



City of Hamilton

AUDIT, FINANCE AND ADMINISTRATION COMMITTEE ADDENDUM

Meeting #: 19-019
Date: December 5, 2019
Time: 11:00 a.m.
Location: Council Chambers, Hamilton City Hall
71 Main Street West

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

5. COMMUNICATIONS

- *5.1 Correspondence from Ameil J. Joseph, Associate Professor, School of Social Work, McMaster University, respecting the Hamilton Anti-Racism Resource Centre Re-launch

Recommendation: Be received and referred to the consideration of Item 9.2, the Hamilton Anti-Racism Resource Centre Update (HUR18010(c)) (City Wide).

6. DELEGATION REQUESTS

- *6.1 Mouna Bile, HARRC Community Working Group, respecting Item 9.2, the Hamilton Anti-Racism Resource Centre Update (For today's meeting)
- *6.2 Kojo Dampsey, Hamilton Centre for Civic Inclusion, respecting Item 9.2, the Hamilton Anti-Racism Resource Centre Update (For today's meeting)
- *6.3 Tajseem Hussain, respecting Item 9.2, the Hamilton Anti-Racism Resource Centre Update (For today's meeting)
- *6.4 Gabriela Roberts, Black Students Association McMaster, respecting Item 9.2, the Hamilton Anti-Racism Resource Centre Update (For today's meeting)
- *6.5 Michael Abraham, The Space Youth Centre, respecting Item 9.2, the Hamilton Anti-Racism Resource Centre Update (For today's meeting)
- *6.6 Charles Frechette, ArcelorMittal Long Product Canada (AMLPC), respecting the progress of negotiation between the City's staff and AMLPC, and asking for an extension (For today's meeting)

9. STAFF PRESENTATIONS

- 9.1 Audit and Accountability Fund Third Party Reviewer's Report (FCS19059(b)) (City Wide)
 - *9.1.a Development Charges Support Review
 - *9.1.b Transportation Modelling Review
 - *9.1.c Water Distribution Asset Maintenance
- *9.3 Citizen Committee Report - Committee Against Racism - Transitional Model for the Re-opening of HARRC (CAR-19-01)

14. PRIVATE AND CONFIDENTIAL

- *14.4 Negotiation Update for the Continued Supply of Raw Water to 690 Strathearne Avenue North(FCS18049(d) / LS18014(b)) (Ward 4)

Pursuant to Section 8.1, Sub-sections (f) and (k) of the City's Procedural By-law 18-270, and Section 239(2), Sub-sections (f) and (k) of the Ontario Municipal Act, 2001, as amended, as the subject matter pertains to advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and, a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.



School of Social Work

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December 5, 2019,

Dear City Council, and AF&A committee members,

Please accept my comments for your consideration when reviewing the materials for the Hamilton Anti-Racism Resource Centre re-launch. The current set of recommendations for the Hamilton Anti-Racism Resource Centre do not flow logically nor respectfully from the community consultations. I have been involved with the research and advocacy work for the centre, the establishment of the centre, consulting on its operations, as well as evaluation of the work of the centre since 2014. I am also a scholar of issues of race, racism, racialization and anti-racism. I believe the centre should be reopened as scheduled in February of 2020.

Unfortunately, the recommendations call for the City to take on full responsibility for the centre including its operations. The community consultation report indicates clearly that independent community lead decision making is what was desired.

In our meeting last night with City staff, staff indicated that this was their staff recommendations being brought to council today, in spite of the consultation report. They insisted to move forward with these recommendations even without agreement from the community leaders and members of the partnership that helped advocate for, establish, operate and evaluate the centre since 2014. Concerns were shared with City staff that community members have indicated that they would not use a City-run Anti-Racism Resource Centre, especially one that excludes the skill sets and expertise of those who helped to advocate for, establish, operate and evaluate and support the centre.

As suggested to City staff yesterday, the recommendations should be amended to include the establishment of a HARRC community advisory board- to shape the intake, counselling, and referral making of the centre, as well as its community outreach, and accountability functions during the establishment of an independent board of directors. This board would need to have decision making powers, authority and influence, with appropriate reporting to the City. This board should also invite those who have been involved in the advocacy for, establishment of, operating of and evaluating of the centre to respectfully acknowledge their labour and contributions to the centre and their knowledge, experience, value and expertise. This work needs to set the example that we value the knowledge and expertise as well as the lived experiences of racialized people and demonstrate this through its practices, processes and procedures.

The recommendations for the dissolution of the funding agreement do not acknowledge that oversight, decision making, including HCCI, McMaster University, the Committee Against Racism, as well as independent research capacity was also in this agreement. These aspects of independent evaluation, collaborative decision making and community accountability need to be preserved.

Sincerely,

A handwritten signature in black ink, appearing to read "Ameil J. Joseph".

Ameil J. Joseph, MSW, RSW, Ph.D.
Associate Professor, School of Social Work

Added Item 6.1

Form: Request to Speak to Committee of Council

Submitted on Friday, November 29, 2019 - 2:41 pm

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Mouna Bile

Name of Organization: HARRC Community Working Group

Contact Number:

Email Address:

Mailing Address:

Reason(s) for delegation request: Our community members would like to respond to the Hamilton Anti-Racism Resource Centre update report.

Will you be requesting funds from the City? Yes

Will you be submitting a formal presentation? Yes

Added Item 6.2

Form: Request to Speak to Committee of Council Form
Submitted on Monday, December 2, 2019 - 11:37 am

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Kojo Dampsey

Name of Organization: Hamilton Centre for Civic Inclusion

Contact Number:

Email Address: kdampsey@hcci.ca

Mailing Address: 423 King Street East

Reason(s) for delegation request: Would like to talk about agenda item 9.2 Hamilton Anti-Racism Resource Centre Update (HUR18010(c)) (City Wide).

Will you be requesting funds from the City? No

Will you be submitting a formal presentation? No

Added Item 6.3

Form: Request to Speak to Committee of Council
Submitted on Wednesday, December 4, 2019 - 10:43 am

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Tajseem Hussain

Name of Organization:

Contact Number:

Email Address:

Mailing Address:

Reason(s) for delegation request: Speaking to agenda item 9.2, Hamilton Anti-Racism Resource Centre Update

Will you be requesting funds from the City? No

Will you be submitting a formal presentation? No

Added Item 6.4

Form: Request to Speak to Committee of Council
Submitted on Wednesday, December 4, 2019 - 12:28 pm

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Gabriela Roberts

Name of Organization: Black Students Association
McMaster

Contact Number:

Email Address:

Mailing Address:

Reason(s) for delegation request: speaking to item 9.2

Will you be requesting funds from the City? No

Will you be submitting a formal presentation? No

Added Item 6.5

Form: Request to Speak to Committee of Council
Submitted on Wednesday, December 4, 2019 - 12:33 pm

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Michael Abraham

Name of Organization: The Space Youth Centre

Contact Number:

Email Address:

Mailing Address:

Reason(s) for delegation request: speaking to item 9.2

Will you be requesting funds from the City? No

Will you be submitting a formal presentation? No

Form: Request to Speak to Committee of Council
Submitted on Tuesday, December 3, 2019 - 11:46 am

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Charles Fréchette

Name of Organization: ArcelorMittal Long Product Canada
(AMLPC)

Contact Number: 1-514-762-5273 ext 5273

Email Address: charles.frechette@arcelormittal.com

Mailing Address:

ArcelorMittal Long Products Canada/ArcelorMittal Produits
Longs Canada
A/S Charles Fréchette
690 Strathearne Avenue North
Hamilton, Ontario L8H 7N8 Canada

Reason(s) for delegation request: Progress of negotiation
between the City's staff and AMLPC, and asking for an
extension

Will you be requesting funds from the City? No

Will you be submitting a formal presentation? Yes



ArcelorMittal



**Audit, Finance and Administration Committee
ArcelorMittal Long Products Canada**

December 5th, 2019

Visitor parking



Emergency vehicles

ArcelorMittal Long Products Canada (AMLPC) – Hamilton East Facility - **Who we are**

- Part of ArcelorMittal North America.
 - Our Head Office is in Contrecoeur, Qc.
 - Arcelor Mittal Dofasco is a sister company.

- We have new 9 operating facilities, including Hamilton East - Wire Drawing facility

- Hamilton East facility in short:
 - Established in 1956
 - About 600,000 square feet
 - 236 direct employees
 - Annually over \$30 millions in local spending
 - Annually around \$1 million direct revenue for the city of Hamilton
 - Well integrated and active into the local community



Long Products Canada

Who we are What we do Corporate responsibility Careers News and media Videos

Operation Backpack Returns in 2019: 1,500 Hamilton Families in Need Get Free School Supplies








30 September 2019



AMLPC – Hamilton East Facility – Working towards a resolution on Raw Water Sourcing

Dates	Initiatives
September 5 th until December 17 th	Undertaking procedures (to protect against threat of Raw Water supply interruption)
September 18 th	AMLPC brings City Administration back to the table and continues progress
Sept. 18 th – Oct. 15 th	Exchanges on backflow prevention <ul style="list-style-type: none"> - Research in the CSA norm and MECP - Phone conversations with City's engineers - Validation with suppliers
October 1 st	Proposal (3 options) to the City
October 9 th and 10 th	Cross-examinations
October 28 th	Counter proposal from the City <ul style="list-style-type: none"> - City's states that MECP wrote a report identifying risk and demanding a backflow prevention device - Request to the City to obtain MECP report
November 11 th	AMLPC's counter-offer
November 24 th	City's counter-offer <ul style="list-style-type: none"> - Multiples requests to the City to obtain MECP report not addressed
November 26 th	AMLPC's counter-offer
December 3 rd	AMPLC's signed latest proposal on the agreement sent to the City

AMLPC – Hamilton East Facility – Items of raw water discussion agreed upon

Agreed	Items
	1. Scope of Work: <ul style="list-style-type: none"> – Location of the Raw Water pumping station – Raw Water Electrical Upgrade
	2. Associated amounts to be paid
	3. Payment terms
	4. Building Repairs
	5. Easement Fees
	6. Water charges
	7. AMLPC withdrawal of damage claims <ul style="list-style-type: none"> – (\$95K) for interruption of Raw Water supply without City's prior notice. – (\$31K) for bypass invoice 479955

AMLPC – Hamilton East Facility – Raw Water Supply : Status Update

- AMLPC has accomplished the following to enter into a Supply and Easement Agreement with the City by Dec. 2nd, 2019, :
 - Draft Supply Agreement sent to the City on December 3, 2019.

Terms and conditions are agreed upon with the City, but still awaiting feedback from City Administration on:

 - Backflow preventer
 - In accordance with CSA B64.10-17
 - Installation at next AMHE plant maintenance shutdown (July 2020) to avoid interruption of operations
 - Exclusion of liability: communication protocol
 - Decommissioning of the assets: clear identification of ownership

- **Our ask to Hamilton City Council is formal approval on extension of period required to finalize agreement to February 7th, 2020, and approve installation of the backflow preventer during July 2020 maintenance shutdown.**
 - Thereafter, should the parties be unable to reach agreement before February 7, 2020, we would refer the case to commercial mediation to facilitate finalization of the contractual documents.
 - Considering current economical challenges in the steel industry, we trust the city of Hamilton will work together with AMLPC in resolving this matter, protecting the 236 direct jobs and supporting the Hamilton families depending on AMLPC's steady employment income



City of Hamilton

Development Charges Support Review

November 2019

Prepared by:

BMA

Management Consulting Inc.



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INTRODUCTION

In June 2019, the Province announced its Audit & Accountability Fund initiative which provides funds to municipalities to engage in a third-party review to help municipalities become more efficient and modernize service delivery. The City of Hamilton was successful in securing funding under this initiative. The City's focus is to review the use of consultants with the objective of reducing consulting costs and bringing expertise in-house.

The consultant will also use an approach that includes but is not limited to:


- ✓ Gather information to review each program area of focus;
- ✓ Conduct interviews and other engagement processes with staff;
- ✓ Review municipal service delivery reviews, best practices;
- ✓ Analysis of key issues and recommendations for service improvements and changes will the goal of finding service delivery efficiencies;
- ✓ Financial implications of the recommendations for consideration during 2020 Budget preparation;
- ✓ Supporting data, analysis and rationale including benchmarking or best practices; and
- ✓ The consultant will review the organizational structure of the focus divisions and identify what should be changed, maintained, modified or eliminated to best deploy internal resources to support recommendations of the review.

BACKGROUND

Development Charges (DCs) are a critical source of revenue used to finance growth-related capital infrastructure and is the main instrument used to ensure that “growth pays for growth” which is a long-standing policy in the City of Hamilton, in accordance with Provincial legislation. The intention of establishing DCs is to ensure that growth-related infrastructure costs are not borne by existing residents and represent Council policy decisions within the parameters of the legislative and regulatory requirements. The Development Charges Act (DCA) has been used across Ontario municipalities to calculate charges to support future growth.

As will be described in this report, while the establishment of DCs is a long-standing practice, the complexity of the infrastructure growth, associated calculations and reporting requirements to all stakeholders have increased. It is anticipated that external consulting services will continue to be required by the City of Hamilton, as is the case, in most, if not all urban municipalities. The focus of this review is to determine whether there is an appropriate level of internal resources to support all aspects of development charge policy and analytical work, work with the external consulting groups and to identify if there are opportunities for efficiencies.

In accordance with the DCA, the City must prepare a DC Background Study every 5 years. The most recent study in the City of Hamilton was completed in 2019. The following describes the necessity for a study in 2021:



THERE IS A PLANNED DC BACKGROUND STUDY UPDATE IN 2021 AT A COST OF \$730,800 (PRIOR TO THE 5-YEAR TIMEFRAME) AND ANOTHER \$730,800 IN 2026.

City of Hamilton

- A DC review in 2021 has been established in accordance with report FCS18034, approved by Council on April 3, 2018 which requires staff to investigate and report



back on methodology options as well as assess the financial impacts for future updates to the Transportation Master Plan (including transit services), 10-year Fire Service Delivery Plan and Waste Services Master Plan that would provide the necessary basis for a variable rate calculation as part of the next DC By-law update should Council wish to take a variable rate approach. Specifically, the motion identified the following key factors that require further review:

- DC Act requires a process to be followed which results in a calculated DC;
- That the 2019 Development Charges Background Study be prepared with the 2031 growth forecasts and that staff be directed to request approval to initiate a new Development Charges Background Study once the Infrastructure Masterplans using the 2041 growth figures are substantially complete which is expected to be in advance of the typical five-year Development Charges By-law period.
- Adoption of variable DC rates must be predicated on either a defined and defensible methodology calculation or by policy (such as providing a partial exemption to the calculated DC rate);
- The City's 2019 Development Charges (DC) By-law reflects the results of such a review for water and wastewater services, and as a result includes a variable approach in calculating the 2019 DC By-law rate for stormwater services;
- All other services are calculated on a city-wide basis; and
- The More Homes, More Choice Act, 2019 (Bill 108) will remove the discounted (soft) services from the Development Charges Act once proclaimed into force and provides a defined list of services that will remain in the Development Charges Act; and
- The City's current GRIDS 2 process will ultimately identify growth allocations by traffic zone throughout the city to 2041.

As identified in the DCA, the costs of these studies are 90% recoverable from future DCs, with the remaining 10% recovered from taxes.



The following table summarizes the Development Charge Study Costs that have been incorporated into the 2019 DC calculation, as included in the Administrative Studies.

	Year	Subtotal	Less Statutory Reduction (10%)	Net to be Recovered from DCs	Net to be Recovered from Taxes
Development Charge Study	2019	\$ 730,800	\$ 73,080	\$ 657,720	\$ 73,080
Development Charge Study	2021	\$ 730,800	\$ 73,080	\$ 657,720	\$ 73,080
Development Charge Study	2026	\$ 730,800	\$ 73,080	\$ 657,720	\$ 73,080
Total		\$ 2,192,400	\$ 219,240	\$ 1,973,160	\$ 219,240



EXISTING PROCESSES

The process commences with a policy review which includes identification and evaluation of key policy driven decisions that help shape the direction of the DC background study and ultimately the DC rates.

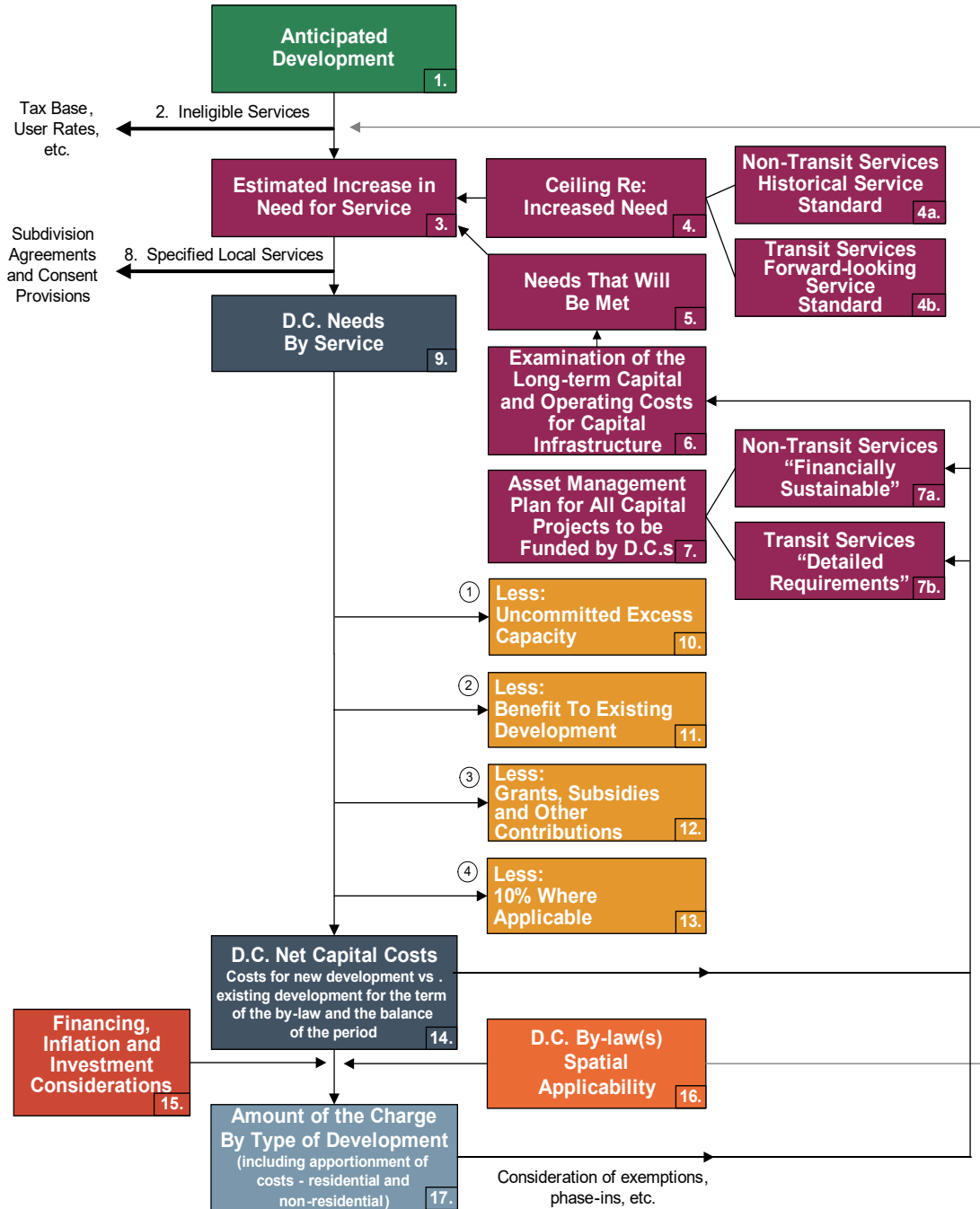
The Development Charges Act (DCA) and its regulations, provides a specified number of steps, which must be undertaken in the calculation of development charges. The City of Hamilton's D.C. process follows the methodology set out in figure 1 below for calculating the D.C. which reflects the level of complexity in the process and the need for resources to support the process.

The review process also includes reporting information to a DC Stakeholder Sub-Committee that consists of Members of Council, representation from the Chamber of Commerce, representation from the Hamilton Halton Homebuilders Association, members from the public at large and is supported by various City staff and the DC Consulting team. The DC Stakeholder Sub-Committee (DCSSC) is presented with draft findings including the draft growth forecast, the results of the calculated service standards, the capital program being considered in the DC calculations and various policy items including the Draft Local Service Policy, By-law Policies and policies related to the methodology for calculating DC on either a municipal wide basis or an area specific basis, or a combination of these dependent on the service. The DCSSC provides input required to complete all aspects of the calculations, background study and draft by-law process.

Figure 1

D.C. Calculation Methodology

The Process of Calculating a Development Charge under the Act that must be followed





NEW LEGISLATIVE REQUIREMENTS – BILL 108

On June 6, 2019, Bill 108, the More Homes, More Choice Act received Royal Assent. Schedules of Bill 108 will come into force over the coming months, with further implementation details to be finalized by regulation.

The new Act makes significant changes to the Development Charges Act (DCA) and also introduces a new Community Benefit Charge (CBC) under the Planning Act. Bill 108 regulations for implementation of the CBC have not been released to date.

The following summarizes the current DCA and future considerations in terms of the two categories of costs:

Hard Services	Soft Services
<p>Are not subject to a 10% mandatory deduction of the growth costs in the DC calculation, such as highway (roads and active transportation), public works (fleet and domes), transit, water, wastewater, stormwater, fire and police.</p>	<p>Are subject to a mandatory 10% reduction of the growth costs in the DC calculation, such as parkland development, recreation facilities, library services, ambulance, paramedic, long term care, health services, social and child services, social housing, airport services, parking services, provincial offences administration and administrative studies related to any of the above.</p>
<p>These services will continue to be included in the DCA.</p>	<p>These services will no longer be eligible service under the DCA, commencing in January 2021.</p>
	<p>However, they may be eligible for inclusion in a CBC By-law through Schedule 12 of Bill 108. Once a CBC By-law is enacted by a municipality, any By-Law passed by the municipality pursuant to Section 42 (Parkland Dedication) of the Planning Act will be of no force or effect.</p>

Requirement for 2 studies

On a go forward basis, there will be a requirement to have two studies:

1. DC Background Study – This study will also differ from previous studies in a number of areas including but not limited to the exclusion of soft services, new payment schedules which will require additional administration by municipalities and changes in cash flow forecasts.
2. CBC Study – New study focused on soft services with regulations yet to be released. The transition is to be complete by January 2021.

Before a municipality passes a CBC, municipalities will be required to develop a strategy and identify the facilities, services and matters that will be funded. The amount charged will be capped in accordance with the legislation as a percentage of land values. Eligible services and the methodology for calculating CBCs will be determined in regulation which have yet to be released.

An amendment to the DCA 1997 provides for a date prescribed in regulation that would effectively establish a deadline as to when municipalities must transition to the community benefits authority if they wish to collect for the capital costs of community benefits from new development. Beyond the date prescribed in regulation:

- Municipalities would generally no longer be able to collect development charges for discounted services.
- Municipalities would generally no longer be able to pass by-laws to collect funds under section 37 of the Planning Act.

Currently, there are limited City resources available to undertake such analysis in the existing organization.

As will be discussed, there are significant changes that will impact the City’s future provision of development charge studies, revenue collections and new requirements that must be considered in the delivery of effective and efficient services in the future. The passage by the Province of Bill 108 will require an entirely new calculation and process. It is anticipated that the new processes will become more labour intensive and require additional consultation, analysis and policy decision-making.



It will take some time for municipalities to consider the new CBC methodology, evaluate the approach to these studies, collect background data (i.e. property value information), carry out the study, undertake a public process and pass a by-law.

City of Hamilton’s primary DC consultant (Watson & Associates)

ANALYSIS: OPTION TO ENHANCE INTERNAL RESOURCES

The completion of the DC Background Study is almost exclusively undertaken by external consultants. This includes growth forecasting, policy research, calculation of service standards, public consultation assistance and overall development of the DC Background Study and By-law. While this is consistent with the practice in the majority of urban municipalities, there are typically additional internal staff resources to support these large projects which require ongoing updates on assumptions, tracking of forecasts and the inclusion of new master plans and studies compared with the City of Hamilton. Further, the DC By-law is subject to appeals which also requires internal support resources. The City's 2014 and 2019 DC By-laws are currently under appeal and internal resources are needed to efficiently support information gathering and analysis rather than relying exclusively on external resources.

Management and additional analysis in the preparation of the DC Background Study by internal staff was determined by management as an opportunity for efficiencies and program enhancements to improve information available to Council on a timely basis, specifically related to future policy setting and the impact of Bill 108 and associated implications.

Highlights from Performance Audit of External Consultants

A City of Hamilton performance audit report 2016-03 – Use of External Consultants was presented in 2016 which provides relevant background with respect to the use of consultants in the City. The purpose of this audit was to assess the process used to procure, manage and use external consultants operated with due regard to the **economy, efficiency and effectiveness**.

- **Efficiency** was assessed by reviewing the need for consulting services, whether alternatives were considered, knowledge was transferred to staff and if the cost will reoccur in the future.
- **Effectiveness** was assessed by determining whether deliverables were used by management to provide benefit to the City.
- **Economy** was assessed by evaluating whether the consultant's work added value to the organization, was economically justified and identifying any instances of waste.

The audit report found that on a corporate wide basis, management was not consistently preparing a business case analysis to support the need to hire a consultant. A recommendation from the auditor was that the senior leadership team identify opportunities for insourcing and cost savings.

Based on the extent to which the City relies almost exclusively on the use of external consulting resources for the preparation of the DC Background Study under the existing legislation and given that the new legislation Bill 108 will require a second separate study (CBC), Management identified an opportunity to review the existing service delivery model to determine;

- Whether there are opportunities to create efficiencies by providing some support and analytic services internally;
- Whether there are opportunities to better support Council-policy decision making through the availability of internal resources;
- Whether there is a need for additional resources to oversee and support these large and significant ongoing studies; and
- Whether there is a need for internal staff resources to assist in the transition toward the development of a CBC and ongoing support requirements, to work with external consulting services.

The City's DC policy choices and future CBC can have a significant impact on the cost and allocation of growth-related costs. Decisions on DC policy issues can impact the information gathered to complete the rate calculations and the drafting of the DC Background Study and By-law.

The following provides analysis and observations of existing consulting services that were used to prepare the 2019 DC Background Study:

- Despite the size of the external consulting services and the significant importance that DCs have for the recovery of growth-related revenues, the City has very limited resources assigned to undertake supporting analysis which could potentially help reduce the overall cost of service and to vet assumptions and options, earlier in the process.
- There are a limited number of consulting groups that provide DC Background studies to mid-large Ontario municipalities.
- The total actual invoices related to the DC Background Study and development charge policies and opinions in 2018 to Sept 2019 was \$687,000:
 - \$613,000 was related to the completion of the DC Background Study

- \$74,000 was related to the provision of development charge opinions. There is an opportunity to reduce these costs through the use of internal resources as well as gain internal expertise.
- In total, 90% of these costs are recoverable from DC fees, with the remaining 10% recovered the tax levy.
- The external consulting team includes numerous expert resources that are used to complete the DC Background Studies and to provide additional opinions, research, analysis, reports, by-law preparation and participation in the public consultation processes. These includes but is not limited to Directors, Managers, Consultants, Senior Project Coordinators, Consultants, Analysts. Additionally, there are Engineering sub-consultants.
- The minimum charge-out rates by the external consulting services to the City for an Analyst position is \$120/hour (lowest chargeable rate).
- An analysis was undertaken in the number of hours that the primary external consultant charged over this time for the Analyst level support on the team. During this time in excess of 850 hours for a cost exceeding \$100,000.
- The hourly rate of a Senior Financial Analyst that would be employed by the City, taking into consideration benefits and chargeable hours is considerably lower (30%-40% lower).
- Bill 108 introduces complexities that will require staff to review processes and policies around the development systems and processes, DC administration, DC deferral policy, DC exemption policy and the new CBC By-law strategy, calculation, adoption and administration. The transition of winding down the soft services from the DC By-law and Parkland Dedication By-law to a CBC By-law will need to be carefully monitored and the options for the City will need to be assessed.

- The addition of a separate CBC report will increase workloads and consultation efforts. Prior to the enactment of a CBC by-law, a municipality must prepare a CBC strategy which identifies the facilities, services and matters that will be funded by the by-law. Costs that would otherwise be recoverable under the Development Charges Act are to be excluded from CBC funding, and municipalities will be required to spend or allocate 60% of outstanding CBC funds at the beginning of each calendar year.
- Early identification and vetting of key policy matters is critical because implementation and associated adjustments can be difficult if introduced towards the end of the process. Further, the introduction of the CBC will require additional resources to support analysis, provide advice and administrative support.
- Given the above noted changes to the mechanism for municipalities to recover growth-related capital costs, it is prudent to determine the need for internal resources to support these new processes and studies to support Council decision-making as well as in consideration of the cost of using almost exclusively external resources versus the addition of some internal resources.

Regulations have not been enacted as yet. As such, it is unclear whether consultant costs to establish the CBC will be an allowable expense. It is prudent to review options to prepare the CBC Study. The CBS will require a great deal of additional financial analysis, consultation, forecasting and the preparation of the CBC by-law in addition to the DC Background Study.

The establishment of a Senior Financial Analyst would provide an additional internal resource to help develop and analyze various policy decisions for recovering growth-related capital costs and help ensure the City is maximizing its ability to recover eligible costs.



Although an external consulting firm will continue to be required because of the extensive work required to prepare the background studies and ensure that the analysis will be defensible, a Senior Financial Analyst could also be used to undertake certain activities required for the DC Background Study and the CBC study and associated by-law thereby potentially reducing external consulting costs and improving the timely delivery of policy options and implications.

MUNICIPAL PRACTICES

It is very difficult to compare practices in other municipalities in terms of the cost of service for external consulting services and the use of internal resources given that there are many variables in terms of issues, policies, complexity of transportation networks, roles and responsibilities, level of consultation undertaken, etc. The focus of the municipal practice research focused on large urban municipalities and the general practices and processes.

For the most part, municipalities across Ontario of similar size and scope extensively utilize external consulting resources to undertake the DC Background Study however, most municipalities surveyed have a network of supporting internal staff available to oversee the contract, provide analysis, identify and review policy options and implications and assist in stakeholder consultation.



SUMMARY OF BENEFITS

The following summarizes the benefits of establishing an internal resource to support the combined DC Background Study and new CBC Study:

- Assist in stakeholder engagement
- Impact analysis to respond to changes to the legislation and regulations and the impact to stakeholders on a more efficient and timelier basis
- Assist in the preparation of the CBC Study
- Undertake background research and impact analysis
- Could potentially reduce the cost of outside consultants
- External consultant liaison and contract oversight



RECOMENDATION

- 1. That the City consider the hiring of a Senior Financial Analyst to potentially reduce the cost of outside consultants in the preparation of the DC Background Study and the CBC Study subject to additional clarity once the new regulations are enacted.**



City of Hamilton

Transportation Modelling Review

November 2019

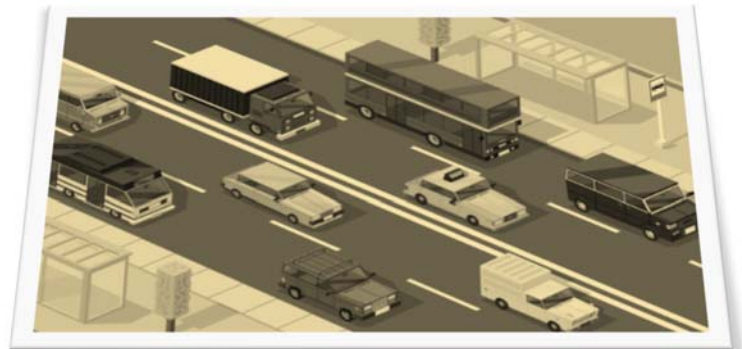
Prepared by:

BMA

Management Consulting Inc.

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INTRODUCTION

In June 2019, the Province announced its Audit & Accountability Fund initiative which provides funds to municipalities to engage in a third-party review to help municipalities become more efficient and modernize service delivery. The City of Hamilton was successful in securing funding under this initiative. The City's focus is to review the use of consultants with the objective of reducing consulting costs and bringing expertise in-house.

The consultant will also use an approach that includes but is not limited to:

- ✓ Gather information to review each program area of focus;
- ✓ Conduct interviews and other engagement processes with staff;
- ✓ Review municipal service delivery reviews, best practices;
- ✓ Analysis of key issues and recommendations for service improvements and changes will the goal of finding service delivery efficiencies;
- ✓ Financial implications of the recommendations for consideration during 2020 Budget preparation;
- ✓ Supporting data, analysis and rationale including benchmarking or best practices; and
- ✓ The consultant will review the organizational structure of the focus divisions and identify what should be changed, maintained, modified or eliminated to best deploy internal resources to support recommendations of the review.

BACKGROUND

The Transportation Planning Section and several other sections in the City regularly utilize and rely on the results of the City's macro transportation model for both short and long-range planning. This system is used to inform policy direction and decision-making.

The City's macro-level model uses the EMME modelling platform through a software licence for transportation simulation. EMME software is well recognized as a leader in transportation modelling and is used in over half the world's most populous cities.

The Hamilton Model is a full 4-stage transportation model, and thus includes trip generation, trip distribution, modal split, and trip assignment functionality. Trip assignment is undertaken for passenger car, truck, and transit modes. Auto assignment reflects the AM peak hour, while transit is also assigned for AM peak period. Trips are loaded onto the transportation network through traffic zones, which are connected to model nodes via zone connectors strategically located to simulate realistic traffic loading patterns (i.e. zone connectors can represent local roads, commercial property access points, residential neighbourhood entry points, and other points where vehicles can enter the road system).

In the report - **City of Hamilton Transportation Master Plan Review and Update - Future Travel Demand Modelling Report** – June 2017 by Parsons, the City's travel demand model is a macro-level transportation simulation model, which is capable of:

- Generating trips that use a transportation system;
- Distributing those trips to and from origin-destination traffic zones across the network;
- Dividing the trips by mode of travel (i.e. driver, passenger, transit, etc.); and,
- Assigning the trips to a broad transportation system.

The software aids transportation planning by graphically plotting, in map format, detailed information about travel flows and to evaluate alternative courses of action using a menu driven software. It is an invaluable tool in transportation planning, especially when its limitations are understood and considered in the decision-making process. Currently, the

Transportation Modelling Review

City does not have internal resources to run the model and rely on external consulting services.

The model includes a detailed representation of the City's transportation network with information such travel speeds, distances, and capacities coded in. Forecasts are generated by taking population and employment estimates as an input, while also considering the impact of road network travel times, routing decisions, and mode choices. A transportation simulation model uses advanced algorithms to reflect observed as well as to estimate forecast travel behavior.

Examples of where and how these forecasts are used include:

- Network planning for new growth areas such as SCUBE, AEGD and Waterdown;
- City-wide scenario planning for GRIDS 2.0, including GHG assessments;
- Providing growth rates for localized areas for use in traffic impact studies and Environmental Assessments;
- Supplying various network performance statistics for use in transit planning, road operations reviews and LRT planning/design; and
- Monitoring and reporting on the Transportation Master Plan (TMP).

EXISTING PRACTICES – TRANSPORTATION MODELLING

Typically, an assignment consists of working with a consultant to define the scope of modelling, following which the consultant will refine and run the model and extract the results. City staff then review and help interpret the results. There are no staff resources dedicated to supporting transportation modelling; the City extensively relies on consulting services.

The following table provides a summary of the 2020 Capital Budget for transportation modelling work to be undertaken which represents a portion of the overall study budgets. This includes environmental assessment (EA), and other related transportation planning projects.

Transportation Modelling	2020 Budget
Rymal Road - EA	\$ 20,000
GRIDS - 2.0 - 2041 Planning Horizon	\$ 180,000
LINC/RHVP Feasibility	\$ 30,000
Glancaster EA	\$ 15,000
Twenty Road EA	\$ 15,000
Book Rd EA	\$ 15,000
Total	\$ 275,000

ANALYSIS: OPTION TO BUILD INTERNAL RESOURCES TO EFFECTIVELY AND EFFICIENTLY SUPPORT TRANSPORTATION MODELLING

There are several reports that the City has prepared and/or have been prepared by consultants that support the need to consider the addition of internal resources to support Transportation Modelling. These reports include but are not limited to:

- City of Hamilton report - City in Motion TMP Review and Update – June 2018
- City of Hamilton Performance Audit Report 2016-03 – Use of External Consultants



CITY OF HAMILTON CITY MANAGER'S OFFICE Audit Services Division	
TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	April 10, 2017
SUBJECT/REPORT NO:	Performance Audit Report 2016-03 - Use of External Consultants (AUD 17008) (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:	

Highlights from City in Motion TMP Review

In the City of Hamilton report - City in Motion TMP Review and Update – June 2018, it was recommended that when new information becomes available through Transportation Tomorrow Survey (TTS) and Stats Canada and as changes to population and employment projections are available, the road network or other changes occur, the proactive management and monitoring of the model should be undertaken.

Further as stated in the City in Motion report, “City in Motion requires regular monitoring in order to meet its targets of success.” The report noted the following actions items with respect to transportation modelling:

- ***Create in-house transportation modelling and data analysis capacity*** to support transportation decision and planning needs, and the monitoring of TMP outcomes.
- Update the City's travel demand forecast to reflect the updates from the revised Growth-Related Integrated Development Strategy (GRIDS).
- Implement the proposed monitoring program for the TMP and report to Council on a regular basis.
- Conduct regular reviews of the Transportation Master Plan.

Highlights from Performance Audit of External Consultants

A City of Hamilton Performance Audit Report 2016-03 – Use of External Consultants was presented in 2017 which provides relevant background with respect to the use of consultants in the City. The purpose of this audit was to assess the process used to procure, manage and use external consultants operated with due regard to the ***economy, efficiency and effectiveness***.

- ***Efficiency*** was assessed by reviewing the need for consulting services, whether alternatives were considered, knowledge was transferred to staff and if the cost will reoccur in the future.
- ***Effectiveness*** was assessed by determining whether deliverables were used by management to provide benefit to the City.
- ***Economy*** was assessed by evaluating whether the consultant’s work added value to the organization, was economically justified and identifying any instances of waste.

The audit report found that management was not consistently preparing a business case analysis to support the need to hire a consultant. A recommendation from the auditor was that the senior leadership team identify opportunities for insourcing and cost savings.

Analysis

Based on the above noted criteria in the audit and the City in Motion Report action items, the ongoing use of consulting services for transportation modelling was determined by staff to be an excellent example of a service where a cost/benefit analysis is warranted to determine the most appropriate approach for service delivery. This was the case, particularly with regard to efficiency opportunities given that the service is ongoing in nature with a strong preference to have the ability to readily and efficiently respond to changes in assumptions, run alternative scenarios and identify the impact of new studies on transportation management decision-making.

For a number of years, there has been a service-delivery gap related to the management of the City's Travel Demand Model (the model). As identified in the City in Motion report, there is a need to build internal capacity which currently does not exist. As a result, challenges associated with increased external consulting fees, quality control and oversight, consistency and delays in providing responses to internal and external customers have been experienced.

In 2020, approximately \$275,000 was included in the capital budget (embedded as part of individual project budgets) for outside consulting services for various transportation studies that require updates to reflect the most current studies and available information. These costs can be mitigated fully, or in part, by the availability of internal resources with the expertise to update the transportation model as new information becomes available. The following table summarizes the Capital Budget associated with Transportation Modelling.

Transportation Modelling Review

Transportation Modelling	2020 Budget
Rymal Road - EA	\$ 20,000
GRIDS - 2.0 - 2041 Planning Horizon	\$ 180,000
LINC/RHVP Feasibility	\$ 30,000
Glancaster EA	\$ 15,000
Twenty Road EA	\$ 15,000
Book Rd EA	\$ 15,000
Total	\$ 275,000

The 2021-2025 Capital Budget for projects requiring transportation modelling range between \$175,000 to \$200,000 annually.

Without internal resources, the City must rely on the timing and availability of the consultants to undertake the analysis and upload the data at an hourly rate exceeding internal staff costs. Approximately 10% of the outside consulting costs are attributed to model initiation to familiarize themselves with the model. This would not be required if the work was undertaken by internal resources fully familiar with the model. Further, with a fixed consultant budget, staff may experience some limitations on the extent to which alternative models can be generated.

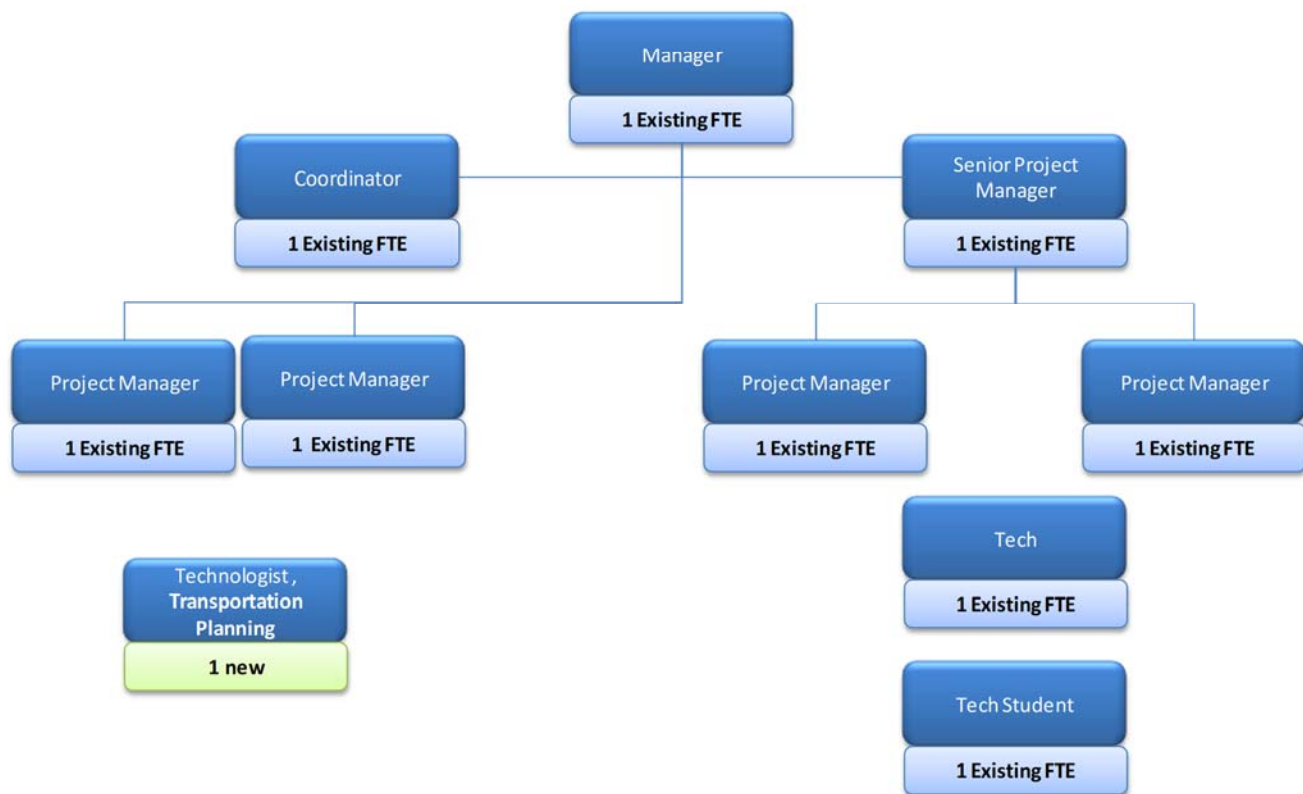
Alternatively, the estimated salary for an internal staff position is \$90,000 plus benefits for a total cost of approximately \$111,000 based on information provided by the City (subject to human resource development of a job description). Based on future capital budgets, the projected annual savings would be in the range of \$64,000-\$89,000. This position would also be responsible for monitoring and maintaining the model to ensure information is as up to date as possible to improve responsiveness to transportation planning activities and take a more responsive approach to transportation activities and a more proactive approach to transportation planning scenarios.

It should be noted that there may be transition period while staff are fully trained on the modelling and there may be some continued external resources required for initial model review.

Transportation Modelling Review

The following is the Organization Structure of the existing resources as well as a recommendation to hire a Transportation Planning Technologist.

Transportation Planning Org Chart (Nov / 2019)



A summary of duties and responsibilities for a new transportation planning technologist has been included in Appendix A as a starting position upon which a detailed job description would be developed.

Leading Practices

Single tier and regional municipalities with a population greater than 250,000 in the GTHA were contacted to determine whether the municipality had dedicated internal resources to support transportation planning modelling functions. The following municipalities responded to the survey, reflecting the large urban municipalities typically have internal transportation modelling resources:

- ✓ Durham Region – 1 FTE
- ✓ Peel Region – 3 FTEs
- ✓ City of Brampton – 1 FTE
- ✓ City of Mississauga – 1 FTE
- ✓ City of Vaughan – 1 FTE

SUMMARY OF BENEFITS

Creating in-house transportation modelling and data analysis capacity to support transportation decision-making and planning needs and monitoring of outcomes will provide the following benefits:

- Respond to staff and Council inquiries in a timely manner and modify assumptions and changes in forecasting and sensitivity analysis on an ongoing basis, providing additional flexibility and support for decision-making;
- Provide regular updates to the EMME model on a timely basis;
- Work more closely with the respective departments providing more flexibly than consulting services to make modifications and run alternative scenarios.

Annual Savings

Reduced reliance on external resources, a savings of approximately \$64,000 - \$89,000 annually;

- Improved quality control on an ongoing area where future modelling will continue to be required;
- The position can also assist the management of development reviews and potential impacts and tolerances within the transportation network based on proposed Zoning and Official Plan amendments;
- Potential to offer additional complimentary mapping and GIS services support;
- Retain knowledgeable staff that can more quickly respond to changes in strategic directions.
- Sufficient management oversight currently available in the existing Transportation Management organization structure.

RECOMMENDATION

- 1. It is recommended that the City hire a Transportation Planning Technologist position to provide the necessary resources to improve responsiveness to transportation planning activities and undertake a more proactive approach to planning scenarios. There is an anticipated cost savings of approximately \$64,000 - \$89,000 by decreasing or eliminating the need for external consultants.**

APPENDIX A – PROPOSED JOB DESCRIPTION

PRIMARY FUNCTION:

Responsible for researching, developing and maintaining transportation forecasting and modelling capabilities for the City, and applying transportation models and other specialized analysis to support policies and guide implementation of multimodal transportation solutions.

REPORTS TO:

Manager, Transportation Planning

DIRECTION EXERCISED:

Periodically provides direction and guidance to technical staff, clerical staff & students.

POSITION DUTIES:

- Develop innovative applications that support a multi-modal approach to transportation planning, consistent with the City's Strategic Plan and Transportation Master Plan.
- Direct the application of transportation models and analytics to planning, engineering and transit studies.
- Maintain, modify and operate a computerized travel demand forecasting model.
- Keep current with technical advances and knowledge of transportation modelling issues, methods and techniques, and update the City's modelling needs accordingly.

Transportation Modelling Review

- Conduct transportation network analysis to support the implementation of a multi-modal transportation network for the City, including updates to the City's Official Plan, Transportation Master Plan, Development Charges By-law, and other studies.
- Produce, interpret and communicate the results and the transportation and land use implications from modelling assignments to support Environmental Assessment studies, benefits/business case analyses and traffic impact studies.
- Participate in studies dealing with transportation planning matters conducted by the City, other agencies, or consultants by directing the application of the City's transportation modelling, providing relevant data and information for these studies, and reviewing the findings of these studies. Provide comments in terms of modelling needs, methodologies, capacity analyses and transportation planning.
- Undertake research to support the continual development of the City's travel demand forecasting model. Assess and make recommendations on transportation modelling software and planning modelling systems.
- Maintain a transportation monitoring program, including assembly and manipulation of a variety of data inputs, and establishing and maintaining a transportation planning information database for Brampton, adjacent municipalities, other agencies, and the public, dealing with historical employment and population projections, and transportation network characteristics and factors.
- Liaise with other City Departments and external agencies in developing and implementing the City's transportation modelling program.
- Represent the Transportation Planning Division on internal and external committees for transportation planning projects and studies.
- Attend and represent the Transportation Planning Division at Council, Committees, public meetings, Ontario Municipal Board hearings, as needed.
- Provide professional and technical expertise on transportation modelling and planning matters in response to requests from various stakeholders.



City of Hamilton

Water Distribution Asset Maintenance

November 2019

Prepared by: **BMA**
Management Consulting Inc.

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INTRODUCTION

In June 2019, the Province announced its Audit & Accountability Fund initiative which provides funds to municipalities to engage in a third-party review to help municipalities become more efficient and modernize service delivery. The City of Hamilton was successful in securing funding under this initiative. The City's focus is to review the use of consultants with the objective of reducing consulting costs and bringing expertise in-house.

The consultant will also use an approach that includes but is not limited to:

- ✓ Gather information to review each program area of focus;
- ✓ Conduct interviews and other engagement processes with staff;
- ✓ Review municipal service delivery reviews, best practices;
- ✓ Analysis of key issues and recommendations for service improvements and changes will the goal of finding service delivery efficiencies;
- ✓ Financial implications of the recommendations for consideration during 2020 Budget preparation;
- ✓ Supporting data, analysis and rationale including benchmarking or best practices; and
- ✓ The consultant will review the organizational structure of the focus divisions and identify what should be changed, maintained, modified or eliminated to best deploy internal resources to support recommendations of the review.


BACKGROUND

The Water Distribution and Wastewater Collection (WD&WWC) Section and contractors employed by WD&WWC install, maintain, operate and replace a variety of water distribution and wastewater collection assets on an annual basis to maintain the functionality of the water distribution and wastewater collection network to maintain or enhance customer service. More specifically, the water distribution assets installed, maintained and/or replaced by the City or its contractors are: fire hydrants, watermains, valves, and water service lines.

The current approach has proven to be effective in balancing the need for, in some cases, emergency repair and cost efficiency.

While the analysis for these services reflects an opportunity for potential savings by moving more services to be provided by the City, a greater opportunity exists in the provision of services for substandard water services related primarily to lead water service line replacement.

Substandard water services (lead replacement program) are currently completed exclusively by outside contractors due to a shortage of internal staff resources. The cost of the City's portion of substandard water service replacement is approximately \$4.1 million annually and is the area of focus for the identification of potential efficiencies and cost reductions. With approximately 20,000 homes and an application level of 700 per year, the need for service is estimated to be in excess of 25 years and was determined to be an area worth pursuing.



THE CITY CURRENTLY USES A COMBINATION OF OUTSIDE CONTRACTORS AND INTERNAL RESOURCES (4 CREWS) FOR FIRE HYDRANT REPLACEMENTS, WATERMAIN BREAKS, VALVE INSTALLATIONS, WATER SERVICE LINE REPLACEMENTS (NON-SUBSTANDARD WATER SERVICE).

City of Hamilton

SUBSTANDARD (LEAD REPLACEMENT) WATER REPLACEMENT PROGRAM

At a glance

- Currently there are an estimated 20,000 homes with lead water pipes.
- A \$2,500 interest bearing loan opportunity exists for property owners who would like to replace their lead water private line.
- Each year, the City receives approximately 700 requests to replace the public portion of the lead water line, once the private line is replaced.
- Outside contractors are performing 100% of this work, at a significant cost to the City. Based on the analysis undertaken, the estimated existing total annual cost of the program provided by contractors is \$4.1 million.

Replacing old water service pipes that are undersized usually increases water flow and removes service pipe materials that are no longer acceptable such as lead. Homeowners can upgrade the water service line inside their home to the property line. Once the private line is replaced, the City will replace the public portion of the water service pipe from the property line to the water main. The program reflects a commitment on behalf of the City to expedite water replacement of substandard pipes.

Existing City staff are focused on hydrant replacements, watermain breaks, valve installations and non-poor pressure service line replacement and do not have the capacity to complete the City's portion of the substandard water replacement program with existing resources.

As will be shown in the analysis, a movement to mixed service delivery model with contractors and staff providing services (approximately 50/50) would result in **annual savings** of approximately \$620,000.

ANALYSIS: OPTION TO MOVE TO A MIXED SERVICE DELIVER MODEL

An analysis was undertaken of the cost/benefit of moving to a mixed service delivery model for Substandard water pipes.

In-House Service Costing

There are two categories of costs associated with the City’s portion of costs related to replacing substandard water services. The direct and indirect costs.

- Internal direct costs include salaries, wages, equipment and supplies.
- The indirect costs include training and meeting allowance (cell, phone, computer, etc.).
- The analysis assumes the yard facilities and supervisory staff have the capacity to oversee and accommodate the human and equipment resources and therefore no costs have been allocated in the internal costs for these items.

Based on an analysis of minimum staffing requirements to create an additional crew, the following staff positions would be required:

In addition, there would be a need to add equipment to perform these activities as follows:

New Staff Position
Backhoe Operator
Water Distributor Operator
Truck Driver
Labourer/Truck Driver

Equipment
Backhoe
Float
2 Trucks

The following is an analysis to determine the number of substandard water replacements that could reasonable be undertaken with a new crew.

Available Hours	Staff
Available working days in a year	260
Less:	
Stat. holidays	(12)
Average vacation # of days	(20)
Sick leave	(7)
Other Leave (Comp, Union, Other)	(4)
Training Time	(6)
Total Working Days Available	211
<u>Available Working Hours In a Day</u>	8.00
Less	
Travel Time	(0.5)
Admin. Time	(0.5)
Breaks	(0.5)
Net Available Working Hours in a day	6.5
Available hours per year per person	1,371.5
Hours to complete per job	4
Estimated # of jobs to complete annually	343

As illustrated above, a new crew can complete 343 jobs per year, assuming the average job takes 4 hours to complete.



Labour for the new crew costs were based on the 2019 hourly rates for the various positions. Equipment costs include the City’s 2019 hourly charge out rates for various pieces of equipment to ensure sufficient funds for the maintenance and replacement of the equipment. The new equipment would be purchased and amortized over 10 years (at 3%). Other costs include material costs, other staff costs (soil disposal and final restoration costs).

The following table summarizes the estimated cost of service and associated assumptions for a typical service line replacement to be provided in-house resources. This analysis reflects that the average cost per job would be \$4,039.

In-house	Cost Per Job
Salaries, Wages, Benefits per Job	\$ 947
Vehicles	\$ 355
New Vehicle Amortization	\$ 205
Materials	\$ 450
Other Costs	\$ 222
Soil Disposal	\$ 60
Final Restoration	\$ 1,800
Total	\$ 4,039

Assumptions

4 hours per job on average

\$600,000 in equipment expenses, amortized over 10 years at 3%

Other costs includes tool charge out costs, staffing ancillary costs

Soil disposal of 5 tonnes

Final restoration costs have been assumed to be the same under both scenarios

Contract Service Costing

The following table summarizes the estimated cost of service and associated assumptions for contracted services per job. This reflects an average cost per job of \$5,845.

- Under the Safe Drinking Water Act, 2002 – O. Reg. 128/04, there is a requirement for a licensed operator to be on site (the Operator-in-Charge (OIC)), on completion of the excavation, to conduct a visual inspection to determine the nature of the break. The OIC assesses the evidence of Contamination or potential Contamination of the watermain before and during the repair procedure. Based on the existing work practice, the City has an inspector available at each replacement. Under the In-House option the new crew includes a licensed operator, thereby creating some efficiencies.

Contract	Cost Per Job
Salaries, Wages, Benefits per Job - City	\$ 322
Vehicles - City Inspector	\$ 38
Contract Costs	\$ 3,685
Final Restoration	\$ 1,800
Total	\$ 5,845

Assumptions

Salaries, Wages, Benefits is for City inspector

Vehicle charge out rate related to Inspector

Contracts Costs is average per job - actuals

Soil disposal is included in the contract costs

Final restoration costs have been assumed to be the same under both scenarios

Cost Comparative Analysis and Potential Savings – Mixed Service Delivery Model

Based on an average of 700 substandard installations per year, the following is a comparison of a mix of contracted and in-house installations.

Comparative Analysis	Contracted Service	In-house	Total
Existing			
# of Substandard jobs completed annually	700		700
Avg Cost per Unit	\$ 5,845		
Estimated Cost of Service	\$ 4,091,842		\$ 4,091,842
Mix of Inhouse Crew and Contract			
# of Substandard jobs completed annually	357	343	700
Avg Cost per Unit	\$ 5,845	\$ 4,039	
Estimated Cost of Service	\$ 2,086,839	\$ 1,385,499	\$ 3,472,338
Estimated Annual Savings			(\$619,504)

As shown above, the estimated total annual cost under the existing service delivery model is approximately \$4.1 million compared with the mixed service model which includes the addition of one crew of four staff that would undertake approximately half of the jobs is \$3.5 million, an estimated savings of \$620,000 annually.

SUMMARY OF BENEFITS

The following summarizes the benefits of moving to a mixed contract and in-house staff model for the delivery of substandard water pipe replacement:

- Having a combination of internal and external resources for allows for more timely response to substandard water service requests;
- Should the need arise, the new crew provides the City with additional flexibility to address emergency watermain breaks;

Annual Savings

Savings of approximately \$ 620,000 annually

- A new crew would provide the City with additional flexibility to deal with emergency situations on a timely basis. An analysis shown in Appendix A provides the costs for internal versus external contracted services per job for other activities where the crew could be redeployed; As shown in the tables, internal resources provide a potential cost savings in all instances; and
- A combination of internal and contracted services would allow the City to continually monitor the costs of associated with insourcing and outsourcing.

RECOMMENDATIONS

1. Employ a hybrid of in-house and contract services for the Substandard Water Program. Results of the financial analysis reflect a significant savings by adding a new City crew to undertake approximately 50% of the Substandard Water Program replacements.

2. Continue to monitor costs of in-house versus outside contractors for substandard watermain replacement to determine the optimum mix.

APPENDIX A

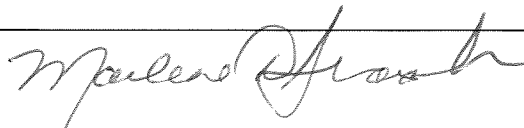
Additional Cost Analysis of Internal vs. External Contracted Water Services

Activity	Avg. Cost Hamilton Water	Avg. Cost Contractor	Cost Savings per Job
Hydrant Replacement	\$ 12,330	\$ 23,090	\$ 10,760
Watermain Break - Ring Break/Hole	\$ 6,470	\$ 12,640	\$ 6,170
Watermain Break - Split	\$ 8,870	\$ 14,390	\$ 5,510
Valve Replacement	\$ 7,990	\$ 18,380	\$ 10,390
Valve Replacement - New	\$ 7,990	\$ 16,270	\$ 8,270
Service Replacement - without drive nozzle	\$ 11,260	\$ 16,500	\$ 5,240
Service Barrel Replacement - VACTOR	\$ 910	\$ 3,860	\$ 2,940



Hamilton

CITIZEN COMMITTEE REPORT

To:	Chair and Members Audit, Finance & Administration Committee
From:	Marlene Dei-Amoah, Chair Committee Against Racism 
Date:	December 5, 2019
Re:	Committee Against Racism – Transitional Model for the Re-opening of HARRC (CAR-19-01)

Recommendation:

To create a transitional model to enable the Hamilton Anti-Racism Resource Center (HARRC) to be re-opened no later than the end of February 2020. To successfully complete this, we require the following items:

- a) That McMaster University and the Hamilton Centre for Civic Inclusion confirm in writing their intentions regarding their respective future funding contributions to HARRC.
- b) That the HARRC website ownership be transferred from McMaster University to the Committee Against Racism (CAR) and a webmaster to be employed to manage the content and organization of the HARRC website.
- c) That an online service including data collection, referral lists, and legal aid resources be made available on the HARRC website no later than end of February 2020.
- d) That the City of Hamilton continue its original commitment of \$100,000 for 2020 and to provide an additional funding of \$100,000 for 2020 to be potentially offset from a) above.
- e) That a consultant be hired to aid in the development and implementation of an independent board of directors with an expected completion date of no later than December 31, 2020.
- f) That CAR will provide Council with an update as of September 2020.

CAR: Transitional Model for the Re-opening of HARRC (CAR-19-01)**Background:**

The HARRC Pilot Project is an initiative of the Committee Against Racism that was approved by City Council in 2015. HARRC was created to fill the service gaps in Hamilton that relates to anti-racism, anti-discrimination and anti-oppression. HARRC's mandate was to: provide support, assistance and information by offering the option for individuals to speak directly to a trained staff member on matters relating to racism or race related oppression or provide referrals to the appropriate service provider. HARRC was to produce valuable information to further understand the issues of racism experienced by individuals and, in turn, help the City determine appropriate options to address these issues as well as to track records of racial discrimination complaints. HARRC is a community collaboration between the City of Hamilton, McMaster University and The Hamilton Centre for Civic Inclusion. HARRC opened in April 2018 and paused in February 2019.

The purpose of this report is to recommend a transitional operating model for HARRC based on feedback received from the community via online survey and focus groups. Therefore, to help expedite the re-opening of the much needed HARRC this report recommends the interim transitional operational model to help provide a stable foundation for transition to the long-term operational model.

Analysis/Rationale:

Since the pausing of HARRC in February 2019, three major community engagement activities have been completed that have allowed for a better understanding of the characteristics HARRC needs to have to properly serve the City of Hamilton.

The first major initiative involved attending a variety of local community festivals and events in order to reach members of the communities who may have experiences with racism.

The second major community engagement activity was an online survey. The results of the survey showed that HARRC needs to provide these four main services:

1. Data Collection
2. Legal Aid
3. Counselling
4. Referral Services

The third major community activity was a presentation of the online survey results held on October 29, 2019 followed by breakout rooms where focus groups were held to discuss which operating model the community would trust the most and find the most effective. After reviewing the comments given by the focus groups, the following themes were identified:

- HARRC shall be independent of the City of Hamilton and any other major organization/institutions.

CAR: Transitional Model for the Re-opening of HARRC (CAR-19-01)

- Needs to have more staff/ resources (funding, volunteer programs, etc.).
- Needs to resume all activities immediately.
- Accessibility and inclusivity for center location is very important
- Sustainability of HARRC should be a priority.
- Provide four main services highlighted above.
- Increased transparency with HARRC Operations.
- Funded by City of Hamilton

Based on the feedback received from these activities, CAR is recommending that the best way forward is the restart HARRC for a defined transitional period. During this period, HARRC activities will resume with an online presence and CAR will support the development of an independent board of directors to take over the long-term governance of HARRC.

An example model is provided below:

Basic model – Board of Directors, Administrative Staff, Funding provided by City of Hamilton.

Board of Directors:

- Chair
- Vice Chair
- Secretary
- Treasurer
- Five Members (9 directors)

Paid staff (full time or part time) – executive director, webmaster, project staff, office coordinator, operations manager, etc.

Working committees (service providers) – legal support, counselling services, data collection services, referral services, etc.

Ward subcommittees (volunteers) – ward representative, President, Vice President, Treasurer, recording secretary, etc.

A spider web organizational structure would be suitable to ensure every Hamiltonian is made aware of HARRC and has access to the services.

While mindful of the feedback from the community that this needs to be a stand-alone organization, it is evident to meet the timing of February 2020, CAR will require the City of Hamilton's involvement during this transitional period. It is anticipated that the City of Hamilton's involvement will decrease over time as the independent board of directors is created and assumes greater, and ultimately full, responsibility for the operation of HARRC.