



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 22-004
Date: February 17, 2022
Time: 9:30 a.m.
Location: Due to the COVID-19 and the Closure of City Hall (CC)

All electronic meetings can be viewed at:

City's Website:
<https://www.hamilton.ca/council-committee/council-committee-meetings/meetings-and-agendas>

City's YouTube Channel:
<https://www.youtube.com/user/InsideCityofHamilton> or Cable 14

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

1. CEREMONIAL ACTIVITIES

2. APPROVAL OF AGENDA

(Added Items, if applicable, will be noted with *)

3. DECLARATIONS OF INTEREST

4. APPROVAL OF MINUTES OF PREVIOUS MEETING

4.1. February 3, 2022

5. COMMUNICATIONS

6. DELEGATION REQUESTS

7. CONSENT ITEMS

7.1. Women and Gender Equity Advisory Committee Minutes - November 25, 2022

7.2. Roads Value for Money Audit: Management Update (PW22007) (City Wide)
(Outstanding Business List Item)

7.3. Print and Mail Services Contract Extension (FCS22017) (City Wide)

8. STAFF PRESENTATIONS

9. PUBLIC HEARINGS / DELEGATIONS

10. DISCUSSION ITEMS

10.1. Citizen Committee Report - Aboriginal Advisory Committee respecting Renaming the Committee

10.2. Discontinuation of Water Billing Services by Alectra Utilities (FCS21082(a)) (City Wide)

11. MOTIONS

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

14. PRIVATE AND CONFIDENTIAL

14.1. Closed Minutes - February 3, 2022

Pursuant to Section 9.1, Sub-sections (a), (b), and (d) of the City's Procedural By-law 21-021, as amended and Section 239(2), Sub-sections sections (a), (b), and (d) of the *Ontario Municipal Act, 2001*, as amended, as the subject matters pertain to the security of the property of the municipality or local board; personal matters about an identifiable individual, including municipal or local board employees; and labour relations or employee negotiations.

15. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 22-003

9:30 a.m.

February 3, 2022

Council Chambers

Hamilton City Hall

Present: Councillors M. Pearson (Chair), B. Clark, L. Ferguson, B. Johnson, R. Powers, A. VanderBeeck, and M. Wilson

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. Hamilton Anti-Racism Resource Centre Update (CM20007(c)) (City Wide) (Item 8.1)

(Clark/Wilson)

- (a) That the Hamilton Anti-Racism Resource Centre (HARRC) Update and Sustainability Plan presented by Empower Strategy Group, attached as Appendix "A" to Report CM20007(c), respecting the consultant providing support to the HARRC Board of Directors in applying for incorporation, drafting governing policies and by-laws, and developing a budgetary, operational and sustainability plan, be received; and,
- (b) That the remaining 26-month allocation of \$203,846 from the Tax Stabilization Fund Reserve, for HARRC operations, attached as Appendix "A" to Report CM20007(c), HARRC Update and Sustainability Plan presented by Empower Strategy Group, be assigned as follows:
 - (i) \$86,240 for the period of February 2022 to December 2022; and,
 - (ii) \$78,405 for the period January 2023 to November 2023.

CARRIED

2. Grants Sub-Committee Report 22-001 – January 17, 2022 (Item 10.1)

(Johnson/Powers)

- (a) **City Enrichment Fund: Equity, Diversity, Inclusion (EDI) Information Report (GRA21003(a)) (City Wide) (Item 4.1) (Attached hereto as Appendix "A")**

WHEREAS, staff were directed to integrate the Equity, Diversity and Inclusion breakdown of the allocated City Enrichment Fund in a form that enables the consistent measurement of outcomes, and report back to the Grants Sub-Committee to be brought forward as an Information Report on January 17, 2022;

WHEREAS, the City application process does not include a self-identification option or questionnaire for applicants to determine or identify whether they are IBPOC-led (Indigenous, Black, and people of colour), women-led, rural or led by other equity seeking groups;

WHEREAS, the current application does not consistently request information about the communities that grant recipients serve and the only program area which captures and measures some aspects of an EDI lens is in Community Services stream; and,

WHEREAS, in order to ensure Equity, Diversity and Inclusion data is being captured consistently across the fund overall;

THEREFORE, BE IT RESOLVED:

- (i) That the Director Government Relations & Community Engagement be directed to incorporate a self-identification tool in the in-take application form in all program areas and streams across the City Enrichment Fund, which identifies:
 - (1) the demographics of populations served by allocated City Enrichment Funds; and,
 - (2) the demographics of leadership within an applicant's board of directors and/or staff; and,
- (ii) That the Director Government Relations & Community Engagement be directed to explore opportunities to enhance City Enrichment Fund accessibility, such as making applications available in multiple languages, various formats, and outreach tactics in order to better reach equity seeking communities, and report back to the Grants Sub-Committee.

(b) 2021 City Enrichment Fund Update (GRA22001) (City Wide) (Item 6.1) (Attached hereto as Appendix "B")

- (i) That the overall 2021 City Enrichment Fund surplus (attached as Appendix "A" to Report GRA22001), in the amount of \$501,044, be transferred to the City Enrichment Fund Reserve #112230; and,
- (ii) That up to \$500,000 of the City Enrichment Fund reserve funds, be ear marked to investigate potential matching opportunities, throughout the City, to bring to a total fund of \$1M in support for communities and organizations that have been heavily impacted by COVID-19 and the pandemic more broadly, with any funds not allocated to be evenly distributed and returned back to their respective reserves, and report back to the Grants Sub-Committee.

CARRIED

Councillor Ferguson wished to be recorded as OPPOSED to the above motion.

**3. City Auditor Reporting of Serious Matters to Council (Case #52693)
(AUD22001) (City Wide) (Item 14.1)**

(Wilson/VanderBeek)

That Report AUD22001, respecting the City Auditor Reporting of Serious Matters to Council (Case #52693), be received and remain confidential.

CARRIED

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 2)

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

5. COMMUNICATIONS

- 5.1 Correspondence from Leslyn Gombakoma, respecting their resignation from the Committee Against Racism and the Immigrant and Refugee Advisory Committee

Recommendation: Be received.

(Ferguson/Powers)

That the agenda for the February 3, 2022 Audit, Finance and Administration Committee meeting be approved, as amended.

CARRIED

(b) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)

(i) January 13, 2022 (Item 4.1)

(VanderBeek/Wilson)

That the Minutes of the January 13, 2022 meeting of the Audit, Finance and Administration Committee be approved, as presented.

CARRIED

(d) COMMUNICATIONS (Item 5)

- (i) Correspondence from Leslyn Gombakoma, respecting their resignation from the Committee Against Racism and the Immigrant and Refugee Advisory Committee (Item 5.1)**

(Wilson/Johnson)

That the correspondence from Leslyn Gombakoma, respecting their resignation from the Committee Against Racism and the Immigrant and

Refugee Advisory Committee, be received ***and a letter be sent to thank them for their service.***

Main Motion, ***As Amended***, CARRIED

(e) STAFF PRESENTATIONS (Item 8)

(i) Hamilton Anti-Racism Resource Centre Update (CM20007(c)) (City Wide) (Item 8.1)

Morgan Stahl, Director, Government Relations & Community Engagement introduced the following individuals who presented the Hamilton Anti-Racism Resource Centre Update:

Evelyn Myrie, Empower Strategy
Audrey Wubbenhorst, Empower Strategy
Lyndon George, HARRC Executive Director
Sandi Bell, HARRC Board Chair

(Clark/Powers)

That the presentation respecting Report CM20007(c), Hamilton Anti-Racism Resource Centre Update, be received.

CARRIED

For disposition of this Item, refer to Item 1.

(f) GENERAL INFORMATION / OTHER BUSINESS (Item 13)

(i) Amendments to the Outstanding Business List:

(VanderBeek/Wilson)

That the following amendment to the Audit, Finance & Administration Committee's Outstanding Business List, be approved:

(a) Item To Be Removed:

Roads Value for Money Audit (AUD21006) (City Wide)
That Audit Staff be directed to report back to the AF&A Committee on Storm Water Management and the adjustments that would be required to add this to the 2022 City Auditor Work Plan.
OBL Item: 21-K
Added: July 8, 2021 at AF&A - Item 8.1
Removed: February 3, 2022 at AF&A - This item is in the Office of the City Auditor Work Plan 2019 to 2022 (AUD19007)

CARRIED

(g) PRIVATE AND CONFIDENTIAL (Item 14)

(Ferguson/Johnson)

That the Committee move into Closed Session for Item 14.1, pursuant to Section 9.1, Sub-sections (a), (b), and (d) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections sections (a), (b), and (d) of

the *Ontario Municipal Act*, 2001, as amended, as the subject matters pertain to the security of the property of the municipality or local board; personal matters about an identifiable individual, including municipal or local board employees; and labour relations or employee negotiations.

CARRIED

**(i) City Auditor Reporting of Serious Matters to Council (Case #52693)
(AUD22001) (City Wide) (Item 14.1)**

For disposition of this Item, Refer to Item 3.

(h) ADJOURNMENT (Item 15)

(Johnson/Ferguson)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 11:08 a.m.

CARRIED

Respectfully submitted,

Councillor Pearson, Chair
Audit, Finance and Administration
Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk



Hamilton

Minutes

Women and Gender Equity Advisory Committee

Thursday, November 25, 2021

6:00pm-8:00pm

Due to the COVID-19 and the Closure of City Hall All electronic meetings can be viewed at: City's YouTube Channel:

**<https://www.youtube.com/user/InsideCityofHamilton>
Virtual Meeting**

Present: Stephanie Bertolo, Yulena Wan, Jan Lukas, Deanna Allain, Autumn Getty

Regrets: Anna Davey

Also Present: Kim Manderson - Staff Liaison
Taline Morris - Admin Assistant

1. Welcome/Introductions

A round of introductions and welcoming of members.

2. Ceremonial Activities (Item 1)

S. Bertolo provided the Land Acknowledgement

Committee members observed a moment of silence to recognize today as the international day for violence against women.

3. Approval of the Agenda (Item 2)

(A. Getty/D. Allain)

That the Agenda of November 25, 2021 be approved as presented.

CARRIED**4. Approval of Minutes (Item 4)****i. Minutes of October 28, 2021****(S. Bertolo/A. Getty)**

That the Women and Gender Equity Committee approve the Minutes of October 28, 2021 as presented.

CARRIED**5. Communications (Item 5)****i. All Advisory Committees Meeting Minutes, Sept 27, 2021.****(S. Bertolo/A. Getty)**

That the Minutes of the All Advisory Committee Event be received.

CARRIED**6. Discussion Items (Item 10)****i. Business Arising from Previous Minutes (Item 10.1)****Name Change and Terms of Reference**

Report: S. Bertolo provided an update that the report was approved by the Audit, Finance and Administration committee and will be ratified at the December Council meeting.

ii. December 2021 Meeting (Item 10.2)

Committee members discussed whether to have a December meeting.

(S. Bertolo/D. Allain)

That the December 2021 meeting for the Women and Gender Equity Committee will be cancelled.

CARRIED

7. Other Business (Item 13)

J. Lukas expressed concern that Service Ontario centres are being closed. Services are being moved online and it is negatively impacting older adults and individuals without computer access.

J. Lukas advised that the Hamilton Mundialization Committee is hosting a photography contest. Contest information to be disseminated.

8. Adjournment (Item 15)**(S. Bertolo/ J. Lukas)**

That the Women and Gender Equity Committee be adjourned at 6:30p.m.

Respectfully submitted,

Stephanie Bertolo,
Chair, Hamilton Women and
Gender Equity Advisory
Committee

Kim Manderson,
Human Rights Specialist, Talent & Diversity
City Manager's Office, Human Resources.



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 17, 2022
SUBJECT/REPORT NO:	Roads Value for Money Audit: Management Update (PW22007) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Edward Soldo (905) 546-2424 Ext. 4622
SUBMITTED BY:	Edward Soldo Chief Road Official Public Works Department
SIGNATURE:	

COUNCIL DIRECTION

On July 9, 2021, Council directed the General Manager of Public Works to implement the Management Responses contained within the Roads Value for Money Audit (AUD21006) and report back to Audit, Finance and Administration Committee in six months, and again by December 2022, on the nature and status of actions taken.

INFORMATION

The Roads Value for Money Audit (AUD21006) assessed the management of the City of Hamilton's (City) road assets in order to identify opportunities for improved economy, efficiency and effectiveness. The Office of the City Auditor (OCA) made 25 recommendations to improve value for money in service delivery, strengthen controls, and improve vendor management.

Management agreed with 23 recommendations and disagreed with two recommendations. Management provided responses for implementation, with completion anticipated by 2024.

The Office of the City Auditor cautioned that the acceptance of the two responses that management disagreed with by the Audit, Finance and Administration Committee that

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: Roads Value for Money Audit: Management Update
(PW22007) (City Wide) – Page 2 of 2**

the City will continue to be exposed to risks in vendor selection and vendor management if action is not taken. However, staff are willing to consider if any action can be taken without impeding the procurement process or diminishing any element of fairness or transparency.

The purpose of Information Report PW22007 - Roads Value for Money Audit Management Update, is to provide the Audit, Finance and Administration Committee with a status report on the 25 recommendations as directed.

A working group has been established, representing the Chief Road Official, Engineering Services Division, Transportation Operations & Maintenance Division and Corporate Asset Management in Public Works as well as the Finance and Administration Division and Procurement Division in Corporate Services.

An implementation plan for the audit recommendations has been developed and work is underway in completing the various action items. A summary of the progress to date is attached to Report PW22007 as Appendix "A". Please note: The Office of the City Auditor has not validated the information contained in Appendix "A" to Report PW22007.

Implementation of the recommendations will incorporate industry best practices, ensure a more robust roadway pavement management approach and embed continuous improvement and quality management processes to asset delivery. The initiatives will integrate with Corporate Asset Management and align with the future implementation of the Enterprise Asset Management System (EAM).

The implementation plan includes standard operating procedures that will form part of the Transportation Quality Management System (TQMS) Operational Plan. The TQMS is a framework that documents processes, procedures, and responsibilities to safely, effectively and efficiently design, construct, maintain and operate the City's transportation system while meeting applicable legislative and regulatory requirements.

As required, a subsequent report will be provided to the Audit, Finance and Administration Committee in December 2022 which will include a further status update on the progress implementing the recommendations from the Roads Value for Money Audit (AUD21006).

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PW22007 – Value for Money Audit Deliverables

PUBLIC WORKS
ROADS VALUE FOR MONEY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
1.	We recommend that the processes and methodologies for tracking and reporting the infrastructure gap be improved in order to provide more reliable information and effective support for decision making (<u>Appendix A to Report AUD21006, para. 46</u>).	Agreed	It is imperative that the infrastructure gap be transparent, repeatable and generated from a tested methodology that uses solid data and clear goals. A new methodology will be developed that will encompass all these requirements in order to provide effective support for decision making. This new methodology will be in alignment corporately via the new role of Director Corporate Asset Management.	Q2 2022	<ul style="list-style-type: none"> - Starting benchmarking review. - The NAMS+ (National Asset Management System) toolset with associated SOP will be utilized, which applies a consistent methodology. - This approach will be incorporated into the new Enterprise Asset Management (EAM) system for continuity.
2.	We recommend that State of the Infrastructure (SOTI) Reports be developed into a more effective tool for reporting the state of road assets using a streamlined, consistent process with clearer evidence-based metrics (<u>Appendix A to Report AUD21006, para. 53</u>).	Agreed	The State of the Infrastructure Report has proven to be a helpful summary of current inventory and condition information of assets when it was initiated decades ago. The use of a letter grade in a SOTI report is being retired, as all assets will have data driven metrics in the future. All asset reporting will be evidence based and through future Asset Management Plan (AMP) updates under O Reg. 588/17.	2025 - Council determined level of service, including risk assessment, will be developed in the 2025/Phase 3 AMP under O.Reg.588/17.	<ul style="list-style-type: none"> - Effective Nov 18, 2021, the Core AMP has transferred to the Corporate Asset Management (CAM) Team. - The IPWEA (Institute of Public Works Engineering Australasia) methodology will be used to finalize the asset management plan, ensuring a consistent process with evidence-based metrics.
3.	We recommend that future asset management plans incorporate a more robust approach for levels of service and risk management (<u>Appendix A to Report AUD21006, para. 71</u>).	Agreed	<p>Management has been gathering data to define current levels of service for approval at Council level. Preliminary concepts were presented to GIC November 27, 2020, refer to File 2021 GIC Tax Capital Budget Presentation FCS20101, Slide 11. Council determined level of service, including risk assessment, will be developed in the Asset Management Plan under O.Reg.588/17.</p> <p>As part of Public Works's approach to continuous improvement in our asset management program, more robust processes for levels of service and risk management are in development. These revised processes will be in alignment with ISO 55000 for Asset Management and ISO 31000 for Risk Management.</p>	Q2 2022	<ul style="list-style-type: none"> - Standard Operating Procedure (SOP) PW-P-039-001 Public Works Procedure for Performance Measurement is being updated to reflect language for Levels of Service (LOS). - A SOP for a new risk process is currently in process which utilizes a scoring tool assessment and mitigates risks.

ROADS VALUE FOR MONEY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
4.	We recommend that the Roads Program develop a strategic plan to address its improvement opportunities, and to map out strategies for achieving long term sustainability and implementing key performance measures (<u>Appendix A to Report AUD21006, para.71</u>).	Agreed	Many elements of a Roads Program Strategic Plan exist or are in development, through the balance of 2021 into Q4 2022 these will be pulled together to form a comprehensive Transportation Operational Plan.	Q4 2022	<ul style="list-style-type: none"> - Transportation System Operational Steering Committee and Working Group has been established. - Transportation Operational Plan development underway.
5.	We recommend that performance measures be developed to assist in tracking and monitoring of the long-term sustainability of road assets (<u>Appendix A to Report AUD21006, para.79</u>).	Agreed	<p>Similar to responses to Recommendations 1 and 3 Management has been gathering data and establishing a framework to define current levels of service for approval at Council level.</p> <p>The City specific deterioration model that has been loaded into our Decision Support System (IRISS). Management will update the IRISS system with additional data (see Recommendation 9 response) that will assist in tracking road asset performance. This will be part of a continuous improvement process.</p> <p>Performance measures specific to long-term sustainability will also be developed. Examples include the asset renewal funding ratio (proposed renewal budget for the next 10 years / forecast renewal costs for next 10 years), and the medium term forecast costs/proposed budget (over 10 years of the planning period). Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the Asset Management Plan and ideally over the 10-year life of the Long-Term Financial Plan. This new methodology will be in alignment corporately via the new role of Director Corporate Asset Management.</p>	Q2 2022	<ul style="list-style-type: none"> - Update the existing Infrastructure report. Benchmark on how other municipalities are calculating condition assessments. - Review and define and review how the OCI is calculated and utilized for various roadway classifications.

PUBLIC WORKS
ROADS VALUE FOR MONEY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
6.	We recommend that road asset management develop strategies and plans to deploy more proactive management of road assets with greater emphasis on preservation (<u>Appendix A to Report AUD21006, para. 89</u>).	Agreed	We will develop an operational plan for preservation activities of roadway pavement assets.	Q2 2022 Q3 2022	- Roster consultant assignment pending which includes an examination of preservation management. Preliminarily identified to be completed in Q3 of 2022 based on draft consultant proposal.
7.	We recommend that senior management consider having the function of road asset management become a separately positioned and overseen function to ensure it has the independence and perspective necessary to develop an effective, objective approach to asset management (<u>Appendix A to Report AUD21006, para. 90</u>).	Agreed	Pursuant to an internal review and in consultation with the City Manager and the General Manager of Corporate Services and Finance in 2020, a dedicated corporate asset management portfolio has been initiated with a Director recently being recruited. An inventory will be undertaken in 2021 to determine roles and responsibilities as part of the implementation of the Corporate Asset Management office through which clear accountabilities will be established relative to asset management versus the managing of assets.	Q4 2021 Q1 2022	- Corporate Asset Management Steering Committee established. Governance document drafted and expected released by Q1 2022.
8.	We recommend that Roads management systematically track the accuracy of predicted life cycle costs in order to inform, improve and amend pavement deterioration forecasts, treatment timing, cost estimation, and to help identify anomalies (<u>Appendix A to Report AUD21006, para. 92</u>).	Agreed	Management has updated our Decision Support System with more current condition data. These reviews will continue in cycles as we gather additional condition data. In the mid-term (next 3 years), the new Enterprise Asset Management System currently being implemented will allow for the tracking of the accuracy of predicted life cycle in order to improve and amend pavement deterioration forecasts with associated timing, cost and the identification of anomalies. This new system will be instrumental in improving the way life cycle costing is managed in the corporate asset management program	Q4 2024	- Reviewing how we are capturing activities in Hansen. - Review EAM process maps for gap analysis on what we have and what we need.

ROADS VALUE FOR MONEY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
9.	We recommend that Management report road pavement condition in a consistent manner across its different reporting mechanisms and collect pavement condition data on a more frequent basis (<u>Appendix A to Report AUD21006, para. 100</u>).	Agreed	<p>Management has adjusted the use of the previous SOTI reports and pavement condition is scheduled to be collected in the 2022 budget and that will provide the City a 3-year cycle.</p> <p>The evolution of roads data collection over the last 20 years reveals the way the data is collected has developed over time as technologies emerge. There are strong correlations in automated systems and as we collect more information in the future that will create consistent data sets that can be analyzed over time. A standard operating procedure will be developed for the collection of pavement condition data.</p>	Q1 2022	- SOP to be developed
10.	We recommend that Roads management consider expanding the composition of its overall condition index to include a measure representative of a pavement's structural adequacy (<u>Appendix A to Report AUD21006, para. 136</u>).	Agreed	In recent projects Engineering Services has enhanced its pavement structure analysis to develop a more robust pavement design. On a network basis, such investigations will continue to be utilized as we gather data on our roads. However, to acquire an inventory of all 6000+ lane kilometers of road base composition will be a significant undertaking.	Q1 2022	<ul style="list-style-type: none"> - SOP to be developed - Engineering Services will pursue other innovative data gathering techniques (FWD, LWD, Ground Penetrating Radar, Electromagnetic Scans and other methods) to provide insight into the overall road composition. This will develop a more detailed database over time and will be coordinated with the developed of a Pavement Design Guideline that will incorporate pre-engineering investigations for project.
11.	We recommend that Roads management introduce measures to improve its system of oversight to ensure that contractors will be held rigorously to account for substandard performance and to ensure quality deficiencies are compensated for and/or corrected appropriately (<u>Appendix A to Report AUD21006, para. 145</u>).	Agreed	<p>In 2018 the Construction Group began the implementation of an adjustment sheet. It is a modification from MTO's End Result Specification (ERS) spreadsheet that applies a payment reduction to the Asphalt Item. This reduction is based on the conformance to the mix design.</p> <p>A review of the current methodology to hold contractors accountable will be undertaken to ensure that substandard performance and quality deficiencies are compensated for and/or corrected appropriately.</p>	Q4 2022	<ul style="list-style-type: none"> - SOP to be developed. - Key performance indicators will be developed and reported on through the State of the Transportation System annual report that will include pavement quality performance metrics and corrective actions related to substandard pavement quality.

ROADS VALUE FOR MONEY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
12.	<p>We recommend that Contractor performance for each contract be tracked and formally evaluated using a consistent and robust process and that the use of contractor ratings from previous performance be considered for implementation as a procurement criterion in order to mitigate the risk of poor results (<u>Appendix A to Report AUD21006, para. 166</u>).</p>	Agreed	<p>For contractor performance and tracking we have developed a holistic contractor performance summary report. Since 2018 Engineering Services has tracked material performance against each contract contractor, mix design and have taken over 900 samples and tested over 5,500 parameters.</p> <p>Asphalt quality has risen in that timeframe. Engineering Services is continuing to enhance its specifications while addressing contractor performance. It is within Procurement's workplan to research and develop a more robust Vendor Performance Program. The context of this program has yet to be determined however, Procurement will investigate the potential to use contractor ratings from previous contract performance as a procurement criterion in order to mitigate the risk of poor results.</p> <p>The Enterprise Asset Management system currently being implemented has the ability to formally track and evaluate vendor performance in conjunction with vendor information found in PeopleSoft. The system considers previous performance as part of the overall evaluation. Implementation is expected in the next 3 years.</p>	Q4 2022	<ul style="list-style-type: none"> - SOP to be developed - EAM implementation plan to be released in early 2022. - Procurement is developing a corporate vendor performance evaluation tool to be used in all contracts. Significant consultation is required with both internal and external stakeholders
13.	<p>We recommend that quality assurance and acceptance testing procedures and criteria be strengthened, including those for asphalt mixes, asphalt cement and recycled asphalt pavement materials (RAP), in order to ensure the risk of poorly performing asphalt is minimized (<u>Appendix A to Report AUD21006, para. 169, 182</u>).</p>	Agreed	<p>We have reviewed asphalt cement testing processes and have also retained a consultant to develop a Pavement Design Guideline that will take a holistic approach when designing pavements. The Pavement Design Guideline includes a review of RAP in order to Develop parameters for types of acceptable RAP and utilization guidelines based on type of roadway.</p>	Q2 2022	<ul style="list-style-type: none"> - SOP to be developed - Pavement Design Guideline to be completed

PUBLIC WORKS
ROADS VALUE FOR MONEY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
14.	We recommend that Management consider providing more resource support for quality assurance functions and processes to ensure they are robust and work as intended (<u>Appendix A to Report AUD21006, para. 181</u>).	Agreed	Management agrees with the observation regarding our QA function resourcing. As part of our review on the audit recommendations we will be developing options to support this function. This is likely to form part of the 2022 budget request to Council.	Q2 2022	<ul style="list-style-type: none"> - New Manager Materials & Specifications was hired in fall 2021. - Roles, responsibilities, and additional staffing to be determined in 2022.
15.	We recommend that the design function continue to move away from boilerplate design and embrace AASHTO 93 and MEPDG in a systematic way by developing a design guide, associated procedures, and training, and by considering the merits of establishing such knowledge requirements and expertise in relevant position descriptions (<u>Appendix A to Report AUD21006, para. 184</u>).	Agreed	<p>Management notes this change will take a few years to complete, as our asphalt design cycle begins to evolve, starting with our programming phase.</p> <p>Management has undertaken a review to develop a program for pavement designs.</p> <p>Phase 1 due Q1 2022– Design review. Future phases including training and systems to be developed in 2022.</p>	Q4 2022	<ul style="list-style-type: none"> - SOP to be developed - Pavement Design Guideline to be completed
16.	We recommend that a review be undertaken of the adequacy of the City's current degradation fee in compensating the City for the lost value and accelerated deterioration of infrastructure as a result of road cuts (<u>Appendix A to Report AUD21006, para. 205</u>).	Agreed	Hamilton has been a leader in this area however we agree more can be done and will undertake continuous improvement work in 2021, due date in 2022.	Q4 2022	<ul style="list-style-type: none"> - Best practices review being undertaken to determine if any adjustments are required. - Will undertake an industry best practices review, assess City's data along with field investigation to quantify the loss in service life and develop recommendations on how to address the findings and any potential adjustments in current degradation fees.

PUBLIC WORKS
ROADS VALUE FOR MONEY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
17.	We recommend that Roads management strengthen its policies to ensure that contractors are incented to complete warranty deficiencies on a timely basis (<u>Appendix A to Report AUD21006, para. 231</u>).	Agreed	<p>Our contracts have a two-year maintenance period and require performance and, labour and materials bonds. The performance bond includes the warranty period to address the correction of deficiencies.</p> <p>Engineering Services will review the current practices and policies to complete warranty deficiencies on a timely basis.</p> <p>Additionally, the Enterprise Asset Management system currently being implemented contains a warranty module that will assist with the tracking of warranty requirements, timing and reporting of instances where issues have been identified. Implementation is expected in the next 3 years.</p>	Q1 2022	<ul style="list-style-type: none"> - Management of Asset Transfer SOP has been drafted and will be finalized.
18.	We recommend that Engineering Services provide information to, and involve Transportation Operations and Maintenance in warranty repairs so they will be alert to potential issues and are given a voice in the adequacy and timeliness with which contractors address deficiencies (<u>Appendix A to Report AUD21006, para. 239</u>).	Agreed	<p>Public Works have been developing a policy to formalize the project hand over procedures between Engineering Services and Transportation Operations and Maintenance. This policy can be extended to all construction projects within the City including development related works.</p> <p>A formal Standard Operating Procedure related to asset handover from construction will be developed by Q4 of 2021.</p> <p>The Enterprise Asset Management system currently being implemented contains a warranty module that will assist with the tracking of warranty requirements, timing and reporting of instances where issues have been identified. This information will be available to staff in both Engineering Services and Transportation Operations and Maintenance. Implementation is expected in the next 3 years.</p>	Q2 2022	<ul style="list-style-type: none"> - Management of Asset Transfer SOP has been drafted and will be finalized. - EAM implementation plan to be released in early 2022.

PUBLIC WORKS
ROADS VALUE FOR MONEY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
19.	We recommend that all potholes including MMS, non-MMS and those reported by members of the public be subject to tracked and reported remediation time standards (<u>Appendix A to Report AUD21006, para. 241</u>).	Agreed	A procedure and timeline for managing the repair of potholes that are both inside and are outside the scope of the requirements outlined in the Minimum Maintenance Standards (O. Reg 366/18) was developed. Pothole Repair Management Procedure PW-TOM-RM-P-026-003 was approved in May 2021.	Not applicable. Completed in Q2 2021	- SOP completed and implemented in Q2 2021
20.	We recommend that Roads management explore opportunities for deploying the systematic use of preservation management in optimizing the condition and sustainability of City roads (<u>Appendix A to Report AUD21006, para. 249</u>).	Agreed	The preservation program will be expanded through the development of an Asphalt Mill and Pave Program, Preventative Asphalt Road Maintenance Program and a Roadway Crack Sealing through the Capital Budget process.	Q1 2022	<ul style="list-style-type: none"> - Working group established for preservation. - Roadway Crack Sealing update to be brought forward to Council. - See item No. 6 above regarding roster consultant assignment.
21.	We recommend that as part of its procurement procedures roads management monitor the bidding process for red flags that may suggest irregularities have taken place and investigate if necessary (<u>Appendix A to Report AUD21006, para. 258</u>).	Disagreed Originally Exploring Options	Roads management is not permitted to be involved in a competitive procurement bidding process until such time as a contract has been awarded or the procurement process has been cancelled. Participating in manner in the competitive process would be viewed as a perceived or apparent conflict of interest. Procurement is responsible for monitoring the bidding process for red flags however, until bids have been formally submitted, there is no way to determine if any "red flags" are present. Procurement staff would be willing to discuss with Office of the City Auditor any mechanisms to recognize any "red flags" should they occur. Should the Office of the City Auditor recommend that Road management perform some bid monitoring, Roads management would need to be advised specifically of those expectations and if there are any limitations or risks associated with doing so.	Q4 2022	<ul style="list-style-type: none"> - Public Works staff and Procurement met with Audit in Q1 2022 to discuss the recommendation and management response. Based on these discussions, further exploration will be undertaken to develop a process to monitor and identify irregularities.

ROADS VALUE FOR MONEY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
22.	We recommend that when dealing with specialized road work that can only be performed by a limited number of contractors, management work with Procurement to look for other contractors to make the process more competitive (<u>Appendix A to Report AUD21006, para. 262</u>).	Disagreed Originally Exploring Options	Procurement uses "bids&tenders.ca" as its bidding procurement platform for posting the City's competitive procurement information. This website is widely used by various industries including Municipalities, Education, Health Care, Utility and Engineering and Construction across Ontario and Canada to facilitate an opening bidding process. While other procurement platforms exist, utilizing more than one platform would be redundant and would also create the possibility of inconsistencies between the sites. Online bidding platforms have been in use for a number of years and any vendor looking to submit bids to governmental agencies should be well versed in searching these platforms for opportunities. There are also several tutorials available for any vendor looking to start entering this competitive online market.	Q4 2022	<ul style="list-style-type: none"> - Public Works staff and Procurement met with Audit in Q1 2022 to discuss the recommendation and management response. - There are 2 types of road work that fall into this situation: Bonded Wearing Course and Surface treatment. Procurement are aware that there are a limited number of vendors who bid on these jobs because of the "type" of the specialized equipment required for the work. - Procurement will be performing a market scan of other municipalities within Canada to determine if other qualified contractors are present to perform this work. Procurement recognizes that a vendor's location from which it operates may not be in close proximity to the work site and therefore this may be a key contributing factor to receiving a limited number of bids.
23.	We recommend that in the future, Roads management ensure change orders are approved in writing before work is performed and are sufficiently detailed to allow for subsequent review, validation and cost control (<u>Appendix A to Report AUD21006, para. 264</u>).	Agreed	We will review and adjust change order procedures in consultation with Finance and Administration to ensure correct protocols are being followed. Subsequent to this review the appropriate procedures will be developed by quality management staff and hosted in the Quality Resource Center.	Q2 2022	<ul style="list-style-type: none"> - Review of current change order process is underway. SOP to be developed to established roles and responsibilities for process.

PUBLIC WORKS
ROADS VALUE FOR MONEY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
24.	We recommend that Management institute sufficient oversight and segregation of duties to ensure procurements undertaken through the roster method meet the requirements (<u>Appendix A to Report AUD21006, para. 271</u>).	Agreed	Segregation of roles in managing roster programs has been transitioned to the Manager level to ensure that correct oversight is undertaken.	Completed. January 2022	- CRO office met with the Roster Chairs. ToR will be updated to include: <i>(In order to ensure separation of work and appropriate management oversight, roster captains shall not be a divisional director or above, in any acting or permanent capacity.)</i>
				Q1 2023	- Procurement will be reviewing and updating the Procurement Policy to ensure assignment and approval compliance across the organization.
25.	We recommend that Roads management work with Finance to ensure proper invoicing for contractor services takes place in accordance with the Construction Act, that progress payment documentation is adequate, that under/overspent budgeted finds are appropriately accounted for, and transfers approved, and that controllership over these funds is sound (<u>Appendix A to Report AUD21006, para. 280</u>).	Agreed	To resolve Office of the City Auditor's recommendation Management in partnership with Finance and Administration will be aligning Engineering Services with the existing prompt payment processes in order to ensure proper invoicing per the Construction Act and progress payment documentation is occurring for contractor services. .	Completed January 2022	- Engineering Services is implementing Construction Act Prompt Payment Procedure (COH-P-020-001)
			Further, Management will ensure controllership of capital funds through the involvement and oversight of Finance and Administration. Roles and responsibilities of the capital function will be reviewed by the Financial, Planning, Administration and Policy division	Q1 2023	- Complete an overall departmental review of roles & responsibilities for finance related items.
			As part of the Enterprise Asset Management System Project, Public Works in partnership with Finance and other applicable stakeholders are undergoing a review of business processes/procedures that will ultimately transform the current way of doing business and includes project management and governance/controllership principles/frameworks. The project is underway and will be implemented over the next three years. Public Works has committed to updating Council on an annual basis on the status of the project.	Q4 2024	As part of the EAM implementation an overall departmental review roles & responsibilities for finance related, including capital process.



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Office of the City Clerk

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 17, 2022
SUBJECT/REPORT NO:	Print and Mail Services Contract Extension (FCS22017) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Aine Leadbetter (905) 546-2424 Ext. 2753
SUBMITTED BY:	Andrea Holland City Clerk
SIGNATURE:	

RECOMMENDATION

That Council approve the single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements, and extend the current contracts for the Supply and Delivery of Various Print and Mail Services until June 30, 2022 and that the General Manager, Finance and Corporate Services be authorized to negotiate and execute the amendment to the contracts and any ancillary documents required to give effect thereto with Swiaty Investments Inc. O/A Minuteman Press, Ontario Ltd. 1602247 o/a Stirling Print Solutions, 723318 Ontario Inc. o/a Athens Printing Art, 1215553 Ontario Limited o/a Allegra and Pegasus Direct Mail Worx Inc. in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

The City's contracts for the Supply and Delivery of Various Print and Mail Services expired in August 2020. The contracts with the successful vendors were extended to account for COVID-related challenges, and then further as a result of staff resources and turnover. An additional extension to each of the current contracts to June 30, 2022 is being requested to allow staff time to prepare and issue a new competitive Request for Proposals ("RFP") and award new contracts for each of these services.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

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**SUBJECT: Print and Mail Services Contract Extension (FCS22017) (City Wide) -
Page 2 of 4**

Financial: Based on a historical review of expenditures and work estimates for the period of February to June 2022, staff has determined that approximately \$120,000 will have to be added to the existing contract POs to ensure continuity of service until the new contract is in place. These funds will only be used where internal services are unable to fulfil the printing services requested by internal Divisions and will be charged back appropriately.

Staffing: None

Legal: Legal Services staff may be required to assist with any amendment to extend the Contracts.

HISTORICAL BACKGROUND (Chronology of events)

The City's Contracts for the Supply and Delivery of Various Print Services for the City of Hamilton, C12-06-16, were awarded in 2016 and expired at the end of August 2020. These contracts include the following services and applicable successful proponents:

Section A (Print and Copy Services):

- Swiaty Investments Inc. O/A Minuteman Press
- Ont LTD 1602247 o/a Stirling Print Solutions
- 723318 Ontario Inc. o/a Athens Printing Art
- 1215553 Ontario Limited o/a Allegra

Section B (Business Cards, Envelopes and Letterhead):

- 723318 Ontario Inc. o/a Athens Printing Art

Section C (Mail Services):

- Pegasus Direct Mail Worx Inc.

As a result of the COVID-19 pandemic and the need to have continuity of goods and services, the contracts were extended in August 2020 through a Procurement Policy #11, Non-Competitive Procurement until the end of December 2020. These contracts were further extended from December 2020 to June 2021 due to resourcing constraints.

Turnover in the Manager position in Elections, Print and Mail and additional turnover and resourcing constraints in the Procurement Section have delayed the finalization and posting of a new RFP, resulting in two further Policy #11 extensions due to expire on February 28, 2022.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The recommendations in Report FSC22017 comply with the City of Hamilton's

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**SUBJECT: Print and Mail Services Contract Extension (FCS22017) (City Wide) -
Page 3 of 4**

By-law 21-215 Procurement Policy 4.11, Policy #11 – Non-Competitive Procurements:

“(1)(c) where a City Contract has expired or will very shortly expire and unforeseeable circumstances have caused a delay in issuing a new RFP or RFT so that a Contract extension is required (Contract extension).

and,

(2) Council must approve any requests for negotiations for:

(b) an extension as set out in subsection (1)(c) of this Policy #11, where the extension exceeds 18 months from the expiry of the Contract with a vendor.”

RELEVANT CONSULTATION

Procurement Section staff was consulted and support the recommendation in Report 22017. Finance staff was additionally consulted.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The contracts for the Supply and Delivery of Various Print Services for the City of Hamilton, C12-06-16, establishes external vendors for the provision of services that are outside of the scope or capacity of the Print and Mail section, including services related to print and copy services, business cards, envelopes and letterhead, and mail services. The current contracts identified a list of vendors that could be engaged in the event that the City is unable to fulfil internal print and mail requests.

The development of a RFP to establish new contracts prior to the original contracts expiry of August 2020 was postponed largely due to the City’s COVID-19 response and reallocation of resources. Work was completed on the RFP throughout this period, however was further delayed as a result of staffing changes in Elections, Print and Mail, and additional staff turnover and resourcing constraints in the Procurement Section. As a result, the contracts have been extended by 18 months to ensure continuous supply of these services.

The RFP is positioned to be released in February 2022, however, the posting period required for the RFP, the evaluation and award process will extend beyond the current extension deadline of February 28, 2022. Staff is requesting a further extension of four months, to June 30th, 2022, to allow for the RFP to be released and a new contract to be finalized.

ALTERNATIVES FOR CONSIDERATION

n/a

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**SUBJECT: Print and Mail Services Contract Extension (FCS22017) (City Wide) -
Page 4 of 4**

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

n/a

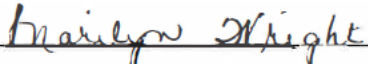
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CITIZEN COMMITTEE REPORT

TO:	Chair and Members Audit, Finance and Administration Committee	
From:	Marilyn Wright Aboriginal Advisory Committee	 (signed by the Chair)
Date:	February 17, 2022	
Re:	Renaming the Aboriginal Advisory Committee (AAC22001)	

Recommendation:

That the Aboriginal Advisory Committee be renamed to the Indigenous Advisory Committee and the Terms of Reference and Mandate be updated accordingly.

Background:

The Aboriginal Advisory Committee (AAC) was established to work in collaboration with the City of Hamilton on issues affecting the Aboriginal community. The committee's Terms of Reference was last updated in 2014 (with minor revisions in 2015 and 2019 to the Selection Process and Composition sections) and approved by Council.

During the January 6, 2022 meeting, the AAC passed the following motion:

That the Committee's name be changed to "Indigenous Advisory Committee" for the purposes of keeping up with the times and having consistency with the City of Hamilton's Urban Indigenous Strategy and Indigenous Relations program.

Analysis/Rationale:

Members of the Aboriginal Advisory Committee have been discussing and agree that its name should be changed for a few reasons which are outlined below.

Updating the name to "Indigenous Advisory Committee" will more visibly align it with the Urban Indigenous Strategy which the City has adopted. The strategy was developed to strengthen the City's relationship with the Indigenous community and is intended to demonstrate respect for Indigenous Knowledge and cultures and promote a better understanding among all residents. The AAC mandate to assist the City of Hamilton to

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SUBJECT: Renaming the Aboriginal Advisory Committee (AAC22001) (City Wide)
- Page 2 of 2

honour and engage its Aboriginal citizens in ways that enhance the wellbeing of Aboriginal people and /or resolve municipal issues is complementary to the objectives of the UIS.

In addition, several national organizations in Canada have/are amending their names from Aboriginal to Indigenous (most notably Aboriginal Affairs and Northern Development Canada was changed to Indigenous and Northern Affairs Canada, which subsequently became Indigenous Services Canada and Crown-Indigenous Relations and Northern Development Canada). Further, international organizations such as the United Nations have used the term Indigenous for many years to refer to Indigenous communities across the globe. Through the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), Indigenous has become the global standard in terminology.

For the reasons noted above, the committee would like to remain relevant and adopt the word Indigenous that is more widely used.



Hamilton

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Vision

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HAMILTON INDIGENOUS ADVISORY COMMITTEE

Terms of Reference

Preamble: This document uses the format and content typically used by the City of Hamilton for its advisory committees, but this Committee's work should be understood to have vital cultural traditions and teachings at its core. These may not be obvious in this document, but they are part of this Committee's approach and philosophy and how it pursues an effective path and a meaningful future through its work. The Committee respects a whole-world view that recognizes each individual's interconnectedness and also their contributions to the collective wellbeing of the whole. Balance, harmony, peace and justice are valued concepts within this philosophy.

COMMITTEE MANDATE

The Indigenous Advisory Committee assists the City of Hamilton to honour and engage its Indigenous citizens in the pursuit of the City's vision by providing advice and/or recommendations, through the appropriate Standing Committee of Council, that enhance the wellbeing of Indigenous people and/or resolve municipal issues.

The Committee envisions a future where Hamilton is an inclusive and culturally-aware community, where issues of importance to its Indigenous peoples are addressed proactively, effectively and respectfully on the municipal agenda.

COMMITTEE OBJECTIVES

- to assist the City in achieving and demonstrating progress or positive change in support of the equitable economic, social, health and overall wellbeing of Indigenous citizens;
- to provide a forum and mechanism for coordinated dialogue and consultation between and among Indigenous leaders and other stakeholders, acting as a catalyst for the development of positive relationships and open, transparent dialogue between and among the City and these stakeholders; and,
- to offer input, advice and recommendations, through the Audit, Finance & Administration Committee, informed by stakeholder consultation, to support the City in determining effective municipal strategies and/or policies on issues of importance to Indigenous peoples.

COMMITTEE VALUES

In fulfilling our mandate, members of the Committee uphold the following values of collective and individual importance: trust, respect, unity, truthfulness, inclusiveness, pride and empowerment. In our collective work with the City and with Indigenous stakeholders, members of the Committee seek relationships that are sustained by mutual respect and flexibility and that lead to constructive solutions, productive outcomes and improved opportunities for Indigenous peoples. We value increased visibility and recognition of the importance of Indigenous peoples and cultures, as a means to eliminating stereotypes.

SELECTION PROCESS

The selection process for the Indigenous Advisory Committee is to include the local Hamilton Indigenous Community leadership, which will recommend to Council the appointment of residents from the Hamilton Indigenous community and its allies, to sit on the Hamilton Indigenous Advisory Committee.

COMPOSITION

The Advisory Committee will be comprised of seven (7) to nine (9) citizen appointees from the Hamilton Indigenous community and up to two (2) allies.

For the purposes of the committee, an ally is defined as an individual from the wider Hamilton community who demonstrates support for the mandate of the committee and the work of the Hamilton Aboriginal community.



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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 17, 2022
SUBJECT/REPORT NO:	Discontinuation of Water Billing Services by Alectra Utilities Corporation (FCS21082(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	John Savoia (905) 546-2424 Ext. 7298
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That staff be authorized and directed to negotiate and enter into, on behalf of the City of Hamilton, a Transition Agreement with Alectra Utilities Corporation to facilitate the termination of water billing services from Alectra Utilities Corporation by December 31, 2024;
- (b) That the Mayor and City Clerk be authorized and directed to execute all necessary documentation to execute a Transition Agreement with Alectra Utilities Corporation with content acceptable to the General Manager of Finance and Corporate Services and in a form satisfactory to the City Solicitor;
- (c) That the Mayor and City Clerk be authorized and directed to execute all necessary documentation to execute a Collaboration Agreement between the City of Hamilton and any or all of the cities of Guelph, Markham and Vaughan, with content acceptable to the General Manager of Finance and Corporate Services and in a form satisfactory to the City Solicitor;
- (d) That the single source procurement of Kaihen Inc. as external consultants for the Water Billing Transition Project, pursuant to Procurement Policy #11 – Non-competitive Procurements be approved;

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SUBJECT: Discontinuation of Water Billing Services by Alectra Utilities Corporation (FCS21082(a)) (City Wide) – Page 2 of 7

- (e) That the General Manager, Finance and Corporate Services, be authorized to negotiate, enter into and execute a contract and any ancillary documents required to procure Kaihen Inc. as the consultant to support the Water Billing Transition Project in a form satisfactory to the City Solicitor;
- (f) That the preliminary phase cost of the Water Billing Transition Project with an upset limit of \$200,000, be funded equally from the Waterworks Capital reserve (108015) and the Sanitary Sewer Capital reserve (108005).

EXECUTIVE SUMMARY

Alectra Utilities Corporation (“Alectra”) has been providing water and wastewater / storm account management and billing services to the City of Hamilton ("City") since December 2001 (for details refer to Report FCS19095(a)). The budgeted cost of these services for 2022 is \$5.8 M.

On August 6, 2021, the City was advised that Alectra’s Board of Directors, at its May 21st meeting, approved an Alectra staff recommendation to discontinue water billing services. Alectra has committed to upholding the Water Billing Services Agreement (Service Agreement) that is currently in place with a focus on winding-down providing water billing services to the City at the time of the current contract expiry, being December 31, 2024 (for details refer to Report FCS21082). It should be noted that Alectra also provides water billing services to the municipalities of Guelph, Markham and Vaughan, serving a total of approximately 410,000 water customers with combined electricity and water billing and related customer services. These municipalities also received notice from Alectra of plans to discontinue billing services.

Alectra has advised it will support the City to facilitate a smooth transition to a new billing supplier by:

- providing support through established joint working teams to assist with the transition of services and related municipal data to a new billing provider
- working closely with the City on joint communications, through multiple communication channels, to help water billing customers manage the related change with the transition to a new billing provider

As recommended, a Transition Agreement between Alectra and the City will be developed that will outline the roles and responsibilities of both parties during the transition period ending in December 2024.

Staff has collaborated with Guelph, Markham and Vaughan with the intent to potentially engage in joint procurements with the expectation that there will be enhanced value for money by doing so. As such, staff is recommending that a Collaboration Agreement between the City and any or all of the cities of Guelph, Markham and Vaughan to facilitate Cooperative Procurement (Policy #12 under the City’s Procurement Policy).

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SUBJECT: Discontinuation of Water Billing Services by Alectra Utilities Corporation (FCS21082(a)) (City Wide) – Page 3 of 7

Collectively, the four municipalities recognize the need for a consultant resource to advise on the development of the Transition Agreement, conducting assessments of each municipality's current systems and processes, preparation and evaluation of procurements and project management of the Project culminating in the implementation of the final billing solution. Staff is recommending that for the Water Billing Transition Project (Project), Kaihen Inc. (Kaihen) be single sourced through Policy #11 of the City's Procurement Policy (By-law 21-215) to support and advise the collective municipalities. Kaihen is a Canadian consulting firm that helps water, electric and gas utilities, home services companies, energy retailers and municipalities prepare for the kinds of fundamental business changes that improve operations and customer service. Refer to the Analysis and Rationale for Recommendations section of Report FCS21082(a) for further details supporting the recommendation Kaihen.

It is recommended that the preliminary phase cost with an upset limit of \$200 K, be funded equally from the Waterworks Capital reserve (108015) and the Sanitary Sewer Capital reserve (108005).

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Subject to Council approval of the recommendations to Report FCS21082(a), staff will begin negotiations with Kaihen in order to obtain a reasonable and competitive rate. In-house staff expertise will also contribute to the compilation of the Project, which will require staff time.

It is estimated that Hamilton's share of the preliminary consultant engagement cost related to the Project will not exceed \$200 K recommended to be funded equally from the Waterworks Capital reserve (108015) and the Sanitary Sewer Capital reserve (108005).

Staffing: Staff from various areas of the City will form an internal Water Billing Stakeholder working group that will be required to participate in and provide information required for the Project.

Legal: There are no legal implications from the recommendations of Report FCS21082(a). Assistance will be required for the finalization and execution of any agreements and contracts.

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SUBJECT: Discontinuation of Water Billing Services by Alectra Utilities Corporation (FCS21082(a)) (City Wide) – Page 4 of 7

HISTORICAL BACKGROUND

Alectra Utilities Corporation (“Alectra”) has been providing water and wastewater / storm account management and billing services to the City of Hamilton (“City”) since December 2001 with a renewed service agreement executed in May 2020 extending terms to December 31, 2024 (for details refer to Report FCS19095(a)). The budgeted cost of these services for 2022 is \$5.8 M. This shared services delivery model is not unique in Ontario as many municipalities have partnered with local electric utilities to provide meter reading, billing and other customer services related to their water and wastewater / storm utilities.

On August 6, 2021, the City was advised that Alectra’s Board of Directors, at its May 21st meeting, approved an Alectra staff recommendation to discontinue water billing services. Alectra has committed to upholding the Water Billing Services Agreement (Service Agreement) that is currently in place with a focus on winding-down providing water billing services to the City at the time of contract expiry, being December 31, 2024. This decision is to support Alectra’s goals to enhance customer service, improve staff engagement and maintain financial sustainability.

Alectra also provides water billing services to the municipalities of Guelph, Markham and Vaughan, serving a total of approximately 410,000 water customers with combined electricity and water billing and related customer services. These municipalities also received notice from Alectra of plans to discontinue billing services. Staff has collaborated with Guelph, Markham and Vaughan with the intent to potentially engage in joint procurements with the expectation that there will be enhanced value for money by doing so.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

By-law 21-215, Procurement Policy, Policy #11 Non-competitive Procurements and Policy #12 Cooperative Procurements would be utilized if the recommendations of Report FCS21082(a) are approved.

RELEVANT CONSULTATION

Finance staff has engaged in ongoing discussions with staff from Guelph, Markham and Vaughan. It has been determined that a collaborative procurement, where possible, is the preferred method as it would provide opportunities for the realization of economies of scale through the use of same contract terms and conditions.

Corporate Services – Procurement has been consulted with respect to the engagement of a consultant for the Project.

SUBJECT: Discontinuation of Water Billing Services by Alectra Utilities Corporation (FCS21082(a)) (City Wide) – Page 5 of 7

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

Recommendations (a) and (b) to Report FCS21082(a) are required in order for the City to enter into negotiations with Alectra to develop and enter into a Transition Agreement. This Agreement will facilitate the termination of water billing services from Alectra by December 31, 2024 and will ensure that all necessary roles and responsibilities of both parties and deadlines will not be interrupted during the transition.

Staff has engaged in ongoing discussions with staff from Guelph, Markham and Vaughan. It has been determined that a collaborative procurement, where possible, is the preferred method as it would provide opportunities for the realization of economies of scale through the use of same contract terms and conditions. As such, a Collaboration Agreement is recommended between the cities to be entered into as necessary to achieve savings.

Staff is recommending that for the Project, Kaihen be hired as the external consultant to support and advise the collective municipalities throughout the Project, including:

- advising with the development of the Transition Agreement
- conducting assessments of each municipality's current systems and processes
- preparation and evaluation of procurements
- providing project management of the Project

Per City of Hamilton By-law 21-215, Procurement Policy #11 - "Non-competitive Procurements", staff must obtain Council approval for single source requests greater than \$250 K. The preliminary phase of the Project will entail the development of transition agreements for each municipality and the completion of research culminating the one or more procurements. As previously noted, Hamilton's share of the preliminary consultant engagement cost related to the Project is not expected to exceed \$200 K. However, as the project progresses to the implementation phase of the Project, staff will report back to Council on additional costs once determined.

Kaihen is a Canadian consulting firm that helps water, electric and gas utilities, home services companies, energy retailers and municipalities prepare for the kinds of fundamental business changes that improve operations and customer service including evaluating the selection of Customer Information System (CIS) solutions.

A CIS is one of the most important applications within a water utility. Its ability to obtain enormous amounts of information and enable back-office and field activities from a single, unified place means that a CIS not only makes the processes within the utility more efficient, it also acts as a dependable system that customer service reps, billing clerks, collection staff / agencies, meter shop staff, financial analysts and management can also rely on to do their jobs.

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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.

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SUBJECT: Discontinuation of Water Billing Services by Alectra Utilities Corporation (FCS21082(a)) (City Wide) – Page 6 of 7

Kaihen has deep CIS credentials, working with many water, electric and gas utilities across a varied list of CIS system vendors.

Client Experience

- Region of Durham – CIS selection and Implementation (Advisory, Change Management, Conversion, Business Analysis, Technical Analysis)
- Region of Peel – CIS implementation (Integration, Business Processes, Testing)
- Toronto Hydro – SI RFP development and Blueprinting readiness
- Metergy – CIS Upgrade (selection and advisory for Design, selection for implementation)
- Elexicon – CIS Merger (project management, business process design, testing, cutover)
- EPCOR – CIS Implementation (Data Conversion, User Training, Change Management)
- ATCO – CIS Implementation (Business Process design, User Training, Market Transaction design)

CIS Vendor Experience

- Oracle CC&B / CCS
- SAP CRB/S4HANA
- Harris NorthStar
- Harris Cogsdale
- SunGard HTE
- Daffron
- Peace Software
- Banner

As a result, Kaihen provides a unique combination of specialized skills and utility industry experience. Kaihen's wide vendor experience reflects that it is "vendor agnostic" as it does not resell vendor solutions, nor does it have formal alliances with product vendors. The recommendations made are based entirely on Kaihen's assessment of what will deliver the best results to their client.

In April 2020, the Region of Durham (Durham) was recognized by CS Week for the Best Customer Information System (CIS) Implementation (Mid-Size). CS Week is the premier annual educational and customer service conference serving electric, gas and water / wastewater utility professionals across North America and around the world. The award salutes major implementations of customer information systems based on budget and schedule adherence, operational efficiency after go-live, innovative solutions and improved service levels.

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In October 2019, Durham replaced its 30+ year old legacy water billing application with a state-of-the-art Oracle Customer Care and Billing (CC&B) system to better serve its customers. Kaihen was engaged directly by Durham for client-side services to first assist the Region with the evaluation and selection of the product and system integrator and continuing through the implementation project. Kaihen's CC&B knowledge was instrumental in advising the Region on its approach to configuring and deploying the system. Kaihen led the data conversion on the Region's side, resulting in a very smooth go-live migration. Kaihen also led the change management resulting in effective communication, especially to the customers and in readying the business for adopting the new system and processes.

References from both Durham and Peel have been provided that further support engaging Kaihen. Kaihen has extensive knowledge and the experience to support the collective municipalities with the Project.

The preliminary phase of the Project, that involves the discovery phase leading to the preparation of a Request for Proposals (RFP) for an external water billing provider, is expected to take up to six months to complete. Therefore, it is recommended to commence the preliminary phase as soon as Kaihen can be engaged given that the implementation phase of a final water billing solution is expected to take up to 24 months to complete and the December 31, 2024 Alectra contract expiry date.

ALTERNATIVES FOR CONSIDERATION

N/A

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

Not applicable.

JS/dt