u>66,463</u>
Actuarial (loss) gain on accrued pension benefit obligation – HWRF	<u>\$ 2,880</u>	<u>\$ (2,301)</u>

The expenses related to the HWRF pension plan are comprised as follows:

	<u>2017</u>	<u>2016</u>
Amortization of net actuarial gain on accrued pension benefit obligation	\$ 532	\$ 347
Amortization of net actuarial loss on pension plan assets	<u>398</u>	<u>(811)</u>
Net Amortization	<u>930</u>	<u>(464)</u>
Interest on average accrued pension benefit obligation	\$ 3,229	\$ 3,672
Expected return on average pension plan assets	<u>(2,899)</u>	<u>(3,278)</u>
Net Interest	<u>330</u>	<u>394</u>
Total expenses	<u>\$ 1,260</u>	<u>\$ (70)</u>

Payments of \$1,107,200 (2016 - \$1,631,000) have been applied to reduce the HWRF pension plan deficit as actuarially determined for funding purposes. The pension deficit for the HWRF pension plan as at December 31, 2017 will be funded by the City with payments as follows:

2018	\$ 1,294
2019	1,466
2020	109
2021	109
2022 and thereafter	109
Total	<u>\$ 3,087</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

10. Pension agreements (continued)

(b) Other pension plans (continued)

The actuarial valuation of the Hamilton Municipal Retirement Fund ("HMRF") pension plan as at December 31, 2014 is based on a number of assumptions about future events including mortality, inflation rates, salary and wage increases and interest rates. The unamortized actuarial gains and losses on plan assets and accrued benefit obligation are being amortized over eleven years representing the expected average remaining life expectancy of the plan members. The accrued pension liability reported in the Consolidated Statement of Financial Position is comprised as follows:

	<u>2017</u>	<u>2016</u>
Accrued pension benefit obligation - HMRF	\$ 71,064	\$ 72,825
Pension plan assets:		
Marketable securities (Market value)	<u>(77,680)</u>	<u>(77,162)</u>
	<u>(6,616)</u>	<u>(4,337)</u>
Unamortized actuarial gain	<u>9,245</u>	<u>5,885</u>
Accrued pension liability - HMRF	<u>\$ 2,629</u>	<u>\$ 1,548</u>

The actuarial gain or loss on pension fund assets and the actuarial loss on accrued pension benefit obligation are comprised as follows:

	<u>2017</u>	<u>2016</u>
Expected pension fund assets at end of year	\$ 74,683	\$ 74,946
Actual pension fund assets at end of year	<u>77,680</u>	<u>77,162</u>
Actuarial gain (loss) on pension fund assets - HMRF	<u>\$ 2,997</u>	<u>\$ 2,216</u>
Expected accrued pension benefit obligation at end of year	\$ 70,126	\$ 69,614
Actual accrued pension benefit obligation at end of year	<u>71,064</u>	<u>72,825</u>
Actuarial gain (loss) on accrued pension benefit obligation – HMRF	<u>\$ (938)</u>	<u>\$ (3,211)</u>

The expenses related to the HMRF pension plan are comprised as follows:

	<u>2017</u>	<u>2016</u>
Amortization of net actuarial gain on accrued pension benefit obligation	\$ 824	\$ 503
Amortization of net actuarial gain (loss) on pension plan assets	<u>479</u>	<u>700</u>
Net Amortization	<u>1,303</u>	<u>1,203</u>
Interest on average accrued pension benefit obligation	\$ 3,555	\$ 3,963
Expected return on average pension plan assets	<u>(3,776)</u>	<u>(4,253)</u>
Net Interest	<u>(221)</u>	<u>(290)</u>
Total expenses	<u>\$ 1,082</u>	<u>\$ 913</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

10. Pension agreements (continued)

(b) Other pension plans (continued)

The actuarial valuation of the HSR pension plan as at January 1, 2017 is based on a number of assumptions about future events including mortality, inflation rates, salary and wage increases and interest rates. The unamortized actuarial gains and losses on plan assets and accrued benefit obligation are being amortized over nine years representing the expected average remaining life expectancy of the plan members. The accrued pension liability reported in the Consolidated Statement of Financial Position is comprised as follows:

	<u>2017</u>	<u>2016</u>
Accrued pension benefit obligation - HSR	\$ 219,330	\$ 223,442
Pension plan assets:		
Marketable securities (Market value)	<u>(204,658)</u>	<u>(193,491)</u>
	14,672	29,951
Unamortized actuarial gain	<u>28,736</u>	<u>18,341</u>
Accrued pension liability - HSR	<u>\$ 43,408</u>	<u>\$ 48,292</u>

The actuarial gain or loss on pension fund assets and the actuarial gain or loss on accrued pension benefit obligation are comprised as follows:

	<u>2017</u>	<u>2016</u>
Expected pension fund assets at end of year	\$ 196,874	\$ 187,923
Actual pension fund assets at end of year	<u>204,658</u>	<u>193,491</u>
Actuarial gain (loss) on pension fund assets - HSR	<u>\$ 7,784</u>	<u>\$ 5,568</u>
Expected accrued pension benefit obligation at end of year	\$ 223,456	\$ 207,914
Actual accrued pension benefit obligation at end of year	<u>219,330</u>	<u>223,442</u>
Actuarial (loss) gain on accrued pension benefit obligation – HSR	<u>\$ 4,126</u>	<u>\$ (15,528)</u>

The expenses related to the HSR pension plan are comprised as follows:

	<u>2017</u>	<u>2016</u>
Amortization of net actuarial (loss) gain on accrued pension benefit obligation	\$ 632	\$ (1,346)
Amortization of net actuarial loss on pension plan assets	<u>(2,147)</u>	<u>(2,268)</u>
Net Amortization	<u>(1,515)</u>	<u>(3,614)</u>
Interest on average accrued pension benefit obligation	\$ 11,113	\$ 11,612
Expected return on average pension plan assets	<u>(9,707)</u>	<u>(10,392)</u>
Net Interest	<u>1,406</u>	<u>1,220</u>
Total expenses	<u>\$ (109)</u>	<u>\$ (2,394)</u>

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

10. Pension agreements (continued)

(b) Other pension plans (continued)

Payments of \$4,774,800 (2016 – \$4,874,000) have been applied to reduce the HSR pension plan deficit as actuarially determined for funding purposes. The pension deficit for the HSR pension plan as at December 31, 2017 will be funded by the City with payments as follows:

2018	\$ 6,394
2019	6,501
2020	3,613
2021	3,613
2022 and thereafter	16,619
Total	<u>\$ 36,740</u>

11. Solid waste landfill liabilities

The City owns and operates one open landfill site and it owns and maintains twelve (12) closed landfill sites.

The active landfill site in the Glanbrook community was opened in 1980 covering 220 hectares over two phases with a capacity of 13,258,000 cubic metres of waste. Phase 1 has a capacity of 8,403,000 cubic metres. As at December 31, 2017 the remaining capacity of Phase 1 is estimated to be 143,000 cubic metres, representing 2% of its capacity. Phase 1 is expected to reach its capacity and close in 2018. Phase 2 has a capacity of 4,855,000 cubic metres and as at December 31, 2017 has yet to begin accepting fill. Phase 2 is estimated to reach its capacity and close in 2043.

In 2017 approximately 43% of waste generated was diverted from landfills (2016 – 45%).

The closure costs for the open Glanbrook landfill site and post closure care costs for the closed sites were based upon management estimates, adjusted by 3% inflation. These costs were then discounted back to December 31, 2017 using a discount factor of 4.5%. Post closure care for the Glanbrook site is estimated to be required for 50 years from the date of closure of each phase. Studies continue to be undertaken to assess the liability associated with the City's closed landfill sites and the estimates will be updated as new information arises.

Estimated expenses for closure and post-closure care are \$31,173,000 (2016 - \$31,725,000). The expenses remaining to be recognized are \$7,000,000 (2016 - \$7,259,000). The liability of \$24,174,000 (2016 - \$24,466,000) for closure of the operational site and post closure care of the closed sites has been reported on the Consolidated Statement of Financial Position. A reserve of \$1,080,000 (2016 - \$1,041,000) was established to finance the future cost for closed landfill sites.

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

12. Accumulated Surplus

The accumulated surplus balance is comprised of balances in reserves and discretionary reserve funds, operating surplus, capital surplus, unfunded liabilities to be recovered in the future, investment in government business enterprises and investment in tangible capital assets.

	<u>2017</u>	<u>2016</u>
Reserves and discretionary reserve funds set aside for specific purposes by Council are comprised of the following:		
Working funds	\$ 89,987	\$ 88,143
Contingencies	947	927
Replacement of equipment	59,658	58,083
Sick leave (Note 9)	7,955	6,806
Workplace Safety and Insurance Board (WSIB) (Note 9)	40,172	41,240
Pension Plans	3,178	2,977
Tax Stabilization	35,686	16,646
General Government	12,459	15,763
Protection Services	7,915	7,739
Transportation Services	28,973	28,579
Environmental Services	263,884	243,555
Health and Social Services	9,672	8,126
Recreation and Cultural Services	29,108	25,280
Planning and Development	13,261	10,917
Other Unallocated	95,076	92,497
Hamilton Future Fund (Note 13)	<u>44,322</u>	<u>43,079</u>
Total reserves and discretionary reserve funds	<u>\$ 742,253</u>	<u>\$ 690,357</u>
Operating surplus		
Flamborough recreation sub-committees	\$ 271	\$ 286
Business improvement areas	1,127	965
Housing Operations	(154)	(394)
Confederation Park Operations	254	1,163
Westfield Heritage Village Operations	-	-
Total operating surplus	<u>\$ 1,498</u>	<u>\$ 2,020</u>
Capital surplus		
Municipal Operations	\$ (37,423)	\$ 65,205
Housing Operations	9,286	4,816
Total capital surplus	<u>\$ (28,137)</u>	<u>\$ 70,021</u>
Unfunded liabilities		
Employee benefit obligations	\$ (343,679)	\$ (333,787)
Solid Waste Landfill Liabilities	(24,174)	(24,466)
Total unfunded liabilities	<u>\$ (367,853)</u>	<u>\$ (358,253)</u>
Investment in Government Business Enterprises (Note 4)	<u>\$ 356,098</u>	<u>\$ 247,386</u>
Investment in tangible capital assets	<u>\$4,995,441</u>	<u>\$ 4,780,723</u>
Accumulated surplus	<u>\$5,699,300</u>	<u>\$ 5,432,254</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

13. Hamilton Future Fund

The Hamilton Future Fund was established by the Council of the City of Hamilton in 2002 from the proceeds from Hamilton Utilities Corporation of the net assets owed to the City upon restructuring of the electrical industry. The Hamilton Future Fund is used to create and protect a permanent legacy for current and future generations of Hamiltonians to enjoy economic prosperity and improved quality of life.

The continuity of the Hamilton Future Fund is as follows:

	<u>2017</u>	<u>2016</u>
Balance at the beginning of the year	\$ 43,079	\$ 37,711
Current Operations		
Investment Income	1,097	929
Repayment of Waste Management Projects	7,991	7,991
Waste Management Projects	(46)	(15)
Urban Development Bank	-	261
Other	(228)	(704)
	<u>8,814</u>	<u>8,462</u>
Tangible capital assets		
Waste Management Projects	(2,776)	(1,954)
Roads and Bridges	(335)	(865)
2015 Pan Am Games	(80)	-
Other	(4,380)	(275)
	<u>(7,571)</u>	<u>(3,094)</u>
Balance at the end of the year	<u>\$ 44,322</u>	<u>\$ 43,079</u>

14. Taxation

	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
Taxation from real property	\$1,051,407	\$ 1,056,723	\$1,032,999
Taxation from other governments payments in lieu of taxes	16,494	17,042	16,469
	<u>1,067,901</u>	<u>1,073,765</u>	<u>1,049,468</u>
Less: Taxation collected on behalf of school boards	(193,714)	(196,885)	(194,759)
Net taxes available for municipal purposes	<u>\$ 874,187</u>	<u>\$ 876,880</u>	<u>\$ 854,709</u>

The City is required to levy and collect taxes on behalf of the school boards. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

15. Government transfers

(a) Government transfers - grants, subsidies and contributions

The City receives grants, subsidies and contributions from provincial and federal governments for general purposes, to finance specific program expenditures and to finance capital expenditures. Under the accrual basis of accounting these cash payments are recorded as grant revenues on the Consolidated Statement of Operations to the extent that the cash received is required to meet expenditures under the program. Any amount that is received for a specific purpose that remains unspent is recorded as Deferred Revenue - General on the Consolidated Statement of Financial Position. Any amounts owed by the other governments are recorded as Accounts Receivable on the Consolidated Statement of Financial Position. Amounts received for payments-in-lieu of taxes are not reported as government transfers.

During 2017, the City recognized revenue from the provincial and federal governments in the amount of \$394,785,000 (2016 - \$385,447,000) as follows:

	<u>2017</u>	<u>2016</u>
Government of the Province of Ontario	\$ 343,483	\$ 311,790
Government of Canada	<u>51,302</u>	<u>73,657</u>
Total	<u>\$ 394,785</u>	<u>\$ 385,447</u>

(b) Government transfers - payments for social assistance entitlements, housing subsidies and grants

The City makes discretionary and non-discretionary disbursements to individuals, institutions and agencies. These payments are recorded as expenditures in the Consolidated Statement of Operations to the extent that the payments meet the accrual basis of accounting. Amounts paid for Canada Pension Plan and investments in government debentures are not reported as government transfers. During 2017, the City issued payments as government transfers in the amount of \$211,374,000 (2016 - \$217,735,000) as follows:

	<u>2017</u>	<u>2016</u>
Payments for social assistance entitlements	\$ 129,089	\$ 122,225
Payments for housing subsidies	61,548	71,280
Grants to agencies and institutions	<u>20,737</u>	<u>24,230</u>
Total	<u>\$ 211,374</u>	<u>\$ 217,735</u>

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

16. Contractual obligations

- (a) The City has outstanding contractual obligations of approximately \$538,980,000 at December 31, 2017 for capital works (2016 - \$369,310,000). City Council has authorized the financing of these obligations.
- (b) The City has agreements with the Ontario Realty Corporation, an agency of the Provincial Government of Ontario, for various capital projects. The outstanding future obligations at December 31, 2017 amounting to \$3,465,000 (2016 - \$3,702,000) are not reflected in the Consolidated Financial Statements. Payments made to the Ontario Realty Corporation amounting to \$237,000 in 2017 (2016 - \$176,000) are reported in the Consolidated Statement of Operations.
- (c) The City is legislated under the Development Charges Act to fund Government of Ontario ("GO") Transit's Growth and Capital Expansion Plan. The obligation at December 31, 2017 of \$3,460,000 (2016 - \$3,460,000) is reported in the Consolidated Statement of Financial Position. Payments are collected through development charges and remitted to Metrolinx, an agency of the Government of the Province of Ontario. Payments made to Metrolinx in the amount of \$383,000 in 2017 (2016 - \$366,000) are reported in the Consolidated Statement of Operations.
- (d) The City has an agreement with a developer to design and install services in the Dundas and Waterdown community of the City of Hamilton. The City is committed to repaying the developer \$8,524,000 plus interest on the outstanding balance. Payments under the terms of the agreement are due by 2017 with an option to extend the term until 2022. The outstanding future obligation at December 31, 2017 amounting to \$0 (2016 - \$8,384,000) is not reflected in the Consolidated Financial Statements. Payments are collected by a special area charge and remitted to the developer. Payments made to the developer amounting to \$8,730,000 in 2017 (2016 - \$861,000) are reported in the Consolidated Statement of Operations.
- (e) The City has a contract with Progressive Waste Services (PWS) for the transfer, hauling and disposal of the City's solid waste, including the operations of the City's Transfer Stations and Community Recycling Centre. The term of the agreement is ten years and two months for the period of January 1, 2010 to February 29, 2020. The contract fees amounting to \$7,407,000 for 2017 (2016 - \$7,128,000) are reported in the Consolidated Statement of Operations.
- (f) The City has a contract with GFL Environmental Inc. for the provision of curbside/roadside collection of organics, garbage, leaf and yard, bulk waste for one-half of the City, including curbside/roadside recycling, automated recycling and bin waste collection for the entire City. The agreement ends on March 28, 2020 (with an option of one year extension). Contract fees amounting to \$17,418,000 for 2017 (2016 - \$16,710,000) are reported in the Consolidated Statement of Operations.
- (g) The City has lease agreements with Disabled and Aged Regional Transit System (D.A.R.T.S.) for the delivery of specialized transportation services. The term of the existing agreement is five years for the period of July 1, 2012 to June 30, 2017 with an option to renew for a further term up to five years. The annual contract fees amounting to \$17,031,000 (2016 - \$16,563,000) are reported in the Consolidated Statement of Operations.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

16. Contractual obligations (continued)

- (h) The City has executed lease agreements for administrative office space, parking lots and other land leases requiring annual payments in future years as they become due and payable in the amount of \$50,676,000 (2016 - \$58,742,000). The minimum lease payments for these leases over the next five years and thereafter are:

2018	\$ 8,205
2019	7,315
2020	4,888
2021	2,936
2022	1,802
2023 and thereafter	25,530
Total	\$ 50,676

- (i) The City has a Credit Facility Agreement dated March 14, 2012 with a Canadian chartered bank to borrow up to \$117,740,000, consisting of \$65,000,000 in a revolving demand facility, and two non-revolving term facilities in the amounts of \$38,000,000 and \$14,740,000.

On May 8, 2012, the City took a drawdown of \$38,000,000 and \$14,740,000 from the two non-revolving term facilities, by undertaking two term loans. No other amounts have been drawn from the Credit Facility Agreement and therefore, as at December 31, 2017, the City has \$65,000,000 in a revolving demand facility.

The first term loan of \$14,740,000 was paid in full on May 8, 2017. The second term loan has an original principal of \$38,000,000, a term of 15 years, and an annual principal repayment of \$2,533,000. As at December 31, 2017, the remaining principal balance is \$0 (2016 - \$2,948,000) for the first term loan and \$25,335,000 (2016 - \$27,868,000) for the second term loan. The interest cost for the City is based on the 30-day Banker's Acceptance rate. These loans are included in Long term liabilities – Municipal Operations on the Statement of Financial Position.

17. Public liability insurance

The City has undertaken a portion of the risk for public liability, as a means of achieving cost effective risk management. As a result, the City is self-insured for public liability claims up to \$250,000 for any individual claim or for any number of claims arising out of a single occurrence. Outside insurance coverage is in place for claims in excess of \$250,000 to a maximum of \$50,000,000 per claim or occurrence.

The City has reported liabilities for insurance claims on the Consolidated Statement of Financial position in the amount of \$20,512,000 (2016 - \$20,394,000). Claim expenses for the year in the amount of \$10,062,000 (2016 - \$10,733,000) are reported as expenses in the Consolidated Statement of Operations.

18. Contingent liabilities

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

The City has outstanding contractual obligations with its unionized employee groups as of December 31, 2017. An estimated liability has been recorded on the Consolidated Statement of Financial Position to fund the two outstanding settlements. In December 2017 both of these unionized groups reached an arbitrated settlement and subsequent to December 31, 2017 both were paid the outstanding retroactive payments.

19. Tangible Capital Assets

Details of the tangible capital assets are included in the Schedule of Tangible Capital Assets (pages 2-36 and 2-37). The City has tangible capital assets valued at cost in the amount of \$8,558,913,000 (2016 - \$8,252,566,000) and a net book value of \$5,429,864,000 (2016 - \$5,271,414,000). The net book value of the tangible capital assets valued as at December 31, 2017 is as follows:

	<u>2017</u>	<u>2016</u>
General		
Land	\$ 333,818	\$ 315,467
Land improvements	152,325	150,337
Buildings	756,160	761,396
Vehicles	128,600	133,786
Computer hardware and software	11,821	11,058
Other	99,540	103,490
Infrastructure		
Roads	1,261,223	1,253,561
Bridges and structures	183,422	184,213
Water and wastewater facilities	403,647	396,884
Underground and other networks	<u>1,789,334</u>	<u>1,761,542</u>
Net Book Value	5,119,890	5,071,734
Assets under construction	309,974	199,680
Balance at the end of the year	<u>\$ 5,429,864</u>	<u>\$5,271,414</u>

Included are leased tangible capital assets with a net book value of \$3,979,000 (2016 - \$4,597,000). In addition, the City has works of arts and historical treasures including sculptures, fine art, murals, cemetery crosses, cenotaphs, cannons and artillery that are preserved by the City but are not recorded as tangible capital assets.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

20. Reporting by Business Segment

The Consolidated Financial Statements provide a summary of the revenues and expenses for all of the services provided to the residents and businesses in the City of Hamilton as defined in the reporting entity (Note 1).

Certain allocation methodologies are employed in the preparation of segmented financial information. Services are funded primarily by taxation and user fees. Taxation revenue is allocated to the general government segment. Certain government grants, user charges and other revenues have been allocated based upon the same allocation as the related expenses. User fees are allocated based upon the segment that generated the fee.

Revenues and expenses are reported by the following functions and services:

- General government: Office of the Mayor and council, corporate administration including fleet and facilities
- Protection services: police, fire, conservation authorities
- Transportation services: roads, winter maintenance, traffic, parking, transit
- Environmental services: water, wastewater, storm water, waste management collection, diversion & disposal
- Health services: public health, cemeteries and emergency medical services/ambulance
- Social and family services: general assistance, hostels, homes for the aged, services to aged persons, child care services
- Social housing: public housing, non-profit housing, rent supplement programs
- Recreation and cultural services: parks, recreation programs, recreation facilities, golf courses, marinas, museums, libraries, tourism and HECFI.
- Planning and development: planning, zoning, commercial and industrial development and residential development

Financial information about the City's business segments is included in the Schedule of Operations for Business Segments (pages 2-37 and 2-38).

21. Liability for Contaminated Sites

The City of Hamilton estimates liabilities of \$5,701,000 as at December 31, 2017 for remediation of various lands using a risk-based approach (2016 - \$13,400,000). Total future undiscounted expenditures are estimated at \$6,043,000. The liabilities result from past industrial uses. Future expenditures are based on agreements with third parties, where available, as well as estimates. Future expenditures have been discounted using a 4% discount rate. The amount of estimated recoveries is nil (2016 – \$Nil).

22. Budget figures

The 2017 operating budget and capital financing for the housing corporation was approved by the CityHousing Hamilton Board at a meeting on December 8, 2016. The 2017 operating budget and capital financing for municipal operations was approved by City Council at a meeting on April 12, 2017.

The budget figures conform to the accounting standards adopted in CPA Canada Public Sector Accounting Handbook section *PS1200 Financial Statement Presentation*. As such, the budget figures presented in the consolidated financial statements differ from the presentation approved by City Council. A summary reconciliation follows:

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2017 (all numbers in columns are in thousands of dollars)

22. Budget figures (continued)

	<u>2017</u>
Revenue	
Council Approved Gross Revenue Operating Budget - Municipal	\$ 1,648,564
Council Approved Gross Revenue Capital Budget - Municipal	476,086
	<u>2,124,650</u>
Board Approved Gross Revenue Operating Budget - Housing Corporation	49,763
Board Approved Gross Revenue Capital Budget - Housing Corporation	8,300
	<u>58,063</u>
Adjustments to Revenues	
Less: Transfers from reserves and reserve funds Operating Budget Municipal Operations	(11,648)
Less: Transfers from reserves and reserve funds Capital Budget Municipal Operations	(108,248)
Less: Transfers from capital fund to current fund - Municipal Operations	(141,079)
Less: Transfers from capital fund to current fund - Housing Corporation	(8,300)
Less: Long term debt financing Capital Budget	(78,228)
Add: Donated tangible capital assets	18,217
Less: Reclassification - Municipal Operations	(100)
Add: Reserve & reserve funds	20,357
Add: Confederation Park and Westfield Heritage Village Consolidation	2,511
Less: Elimination for consolidation of Housing Corporation	(12,994)
	<u>(319,512)</u>
Consolidated	<u>\$ 1,863,201</u>
Expenses	
Council Approved Gross Expenditure Operating Budget - Municipal	\$ 1,648,564
Council Approved Gross Expenditure Capital Budget - Municipal	476,086
	<u>2,124,650</u>
Board Approved Gross Expenditure Operating Budget - Housing Corporation	49,763
Board Approved Gross Expenditure Capital Budget - Housing Corporation	8,300
	<u>58,063</u>
Adjustments to Expenditures	
Less: Debt principal repayment - Municipal Operations	(48,480)
Less: Debt principal repayment - Housing Corporation	(5,562)
Less: Transfers to reserves and reserve funds - Municipal Operations	(58,786)
Less: Transfers to capital from current funds - Municipal Operations	(141,079)
Less: Tangible capital assets - Municipal Operations	(402,591)
Less: Tangible capital assets - Housing Corporation	(8,300)
Less: Reclassification - Municipal Operations	(100)
Add: Change in employee future benefits and other obligations	9,892
Less: Change in solid waste landfill liability	(474)
Add: Amortization expense for tangible capital assets	192,122
Add: Confederation Park and Westfield Heritage Village Consolidation	2,511
Less: Elimination for consolidation of Housing Corporation	(21,368)
Add: Loss on disposition of tangible capital assets	18,561
	<u>(463,654)</u>
Consolidated	<u>\$ 1,719,059</u>

City of Hamilton
Notes to Consolidated Financial Statements

As at December 31, 2017 (all numbers in columns are in thousands of dollars)

2017 Schedule of Tangible Capital Assets

	General						Infrastructure					Assets Under Construction	TOTAL
	Land	Land Improvements	Buildings	Vehicles	Computer	Other	Roads	Bridges & Other Structures	W/WW Facilities	W/WW/SW Linear Network			
Cost													
Balance, Jan 1, 2017	\$ 315,467	\$ 304,272	\$ 1,321,748	\$ 296,495	\$ 17,461	\$ 156,733	\$ 2,324,278	\$ 242,556	\$ 751,248	\$ 2,322,628	\$ 199,680	\$ 8,252,566	
Additions, Betterments & Transfers in 2017	25,610	11,965	35,844	19,036	4,952	11,842	52,063	2,468	25,778	49,175	112,183	350,916	
Disposals & Writedowns in 2017	(7,259)	(227)	(14,796)	(26,450)	(2,551)	(6,127)	(1,966)	(43)	(521)	(959)	(1,889)	(62,788)	
Donations & Contributions in 2017	-	650	-	-	-	-	7,079	-	-	10,488	-	18,217	
Balance, Dec 31, 2017	\$ 333,818	\$ 316,660	\$ 1,342,796	\$ 289,081	\$ 19,862	\$ 162,448	\$ 2,381,454	\$ 244,981	\$ 776,505	\$ 2,381,332	\$ 309,974	\$ 8,558,911	
Accumulated Amortization													
Balance, Jan 1, 2017	\$ -	\$ 153,935	\$ 560,352	\$ 162,709	\$ 6,403	\$ 53,243	\$ 1,070,717	\$ 58,343	\$ 354,364	\$ 561,086	\$ -	\$ 2,981,152	
Amortization in 2017	-	10,448	33,267	23,209	4,189	15,793	51,362	3,244	18,739	31,871	-	192,122	
Acc'd Amortization Transfers in 2017	-	-	-	-	-	-	-	-	-	-	-	-	
Amortization on Disposals in 2017	-	(48)	(6,983)	(25,437)	(2,551)	(6,128)	(1,848)	(28)	(245)	(959)	-	(44,227)	
Balance, Dec 31, 2017	\$ -	\$ 164,335	\$ 586,636	\$ 160,481	\$ 8,041	\$ 62,908	\$ 1,120,231	\$ 61,559	\$ 372,858	\$ 591,998	\$ -	\$ 3,129,047	
Net Book Value Dec 31, 2017	\$ 333,818	\$ 152,325	\$ 756,160	\$ 128,600	\$ 11,821	\$ 99,540	\$ 1,261,223	\$ 183,422	\$ 403,647	\$ 1,789,334	\$ 309,974	\$ 5,429,864	
Assets Under Construction	\$ -	\$ 31,104	\$ 80,871	\$ 724	\$ 3,479	\$ 3,933	\$ 26,110	\$ 2,943	\$ 71,674	\$ 89,136	\$ 309,974		
Total	\$ 333,818	\$ 183,429	\$ 837,031	\$ 129,324	\$ 15,300	\$ 103,473	\$ 1,287,333	\$ 186,365	\$ 475,321	\$ 1,878,470	\$ -	\$ 5,429,864	

City of Hamilton
Notes to Consolidated Financial Statements

As at December 31, 2017 (all numbers in columns are in thousands of dollars)

2016 Schedule of Tangible Capital Assets

	General						Infrastructure				Assets Under Construction	TOTAL
	Land	Land Improvements	Buildings	Vehicles	Computer	Other	Roads	Bridges & Other Structures	W/WW Facilities	W/WW/SW Linear Network		
Cost												
Balance, Jan 1, 2016	\$ 304,977	\$ 282,073	1,268,167	278,968	\$ 12,728	\$ 145,889	\$ 2,273,567	\$ 239,962	\$ 722,385	\$ 2,244,571	\$ 235,413	\$ 8,008,700
Additions, Betterments & Transfers in 2016	10,487	29,718	59,654	49,542	6,848	25,617	55,096	2,637	28,904	67,194	(34,564)	301,133
Disposals & Writedowns in 2016	(643)	(7,825)	(6,073)	(32,015)	(2,115)	(14,773)	(8,044)	(43)	(41)	(1,172)	(1,169)	(73,913)
Donations & Contributions in 2016	646	306	-	-	-	-	3,659	-	-	12,035	-	16,646
Balance, Dec 31, 2016	\$ 315,467	\$ 304,272	\$ 1,321,748	\$ 296,495	\$ 17,461	\$ 156,733	\$ 2,324,278	\$ 242,556	\$ 751,248	\$ 2,322,628	\$ 199,680	\$ 8,252,566
Accumulated Amortization												
Balance, Jan 1, 2016	\$ -	\$ 146,821	\$ 532,241	\$ 171,727	\$ 4,852	\$ 53,791	\$ 1,025,279	\$ 55,168	\$ 336,981	\$ 531,552	\$ -	\$ 2,858,412
Amortization in 2016	-	9,801	31,765	22,576	3,666	14,225	52,506	3,210	17,421	30,562	-	185,732
Acc'd Amortization Transfers in 2016	-	-	-	-	-	-	-	-	-	-	-	-
Amortization on Disposals in 2016	-	(2,687)	(3,654)	(31,594)	(2,115)	(14,773)	(7,068)	(35)	(38)	(1,028)	-	(62,992)
Balance, Dec 31, 2016	\$ -	\$ 153,935	\$ 560,352	\$ 162,709	\$ 6,403	\$ 53,243	\$ 1,070,717	\$ 58,343	\$ 354,364	\$ 561,086	\$ -	\$ 2,981,152
Net Book Value Dec 31, 2016	\$ 315,467	\$ 150,337	\$ 761,396	\$ 133,786	\$ 11,058	\$ 103,490	\$ 1,253,561	\$ 184,213	\$ 396,884	\$ 1,761,542	\$ 199,680	\$ 5,271,414
Assets Under Construction	\$ -	\$ 16,839	\$ 40,077	\$ 386	\$ 3,325	\$ 614	\$ 16,330	\$ 2,487	\$ 59,088	\$ 60,534	\$ 199,680	
Total	\$ 315,467	\$ 167,176	\$ 801,473	\$ 134,172	\$ 14,383	\$ 104,104	\$ 1,269,891	\$ 186,700	\$ 455,972	\$ 1,822,076	\$ -	\$ 5,271,414

City of Hamilton
Notes to Consolidated Financial Statements

As at December 31, 2017 (all numbers in columns are in thousands of dollars)

2017 Schedule of Operations for Business Segments

	General Government	Protection Services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development	TOTAL 2017
Revenue										
Taxation	\$ 876,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 876,880
Government grants and contributions	3,735	7,990	43,248	5,845	56,550	242,234	31,910	1,398	1,875	394,785
User charges	5,888	5,493	58,278	212,157	3,030	16,123	646	22,235	11,124	334,974
Development charges and subdivider contributions	131	1,506	25,162	14,447	-	-	-	6,308	2,759	50,313
Donations of tangible capital assets	-	-	7,079	10,488	-	-	-	650	-	18,217
Investment income	12,860	1,774	1,981	8,818	40	159	1,157	871	410	28,070
Income from Government Business Enterprises	134,914	-	-	-	-	-	-	-	-	134,914
Other	24,783	25,772	12,207	1,473	72	31	47,647	17,082	2,316	131,383
Total	\$ 1,059,191	\$ 42,535	\$ 147,955	\$ 253,228	\$ 59,692	\$ 258,547	\$ 81,360	\$ 48,544	\$ 18,484	\$ 1,969,536
Expenses										
Salaries and benefits	\$ 63,037	\$ 265,325	\$ 108,156	\$ 41,524	\$ 77,895	\$ 82,205	\$ 14,766	\$ 74,066	\$ 28,429	\$ 755,403
Interest on long term debt	747	793	3,922	4,228	439	477	1,490	1,237	109	13,442
Materials supplies services	50,618	19,871	40,882	45,775	6,386	8,386	12,164	29,017	4,938	218,037
Contracted services	11,648	3,981	60,478	76,484	3,431	78,136	19,703	14,195	7,305	275,361
Rents and financial expenses	2,958	2,338	9,809	5,778	1,901	4,418	4,943	6,323	3,953	42,421
External transfers	466	5,766	-	1,618	11	133,583	45,290	5,938	1,569	194,241
Amortization	7,446	7,847	78,548	57,223	3,076	2,135	6,259	26,564	3,024	192,122
Interfunctional transfers	(66,187)	6,643	24,479	6,858	5,986	5,878	526	11,689	4,128	-
Total	\$ 70,733	\$ 312,564	\$ 326,274	\$ 239,488	\$ 99,125	\$ 315,218	\$ 105,141	\$ 169,029	\$ 53,455	\$ 1,691,027
Annual Surplus	\$ 988,458	\$ (270,029)	\$ (178,319)	\$ 13,740	\$ (39,433)	\$ (56,671)	\$ (23,781)	\$ (120,485)	\$ (34,971)	\$ 278,509

City of Hamilton
Notes to Consolidated Financial Statements

As at December 31, 2017 (all numbers in columns are in thousands of dollars)

2016 Schedule of Operations for Business Segments

	General Government	Protection Services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development	TOTAL 2016
Revenue										
Taxation	\$ 854,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 854,709
Government grants and contributions	3,979	7,538	54,143	5,092	54,518	227,690	26,659	3,789	2,039	385,447
User charges	5,703	5,656	54,824	214,655	3,385	13,089	357	24,947	9,985	332,601
Development charges and subdivider contributions	269	1,594	32,362	26,635	0	0	0	16,133	5,032	82,025
Donations of tangible capital assets	0	0	3,659	12,191	219	0	0	577	0	16,646
Investment income	13,131	1,201	1,946	7,319	45	160	1,063	1,273	929	27,067
Income from Government Business Enterprises	22,857	0	0	0	0	0	0	0	0	22,857
Other	26,978	24,154	9,960	1,513	118	27	38,296	12,114	3,389	116,549
Total	\$ 927,626	\$ 40,143	\$ 156,894	\$ 267,405	\$ 58,285	\$ 240,966	\$ 66,375	\$ 58,833	\$ 21,374	\$ 1,837,901
Expenses										
Salaries and benefits	\$ 61,928	\$ 259,331	\$ 103,419	\$ 43,164	\$ 75,990	\$ 81,381	\$ 15,057	\$ 73,878	\$ 27,699	\$ 741,847
Interest on long term debt	665	941	4,387	3,286	388	563	1,700	916	88	12,934
Materials supplies services	45,527	18,633	43,233	37,702	7,202	8,752	26,899	27,960	5,612	221,520
Contracted services	22,895	3,274	52,171	81,078	3,688	77,225	12,877	13,962	8,989	276,159
Rents and financial expenses	2,817	1,783	5,208	7,921	2,423	2,744	5,936	4,752	713	34,297
External transfers	190	8,008	3	2,993	7	124,490	42,211	5,720	924	184,546
Amortization	6,922	7,762	77,836	54,095	2,786	1,912	5,872	25,472	3,076	185,733
Interfunctional transfers	(68,394)	6,897	23,933	8,314	5,959	5,763	561	12,554	4,413	-
Total	\$ 72,550	\$ 306,629	\$ 310,190	\$ 238,553	\$ 98,443	\$ 302,830	\$ 111,113	\$ 165,214	\$ 51,514	\$ 1,657,036
Annual Surplus (Deficit)	\$ 855,076	\$ (266,486)	\$ (153,296)	\$ 28,852	\$ (40,158)	\$ (61,864)	\$ (44,738)	\$ (106,381)	\$ (30,140)	\$ 180,865

Section 3

City of Hamilton Financial Statements for the Trust Funds Cemetery and General Trusts December 31, 2017

Contents

	<u>Section - Page</u>
Independent Auditor's Report	3-1 to 3-2
Trust Funds - Consolidated Statement of Financial Position	3-3
Trusts Funds – Consolidated Statement of Operations	3-3
Notes to the Financial Statements	3-4 to 3-5
Trust Funds – Cemetery Statement of Financial Position	3-6
Trust Funds – Cemetery Statement of Operations	3-6
Trust Funds – Other Statement of Financial Position	3-7
Trust Funds – Other Statement of Operations	3-7

Independent Auditor's Report

<<NOTE: The Independent Auditor's Report will be inserted after the Financial Report is approved by the Audit, Finance and Administration Committee. >>

Independent Auditor's Report

<<NOTE: The Independent Auditor's Report will be inserted after the Financial Report is approved by the Audit, Finance and Administration Committee. >>

City of Hamilton
Trust Funds – Consolidated

As at December 31, 2017

Statement of Financial Position

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
Financial Assets		
Cash	\$ 2,240,189	\$ 785,508
Investments (Note 3)	14,446,656	15,028,172
Due from City of Hamilton - Cemetery (Note 4)	1,336,704	1,097,184
Due from City of Hamilton - Other Trust Funds (Note 4)	<u>48,471</u>	<u>56,692</u>
Total Financial Assets	<u>\$ 18,072,020</u>	<u>\$ 16,967,556</u>
Liabilities		
Deposits	<u>\$ 408,958</u>	<u>\$ 388,404</u>
Accumulated surplus (Note 5)	<u>\$ 17,663,062</u>	<u>\$ 16,579,152</u>

Statement of Operations

Year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Revenues		
Cemetery lots and interments	\$ 758,783	\$ 886,684
Investment income	<u>529,940</u>	<u>504,299</u>
Total revenue	<u>\$ 1,288,723</u>	<u>\$ 1,390,983</u>
Expenses		
Other	\$ 12,947	\$ 13,625
Transfers to the City of Hamilton	<u>191,866</u>	<u>641,596</u>
Total expenses	<u>\$ 204,813</u>	<u>\$ 655,221</u>
Annual surplus	<u>\$ 1,083,910</u>	<u>\$ 715,762</u>
Accumulated surplus at the beginning of the year	<u>16,579,152</u>	<u>15,863,390</u>
Accumulated surplus at the end of the year	<u>\$ 17,663,062</u>	<u>\$ 16,579,152</u>

See accompanying notes to the financial statements

City of Hamilton
Trust Funds
Notes To The Financial Statements

As at December 31, 2017

1. Significant accounting policies

The consolidated financial statements of the City of Hamilton Trust Funds (the "Trust Funds") are the representation of management prepared in accordance Canadian public sector accounting standards. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

(a) Basis of Consolidation

These consolidated statements reflect the revenues, expenditures, assets and liabilities of the following trust funds:

- Fieldcote Farmer (Ancaster)
- Dundas Knowles Bequest
- Hamilton F. Waldon Dundurn Castle
- Dundas Ellen Grafton
- Ancaster Fieldcote Livingstone-Clarke
- Ancaster Fieldcote Shaver
- Hamilton Balfour Estate Chedoke
- Cemetery Trust Funds
- Municipal Election Surplus

(b) Basis of Accounting

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable.
- (iii) Revenues on the cemetery lots are recognized upon transfer of title of the deed.

2. Correction of an immaterial prior period error:

In 2017, management of the Trusts Funds became aware that investments held with the Hamilton Community Foundation ("HCF") were incorrectly treated as trust funds and should have been reported within the financial records of the Hamilton Public Library Board. The impact of the correction has been recorded retrospectively and the cumulative effect up to December 31, 2015 has been recorded as a decrease to accumulated surplus of \$3,704,341 as at that date. As a result, the comparative information for the year ended December 31, 2016 has been restated. The cumulative impact of the correction up to December 31, 2016 is a decrease to cash of \$319,758, decrease to investments held with the HCF of \$1,654,122, decrease of accrued interest receivable of \$844,234 and a decrease of due from City of Hamilton – Library trust funds of \$370,664. Investment income of \$179,909 has been derecognized in the statement of operations as at December 31, 2016 along with a transfer to the City of Hamilton in the amount of \$650,000 and miscellaneous expenditures of \$45,471.

City of Hamilton
Trust Funds
Notes To The Financial Statements

As at December 31, 2017

3. Investments

The total investments recorded at lower of cost or market value in the Statement of Financial Position are \$14,446,656 (2016 - \$15,028,172). These investments have a market value of \$15,389,152 (2016 - \$16,061,925) at the end of the year.

4. Due from City of Hamilton

The amount due from the City of Hamilton is non-interest bearing with no fixed repayment terms.

5. Accumulated Surplus

	<u>2017</u>	<u>2016</u>
The accumulated surplus consists of:		
Cemeteries	<u>\$ 17,010,339</u>	<u>\$ 15,928,506</u>
Other		
Fieldcote Farmer (Ancaster)	336,655	338,084
Knowles Bequest (Dundas)	250,666	248,293
F. Walden Dundurn Castle (Hamilton)	6,264	6,128
Ellen Grafton (Dundas)	7,686	7,598
Fieldcote Livingstone-Clarke (Ancaster)	5,155	5,155
Fieldcote Shaver (Ancaster)	5,155	5,155
Municipal Election (Hamilton)	6,889	6,737
Balfour Estate Chedoke (Hamilton)	<u>34,253</u>	<u>33,496</u>
	<u>\$ 652,723</u>	<u>\$ 650,646</u>
	<u>\$ 17,663,062</u>	<u>\$ 16,579,152</u>

City of Hamilton
Trust Funds – Cemetery

As at December 31, 2017

Statement of Financial Position

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
Financial Assets		
Cash	\$ 1,967,119	\$ 522,736
Investments	14,115,474	14,696,990
Due from City of Hamilton (Note 4)	<u>1,336,704</u>	<u>1,097,184</u>
Total Financial Assets	<u>\$ 17,419,297</u>	<u>\$ 16,316,910</u>
Liabilities		
Deposits	<u>\$ 408,958</u>	<u>\$ 388,404</u>
Accumulated surplus	<u>\$ 17,010,339</u>	<u>\$ 15,928,506</u>

Statement of Operations

Year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Revenues		
Cemetery lots and interments	\$ 758,783	\$ 866,684
Investment income	<u>516,646</u>	<u>492,417</u>
Total revenue	<u>\$ 1,275,429</u>	<u>\$ 1,359,101</u>
Expenses		
Other	\$ 11,019	\$ 11,053
Transfers to the City of Hamilton	<u>182,577</u>	<u>633,203</u>
Total expenses	<u>\$ 193,596</u>	<u>\$ 644,256</u>
Annual surplus	<u>\$ 1,081,833</u>	<u>\$ 714,845</u>
Accumulated surplus at the beginning of the year	<u>15,928,506</u>	<u>15,213,661</u>
Accumulated surplus at the end of the year	<u>\$ 17,010,339</u>	<u>\$ 15,928,506</u>

See accompanying notes to the financial statements

City of Hamilton
Trust Funds – Other

As at December 31, 2017

Statement of Financial Position

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
Financial Assets		
Cash	\$ 273,070	\$ 262,772
Investments	331,182	331,182
Due from City of Hamilton (Note 4)	<u>48,471</u>	<u>56,692</u>
Total Financial Assets	<u>\$ 652,723</u>	<u>\$ 650,646</u>
Accumulated surplus	<u>\$ 652,723</u>	<u>\$ 650,646</u>

Statement of Operations

Year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Revenues		
Investment income	<u>\$ 13,294</u>	<u>\$ 11,882</u>
Total revenue	<u>\$ 13,294</u>	<u>\$ 11,882</u>
Expenses		
Other	\$ 1,928	\$ 2,572
Transfers to the City of Hamilton	<u>9,289</u>	<u>8,393</u>
Total expenses	<u>\$ 11,217</u>	<u>\$ 10,965</u>
Annual surplus (deficit)	<u>\$ 2,077</u>	<u>\$ 917</u>
Accumulated surplus at the beginning of the year	<u>650,646</u>	<u>649,729</u>
Accumulated surplus at the end of the year	<u>\$ 652,723</u>	<u>\$ 650,646</u>

See accompanying notes to the financial statements

Section 4

City of Hamilton Financial Statements for the Trust Funds – Homes for the Aged December 31, 2017

Contents

	<u>Section - Page</u>
Independent Auditor's Report	4-1 to 4-2
Statement of Financial Position	4-3
Statement of Operations	4-3
Notes to the Financial Statements	4-4

Independent Auditor's Report

<<NOTE: The Independent Auditor's Report will be inserted after the Financial Report is approved by the Audit, Finance and Administration Committee. >>

Independent Auditor's Report

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City of Hamilton
Trust Funds – Homes for the Aged

As at December 31, 2017 with comparative information for 2016

Statement of Financial Position
As at December 31, 2017

	Macassa Lodge Resident Trusts	Wentworth Lodge Resident Trusts	Macassa Lodge Other Trusts	Wentworth Lodge Other Trusts	Total 2017	Total 2016
Financial assets						
Cash	\$ 26,681	\$ 25,753	\$ 17,229	\$ 120,488	\$ 190,151	\$ 181,061
Investments	-	-	-	262,244	262,244	256,503
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated surplus	<u>\$ 26,681</u>	<u>\$ 25,753</u>	<u>\$ 17,229</u>	<u>\$ 382,732</u>	<u>\$ 452,395</u>	<u>\$ 437,564</u>

Statement of Operations
Year ended December 31, 2017

	Macassa Lodge Resident Trusts	Wentworth Lodge Resident Trusts	Macassa Lodge Other Trusts	Wentworth Lodge Other Trusts	Total 2017	Total 2016
Revenue						
Residents' deposits	\$ 113,502	\$ 115,365	\$ 4,132	\$ 19,434	\$ 252,433	\$ 233,283
Investment income	-	-	210	7,170	7,380	4,857
Donations	-	-	914	121	1,035	4,826
	<u>113,502</u>	<u>115,365</u>	<u>5,256</u>	<u>26,725</u>	<u>260,848</u>	<u>242,966</u>
Expenses						
Maintenance payments	\$ 1,363	\$ 16,972	\$ -	\$ -	\$ 18,335	\$ 23,017
Residents' charges	105,576	84,758	2,840	21,707	214,881	209,474
Payments to estates	9,260	3,541	-	-	12,801	14,824
Renovation expense	-	-	-	-	-	3,148
	<u>116,199</u>	<u>105,271</u>	<u>2,840</u>	<u>21,707</u>	<u>246,017</u>	<u>250,463</u>
Annual surplus (deficit)	(2,697)	10,094	2,416	5,018	14,831	(7,497)
Accumulated surplus at the beginning of the year	<u>29,378</u>	<u>15,659</u>	<u>14,813</u>	<u>377,714</u>	<u>437,564</u>	<u>445,061</u>
Accumulated surplus at the end of the year	<u>\$ 26,681</u>	<u>\$ 25,753</u>	<u>\$ 17,229</u>	<u>\$ 382,732</u>	<u>\$ 452,395</u>	<u>\$ 437,564</u>

See accompanying notes to the financial statements.

City of Hamilton

Trust Funds – Homes for the Aged

Notes to the Financial Statements

As at December 31, 2017

1. Purpose of Trust Funds

The various Trust Funds administered by the City of Hamilton are established for the following purposes:

Macassa and Wentworth Lodge Resident Trusts

These Trust Funds are established for residents to receive their funds and to pay for their various charges including monthly maintenance payments.

Macassa and Wentworth Lodge Other Trusts

These Trust Funds are established for the receipts of funds from donations and fund raising activities. The funds are to be used for the benefit of lodge residents over and above normal capital and operating expenses of the lodges.

2. Significant accounting policies

The financial statements of the Trust Funds of The City of Hamilton are the representation of management prepared in accordance with Canadian public sector accounting standards.

Basis of accounting

The Trust Funds follow the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as result of receipt of goods and services and/or the creation of a legal obligation to pay.

3. Investments

Investments are valued at cost less any amounts written off to reflect an other than temporary decline in value. The total investments recorded in the Statement of Financial Position are \$262,244 (2016 - \$256,503). These investments have a market value of \$275,518 (2016 - \$270,065) at the end of the year.



The City of Hamilton

Audit Findings Report
For the year ended December 31, 2017

KPMG LLP

Prepared May 28, 2018

kpmg.ca/audit



The contacts at KPMG in connection with this report are:

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Table of Contents

Executive summary	3
Audit risks and results	5
Critical accounting estimates	8
Data & Analytics in the audit	9
Financial statement presentation and disclosure	10
Adjustments and differences	11
Appendices	12

Executive summary

Purpose of this report*

The purpose of this Audit Findings Report is to assist you, as a member of Council, in your review of the results of our audit of the financial statements of The City of Hamilton (the "City") as at and for the year ended December 31, 2017.

This Audit Findings Report builds on the Audit Plan we presented to the Audit Committee on December 7, 2017.

Changes from the Audit Plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to you.

Audit risks and results

We discussed with you at the start of the audit that our audit is risk-focused. The key risk areas of focus included:

- Revenue recognition and deferral policies including grants
- Tangible capital assets
- Employee future benefits liability
- Landfill liability
- Investments and related income
- Operating expenditures

We are satisfied that our audit work has appropriately dealt with the risks.

See pages 5-7

Adjustments and differences

We did not identify differences that remain uncorrected.

We identified one reclassification adjustment that was communicated to management and was subsequently corrected in the financial statements.

*This Audit Findings Report should not be used for any other purpose or by anyone other than the Audit, Finance and Administration Committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Executive summary (continued)

Finalizing the audit

As of the date of this report we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

- Receipt of legal letter replies
- Receipt of signed management representation letters
- Completing our discussions with the Audit, Finance and Administration Committee;
- Obtaining evidence of Council's approval of the financial statements.

We will update you on significant matters, if any arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

Control and other observations

No significant deficiencies in internal control over financial reporting came to our attention.

Independence

We confirm that we are independent with respect to the City (and its related entities), within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada. We are independent and have extensive quality control and conflict checking processes in place.

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

Audit risks and results

Inherent risk of material misstatement is the susceptibility of a balance or assertion to misstatement which could be material, individually or when aggregated with other misstatements, assuming that there are no related controls. We highlight our significant findings in respect of significant financial reporting risks as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

Significant financial reporting risks	Why	Our response and significant findings
Fraud risk from revenue recognition	This is a presumed financial reporting risk.	<ul style="list-style-type: none"> • We performed substantive procedures over revenue recognition related to significant developer contributions and charges, as well as over the recognition of prior year deferrals. • Based on the result of KPMG's findings, revenue is accurately stated in the current year.
Fraud from management override of controls	This is a non rebuttable and presumed financial reporting risk.	<ul style="list-style-type: none"> • We performed procedures during our testing of journal entries and other adjustments including a retrospective review of estimates and evaluating the business rationale of significant unusual transactions. • As a result of our procedures, KPMG is satisfied that there have been no significant instances of management override of controls.

Audit risks and results (continued)

We identified other areas of focus for our audit in our discussion with you in the Audit Plan

Significant findings from the audit regarding other areas of focus are as follows:

Other areas of focus	Why	Our response and significant findings
Revenue recognition and deferral	Revenue recognition is a presumed fraud risk.	We performed substantive testing over the recognition of single developer contributions and charges earned. We ensured the charges and contributions were recognized as the eligible expenditures are incurred. <ul style="list-style-type: none"> ○ No audit differences were found
Tangible Capital Assets ("TCA")	Judgement is involved in determining nature of project as capital versus expense. Risk relating to the classification of expenditures between capital assets and operating expenses.	We obtained the year-end TCA continuity schedule and tested significant additions and disposals during the year. <ul style="list-style-type: none"> ○ We tested significant contributed assets and ensured these assets were appropriately recognized and included in TCA at a fair value. ○ We performed substantive testing over depreciation of TCA. We found no misstatements during our testing of TCA.
Employee future benefit obligation	Risk of material misstatement related to the valuations of the future obligation.	KPMG obtained the current year's valuation update of the obligation from management's third party actuary and performed procedures to verify the significant assumptions and inputs. KPMG ensured management's reporting of the estimate was accurate based on the expert's valuation and that the appropriate disclosures were made within the financial statements.
Landfill Liability	The City owns and operates one open landfill site and owns and maintains 12 closed landfill sites. The present value of the expected closure and post closure care costs of the open landfill site and present value of monitoring and capital rehabilitation costs of the closed landfill sites have been reported as a liability on the Consolidated Statement of Financial Position	All closure costs for the open landfill site and post closure care costs for the closed sites were based upon management estimates, adjusted by 3% inflation. The costs were discounted back to December 31, 2017 using a discount rate of 4.5%. <ul style="list-style-type: none"> ○ We concur with management's assumptions and did not find any audit misstatements.

Other areas of focus	Why	Our response and significant findings
Investments and related income	All investment activities shall be in compliance with the regulations (Section 418 of the Municipal Act, 2001 and Ontario Regulation 438/97, Eligible Investments and Related Financial Agreement). There is a risk of material misstatement related to accuracy, valuation and ownership	We obtained third party confirmations from the financial institutions holding the investments and ensure that management's records agreed in value. We performed substantive analytical testing over investment income and noted the amount of related income earned in the current year was reasonable.
Operating expenditures (including payroll)	Risk surrounding the completeness, existence and accuracy of reported expenses and accruals.	We completed various audit procedures over operating expenditures, including payroll and employee benefits expenditures. We performed a detailed comparison of operating expenditures to budget and investigated significant items. No misstatements related to operating expenses were identified during our testing.
Contaminated Sites	Under the PS 3260 Liability for Contaminated Sites standard , liabilities for remediation efforts related to contaminated sites, or parts of a site, no longer in active or productive use are required to be reported. It also requires the assessment of any unexpected events occurring on sites in productive use owned by the City that resulted in contamination	We reviewed management's processes for updating the contaminated sites liability including: <ul style="list-style-type: none"> • Updated list of property owned by the City and assessment of productive use • Enquiries regarding unexpected events occurring during the year that resulted in contamination • Assessment of new liabilities that should be recorded • Assumptions used in determining the liability balance We reviewed financial statements for disclosures and presentation. No misstatements were identified.

Accounting estimates

Under PSAB, management is required to disclose information in the consolidated financial statements about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year. Generally, these are considered to be "critical accounting estimates."

We have summarized our assessment of the subjective areas:

Asset / liability	Balance (\$'000s)	KPMG comment
Contaminated sites liability	\$5,701 (2016 - \$13,400)	<ul style="list-style-type: none"> We reviewed management's process for identifying potential sites and reviewed management's listing of contaminated sites and the analysis against the prescribed criteria to determine if a liability should be recorded. We gained an understanding and assessed the reasonability of the remediation estimates for contaminated sites deemed to be relevant to this standard and performed a recalculation of the present value of the determined liability. Where applicable, we obtained the reports procedure from subject matter experts by management and evaluated the reasonability of the applied discount and inflation rates and deemed them to be appropriate for the purposes of the calculation. <p>We have concluded that management's approach to identifying, evaluating and determining the liability in accordance with the PSAB standard is appropriate and that the liability recorded in the current year is reasonable.</p>
Employee future benefits	\$367,587 (2016 - \$356,762)	<ul style="list-style-type: none"> The City provides certain employee benefits which will require funding in future periods. These benefits include long-term disability, benefits under the Workplace Safety Insurance Board ("WSIB") Act and extended health and dental benefits for early retirees. The liability for these future benefits has been determined by actuarial valuation. We obtained a copy of the most recent actuarial valuations, completed in 2015, 2016 and 2017 along with the updates to the current year. We assessed management's assumptions for reasonableness. We determined that the work of management's expert and management's assumptions were reasonable and could be utilized as audit evidence to support our assessment of the post-employment benefit liability.

- We believe management's process for identifying accounting estimates is adequate.

Data & Analytics in the audit

As previously communicated in our Audit Planning Report, we have utilized Data & Analytics (D&A) in order to enhance the quality and effectiveness of the audit.

We have summarized areas of the audit where D&A tools and routines were used.

Area(s) of focus	D&A tools and routines	Our results	Insights
Journal Entry	<ul style="list-style-type: none"> Utilized KPMG application software (IDEA) to evaluate the completeness of the journal entry population through a roll-forward of 100% of the accounts. Utilized computer-assisted audit techniques (CAAT's) to analyse journal entries and apply certain criteria to identify potential high risk journal entries for further testing. 	<ul style="list-style-type: none"> We used D&A in the audit and analysis of journal entries at the City in order to select high risk journal entries for testing Both completeness and high risk entries were successfully addressed during the testing phase of the audit with no errors. 	<ul style="list-style-type: none"> KPMG is satisfied with respect to the posting and review process associated with journal entries.

Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with the Companies' relevant reporting framework. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter included in the Appendices.

We also highlight the following:

Form, arrangement, and content of the financial statements	The financial statements are, in all material respects, in accordance with the applicable financial accounting framework. The disclosures in the notes to the financial statements are appropriate.
Application of accounting pronouncements issued but not yet effective	There are no concerns at this time regarding future implementation of new and revised standards.

Adjustments and differences

Adjustments and differences identified during the audit have been categorized as "Corrected adjustments" or "Uncorrected differences". These include disclosure adjustments and differences. Professional standards require that we request of management and the audit committee that all identified differences be corrected. We have already made this request of management.

Corrected adjustments

We identified the following adjustment that was communicated to management and subsequently corrected in the financial statements:

As at and year ended December 31, 2017	Income effect	Financial position		
		Assets	Liabilities	Net assets
	(Decrease) Increase	(Decrease) Increase	(Decrease) Increase	(Decrease) Increase
To reclassify the debit balances in deferred revenue to accounts receivable	-	\$3.7m	\$3.7m	-

Uncorrected differences

We did not identify differences that remain uncorrected.

Appendices

Appendix 1: Required communications

Appendix 2: Value for fees

Appendix 3: Audit Quality and Risk Management

Appendix 4: Background and professional standards

Appendix 5: Data & Analytics in Audit

Appendix 6: Current developments

Appendix 1: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

- **Auditors' report** – the conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements
- **Management representation letter** – We will obtain from management at the completion of the annual audit. In accordance with professional standards, copies of the management representation letter are provided to the Audit, Finance and Administration Committee.

Appendix 2: Value for fees

The Value of our Audit Services

We recognize that the primary objective of our engagement is the completion of the audit of the financial statements in accordance with professional standards. We also believe that our role as external auditor of the City of Hamilton and the access to information and people in conjunction with our audit procedures, place us in a position to provide other forms of value. We know that you expect this of us.

We understand your expectations. To facilitate a discussion (either in the upcoming meeting or in separate discussions), we have outlined some of the attributes of our team and our processes that we believe enhanced the value of our audit service. We recognize that certain of these items are necessary components of a rigorous audit.

We welcome your feedback.

- Extensive industry experience on our audit team – as you have experienced, the senior members of our team have extensive experience in audits of companies in your industry. This experience ensures that we are well positioned to identify and discuss observations and insights that are important to you, as we have demonstrated to you by insight we shared;
- Involvement of specialists – Our audit team is supported by KPMG specialists in income and other taxes, information risk management, and others as required. We expect each of the specialists have provided insights and observations as a result of their audit support processes; and
- Income taxes – while our audit procedures were not designed to identify all matters that could be relevant to the preparation of your annual returns for income and other taxes, we have shared best practices and current tax developments with your team.

Appendix 3: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards. Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems.

Visit our [Audit Quality Resources page](#) for more information including access to our audit quality report, [Audit quality: Our hands-on process](#).

- Other controls include:
 - Before the firm issues its audit report, the Engagement Quality Control Reviewer reviews the appropriateness of key elements of publicly listed client audits.
 - Technical department and specialist resources provide real-time support to audit teams in the field.
- We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.
- We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality.
- All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.



- We do not offer services that would impair our independence.
- The processes we employ to help retain and develop people include:
 - Assignment based on skills and experience;
 - Rotation of partners;
 - Performance evaluation;
 - Development and training; and
 - Appropriate supervision and coaching.
- We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.
- Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

Appendix 4: Background and professional standards

Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.

Documents containing or referring to the audited financial statements

We are required by our professional standards to read only documents containing or referring to audited financial statements and our related auditors' report that are available through to the date of our auditors' report. The objective of reading these documents through to the date of our auditors' report is to identify material inconsistencies, if any, between the audited financial statements and the other information. We also have certain responsibilities, if on reading the other information for the purpose of identifying material inconsistencies, we become aware of an apparent material misstatement of fact.

We are also required by our professional standards when the financial statements are translated into another language to consider whether each version, available through to the date of our auditors' report, contains the same information and carries the same meaning.

Appendix 5: Data & Analytics in Audit

Turning data into value

KPMG continues to make significant investments in our Data & Analytics (D&A) capabilities to help enhance audit quality and provide actionable insight to our clients by unlocking the rich information that businesses hold.

When D&A is applied to the audit, it enables us to test complete data populations and understand the business reasons behind outliers and anomalies.

Advancements in D&A tools allow us to analyze data at more granular levels, focusing on higher risk areas of the audit and developing insights you can then leverage to improve compliance, potentially uncover fraud, manage risk and more.

KPMG is enhancing the audit

The combination of our proven industry experience, technical know-how and external data allows us to focus our audit on the key business risks, while providing relevant insights of value to you.

Highlights of the new auditors' report include:

FOR THE AUDIT

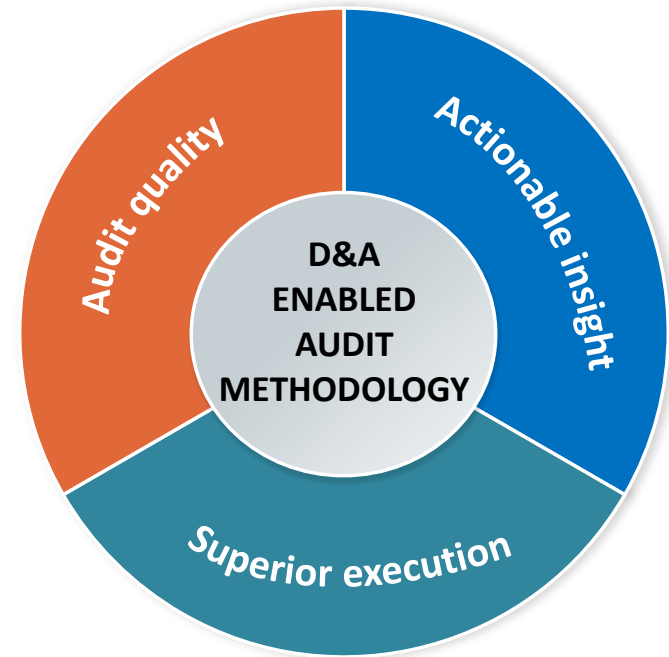
AUDIT QUALITY

- Automated testing of 100% of the population
- Focuses manual audit effort on key exceptions and identified risk areas

FOR YOUR BUSINESS

ACTIONABLE INSIGHT

- Helping you see your business from a different perspective
- How effectively is your organization using your systems?



Appendix 6: Current developments

Current developments, created by KPMG Public Sector and Not-for-profit Practice, summarizes regulatory and governance matters impacting Government Organizations. We provide this information to help you understand upcoming changes and challenges they may face in the industry. We attach this summary to every audit plan and findings report (if significant changes occur).

A new accounting standard that addresses the reporting of legal obligations associated with the retirement of long-lived tangible capital assets currently in productive use is under development by PSAB. An Exposure Draft that addresses the accounting and reporting of retirement obligations associated with tangible capital assets controlled by a public sector entity was issued in March 2017. PSAB has had regular updates on this project. Implementation of this standard will require a review of the legal obligations associated with the retirement of long-lived tangible capital assets. This standard is effective for years beginning on or after April 1, 2021.

The following is a summary of the current developments that are relevant to the City:

Standard	Summary and implications
Cyber Security Risks	With the constant changing cyber threat landscape, companies are changing their risks-protection strategies, identifying core assets and qualifying threats. Reference: KPMG: Cyber security FrontPage Video
The Future of Cities: Creating a Vision	The world is changing faster than ever before. Cities are no different. This series brings together some of KPMG’s leading thinking on the challenges and opportunities faced by cities and how we can work together to create better, more sustainable places to live and work. The catalyst for this series was working on a knowledge-transfer program from Bristol, the European Green Capital 2015, aimed at helping cities understand and apply lessons in becoming more sustainable. Reference: https://home.kpmg.com/ca/en/home/insights/2016/05/future-cities.html
Ontario Municipal Services	Local perspective on the Ontario Growth Plan for the Greater Golden Horseshoe Reference: https://home.kpmg.com/ca/en/home/insights/2017/04/ontario-municipal-services.html

PS 3380 – Contractual Rights	<p>This standard is a disclosure standard which defines contractual rights to future assets and revenue and sets out the required disclosures.</p> <p>Information about a public sector entity’s contractual rights should be disclosed in notes or schedules to the financial statements and should include descriptions about their nature and extent when determining contractual rights that would be disclosed. Factors to consider include, but are not limited to:</p> <ul style="list-style-type: none"> (a) Contractual rights to revenue that are abnormal in relation to the financial position or usual business operations; and (b) Contractual rights that will govern the level of certain type of revenue for a considerable period into the future. Examples of a contractual right include contractual rights to receive payments under a shared cost agreement or contractual rights to receive lease payments. <p>This standard is effective for fiscal periods beginning on or after April 1, 2017 (the City’s December 31, 2018 year-end)</p> <p>Implications: Additional disclosures may be required if contractual rights to assets or revenue exist.</p>
PS 3210 – Assets	<p>This standard provides a definition of assets and further expands that definition as it relates to control. Assets are defined as follows:</p> <ul style="list-style-type: none"> ○ They embody future economic benefits that involve a capacity, single, or in a combination with other assets, to provide goods and services, to provide future cash inflows, or to reduce cash outflows. ○ The public sector entity can control the economic resources and access to the future economic benefits. The transaction or event giving rise to the public sector entity’s control has already occurred. ○ The standard also includes some disclosure requirements related to economic resources that are not recorded as assets to provide the user with better information about the types of resources available to the public sector entity <p>This standard is effective for fiscal periods beginning on or after April 1, 2017 (the City’s December 31, 2018 year-end).</p> <p>Implications: Assets such as accrued receivables will have to be reviewed to determine if they meet this definition.</p>
PS 3320 – Contingent Assets	<p>This standard defines contingent assets.</p> <p>They have two basic characteristics:</p> <ul style="list-style-type: none"> – An existing condition or situation that is unresolved at the financial statement date. – An expected future event that will resolve the uncertainty as to whether an asset exists. <p>The standard likely also has specific disclosure requirements for contingent assets when the occurrence of the confirming event is likely.</p> <p>This standard is effective for fiscal periods beginning on or after April 1, 2017 (the City’s December 31, 2018 year-end).</p> <p>Contingent assets include grants receivable where the conditions are met but funding is conditional upon approval of an application for funding.</p> <p>Implications: Additional disclosures may be required if contingent assets exist.</p>

<p>PS 2200 – Related Party Disclosures</p>	<p>This standard relates to related party disclosures and defines related parties. Related parties could be either an entity or an individual. Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.</p> <p>Disclosure is only required when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions would have a material financial impact on the financial statements. Material financial impact would be based on an assessment of the terms and conditions underlying the transaction, the financial materiality of the transaction, the relevance of the information and the need for the information to enable the users to understand the financial statements and make comparisons.</p> <p>This standard also specifies the information required to be disclosed including the type of transactions, amounts classified by financial statement category, the basis of measurement, and the amounts of any outstanding items, any contractual obligations and any contingent liabilities. The standard also requires disclosure of related party transactions that have occurred where no amount has been recognized.</p> <p>This standard is effective for fiscal periods beginning on or after April 1, 2017 (the City's December 31, 2018 year-end).</p> <p>Implications: Related parties will have to be identified. Additional disclosures may be required with respect to transactions with related parties.</p>
<p>PS 3420 – Inter-entity Transactions</p>	<p>This standard relates to the measurement of transactions between public sector entities that comprise the government's reporting entity.</p> <p>Transactions are recorded at carrying amounts with the exception of the following:</p> <ul style="list-style-type: none"> – In the normal course of business – use exchange amount – Fair value consideration – use exchange amount – No or nominal amount – provider to use carrying amount; recipient choice of either carrying amount or fair value – Cost allocation – use exchange amount <p>This standard is effective for fiscal periods beginning on or after April 1, 2018 (the City's December 31, 2019 year-end).</p> <p>Implications: The City will have to identify these transactions and determine if they have been measured at the carrying amount if required.</p>
<p>Financial instruments</p>	<p>A standard has been issued, establishing a standard on accounting for and reporting all types of financial instruments including derivatives. The effective date of this standard has recently been deterred and it is now effective for fiscal periods beginning on or after April 1, 2021 (the City's December 31, 2022 year-end).</p> <p>Implications: This standard will require the City to identify any contracts that have embedded derivatives and recognize these on the statement of financial position at fair value. Portfolio investments in equity instruments are required to be recorded at fair value. Changes in fair value will be reported in a new financial statement – statement of re-measurement gains and losses. This standard sets out a number of disclosures in the financial statements designed to give the user an understanding of the significance of financial instruments to the City. These disclosures include classes of financial instruments and qualitative and quantitative risk disclosures describing the nature and extent of risk by type. The risks to be considered include credit, currency, interest rate, liquidity, and market risk.</p>
<p>PS 3280 Asset Retirement Obligations</p>	<p>This standard provides guidance in accounting for and reporting a liability for asset retirement obligations. The standard applies to legal obligations and defines which asset retirement activities would be included in the cost of a tangible capital asset. This standard is effective for fiscal periods beginning on or after April 1, 2021 (the City's December 31, 2022 year-end).</p> <p>Implications: A new liability will be recognized on the statement of financial position.</p>

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