



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 22-012
Date: June 16, 2022
Time: 9:30 a.m.
Location: Council Chambers
Council Chambers, Hamilton City Hall
71 Main Street West

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. June 2, 2022
5. **COMMUNICATIONS**
6. **DELEGATION REQUESTS**
7. **CONSENT ITEMS**
 - 7.1. Post-Traumatic Stress Disorder (HUR22007) (City Wide)
 - 7.2. 2022 First Quarter Emergency and Non-competitive Procurement Report (FCS22046) (City Wide)
 - 7.3. 2022 First Quarter Non-compliance with the Procurement Policy Report (FCS22047) (City Wide)

7.4. 2022 First Quarter Request for Tenders and Proposals Report (FCS22048) (City Wide)

8. STAFF PRESENTATIONS

8.1. Community Benefits Charge Strategy (FCS22015(b)) (City Wide)

9. PUBLIC HEARINGS / DELEGATIONS

9.1. Karl Andrus, Hamilton Community Benefits Network (HCBN), respecting Community Benefits Charge (Approved May 19, 2022)

10. DISCUSSION ITEMS

10.1. 2021 City of Hamilton Financial Report and Audited Financial Statements (FCS22044) (City Wide)

10.2. Treasurer's Write-off of Taxes under Section 354 of the Municipal Act, 2001 (FCS22049 / LS22024) (City Wide)

10.3. Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) (Outstanding Business List Item)

10.4. Standardization of Cloudflare Enterprise Suite of Products for Corporate Information Technology (FCS22051) (City Wide)

10.5. Liability Insurance Coverage Extension (LS22026) (City Wide)

11. MOTIONS

11.1. City Enrichment Fund Budget Request

(Deferred from the June 2, 2022 Audit, Finance and Administration Committee meeting.)

11.2. Assessment of 386 Wilcox St, Hamilton for the 2023 Taxation Year

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

14. PRIVATE AND CONFIDENTIAL

14.1. June 2, 2022 - Closed Minutes

Pursuant to Section 9.1, Sub-section (a) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-section (a) 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.

14.2. 386 Wilcox Street Assessment Review Board Appeals – ARB Decision and Next Steps (FCS20093(a) / LS20029(a)) (City Wide)

Pursuant to Section 9.1, Sub-sections (e) and (f) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (e) and (f) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board; and advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

15. **ADJOURNMENT**



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 22-011

9:30 a.m.
June 2, 2022
Council Chambers
Hamilton City Hall

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

Absent: Councillor A. VanderBeek - Personal

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. Disconnecting from Work Policy (HUR22005) (City Wide) (Item 7.1)

(Johnson/Powers)

(a) That Appendix “A” to Report HUR22005, Disconnecting from Work Policy, **be amended**, by deleting the word ‘should’ and replacing it with the word ‘shall’ in Item 9, as follows:

9. Employees **shall** ~~should~~ not be penalized for disconnecting during non-work hours where it is not a job expectation; and

(b) That Report HUR22005, respecting Disconnecting from Work Policy, be received **as amended**.

Result: Main Motion, As Amended CARRIED by a vote of 6 to 0, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

2. Extension of Employee and Family Assistance Program Contract (HUR22006) (City Wide) (Item 10.1)

(Powers/Johnson)

(a) That the single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements, for the extension of Contract C1-02-15 for the Provision of the Employee and Family Assistance Program to City Employees from July 1, 2022 to an end date no later than July 1, 2023, be approved; and,

- (b) That the City Manager be authorized to negotiate and execute an amendment to the Contract and any ancillary documents required to give effect thereto with Homewood Health Inc. in a form satisfactory to the City Solicitor.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

3. Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory (AUD22005) (City Wide) (Item 10.2)

(Clark/Powers)

- (a) That Report AUD22005, respecting the follow up of the original recommendations presented in Audit Report AUD20008 Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory be received;
- (b) That the General Manager of Public Works be directed to finish the implementation of the Management Responses listed in AUD20008 and that remain incomplete in Appendices “A” and “B” to Report AUD22005 and report back to the Audit, Finance and Administration Committee by May 2023 on the nature and status of actions taken in response to the audit report; and
- (c) That Confidential Appendix “C” to Report AUD22005, respecting the Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory, be received and remain confidential.

Result: Motion CARRIED by a vote of 5 to 0, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

4. **Governance Review Sub-Committee Report 22-002 - May 30, 2022 (Added Item 10.3)**

(Powers/Johnson)

(a) Amendment to By-law 16-288, Being a By-law to Establish and Govern the Office of Integrity Commissioner and Provide for the Resolution of Allegations of Contraventions of the Code of Conduct by Members of Council (Item 5.1)

WHEREAS, Council enacted a By-law to Establish and Govern the Office of Integrity Commissioner and Provide for the Resolution of Allegations of Contraventions of the Code of Conduct by Members of Council, being City of Hamilton By-law No.16-288;

WHEREAS, By-law 16-288 requires the complainant to pay to the City Clerk a refundable fee in the amount of \$100.00 upon the filing of a Complaint;

WHEREAS, the refundable fee may penalize complainants from exercising their statutory rights, and may prevent legitimate complaints from being brought forward due to concerns about financial cost;

THEREFORE, BE IT RESOLVED:

That By-law 16-288, being a By-law to Establish and Govern the Office of Integrity Commissioner and Provide for the Resolution of Allegations of Contraventions of the Code of Conduct by Members of Council, be amended by deleting subsections 11.(6)(a), (b) and (c) as follows:

- 11. ~~(6)(a) — A Complainant shall pay to the City Clerk a refundable fee in the amount of \$100.00 upon the filing of a Complaint.~~
- ~~(b) — The fee payable under paragraph 11(6)(a) shall be refunded to the Complainant when the Integrity Commissioner files their report, except where a Complaint is found to be frivolous, vexatious, or not made in good faith the fee shall not be refunded.~~
- ~~(c) — Where a Complaint has been stayed, a Complainant may withdraw their Complaint and receive a refund of the fee~~

Result: Motion on Sub-Section (a), CARRIED by a vote of 5 to 1, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
NO - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

(Powers/Johnson)

**(b) Hamilton Future Fund Governance Review and Reserve Strategy
(FCS22045) (City Wide) (Item 10.1)**

- (i) That staff be directed to develop and execute public engagement and consultation on the Hamilton Future Fund governance and reserve strategy and report back on the results in January 2023; and,
- (ii) That the framework of the public engagement and consultation on Hamilton Future Fund governance and reserve strategy, attached as Appendix "A" to Governance Review Sub-Committee Report 22-002, be approved.

Result: Motion on Sub-Section (b), CARRIED by a vote of 6 to 0, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 2)

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

10. DISCUSSION ITEMS (Item 10)

10.3 Governance Review Sub-Committee Report 22-002 - May 30, 2022

(Johnson/Powers)

That the agenda for the June 2, 2022 Audit, Finance and Administration Committee meeting be approved, as amended.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

(b) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

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

(i) May 19, 2022 (Item 4.1)

(Ferguson/Powers)

That the Minutes of the May 19, 2022 meeting of the Audit, Finance and Administration Committee be approved, as presented.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

(d) CONSENT ITEMS (Item 7)

(i) Disconnecting from Work Policy (HUR22005) (City Wide) (Item 7.1)

(Johnson/Powers)

That Report HUR22005, respecting Disconnecting from Work Policy, be received.

(Clark/Johnson)

That Appendix "A" to Report HUR22005, Disconnecting from Work Policy, **be amended**, by deleting the word 'should' and replacing it with the word 'shall' in Item 9, as follows:

9. Employees **shall** ~~should~~ not be penalized for disconnecting during non-work hours where it is not a job expectation.

Result: Amendment CARRIED by a vote of 5 to 1, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
NO - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

For further disposition of this matter, refer to Item 1.

(e) DISCUSSION ITEMS (Item 10)

(i) Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory (AUD22005) (City Wide) (Item 10.2)

(Ferguson/Powers)

- (1) That Report AUD22005, respecting the follow up of the original recommendations presented in Audit Report AUD20008 Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory be received;
- (2) That the General Manager of Public Works be directed to finish the implementation of the Management Responses listed in AUD20008 and that remain incomplete in Appendices “A” and “B” to Report AUD22005 and report back to the Audit, Finance and Administration Committee by May 2023 on the nature and status of actions taken in response to the audit report; and
- (3) That Confidential Appendix “C” to Report AUD22005, respecting the Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory, be received and remain confidential.

(Clark/Johnson)

That consideration of Report AUD22005, Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory, be **DEFERRED** until after Closed Session.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

For disposition of this matter, refer to Item 3.

(ii) Governance Review Sub-Committee Report 22-002 - May 30, 2022 (Added Item 10.3)

(Powers/Johnson)

- (a) **Amendment to By-law 16-288, Being a By-law to Establish and Govern the Office of Integrity Commissioner and Provide for the**

Resolution of Allegations of Contraventions of the Code of Conduct by Members of Council (Item 5.1)

WHEREAS, Council enacted a By-law to Establish and Govern the Office of Integrity Commissioner and Provide for the Resolution of Allegations of Contraventions of the Code of Conduct by Members of Council, being City of Hamilton By-law No.16-288;

WHEREAS, By-law 16-288 requires the complainant to pay to the City Clerk a refundable fee in the amount of \$100.00 upon the filing of a Complaint;

WHEREAS, the refundable fee may penalize complainants from exercising their statutory rights, and may prevent legitimate complaints from being brought forward due to concerns about financial cost;

THEREFORE, BE IT RESOLVED:

That By-law 16-288, being a By-law to Establish and Govern the Office of Integrity Commissioner and Provide for the Resolution of Allegations of Contraventions of the Code of Conduct by Members of Council, be amended by deleting subsections 11.(6)(a), (b) and (c) as follows:

11. ~~(6)(a) — A Complainant shall pay to the City Clerk a refundable fee in the amount of \$100.00 upon the filing of a Complaint.~~
- ~~(b) — The fee payable under paragraph 11(6)(a) shall be refunded to the Complainant when the Integrity Commissioner files their report, except where a Complaint is found to be frivolous, vexatious, or not made in good faith the fee shall not be refunded.~~
- ~~(c) — Where a Complaint has been stayed, a Complainant may withdraw their Complaint and receive a refund of the fee~~

(b) Hamilton Future Fund Governance Review and Reserve Strategy (FCS22045) (City Wide) (Item 10.1)

- (i) That staff be directed to develop and execute public engagement and consultation on the Hamilton Future Fund governance and reserve strategy and report back on the results in January 2023; and,
- (ii) That the framework of the public engagement and consultation on Hamilton Future Fund governance and reserve strategy, attached as Appendix “A” to Governance Review Sub-Committee Report 22-002, be approved.

At Committee's request Sub-Sections (a) and (b) were voted on separately.

For disposition of this matter, refer to Item 4.

(f) MOTIONS (Item 11)

(i) City Enrichment Fund Budget Request

(Johnson/Pearson)

WHEREAS, the City Enrichment Fund is the overall name for the City of Hamilton's municipal investment in a wide range of program areas that supports the City's strategic plan;

WHEREAS, the fund comprises 6 Program Areas (Agriculture, Arts, Communities, Culture & Heritage, Community Services, Environment, Sports & Active Lifestyles) with funding streams and categories;

WHEREAS, the last budget increase to the City Enrichment Fund was approved in 2019, to bring total budget allocation to \$6,088,340; and,

WHEREAS, the 2022 request from applicants totalled \$9,858,419; total value of eligible requests based on 2022 applications totalled \$8,110,633; funding allocation was capped at \$6,088,340 or 75% of the total request;

THEREFORE, BE IT RESOLVED:

That an increase to the City Enrichment Fund be forwarded for consideration to the 2023 Budget submission.

(Johnson/Clark)

That the motion respecting City Enrichment Fund Budget Request, be DEFERRED to a future Audit, Finance and Administration Committee meeting.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek

YES - Ward 12 Councillor Lloyd Ferguson

YES - Ward 11 Councillor Brenda Johnson

YES - Ward 10 Councillor Maria Pearson

YES - Ward 9 Councillor Brad Clark

YES - Ward 5 Councillor Russ Powers

YES - Ward 1 Councillor Maureen Wilson

(g) PRIVATE AND CONFIDENTIAL (Item 14)

Committee determined that discussion of Item 14.1 was not required in Closed Session, therefore, the item was addressed in Open Session, as follows:

(i) Closed Minutes – May 19, 2022 (Item 14.1)

(Powers/Johnson)

- (a) That the Closed Session Minutes of the May 19, 2022 Audit, Finance and Administration Committee meeting, be approved as presented; and,
- (b) That the Closed Session Minutes of the May 19, 2022 Audit, Finance and Administration Committee meeting, remain confidential.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

(Clark/Powers)

That the Committee move into Closed Session respecting Item 14.2 pursuant to Section 9.1, Sub-section (a) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-section (a) 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.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

(ii) Confidential Appendix "C" to Report AUD22005, Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory (Item 14.2)

For further disposition of this matter, refer to Item 3.

(h) ADJOURNMENT (Item 15)

(Powers/Wilson)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 10:37 a.m.

Result: Motion CARRIED by a vote of 5 to 0, as follows:

NOT PRESENT - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

Respectfully submitted,

Councillor Pearson, Chair
Audit, Finance and Administration
Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	Post-Traumatic Stress Disorder (HUR22007) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Heather McNicol (905) 546-2424 Ext. 2635
SUBMITTED BY:	Lora Fontana Executive Director Human Resources
SIGNATURE:	

COUNCIL DIRECTION

In the April 7, 2022 Audit, Finance & Administration Committee, Council directed that staff report back with information in relation to the experience of the City regarding presumptive claims of Post-Traumatic Stress Disorder (“PTSD”).

INFORMATION

In 2016, the Workplace Safety & Insurance Board (“WSIB”) released the updated policy direction based on legislative changes to the *Workplace Safety and Insurance Act, 1997* (“WSIA”) to include Post-Traumatic Stress Disorder (PTSD) as being presumed to be caused by work in emergency medical services. Claims could be accepted as “Presumptive PTSD” retroactive to April 1, 2014 if filed by April 6, 2016. In 2018, the Ontario government passed an amendment to the *WSIA*, allowing 6 new categories of other designated workers, including nurses, to access WSIA benefits under the presumptive policy.

If a first responder or other designated worker is diagnosed with PTSD and meets specific employment and diagnostic criteria, that first responder’s (or other designated worker’s) PTSD is presumed to have arisen out of and in the course of their employment, unless the contrary is shown.

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.

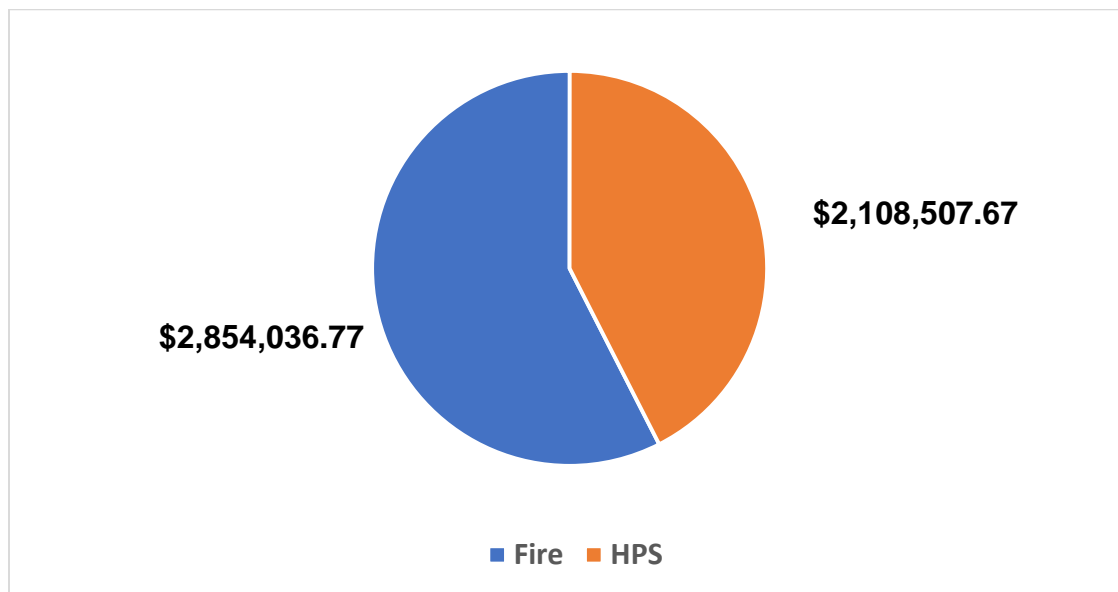
OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Post-Traumatic Stress Disorder (HUR22007) (City Wide) - Page 2 of 6

To date, all PTSD claims submitted under the “Post-traumatic Stress Disorder in First Responders and Other Designated Workers Policy” from January 1, 2015 to present are attributed to Fire and Hamilton Paramedic Service; no claims have been filed for other designated workers at the City of Hamilton (excluding Police, who are not addressed within this Report). As was noted earlier, relevant “Presumptive PTSD” costs in this Report are reflected in the retroactive application of that Policy. Accordingly, all the following data reflects claims made between April 1, 2014 and December 31, 2021.

All costs associated with any claim are determined in relation to the year in which the claim was initially made to the WSIB. This means that all costs associated with any claim are attributed to the year in which the incident occurred.

It should be noted that this Report does not contain an assessment of additional costs that arise as a result of the operation of collective agreements. This consideration only applies in the context of Hamilton Fire, where the collective agreement provides some additional compensation, which will be addressed in the relevant section below. For clarity, that “top up” cost/obligation under the collective agreement is not included in the costs provided in this Report.

1. Total WSIB Costs – Approved Presumptive PTSD Claims (2014-2021)

The overall direct costs assumed by the City in relation to presumptive cases of PTSD (approved by the WSIB) since the changes to legislation amount to a total of \$4,962,544.44. The overall proportion of expense for such claims is an approximate 58%/42% split between Fire and Hamilton Paramedic Service.

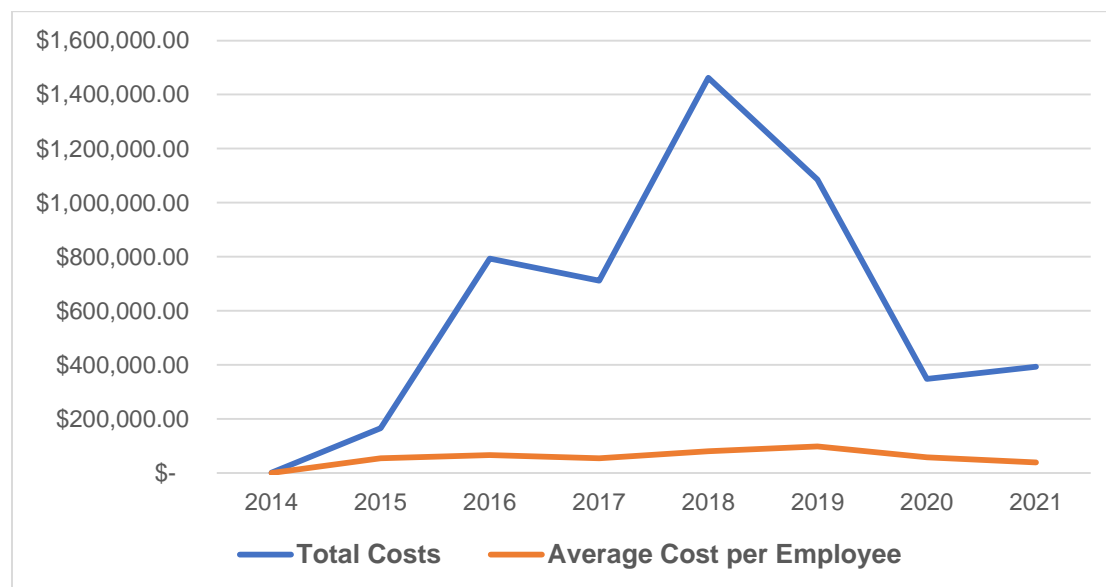
SUBJECT: Post-Traumatic Stress Disorder (HUR22007) (City Wide) - Page 3 of 6

The following Table provides additional detail in the numbers of approved claims across the City (and in each of the emergency services further reviewed in this Report):

2. WSIB Approved Presumptive PTSD Claims in Each Year

	Hamilton Paramedic Service	Hamilton Fire	Total Approved Claims
2014	1	2	3
2015	2	1	3
2016	10	2	12
2017	9	4	13
2018	8	10	18
2019	3	8	11
2020	3	3	6
2021	5	5	10

As can be seen, after an initial increase in frequency in cases among Hamilton Paramedic Service in 2016, a corresponding increase in uptake by Hamilton Fire employees occurred in 2018. A similar decrease also occurred following these years of higher frequency.

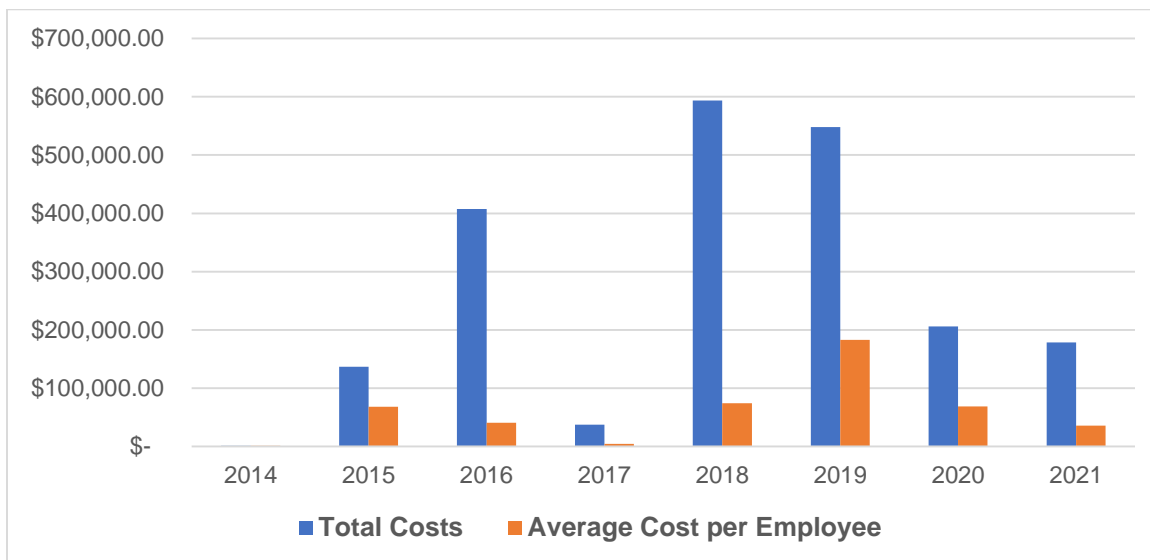
3. Annual Total WSIB Presumptive PTSD Claims Costs (2014-2021)

SUBJECT: Post-Traumatic Stress Disorder (HUR22007) (City Wide) - Page 4 of 6

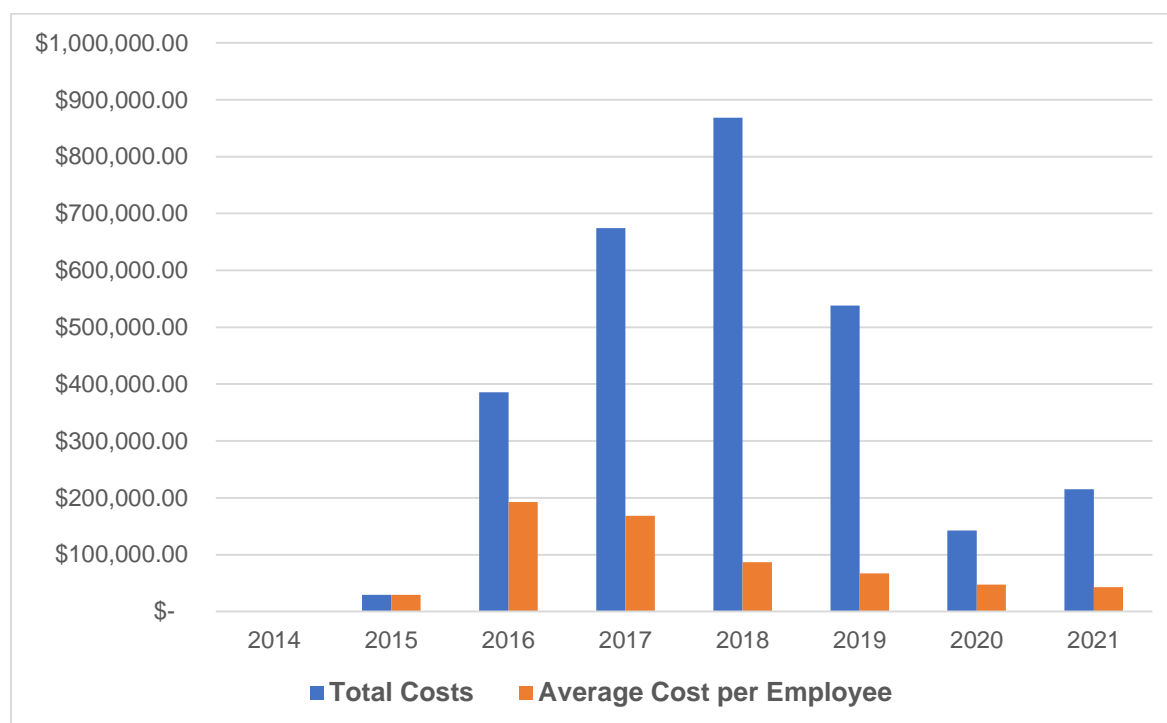
Costs associated with presumptive PTSD claims has risen steadily following the introduction of the aforementioned changes to legislation. This is in part due to increased awareness of presumptive claims in emergency service agencies/employee groups and medical practitioners. As awareness of this benefit to first responders become more widespread, employees experiencing such diagnoses more frequently availed themselves of this statutory benefit. This increase in uptake would arguably be further explained by the increased (and appropriate) reduction in stigma associated with claims related to mental health considerations. Finally, as a general comment, there will often be a significant degree of uncertainty in any analysis of such cases, as any such diagnoses are often accompanied by the presence of concurrent mental health challenges. It is for all of these reasons that caution is advised in drawing conclusions from the data presented.

An encouraging trend is noted in the average total costs associated with each employee on approved PTSD claims, which has fallen to its lowest level since 2014 (which addresses only three quarters of 2014). For 2021, per claimant, the average cost of such claims was \$39,359.81.

4. HPS (Hamilton Paramedic Service) - Annual WSIB Presumptive PTSD Claims Costs (2014-2021)



As can be seen, the general trends in total costs of presumptive PTSD claims in Hamilton Paramedic Service follows the general trends in total costs since the change in the legislative landscape. While the 2017 data appears remarkable in that there are significantly lower costs that year, the lower costs in 2017 can be explained by the methodology used to create the above data visualization: in 2017, in Hamilton Paramedic Service, limited approved claims *in that year* result in the appearance of an abnormal year.

SUBJECT: Post-Traumatic Stress Disorder (HUR22007) (City Wide) - Page 5 of 6**5. Fire (Hamilton Fire) - Annual WSIB Presumptive PTSD Claims Costs (2014-2021)**

As with Hamilton Paramedic Service, the experience of Hamilton Fire parallels the overall experience of the City's first responders (although there is a higher degree of claims costs associated with incidents which occurred in 2017). Comments made in relation to the general trends would apply in these circumstances, however, it would appear that the timing of the trends between the two operational areas was explored earlier in Hamilton Paramedic Service, with a similar increase in approved claims following approximately two years earlier than in Hamilton Fire.

The collective agreement between the City and the Hamilton Professional Fire Fighters' Association contains a provision that provides some degree of "top up" to their WSIB entitlements, where the City assumes some additional costs in "topping up" Fire employees. The Fire cost data presented in this report excludes monies paid to provide employees with 100% of net earnings, as per the collective agreement.

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: Post-Traumatic Stress Disorder (HUR22007) (City Wide) - Page 6 of 6

6. Mitigation Efforts and Strategies

It should be noted at the outset that while there are a number of strategies and mechanisms that can be employed to support City employees in the performance of their duties, it is ultimately not the City that makes the decision with respect to approval of such claims. Employers in general, including the City, have raised objections in particular cases, but these challenges are most often unsuccessful in the face of the legislated obligations regarding such claims. This means that the City has limited options to directly impact the costs associated with such a claim once approved by the WSIB.

In order to improve outcomes on behalf of the City, Return to Work Services in Human Resources has increasingly engaged third-party consultants specifically skilled at advocacy in WSIB matters. This has been done to ensure the appropriateness of outcomes by the WSIB, ensuring that all appropriate opportunities from diversion away from WSIB leaves of absence have been explored.

Given that even with additional third-party support there is limited opportunity to impact the costs associated with presumptive PTSD claims once approved, the most important mitigation strategy is the continued focus on preventive workplace mental health strategies. Consistent with the City's Mental Health and Wellbeing Strategy, there are a number of supports available to affected employees that are tailored to the unique needs of those who work in emergency services.

APPENDICES AND SCHEDULES ATTACHED

Not applicable



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	2022 First Quarter Emergency and Non-competitive Procurements Report (FCS22046) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Patricia Vasquez (905) 546-2424 Ext. 5972
SUBMITTED BY:	Shelley Hesmer Acting Director, Financial Services and Taxation Corporate Services
SIGNATURE:	

COUNCIL DIRECTION

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

INFORMATION

This Report is issued quarterly in accordance with the Procurement Policy. The report details the procurement of goods and/or services during emergency situations and those detailed in Section 4.11 – Non-Competitive Procurements for the first quarter of 2022.

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

Committee and Council are advised that procurements made under a Policy 10 due to COVID-19 have not been reported in this quarterly report. All COVID-19 related procurements will be reported separately by staff.

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**SUBJECT: 2022 First Quarter Emergency and Non-competitive Procurements
Report (FCS22046) (City Wide) - Page 2 of 5**

During the first quarter of 2022, there were 110 purchases totalling \$10,363,825.26 and 1 purchase totalling \$65,818.58 in revenue, which were processed through the use of an approved Policy 10 or 11. These are summarized in Appendix "A" to Report FCS22046.

The breakdown are as follows:

- 21 purchases totalling \$1,510,153.78 were issued under Policy 10, as "Emergency" purchases, whereby goods and services were acquired by the most expedient and economical means. The following purchase represents the largest dollar amount in this category:
 - Purchase Order 99316 for \$312,986.27 was issued to Anthony's Excavating Central Inc. for the provision of all labour, materials, tools and equipment necessary to implement traffic control accommodations and complete the emergency culvert replacement of FLA 3008 Old Brock Road as a result of significant degradation of the culvert which included collapse of various segments of the structure. Due to the extent of the damage, steel plates were temporarily installed over the voids to ensure pedestrian safety until the repairs were completed.
 - Purchase Order 98684 for \$299,318.11 was issued to Rankin Construction Inc. for the installation of a temporary hydrogen peroxide injection system at the Binbrook Wastewater Pumping Station to mitigate immediate health and safety concerns and system degradation as a result of excessive levels of hydrogen sulphide.
- 37 purchases totalling \$5,035,536.34 represent short-term "Extensions" of current contracts which have expired, and unforeseeable circumstances have caused a delay in awarding a new contract. The following purchases represent the largest dollar amounts in this category:
 - Purchase Order 98559 for \$1,000,000.00 was issued to Teknion Ltd. for the supply and delivery of Panel Systems Furniture and Case Goods. The extension was required due to extenuating circumstances related to COVID-19 including staff shortages and increase workloads and to provide sufficient time to complete the procurement process and award of a new contract.
 - Purchase Orders 98764 for \$751,000.20 and 96750 for \$149,000.00 were issued to Envirosystems Inc. for the provision of the Household Hazardous Waste ("HHW") Program which included operation, maintenance, removal and disposal services of household hazardous waste depots. The extension was required to cover a budget shortfall due to increased product volume at the HHW depots in

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SUBJECT: 2022 First Quarter Emergency and Non-competitive Procurements Report (FCS22046) (City Wide) - Page 3 of 5

2021 and to give the City and Halton Region the time and knowledge to enter into agreements with Producer Responsibility Organizations and confirm and communicate the updated program to residents in 2022.

- Purchase Orders 99246 for \$560,000.00 and 98054 for \$99,000.00 were issued to Super Shine Janitorial Services Ltd. for the supply and delivery of corporate Janitorial Services at various Facilities locations. A new Request for Proposals (“RFP”) was issued and closed with nineteen proposals received. This extension was required to provide sufficient time to complete the procurement evaluation process and award a new contract.
- \$500,000.00 was issued to Bell Mobility Inc. for providing cellular services and devices including cell phones, smart phones air card and modems. This extension was required to maintain services. Council has since approved a further extension of this contract.
- Purchase Order 98905 for \$450,000.00 was issued to Starfield Lion Company for the supply and delivery of Personal Protective Clothing (Bunker Gear) for the Hamilton Fire Department as a result of uncontrollable industry challenges due to COVID-19 including global supply chain, materials acquisition, staffing, outbreaks and delays in manufacturing. This extension was required to allow market conditions to stabilize and provide sufficient time to complete the procurement process and award of a new contract.
- Purchase Order 99350 for \$400,000.00 was issued to SNF Canada Ltd. for the supply, delivery and inventory management of Digested Sludge Dewatering Polymer Services at the Woodward Wastewater Treatment Plant. A new RFP was issued and is currently under evaluation. This extension was required to maintain continuous supply of polymer while the required bench scale and full-scale testing evaluation was completed as per the RFP.
- 52 purchases totalling \$3,818,408.14 were identified as “Single Source” purchases whereby a particular vendor was recommended because it was more cost-effective or beneficial to the City. The following purchases represent the largest dollar amounts in this category:
 - \$330,000.00 was issued to Dependable Emergency Vehicles, a Division of Dependable Truck & Tank Ltd. (“Dependable”) for the following work:
 - Purchase Order 99030 for \$180,000.00 was issued to provide retrofit of an existing fire apparatus into a specialized Hazmat Foam Response for Hamilton Fire Department Unit 300710. Dependable has the expertise

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SUBJECT: 2022 First Quarter Emergency and Non-competitive Procurements Report (FCS22046) (City Wide) - Page 4 of 5

- to complete this specialized work to ensure the new unit is completed to all necessary standards and codes.
- Purchase Order 98908 for \$150,000.00 was issued to provide Emergency Vehicle Repair Services and for the supply and delivery of parts and equipment to the Hamilton Fire Department. Dependable was a council approved standardized vendor in 2021 and council approval is being sought for 2022. To continue services as a result of ongoing requirements, it is in the best interest of the City to have Dependable continue providing services and parts during the interim.

 - Purchase Order 99231 for \$249,999.99 was issued to IBI Group Professional Services (Canada) Inc. ("IBI") for additional work required to complete an addendum to the Birch Avenue Schedule B Municipal Class Environmental Assessment ("EA"). The work included updates to the EA recommendations and final documentation. To maintain project continuity and consistency, it is in the best interest of the City to have IBI complete the additional scope given they led the original EA and is familiar with the project.

 - \$300,500.00 was issued to S.T.F. Construction Ltd. (S.T.F) for the following work:
 - Purchase Order 96491 for \$230,500.00 was issued for the supply and installation of Exterior Window Replacement at the Mountain Transit Centre, 2200 Upper James Street. The contract was awarded to STF in January 2021 and was being funded through the Public Transit Infrastructure Fund ("PTIF"). The delivery of windows for this project was determined to be much later than expected and well past the completion date required in the PTIF agreement. So as not to jeopardize the funding, staff put the project on hold until the City received an extension to the PTIF agreement. Staff received approval for the extension in September 2021 and by this time, the cost of the windows had significantly increased due to supply chain issues in the market. Staff performed a risk assessment and determined that the recommended approach was to negotiate and proceed with S.T.F. rather than retender the project.

 - Purchase Order 96654 for \$70,000.00 was issued for the provision of a Sound Masking System required for an open office environment at 330 Wentworth, a requirement which was not included in the original Request for Tenders. After preliminary testing, it was determined that sound masking would be required and it would be in the best interest of the City to have S.T.F. complete the additional work since they are familiar with the scope.

**SUBJECT: 2022 First Quarter Emergency and Non-competitive Procurements
Report (FCS22046) (City Wide) - Page 5 of 5**

- Purchase Order 97540 for \$240,000.00 was issued to GDI Services (Canada) LP (“GDI”) for the supply and delivery of Janitorial Services at various Water and Wastewater facilities. A new RFP was issued and closed with nineteen proposals received. This extension was required to provide sufficient time to complete the procurement evaluation process and award a new contract.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS22046 – First Quarter Emergency and Non-Competitive Procurements Report.

PV/dw

2022 First Quarter Emergency and Non-Competitive Procurement Report

PO No.	Type	Amount	Supplier	Department/Division
Corporate Services				
99078	SGLE	\$5,000.00	Spyre Solutions Inc.	Information Technology
98773	SGLE	\$14,999.00	Mungall Consulting Group Ltd.	Financial Services and Taxation
98701	EMER	\$19,440.00	St. Joseph's Healthcare Centre	Human Resources
96267	SGLE	\$24,560.40	Hitachi Systems Security Inc.	Information Technology
98958	SGLE	\$40,000.00	Legend Recreation Software Inc.	Information Technology
99324	SGLE	\$58,800.00	Data Fix Comprint Systems Inc.	City Clerk
No PO	SGLE	(Revenue) \$65,818.58	AIM Recycling Burlington	Financial Services and Taxation
98741	SGLE	\$94,800.00	Watson & Associates Economists Ltd.	Financial Planning, Administration and Policy
90806	EXTN	\$100,000.00	Swiaty Investments Inc. o/a Minuteman Press Stoney Creek	City Clerk
98959	EXTN	\$120,608.64	Legend Recreation Software Inc.	Information Technology
98678	EXTN	\$146,160.00	Homewood Health Inc.	Human Resources
No PO	EXTN	\$500,000.00	Bell Mobility Inc.	Information Technology
Healthy and Safe Communities				
No PO	EXTN	\$0.00	CareRx Holdings Inc.	Lodges
97813	EXTN	\$1,960.00	Super Shine Janitorial Services Ltd.	Recreation
98990	EMER	\$15,000.00	Protective Clothing Solutions	Hamilton Fire Department
99197	SGLE	\$21,000.00	A.J. Stone Company Ltd.	Hamilton Fire Department
99024	SGLE	\$25,000.00	Hamilton Video & Sound Ltd.	Recreation
99322	SGLE	\$33,345.00	Mohammad Al-Hariri	Hamilton Fire Department
98857	SGLE	\$35,000.00	Colcamex Resources Inc.	Medical Officer of Health
98765	EXTN	\$35,250.00	Good Shepherd Centre	Ontario Works
98879	SGLE	\$48,000.00	Chiefs Heavy Truck Collision	Hamilton Fire Department
99305	SGLE	\$48,000.00	Code 4 Fire & Rescue Inc.	Hamilton Fire Department
98881	SGLE	\$65,000.00	C-Max Fire Solutions, Div. of Weber's Fabricating Ltd.	Hamilton Fire Department
98648	SGLE	\$75,000.00	Canadian CED Network	Children's Services and Neighbourhood Development
98928	SGLE	\$75,000.00	Global Spectrum Canada	Medical Officer of Health
98758	SGLE	\$75,000.00	Integrated Distribution Systems, LP	Hamilton Fire Department

2022 First Quarter Emergency and Non-Competitive Procurement Report

PO No.	Type	Amount	Supplier	Department/Division
99015	SGLE	\$75,000.00	Scarsin Corp.	Medical Officer of Health
98757	SGLE	\$75,000.00	Toromont Industries Ltd.	Hamilton Fire Department
98880	SGLE	\$77,460.00	Nederman Canada Ltd.	Hamilton Fire Department
98878	SGLE	\$82,000.00	Central Equipment Sales and Service Ltd.	Hamilton Fire Department
98907	SGLE	\$100,000.00	Safetek Emergency Vehicles o/a Profire Emergency Equipment	Hamilton Fire Department
99230	EMER	\$105,996.00	YMCA of Hamilton/Burlington/Brantford	Housing Services
99085	SGLE	\$130,000.00	Arjo Canada Inc.	Lodges
96798	EXTN	\$132,294.33	Servicemaster Contract Services	Recreation
98782	SGLE	\$150,000.00	Altruck International Truck Centres	Hamilton Fire Department
98908 99030	SGLE	\$330,000.00	Dependable Emergency Vehicles, a Division of Dependable Truck & Tank Ltd.	Hamilton Fire Department
98905	EXTN	\$450,000.00	Starfield Lion Company	Hamilton Fire Department
Library				
96651	EMER	\$10,000.00	Rogers Wireless Inc.	Library
98699	SGLE	\$11,740.80	Granicus	Library
Planning and Economic Development				
99261	SGLE	\$990.00	IBI Group Professional Services (Canada) Inc.	Transportation Planning and Parking
99260	SGLE	\$2,500.00	Glenn Pothier, GLPi	Transportation Planning and Parking
96555	EXTN	\$4,130.00	ServiceMaster Canada	Transportation Planning and Parking
98621	EXTN	\$50,000.00	All Season Landscaping & Maintenance o/a 2478388 Ontario Inc.	Licensing and By-law Services
99329	EXTN	\$50,000.00	Power Property Contracting Inc.	Licensing and By-law Services
Police				
96917	EXTN	\$1,800.00	ServiceMaster Canada	Police
98771 98942	EXTN	\$2,942.23	Teknion Ltd.	Police
94627	EXTN	\$6,992.70	Super Shine Janitorial Services Ltd.	Police
99325	SGLE	\$13,890.00	Environmental Consulting Occupational Health o/a ECOH Management Inc.	Police
98787	SGLE	\$15,000.00	BriefCam Inc.	Police

2022 First Quarter Emergency and Non-Competitive Procurement Report

PO No.	Type	Amount	Supplier	Department/Division
98917	EMER	\$25,000.00	Sunshine Building Maintenance Inc.	Police
98835 98836 98837	SGLE	\$35,075.00	Chubb Fire & Security Canada Inc.	Police
98940	EMER	\$39,404.10	CDW Canada Corp.	Police
99294	SGLE	\$42,400.00	First Response Environmental (2012) Inc.	Police
99178	SGLE	\$50,000.00	Pacific Safety Products Inc.	Police
94070	EXTN	\$60,525.24	Sunshine Building Maintenance Inc.	Police
98735	SGLE	\$123,278.64	MD Charlton Co.	Police
Public Works				
95829	EXTN	\$800.00	City View Bus Sales & Service Ltd.	Energy, Fleet and Facilities Management
95812 96356	EXTN	\$2,000.00	Metro Freightliner Hamilton Inc.	Energy, Fleet and Facilities Management
95917	EXTN	\$4,100.00	Crescent Oil Company of Canada Ltd.	Energy, Fleet and Facilities Management
99110	EMER	\$5,911.50	Universal Cleaners Inc.	Energy, Fleet and Facilities Management
96089	EMER	\$9,601.90	Caliber Communications Inc.	Energy, Fleet and Facilities Management
99107	EMER	\$16,744.00	Finesse Contracting Inc.	Energy, Fleet and Facilities Management
98922	EMER	\$19,071.22	L.J. Barton Mechanical Inc.	Energy, Fleet and Facilities Management
99109	EMER	\$19,100.00	4054237 Canada Inc. o/a Sol-Mar Landscaping Contracting	Energy, Fleet and Facilities Management
95879	EXTN	\$19,700.00	Petro-Canada	Energy, Fleet and Facilities Management
98793	SGLE	\$20,000.00	MasterLift Inc.	Energy, Fleet and Facilities Management
99016	SGLE	\$24,934.99	Natsco North American Transit Supply Corp.	Transit
96522	EXTN	\$25,000.00	Accuworx Inc.	Transportation Operations and Maintenance
99108	EMER	\$25,200.00	Power Property Contracting Inc.	Energy, Fleet and Facilities Management
94413	SGLE	\$31,000.00	Turf Alliance Inc. dba Turf Consultants	Energy, Fleet and Facilities Management
95736	EXTN	\$32,000.00	Slack Reel Services Inc.	Energy, Fleet and Facilities Management
96712	EXTN	\$40,000.00	QM LP o/a QM Environmental	Energy, Fleet and Facilities Management
99214	EMER	\$47,755.76	BAT Construction Ltd.	Transportation Operations and Maintenance
97583	EXTN	\$50,000.00	Macleam Media Systems Inc.	Energy, Fleet and Facilities Management
95142	EXTN	\$50,000.00	Letco Ltd.	Energy, Fleet and Facilities Management

2022 First Quarter Emergency and Non-Competitive Procurement Report

PO No.	Type	Amount	Supplier	Department/Division
98918	EMER	\$56,675.00	McGowan Insulations Ltd.	Energy, Fleet and Facilities Management
89607	SGLE	\$56,928.42	Stantec Consulting Ltd.	Engineering Services
99188	EXTN	\$60,000.00	Royal Security Solutions Inc.	Energy, Fleet and Facilities Management
94778	EMER	\$80,000.00	Patrick Cassidy & Associates	Energy, Fleet and Facilities Management
98856	SGLE	\$80,000.00	Stinson Equipment Ltd. o/a Stinson Owl-Lite	Transportation Operations and Maintenance
99338 99339	SGLE	\$88,744.00	Quality Seeds Ltd.	Environmental Services
98923 99315	EXTN	\$93,340.00	Westwood Painting Services Inc.	Energy, Fleet and Facilities Management
98734	EMER	\$104,781.27	GFL Environmental Inc.	Environmental Services
98921	EMER	\$115,326.04	Ark-Tech Contracting Ltd.	Energy, Fleet and Facilities Management
98808	EMER	\$117,025.65	K. Smart Associates Ltd.	Transportation Operations and Maintenance
99185	EMER	\$142,476.96	Savelli Property Maintenance Co. Ltd.	Energy, Fleet and Facilities Management
98792	SGLE	\$150,000.00	QM LP o/a QM Environmental	Environmental Services
99103	SGLE	\$151,622.90	Pure Technologies Ltd.	Engineering Services
86524 92192	SGLE	\$158,688.00	AECOM Canada Ltd.	Hamilton Water
98920	SGLE	\$173,151.00	Airon HVAC And Control Ltd.	Energy, Fleet and Facilities Management
97540	SGLE	\$240,000.00	GDI Services (Canada) LP	Hamilton Water
99231	SGLE	\$249,999.99	IBI Group Professional Services (Canada) Inc.	Engineering Services
98684	EMER	\$299,318.11	Rankin Construction Inc.	Hamilton Water
96491 96654	SGLE	\$300,500.00	S.T.F. Construction Ltd.	Energy, Fleet and Facilities Management
99316	EMER	\$312,986.27	Anthony's Excavating Central Inc.	Engineering Services
99350	EXTN	\$400,000.00	SNF Canada Ltd.	Hamilton Water
98054 99246	EXTN	\$659,000.00	Super Shine Janitorial Services Ltd.	Energy, Fleet and Facilities Management
96750 98764	EXTN	\$900,000.20	Envirosystems Inc.	Environmental Services
98559	EXTN	\$1,000,000.00	Teknion Ltd.	Energy, Fleet and Facilities Management



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	2022 First Quarter Non-Compliance with the Procurement Policy Report (FCS22047) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Patricia Vasquez (905) 546-2424 Ext. 5972
SUBMITTED BY:	Shelley Hesmer Acting Director, Financial Services and Taxation Corporate Services
SIGNATURE:	

COUNCIL DIRECTION

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

INFORMATION

This Report is issued quarterly in accordance with the Procurement Policy. This report details the use of all Procurement Policy Non-Compliance Forms for the first quarter of 2022.

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

During the first quarter of 2022, there were seven (7) instances relating to the use of Policy 19, totalling \$174,331.36. The instances are summarized in Appendix "A" to Report FCS22047.

APPENDICES AND SCHEDULES ATTACHED

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SUBJECT: 2022 First Quarter Non-compliance with the Procurement Policy Report (FCS22047) (City Wide) - Page 2 of 2

Appendix "A" to Report FCS22047 – 2022 First Quarter Non-compliance with the Procurement Policy Report

2022 First Quarter Non-Compliance with the Procurement Policy Report

PO No.	Amount	Name	Division	Comments
Corporate Services				
99106	\$60,000.00	Data Communications Management Corp.	Customer Service and POA	Supply and delivery of Provincial Court Notices (Notice of Fine and Due Date) from 2021 to 2023 as part of a consortium purchase with York Region. During the transition period of the outgoing and incoming POA manager, the contract approval done by the incoming manager for the 2021 term had deviated from the approval framework. The procurement of these services was made without the proper procurement authority.
99273	\$51,625.00	Spyre Solutions Inc.	Information Technology	The provision of Professional Services to support the PeopleSoft HR System from December 1, 2021 to January 31, 2022. Although these services were required to address the legislated annual tax update, support the weekly payroll process and provide Christmas vacation coverage, the procurement was made without a new contract in place or without the proper procurement authority. Services through the use of the Professional and Consultant Services Roster were conducted without the proper Roster Use Agreement & Business Case form and purchase requisition being completed and approved.
Healthy and Safe Communities				
98900	\$43,714.82	Global Spectrum Facility Management	Medical Officer of Health	Supply and delivery of chairs, tables and drapes for the COVID-19 vaccine clinics at Limeridge Mall and Centre on Barton. Although the goods were required in order to provide supplies for the vaccine clinics, the procurement of these services was made without the proper procurement authority (i.e. competitive process or an approved Policy 11).
99203	\$12,433.60	Benson Tire Inc.	Hamilton Fire Department	Supply and delivery of AirBat Tire Pressure Monitoring Sensors. Although the goods were required and the Chief Mechanical Officer believed the required safety devices to be in short supply due to COVID-19 pressures, the procurement of these services was made without the proper procurement authority (i.e. competitive process or an approved Policy 11).
91073	\$2,000.00	A.J. Stone Company Ltd.	Hamilton Fire Department	The provision of MSA Handheld Thermal Imaging Camera OEM repairs. Although the services were required, the amount of the final repairs exceeded the approved value of the current Policy #11. The procurement of these services was made without the proper procurement authority (i.e. competitive process or an approved Policy 11).
Planning and Economic Development				

PO No.	Amount	Name	Division	Comments
P-Card	\$172.30	Ebay Commerce UK Ltd.	Tourism and Culture	Procurement of Special Edition Vans - David Bowie Hunky Dory Sneakers Men's Shoes. P-card was mistakenly used by employee's child instead of a personal credit card. The procurement of this good was made without the proper procurement authority.
Public Works				
99048	\$4,385.64	Maxim Environmental & Safety Inc.	Transportation Operations and Maintenance	The provision of Landtec Methane Detectors Calibration Services and the procurement and rental of sampling instrumentation to comply with Ministry of Environment, Conservation and Parks legislation. It was determined that the total value of the services procured was over Policy 5.1 Low Dollar Threshold (<\$10,000) therefore the procurement was not made with the proper procurement authority (i.e. competitive process or an approved Policy 11).

CITY OF HAMILTON
Summary of Tenders and Proposals Issued – January 1, 2022 – March 31, 2022

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C12-08-21	Proposal for Provision of Janitorial Cleaning Services Area E Areas D, F6 and G Area A-C, F1-F5	09/20/2021	SQM Janitorial Services Inc. Green Maples Environmental Inc. Kleenway Building Maintenance Services Inc.	3 years + 4 options	\$535,115.00 \$3,080,098.00 \$28,297,695.00	All Wards
C11-22-21	Proposal for Consulting Services for the creation of an AMR and/or AMI (Automatic Meter Reading / Advanced Metering Infrastructure) Project	09/24/2021	Diameter Services Inc.	Project Specific	\$1,051,740.00	All Wards
C11-58-21	Proposal for Property Maintenance Services at Various Hamilton Municipal Cemetery Locations Section A and C Section E and F	10/14/2021	1953530 Ontario Limited o/a Clintar Landscape Management Forest Ridge Landscaping Inc.	1 year + 4 options	\$394,350.32 \$667,171.59	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
	Section B and D		Harper's Property Maintenance Corp.		\$918,278.91	
C13-56-21	Tender for Prequalified Electrical Contractors Required for the Power System Upgrades at the Woodward Avenue Water Treatment Plant High Lift Pumping Station – Phase 2	10/14/2021	Eaton Industries (Canada) Company	Project Specific	\$267,521.00	Ward 4
C11-51-21	Proposal for Consultant Services for Stage 4 (Site 1) Archaeological Excavation for East West Corridor Waterdown	10/21/2021	Archaeological Research Associates Ltd.	Project Specific	\$359,950.00	Ward 15
C15-05-21 AM	Tender for Inverness Sewer Rehabilitation	11/18/2021	PipeFlo Contracting Corp.	Project Specific	\$252,050.00	Ward 8
C11-56-21	Tender for Phase 2 - Supply, Installation and Maintenance of Large Caliper Trees at the Lincoln Alexander Parkway Interchanges	11/22/2021	The Gordon Company	3 years	\$500,719.20	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C5-04-21	Tender for Psychological and Vocational Assessments for Ontario Works (OW) and Ontario Disability Supports Program (ODSP) Recipients	11/29/2021	Metrics Vocational Services Inc.	1 year + 4 options	\$884,525.00	All Wards
C15-41-21 BR	Tender for Miles Road - Bridge 414 Rehabilitation and Culvert 437 Replacement	12/03/2021	Decew Construction Inc.	Project Specific	\$1,019,953.00	Ward 11
C15-70-21 TR	Tender for Installation of Uninterruptible Power Supplies at Signalized Traffic Intersections near grade level Railway Crossings	12/08/2021	TM3 Inc.	Project Specific	\$337,647.83	All Wards
C15-75-21 AM	Tender for Summercrest, Brucedale and Upper Ottawa - Transmission Watermain Investigation	12/08/2021	Wesroc Construction Ltd.	Project Specific	\$279,880.00	Wards 5, 6
C13-45-21	Tender for the Upgrade of the Building Automation System (BAS) at the Macassa Lodge Long-Term Care Facility	12/10/2021	Airon HVAC and Control Ltd.	Project Specific	\$375,700.00	Ward 7

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C12-18-21	Tender for Supply and/or Delivery and Fitting of Various Safety Footwear for Eligible City of Hamilton Employees	12/13/2021		3 years + 2 options		All Wards
	Option B: In-store Services		Lawlor & Co. (Hamilton) Ltd.		\$195,650.00	
	Option A: Mobile Services		Kodiak Group Holdings o/a Work Authority		\$200,650.00	
C15-30-21 P	Tender for Kenilworth Avenue Parkette Development	12/15/2021	Three Seasons Landscape Group	Project Specific	\$116,300.00	Ward 4
C5-05-21	Tender for Supply and Delivery of Stryker EMS Stair-Pro Stair Chairs	12/17/2021	Stryker Canada ULC	1 year	\$374,624.90	All Wards
C13-52-21	Tender for General Contractor for Supply and Installation of New Ice Plant at Westoby Arena, 70 Olympic Drive, Hamilton (Dundas)	12/20/2021	Cimco Refrigeration, a Division of Toromont Industries Ltd.	Project Specific	\$559,000.00	Ward 13
C5-07-21	Tender for Supply and Delivery of Vaccine Refrigerators for Public Health	12/22/2021	VWR International	Project Specific	\$121,015.00	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C15-62-21 H	Tender for Wilson Street Resurfacing	01/07/2022	Coco Paving Inc.	Project Specific	\$3,740,000.00	Ward 12
C11-52-21	Tender for Tree Trimming and Maintenance Services Required at Various Locations	01/12/2022	1877980 Ontario Inc. o/a Kodiak Tree Services Ontario Line Clearing & Tree Experts Inc.	1 year + 2 options	\$1,282,173.98 \$1,319,176.99	All Wards
C11-60-21	Tender for Contractor Required to Perform Granular Shouldering within the City of Hamilton	01/14/2022	D&D Trucking and Construction Service Inc.	1 year + 2 options	\$589,024.80	All Wards
C15-13-21 P	Tender for Churchill Park Redevelopment Phase Two	01/18/2022	Briduco Enterprises	Project Specific	\$645,223.30	Ward 1
C15-77-21 BR	Tender for Bridge 270 - Regional Road 97 - CSP Culvert Replacements	01/19/2022	Coco Paving Inc.	Project Specific	\$1,224,710.00	Ward 13
C13-10-21	Tender for Prequalified General Contractors Required for the Osler Drive (HD011) Water Pumping Station HVAC and Health and Safety Immediate Needs Upgrades	01/20/2022	W.A. Stephenson Mechanical Contractors Ltd.	Project Specific	\$242,800.00	Ward 13

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C13-57-21	Tender for Contractor Required for Glanbrook Landfill Construction Stage 3 – Phase 2	01/21/2022	Seawaves Development Services Inc.	Project Specific	\$5,219,938.50	Ward 11
C15-07-22 BR	Tender for Bridge 282 Longwood Road over Highway 403 Rehabilitation	01/26/2022	Coco Paving Inc.	Project Specific	\$599,444.00	Ward 1
C11-04-22	Proposal for Stormwater Management Facility Vegetation Maintenance and Litter Collection	01/28/2022	Green Collar Inc.	1 year + 3 options	\$696,765.20	All Wards
C13-03-22	Tender for General Contractor Required for Chedoke Golf Clubhouse Roof Replacement	02/02/2022	Brault Roofing Inc.	Project Specific	\$156,113.00	Ward 1
C15-08-22 BR	Tender for Bridge 90 - McMurray Street Bridge Phase One North Abutment Repairs	02/03/2022	2220742 Ontario Ltd. o/a Bronte Construction	Project Specific	\$135,110.00	Ward 13
C9-02-22	Tender for Decontamination Services of Biohazard Substances, As Required for Vehicles, Holding Cells And Custody Cells	02/07/2022	First Response Environmental 2012 Inc.	1 year + 4 options	\$44,810.75	All Wards
C11-06-22	Tender for Supply and Delivery of Large Caliper Trees	02/07/2022	V. Kraus Nurseries Ltd. Uxbridge Nurseries Ltd.	1 year	\$ 15,100.00 \$ 59,140.00	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
			Braun Nursery Ltd. Dutchmaster Nurseries Ltd.		\$70,198.00 \$ 1,325,416.15	
C11-01-22	Tender for Supply and Distribution of Rain Barrels – Online Sale to City of Hamilton Residents	02/08/2022	Greenlane Environmental & Recycling Services Inc.	1 year	\$168,750.00	All Wards
C15-06-22 H	Tender for Lynbrook Drive - Milbank Place to Rolston Drive Road Resurfacing	02/08/2022	King Paving & Construction Ltd.	Project Specific	\$647,255.00	Ward 8
C11-08-22	Tender for Catch Basin Cleaning Services Required for the City of Hamilton	02/15/2022	Nieltech Services Ltd.	1 year + 4 options	\$2,591,294.80	All Wards
C18-05-22	Tender for Prequalified Contractors for Asbestos Abatement at 555 Queenston Road, Hamilton for CityHousing Hamilton	02/15/2022	QM LP o/a QM Environmental	Project Specific	\$1,333,980.00	Ward 5

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C11-02-22	Tender for Plumbing and Drain Repair Contractors for Sewer Lateral Cleaning and Inspections at Various Locations in the City of Hamilton	03/02/2022		1 year + 4 options		All Wards
	Part A: West District		1540939 Ontario Inc. o/a ARescue Rooter		\$868,125.00	
	Part B: East District		Pitton Plumbing & Heating Inc.		\$1,181,875.00	
C11-12-22	Tender for Grass Cutting and Landscaping Services for Water and Wastewater Treatment Facilities - Section 1 (Freelton/Carlisle/Waterdown) and Section 2 (Dundas/West Hamilton/Ancaster)	03/14/2022	The Gordon Company	1 year + 3 options	\$316,040.00	Wards 12,13,15

Contracts Cancelled

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Reason for Cancellation	Ward
C13-54-21	Tender for General Contractors Required for Waterdown Library Reading Terrace Roof Replacement	09/30/2021	This Request for Tenders was cancelled as all bids received were over budget. A new Request for Tenders will be issued in 2022.	Ward 15
C18-36-21	Tender for Contractor Required for Make-up Air Replacement Units at 25 Lynden Avenue (Dundas) in Hamilton for CityHousing Hamilton	11/09/2021	This Request for Tenders was cancelled as the supply of services and work could not completed within the funding timelines under the Canada-Ontario Community Housing Initiative funding program. A new Request for Tenders will be issued in 2022.	Ward 12
C18-04-22	Tender for Contractor Required for Elevator Modernization Project at 226 Rebecca Street, Hamilton for CityHousing Hamilton	05/04/2022	This Request for Tenders was cancelled due to a change in specifications. A new Request for Tenders with revised specifications will be issued in Q3 of 2022.	Ward 2

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-14-21	Proposal for Route Optimization Consultation and Analysis Required for Snow Plowing and Patrol	12/03/2021	Closed and Under Review	All Wards
C11-57-21	Tender for Supply and Delivery of Landscape, Tilt, Equipment and Shoring Trailers	12/03/2021	Closed and Under Review	All Wards
C15-76-21 HS	Tender for Dewitt Road and Highway 8 - Sewer, Watermains, Roadway, Curb and Sidewalk Reconstruction	01/20/2022	Closed and Under Review	Ward 10
C13-59-21	Proposal for Contractor Required for Large and Small Diameter Sewer Inspections in the City of Hamilton	01/21/2022	Closed and Under Review	All Wards
C11-63-21	Proposal for Professional Engineering Consultant Services Required for the Environmental Laboratory HVAC System and Associated Upgrades at the Woodward Avenue WWTP	01/25/2022	Closed and Under Review	Ward 4
C11-37-21	Proposal for Supply and Delivery of Waste Activated Sludge Thickening Polymer	01/31/2022	Closed and Under Review	All Wards
C11-03-22	Tender for Supply and Delivery of Liquid Chlorine in Railway Tank Cars	03/14/2022	Closed and Under Review	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-13-22	Proposal for Supply and Delivery of Digested Sludge Dewatering Polymer for Woodward Avenue Wastewater Treatment Plant	03/15/2022	Closed and Under Review	All Wards
C18-06-22	Tender for Contractor for Window Replacements at 120 Strathcona Avenue North in Hamilton for CityHousing Hamilton	03/17/2022	Closed and Under Review	Ward 1
C15-14-22 M	Tender for Sealing of Cracks in Surface Course Asphalt	03/21/2022	Closed and Under Review	All Wards
C11-07-22	Tender for Supply, Installation and Maintenance of Large Caliper Trees in New Subdivisions and Various Locations within Ward 7	03/25/2022	Closed and Under Review	All Wards
C13-09-22	Tender for Supply and Delivery of Air Circulation and Perimeter Heating Controls at Wentworth Lodge	03/31/2022	Closed and Under Review	Ward 13
C5-03-22	Tender for Supply and Delivery of MSA G1 Soft Goods	04/05/2022	Not closed as of April 1, 2022	All Wards
C13-13-22	Tender for Supply and Delivery of Pool Drain Heat Recovery System at Stoney Creek Recreation Centre	04/05/2022	Not closed as of April 1, 2022	Ward 5

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-24-22	Tender for Supply and Delivery of Transit Bus Brake Parts for the City of Hamilton, City of Burlington and Town of Oakville	04/06/2022	Not closed as of April 1, 2022	All Wards
C15-02-22 HSW	Tender for Barton Street East - Parkdale to Talbot Reconstruction	04/07/2022	Not closed as of April 1, 2022	Ward 4
C15-38-22 M	Tender for Concrete Sidewalk Repairs Through Ward 4	04/07/2022	Not closed as of April 1, 2022	Ward 4
C11-11-22	Proposal for Pavement Inspection Survey	04/07/2022	Not closed as of April 1, 2022	All Wards
C11-20-22	Tender for Supply and Delivery of Waste Diversion Containers	04/07/2022	Not closed as of April 1, 2022	All Wards
C11-30-22	Tender for Supply of Floral Traffic Island Watering Services	04/11/2022	Not closed as of April 1, 2022	All Wards
C13-15-22	Tender for Griffin House National Historical Site Foundation Restoration	04/11/2022	Not closed as of April 1, 2022	Ward 12

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C18-10-22	Tender for Contractor Required for Emergency Generator Replacement at 30 Congress Crescent, Hamilton for CityHousing Hamilton	04/12/2022	Not closed as of April 1, 2022	Ward 5
C11-09-22	Tender for Tree Inventory for Road Allowances, Parks and Cemeteries	04/12/2022	Not closed as of April 1, 2022	All Wards
C15-11-22 HSW	Tender for Dickenson Road East Sanitary Sewer and Watermain	04/12/2022	Not closed as of April 1, 2022	Ward 11
C15-45-22 M	Tender for 2022 Surface Treatment Program	04/13/2022	Not closed as of April 1, 2022	All Wards
C9-05-22	Tender for Print, Package and Deliver Various Size Custom Notebooks for Hamilton Police Service	04/14/2022	Not closed as of April 1, 2022	All Wards
C13-24-22	Tender for General Contractors Required for Macassa and Wentworth Lodge Roof Replacement	04/19/2022	Not closed as of April 1, 2022	Ward 7
C11-38-22	Tender for Street Lighting Underground Infrastructure Locates	04/19/2022	Not closed as of April 1, 2022	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-35-22	Tender for Ceramic Tile and Grouting Repair and Replace as and When Required at Pools and Recreation Centres	04/20/2022	Not closed as of April 1, 2022	All Wards
C13-22-22	Tender for General Contractors Required for Waterdown Library Roof Repair	04/20/2022	Not closed as of April 1, 2022	Ward 15
C18-07-22	Tender for Contractor Required for Sanitary Piping System Replacement at 350-360 King Street East, Hamilton for CityHousing Hamilton	04/21/2022	Not closed as of April 1, 2022	Ward 2
C5-04-22	Tender for Supply, Delivery and Preventive Maintenance for Stryker Power-Pro Cots and Power Load Systems	04/21/2022	Not closed as of April 1, 2022	All Wards
C11-05-22	Tender for Hourly Rental of Equipment with Operators as required for Various Maintenance Projects	04/21/2022	Not closed as of April 1, 2022	All Wards
C9-04-22	Tender for Supply and Delivery of Original Equipment Manufacturer (OEM) Vehicle Parts for Hamilton Police Service Vehicles As and When Required	04/21/2022	Not closed as of April 1, 2022	All Wards
C13-16-22	Tender for General Contracting Services for the Phase 2 Restoration of St. Marks Church	04/26/2022	Not closed as of April 1, 2022	Ward 2

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C13-17-22	Tender for Main and King Combined Sewer Overflow (CSO) Outstation Rehabilitation	04/27/2022	Not closed as of April 1, 2022	Ward 1
C11-26-22	Tender for Rental and Placement of Queue End Warning System	04/27/2022	Not closed as of April 1, 2022	All Wards
C13-14-22	Tender for Contractor Required for the Removal and Replacement of Existing Pathway at Green Acres Park	04/28/2022	Not closed as of April 1, 2022	Ward 5
C11-23-22	Proposal for Prime Consultant Services Required for the Dundas Wastewater Treatment Plant (WWTP) Health and Safety Immediate Needs and Structural Repairs	05/04/2022	Not closed as of April 1, 2022	Ward 13
C3-03-22	Proposal for Supply and Installation of a Parking Access and Revenue Control System (PARCS)	05/04/2022	Not closed as of April 1, 2022	All Wards
C11-33-22	Tender for Supply and Delivery of All-Wheel Drive (AWD) or Four-Wheel Drive (4WD) 2500 High Roof Cargo Vans	06/01/2022	Not closed as of April 1, 2022	All Wards
C11-37-22	Tender for Supply and Delivery of Light Duty Vehicles for the City of Hamilton's Fire Department	06/03/2022	Not closed as of April 1, 2022	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-28-22	Tender for Supply and Delivery of Two Cabover Dump Trucks and Two Van Body Hydrant Service Trucks	06/30/2022	Not closed as of April 1, 2022	All Wards

Cooperative Procurements

City Contract Reference	Contract Title	Cooperative Group	Effective Date (mm/dd/yyyy)	Vendor	Term	Estimated City Spend	Ward
C17-01-22	Software License Products and Related Services	Ontario Education Collaborative Marketplace	11/11/2021	CDW Canada Corp.	3 years + 3 options	\$150,000.00	All Wards



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	2022 First Quarter Request for Tenders and Proposals Report (FCS22048) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Patricia Vasquez (905) 546-2424 Ext. 5972
SUBMITTED BY:	Shelley Hesmer Acting Director, Financial Services and Taxation Corporate Services
SIGNATURE:	

COUNCIL DIRECTION

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

INFORMATION

This Report provides an update on the status of active Request for Tenders and Request for Proposals and Cooperative Procurements for the first quarter of 2022.

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

Appendix “A” to Report FCS22048 details all Request for Tenders and Request for Proposals documents issued by the City or entered into by the City through a cooperative procurement. Award information is current as of April 1, 2022.

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**SUBJECT: 2022 First Quarter Request for Tenders and Proposals Report
(FCS22048) (City Wide) - Page 2 of 2**

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS22048 – 2022 First Quarter Request for Tenders and Proposals Report



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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	Community Benefits Charge Strategy (FCS22015(b)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Carolyn Paton (905) 546-2424 Ext. 4371
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the 2022 City of Hamilton Community Benefits Charge Strategy, attached as Appendix "A" to Report FCS22015(b) dated June 2, 2022, be approved;
- (b) That a Community Benefits Charge in the amount of 4% of the market value of land be implemented against for eligible development to pay for capital costs of facilities, services and matters in compliance with the *Planning Act, R.S.O. 1990*;
- (c) That a Reserve Fund entitled "Community Benefits Charge Reserve Fund" be established for all Community Benefits Charge collections, as per Policy included in Appendix "E" to Report FCS22015(b);
- (d) That a Reserve Fund entitled "Development Charges - Community Benefits Charge Transition Reserve Fund" be established for previously collected Airport and Parking services, as per Policy included in Appendix "E" to Report FCS22015(b);
- (e) That Appendix "B" attached to Report FCS22015(b) respecting the 2022 Community Benefits Charge By-law, prepared in a form satisfactory to the City Solicitor, be passed and enacted.

**SUBJECT: Community Benefits Charge Strategy (FCS22015(b)) (City Wide) –
Page 2 of 15**

EXECUTIVE SUMMARY

The *COVID-19 Economic Recovery Act* received Royal Assent on July 21, 2020. Schedule 3 of the Act amended the *Development Charges Act* (DCA) and Schedule 17 amended the *Planning Act* including amendments to community benefits and the alternative rate of parkland dedication.

As per section 37 (5) of the *Planning Act*, a Community Benefits Charge (CBC) may be imposed for services that do not conflict with services or projects provided under a municipality's Development Charges (DC) By-law or Parkland Dedication By-law.

Community Benefits Charges are intended to work in conjunction with Development Charges and Parkland Dedication fees to ensure that municipalities have the tools and resources they need to build complete communities and support the ability to finance the infrastructure necessary to accommodate growth. Municipalities have until September 18, 2022 to transition to the new framework for Development Charges, Community Benefit Charges and Parkland Dedication. This includes adoption of a Community Benefits Charge By-law to ensure the City takes full advantage of the legislative tools available to fund growth related infrastructure.

Under the *Planning Act*, any municipality in Ontario can create and collect a CBC from new buildings or structures and redevelopment related to growth providing the development is a minimum of five storeys high and has 10 or more residential units. The CBC is paid as a one-time fee by the property developer or builder based on a maximum rate of 4% of land value as per Ontario Regulation 509/20. The CBC can be collected for any public service asset providing those costs are not already covered by Development Charges or Parkland Dedication Fees.

Table 1 identifies developments exempt from CBCs and services eligible for the application of funds received through Community Benefit Charges.

Table 1 – CBC Exempt Developments and CBC Eligible Services

Mandatory Developments Exempt from CBC's	Services Eligible to Receive CBC Funding
<ul style="list-style-type: none"> • Long-term care homes • Retirement homes • Universities, colleges and Indigenous Institutes • Memorial homes, clubhouses, or athletic grounds of the Royal Canadian Legion • Hospices 	<ul style="list-style-type: none"> • Parking and Airports (these services are no longer eligible for DC funding as of Sept. 18, 2022) • Some studies • Parkland Acquisition (more than parkland dedication) • Municipal Administration Building Expansion • Cultural Initiatives (e.g. Museums, Arts Centres, Public Arts, Heritage Preservation) • Public Realm Improvements (e.g. Community Gardens, Space for Non-Profits) • Expansion to Landfill • Eligible DC infrastructure (not included in DC)

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**SUBJECT: Community Benefits Charge Strategy (FCS22015(b)) (City Wide) –
Page 3 of 15**

In addition to the mandatory exemptions, staff have recommended CBC discretionary exemptions or reductions that align with the current DC By-law while still in effect (expires June 2024) being:

- Downtown Hamilton CIPA reduction in the amount of 40% of CBC's payable
- Residential Facility or Lodging House reduction in the amount of 50% of CBC's payable.

The City of Hamilton has engaged Watson & Associates Economists Ltd. ("Watson") to oversee the development and implementation of a CBC Strategy and By-law. The following outlines the key components in the CBC Strategy development:

- Population growth forecasts and proposed development over the next 10 years
- Estimated cost for future City services, facilities, and infrastructure
- Hamilton's land values
- Determination of the amount of money the City can collect based on eligible land values
- Allocation of revenue to approved growth capital projects

The housing unit mix for the City was derived from a detailed review of historical development activity, as well as, active residential development applications and discussions with City staff regarding anticipated development trends for Hamilton. The 2022 to 2032 household growth forecast for the City is comprised of a unit mix of 18% low density units (single-detached and semi-detached), 20% medium density units (multiples except apartments) and 62% high density units (accessory units, bachelor, 1-bedroom and 2-bedroom apartments). Based on the above indicators, the City is able to identify 11,531 CBC eligible units over the 10-year forecast period or 55% of the identified high density forecasted units.

As the CBC rate is applied against the value of land the day before a building permit is issued, average land values are required to be assessed throughout the City where development and redevelopment are anticipated. These land values assist in calculating the eligible CBC rate. The City's Corporate Real Estate Office provided average land valuations for properties anticipated for eligible high-density development in various locations across the City. Based on the growth forecast, density assumptions and land valuation assessment, the total land value for anticipated eligible high-density development was calculated to equal approximately \$261.3 M.

A review of the City's 2022-2031 Tax Capital Budget was undertaken and based on eligibility criteria, a total of \$15.5 M in eligible capital projects have been identified throughout the process, which would result in a CBC Charge of 6% of land values. Because the CBC legislation caps the charge at 4%, the estimated potential CBC recovery for the City equals approximately \$10.5 M (see Table 2) over the 10-year forecast period. Projects identified for CBC funding include Airport, Parking Services, Studies and Cultural projects, as well as, growth projects that are not eligible to be funded by DCs. Projects included in these service areas would previously have been funded through the Capital levy.

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**SUBJECT: Community Benefits Charge Strategy (FCS22015(b)) (City Wide) –
Page 4 of 15**

Table 2 – Estimated CBC Recovery on Capital Costs

Total Potential Capital Program - C.B.C. Eligible Costs	\$15,520,770
Total Land Valuation (10-Year Forecast)	\$261,263,000
Percentage of Land Value Required to fund the C.B.C. Eligible Costs	6%
Legislative Maximum C.B.C. Percentage of Land Value	4%
Total Land Valuation (10-Year Forecast)	\$261,263,000
Maximum Eligible Amount based on Total Land Valuation	\$10,450,520
Amount In Excess of Maximum Eligible Amount	\$5,070,250

Prior to passing a CBC By-law, the *Planning Act*, section 37(10) requires the City to consult with the public and such persons and public bodies as the City considers appropriate. As such, extensive consultation was carried out including two meetings with each of the Development Industry Liaison Group (DILG) and with the Development Charges Stakeholder Sub-Committee. In addition to public meetings, an awareness engagement page related to the CBC initiative through the “Engage Hamilton” platform was created. Education materials, presentations, the draft CBC Strategy and By-law were posted for a period of approximately eight weeks. The City’s engagement approach was comparable to other municipalities who are implementing a CBC By-law.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Passing of a CBC By-law will enable the City to collect funds on developments and redevelopments with five or more storeys and 10 or more residential units. CBC funds will be used as a source of financing in the Capital Budget to fund eligible growth-related projects.

Table 3 outlines projects in the 2022-2031 2022 Tax Capital Budget where CBC funds collected may be applied. These projects would otherwise have been funded by other sources such as the Capital Levy or debt or deferred. As a result, this new funding source does provide some capacity within the 10-year financing plan. By allocating CBC funds to these projects, funding room created would be available to fund Council priorities such as Affordable Housing and Climate Change.

Offsetting this capacity is the removal of Airport and Parking services as eligible under the *Development Charges Act*. The net result is an overall impact to the net levy over the ten-year period approximately \$36.6M.

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**SUBJECT: Community Benefits Charge Strategy (FCS22015(b)) (City Wide) –
Page 5 of 15**

**Table 3
Capital Expenditures, CBC Funding and
Preliminary Tax Levy Impact**

Services	Previous DC Funds	CBC Funds*	Special Growth Reserve Funds	Net Levy Impact
Airport	25,353,880	4,029,564	4,884,327	16,439,989
CBC Strategies	-	450,000	-	(450,000)
Corporate Initiatives	-	16,979	-	(16,979)
Council Initiatives	-	7,546	-	(7,546)
Culture	-	1,771,273	-	(1,771,273)
Information Technology	-	59,613	-	(59,613)
Landfill	-	2,800,134	-	(2,800,134)
Parking	32,251,548	5,168,821	6,360,984	20,721,743
Public Realm	-	3,745	-	(3,745)
Studies	5,798,815	1,213,095	-	4,585,720
Total	63,404,243	15,520,770	11,245,311	36,638,163
CBC Forecasted Collections		10,450,520		
CBC Reserve Balance		(5,070,250)		
*This assumes that we will utilize CBC supported debt to fund all eligible projects and cover the collections shortfall through debt				

Staffing: Like the Development Charges fee, the approval of a Community Benefits Charge Strategy and By-law will require an administration and implementation plan. Once collected, CBC's must be deposited in a reserve fund and may be utilized as a funding source in the Capital Budget for Council-approved projects. Each year, municipalities will be required to prepare a report detailing the status of the CBC account, including the funds collected, amounts used throughout the year and assets acquired, if any. In each calendar year, a municipality shall spend or allocate at least 60% of the monies that are in the special account at the beginning of the year. It is expected that additional resourcing will be required in both Corporate Services and Planning and Economic Development departments to ensure compliance with the legislation. At the present time, it is unknown what level of activity the CBC will generate. Once the program is in place, any new resourcing, which would have an impact on staffing levels, will be requested through future Budget processes.

Legal: The proposed By-law has been prepared by Legal Services. Once approved, the CBC By-law is subject to a 40-day appeal period. Any appeals to the CBC By-law will require further involvement from Legal Services staff.

HISTORICAL BACKGROUND

Chart 1 lists the key timelines for the development of the CBC Strategy and By-law.

**SUBJECT: Community Benefits Charge Strategy (FCS22015(b)) (City Wide) –
Page 6 of 15**

Chart 1 – CBC Chronology

Date	Action
May 2, 2019	Bill 108, <i>More Homes, More Choice Act, 2019</i> , (Bill 108) was introduced at the Ontario Legislature.
May 29, 2019	The City of Hamilton's draft comments on Bill 108 were submitted to the Province.
June 6, 2019	The City's Audit, Finance and Administration Committee endorsed the City's draft comments as the City's official comments through the approval of Report FCS19057 / LS19023. Council ratified this decision at the June 12, 2019 Council meeting.
June 6, 2019	Bill 108 completed its third reading at the Ontario Legislature.
June 21, 2019	The Province released proposed regulation content.
August 19, 2019	The City of Hamilton's comments on the proposed DC / CBC regulation content were submitted to the Province. Endorsed by Council at its meeting of August 16, 2019 through Report FCS19057(a) / LS19023(a).
December 19, 2019	The Province announces changes to the DC Act General Regulation 454/19.
February 28, 2020	The Province releases additional proposed CBC regulation content.
April 15, 2020	The City of Hamilton's comments on the proposed CBC regulation content were submitted to the Province (endorsed by Council at its meeting of August 15, 2020) through Report FCS19057(b) / LS19023(b).
September 18, 2020	Ontario Regulation 509/20 Community Benefits Charges and Parkland filed.
June 3, 2021	AF&A Committee Meeting: Report FCS21048 included a summary of the legislative changes affecting the collection of revenues to support growth related infrastructure. Adopted by City Council on June 9, 2021.
November 19, 2021	Watson & Associates Economists Limited engaged to prepare CBC Strategy and By-law.
February 28, 2022	DC Stakeholders Meeting: Report FCS22015. Adopted by City Council on March 30, 2022.
April 12, 2022	DC Stakeholders Meeting: Report FCS22015(a) CBC Engagement and Draft Strategy. Adopted by City Council on April 27, 2022.
April 14, 2022	Bill 109, <i>More Homes for Everyone Act, 2022</i> , receives Royal Assent which requires CBC bylaw review every five years.

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**SUBJECT: Community Benefits Charge Strategy (FCS22015(b)) (City Wide) –
Page 7 of 15**

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Municipalities have until September 18, 2022 to transition to the new framework for Development Charges, Community Benefit Charges and Parkland Dedication. This includes adoption of a Community Benefits Charge By-law to ensure the City takes full advantage of the legislative tools available to fund growth related infrastructure.

With the change in the legislation, all services included in the City's current DC By-law remain eligible under the DCA, except for Parking Services, Airport Services and portions of Social Services (now can only include Child Care and Early Years Programs).

Services still eligible for DC collection include:

- Water supply services, including distribution and treatment services
- Wastewater services, including sewers and treatment services
- Storm water drainage and control services
- Services related to a highway
- Transit services
- Waste diversion services
- Policing services
- Fire protection services
- Ambulance services
- Public library services
- Long-term care services
- Parks and recreation services
- Public health services
- Childcare services
- Housing services
- Services related to proceedings under the *Provincial Offences Act*; and
- Emergency preparedness services.

The Act provides that the CBC charge could include capital costs for eligible DC services that are not intended to be funded under the City's DC By-law. Capital costs may include:

- (a) costs to acquire land or an interest therein (including a leasehold interest);
- (b) costs to improve land;
- (c) costs to acquire, lease, construct or improve buildings and structures;
- (d) costs to acquire, lease or improve facilities, including rolling stock (with a useful life of seven or more years), furniture and equipment (other than computer equipment), materials acquired for library circulation, reference, or information purposes;
- (e) interest on money borrowed to pay for the above-referenced costs;
- (f) costs to undertake studies in connection with the above-referenced matters; and
- (g) costs of the CBC Strategy study.

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Page 8 of 15**

In addition, Table 4 identifies developments exempt from CBCs and services eligible for the application of funds received through Community Benefit Charges.

Table 4 – CBC Exempt Developments and CBC Eligible Services

Mandatory Developments Exempt from CBC's	Services Eligible to Receive CBC Funding
<ul style="list-style-type: none"> • Long-term care homes • Retirement homes • Universities, colleges and Indigenous Institutes • Memorial homes, clubhouses, or athletic grounds of the Royal Canadian Legion • Hospices 	<ul style="list-style-type: none"> • Parking and Airports (these services are no longer eligible for DC funding as of Sept. 18, 2022) • Some studies • Parkland Acquisition (more than parkland dedication) • Municipal Administration Building Expansion • Cultural Initiatives (e.g. Museums, Arts Centres, Public Arts, Heritage Preservation) • Public Realm Improvements (e.g. Community Gardens, Space for Non-Profits) • Expansion to Landfill • Eligible DC infrastructure (not included in DC)

Only Single and Lower Tier Municipalities are permitted to impose CBCs for higher density residential development. As stated previously, a CBC can only be charged on developments and redevelopments with five or more storeys and 10 or more residential units.

Community Benefit Charges will be capped at a maximum of 4% of land value on the day before a building permit is issued. The charge must be justified through the development of a CBC Strategy (Appendix "A" to Report FCS22015(b)) which is similar to the approach used in the City's Development Charges Background Study.

The City's CBC Strategy prepared by Watson & Associates Economists Ltd. (Watson) contains data and information required under the *Planning Act* and the related regulations.

The Strategy:

- Includes a list of projects which can be funded by CBC revenue. It is in the City's best interest to ensure that a broad range of projects are identified that captures future projects related to growth;
- Includes estimates of the anticipated amount, type and location of development and redevelopment, using the most recent growth forecast information and applications in the development process;
- Considers the timing of eligible development (10 years);
- Includes estimates of the land values of the eligible developments and determine the estimated funding envelope based on 4% of the land value; and
- Ensures that projects are not being funded by CBC revenue, Development Charges and / or parkland (Cash in lieu or CIL) as per legislation (i.e. no double dipping).

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**SUBJECT: Community Benefits Charge Strategy (FCS22015(b)) (City Wide) –
Page 9 of 15**

A comprehensive and time-sensitive schedule was put in place to meet the legislative deadline for the CBC Strategy and By-law while taking into consideration factors including public consultation, Committee and Council meetings, as well as, the upcoming municipal election.

Review of CBC By-law

Bill 109, More Homes for Everyone Act, 2022, which received Royal Assent on April 14, 2022, further amended section 37 of the *Planning Act* providing for reviews of CBC By-laws that are in effect. A CBC By-law that is in effect must be reviewed by Council five years from its passing and subsequently every five years thereafter. Upon each review, Council must pass a resolution declaring whether a revision to the CBC By-law is needed. If Council does not pass such a resolution, the CBC By-law shall be deemed to have expired on the day that is five years after the CBC By-law was passed or five years after the previous resolution.

RELEVANT CONSULTATION

Prior to passing a CBC By-law, the *Planning Act*, section 37(10) requires the City to consult with the public and such persons and public bodies as the City considers appropriate. An integrated public and industry stakeholder consultation process for the CBC Strategy has taken place throughout the development of the CBC Strategy and By-law.

A CBC Working Group comprised of key members of all City departments was formed to assist in gathering information necessary for the CBC Strategy and By-law. The Working Group was provided project updates and engaged in various discussions that were instrumental in helping prepare the basis for the strategy and By-law. In addition to the Working group, the City's Senior Leadership Team (Steering Committee) received regular updates and provided guidance and direction throughout the process. Several financial and business analysts were integral in assisting in decision-making and information gathering where necessary throughout the process.

External consultation included the following:

- Two Development Industry Liaison Group (DILG) meetings
- Two Development Charges Stakeholder Sub-Committee meetings.

These targeted meetings were held to present the strategy's purpose, approach and proposed CBC By-law. Information about the CBC is available for the public to read and learn more about on the City's corporate website, as well as, posted to the Engage Hamilton platform: <https://engage.hamilton.ca/community-benefits-charges-strategy> providing education materials, key dates and timelines, presentation and videos of sub-committee meetings.

**SUBJECT: Community Benefits Charge Strategy (FCS22015(b)) (City Wide) –
Page 10 of 15**

The CBC information has been available on this platform since early April 2022 for anyone interested in following the progress of the strategy. As of the end of May, total project page “engaged” visits equal five, 42 visitors are “informed” and 125 visitors to the site are considered “aware”. Appendix “D” to Report FCS22015(b) provides a summary of the feedback received through the Engage Hamilton platform. The external consultation process is like that of other municipalities going through the same process.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The following represents a high-level review of the components in the CBC process:

- Population growth forecasts and proposed development over the next 10 years;
- Estimated cost for future City services, facilities and infrastructure;
- Hamilton’s land values;
- Determination of the amount of money the City is estimated to collect based on eligible land values and expected development; and
- Allocation of revenue to eligible growth capital projects.

The CBC By-law will apply to all lands within the City. Unlike DCs, there is no mandatory requirement for CBCs to consider area rating of services. Through the CBC strategy process, discussions with City staff took place related to structuring the charge on a municipal-wide versus area-specific basis. As the services being provided in the strategy are not restricted to one specific area and are anticipated to be used by all residents with a City-wide benefit, the charges have been provided on a municipal-wide basis.

Land Valuation

As the CBC rate is applied against the value of land the day before a building permit is issued, average land values are required to be assessed throughout the City where development and redevelopment are anticipated. These land values are necessary to calculate the eligible CBC rate (up to a maximum of 4%). The City’s Corporate Real Estate Office provided average land valuations for properties anticipated for eligible high-density development.

The land valuations were provided for various locations throughout the City, including inside and outside the downtown secondary plan for the lower Hamilton area, the Ancaster / Dundas / Flamborough area and the Glanbrook / Stoney Creek / Upper Hamilton area. Further, inside the downtown secondary plan area, land values were provided for “mid-rise” units (i.e. buildings with five to 15 storeys) and “high-rise” units (i.e. buildings with greater than 15 storeys). Based on the growth forecast, density assumptions and land valuation assessment, the total land value for eligible high density was calculated to equal approximately \$261.3 M (see Table 5).

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Page 11 of 15**

Table 5 – Land Valuation by Area and CBC Eligible Units

Area	Total C.B.C. Eligible Units	Average Land Value Per Acre	Average Units Per Acre	Estimated Total Acres	Total Land Value
Ancaster	-	\$5,000,000	130	-	\$0
Dundas	253	\$5,000,000	130	2.0	\$9,753,000
Flamborough	307	\$5,000,000	130	2.4	\$11,834,000
Glanbrook	-	\$3,000,000	150	-	\$0
Upper Hamilton	3,889	\$3,000,000	150	25.9	\$77,780,000
Stoney Creek	2,837	\$3,000,000	150	18.9	\$56,740,000
Lower Hamilton (Inside the Downtown Secondary Plan Area):					
Mid-Rise (5-15 Storeys)	40	\$8,000,000	510	0.1	\$628,000
High-Rise (Over 15 Storeys)	3,195	\$13,500,000	570	5.6	\$75,671,000
Lower Hamilton (Outside the Downtown Secondary Plan Area)	1,010	\$8,000,000	280	3.6	\$28,857,000
Total	11,531			58.4	\$261,263,000

If a development or redevelopment consists of two or more above-grade buildings, that will not be constructed concurrently and will be built at different times, each phase being considered separate development or re-development. The CBC charge for the first building will be calculated at 4% of the land value the day before the building permit is issued. For each subsequent building, the CBC will be charged based on 4% at the land value date less the CBC paid for the first building. If the difference is zero or negative, no CBC will be charged. There will be no credit given to a developer by the City should the difference be less than zero. The proposed By-law (Appendix “B” to Report FCS22015(b)) reflects this change in proposed policy from what was previously posted publicly.

The housing unit mix for the City was derived from a detailed review of historical development activity, as well as, active residential development applications and discussions with City staff regarding anticipated development trends. The 2022 to 2032 household growth forecast for the City is comprised of a unit mix of 18% low density units (single-detached and semi-detached), 20% medium density (multiples except apartments) and 62% high density (accessory units, bachelor, 1-bedroom and 2-bedroom apartments) units.

A CBC may be imposed if the development of a proposed building or structure has five or more storeys at or above ground and has 10 or more residential units or redevelopment of an existing building or structure that will have five or more storeys at or above ground after redevelopment and proposes to add 10 or more residential units to an existing building or structure. Based on the above indicators, the the City can identify 11,531 CBC eligible units over the 10-year forecast period or 55% of the identified high density forecasted units.

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Page 12 of 15**

Exemptions

The following is a list of CBC mandatory exemptions under Subsection 37(4) of the *Planning Act*.

- Long-term care homes
- Retirement homes
- Universities, colleges, and Indigenous Institutes
- Memorial homes, clubhouses, or athletic grounds of the Royal Canadian Legion
- Hospices

In addition to the exemptions noted above, the CBC will not apply to buildings or structures owned by and used for the purposes of any municipality, local board or Board of Education.

The City of Hamilton's DC By-law has historically contained several discretionary DC policies with full or partial exemptions. In consultation with the CBC Working Group and the Senior Leadership Team, any discretionary exemptions included in the CBC policy and By-law are aligned with the current DC By-law while still in effect (expires June 2024). These include:

- A reduction in the amount of 40% of CBC's payable to the City providing that the property is within the boundaries of the Downtown CIPA as illustrated on Schedule "A" to the attached By-law (Appendix "B" to Report FCS22015(b)); and
- A reduction in the amount of 50% of CBC's payable to the City for the purpose of creating a Residential Facility or Lodging House within the existing Building envelope.

In-Kind Contributions

A municipality that has passed a CBC By-law may, but is not required, to allow the landowner to provide to the municipality: facilities, services or matters required because of development or redevelopment in the area to which the By-law applies. Prior to providing these contributions, the municipality shall advise the landowner of the value of the In-Kind contributions that will be attributed to them. This value shall be deducted from the amount the landowner would otherwise be required to pay under the CBC By-law.

In-Kind contributions will add a significant burden on administration and should be reviewed prior to the City consenting. Because of this and other considerations, In-Kind contributions will be considered at the sole discretion of the General Manager, Finance and Corporate Services. The value of the contribution must be evaluated by an external party prior to consideration by the City. The cost of the evaluation will be borne solely by the developer. All in-kind contributions must be endorsed by Council.

**SUBJECT: Community Benefits Charge Strategy (FCS22015(b)) (City Wide) –
Page 13 of 15**

Special Reserve Fund Account

All funds collected under the CBC By-law are to be deposited into a special Reserve Fund (special account) and used solely for growth capital projects included in the CBC Strategy. CBC Reserve funds are to be invested in securities (as permitted under the *Municipal Act*) and the interest earnings shall be paid into the special account. In each year, a municipality must spend or allocate at least 60% of the monies that are in the special account at the beginning of the year. Like legislative DC reporting, the City must prepare reports and information as set out in section 7 of O. Reg. 509/20 outlining balances and use of funds.

As of September 18, 2022, changes to the Development Charges Act have also disallowed a municipality from collecting Development Charges for Airport or Parking Services. Funds currently in these respective DC Reserve Funds will be transferred into General Parking and Airport Reserve Funds to be used for these services in future capital projects.

Evaluating and Financing Capital Costs

For capital costs identified for recovery through a CBC, a review of the City's 2022-2031 approved 2022 Tax Capital Budget was undertaken. Each eligible capital project was assessed to determine if there were deductions required to the gross costs related to excess capacity, benefit to existing development and grants, subsidies, or other contributions known. The resultant net costs were then evaluated for CBC eligibility.

By evaluating the approved 2022-2031 Capital Budget, the City has identified eligible capital costs in the amount of \$15.5 M as outlined in Table 6, These costs are more than the maximum CBC revenue available (approximately \$10.45 M). The allocation of CBC revenue to eligible capital projects will be subject to the annual capital budget process, hence, allocations to individual projects will be identified at that time. Appendix "C" to Report FCS22015(b) provides a summary of the capital projects used in this analysis.

Table 6 – CBC Eligible Capital Costs by Service

Services	Gross Cost	Benefit to Existing Deduction	Grants, Subsidies & Other Contributions	Net Growth-Related Costs	C.B.C. Eligible Costs
D.C. Services Becoming Ineligible:					
Municipal Parking	65,447,500	37,892,500	156,000	27,399,000	5,168,821
Airport Services	27,380,000	6,020,000	-	21,360,000	4,029,564
Growth Studies	9,164,500	2,734,100	-	6,430,400	1,213,095
Total DC Services Becoming Ineligible	101,992,000	46,646,600	156,000	55,189,400	10,411,480
Other Capital Needs (based on 2022 Capital Plan):					
CBC Strategies	450,000	-	-	450,000	450,000
Landfill Services	25,349,000	6,290,900	6,539,900	12,518,200	2,800,134
Cultural Services	27,328,500	19,285,500	1,124,640	6,918,360	1,771,273
Public Realm Initiatives	198,450	178,600	-	19,850	3,745
Corporate Initiatives	900,000	810,000	-	90,000	18,979
Information Technology	3,160,000	2,844,000	-	316,000	59,613
Council Initiatives	400,000	360,000	-	40,000	7,548
Total Other Potential Capital	57,785,950	29,769,000	7,664,540	20,352,410	5,109,289
Total Potential Capital Program	159,777,950	76,415,600	7,820,540	75,541,810	15,520,770

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Page 14 of 15**

It should be noted that Affordable Housing is not listed as a service in Table 6. Currently, a comprehensive affordable housing program is still in its initial stages of development. Once this program has been advanced by the City, it will be considered as an eligible service funded through the CBC program. The City remains eligible to collect and fund Social Housing with both Development Charges and tax revenue.

The recommended financing option for approved and eligible capital projects (Table 7), allocates the estimated CBC revenue the City expects to collect over the next 10-year period. CBC revenue will be utilized to replace revenue lost through changes in DC Legislation for Airport and Parking Services, Studies and Cultural projects, as well as, to fund services required to accommodate growth that are not eligible to be funded by DCs. Projects included in these service areas would previously have been funded through the Capital levy (Table 7).

Table 7 – Allocation of CBC Funds to Capital Projects 2022-2031

Services	Previous DC Funds	CBC Funds*	Special Growth Reserve Funds	Net Levy Impact
Airport	25,353,880	4,029,564	4,884,327	16,439,989
CBC Strategies	-	450,000	-	(450,000)
Corporate Initiatives	-	16,979	-	(16,979)
Council Initiatives	-	7,546	-	(7,546)
Culture	-	1,771,273	-	(1,771,273)
Information Technology	-	59,613	-	(59,613)
Landfill	-	2,800,134	-	(2,800,134)
Parking	32,251,548	5,168,821	6,360,984	20,721,743
Public Realm	-	3,745	-	(3,745)
Studies	5,798,815	1,213,095	-	4,585,720
Total	63,404,243	15,520,770	11,245,311	36,638,163
CBC Forecasted Collections		10,450,520		
CBC Reserve Balance		(5,070,250)		
*This assumes that we will utilize CBC supported debt to fund all eligible projects and cover the collections shortfall through debt				

Table 7 also illustrates that, because of the legislated cap on the charge at 4%, collections of CBC funds are not sufficient to fund the mix of eligible growth capital projects. With both a loss of DC revenue and a shortfall of projected CBC revenue, funding for projects which require advancement will need additional funding, thereby necessitating an increase in the City's tax levy. In total, the tax levy impact could be \$36.6 M over the 10-year period. This would equate to an annual tax levy increase of approximately 0.37% annually over the 10-year period. Any increases to the tax levy would be dealt with during Budget deliberations in future budget processes.

By allocating CBC funds to these projects, funding room created would be available to fund Council priorities such as Affordable Housing and Climate Change.

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Page 15 of 15**

ALTERNATIVES FOR CONSIDERATION

The alternative is to not enact a CBC By-law. Without a CBC By-law, the City will no longer be able to collect revenue for Airport, Parking Services and some studies or services. Not passing a CBC By-law translates into lost funding for these growth-related services. Should these services still be a priority by Council, additional tax funding will be required, thereby causing an increase in taxes.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

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

Economic Prosperity and Growth

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

Built Environment and Infrastructure

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

APPENDICES

Appendix “A” to Report FCS22015(b) – Community Benefits Charge Strategy

Appendix “B” to Report FCS22015(b) – Community Benefits Charge By-law

Appendix “C” to Report FCS22015(b) – 2022-2031 CBC Eligible Capital Projects

Appendix “D” to Report FCS22015(b) – Engage Hamilton Summary Report

Appendix “E” to Report FCS22015(b) – CBC Reserve Policies

CP/dt



Community Benefits Charge Strategy

City of Hamilton

June 2, 2022

Watson & Associates Economists Ltd.
905-272-3600
info@watsonecon.ca



This report provides for minor updates to the April 6, 2022 Draft Community Benefits Charge Strategy. Areas of the report which are been refined are as follows:

- Section 4.2 C.B.C. - Eligible Cost Analysis – includes within the discussion, acknowledgement that Table 4-1 has deducted the Development Charge Reserve Fund Balances for Municipal Parking and Airport
- Section 6.2.3 - Exemptions – provides for discretionary exemptions to align with the City's present Development Charge exemptions for Downtown CIPA and for a Residential Facility/Lodging House
- Section 6.2.5 - In-Kind Contributions – provides for clarification as to how potential In-Kind contributions will be considered by the City
- Section 6.2.2 - Maximum Amount of the Community Benefit Charge – provides for clarification of the calculation should multiple buildings be constructed on the land at different times.

The proposed by-law for Council's consideration is also provided in Appendix C to this report.

Table of Contents

	Page
1. Introduction.....	1-1
1.1 Purpose of this Document.....	1-1
1.2 Legislative Context	1-2
1.2.1 Bill 197 - COVID-19 Economic Recovery Act, 2020.....	1-2
1.3 Current Policies	1-4
1.4 Summary of the Process.....	1-4
2. Anticipated Development.....	2-1
2.1 Requirement of the Act	2-1
2.2 Basis of Population, Household and Employment Forecast	2-1
2.3 Summary of Growth Forecast	2-1
2.4 Land Valuation.....	2-11
2.5 Land Analysis	2-12
3. The Approach to the Calculation of the Charge	3-1
3.1 Introduction	3-1
3.2 Anticipated Development and Redevelopment	3-2
3.3 Services Potentially Involved	3-2
3.4 Increase in the Need for Service.....	3-2
3.5 Capital Forecast.....	3-3
3.6 Deductions.....	3-3
3.6.1 Reduction for Excess Capacity	3-4
3.6.2 Reduction for Benefit to Existing Development	3-4
3.6.3 Reduction for Anticipated Grants, Subsidies and Other Contributions.....	3-5
3.7 Municipal-wide vs. Area Rating.....	3-5
3.8 Land Valuation Analysis.....	3-6
3.9 Calculation of the Community Benefit Charge	3-6
4. C.B.C.-Eligible Cost Analysis	4-1
4.1 Introduction	4-1



Table of Contents (Cont'd)

	Page
4.2 Allocation of Costs to Eligible High-Density Growth.....	4-1
4.3 C.B.C. Eligible Cost Analysis	4-4
5. C.B.C. Calculation	5-1
5.1 Anticipated Funding Recovery	5-1
6. C.B.C. Policy Recommendations and C.B.C. By-law Rules	6-1
6.1 C.B.C. Policies.....	6-1
6.2 C.B.C. By-law Rules	6-1
6.2.1 Payment in any Particular Case.....	6-1
6.2.2 Maximum Amount of the Community Benefit Charge	6-2
6.2.3 Exemptions (full or partial)	6-2
6.2.4 Timing of Collection	6-4
6.2.5 In-kind contributions.....	6-4
6.2.6 The Applicable Areas.....	6-4
6.2.7 Special Account	6-4
6.2.8 Credits	6-5
6.2.9 By-law In-Force Date	6-5
6.3 Recommendations	6-6
7. By-law Implementation	7-1
7.1 Introduction	7-1
7.2 Public Consultation Process	7-1
7.2.1 Required Consultation	7-1
7.2.2 Interested Parties to Consult.....	7-1
7.3 Anticipated Impact of the Charge on Development.....	7-2
7.4 Implementation Requirements	7-3
7.4.1 Introduction	7-3
7.4.2 Notice of Passage.....	7-3
7.4.3 Appeals.....	7-3
7.4.4 In-Kind Contributions	7-4
7.5 Ongoing Application and Collection of C.B.C. funds.....	7-6
7.5.1 Introductions	7-6
7.5.2 Overview of Process and Appraisals	7-6
7.5.3 Special Reserve Fund Account.....	7-7
7.6 Transitional Matters	7-10
7.6.1 Existing Reserves and Reserve Funds	7-10
7.6.2 Credits under Section 38 of the Development Charges Act.....	7-10
7.6.3 Continued Application of Previous Section 37 Rules	7-10
Appendix A Background Information on Residential and Non-Residential Growth Forecast	A-1

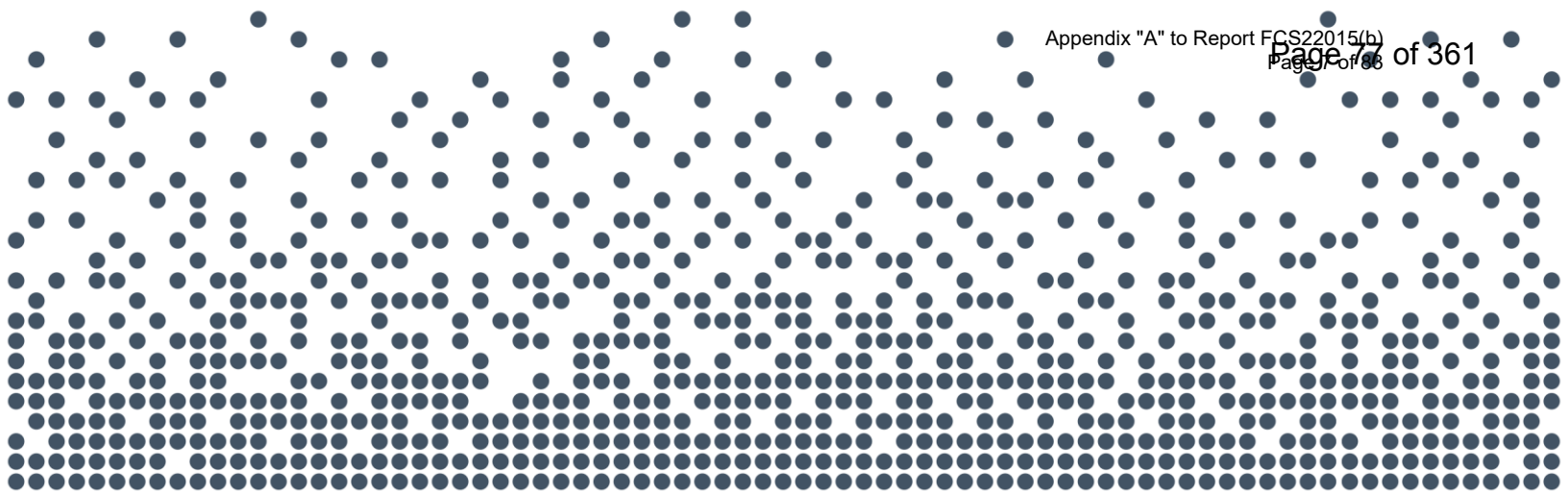


Table of Contents (Cont'd)

	Page
Appendix B Land Valuation Mapping	B-1
Appendix C Proposed C.B.C. By-law	C-1

List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
C.B.C.	Community Benefits Charge
C-I-L	Cash-in-lieu
D.C.	Development Charge
D.C.A.	Development Charges Act, 1997, as amended
G.R.I.D.S.	Growth Related Integrated Development Strategy
N.F.P.O.W.	No fixed place of work
O.L.T.	Ontario Land Tribunal
O. Reg.	Ontario Regulation
P.P.U.	Persons per unit
sq.ft.	square foot
sq.m.	square metre



Report



Chapter 1

Introduction



1. Introduction

1.1 Purpose of this Document

This strategy report has been prepared pursuant to the requirements of the Planning Act, 1990, (section 37) and, accordingly, recommends the imposition of a Community Benefits Charge (C.B.C.) and associated policies for the City of Hamilton (the “City”).

The City retained Watson & Associates Economists Ltd. (Watson), to undertake the C.B.C. strategy process in December, 2021. Watson worked with City staff preparing the C.B.C. analysis and policy recommendations contained within this strategy.

The C.B.C. strategy report, containing the proposed C.B.C. by-law, will be distributed to members of the public in order to provide interested parties the background information on the legislation, the recommendations contained herein, and an outline of the basis for these recommendations.

This report has been prepared, in the first instance, to meet the statutory requirements applicable to the City’s C.B.C. strategy, as summarized in Chapter 3. It also addresses the requirement for “rules” (contained in Chapter 6) and the proposed by-law to be made available as part of the approval process (included as Appendix C).

In addition, the report is designed to set out sufficient background on the legislation (Chapter 3) and the policies underlying the proposed by-law, to make the exercise understandable to those who are involved.

Finally, the report addresses post-adoption implementation requirements (Chapter 7) which are critical to the successful application of the new policy.

The chapters in the strategy report are supported by Appendices containing the data required to explain and substantiate the calculation of the charge. A full discussion of the statutory requirements for the preparation of a strategy and calculation to support the C.B.C. rate is provided herein.



1.2 Legislative Context

1.2.1 *Bill 197 - COVID-19 Economic Recovery Act, 2020*

The COVID-19 Economic Recovery Act received Royal Assent on July 21, 2020. Schedule 3 of the Act amends the Development Charges Act (D.C.A.) and Schedule 17 amends the Planning Act (including amendments to community benefits and the alternative rate of parkland dedication). These amendments replace those not proclaimed under the More Homes, More Choice Act (Bill 108).

The COVID-19 Economic Recovery Act amendments in Schedules 3 and 17 were proclaimed and came into effect on September 18, 2020. In regard to the C.B.C., eligible municipalities have two years after the date of proclamation (i.e., September 18, 2022) to transition to the new rules and pass a C.B.C. by-law if they wish to continue imposing these charges.

D.C.A. Amendments:

Changes to Eligible Services – the amendments reframe the context of the D.C.A. from a tool to fund services that are not defined as "ineligible," to only include "eligible" services for which development charges (D.C.s) may be imposed. Eligible services applicable to the City include:

- Water supply services, including distribution and treatment services;
- Wastewater services, including sewers and treatment services;
- Storm water drainage and control services;
- Services related to a highway;
- Transit services;
- Waste diversion services;
- Policing services;
- Fire protection services;
- Ambulance services;
- Public library services;
- Long-term care services;
- Parks and recreation services;
- Public health services;



- Child-care services;
- Housing services;
- Services related to proceedings under the Provincial Offences Act; and
- Emergency preparedness services.

C.B.C. Amendments:

As per section 37 (5) of the Planning Act, a C.B.C. may be imposed for services that do not conflict with services or projects provided under a municipality's D.C. by-law or Parkland dedication by-law. Hence, the service provided under the C.B.C. would be defined as follows:

- (a) land for park or other public recreational purposes in excess of lands dedicated or provided cash-in-lieu payments under section 42 or 51 of the Planning Act;
- (b) services not provided under section 2 (4) of the D.C.A. (as noted above);
- (c) capital costs for eligible D.C. services that are not intended to be funded under the City's D.C. by-law.

Single-tier and lower-tier municipalities may impose a C.B.C. against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies. As noted above, there are no restrictions on the services that may be included in the charge, with the exception of capital costs included under a D.C.A. by-law or Cash-in-Lieu (C-I-L) of Parkland by-law. There are, however, restrictions on the application of the charges, i.e., a C.B.C. may not be imposed with respect to:

- development or redevelopment of fewer than 10 residential units, and in respect of buildings or structures with fewer than five storeys;
- a building or structure intended for use as a long-term care home;
- a building or structure intended for use as a retirement home;
- a building or structure intended for use by a university, college, or an Indigenous Institute;
- a building or structure intended for use as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion;
- a building or structure intended for use as a hospice to provide end-of-life care; or



- not-for-profit housing.

O. Reg. 509/20 specifies that a maximum charge of 4% of the value of land at the time of building permit issuance may be imposed. Prior to adopting a C.B.C. by-law the municipality must undertake a C.B.C. strategy report and follow the required public procedure. The C.B.C. by-law is appealable to the Ontario Land Tribunal (O.L.T.).

1.3 Current Policies

Historically, the City has not imposed charges related to community benefits under the prior Planning Act section 37 provisions.

1.4 Summary of the Process

Prior to passing a C.B.C. by-law, the Planning Act, section 37 (10) requires the City to consult with the public and such persons and public bodies as the City considers appropriate. As such, meetings to be undertaken for the City include two with the Development Industry Liaison Group (DILG), two with the Development Charges Stakeholder Sub-Committee, and one with the City's Audit, Finance and Administration (AF&A) Committee. These meetings are being held to present the strategy's purpose, approach, and proposed C.B.C. by-law. The feedback received during the public consultation will be reported back to Council during a meeting scheduled for June 8, 2022 prior to Council's consideration of the by-law on June 22, 2022. In addition, the City has posted an awareness engagement page related to the C.B.C. through the "Engage Hamilton" website (<https://engage.hamilton.ca/community-benefits-charges-strategy>) which provides education materials, a few action items, presentation and videos of sub-committee meetings, so that the public community can follow the progress of the strategy.

Figure 1-1 provides an outline of the schedule to be followed with respect to the C.B.C. strategy and by-law adoption and implementation process.



Figure 1-1
City of Hamilton
Schedule of Key Dates in the C.B.C. Strategy Process

Item	Date
1. Data collection, land valuation analysis, growth forecast development, capital needs assessment, staff review, C.B.C. calculations and policy work.	December 2021 to March 2022
2. D.C. Stakeholder Sub-Committee Meeting/Presentation	February 28, 2022
3. Meeting with Development Industry Liaison Group (DILG)	March 14, 2022
4. Release of C.B.C. Strategy Report and proposed by-law	June 2, 2022
5. D.C. Stakeholder Sub-Committee Meeting/Presentation	April 12, 2022
6. Meeting with Development Industry Liaison Group (DILG)	May 9, 2022
7. Audit, Finance and Administration (AF&A) Committee Public Meeting	May 19, 2022
8. Meeting of Council advertisement placed in newspaper(s)	Last week of May, 2022
9. Meeting of Council to present the C.B.C. Strategy and proposed by-law	June 8, 2022
10. Council considers adoption of C.B.C. strategy and passage of by-law	June 22, 2022
11. Notice given of by-law passage	No later than 20 days after passage
12. Last day for by-law appeal	40 days after passage



Chapter 2

Anticipated Development in the City of Hamilton



2. Anticipated Development

2.1 Requirement of the Act

Chapter 3 provides the methodology for calculating a C.B.C. as per the Planning Act. Figure 3-1 presents this methodology schematically. It is noted in the first box of the schematic that in order to determine the C.B.C. that may be imposed, it is a requirement of section 37 (9) of the Planning Act and O. Reg. 509/20 that “the anticipated amount, type and location of development and redevelopment, for which a C.B.C. can be imposed, must be estimated.”

The growth forecast contained in this chapter (with supplemental tables in Appendix A) provides for the anticipated development for which the City will be required to provide services over a 10-year (mid-2022 to mid-2032) time horizon.

2.2 Basis of Population, Household and Employment Forecast

The C.B.C. growth forecast has been derived by Watson. In preparing the growth forecast, the following information sources were consulted to assess the residential and non-residential development potential for the City over the forecast period, including:

- Growth Related Integrated Development Strategy (G.R.I.D.S.) 2 and Municipal Comprehensive Review – Final Land Needs Assessment and Addendum and Peer Review Results (PED17010(n)) (City Wide), November 9, 2021;
- 2006, 2011, 2016 and 2021 population and household Census data;
- 2006, 2011 and 2016 employment Census data;
- Historical residential building permit data over the 2012 to 2021 period;
- Residential supply opportunities as identified by City staff; and
- Discussions with City staff regarding anticipated residential development in the City.

2.3 Summary of Growth Forecast

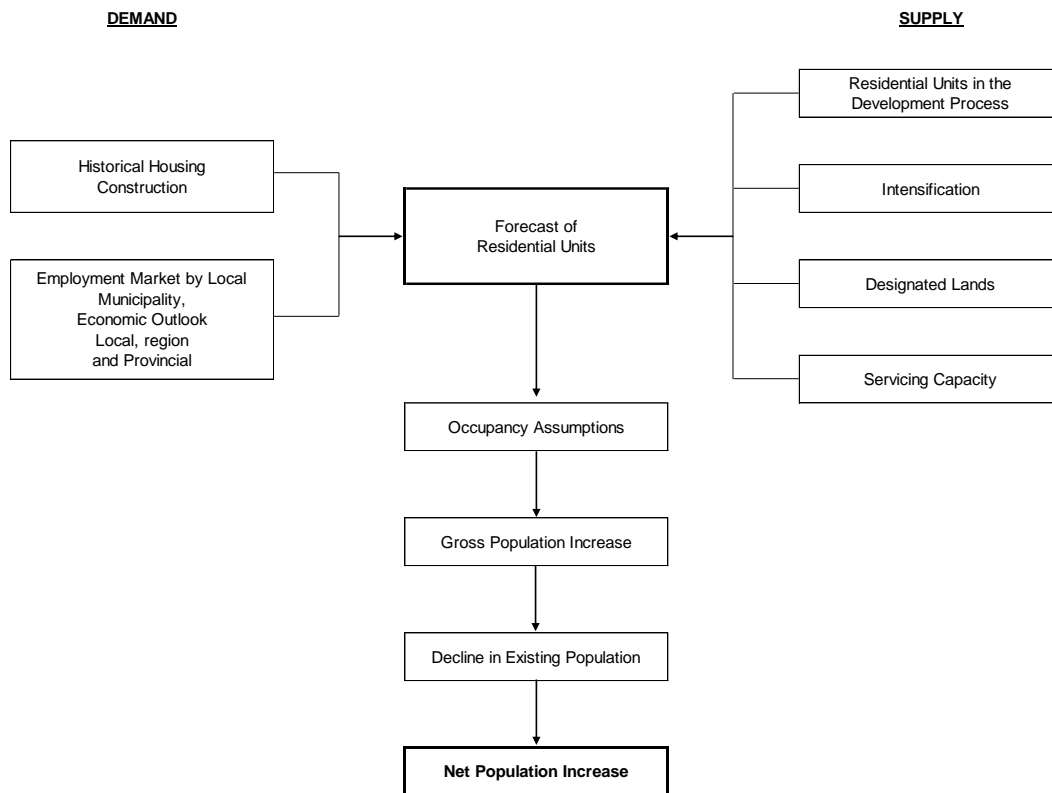
A detailed analysis of the residential and non-residential growth forecasts is provided in Appendix A and the methodology employed is illustrated in Figure 2-1. The discussion



provided herein summarizes the anticipated growth for the City and describes the basis for the forecast. The results of the residential growth forecast analysis are summarized in Table 2-1 below, and Schedule 1 in Appendix A.

As identified in Table 2-1 and Schedule 1, the City's population is anticipated to reach approximately 641,880 by mid-2032, resulting in an increase of 65,100 persons, over the 10-year forecast period.¹

Figure 2-1
Household Formation-based Population and Household Projection Model



¹ The population figures used in the calculation of the 2022 C.B.C. exclude the net Census undercount, which is estimated at approximately 2.9%.



**Table 2-1
City of Hamilton
Residential Growth Forecast Summary**

	Year	Population (Including Census Undercount) ^[1]	Excluding Census Undercount			Housing Units					Persons Per Unit (P.P.U.): Total Population/ Total Households
			Population	Institutional Population	Population Excluding Institutional Population	Singles & Semi- Detached	Multiple Dwellings ^[2]	Apartments ^[3]	Other	Total Households	
Historical	Mid 2006	518,990	504,559	8,969	495,590	118,020	25,450	50,265	730	194,465	2.595
	Mid 2011	534,820	519,949	10,309	509,640	124,433	27,760	50,800	813	203,806	2.551
	Mid 2016	552,270	536,917	8,982	527,935	127,705	31,405	51,680	810	211,600	2.537
Forecast	Mid 2022	593,270	576,774	10,032	566,742	131,610	37,496	58,063	810	227,979	2.530
	Mid 2032	660,230	641,875	11,197	630,678	137,583	44,308	78,998	810	261,699	2.453
Incremental	Mid 2006 - Mid 2011	15,830	15,390	1,340	14,050	6,413	2,310	535	83	9,341	
	Mid 2011 - Mid 2016	17,450	16,968	-1,327	18,295	3,272	3,645	880	-3	7,794	
	Mid 2016 - Mid 2022	41,000	39,857	1,050	38,807	3,905	6,091	6,383	0	16,379	
	Mid 2022 - Mid 2032	66,960	65,101	1,165	63,936	5,973	6,812	20,935	0	33,720	

Source: Derived from City of Hamilton No Urban Boundary Expansion Scenario (September, 2021) forecast for the City of Hamilton and discussions with municipal staff regarding servicing and land supply by Watson & Associates Economists Ltd., 2022.

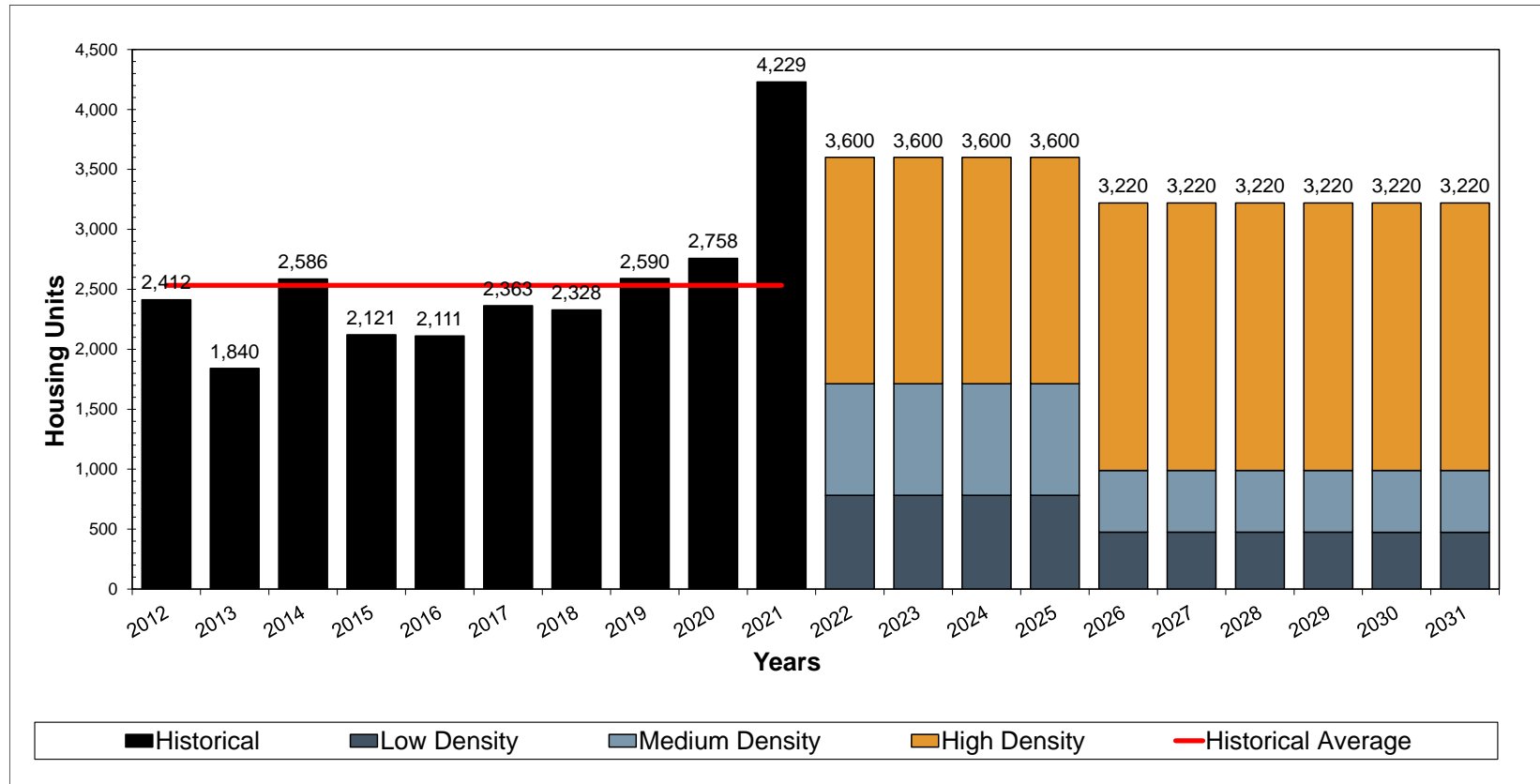
^[1] Census undercount estimated at approximately 2.9%. Note: Population including the undercount has been rounded.

^[2] Includes townhouses and apartments in duplexes.

^[3] Includes bachelor, 1-bedroom and 2-bedroom+ apartments.



Figure 2-2
 City of Hamilton
 Annual Housing Forecast^[1]



Source: Historical housing activity derived from City of Hamilton building permit data, 2012 to 2021.

^[1] Growth forecast represents calendar year.



Provided below is a summary of the key assumptions and findings regarding the City C.B.C. growth forecast:

1. Unit Mix (Appendix A – Schedules 1, 5 and 6)

- The housing unit mix for the City was derived from a detailed review of historical development activity (as per Schedule 6), as well as active residential development applications (as per Schedule 5) and discussions with City staff regarding anticipated development trends for Hamilton.
- Based on the above indicators, the 2022 to 2032 household growth forecast for the City is comprised of a unit mix of 18% low density units (single detached and semi-detached), 20% medium density (multiples except apartments) and 62% high density (accessory units, bachelor, 1-bedroom and 2-bedroom apartments) units.

2. C.B.C.-Eligible Units

- Subsection 37 (4) of the Planning Act establishes the criteria for a development to be C.B.C. eligible. A C.B.C. may be imposed if:
 - Development of a proposed building or structure has five or more storeys at or above ground and has 10 or more residential units;
 - Redevelopment of an existing building or structure that will have 5 or more storeys at or above ground after redevelopment and proposes to add 10 or more residential units to an existing building or structure; or
 - Such types of development or redevelopment as prescribed. 2020, c. 18, Sched. 17, section 1.
- The C.B.C.-eligible unit forecast is derived based on the established criteria above and a detailed review of historical Census housing trends, historical development activity (as per Schedule 6), active residential development applications (as per Schedule 5) and discussions with City staff regarding anticipated C.B.C.-eligible developments.
- Based on the above indicators, the City is forecast to accommodate 11,531 C.B.C.-eligible household units over the 10-year forecast period. This translates to 55% of all high-density units, including accessory units, being C.B.C. eligible from 2022 to 2032. Table 2-2 and Schedule 2



summarizes the anticipated amount, type, and location of development for the City by development location.

3. Geographic Location of C.B.C.-Eligible Residential Development (Appendix A – Schedule 2)

- Schedule 2 summarizes the anticipated amount, type, and location of C.B.C.-eligible development by area for the City.
- In accordance with forecast demand and available land supply, the amount and percentage of forecast C.B.C.-eligible housing growth between 2022 and 2032 by development location is summarized in Table 2-2.
- The Lower Hamilton Area has been broken down into the following additional sub-areas: Inside the Downtown Secondary Plan Area and Outside the Downtown Secondary Plan Area (see maps in Appendix B).



Table 2-2
City of Hamilton
Residential High-Density Growth by Development Area

Development Location	Total High-Density Housing Growth, 2022 to 2032 ^[1]	C.B.C.-Eligible Share	C.B.C.-Eligible Housing Growth, 2022 to 2032	C.B.C.-Housing Growth Shares by Location, 2022 to 2032
Ancaster	471	0%	0	0%
Dundas	253	100%	253	2%
Flamborough	2,953	10%	307	3%
Sub-total Ancaster, Dundas, Flamborough	3,677	15%	560	5%
Glanbrook	197	0%	0	0%
Upper Hamilton	5,779	67%	3,889	34%
Stoney Creek	4,371	65%	2,837	25%
Sub-total Glanbrook, Dundas, Flamborough	10,347	65%	6,726	58%
Lower Hamilton (inside Downtown Secondary Plan)	3,249	100%	3,235	28%
Lower Hamilton (outside Downtown Secondary Plan)	3,662	28%	1,010	9%
Sub-Total Lower Hamilton	6,911	61%	4,245	37%
Total City of Hamilton	20,935	55%	11,531	100%

^[1] High density includes accessory apartments, bachelor, 1-bedroom and 2-bedroom+ apartments.

Source: Watson & Associates Economists Ltd.



4. Planning Period

- A 10-year planning horizon has been used based on the City's budgeting forecast period, recognizing that there are a number of planning initiatives underway that will identify growth outside the planning horizon which has not yet been endorsed within an Official Plan.

5. Population in New Units (Appendix A – Schedules 3 and 4)

- The number of housing units to be constructed by 2032 in the City over the forecast period is presented in Figure 2-2. Over the 2022 to 2032 forecast period, the City is anticipated to average 3,372 new housing units per year.
- Institutional population¹ is anticipated to increase by approximately 1,165 people between 2022 to 2032.
- Population in new units is derived from Schedules 3 and 4 which incorporate historical development activity, anticipated units (see unit mix discussion) and average persons per unit (P.P.U.) by dwelling type for new units.
- Schedule 7 summarizes the average P.P.U. assumed for new housing units by age and type of dwelling based on Statistics Canada 2016 custom Census data for the City. The total calculated 15-year adjusted average P.P.U.s by dwelling type are as follows:
 - Low density: 3.381
 - Medium density: 2.334
 - High density:² 1.634

6. Existing Units and Population Change (Appendix A – Schedules 3 and 4)

- Existing households for mid-2022 are based on the 2016 Census households, plus estimated residential units constructed between mid-2016 and end of year 2021, assuming a six-month lag between construction and occupancy (see Schedule 3).

¹ Institutional population largely includes special care facilities such as nursing home or residences for senior citizens. A P.P.U. of 1.100 depicts 1-bedroom and 2-or-more-bedroom units in collective households.

² Includes accessory units, bachelor, 1-bedroom and 2-or-more-bedroom apartments.



- The decline in average occupancy levels for existing housing units is calculated in Schedules 3 and 4, by aging the existing population over the forecast period. The forecast population decline in existing households over the 2022 to 2032 forecast period is approximately 6,370.

7. Employment (Appendix A – Schedule 8)

- The employment projections provided herein are largely based on the activity rate method, which is defined as the number of jobs in the City divided by the number of residents. Key employment sectors include primary, industrial, commercial/population-related, institutional, and work at home, which are considered individually below.
- 2016 employment data¹ (place of work) for the City is outlined in Schedule 8. The 2016 employment base is comprised of the following sectors:
 - 1,845 primary (1%);
 - 15,805 work at home employment (8%);
 - 47,760 industrial (23%);
 - 74,260 commercial/population related (37%); and
 - 63,665 institutional (31%).
- In accordance with the 2016 Statistics Canada Census, the City's 2016 employment base by usual place of work, including work at home, is 203,335. An additional 29,160 employees have been identified for the City in 2016 that have no fixed place of work (N.F.P.O.W.).²
- Total employment, including work at home and N.F.P.O.W. for the City is anticipated to reach approximately 274,420 by mid-2032. This represents an employment increase of approximately 32,620 for the 10-year forecast period.
- Schedule 8, Appendix A, summarizes the employment forecast, excluding work at home employment and N.F.P.O.W. employment, which is the basis for the C.B.C. employment forecast. The impact on municipal

¹ 2016 employment is based on Statistics Canada 2016 Place of Work Employment dataset by Watson & Associates Economists Ltd.

² No fixed place of work is defined by Statistics Canada as "persons who do not go from home to the same workplace location at the beginning of each shift. Such persons include building and landscape contractors, travelling salespersons, independent truck drivers, etc."



services from work at home employees has already been included in the population forecast. The need for municipal services related to N.F.P.O.W. employees has largely been included in the employment forecast by usual place of work (i.e., employment and gross floor area generated from N.F.P.O.W. construction employment).

- Total employment for the City (excluding work at home and N.F.P.O.W. employment) is anticipated to reach approximately 219,340 by mid-2032. This represents an employment increase of approximately 27,500 for the 10-year forecast period.

Based upon the above information, the following summaries are provided for use in the calculations presented in chapter 4, as follows:

- Of the services to be provided, most service costs will be allocated a 70% residential share (Table 2-3).
- Of the residential portion of the costs, 49% of the population is forecast to reside in high-density residential units (Table 2-4).
- Of those who reside in high density residential units, 55% are forecast to reside in units to which the C.B.C. may be imposed (Table 2-5).

Table 2-3
 Residential and Non-Residential Growth Share based on Incremental Growth in Population and Employment over the 10-Year Forecast Period

Residential Population and Non-Residential Employment Growth	Population/ Employment Growth	Residential/ Non- Residential Growth %
Residential Net Population Growth	65,101	70%
Employment Growth (net of Work at Home & N.F.P.O.W.)	27,504	30%
Total Population & Employment Growth	92,605	100%



Table 2-4
Low/Medium Density Growth and High-Density Growth Share

Residential Density	Residential Population Growth	% of Gross Population in New Units
Low/Medium Density	36,094	51%
High Density	34,208	49%
Total Residential Growth Forecast	70,302	100%

Table 2-5
Eligible and Ineligible High-Density Growth Share

Residential High Density	Residential Population Growth	% of Gross Population in High Density Units
Eligible High Density Growth	18,842	55%
Ineligible High Density Growth	15,366	45%
Total Residential High Density Growth Forecast	34,208	100%

2.4 Land Valuation

As the C.B.C. rate is applied against the value of land the day before a building permit is issued, average land values are required to be assessed in various locations throughout the City where development and redevelopment is anticipated. These land values assist in calculating the eligible C.B.C. rate (up to a maximum of 4%). As such, the City's Corporate Real Estate Office provided input into the analysis.

Staff from the City's Corporate Real Estate Office undertook land value estimates to assist with the implementation of this C.B.C. strategy. The land valuations were based on high density residential lands in three locations within the City. The high-density



lands were based on lands permitted to be developed into buildings with five storeys or more and a minimum of 10 residential units.

The areas assessed are provided below along with mapping provided in Appendix B:

1. Ancaster/Dundas/Flamborough Area;
2. Glanbrook, Stoney Creek, Upper Hamilton Area; and
3. Lower Hamilton Area which was further broken down into two (2) sub-areas:
 - a. Inside the Downtown Secondary Plan Area; and
 - b. Outside the Downtown Secondary Plan Area.

For the development that is located inside the Downtown Secondary Plan Area, a further breakdown for the high-density was made to account for buildings that are considered “Mid-Rise” (i.e. between 5 and 15 storeys) and “High-Rise” (i.e. over 15 storeys).

Table 2-6 provides the findings of the land valuation assessment for eligible high-density development, by area.

Table 2-6
 Summary of Land Valuations by Area

Area	Estimated Median (\$/acre)
Upper Hamilton, Stoney Creek, Glanbrook (Map 1 – Area 2)	\$3,000,000
Ancaster, Dundas, Flamborough, Westdale (Map 1 - Area 1)	\$5,000,000
Lower Hamilton Outside of Downtown Secondary Plan Area (Map 1 – Area 3)	\$8,000,000
Downtown Secondary Plan Area - Low-Rise & Mid-Rise (Map 2)	\$8,000,000
Downtown Secondary Plan Area - High-Rise (Map 2)	\$13,500,000

2.5 Land Analysis

For purposes of calculating the total land value potential for high-density development in the City, the eligible high-density growth forecast was aligned with the average land



valuations based on applications in the planning process and the anticipated growth over the 10-year forecast. Table 2-7 provides for the assumptions on growth by area and the corresponding land valuations.

Table 2-7
Summary of Eligible High-Density Growth in the Planning Process by Area

Area	C.B. C. Eligible Units				Average Land Value Per Acre
	Registered	Draft Approved	Pending	Total	
Ancaster	-	-	-	-	\$5,000,000
Dundas	-	132	121	253	\$5,000,000
Flamborough	-	233	74	307	\$5,000,000
Glanbrook	-	-	-	-	\$3,000,000
Upper Hamilton	-	1,462	2,427	3,889	\$3,000,000
Stoney Creek	1,023	367	1,447	2,837	\$3,000,000
Lower Hamilton (Inside the Downtown Secondary Plan Area):					
Mid-Rise (5-15 Storeys)	-	40	-	40	\$8,000,000
High-Rise (Over 15 Storeys)	-	764	2,431	3,195	\$13,500,000
Lower Hamilton (Outside the Downtown Secondary Plan Area)	-	885	125	1,010	\$8,000,000
Total	1,023	3,883	6,625	11,531	

Based on the average land valuations identified in Table 2-7 and the eligible high-density units anticipated to develop over the forecast period, the total land value is calculated for each area by converting the units to estimated total acres.

To undertake this conversion, the average eligible high-density units per acre have been estimated by area. The high-density growth identified in Dundas provided for an average of 130 units per acre. Currently there are no active applications in the planning process for Ancaster and Glanbrook, therefore, it has been assumed that the high-density growth in the Ancaster area would be similar to that anticipated in Dundas, while the high-density growth in Glanbrook provided for an average of 150 units per acre. Based on current applications in the development process, an average of 130 units per acre are anticipated within the Flamborough Area, 150 units per acre in the Upper Hamilton and Stoney Creek areas. Within the Lower Hamilton (Inside the Downtown Secondary Plan Area) the assumption for high-density growth is 510 units per acre in the mid-rise (5-15 storeys) and 570 units per acre in the high-rise (over 15 storeys) areas. The remaining area of Lower Hamilton (Outside the Downtown Secondary Plan) is generating an average 280 units per acre based on current applications.



Once the eligible units have been converted to acres of land (by area), the acres are multiplied by the land values to determine a total land value which will be used as the denominator in the C.B.C. calculations. Table 2-8 provides for these calculations. An estimated 58.4 acres of eligible high-density growth is anticipated over the 10-year forecast period; with the total land value estimated at approximately \$261 million.

Table 2-8
Summary of Eligible High-Density Growth and Total Land Value by Area

Area	Total C.B.C. Eligible Units	Average Land Value Per Acre	Average Units Per Acre	Estimated Total Acres	Total Land Value
Ancaster	-	\$5,000,000	130	-	\$0
Dundas	253	\$5,000,000	130	2.0	\$9,753,000
Flamborough	307	\$5,000,000	130	2.4	\$11,834,000
Glanbrook	-	\$3,000,000	150	-	\$0
Upper Hamilton	3,889	\$3,000,000	150	25.9	\$77,780,000
Stoney Creek	2,837	\$3,000,000	150	18.9	\$56,740,000
Lower Hamilton (Inside the Downtown Secondary Plan Area):					
Mid-Rise (5-15 Storeys)	40	\$8,000,000	510	0.1	\$628,000
High-Rise (Over 15 Storeys)	3,195	\$13,500,000	570	5.6	\$75,671,000
Lower Hamilton (Outside the Downtown Secondary Plan Area)	1,010	\$8,000,000	280	3.6	\$28,857,000
Total	11,531			58.4	\$261,263,000



Chapter 3

Approach to the Calculation

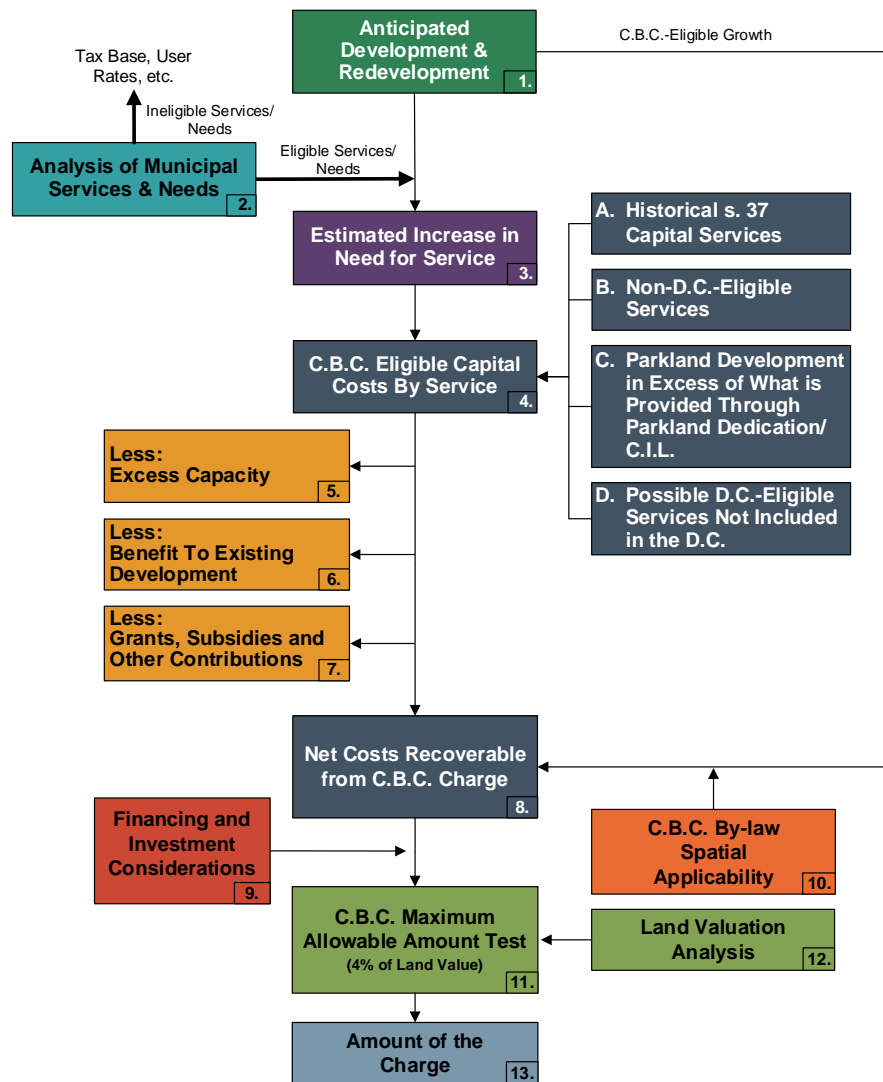


3. The Approach to the Calculation of the Charge

3.1 Introduction

This chapter addresses the requirements of subsection 37(9) of the Planning Act and sections 2 and 3 of O. Reg. 509/20 with respect to the establishment of the need for service which underpins the C.B.C. calculation. These requirements are illustrated schematically in Figure 3-1.

Figure 3-1
 The Process of Calculating a Community Benefits Charge under the Planning Act





3.2 Anticipated Development and Redevelopment

The anticipated development and redevelopment forecast is provided in chapter 2 (with supplemental tables in Appendix A). This chapter provides for the anticipated over all growth within the City over a 10-year (mid-2022 to mid-2032) time horizon and then estimates the residential units eligible to be considered as per section 37 (4) of the Planning Act.

3.3 Services Potentially Involved

As per section 37 (5) of the Planning Act, a C.B.C. may be imposed for services that do not conflict with services or projects provided under a municipality's D.C. by-law or Parkland dedication by-law. Hence, the service provided under the C.B.C. would be defined as follows:

- (a) land for park or other public recreational purposes in excess of lands dedicated or provided cash-in-lieu payments under section 42 or 51 of the Planning Act.
- (b) services not provided under section 2 (4) of the D.C.A.
- (c) capital costs for eligible D.C. services that are not intended to be funded under the City's D.C. by-law.

Examples of services not provided by a D.C. or Parkland by-law include (but are not limited to) capital facilities and equipment for municipal parking, airports, municipal administration building expansions, museums, arts centres, public art, heritage preservation, landfill, public realm improvements, community gardens, space for non-profits, etc.

3.4 Increase in the Need for Service

Similar to a D.C., the C.B.C. calculation commences with an estimate of "the increase in the need for service attributable to the anticipated development," for eligible services to be covered by the by-law. There must be some form of link or attribution between the anticipated development and the estimated increase in the need for service. While the need could potentially be expressed generally in terms of units of capacity, a project-specific expression of need would appear to be most appropriate. This is suggested by



the requirement of section 2 (e) of O. Reg. 509/20 which provides “include estimates of the capital costs necessary to provide the facilities, services and matters referred to in clause 2 (b).” As noted, this is a similar consideration provided when undertaking a D.C. calculation.

3.5 Capital Forecast

Section 37 (2) of the Planning Act provides that, “The council of a local municipality may by by-law impose community benefits charges against land to pay for the capital costs of facilities, services and matters.” The Act does not define what capital costs may be included within the charge. As noted in section 3.3 above, the Act provides that the C.B.C. charge could include capital costs for eligible D.C. services that are not intended to be funded under the City’s D.C. by-law. This provision suggests that capital costs may be defined in an equivalent manner as the D.C.A. Hence, based on this relationship with the D.C.A., capital costs may include:

- (a) costs to acquire land or an interest therein (including a leasehold interest);
- (b) costs to improve land;
- (c) costs to acquire, lease, construct or improve buildings and structures;
- (d) costs to acquire, lease or improve facilities, including rolling stock (with a useful life of 7 or more years), furniture and equipment (other than computer equipment), materials acquired for library circulation, reference, or information purposes;
- (e) interest on money borrowed to pay for the above-referenced costs;
- (f) costs to undertake studies in connection with the above-referenced matters; and
- (g) costs of the C.B.C. Strategy study.

3.6 Deductions

The section 2 of O. Reg. 509/20 potentially requires that three deductions be made to the capital costs estimates. These relate to:



- excess capacity;
- benefit to existing development; and
- anticipated grants, subsidies, and other contributions.

The requirements behind each of these reductions are addressed below.

3.6.1 Reduction for Excess Capacity

Section 2 (c) of O. Reg. 509/20 requires the identification of the excess capacity that exists in relation to the facilities, services and matters referred to in clause 2(b) suggesting the need for a potential deduction to the capital.

“Excess capacity” is undefined, but in this case, the excess capacity must be able to meet some or all of the increase in need for service, in order to potentially represent a deduction. The deduction of excess capacity from the future increase in the need for the service would normally occur as part of the conceptual planning and feasibility work associated with justifying and sizing new facilities, e.g., if a new landfill site to accommodate increased solid waste generated by the new growth is not required because sufficient excess capacity is already available, then a landfill site expansion would not be included as an increase in need, in the first instance.

3.6.2 Reduction for Benefit to Existing Development

Section 2 (c) of O. Reg. 509/20 of the D.C.A. provides that the capital estimates identify extent to which an increase in a facility, service or matter referred to in clause 2 (b) of the regulation would benefit existing development. The general guidelines used to consider benefit to existing development included:

- the repair or unexpanded replacement of existing assets that are in need of repair;
- the elimination of a chronic servicing problem not created by growth; and
- providing services where none previously existed (for example, extending garbage pickup to the rural area which previously did not receive the municipal service).

Where existing development has an adequate service level which will not be tangibly increased by an increase in service, no benefit would appear to be involved. For example, where expanding existing garbage collection vehicles simply replicates what



existing residents are receiving, they receive very limited (or no) benefit as a result. On the other hand, where a clear existing service problem is to be remedied, a deduction should be made accordingly.

In the case of services such as cultural facilities, the service is typically provided on a municipal-wide system basis. For example, facilities of the same type may provide different services (i.e., art vs. theatre), different programs (i.e., art classes vs. acting classes), and different time availability for the same service (i.e., art classes available on Wednesdays in one facility and Thursdays in another). As a result, residents will travel to different facilities to access the services they want at the times they wish to use them, and facility location generally does not correlate directly with residence location. Even where it does, displacing users from an existing facility to a new facility frees up capacity for use by others and generally results in only a very limited benefit to existing development. Further, where an increase in demand is not met for a number of years, a negative service impact to existing development is involved for a portion of the planning period.

3.6.3 Reduction for Anticipated Grants, Subsidies and Other Contributions

This step involves reducing the capital costs by capital grants, subsidies, and other contributions made or anticipated by Council and in accordance with various rules such as the attribution between the share related to new vs. existing development. That is, some grants and contributions may not specifically be applicable to growth or where Council targets fundraising as a measure to offset impacts on taxes.

Although specific grants, subsidies and/or other contributions may not be currently identified and reduced in the calculations, due diligence will be undertaken by City staff during the annual budget process to net off any future identified funding from these other sources.

3.7 Municipal-wide vs. Area Rating

This step involves determining whether all of the subject costs are to be recovered on a uniform municipal-wide basis or whether some or all are to be recovered on an area-specific basis. Unlike D.C.s, there is no mandatory requirement to consider area rating of services (providing charges for specific areas and services); however, the legislation



does not prohibit area rating. There may be instances where Council may consider varying rates to align with other policies or possible incentives in the development area.

Through the C.B.C. strategy process, discussions with City staff took place related to structuring the charge on a municipal-wide vs. area specific basis. As the services being provided in the strategy are not restricted to one specific area and are anticipated to be used by all residents with a city-wide benefit, the charges have been provided on a municipal-wide basis. For example, cultural facilities are provided in different parts of the City, and they will be accessed by residents from all areas depending on the programming offered within the facilities and personal interests. Although the charges are to be calculated and imposed on a city-wide basis, consideration of location of the projects will take place through the annual budget process.

3.8 Land Valuation Analysis

To facilitate the rate calculation provided in section 3.9, an estimate of the market value of the land related to the anticipated applicable development/redevelopment presented in section 3.2, needs to be undertaken. It is noted that the land values may vary based on a number of factors including location, zoning density, parcel size, etc., however, these values should estimate the land value the day before building permit issuance. This data may be available from municipal staff, or the municipality may consider engaging the assistance of a land appraiser.

3.9 Calculation of the Community Benefit Charge

Section 37(32) of the Planning Act provides that the amount of the Planning Act provides that the maximum charge which can be imposed is prescribed by the regulations. O. Reg 509/20 section 3 provides that the maximum charge is to be 4%.

To calculate the rate, the net capital cost (provided by netting the deductions set out in section 3.6 from the capital presented in section 3.5) divided by the land values related to the anticipated applicable development/redevelopment produces a percentage of the capital cost to the land value. The product of this calculation provides for the eligible rate. As noted above, the maximum rate to be imposed is 4%; hence, the rate can any rate between 0% and 4%.



Chapter 4

C.B.C.-Eligible Cost Analysis



4. C.B.C.-Eligible Cost Analysis

4.1 Introduction

This chapter outlines the basis for calculating eligible costs to be recovered through C.B.C.s which are to be applied on a uniform basis throughout the City. In each case, the required calculation process set out in O. Reg. 509/20 section 2 (a) through (f) to the Planning Act and described in Chapter 3 was followed in determining C.B.C.-eligible costs.

The nature of the capital projects and timing identified in the Chapter reflects City staff's recommendation based on Council policy directions. However, it is recognized that over time, capital projects and Council priorities change; accordingly, Council's intentions may alter, and different capital projects (and timing) may be necessary to meet the need for services required by new growth.

4.2 Allocation of Costs to Eligible High-Density Growth

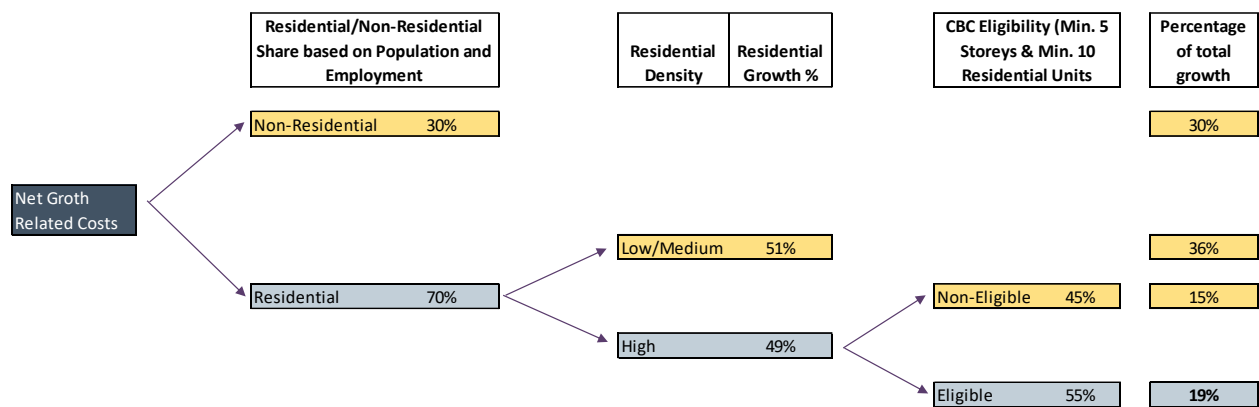
For capital costs identified for recovery through the C.B.C., a review of the gross costs has been made based on information provided by City staff. Each capital project was assessed to determine if there were deductions required to the gross costs related to excess capacity, benefit to existing development, and grants, subsidies, or other contributions known. The resultant net growth costs were then allocated based on the following:

- Net costs for most services were apportioned between residential and non-residential growth (Table 2-3) based upon the relation between population and employment; however, similar to the City's D.C. background study, parks, recreation, and culture were apportioned 95% residential and 5% non-residential.
- The costs associated with residential growth were then further apportioned between low/medium density growth and total high-density growth anticipated over the forecast (Table 2-4).
- Finally, the costs associated with the total high-density growth were apportioned to eligible growth (i.e., buildings with a minimum of five storeys and a minimum of 10 residential units) and ineligible growth (Table 2-5).



As noted above, similar to the calculations undertaken in the City’s D.C. study, some services are shared between residential and non-residential growth based on the incremental population and employment for the forecast period. Based on the C.B.C. 10-year forecast, this would result in an allocation of 70% residential/30% non-residential. Figure 4-1 provides flowchart of the shares that would be assigned to services such as municipal parking, airport services, growth studies, public realm initiatives, corporate initiatives, information technology, and Council initiatives. As noted in Tables 2-3 through 2-5, the allocations between the total growth anticipated over the forecast period would result in 19% of net growth-related costs being eligible for recovery through the C.B.C. (see Table 4-1).

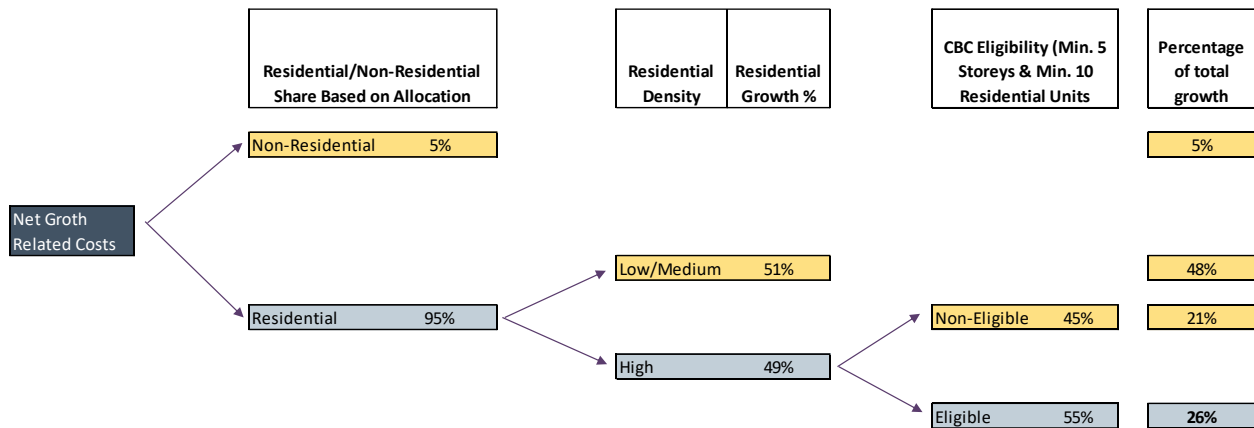
Figure 4-1
Growth Shares for City-Wide Services



As the predominant users of parks, recreation and culture tend to be residents of the City, the forecast growth-related costs have been allocated 95% to residential and 5% to non-residential, similar to the allocations provided for in the City’s D.C. study for these types of services. Figure 4-2 provides flowchart of the shares that would be assigned to cultural services. Therefore, for these services, the total growth anticipated over the forecast period would result in 26% of net growth-related costs being eligible for recovery through the C.B.C. (see Table 4-2).

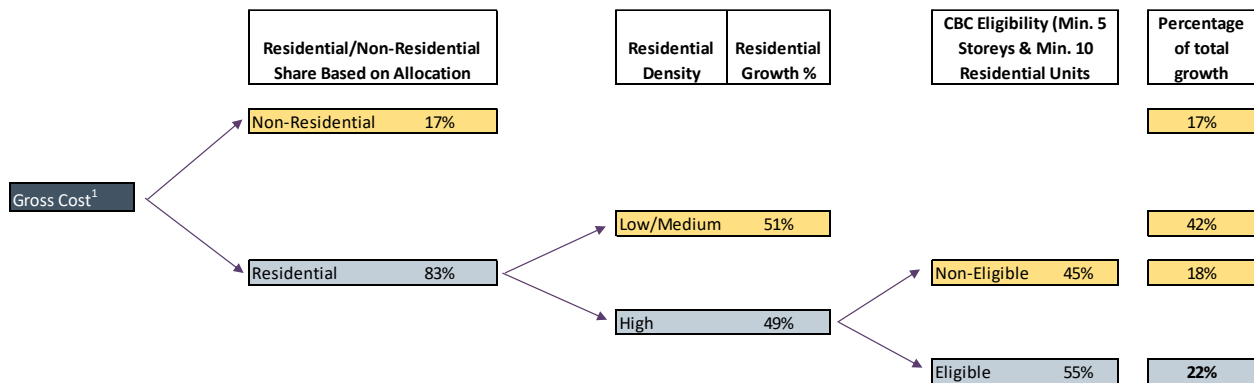


Figure 4-2
Growth Shares for Cultural Services



For the costs related to landfill services, the forecast growth-related costs have been allocated 83% to residential and 17% to non-residential, similar to the allocations provided for in the City’s D.C. study for these types of services. This allocation is based on the average number of residential vs. non-residential properties that waste is collected from. Figure 4-2 provides flowchart of the shares that would be assigned to cultural services. Therefore, for these services, the total growth anticipated over the forecast period would result in 22% of net growth-related costs being eligible for recovery through the C.B.C. (see Table 4-3).

Figure 4-3
Growth Shares for Landfill Services



For the costs related to undertaking the C.B.C. Strategy Study, 100% is attributable to the eligible high-density growth as the C.B.C. is not applicable to other forms of development (see Table 4-4).



4.3 C.B.C. Eligible Cost Analysis

This section provides for the evaluation of development-related capital requirements over a 10-year planning horizon. The projects include growth studies, municipal parking, airport services, C.B.C. strategies, cultural services, landfill services, public realm initiatives, corporate initiatives, information technology, Council initiatives, and collections & program development. As municipal parking and airport services are no longer eligible for recovery through D.C.s, some of the outstanding projects that were included in the City's 2019 D.C. study have been carried forward into the C.B.C. project listing (note also that the Development Charge Reserve balances for both services have been deducted from these projects to provide for a net capital cost to be included within the calculations). In addition, there were a number of growth-related studies that were removed from the D.C. growth studies list during the 2021 D.C. update study, those that have not been undertaken to date, have also been included in the C.B.C. project listing.

The estimated gross cost of each project has been reviewed with staff and where necessary, deductions have been made to recognize the benefit the projects have to the existing community. Further, the projects that have been identified have been reviewed and currently, and where known, anticipated grants, subsidy or other funding anticipated have been deducted. For landfill, a deduction has been made for the portion of projects that related to waste diversion, as that portion is being recovered through D.C.s. Finally, as the projects are associated with future service needs consideration was given to the capacity available for the existing service and projects provided are considered to be incremental costs to service the future growth needs.

Based on the calculations and allocations to eligible high-density growth, the City has identified \$15.52 million in eligible net growth-related costs to be included within the C.B.C. calculations (see Table 5-2 Summary of Growth Related Costs).



Table 4-1
Capital Infrastructure Needs to be Recovered through C.B.C.s for Municipal Parking, Airport Services, Growth Studies, Public Realm Initiatives, Corporate Initiatives, Information Technology, Collections & Program Development, and Council Initiatives

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Less:		Net Growth-Related Cost	Total Non-Residential Share	Total Residential Share	Low/Medium Density Residential	Total High Density Residential	Potential C.B.C. Recoverable Cost	
				Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development						Ineligible High Density Residential	Eligible High Density Residential
	2022-2031						30%	70%				
	Municipal Parking:											
1	Downtown Parking Structure	2023	29,680,000	4,155,200	-	25,524,800	7,657,440	17,867,360	9,112,354	8,755,006	3,939,753	4,815,254
2	West Harbour Development - Parking Structure	2028-2030	34,590,000	25,013,000	-	9,577,000	2,873,100	6,703,900	3,418,989	3,284,911	1,478,210	1,806,701
2	Parking Payment Equipment	2022-2031	877,500	614,300	156,000	107,200	32,160	75,040	38,270	36,770	16,546	20,223
3	License Plate Reading Tech	2022	300,000	270,000	-	30,000	9,000	21,000	10,710	10,290	4,631	5,660
4	D.C. Reserve Fund Adjustment		-	7,840,000	-	(7,840,000)	(2,352,000)	(5,488,000)	(2,798,880)	(2,689,120)	(1,210,104)	(1,479,016)
	Airport Services											
1	Provision for Additional lands needed for runway expansion and cargo road.	2022-2031	27,380,000	-	-	27,380,000	8,214,000	19,166,000	9,774,660	9,391,340	4,226,103	5,165,237
2	D.C. Reserve Fund Adjustment		-	6,020,000	-	(6,020,000)	(1,806,000)	(4,214,000)	(2,149,140)	(2,064,860)	(929,187)	(1,135,673)
	Growth Studies:											
1	Comprehensive Zoning By-Law 05-200 Update	2022	65,300	32,700	-	32,600	9,780	22,820	11,638	11,182	5,032	6,150
2	Site Plan Guidelines Update/Consolidation	2022	229,000	-	-	229,000	68,700	160,300	81,753	78,547	35,346	43,201
3	Natural Areas Inventory Study	2022-2028	343,800	34,400	-	309,400	92,820	216,580	110,456	106,124	47,756	58,368
4	City-wide Employment Survey	2022-2028	1,031,000	-	-	1,031,000	309,300	721,700	368,067	353,633	159,135	194,498
5	Human Services Study	2022-2025	258,000	129,000	-	129,000	38,700	90,300	46,053	44,247	19,911	24,336
6	Ontario Works Review	2022-2025	129,000	96,800	-	32,200	9,660	22,540	11,495	11,045	4,970	6,075
7	Human Services Market Planning Study	2022-2025	258,000	64,500	-	193,500	58,050	135,450	69,080	66,371	29,867	36,504
8	Neighbourhood Community Needs Study	2022-2025	77,400	38,700	-	38,700	11,610	27,090	13,816	13,274	5,973	7,301
9	Provision for Growth Component of Unidentified Studies	2022-2023	2,600,000	-	-	2,600,000	780,000	1,820,000	928,200	891,800	401,310	490,490
10	Public Art Master Plan Review	2022	18,000	9,000	-	9,000	2,700	6,300	3,213	3,087	1,389	1,698
11	Part IV Designation of Properties under the Ontario Heritage Act	2022-2031	1,485,000	1,336,500	-	148,500	44,550	103,950	53,015	50,936	22,921	28,015
12	City Wide Employment Survey	2025	385,000	-	-	385,000	115,500	269,500	137,445	132,055	59,425	72,630
13	Comprehensive Zoning By-Law	2023	1,535,000	767,500	-	767,500	230,250	537,250	273,998	263,253	118,464	144,789
14	Centennial Neighborhood Streetscape and Public Realm Design Study	2023	500,000	-	-	500,000	150,000	350,000	178,500	171,500	77,175	94,325
15	School Crossing Review	2022	100,000	90,000	-	10,000	3,000	7,000	3,570	3,430	1,544	1,887
16	HAAA Feasibility Study	2022	150,000	135,000	-	15,000	4,500	10,500	5,355	5,145	2,315	2,830



Table 4-1

Capital Infrastructure Needs to be Recovered through C.B.C.s for Municipal Parking, Airport Services, Growth Studies, Public Realm Initiatives, Corporate Initiatives, Information Technology, Collections & Program Development, and Council Initiatives

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Less:		Net Growth-Related Cost	Total Non-Residential Share	Total Residential Share	Low/Medium Density Residential	Total High Density Residential	Potential C.B.C. Recoverable Cost	
				Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development						Ineligible High Density Residential	Eligible High Density Residential
2022-2031							30%	70%				
Public Realm Initiatives:												
1	King St W Bus Imprv Area Gateway	2022	12,450	11,200	-	1,250	375	875	446	429	193	236
2	Main St W Bus Imprv Area Gateway	2022	150,000	135,000	-	15,000	4,500	10,500	5,355	5,145	2,315	2,830
3	Inter Village BIA Gateway	2022	36,000	32,400	-	3,600	1,080	2,520	1,285	1,235	556	679
Corporate Initiatives:												
1	Digital/Open Data Infrastructure	2022-2024	300,000	270,000	-	30,000	9,000	21,000	10,710	10,290	4,631	5,660
2	Digital Office: Smart City and Digital Transformation Program	2022-2023	200,000	180,000	-	20,000	6,000	14,000	7,140	6,860	3,087	3,773
3	Digital Office: Smart City and Digital Transformation Program	2022-2023	400,000	360,000	-	40,000	12,000	28,000	14,280	13,720	6,174	7,546
Information Technology:												
1	Business Systems and Services Continuity Plan	2022	150,000	135,000	-	15,000	4,500	10,500	5,355	5,145	2,315	2,830
2	IT Asset Management Program	2022	180,000	162,000	-	18,000	5,400	12,600	6,426	6,174	2,778	3,396
3	IT Strategy Refresh	2022-2024	880,000	792,000	-	88,000	26,400	61,600	31,416	30,184	13,583	16,601
4	Information Security Program	2022-2023	1,300,000	1,170,000	-	130,000	39,000	91,000	46,410	44,590	20,066	24,525
5	EDRMS - Enterprise Data and Records Management System Project	2022-2025	650,000	585,000	-	65,000	19,500	45,500	23,205	22,295	10,033	12,262
Council Initiatives:												
1	Historical Signs	2022	50,000	45,000	-	5,000	1,500	3,500	1,785	1,715	772	943
2	Chedoke Course Redevelopment	2022	50,000	45,000	-	5,000	1,500	3,500	1,785	1,715	772	943
3	W14 Complete St Enhancement	2022	300,000	270,000	-	30,000	9,000	21,000	10,710	10,290	4,631	5,660
	Total		106,650,450	50,839,200	156,000	55,655,250	16,696,575	38,958,675	19,868,924	19,089,751	8,590,388	10,499,363



Table 4-2
Capital Infrastructure Needs to be Recovered through C.B.C.s for Cultural Services

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Less:		Net Growth-Related Cost	Total Non-Residential Share	Total Residential Share	Low/Medium Density Residential	Total High Density Residential	Potential C.B.C. Recoverable Cost	
				Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development						Ineligible High Density Residential	Eligible High Density Residential
2022-2031							5%	95%	51%	49%	45%	55%
1	St. Mark's Restoration	2022-2023	452,000	226,000	-	226,000	11,300	214,700	109,497	105,203	47,341	57,862
2	St. Mark's Restoration	2022-2023	1,387,000	693,500	-	693,500	34,675	658,825	336,001	322,824	145,271	177,553
3	ICIP CCR Children's Museum Expansion Phase 2	2022-2024	3,344,000	443,900	1,124,640	1,775,460	88,773	1,686,687	860,210	826,477	371,914	454,562
4	Steam Museum Building Expansion	2023-2026	1,040,000	-	-	1,040,000	52,000	988,000	503,880	484,120	217,854	266,266
5	Auchmar Adaptive Reuse - Stone Walls Phase	2023-2031	540,000	486,000	-	54,000	2,700	51,300	26,163	25,137	11,312	13,825
6	Auchmar Adaptive Reuse - Stone Walls Phase	2023-2031	14,280,000	12,852,000	-	1,428,000	71,400	1,356,600	691,866	664,734	299,130	365,604
7	Fieldcote Museum Expansion	2023	35,000	5,300	-	29,700	1,485	28,215	14,390	13,825	6,221	7,604
8	Fieldcote Museum Expansion	2023	465,000	69,800	-	395,200	19,760	375,440	191,474	183,966	82,785	101,181
9	Local History & Archives Renovation	2026	5,000,000	4,500,000	-	500,000	25,000	475,000	242,250	232,750	104,738	128,013
10	Public Art Master Plan Review	2022	18,000	9,000	-	9,000	450	8,550	4,361	4,190	1,885	2,304
11	Public Art - West Hamilton Rail Trail	2022	25,000	-	-	25,000	1,250	23,750	12,113	11,638	5,237	6,401
12	Public Art - HamTheElectricCity	2022	225,000	-	-	225,000	11,250	213,750	109,013	104,738	47,132	57,606
13	Public Art Locke Street Marker	2022	100,000	-	-	100,000	5,000	95,000	48,450	46,550	20,948	25,603
14	Ancster Memorial Arts Centre Public Art	2022	250,000	-	-	250,000	12,500	237,500	121,125	116,375	52,369	64,006
15	Public Art - Cenre Memorial Mural	2022	17,500	-	-	17,500	875	16,625	8,479	8,146	3,666	4,480
16	Public Art - Century St Parkett	2022	150,000	-	-	150,000	7,500	142,500	72,675	69,825	31,421	38,404
	Total		27,328,500	19,285,500	1,124,640	6,918,360	345,918	6,572,442	3,351,945	3,220,497	1,449,223	1,771,273



Table 4-3
Capital Infrastructure Needs to be Recovered through C.B.C.s for Landfill Services

Prj. No.	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Less:		Net Growth-Related Cost	Total Non-Residential Share	Total Residential Share	Low/Medium Density Residential	Total High Density Residential	Potential C.B.C. Recoverable Cost	
				Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development						Ineligible High Density Residential	Eligible High Density Residential
	2022-2031						17%	83%	51%	49%	45%	55%
1	Solid Waste Management Master Plan - Alternative Disposal Facility (Landfill)	2022	200,000	180,000	-	20,000	3,400	16,600	8,466	8,134	3,660	4,474
2	Glanbrook Landfill Stage 3 Development- Cells C, D, & E	2022	5,500,000	4,950,000		550,000	93,500	456,500	232,815	223,685	100,658	123,027
3	Public Space & Special Event Containers (Landfill Portion)	2022-2031	2,250,000	900,000	450,000	900,000	153,000	747,000	380,970	366,030	164,714	201,317
4	Glanbrook Landfill Capital Improvement Program (Landfill Portion)	2022-2029	2,899,000	260,900	289,900	2,348,200	399,194	1,949,006	993,993	955,013	429,756	525,257
5	Transfer Station/CRC Expansion (Landfill Portion)	2024	14,500,000	-	5,800,000	8,700,000	1,479,000	7,221,000	3,682,710	3,538,290	1,592,231	1,946,060
	Total		25,349,000	6,290,900	6,539,900	12,518,200	2,128,094	10,390,106	5,298,954	5,091,152	2,291,018	2,800,134



Table 4-4
Capital Infrastructure Needs to be Recovered through C.B.C.s for the C.B.C. Strategy

Prj. No.	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Less:		Net Growth-Related Cost	Total Non-Residential Share	Total Residential Share	Low/Medium Density Residential	Total High Density Residential	Potential C.B.C. Recoverable Cost	
				Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development						Ineligible High Density Residential	Eligible High Density Residential
	2022-2031						0%	100%				
1	Community Benefits Streatgy	2022	225,000	-	-	225,000	-	225,000	-	225,000	-	225,000
2	Community Benefits Streatgy	2027	225,000	-	-	225,000	-	225,000	-	225,000	-	225,000
	Total		450,000	-	-	450,000	-	450,000	-	450,000	-	450,000



Chapter 5

C.B.C. Calculation



5. C.B.C. Calculation

5.1 Anticipated Funding Recovery

To summarize the calculation of the charge, the following has been undertaken:

- 1) **Anticipated Development:** As presented in Chapter 2, the 10-year growth forecast provides for 11,531 eligible high-density units (i.e., in buildings containing a minimum of five storeys and a minimum of 10 residential units).
- 2) **Land Valuation:** the City's Corporate Real Estate Office provided average land valuations for properties anticipated for eligible high-density development. The land valuations were provided for various locations throughout the City, including inside and outside the downtown secondary plan for the lower Hamilton area, the Ancaster/Dundas/Flamborough area, and the Glanbrook/Stoney Creek/Upper Hamilton area (refer to Chapter 2). Further, inside the downtown secondary plan area, land values were provided for "mid-rise" units (i.e. buildings with 5 to 15 storeys) and "high-rise" units (i.e. buildings with greater than 15 storeys).
- 3) **Identification of Services:** A number of services were identified including municipal parking, airport services, and growth studies which are no longer eligible for recovery through D.C.s. Other services identified also include culture, landfill, public realm, corporate initiatives, council initiatives, information technology, and the C.B.C. strategy itself.
- 4) **C.B.C. Eligible Costs:** Capital needs related to the identified services were provided by City staff. Gross costs of the capital projects were assessed for the portion of the projects that would benefit the existing community vs. the future growth. The growth-costs that were then allocated amongst all types of growth to calculate the amount that is associated with eligible high-density units.
- 5) **Total Land Value:** Based on the growth forecast, density assumptions, and land valuation assessment, the total land value for eligible high density was calculated to equal approximately \$261.26 million.
- 6) **Maximum C.B.C.:** As per the Planning Act, the maximum a municipality can impose for a C.B.C. is equal to 4% of the land value of a property, the day before



building permit issuance. Based on the total land value, the estimated potential C.B.C. recovery for the City equates to just over \$10.45 million for the 10-year forecast period (see Table 5-1).

Table 5-1
Anticipated C.B.C. Funding Recovery

Area	Total C.B.C. Eligible Units	Average Land Value Per Acre	Average Units Per Acre	Estimated Total Acres	Total Land Value	C.B.C. %	Potential C.B.C. Revenue
Ancaster	-	\$5,000,000	130	-	\$0		
Dundas	253	\$5,000,000	130	2.0	\$9,753,000		
Flamborough	307	\$5,000,000	130	2.4	\$11,834,000		
Glanbrook	-	\$3,000,000	150	-	\$0		
Upper Hamilton	3,889	\$3,000,000	150	25.9	\$77,780,000		
Stoney Creek	2,837	\$3,000,000	150	18.9	\$56,740,000		
Lower Hamilton (Inside the Downtown Secondary Plan Area):							
Mid-Rise (5-15 Storeys)	40	\$8,000,000	510	0.1	\$628,000		
High-Rise (Over 15 Storeys)	3,195	\$13,500,000	570	5.6	\$75,671,000		
Lower Hamilton (Outside the Downtown Secondary Plan Area)	1,010	\$8,000,000	280	3.6	\$28,857,000		
Total	11,531			58.4	\$261,263,000	4%	\$10,450,520

The City has identified capital costs attributable to eligible high-density growth in the amount of \$15.52 million (as per Tables 4-1 through 4-4), well in excess of the maximum allowable amount of approximately \$10.45 million. Therefore, the City has provided herein that the maximum C.B.C. of 4% may be considered to be imposed on eligible forms of development. It is noted that available C.B.C. funding will not provide funding for all project on the capital projects list, and hence City Council will have to consider the highest capital priorities to be funded through C.B.C. revenue during the annual budget process. Table 5-2 provides a summary of the growth capital costs by service.



Table 5-2
Summary of Growth Capital Costs

Services	Gross Cost	Benefit to Existing Deduction	Grants, Subsidies & Other Contributions	Net Growth-Related Costs	C.B.C. Eligible Costs
D.C. Services Becoming Ineligible:					
Municipal Parking	65,447,500	37,892,500	156,000	27,399,000	5,168,821
Airport Services	27,380,000	6,020,000	-	21,360,000	4,029,564
Growth Studies	9,164,500	2,734,100	-	6,430,400	1,213,095
Total DC Services Becoming Ineligible	101,992,000	46,646,600	156,000	55,189,400	10,411,480
Other Capital Needs (based on 2022 Capital Plan):					
CBC Strategies	450,000	-	-	450,000	450,000
Landfill Services	25,349,000	6,290,900	6,539,900	12,518,200	2,800,134
Cultural Services	27,328,500	19,285,500	1,124,640	6,918,360	1,771,273
Public Realm Initiatives	198,450	178,600	-	19,850	3,745
Corporate Initiatives	900,000	810,000	-	90,000	16,979
Information Technology	3,160,000	2,844,000	-	316,000	59,613
Council Initiatives	400,000	360,000	-	40,000	7,546
Total Other Potential Capital	57,785,950	29,769,000	7,664,540	20,352,410	5,109,289
Total Potential Capital Program	159,777,950	76,415,600	7,820,540	75,541,810	15,520,770



Chapter 6

C.B.C. Policy Recommendations and C.B.C. By-law Rules



6. C.B.C. Policy Recommendations and C.B.C. By-law Rules

6.1 C.B.C. Policies

Planning Act section 37 and O. Reg. 509/20 outline the required policies that must be considered when adopting a C.B.C. by-law. The following subsections set out the recommended policies governing the calculation, payment and collection of C.B.C.s in accordance with the legislation.

6.2 C.B.C. By-law Rules

6.2.1 *Payment in any Particular Case*

In accordance with the Planning Act, subsection 37 (3), a C.B.C. may be imposed only with respect to development or redevelopment that requires one of the following:

- (a) “the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
- (b) the approval of a minor variance under section 45 of the *Planning Act*;
- (c) a conveyance of land to which a by-law passed under subsection 50 (7) of the *Planning Act* applies;
- (d) the approval of a plan of subdivision under section 51 of the *Planning Act*;
- (e) a consent under section 53 of the *Planning Act*;
- (f) the approval of a description under section 9 of the *Condominium Act, 1998*; or
- (g) the issuing of a permit under the *Building Code Act, 1992* in relation to a building or structure.”



6.2.2 Maximum Amount of the Community Benefit Charge

Subsection 37 (32) of the Planning Act states that the amount of a C.B.C. payable in any particular case shall not exceed an amount equal to the prescribed percentage of the value of the land as of the valuation date.

Based on section 3 of O. Reg. 509/20, the prescribed percentage is 4%.

If a development or redevelopment consist of two or more above grade buildings, that will not be constructed concurrently, and will be built at different times, each phase will be considered separate development or re-development. The CBC charge for the first building will be calculated at 4% of the land value the day before the building permit is issued. For each subsequent building, the CBC will be charged based on 4% at the land value date less the CBC paid for the first building. If the difference is zero or negative, no CBC will be charged. There will be no credit given to a developer by the City should the difference be less than zero.

6.2.3 Exemptions (full or partial)

The following exemptions are provided under subsection 37 (4) of the Planning Act and section 1 of O. Reg. 509/20:

- Development of a proposed building or structure with fewer than five storeys at or above ground;
- Development of a proposed building or structure with fewer than 10 residential units;
- Redevelopment of an existing building or structure that will have fewer than five storeys at or above ground after the redevelopment;
- Redevelopment that proposes to add fewer than 10 residential units to an existing building or structure;
- Such types of development or redevelopment as are prescribed:
 - Development or redevelopment of a building or structure intended for use as a long-term care home within the meaning of subsection 2 (1) of the Long-Term Care Homes Act, 2007.
 - Development or redevelopment of a building or structure intended for use as a retirement home within the meaning of subsection 2 (1) of the Retirement Homes Act, 2010.



- Development or redevelopment of a building or structure intended for use by any of the following post-secondary institutions for the objects of the institution:
 - i. a university in Ontario that receives direct, regular and ongoing operating funding from the Government of Ontario,
 - ii. a college or university federated or affiliated with a university described in subparagraph i,
 - iii. an Indigenous Institute prescribed for the purposes of section 6 of the Indigenous Institutes Act, 2017.
- Development or redevelopment of a building or structure intended for use as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion.
- Development or redevelopment of a building or structure intended for use as a hospice to provide end of life care.
- Development or redevelopment of a building or structure intended for use as residential premises by any of the following entities:
 - i. a corporation to which the Not-for-Profit Corporations Act, 2010 applies that is in good standing under that Act and whose primary object is to provide housing,
 - ii. a corporation without share capital to which the Canada Not-for-profit Corporations Act applies, that is in good standing under that Act and whose primary object is to provide housing,
 - iii. a non-profit housing co-operative that is in good standing under the Co-operative Corporations Act.

In addition to the exemptions noted above, the C.B.C. will not apply to buildings or structures owned by and used for the purposes of any municipality, local board, or Board of Education.

In addition to the above exemptions, it is recommended that any discretionary exemptions included in the CBC policy and By-law be aligned with the current DC By-law while still in effect (expires June 2024). These include:

- A reduction in the amount of 40% of CBC's payable to the City providing the property is within the boundaries of the Downtown CIPA as illustrated on Schedule "A" to the attached By-law (Attachment B to this report); and



- A reduction in the amount of 50% of CBC's payable to the City for the purpose of creating a Residential Facility or Lodging House within the existing Building envelope

6.2.4 Timing of Collection

The C.B.C.s imposed are calculated, payable, and collected upon issuance of a building permit for eligible development or redevelopment.

6.2.5 In-kind contributions

A municipality that has passed a C.B.C. by-law may allow the landowner to provide to the municipality: facilities, services, or matters required because of development or redevelopment in the area to which the by-law applies.

Prior to providing these contributions, In-Kind contributions will be considered at the sole discretion of the General Manager, Corporate Services. The value of the contribution must be evaluated by an external party prior to consideration by the city. The cost of the evaluation will be borne solely by the developer. All in-kind contributions must be endorsed by Council.

6.2.6 The Applicable Areas

The C.B.C. by-law will apply to all lands within the City.

6.2.7 Special Account

All money received by the municipality under a C.B.C. by-law shall be paid into a special account. The money contained within the special account:

- may be invested in securities in which the municipality is permitted to invest under the Municipal Act, 2001, and the earnings derived from the investment of the money shall be paid into a special reserve fund account; and
- must have at least 60 percent of the funds spent or allocated at the beginning of the year.

In addition to the monies collected under a C.B.C. by-law, transitional rules for transferring existing reserve funds are provided in subsection 37 (51) of the Planning Act. These rules apply for any existing reserve funds related to a service that is not



listed in subsection 2 (4) of the D.C.A., as well as reserve funds established under section 37 of the Planning Act prior to Bill 197.

1. If the municipality passes a C.B.C. by-law under this section before the specified date, the municipality shall, on the day it passes the by-law, allocate the money in the special account or reserve fund to the special account referred to in subsection (45) of the Planning Act.
2. If the municipality has not passed a C.B.C. by-law under this section before the specified date, the special account or reserve fund is deemed to be a general capital reserve fund for the same purposes for which the money in the special account or reserve fund was collected.
3. Despite paragraph 2, subsection 417 (4) of the Municipal Act, 2001 (a provision which requires the funds raised for a reserve fund must only be used for the intended purpose) and any equivalent provision of do not apply with respect to the general capital reserve fund referred to in paragraph 2.
4. If paragraph 2 applies and the municipality passes a C.B.C. by-law under this section on or after the specified date, the municipality shall, on the day it passes the by-law, allocate any money remaining in the general capital reserve fund referred to in paragraph 2 to the special account referred to in subsection (45) of the Planning Act.

Based on the above, it is recommended that the D.C. reserve funds for Municipal Parking and Airport services be transferred to the C.B.C. special account.

6.2.8 Credits

Subsection 37 (52) of the Planning Act indicates that any credits that were established under section 38 of the D.C.A. and that are not related to a service that is listed in subsection 2 (4) of the D.C.A., may be used by the holder of the credit with respect to a charge that the holder is required to pay under a C.B.C. by-law.

6.2.9 By-law In-Force Date

A C.B.C. by-law comes into force on the day it is passed, or the day specified in the by-law, whichever is later.



6.3 Recommendations

It is recommended that Council:

“Adopt the C.B.C. approach to calculate the charges on a uniform City-wide basis;”

“Approve the capital project listing set out in Chapter 4 of the C.B.C. Strategy dated June 2, 2022, subject to further annual review during the capital budget process;”

“Create a special reserve fund account which will contain all C.B.C. monies collected;”

“Approve the C.B.C. Strategy dated June 2, 2022, as amended (if applicable);”

“Determine that no further public consultation is required;” and

“Approve the C.B.C. By-law as set out in Appendix C.”



Chapter 7

By-law Implementation



7. By-law Implementation

7.1 Introduction

This chapter addresses the public consultation process and by-law implementation requirements for the imposition of a C.B.C. by-law. Figure 7-1 provides an overview of the process.

7.2 Public Consultation Process

7.2.1 *Required Consultation*

In establishing the policy for which a C.B.C. strategy and by-law will be based; section 37 (10) of the Planning Act requires that:

“In preparing the community benefits strategy, the municipality shall consult with such persons and public bodies as the municipality considers appropriate.”

As there is no specific guidance as to which parties the municipality shall consult with, municipalities may establish their own policy for public consultation. The policy for public consultation should be designed to seek the co-operation and participation of those involved, in order to produce the most suitable policy. Municipalities may consider a public meeting, similar to that undertaken for D.C. study processes (however, this is not a mandated requirement). At a minimum, this would include a presentation to Council and the public on the findings of the C.B.C. strategy, advanced notice of the meeting, and consideration for delegations from the public.

7.2.2 *Interested Parties to Consult*

There are three broad groupings of the public who are generally the most concerned with municipal C.B.C. policy.

1. The first grouping is the residential development community, consisting of land developers and builders, who will typically be responsible for generating the majority of the C.B.C. revenues. Others, such as realtors, are directly impacted by C.B.C. policy. They are, therefore, potentially interested in all aspects of the charge, particularly the percentage applicable to their properties, projects to be funded by



the C.B.C. and the timing thereof, and municipal policy with respect to development agreements and in-kind contributions.

2. The second public grouping embraces the public at large and includes taxpayer coalition groups and others interested in public policy.
3. The third grouping is the non-residential mixed-use development sector, consisting of land developers and major owners or organizations with significant construction plans for mixed use developments. Also involved are organizations such as Industry Associations, the Chamber of Commerce, the Board of Trade, and the Economic Development Agencies, who are all potentially interested in municipal C.B.C. policy. Their primary concern is frequently with the percentage charge applicable to their lands, exemptions, and phase-in or capping provisions in order to moderate the impact.

As noted in Section 1.4, through the C.B.C. strategy process, the City's consultation process includes meetings with the Development Industry Liaison Group (DILG), the Development Charges Stakeholder Sub-Committee, the City's Audit, Finance and Administration (AF&A) Committee, and Council. Further, the City has provided a website through "Engage Hamilton" to provide the community with information related to the C.B.C. process.

7.3 Anticipated Impact of the Charge on Development

The establishment of sound C.B.C. policy often requires the achievement of an acceptable balance between two competing realities. The first is that increased residential development fees (such as a C.B.C.) can ultimately be expected to be recovered via higher housing prices and can impact project feasibility in some cases (e.g., rental apartments). Secondly, C.B.C.s or other municipal capital funding sources need to be obtained in order to help ensure that the necessary infrastructure and amenities are installed. The timely installation of such works is a key initiative in providing adequate service levels and in facilitating strong economic growth, investment, and wealth generation.



7.4 Implementation Requirements

7.4.1 Introduction

Once the City has calculated the charge, prepared the complete strategy, carried out the public process, and passed a new by-law, the emphasis shifts to implementation matters.

These include notices, potential appeals and complaints, in-kind contributions, and finally the collection of revenues and funding of projects.

The sections that follow provide an overview of the requirements in each case.

7.4.2 Notice of Passage

In accordance with subsection 37 (13) of the Planning Act, when a C.B.C. by-law is passed, the clerk of the municipality shall give written notice of the passing and of the last day for appealing the by-law (the day that is 40 days after the day it was passed). Such notice must be given no later than 20 days after the day the by-law is passed (i.e., as of the day of newspaper publication or the mailing of the notice).

Section 4 of O. Reg. 509/20 further defines the notice requirements which are summarized as follows:

- notice shall be given by publication in a newspaper which is (in the clerk's opinion) of sufficient circulation to give the public reasonable notice, or by personal service, fax or mail to every owner of land in the area to which the by-law relates;
- subsection 4 (2) lists the persons/organizations who must be given notice; and
- subsection 4 (5) lists the seven items that the notice must cover.

7.4.3 Appeals

Subsections 37 (13) to 37 (31) of the Planning Act set out the requirements relative to making and processing a C.B.C. by-law appeal as well as an OLT hearing in response to an appeal. Any person or organization may appeal a C.B.C. by-law to the OLT by filing a notice of appeal with the clerk of the municipality, setting out the objection to the



by-law and the reasons supporting the objection. This must be done by the last day for appealing the by-law, which is 40 days after the by-law is passed.

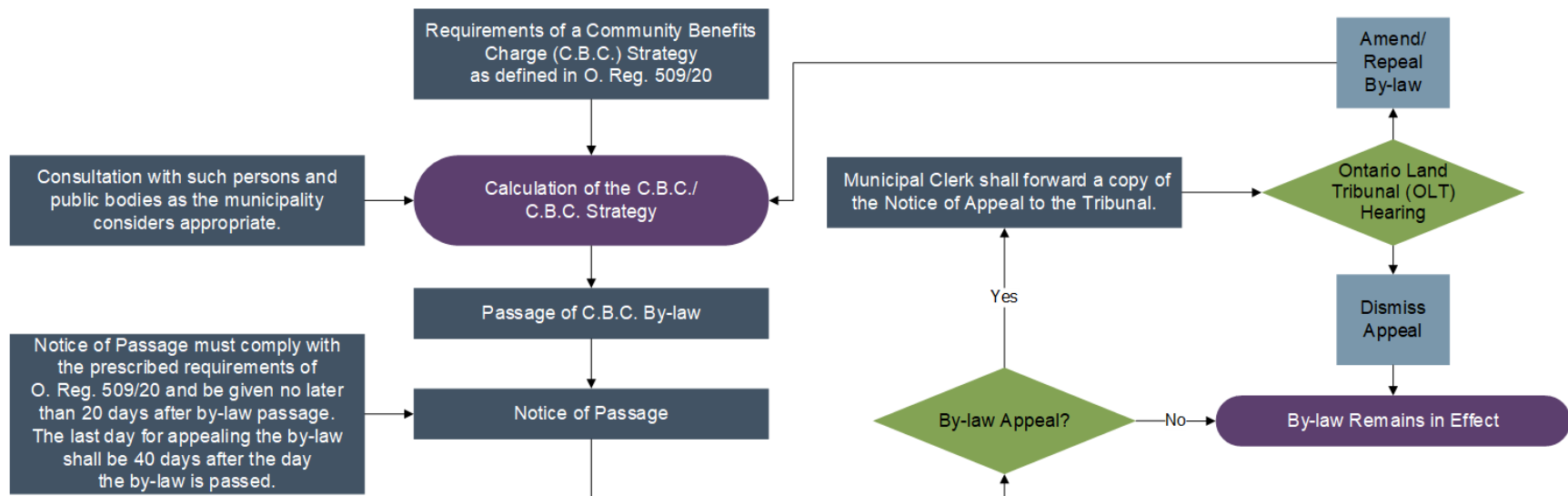
The municipality is carrying out a public consultation process, in order to address the issues that come forward as part of that process, thereby avoiding or reducing the need for an appeal to be made.

7.4.4 In-Kind Contributions

Subsections 37 (6) to 37 (8) provide the rules for in-kind contributions. An owner of land may provide the municipality facilities, services, or matters required because of development or redevelopment in the area to which the by-law applies. Prior to providing these contributions, the municipality shall advise the owner of the land of the value that will be attributed to the contributions. The value of the contributions shall be deducted from the amount the owner of the land would otherwise have to pay under the C.B.C. by-law.



Figure 7-1
 The Process of Required for Passing a Community Benefits Charge By-law under the Planning Act





7.5 Ongoing Application and Collection of C.B.C. funds

7.5.1 Introductions

Once the municipality passes a C.B.C. by-law, development or redevelopment that meets the requirements of the C.B.C. by-law will pay a C.B.C. based on the value of their land. The following sections describe the overall process and discusses the approach to appraisals and use of the special account as set out in the Planning Act.

7.5.2 Overview of Process and Appraisals

Figure 7-2 provides an overview of the process for application of the C.B.C. by-law and collection of C.B.C. funds.

Once the C.B.C. by-law is in place, as development or redevelopment that meets the eligibility criteria proceeds (i.e., prior to issuance of a building permit), the municipality collects C.B.C.s based on the calculated percentage (as set out in the by-law and C.B.C. strategy) and the value of the land. The City's Corporate Real Estate Office will review the application based on the location, size of property, and density of the development, and assign an appraised value for use in calculating the C.B.C. charge on each development or redevelopment.

If the owner agrees with the appraised value, they may pay their C.B.C.s to the City which will then be deposited into the special account. If the owner does not agree, they shall pay the charge under protest and provide the City with an appraisal value within 30 days. Note, if no appraisal is received within 30 days, the payment will be deemed to have not been made under protest.

Once the protested appraisal is received by the municipality, the municipality has 45 days to provide the owner of the land with their own appraisal value. Then:

- If no appraisal is provided to the owner within 45 days, the owner's appraisal is deemed accurate and the difference in the amounts shall be refunded to the owner.
- If the City's appraisal is within 5% of the landowner's appraisal, the landowner's appraisal is deemed accurate, and the City shall refund the difference in the amounts to the owner.



- If the appraisal is more than 5% higher than the landowner's appraisal, the City shall request an appraisal be undertaken by an appraiser, selected by the landowner, from the list of approved appraisers provided by the City. This must be undertaken within 60 days. This final appraisal is deemed accurate for the purposes of calculating the applicable C.B.C.
- In regard to the last bullet, subsection 37 (42) and 37 (43) require the municipality to maintain a list of at least three persons who are not employees of the municipality or members of Council and have an agreement with the municipality to perform appraisals for the above. This list is to be maintained until the C.B.C. by-law is repealed or the day on which there is no longer any refund that could be required (whichever is later).

7.5.3 Special Reserve Fund Account

All funds collected under the C.B.C. by-law are to be deposited into a special account. Subsections 37 (45) to 37 (48) of the Planning Act outline the rules with respect to the special reserve fund account. As noted in section 6.2.7, these rules are as follows:

- All money received under a C.B.C. by-law shall be paid into a special account;
- The money in the special account may be invested in securities (as permitted under the Municipal Act) and the interest earnings shall be paid into the special account;
- In each year, a municipality shall spend or allocate at least 60 percent of the monies that are in the special account at the beginning of the year; and
- The municipality shall provide reports and information as set out in section 7 of O. Reg. 509/20
- In regard to the third bullet, it is suggested that the annual capital budget for the City directly list the works which are being undertaken and/or to which monies from this fund are being allocated toward.

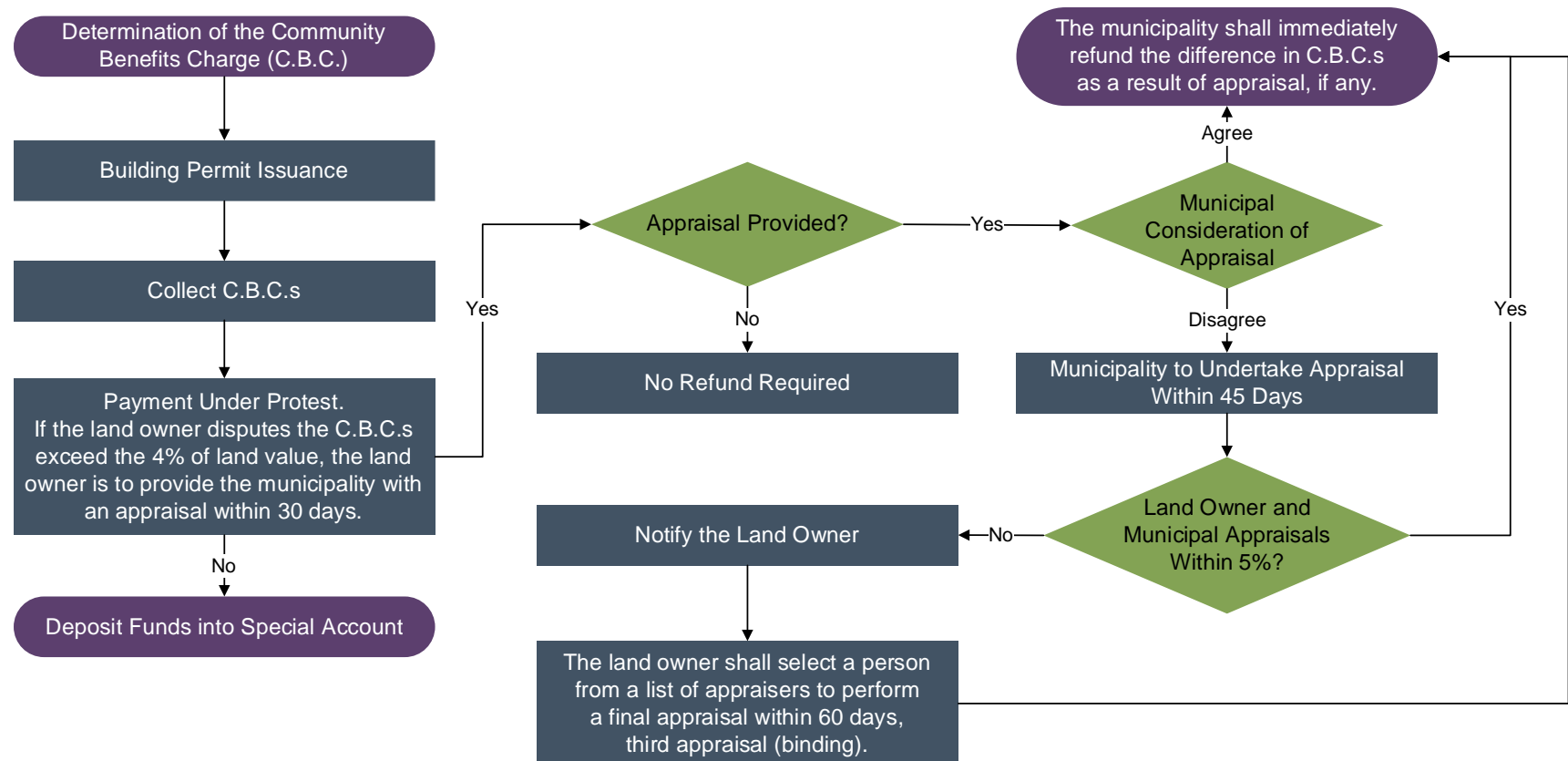
As per this C.B.C. strategy, the growth-related services (as outlined in Chapter 4), form the anticipated capital needs required to service growth over the 10-year forecast period. However, other services may be considered by Council in the future and are subject to approval by resolution and inclusion in the annual budget process. Further, any additional services approved and funded from C.B.C. revenue in the future will be reported on through an annual C.B.C. reserve fund statement, which will form part of the City's overall year-end statements.



During the annual budget process, the use of C.B.C. funding will be reviewed, and the capital costs associated with each eligible service and capital project will be confirmed and identified for approval of Council.



Figure 7-2
 City of Hamilton
 Community Benefits Charge Application and Calculation Process





7.6 Transitional Matters

7.6.1 Existing Reserves and Reserve Funds

The Planning Act, section 37 (49) to section 37 (51) provides transitional provisions for:

1. A special account established under the previous section 37 rules; and
2. D.C. reserve funds for which services are no longer eligible (e.g., municipal parking, airport services, etc.).

If the municipality passes a C.B.C. by-law with an in-force date before September 18, 2022, the municipality shall allocate the money in the D.C. parking and airport reserve funds to the C.B.C. special account.

If the municipality does not pass a C.B.C. by-law before September 18, 2022, the parking and airport D.C. reserve funds are deemed to be general capital reserve funds for the same purpose in which the money was collected (e.g., a parking D.C. reserve fund would become a general capital reserve fund for parking services).

If a C.B.C. by-law is passed after September 18, 2022, the municipality shall allocate the money from the newly created general capital reserve funds described above, to the C.B.C. special account.

7.6.2 Credits under Section 38 of the Development Charges Act

The Planning Act (s.37 (52)) provides that, if a municipality passes a C.B.C. by-law before September 18, 2022, any credits held for services that are no longer D.C. eligible (e.g., parking services), may be used against payment of a C.B.C. by the landowner. The City does not currently hold credits related to the services which are no longer D.C. eligible, therefore, there are no adjustment against future payments of a C.B.C. to apply.

7.6.3 Continued Application of Previous Section 37 Rules

Section 37.1 of the Planning Act provides for transitional matters regarding previous section 37 rules. Any charges that are currently in place under the previous rules, may remain in place until the municipality passes a C.B.C. by-law or September 18, 2022, whichever comes first. As noted previously, the City did not impose charges under the previous rules, therefore, this section does not apply.

Appendices



Appendix A

Background Information on Residential and Non- Residential Growth Forecast



Schedule 1 City of Hamilton Residential Growth Forecast Summary

	Year	Population (Including Census Undercount) ^[1]	Excluding Census Undercount			Housing Units					Persons Per Unit (P.P.U.): Total Population/ Total Households
			Population	Institutional Population	Population Excluding Institutional Population	Singles & Semi-Detached	Multiple Dwellings ^[2]	Apartments ^[3]	Other	Total Households	
Historical	Mid 2006	518,990	504,559	8,969	495,590	118,020	25,450	50,265	730	194,465	2.595
	Mid 2011	534,820	519,949	10,309	509,640	124,433	27,760	50,800	813	203,806	2.551
	Mid 2016	552,270	536,917	8,982	527,935	127,705	31,405	51,680	810	211,600	2.537
Forecast	Mid 2022	593,270	576,774	10,032	566,742	131,610	37,496	58,063	810	227,979	2.530
	Mid 2032	660,230	641,875	11,197	630,678	137,583	44,308	78,998	810	261,699	2.453
Incremental	Mid 2006 - Mid 2011	15,830	15,390	1,340	14,050	6,413	2,310	535	83	9,341	
	Mid 2011 - Mid 2016	17,450	16,968	-1,327	18,295	3,272	3,645	880	-3	7,794	
	Mid 2016 - Mid 2022	41,000	39,857	1,050	38,807	3,905	6,091	6,383	0	16,379	
	Mid 2022 - Mid 2032	66,960	65,101	1,165	63,936	5,973	6,812	20,935	0	33,720	

Source: Derived from City of Hamilton No Urban Boundary Expansion Scenario (September, 2021) forecast for the City of Hamilton and discussions with municipal staff regarding servicing and land supply by Watson & Associates Economists Ltd., 2022.

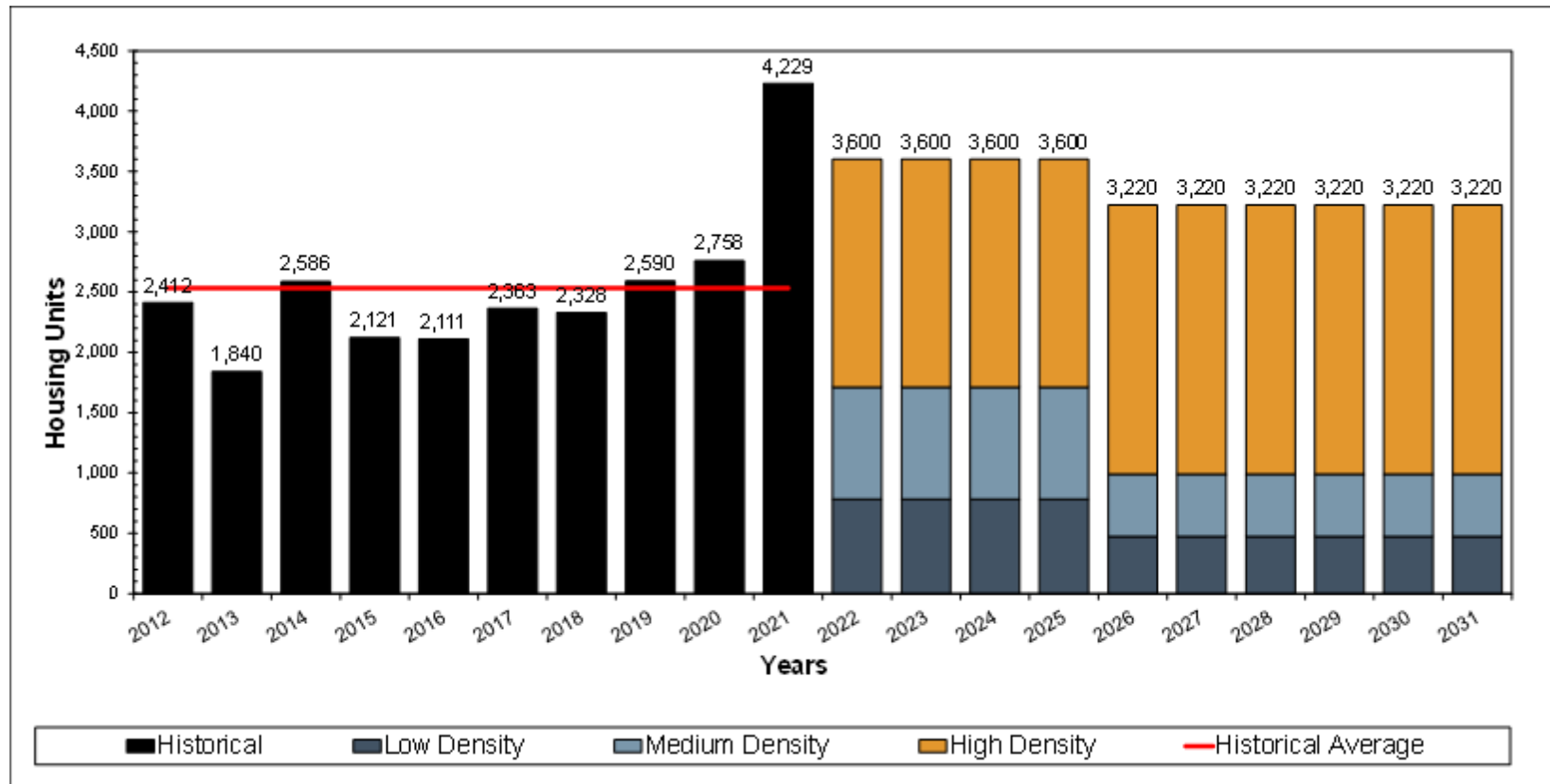
^[1] Census undercount estimated at approximately 2.9%. Note: Population including the undercount has been rounded.

^[2] Includes townhouses and apartments in duplexes.

^[3] Includes bachelor, 1-bedroom and 2-bedroom+ apartments.



Figure A-1
 City of Hamilton
 Annual Housing Forecast [1]



Source: Historical housing activity derived from City of Hamilton building permit data, 2012 to 2021.

[1] Growth forecast represents calendar year.



Schedule 2 City of Hamilton Estimate of the Anticipated Amount, Type and Location of Residential Development for Which Community Benefits Charges Can Be Imposed

Development Location	Timing	Single & Semi-Detached	Multiples ^[1]	Apartments ^[2]			Total Residential Units	Gross Population In New Units	Existing Unit Population Change	Net Population Increase, Excluding Institutional	Institutional Population	Net Population Including Institutional
				Units in C.B.C. Ineligible	Units in C.B.C. Eligible	Total Apartment Units						
Ancaster	2022 - 2032	656	566	471	0	471	1,693	4,309	(481)	3,828	88	3,916
Dundas	2022 - 2032	46	61	0	253	253	360	711	(288)	423	53	476
Flamborough	2022 - 2032	854	975	2,646	307	2,953	4,782	9,988	(506)	9,482	93	9,575
Sub-Total Ancaster, Dundas & Flamborough	2022 - 2037	1,556	1,602	3,117	560	3,677	6,835	15,008	(1,275)	13,733	234	13,967
Glanbrook	2022 - 2032	2,030	1,749	197	0	197	3,976	11,267	(354)	10,913	65	10,978
Stoney Creek	2022 - 2032	843	1,658	1,534	2,837	4,371	6,872	13,862	(824)	13,038	151	13,189
Upper Hamilton	2022 - 2032	1,230	1,188	1,890	3,889	5,779	8,197	16,375	(1,817)	14,558	332	14,890
Sub-Total Glanbrook, Stoney Creek, & Upper Hamilton	2022 - 2032	4,103	4,595	3,621	6,726	10,347	19,045	41,504	(2,995)	38,509	548	39,057
Lower Hamilton (inside Downtown Secondary Plan)	2022 - 2032	2	3	14	3,235	3,249	3,254	5,323	(577)	4,746	23	4,769
Lower Hamilton (Outside Downtown Secondary Plan)	2022 - 2032	312	612	2,652	1,010	3,662	4,586	8,467	(1,519)	6,948	360	7,308
Sub-Total Lower Hamilton	2022 - 2032	314	615	2,666	4,245	6,911	7,840	13,790	(2,096)	11,694	383	12,077
City of Hamilton	2022 - 2032	5,973	6,812	9,404	11,531	20,935	33,720	70,302	-6,366	63,936	1,165	65,101

Source: Derived from City of Hamilton No Urban Boundary Expansion Scenario (September, 2021) forecast for the City of Hamilton and discussions with municipal staff regarding servicing and land supply by Watson & Associates Economists Ltd., 2022.

^[1] Includes townhouses and apartments in duplexes.

^[2] Includes accessory apartments, bachelor, 1-bedroom and 2-bedroom+ apartments.

Note: Numbers may not add to totals due to rounding.



**Schedule 3
 City of Hamilton
 Current Year Growth Forecast
 Mid 2016 to Mid 2022**

		Population
Mid 2016 Population		536,917
Occupants of New Housing Units, Mid 2016 to Mid 2022	<i>Units (2)</i>	16,379
	<i>multiplied by P.P.U. (3)</i>	2.385
	<i>gross population increase</i>	39,061
		39,061
Occupants of New Equivalent Institutional Units, Mid 2016 to Mid 2022	<i>Units</i>	955
	<i>multiplied by P.P.U. (3)</i>	1.100
	<i>gross population increase</i>	1,050
		1,050
Decline in Housing Unit Occupancy, Mid 2016 to Mid 2022	<i>Units (4)</i>	211,600
	<i>multiplied by P.P.U. decline rate (5)</i>	-0.001
	<i>total decline in population</i>	-254
		-254
Population Estimate to Mid 2022		576,774
Net Population Increase, Mid 2016 to Mid 2022		39,857

- (1) 2016 population based on Statistics Canada Census unadjusted for Census undercount.
 (2) Estimated residential units constructed, Mid-2016 to the beginning of the growth period assuming a six-month lag between construction and occupancy.
 (3) Average number of persons per unit (P.P.U.) is assumed to be:

Structural Type	Persons Per Unit ¹ (P.P.U.)	% Distribution of Estimated Units ²	Weighted Persons Per Unit Average
<i>Singles & Semi Detached</i>	3.455	24%	0.824
<i>Multiples (6)</i>	2.518	37%	0.936
<i>Apartments (7)</i>	1.604	39%	0.625
Total		100%	2.385

¹ Based on 2016 Census custom database

² Based on Building permit/completion activity

- (4) 2016 households taken from Statistics Canada Census.
 (5) Decline occurs due to aging of the population and family life cycle changes, lower fertility rates and changing economic conditions.
 (6) Includes townhouses and apartments in duplexes.
 (7) Includes bachelor, 1-bedroom and 2-bedroom+ apartments.

Note: Numbers may not add to totals due to rounding.



Schedule 4 City of Hamilton Ten Year Growth Forecast Mid 2022 to Mid 2032

		Population
Mid 2022 Population		576,774
Occupants of New Housing Units, Mid 2022 to Mid 2032	<i>Units (2)</i>	33,720
	<i>multiplied by P.P.U. (3)</i>	2.085
	<i>gross population increase</i>	70,302
		70,302
Occupants of New Equivalent Institutional Units, Mid 2022 to Mid 2032	<i>Units</i>	1,059
	<i>multiplied by P.P.U. (3)</i>	1.100
	<i>gross population increase</i>	1,165
		1,165
Decline in Housing Unit Occupancy, Mid 2022 to Mid 2032	<i>Units (4)</i>	227,979
	<i>multiplied by P.P.U. decline rate (5)</i>	-0.028
	<i>total decline in population</i>	-6,366
		-6,366
Population Estimate to Mid 2032		641,875
<i>Net Population Increase, Mid 2022 to Mid 2032</i>		<i>65,101</i>

(1) Mid 2022 Population based on:

2016 Population (536,917) + Mid 2016 to Mid 2022 estimated housing units to beginning of forecast period (16,379 x 2.385 = 39,061) + (955 x 1.1 = 1,050) + (211,600 x -0.001 = -254) = 576,774

(2) Based upon forecast building permits/completions assuming a lag between construction and occupancy.

(3) Average number of persons per unit (P.P.U.) is assumed to be:

Structural Type	Persons Per Unit ¹ (P.P.U.)	% Distribution of Estimated Units ²	Weighted Persons Per Unit Average
<i>Singles & Semi Detached</i>	3.381	18%	0.599
<i>Multiples (6)</i>	2.334	20%	0.472
<i>Apartments (7)</i>	1.634	62%	1.014
<i>one bedroom or less</i>	1.294		
<i>two bedrooms or more</i>	1.914		
Total		100%	2.085

¹ Persons per unit based on adjusted Statistics Canada Custom 2016 Census database.

² Forecast unit mix based upon historical trends and housing units in the development process.

(4) Mid 2022 households based upon 2016 Census (211,600 units) + Mid 2016 to Mid 2022 unit estimate (16,379 units) = 227,979 units.

(5) Decline occurs due to aging of the population and family life cycle changes, lower fertility rates and changing economic conditions.

(6) Includes townhouses and apartments in duplexes.

(7) Includes bachelor, 1-bedroom and 2-bedroom+ apartments.

Note: Numbers may not add to totals due to rounding.



Schedule 5
City of Hamilton
Summary of C.B.C Eligible Units in the Development Approvals Process

Development Location	Stage of Development Approvals Process			
	Registered	Draft Approved	Pending	Total
Ancaster	0	0	0	0
Dundas	0	132	121	253
Flamborough	0	233	74	307
Sub-Total Ancaster, Dundas & Flamborough	0	365	195	560
% Breakdown	0%	65%	35%	100%
Glanbrook	0	0	0	0
Stoney Creek	1,023	367	2,240	3,630
Upper Hamilton	0	1,462	2,427	3,889
Sub-Total Glanbrook, Stoney Creek, & Upper Ha	1,023	1,829	4,667	7,519
% Breakdown	14%	24%	62%	100%
Lower Hamilton	0	1,689	2,556	4,245
% Breakdown	0%	40%	60%	100%
City of Hamilton Total	1,023	3,883	7,418	12,324
% Breakdown	8%	32%	60%	100%

Source: Derived from data provided by the City of Hamilton by Watson & Associates Economists Ltd.



Schedule 6
City of Hamilton
Historical Residential Building Permits
Years 2012 to 2021

Year	Residential Building Permits			
	Singles & Semi Detached	Multiples ¹	Apartments ²	Total
2012	1,329	704	379	2,412
2013	1,102	532	206	1,840
2014	933	767	886	2,586
2015	1,037	548	536	2,121
2016	895	930	286	2,111
Sub-total	5,296	3,481	2,293	11,070
Average (2012 - 2016)	1,059	696	459	2,214
% Breakdown	47.8%	31.4%	20.7%	100.0%
2017	621	990	752	2,363
2018	515	880	933	2,328
2019	723	960	907	2,590
2020	618	928	1,212	2,758
2021	533	1,403	2,293	4,229
Sub-total	3,010	5,161	6,097	14,268
Average (2017 - 2021)	602	1,032	1,219	2,854
% Breakdown	21.1%	36.2%	42.7%	100.0%
2012 - 2021				
Total	8,306	8,642	8,390	25,338
Average	831	864	839	2,534
% Breakdown	32.8%	34.1%	33.1%	100.0%

Source: Historical housing activity derived from City of Hamilton building permit data, 2012 to 2021.

¹ Includes townhouses and apartments in duplexes.

² Includes bachelor, 1 bedroom and 2 bedroom+ apartments.



Schedule 7
City of Hamilton
Person Per Unit by Age and Type of Dwelling
(2016 Census)

Dwelling	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total	15 Year Average	15 Year Average Adjusted ³
1-5	-	-	1.980	3.439	5.103	3.455		
6-10	-	-	1.973	3.424	4.983	3.474		
11-15	-	-	1.800	3.345	4.601	3.403	3.444	3.381
16-20	-	-	1.833	3.247	4.695	3.288		
20-25	-	-	2.017	3.275	4.426	3.328		
25-35	-	1.571	1.907	2.939	4.087	3.009		
35+	-	1.508	1.874	2.663	3.724	2.572		
Total	2.000	1.549	1.878	2.876	4.082	2.821		

Age of Dwelling	Multiples ¹						15 Year Average	15 Year Average Adjusted ³
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total		
1-5	-	1.459	1.954	2.682	-	2.518		
6-10	-	1.364	1.818	2.682	-	2.497		
11-15	-	1.870	1.841	2.615	-	2.366	2.460	2.334
16-20	-	1.500	1.808	2.723	-	2.370		
20-25	-	1.647	1.779	2.908	-	2.648		
25-35	-	1.314	1.874	2.916	4.053	2.686		
35+	-	1.288	2.020	2.847	4.045	2.527		
Total	1.143	1.361	1.921	2.795	4.059	2.526		

Age of Dwelling	Apartments ²						15 Year Average	15 Year Average Adjusted ³
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total		
1-5	-	1.244	1.725	-	-	1.604		
6-10	-	1.210	1.710	-	-	1.512		
11-15	-	1.406	1.837	-	-	1.744	1.620	1.634
16-20	-	1.350	1.964	3.037	-	1.790		
20-25	-	1.401	2.052	3.960	-	1.838		
25-35	1.056	1.268	1.962	2.793	-	1.688		
35+	1.068	1.234	1.982	2.927	3.000	1.672		
Total	1.143	1.249	1.969	2.952	2.816	1.681		

Age of Dwelling	All Density Types					
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total
1-5	-	1.288	1.907	3.177	4.951	2.951
6-10	-	1.274	1.824	3.187	4.857	3.017
11-15	-	1.535	1.837	3.171	4.619	2.988
16-20	-	1.403	1.880	3.127	4.678	2.844
20-25	-	1.438	1.970	3.179	4.370	2.881
25-35	1.333	1.280	1.932	2.931	4.082	2.680
35+	1.113	1.259	1.939	2.696	3.733	2.297
Total	1.254	1.278	1.929	2.864	4.056	2.495

¹ Includes townhouses and apartments in duplexes.

² Includes bachelor, 1 bedroom and 2 bedroom+ apartments.

³ Adjusted based on 2001-2016 historical trends.

Note: Does not include Statistics Canada data classified as 'Other'

P.P.U. Not calculated for samples less than or equal to 50 dwelling units, and does not include institutional population.



Schedule 8 City of Hamilton Employment Forecast, Mid-2022 to Mid-2032

Period	Population	Activity Rate								Employment								
		Primary	Work at Home	Industrial	Commercial/Population Related	Institutional	Total	N.F.P.O.W. ¹	Total Including N.F.P.O.W.	Primary	Work at Home	Industrial	Commercial/Population Related	Institutional	Total	N.F.P.O.W. ¹	Total Employment (Including N.F.P.O.W.)	Total (Excluding Work at Home and N.F.P.O.W.)
Mid 2016	536,917	0.3%	2.9%	8.9%	13.8%	11.9%	37.9%	5.4%	43.3%	1,845	15,805	47,760	74,260	63,665	203,335	29,160	232,495	187,530
Mid 2022	576,774	0.3%	3.0%	8.7%	13.1%	11.1%	36.2%	5.7%	41.9%	1,845	17,058	50,319	75,600	64,070	208,892	32,913	241,805	191,834
Mid 2032	641,875	0.3%	2.9%	8.9%	14.0%	11.0%	37.1%	5.7%	42.8%	1,868	18,585	57,189	89,888	70,393	237,923	36,499	274,422	219,338
Incremental Change																		
Mid 2016 - Mid 2022	39,857	0.0%	0.0%	-0.2%	-0.7%	-0.7%	-1.7%	0.3%	-1.4%	0	1,253	2,559	1,340	405	5,557	3,753	9,310	4,304
Mid 2022 - Mid 2032	65,101	0.0%	-0.1%	0.2%	0.9%	-0.1%	0.8%	0.0%	0.8%	23	1,527	6,870	14,288	6,323	29,031	3,586	32,617	27,504
Annual Average																		
Mid 2016 - Mid 2022	6,643	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.3%	0.0%	-0.2%	0	209	427	223	68	926	626	1,552	717
Mid 2022 - Mid 2032	6,510	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	2	153	687	1,429	632	2,903	359	3,262	2,750

Source: Derived from City of Hamilton No Urban Boundary Expansion Scenario (September, 2021) forecast for the City of Hamilton and discussions with municipal staff regarding servicing and land supply by Watson & Associates Economists Ltd., 2022.
¹ Statistics Canada defines no fixed place of work (N.F.P.O.W.) employees as "persons who do not go from home to the same work place location at the beginning of each shift". Such persons include building and landscape contractors, travelling salespersons, independent truck drivers, etc.



Appendix B

Land Valuation Mapping



Appendix B: Land Valuation Mapping

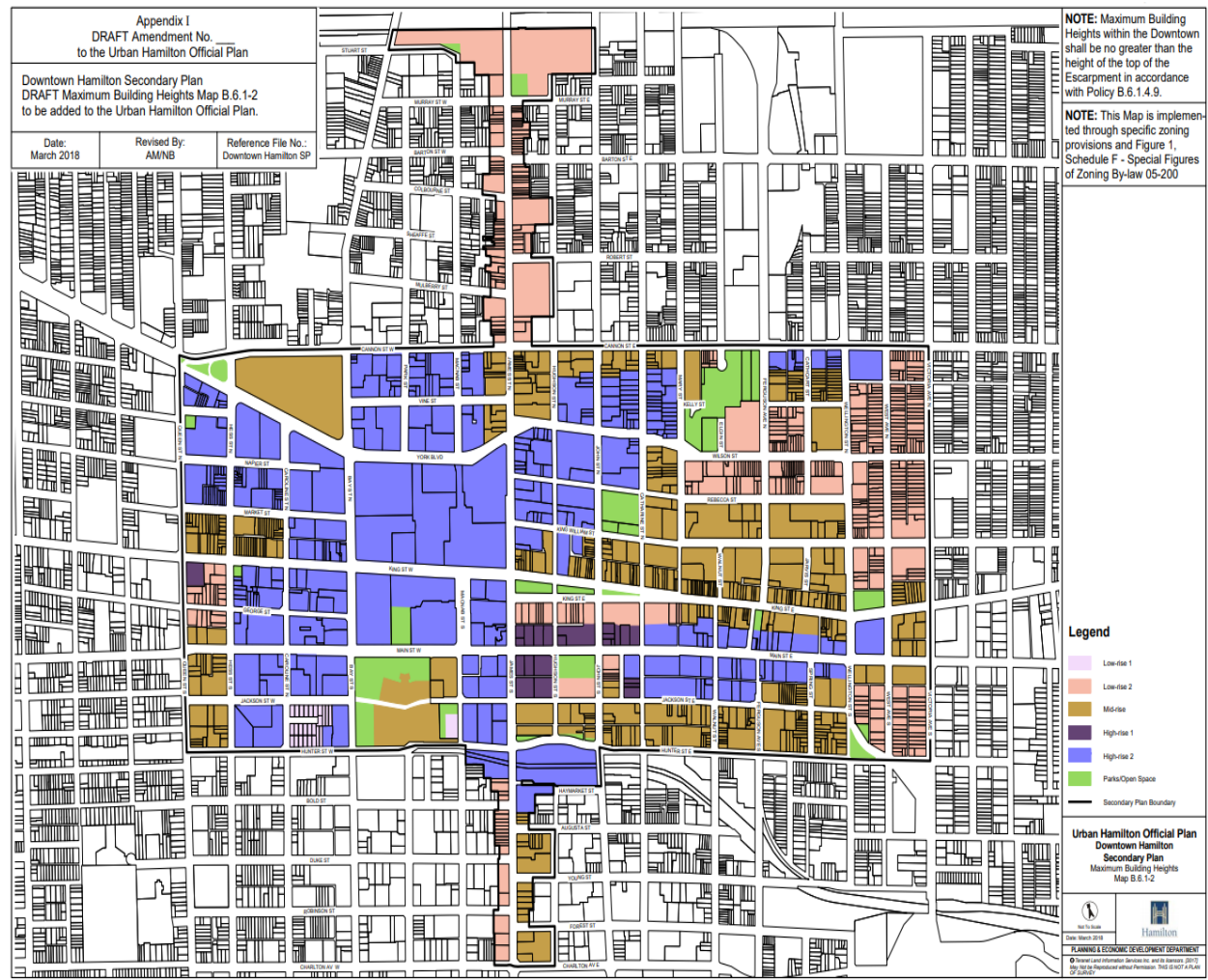
The land valuation analysis undertaken by the City's Corporate Real Estate Office, has established areas and sub-areas which provide similar land values. This information was detailed in Chapter 2. The following maps provide a visual representation of the areas defined by the land appraiser.

Map B-1
Land Valuation Areas





Map B-2 Downtown Secondary Plan Area





Appendix C

Proposed C.B.C. By-law



To be Provided Under Separate Cover

Authority: Item X, Audit, Finance and
Administration Committee
Report 22-XXX (FCS22015(b))
CM:
Ward:

Bill No.

CITY OF HAMILTON BY-LAW NO. 22-

Being a by-law respecting Community Benefits Charges on lands within the City of Hamilton

WHEREAS the City of Hamilton (hereinafter referred to as the "City") will experience growth through Development and Redevelopment;

AND WHEREAS Council for the City desires to impose Community Benefits Charges against land to pay for the Capital Costs of facilities, services and matters required because of Development or Redevelopment in the area to which the by-law applies;

AND WHEREAS the *Planning Act, 1990* (the "Act") provides that the council of a municipality may by by-law impose Community Benefits Charges against Development or Redevelopment;

AND WHEREAS a Community Benefits Charge strategy report has been completed which identifies the Facilities, Services and Matters that will be funded with Community Benefits Charges and complies with the requirements of the *Planning Act, R.S.O. 1990 c.P.13*, as amended;

AND WHEREAS Council, at its meeting of [INSERT], 2022, has adopted and approved the said Community Benefits Charge Strategy and the Community Benefits Charges and policies recommended by the General Manager of the Finance and Corporate Services Department to be included in this By-law; and

AND WHEREAS the Corporation of the City of Hamilton has consulted with such persons and public bodies as the municipality considers appropriate;

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

1. That in this by-law and the Recitals, thereto:

INTERPRETATION

- (a) **"Adaptive Reuse"** means the alteration of an existing Building on a Protected Heritage Property for compliance of its continuing or resumed use(s) with current Building Code requirements; or, for compliance of its proposed new use(s) with current Building Code requirements; or, for ensuring its structural integrity; or for optimizing its continued, resumed or new use(s); while maintaining the cultural heritage value or interests of the subject Building; and in compliance with the conditions of any Heritage Permit required for the subject alterations;

- (b) **"Affordable Housing Project"** means a development or redevelopment that provides housing and incidental facilities for persons of low and moderate income;
- (c) **"Board of Education"** means a board as defined in clause 1(1) of the Education Act 1997, S.O. 1997, c.E.2
- (d) **"Building"** means any structure or building as defined in the Building Code, as amended from time to time or any successor thereof but does not include a vehicle;
- (e) **"Building Code"** means Ontario Regulations 332/12; Building Code;
- (f) **"Building Code Act"** means the *Building Code Act, 1992*, SO 1992, c 23, as amended, or any successor thereof;
- (g) **"Building Permit"** means a building permit issued pursuant to the Building Code Act;
- (h) **"Capital Costs"** means costs incurred or proposed to be incurred by the City or a Local Board thereof directly or by others on behalf of, and as authorized by, the City or Local Board,
 - (i) to acquire land or an interest in land, including a leasehold interest,
 - (ii) to improve land,
 - (iii) to acquire, lease, construct or improve buildings and structures,
 - (iv) to acquire, construct or improve facilities including,
 - (A) furniture and equipment, and
 - (B) rolling stock, and
 - (v) to undertake studies in connection with any of the matters referred to in clauses (i) to (iv) above, including the Community Benefits Charge Strategy,required for the provision of Services designated in this By-law within or outside the City, including interest on borrowing for those expenditures under clauses (i) to (v) above that are growth-related;
- (i) **"City"** means the City of Hamilton or the geographic area of the municipality, as the context requires;
- (j) **"Community Benefits Charge"** or **"Community Benefits Charges"** means the charges permitted by the *Planning Act* and imposed by this By-law against land to pay for the Capital Costs of Facilities, Services and Matters required because of Development or Redevelopment in the area to which the by-law applies;
- (k) **"Community Benefits Charge Strategy"** means the community benefits strategy prepared by the City in accordance with the *Planning Act* and approved by Council on [insert date];

- (l) **"Council"** means the Council of the City;
- (m) **"Development"** means the construction, erection, or placing of one or more Buildings on land or the making of an addition or alteration to a Building that has the effect of increasing the size or usability thereof or any development requiring any of the actions described in subsection 12(a), and includes Redevelopment;
- (n) **"Downtown CIPA"** means the area shown on Schedule "A";
- (o) **"Facilities, Services and Matters"** are the facilities, services and matters described in the Community Benefits Charge Strategy;
- (p) **"Full Kitchen"** means a kitchen which contains a fridge, stove and sink;
- (q) **"General Manager"** means the General Manager of Corporate Services and Finance for the City;
- (r) **"Local Board"** means a municipal service board, transportation commission, public library board, board of health, police services board, planning board, or any other board, commission, committee, body or local authority established or exercising any power under any Act with respect to the affairs or purposes of the City, excluding a school board and a conservation authority;
- (s) **"Lodging House"** means a Building that is used or designed to provide four or more lodging units, which may share common areas of the Building other than the lodging unit and do not appear to function as a single housekeeping unit and does not include a Residential Facility;
- (t) **"Lodging Unit"** means a room or set of rooms located in a Lodging House designed or intended to be used for sleeping and living accommodation, which:
 - (i) is designed for the exclusive use of the resident or residents of the unit;
 - (ii) is not normally accessible to persons other than the resident or residents of the unit; and,
 - (iii) may contain either a bathroom or Full Kitchen but does not contain both for the exclusive use of the resident or residents of the unit;
- (u) **"Mixed-use Development"** means a Building used, designed or intended for use for both Residential and Non-residential Uses;
- (v) **"Non-residential Use"** means the use of land or Buildings other than for a Residential Use;
- (w) **"Ontario Heritage Act"** means the *Ontario Heritage Act*, R.S.O. 1990, c. O.18;

- (x) **"Owner"** means the owner of land who has made application for an approval for the Development of land for which a Community Benefits Charge may be imposed;
- (y) **"Parcel"** means a lot or parcel of land which can be legally conveyed pursuant to the *Planning Act*;
- (z) **"Planning Act"** means the *Planning Act*, R.S.O. 1990 c.P.13, as amended;
- (aa) **"Protected Heritage Property"** means a property that is designated under Part IV of the Ontario Heritage Act, subject to a Heritage Easement under Part II of the Ontario Heritage Act, subject to a Heritage Easement under Part IV of the Ontario Heritage Act, or subject to a covenant or agreement on title held between the property owner and a conservation authority or level of government in the interest of conserving built heritage;
- (bb) **"Redevelopment"** means the construction, erection or placing of one or more Buildings on land where all or part of a Building has previously been demolished on such land, or changing the use of a Building or part of a Building from a Non-Residential Use to a Residential Use, or changing a Building or part of Building from one form of Residential Use to another form of Residential Use;
- (cc) **"Residential Unit"** means a room or group of rooms occupied or designed to be occupied exclusively as an independent and separate self-contained housekeeping unit including a house;
- (dd) **"Residential Facility"** means a Building or part thereof containing four or more rooms or suites of rooms designed or intended to be used for sleeping and living accommodation that have a common entrance from street level and:
 - (i) where the occupants have the right to use, in common, halls, stairs, yards, common rooms and accessory Buildings;
 - (ii) which may or may not have exclusive sanitary facilities for each occupant;
 - (iii) which does not have exclusive Full Kitchen facilities for each occupant;
 - (iv) where support services such as meal preparation, grocery shopping, laundry; and
 - (v) housekeeping, nursing, respite care and attendant services may be provided at various levels;
- (ee) **"Residential Use"** means land, or Buildings of any kind whatsoever used or designed or intended for use as:

- (i) one or more Residential Units, including the portion of a Mixed-use Development comprised of any Residential Units and any areas intended to be used exclusively by the occupants of the Residential Units;
 - (ii) a Lodging House; or
 - (iii) a Residential Facility;
- (ff) **"Short Term Accommodation"** means a Building or a portion of a Building designed or used or designed or intended for use as a temporary rental sleeping accommodation for travellers and shall include but not be limited to a motel, motor hotel, hotel or an apartment hotel; and
- (gg) **"Valuation date"** means, with respect to land that is the subject of Development or Redevelopment,
- (i) the day before the day the Building Permit is issued in respect of the Development or Redevelopment, or
 - (ii) if more than one Building Permit is required for the Development or Redevelopment, the day before the day the first permit is issued.
2. Any reference in this By-law to any statute or regulation or any section of any statute or regulation shall, unless otherwise expressly stated, be deemed to be a reference to such statute, regulation or section as amended, restated or re-enacted from time to time and to any successor legislation or regulation. Any defined term in the Planning Act that has not been defined in section 1 of this By-law, shall have the meaning given to it in the *Planning Act*.
3. Unless otherwise indicated, references in this By-law to sections and schedules are to sections and schedules of this By-law.
4. In this By-law "herein", "hereof", "hereto" and "hereunder" and similar expressions refer to this By-law.
5. If the context of this By-law requires changes of gender and number, this By-law shall be read such that words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Schedules

6. The following schedules to this By-law form an integral part of this By-law:
- Schedule "A": Downtown CIPA

Lands Affected

7. This By-law applies to all land within the City except lands that are owned by and used for the purposes of:

- (a) the City or a Local Board;
- (b) a Board of Education.

Facilities, Services and Matters Funded by the Community Benefits Charges

- 8. The Facilities, Services and Matters will be funded with the Community Benefits Charges.
- 9. All Development and Redevelopment of land within the area to which this By-law applies will increase the need for the Facilities, Services and Matters.
- 10. The Community Benefits Charges applicable to a Development or Redevelopment as determined pursuant to this By-law shall apply without regard to the Facilities, Services and Matters required or used by an individual Development or Redevelopment.

Amount of Community Benefits Charge

- 11. (a) Where there is Development or Redevelopment other than that described in subsection 12(b) and which requires one or more of the approvals set out in subsection 12(a), on land to which this By-law applies, the Community Benefits Charges payable pursuant to this By-law shall be four (4) percent of the value of the land being developed as of the Valuation Date.
- (b) Land referred to in subsections 11(a) and 11(c) means the entire Parcel or Parcels on which the Development or Redevelopment is occurring regardless of whether the Development or Redevelopment is only on a part of the Parcel or Parcels or is a phase of a Development or Redevelopment.
- (c) If a Development or Redevelopment consists of two or more above grade Buildings that will not be constructed concurrently, will be subject to separate building permits and are anticipated to be completed at different times, each phase of the Development or Redevelopment is deemed to be a separate Development or Redevelopment for the purposes of this By-law. The Community Benefits Charges for the first of the above grade Buildings will be calculated in accordance with subsection 11(a). For each subsequent above grade Building the Community Benefits Payable shall be calculated as follows:

4% of the value of the land being developed as of the Valuation Date
Community Benefits Charges Payable for the first above grade Building

If the difference in the aforesaid calculation is zero or a negative value no CBC is payable, and no credit or refund will be payable.

For the purposes of this subsection an above grade shared podium structure will not be considered part of a Building.

Approvals to Which Community Benefits Charge Applies

- 12. (a) A Community Benefits Charge shall be imposed with respect to Development or Redevelopment of land that requires:

- (i) the passing of a zoning By-Law or of an amendment to a zoning By-Law under section 34 of the *Planning Act*;
 - (ii) the approval of a minor variance under section 45 of the *Planning Act*;
 - (iii) a conveyance of land to which a by-law passed under subsection 50(7) of the *Planning Act* applies;
 - (iv) the approval of a plan of subdivision under section 51 of the *Planning Act*;
 - (v) a consent under section 53 of the *Planning Act*;
 - (vi) the approval of a description under section 9 of the *Condominium Act, 1998*, SO 1998, c 19, as amended, or any successor thereof; or
 - (vii) the issuing of a permit under the *Building Code Act* in relation to a Building.
- (b) Despite 3.4(a) above, a Community Benefits Charge shall not be imposed with respect to:
- (i) Development of a proposed Building with fewer than five storeys at or above ground;
 - (ii) Development of a proposed Building with fewer than 10 Residential Units;
 - (iii) Redevelopment of an existing Building that will have fewer than five storeys at or above ground after the redevelopment; or
 - (iv) Redevelopment that proposes to add fewer than 10 Residential Units to an existing Building.
- (c) If a Development or Redevelopment is partially comprised of a use described in subsections 13(a) or (b) the portion of the Development or Redevelopment comprised of such use will not be considered part of the Development or Redevelopment and only the portion of the Development or Redevelopment that does not contain a use described in subsections 13(a) or (b) will be considered for the determination of whether a Community Benefits Charge is payable pursuant to this By-law.

Exemptions

13. Notwithstanding the provisions of this By-law, Community Benefits Charges shall not be imposed with respect to:
- (a) Development or Redevelopment as prescribed in Ontario Regulation 509/20 for the purposes of subsection 37(4)(e) of the *Planning Act*;
 - (b) until such time as the City develops and implements a Community Benefits Charge Incentive Program, Development or Redevelopment of an Affordable Housing Project that:
 - (i) is not included within the exemption in subsection 6 of section 1 of Ontario Regulation 509/20;

- (ii) has been approved to receive construction funding from the Government of Canada or the Province of Ontario (including their Crown corporations) under an affordable housing program or has been approved by the City through an affordable housing program;
 - (ii) such affordable housing Development or Redevelopment is not eligible for funding for Community Benefits Charges liabilities from the Government of Canada or the Province of Ontario (including their Crown corporations); and
- (c) Redevelopment or Development on a Protected Heritage Property involving the Adaptive Reuse of all of a Building but without any addition thereto or the construction of any additional Buildings on the Protected Heritage Property provided the Protected Heritage Property contains:
- (i) heritage attributes that are the subject of designation under Part IV of the Ontario Heritage Act;
 - (ii) features subject to a Heritage Easement under Part II of the Ontario Heritage Act;
 - (iii) features subject to a Heritage Easement under Part IV of the Ontario Heritage Act; or
 - (iv) features subject to a covenant or agreement on title held between the property owner and a conservation authority or level of government in the interest of conserving,

Downtown CIPA and Other Partial Exemptions

14. Notwithstanding any other provision of this By-law, the Community Benefits Charges payable under this By-law respecting all Development and Redevelopment for which the date of Building Permit issuance is on or before June 12, 2024 and which is within the boundaries of the Downtown CIPA as shown on Schedule "A", shall be reduced by 40%.
15. Redevelopment of an existing Residential Development for the purpose of creating a Residential Facility or Lodging House within the existing Building envelope is exempt from 50% of the Community Benefit Charge otherwise payable pursuant to this By-law.

In-Kind Contributions

16. In accordance with subsection 37(6) of the *Planning Act*, the City may in its sole discretion permit an Owner to provide the City Facilities, Services or Matters required because of Development or Redevelopment on lands to which the By-law applies, in return for a deduction from the Community Benefits Charges payable by the Owner subject to the Owner and the City entering into an agreement.
17. The General Manager is delegated the authority to make the decision in section 16 herein and may authorize and execute any agreement required pursuant to section 16 herein on such terms and conditions satisfactory to the General Manager.

18. Before the Owner enters into an agreement in accordance with section 16 to provide the City Facilities, Services or Matters required because of Development or Redevelopment on lands to which the By-law applies the City shall advise the Owner of the value that will be attributed to them.
19. The value attributed under section 18 shall be deducted from the amount the Owner would otherwise be required to pay under this By-law. If the value attributed under section 18 exceeds the Community Charges Benefits payable the excess value shall not be paid to Owner providing the Facilities, Services or Matters and no credit shall be provided to the Owner. If the value attributed under section 18 is less than the Community Benefits Charges that are payable the Owner shall pay the difference to the City in accordance with section 20.

Time of Payment of Community Benefits Charges

20. Community Benefits Charges imposed under this By-law are calculated, payable, and collected upon issuance of a Building Permit for the Development or Redevelopment.

Multiple building permits

21. If a Development or Redevelopment requires more than one Building Permit but only contains one above grade Building, the Community Benefits Charges for the Development or Redevelopment are payable upon the first Building Permit being issued.
22. For Development or Redevelopment that requires more than one Building Permit and is comprised of more than one above grade Building, Community Benefits Charges are payable upon the issuance of the first Building Permit being issued and for each Building Permit issued for the construction of every above grade Building after the first above grade Building and shall be calculated in accordance with subsection 11(c). If the first Building Permit for the Development or Redevelopment permits the construction of more than one above grade Building, the Community Benefits Charges payable for any additional above grade Building will payable upon the issuance each Building Permit for any additional above grade Building and the Community Benefits Charges shall be calculated in accordance with subsection 11(c).

Interest on Refunds

22. If it is determined that a refund is required to be paid pursuant to subsections 37(27) and 37(27) of the *Planning Act*, the City shall pay interest on a refund required to be paid pursuant to 37(28) and 37(29) of the *Planning Act* at a rate not less than that required pursuant to subsection 37(29) of the *Planning Act* from the day the amount was paid to the municipality to the day it is refunded.

Severability

23. If, for any reason, any provision of this By-law is held to be invalid, it is hereby declared to be the intention of Council that all the remainder of this By-law shall continue in full force and effect until repealed, re-enacted, amended or modified.

Administration of By-law

24. This By-law shall be administered by the Corporate Services and Finance Department of the City.

Headings for Reference Only

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

Non-Binding Nature

26. Nothing in this By-law shall be construed so as to commit or require the City or its Council to authorize or proceed with any specific capital project at any specific time.

General

27. This By-law may be referred to as the "City of Hamilton Community Benefits Charges By-law".

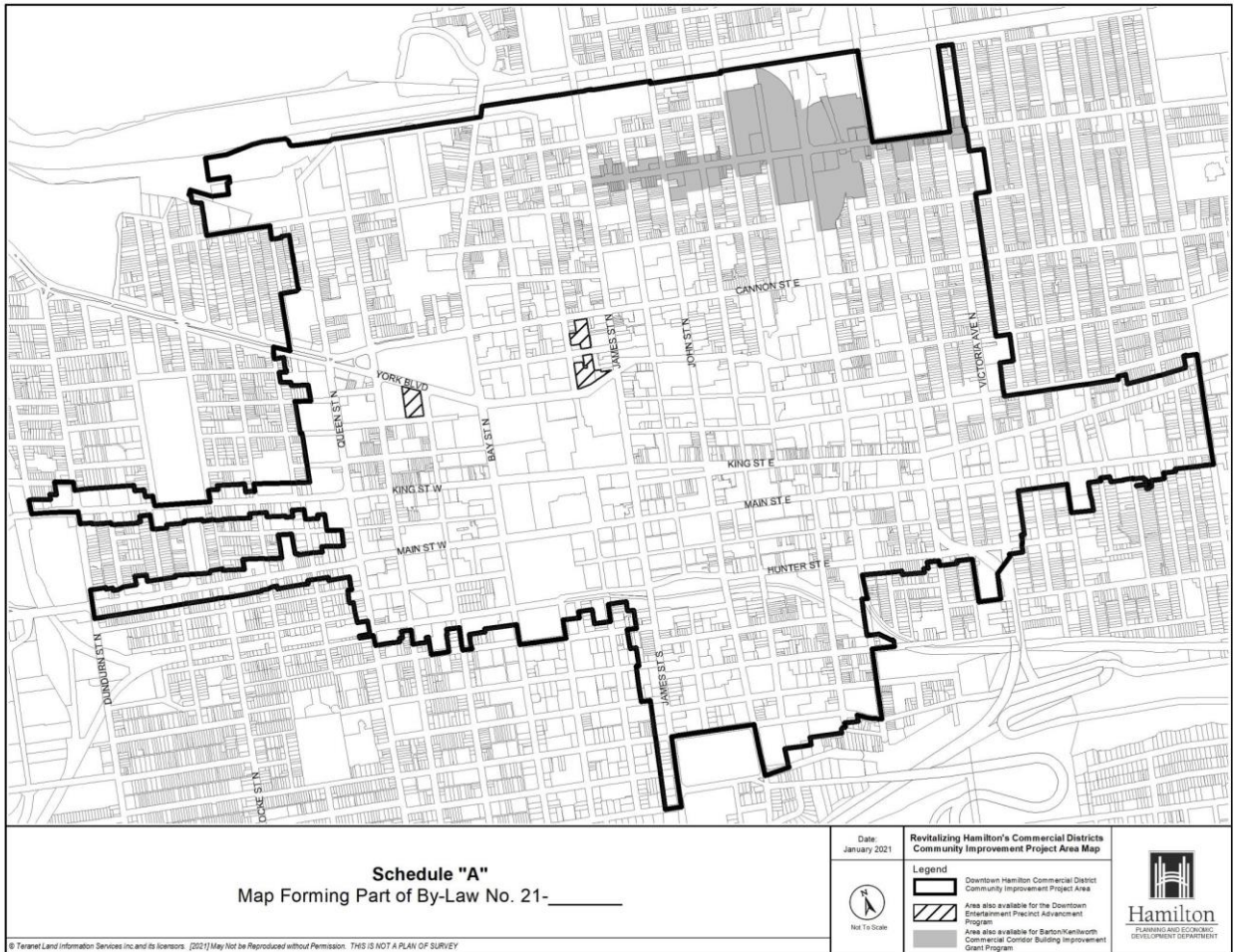
Date By-law In Force

28. This By-law shall come into effect at 12:01 A.M. on September 18, 2022.

PASSED this XX day of XXXX, 2022.

F. Eisenberger
Mayor

A. Holland
City Clerk



Schedule "A"
 Map Forming Part of By-Law No. 21-_____

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<p>Date: January 2021</p>  <p>Not To Scale</p>	<p>Revitalizing Hamilton's Commercial Districts Community Improvement Project Area Map</p> <p>Legend</p> <ul style="list-style-type: none">  Downtown Hamilton Commercial District Community Improvement Project Area  Area also available for the Downtown Entertainment Precinct Advancement Program  Area also available for Barton/Kenilworth Commercial Corridor Building Improvement Grant Program
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2022-2031 CBC Eligible Capital Projects

Services	Project Title	Timing (year)	Gross Capital Cost Estimate (2022\$)	C.B.C. Eligible Costs
Airport	Provision for Additional lands needed for runway expansion and cargo road.	2022-2031	27,380,000	5,165,237
Airport	D.C. Reserve Fund Adjustment			(1,135,673)
CBC Strategies	Undertake CBC Strategy and By-law	2022	225,000	225,000
CBC Strategies	5-year update to CBC Strategy and By-law	2027	225,000	225,000
Corporate Initiatives	Digital/Open Data Infrastructure	2022-2024	300,000	5,660
Corporate Initiatives	Digital Office: Smart City and Digital Transformation Program	2022-2023	200,000	3,773
Corporate Initiatives	Digital Office: Smart City and Digital Transformation Program	2022-2023	400,000	7,546
Council Initiatives	Historical Signs	2022	50,000	943
Council Initiatives	Chedoke Course Redevelopment	2022	50,000	943
Council Initiatives	W14 Complete St Enhancement	2022	300,000	5,660
Culture	St. Mark's Restoration	2022-2023	452,000	57,862
Culture	St. Mark's Restoration	2022-2023	1,387,000	177,553
Culture	ICIP CCR Children's Museum Expansion Phase 2	2022-2024	3,344,000	454,562
Culture	Steam Museum Building Expansion	2023-2026	1,040,000	266,266
Culture	Auchmar Adaptive Reuse - Stone Walls Phase	2023-2031	540,000	13,825
Culture	Auchmar Adaptive Reuse - Stone Walls Phase	2023-2031	14,280,000	365,604
Culture	Fieldcote Museum Expansion	2023	35,000	7,604
Culture	Fieldcote Museum Expansion	2023	465,000	101,181
Culture	Local History & Archives Renovation	2026	5,000,000	128,013
Culture	Public Art Master Plan Review	2022	18,000	2,304
Culture	Public Art - West Hamilton Rail Trail	2022	25,000	6,401
Culture	PublicArt-HamTheElectricCity	2022	225,000	57,606
Culture	Public Art Locke Street Marker	2022	100,000	25,603
Culture	Ancster Memorial Arts Centre PublicArt	2022	250,000	64,006
Culture	Public Art-Centre Memorial Mural	2022	17,500	4,480
Culture	Public Art -Century St Parkett	2022	150,000	38,404
Information Technology	Business Systems and Services Continuity Plan	2022	150,000	2,830
Information Technology	IT Asset Management Program	2022	180,000	3,396
Information Technology	IT Strategy Refresh	2022-2024	880,000	16,601
Information Technology	Information Security Program	2022-2023	1,300,000	24,525
Information Technology	EDRMS - Enterprise Data and Records Management System Project	2022-2025	650,000	12,262
Landfill	Solid Waste Management Master Plan - Alternative Disposal Facility (Landfill Portion)	2022	200,000	4,474
Landfill	Glanbrook Landfill Stage 3 Development- Cells C, D, & E	2022	5,500,000	123,027
Landfill	Public Space & Special Event Containers (Landfill Portion)	2022-2031	2,250,000	201,317
Landfill	Glanbrook Landfill Capital Improvement Program (Landfill Portion)	2022-2029	2,899,000	525,257
Landfill	Transfer Station/CRC Expansion (Landfill Portion)	2024	14,500,000	1,946,060
Parking	Downtown Parking Structure	2023	29,680,000	4,815,254
Parking	West Harbour Development - Parking Structure	2028-2030	34,590,000	1,806,701
Parking	Parking Payment Equipment	2022-2031	877,500	20,223
Parking	License Plate Reading Tech	2022	300,000	5,660
Parking	D.C. Reserve Fund Adjustment			(1,479,016)
Public Realm	King St W Bus Imprv Area Gateway	2022	12,450	236
Public Realm	Main St W Bus Imprv Area Gateway	2022	150,000	2,830
Public Realm	Inter Village BIA Gateway	2022	36,000	679
Studies	Comprehensive Zoning By-Law 05-200 Update	2022	65,300	6,150
Studies	Site Plan Guidelines Update/Consolidation	2022	229,000	43,201
Studies	Natural Areas Inventory Study	2022-2028	343,800	58,368
Studies	City-wide Employment Survey	2022-2028	1,031,000	194,498
Studies	Human Services Study	2022-2025	258,000	24,336
Studies	Ontario Works Review	2022-2025	129,000	6,075
Studies	Human Services Market Planning Study	2022-2025	258,000	36,504
Studies	Neighbourhood Community Needs Study	2022-2025	77,400	7,301
Studies	Provision for Growth Component of Unidentified Studies	2022-2023	2,600,000	490,490
Studies	Public Art Master Plan Review	2022	18,000	1,698
Studies	Part IV Designation of Properties under the Ontario Heritage Act	2022-2031	1,485,000	28,015
Studies	City Wide Employment Survey	2025	385,000	72,630
Studies	Comprehensive Zoning By-Law	2023	1,535,000	144,789
Studies	Centennial Neighborhood Streetscape and Public Realm Design Study	2023	500,000	94,325
Studies	School Crossing Review	2022	100,000	1,887
Studies	HAAA Feasibility Study	2022	150,000	2,830
TOTAL			\$ 159,777,950	\$ 15,520,770

Summary Report

15 March 2022 - 29 May 2022

Engage Hamilton

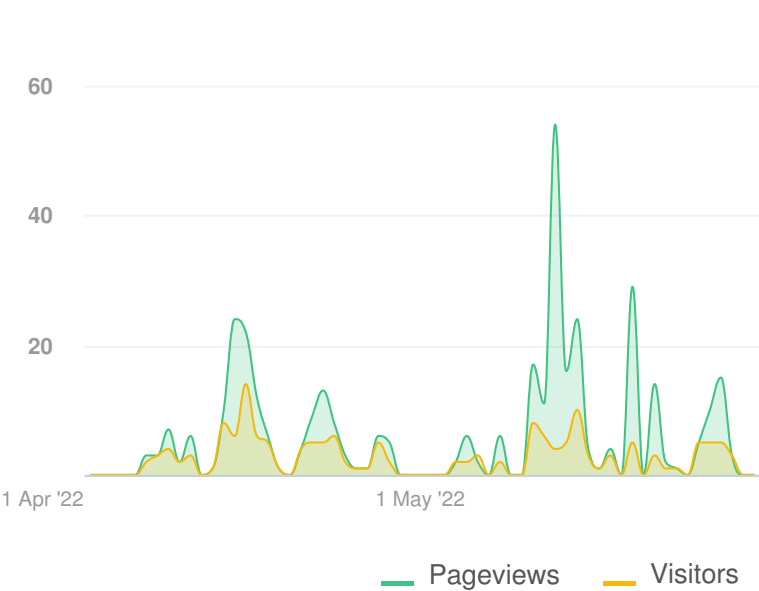
PROJECTS SELECTED: 1

Community Benefits Charges Strategy

FULL LIST AT THE END OF THE REPORT



Visitors Summary



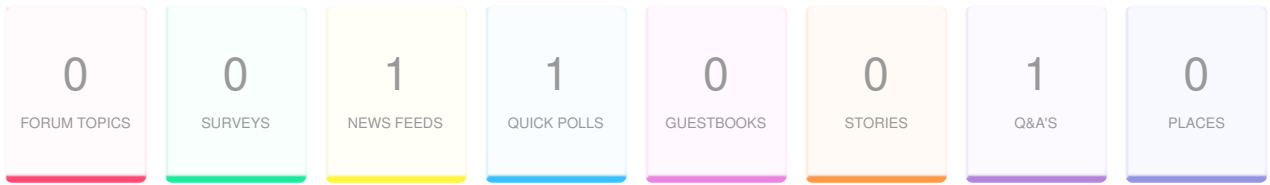
Highlights

TOTAL VISITS	MAX VISITORS PER DAY	
178	14	
NEW REGISTRATIONS		
2		
ENGAGED VISITORS	INFORMED VISITORS	AWARE VISITORS
5	42	125

PARTICIPANT SUMMARY

ENGAGED	5 ENGAGED PARTICIPANTS			(%)
INFORMED	Registered	Unverified	Anonymous	
	Contributed on Forums	0	0	0
	Participated in Surveys	0	0	0
	Contributed to Newsfeeds	0	2	0
AWARE	Participated in Quick Polls	1	0	0
	Posted on Guestbooks	0	0	0
	Contributed to Stories	0	0	0
	Asked Questions	2	0	0
	Placed Pins on Places	0	0	0
	Contributed to Ideas	0	0	0
	<i>* A single engaged participant can perform multiple actions</i>			<i>* Calculated as a percentage of total visits to the Project</i>
Community Benefits Charge... 5 (4.0%)				
ENGAGED	42 INFORMED PARTICIPANTS			(%)
INFORMED	Participants			
	Viewed a video	0		
	Viewed a photo	0		
	Downloaded a document	22		
AWARE	Visited the Key Dates page	4		
	Visited an FAQ list Page	0		
	Visited Instagram Page	0		
	Visited Multiple Project Pages	34		
	Contributed to a tool (engaged)	5		
	<i>* A single informed participant can perform multiple actions</i>			<i>* Calculated as a percentage of total visits to the Project</i>
Community Benefits Charge... 42 (33.6%)				
ENGAGED	125 AWARE PARTICIPANTS			
INFORMED	Participants			
	Visited at least one Page	125		
AWARE	<i>* Aware user could have also performed an Informed or Engaged Action</i>			<i>* Total list of unique visitors to the project</i>
Community Benefits Charge... 125				

ENGAGEMENT TOOLS SUMMARY



NEWSFEEDS SUMMARY	
1	NewsFeed
9	Visits
9	Visitors

TOP 3 NEWSFEEDS BASED ON VISITORS
<p>9</p> <p>Visitors to</p> <p>Draft Community Benefits Charges By-law</p>

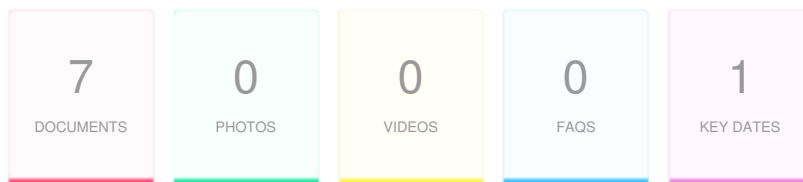
QUICK POLLS SUMMARY	
1	Quick Polls
1	Contributors
1	Responses

TOP 3 QUICK POLLS BASED ON CONTRIBUTORS
<p>1</p> <p>Contributors to</p> <p>How should CBC's should be used?</p>

Q & A SUMMARY	
1	Q&As
2	Contributors
2	Questions

TOP 3 Q & A BASED ON CONTRIBUTORS
<p>2</p> <p>Contributors to</p> <p>Development Charges Sub-Committee presentations</p>

INFORMATION WIDGET SUMMARY



DOCUMENTS	
7	Documents
22	Visitors
45	Downloads

TOP 3 DOCUMENTS BASED ON DOWNLOADS		
15 Downloads	10 Downloads	6 Downloads
Community Benefits Charges – Engagement and Draft Strategy (FCS22015(a))	FCS22015(a) - Community Benefits Charges - Appendix A	Community Benefits Charges (FCS22015)

KEY DATES	
1	Key Dates
4	Visitors
5	Views

TOP 3 KEY DATES BASED ON VIEWS
5 Views
Community Benefits Charges Strategy

TRAFFIC SOURCES OVERVIEW

REFERRER URL	Visits
www.hamilton.ca	45
www.google.com	24
android-app	6
www.bing.com	5
linktr.ee	1
lm.facebook.com	1
mail.google.com	1
t.co	1

SELECTED PROJECTS - FULL LIST

PROJECT TITLE	AWARE	INFORMED	ENGAGED
Community Benefits Charges Strategy	125	42	5

**CITY OF HAMILTON
RESERVE POLICIES**

DEPARTMENT/DIV. RESPONSIBLE: CORPORATE SERVICES – FPAP		POLICY NO: RESCAP-XXXX
DATE APPROVED:	LAST REVISION DATE:	REVIEW DATE:
SUBJECT: CONSOLIDATED RESERVE POLICY BY RESERVE		RESERVE: Community Benefits Charge Reserve Fund

Purpose:

The Community Benefits Charge Reserve Fund (CBC Reserve Fund) - All funds collected under the CBC By-law are to be deposited into a special Reserve Fund and used solely for growth capital projects eligible under the CBC Strategy. Reports and information as set out in section 7 of O. Reg. 509/20 outlining balances and use of funds must be adhered to.

Authorization:

That all transfers from the CBC Reserve Fund be approved by City Council either by a budget submission by a separate Council report or by a Council motion.

Source of Funding:

CBCs are collected from developers undertaking eligible development and redevelopment in the city of Hamilton based on a percentage of land value the day before a building permit is issued in accordance with the CBC Bylaw and Strategy.

Application of Funds:

Funds and interest collected in the CBC Reserve Fund are to be used solely for growth capital projects eligible under the CBC Strategy. A municipality must spend or allocate at least 60% of the monies that are in the special account at the beginning of the year.

Target Reserve Level and Ceiling: N/A

Borrowing from Reserve: N/A

Duration: Ongoing

Interest Bearing: Yes

Separate Bank Account: No

**CITY OF HAMILTON
RESERVE POLICIES**

DEPARTMENT/DIV. RESPONSIBLE: CORPORATE SERVICES – FPAP		POLICY NO: RESCAP-XXXX
DATE APPROVED:	LAST REVISION DATE:	REVIEW DATE:
SUBJECT: CONSOLIDATED RESERVE POLICY BY RESERVE		RESERVE: Development Charges – Community Benefits Charge Transition Reserve Fund

Purpose:

As of September 18, 2022, changes to the *Development Charges Act* have disallowed a municipality from collecting Development Charges for Airport or Parking Services. Funds currently in these respective DC Reserve Funds will be transferred to the Development Charges-Community Benefits Charge Transition Reserve Fund to be used for these services in future capital projects.

Authorization:

That all transfers from the CBC Reserve Fund be approved by City Council either by a budget submission by a separate Council report or by a Council motion.

Source of Funding:

Funds transferred from the Airport and Parking DC Reserve Funds will be transferred to this new Reserve Fund.

Application of Funds:

Funds and interest collected in the CBC Reserve Fund are to be used solely for eligible Airport and Parking growth projects no longer eligible for DC's.

Target Reserve Level and Ceiling: N/A

Borrowing from Reserve: N/A

Duration: Once the Reserve Funds reach a zero balance, it must be closed.

Interest Bearing: Yes

Separate Bank Account: No



City of Hamilton 2022 Community Benefits Charge

AF&A Meeting

June 16, 2022



Agenda

- Introductions
- What is a Community Benefits Charge?
- Methodology
- C.B.C. Growth Forecast and Land Valuation
- Cost Allocations
- Capital Costs and Calculated C.B.C. Rate
- Exemptions
- C.B.C. Process
- Next Steps
- Questions



What is a Community Benefits Charge?

Current Legislation

The COVID-19 Economic Recovery Act (Bill 197) received Royal Assent on July 21, 2020, and amendments came into effect on September 18, 2022

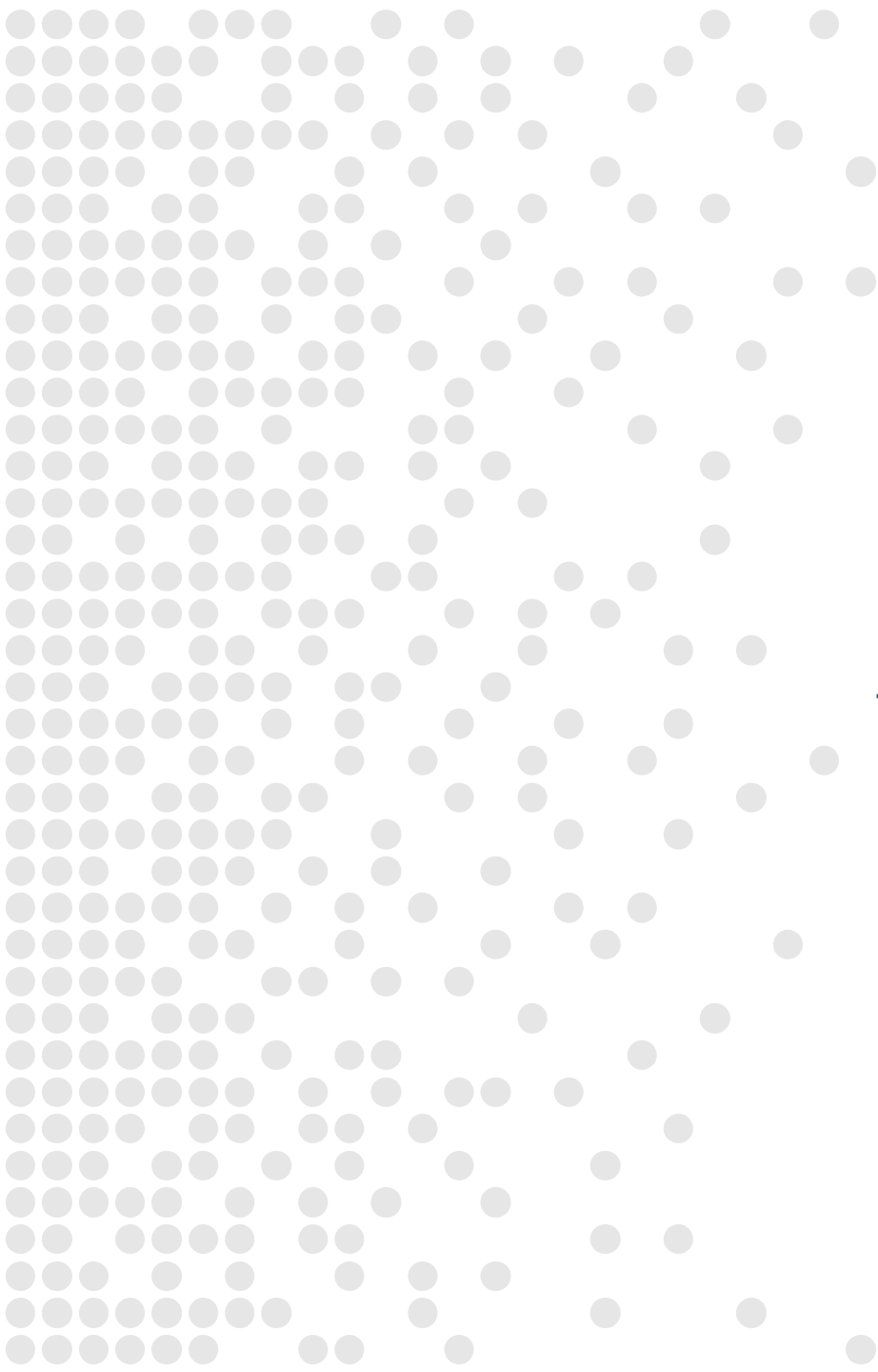
- D.C.A. amendments include changes to eligible services
 - All services included in the City's current D.C. By-law remain eligible under the D.C.A., except for Parking Services, Airport Services, and portions of Social Services (now can only include Child Care and Early Years Programs)
- Planning Act Amendments
 - Community Benefits Charges may be imposed by By-law for buildings or structures with five storeys or more **and** with 10 or more residential units.
 - The prescribed maximum C.B.C. rate (as per O. Reg. 509/20) is 4% of the property's land value prior to the day of building permit issuance.

What is a Community Benefits Charge?



Under Bill 197

- Section 37(2) allows local/single tier municipalities to impose community benefits charges against land to pay for the capital costs of facilities, services and matters required due to development/redevelopment.
- A C.B.C. by-law must be passed by Council.
- Before passing a C.B.C by-law under subsection (2), a strategy must be prepared that:
 - identifies the facilities, services and matters that will be funded with community benefits charges; and
 - complies with any prescribed requirements (defined by O. Reg. 509/20)



Methodology

City of Hamilton 2022
C.B.C. Strategy



Methodology of C.B.C. Strategy

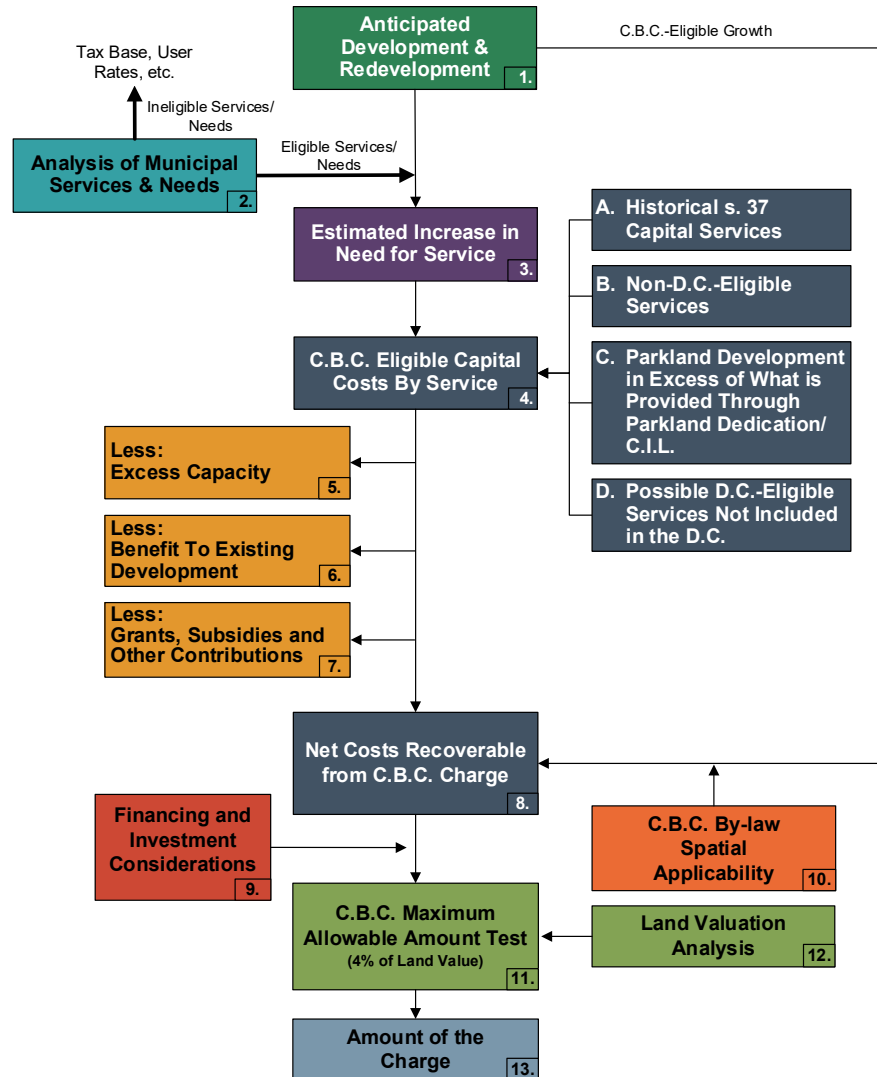
Community Benefits Charges will only apply to developments that are 5 storeys or more and have a minimum 10 residential units. As such the following must be assessed to determine the C.B.C. for the City:

1. Determine the amount of anticipated development and redevelopment that will be eligible to have a C.B.C. imposed on it by reviewing the most recent growth forecast information, applications in the development process, etc.
2. Estimate the land values of the eligible developments/redevelopments in consultation with City Realty staff based on recent appraisal available and/or through information provided by an appraiser contracted for purposes of the C.B.C. strategy.
3. Determine the estimated funding envelope based on 4% of the land values.
4. Estimate the increase in need for services and the share of the capital costs required because of the development/redevelopment.
5. Determine how much of the capital costs relate to the eligible development & redevelopment and complete the formal calculations to determine the percentage to impose for a C.B.C. (to a maximum of 4%)

C.B.C. Methodology



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





C.B.C. Land Valuation and Growth Forecast

City of Hamilton 2022
C.B.C. Strategy



Growth Forecast

The City's C.B.C. growth forecast for 2022 to 2032 has considered:

- Growth Related Integrated Development Strategy (G.R.I.D.S.) 2 “No Urban Boundary Expansion Scenario”
- Developments at various stages of the planning process anticipated to take place in the 10-year forecast period (i.e. registered, draft approved, pending)
- Developments in the planning process by area of the City



Growth Forecast

Development Location	Timing	Single & Semi-Detached	Multiples ⁽¹⁾	Apartments ⁽²⁾			Total Residential Units	Gross Population In New Units	Existing Unit Population Change	Net Population Increase, Excluding Institutional	Institutional Population	Net Population Including Institutional
				Units in C.B.C. Ineligible	Units in C.B.C. Eligible	Total Apartment Units						
Ancaster	mid 2022 - mid 2032	656	566	471	0	471	1,693	4,309	(481)	3,828	88	3,916
Dundas	mid 2022 - mid 2032	46	61	0	253	253	360	711	(288)	423	53	476
Flamborough	mid 2022 - mid 2032	854	975	2,646	307	2,953	4,782	9,989	(506)	9,483	93	9,576
Sub-Total Ancaster, Dundas & Flamborough	mid 2022 - mid 2032	1,556	1,602	3,117	560	3,677	6,835	15,009	(1,275)	13,734	234	13,968
Glanbrook	mid 2022 - mid 2032	2,030	1,749	197	0	197	3,976	11,268	(354)	10,914	65	10,979
Upper Hamilton	mid 2022 - mid 2032	1,230	1,188	1,890	3,889	5,779	8,197	16,375	(1,816)	14,559	332	14,891
Stoney Creek	mid 2022 - mid 2032	843	1,658	1,534	2,837	4,371	6,872	13,863	(824)	13,039	151	13,190
Sub-Total Glanbrook, Stoney Creek and Upper Hamilton	mid 2022 - mid 2032	4,103	4,595	3,621	6,726	10,347	19,045	41,506	(2,994)	38,512	548	39,060
Lower Hamilton (inside Downtown Secondary Plan)	mid 2022 - mid 2032	2	3	14	3,235	3,249	3,254	5,323	(577)	4,746	23	4,769
Lower Hamilton (outside Downtown Secondary Plan)	mid 2022 - mid 2032	312	612	2,652	1,010	3,662	4,586	8,468	(1,519)	6,949	360	7,309
Sub-Total Lower Hamilton	mid 2022 - mid 2032	314	615	2,666	4,245	6,911	7,840	13,791	(2,096)	11,695	383	12,078
City of Hamilton	mid 2022 - mid 2032	5,973	6,812	9,404	11,531	20,935	33,720	70,306	(6,365)	63,941	1,165	65,106

- The location of the anticipated high-density growth has been broken out into several areas across the City.
- Based on applications in the planning process, approximately 55% of all apartment units will be in buildings that have a minimum of 5 storeys and minimum of 10 residential units.
- Therefore, of the 20,935 apartment units identified for the 10-year forecast period, 11,531 units would be considered C.B.C. eligible units.



Land Valuation

- Staff from the City's Corporate Real Estate Office undertook land value estimates to assist with the implementation of this C.B.C. strategy.
- The land valuations were based on high density residential lands summarized for major areas within the City.

Area	Estimated Median (\$/acre)
Upper Hamilton, Stoney Creek, Glanbrook (Map 1 – Area 2)	\$3,000,000
Ancaster, Dundas, Flamborough, Westdale (Map 1 - Area 1)	\$5,000,000
Lower Hamilton Outside of Downtown Secondary Plan Area (Map 1 – Area 3)	\$8,000,000
Downtown Secondary Plan Area - Low-Rise & Mid-Rise (Map 2)	\$8,000,000
Downtown Secondary Plan Area - High-Rise (Map 2)	\$13,500,000



Total Land Values for Growth Forecast

- Based on eligible properties and weighted land values, average densities were assigned to each area to generate the estimated total acres of high-density land to be developed.
- The maximum C.B.C. percentage of 4% would generate approximately \$10.45 million of revenue.

Area	Total C.B.C. Eligible Units	Average Land Value Per Acre	Average Units Per Acre	Estimated Total Acres	Total Land Value	C.B.C. %	Potential C.B.C. Revenue
Ancaster	-	\$5,000,000	130	-	\$0		
Dundas	253	\$5,000,000	130	2.0	\$9,753,000		
Flamborough	307	\$5,000,000	130	2.4	\$11,834,000		
Glanbrook	-	\$3,000,000	150	-	\$0		
Upper Hamilton	3,889	\$3,000,000	150	25.9	\$77,780,000		
Stoney Creek	2,837	\$3,000,000	150	18.9	\$56,740,000		
Lower Hamilton (Inside the Downtown Secondary Plan Area):							
Mid-Rise (5-15 Storeys)	40	\$8,000,000	510	0.1	\$628,000		
High-Rise (Over 15 Storeys)	3,195	\$13,500,000	570	5.6	\$75,671,000		
Total	11,531			58.4	\$261,263,000	4%	\$10,450,520

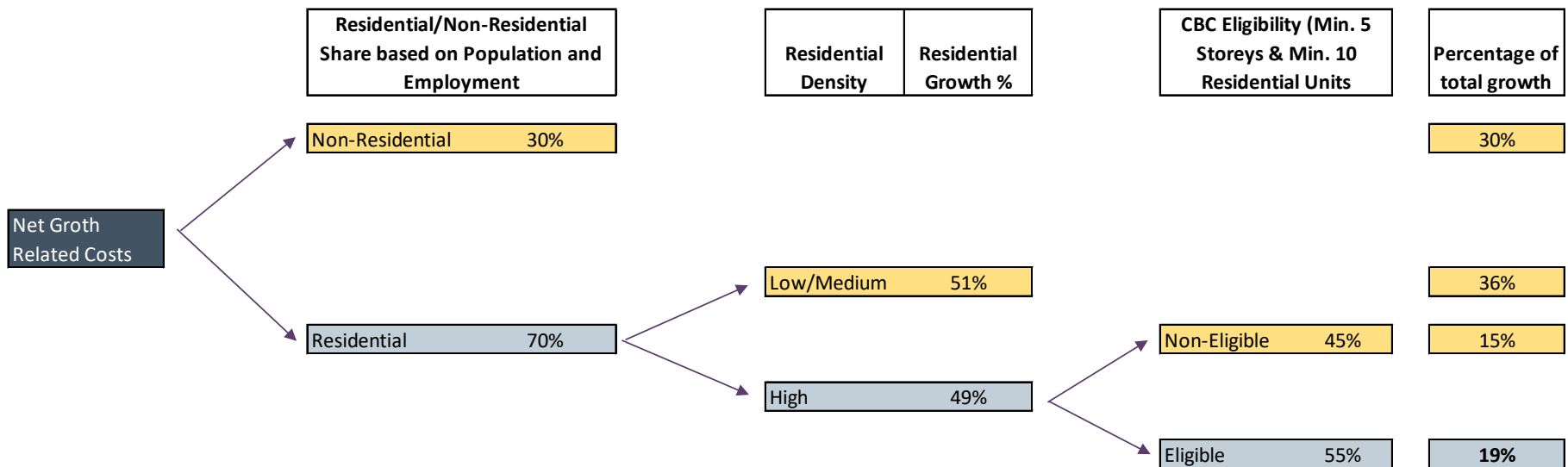


Cost Allocations

City of Hamilton 2022
C.B.C. Strategy



Example – C.B.C. Recovery for Municipal-Wide Services



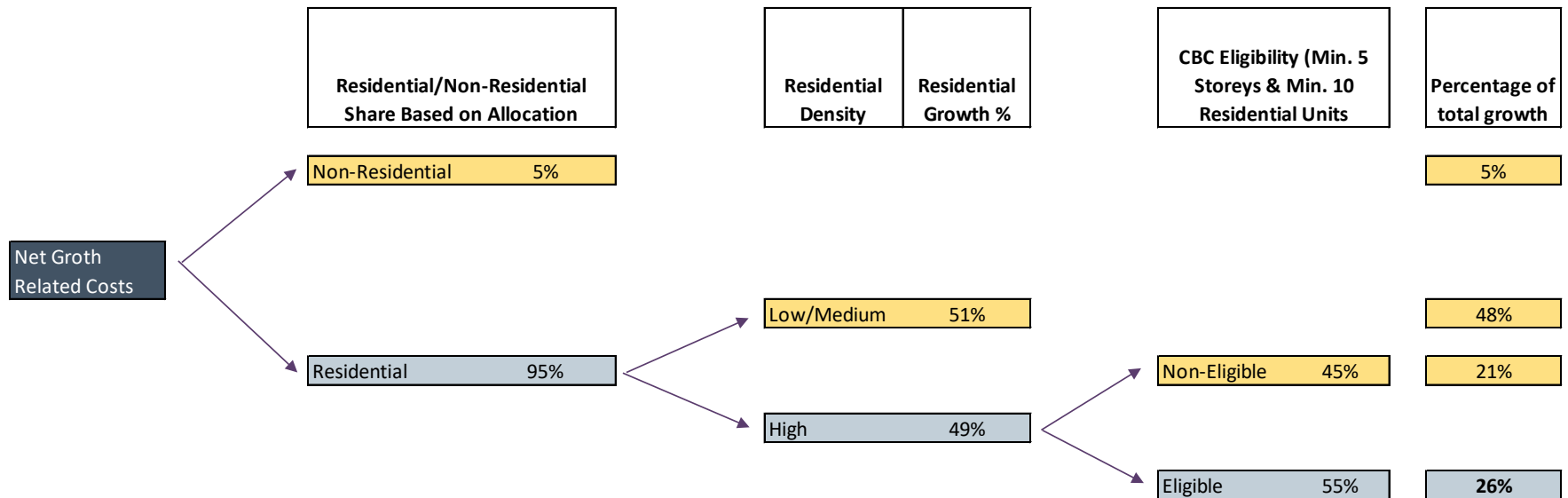
¹ Gross Cost is net of deductions for Benefit to existing, excess capacity, grants, subsidies, and other contributions, etc.

- Allocation between residential and non-residential growth would be based on the incremental growth in population and employment as provided in the D.C. Growth Forecast.
- Approx. 19% of Municipal-wide C.B.C. eligible cost could be recovered (e.g. parking services, expansions to administration facility, public art, etc.)



Example – C.B.C. Recovery for Parks, Recreation & Cultural Services

Parks, Recreation, Culture



¹ Gross Cost is net of deductions for Benefit to existing, excess capacity, grants, subsidies, and other contributions, etc.

- Allocation between residential and non-residential growth is based on the same allocation made for parks, recreation and library services as provided in the D.C. Study.
- Approx. 26% of Municipal-wide C.B.C. eligible cost could be recovered (e.g. museum, art centre, parkland acquisition not recovered through parkland dedication/C-I-L, former services recovered under Section 37 of the Planning Act, etc.)



C.B.C. Funding Calculation

- Based on eligible properties and weighted land values, an assumption of the density (e.g. 125 units per acre) would be made to generate a total land value of \$261.26 million.
- The maximum C.B.C. percentage of 4% would generate \$10.45 million of revenue.
- This would require capital projects in the range of \$41-\$55 million depending on the services included.

Area	Total C.B.C. Eligible Units	% of Total Units	Average Land Value Per Acre	Weighted Value Per Acre by Area	Average Units Per Acre	Estimated Total Acres	Total Land Value	C.B.C. %	Potential C.B.C. Revenue
Ancaster	-	0%	\$5,000,000	\$0	130	-	\$0		
Dundas	253	2%	\$5,000,000	\$109,704	130	2.0	\$9,753,000		
Flamborough	307	3%	\$5,000,000	\$133,119	130	2.4	\$11,834,000		
Glanbrook	-	0%	\$3,000,000	\$0	150	-	\$0		
Upper Hamilton	3,889	34%	\$3,000,000	\$1,011,794	150	25.9	\$77,780,000		
Stoney Creek	2,837	25%	\$3,000,000	\$738,097	150	18.9	\$56,740,000		
Lower Hamilton (Inside the Downtown Secondary Plan Area):									
Mid-Rise (5-15 Storeys)	40	0%	\$8,000,000	\$27,751	510	0.1	\$628,000		
High-Rise (Over 15 Storeys)	3,195	28%	\$13,500,000	\$3,740,569	570	5.6	\$75,671,000		
Total	11,531	100%		\$6,461,755		58.4	\$261,263,000	4%	\$10,450,520

City-Wide Projects based on Population/Employment Splits - CBC Recovery from High Density Development - Gross Cost Required for Projects	19%	\$55,396,342
Culture, Parks, Recreation, etc. - CBC Recovery from High Density Development - Gross Cost Required for Projects	26%	\$40,818,358



Capital Costs and Calculated C.B.C. Rate

City of Hamilton 2022
C.B.C. Strategy



Potential Services to be Considered

The types of growth-related capital that can be included in a C.B.C. can include:

- Non-D.C. eligible services:
 - Services Removed from D.C.: Parking, Airport, Portions of Social Services, Studies,
 - Other Non-eligible D.C. Services: Municipal Administration Building Expansion, Museum, Arts Centre, Public Art, Heritage Preservation, Landfill, Public Realm Improvements, Community Gardens, Space for Non-Profits, etc.;
- Former Services recovered under Section 37 of the Planning Act (if applicable);
- Parkland Acquisition, except for parkland dedication related; and
- D.C. eligible services (Growth-related capital not included in the D.C.).



Capital Project Summary

Services	Gross Cost	Benefit to Existing Deduction	Grants, Subsidies & Other Contributions	Net Growth-Related Costs	C.B.C. Eligible Costs
D.C. Services Becoming Ineligible:					
Municipal Parking	65,447,500	37,892,500	156,000	27,399,000	5,168,821
Airport Services	27,380,000	6,020,000	-	21,360,000	4,029,564
Growth Studies	9,164,500	2,734,100	-	6,430,400	1,213,095
Total DC Services Becoming Ineligible	101,992,000	46,646,600	156,000	55,189,400	10,411,480
Other Capital Needs (based on 2022 Capital Plan):					
CBC Strategies	450,000	-	-	450,000	450,000
Landfill Services	25,349,000	6,290,900	6,539,900	12,518,200	2,800,134
Cultural Services	27,328,500	19,285,500	1,124,640	6,918,360	1,771,273
Public Realm Initiatives	198,450	178,600	-	19,850	3,745
Corporate Initiatives	900,000	810,000	-	90,000	16,979
Information Technology	3,160,000	2,844,000	-	316,000	59,613
Council Initiatives	400,000	360,000	-	40,000	7,546
Total Other Potential Capital	57,785,950	29,769,000	7,664,540	20,352,410	5,109,289
Total Potential Capital Program	159,777,950	76,415,600	7,820,540	75,541,810	15,520,770

Total Potential Capital Program - C.B.C. Eligible Costs	\$15,520,770
Total Land Valuation (10-Year Forecast)	\$261,263,000
Percentage of Land Value Required to fund the C.B.C. Eligible Costs	6%

Legislative Maximum C.B.C. Percentage of Land Value	4%
Total Land Valuation (10-Year Forecast)	\$261,263,000
Maximum Eligible Amount based on Total Land Valuation	\$10,450,520

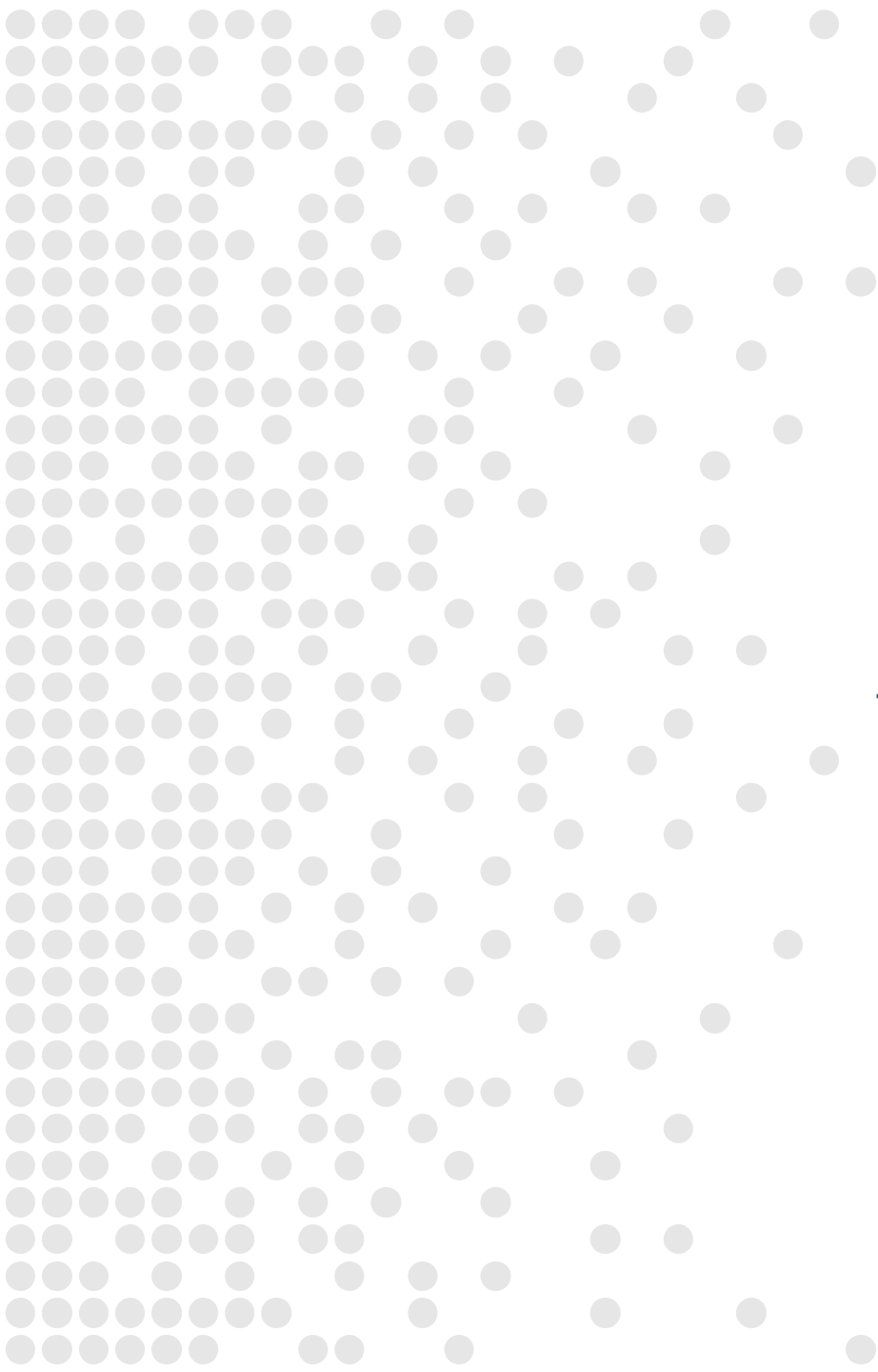
Amount In Excess of Maximum Eligible Amount	\$5,070,250
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Calculated C.B.C. Rate

As per the Planning Act, the maximum a municipality can impose for a C.B.C. is equal to 4% of the land value of a property, the day before building permit issuance. Based on the total land value, the estimated potential C.B.C. recovery for the City equates to just over \$10.45 million

Total Potential Capital Program - C.B.C. Eligible Costs	\$15,520,770
Total Land Valuation (10-Year Forecast)	\$261,263,000
Percentage of Land Value Required to fund the C.B.C. Eligible Costs	6%
Legislative Maximum C.B.C. Percentage of Land Value	4%
Total Land Valuation (10-Year Forecast)	\$261,263,000
Maximum Eligible Amount based on Total Land Valuation	\$10,450,520
Amount In Excess of Maximum Eligible Amount	\$5,070,250



Exemptions

City of Hamilton 2022

C.B.C. Strategy



Exemptions

Mandatory:

- Long-term care homes;
- Retirement homes;
- Universities, colleges, and Indigenous Institutes;
- Memorial home, clubhouse or athletic grounds of the Royal Canadian Legion; and
- Hospices.

It is recommended that the C.B.C. policy align with the Development Charges (D.C.) by-law with regards to the following discretionary exemptions:

- 40% reduction within Downtown CIPA; and
- 50% reduction for Residential Facility or Lodging House.

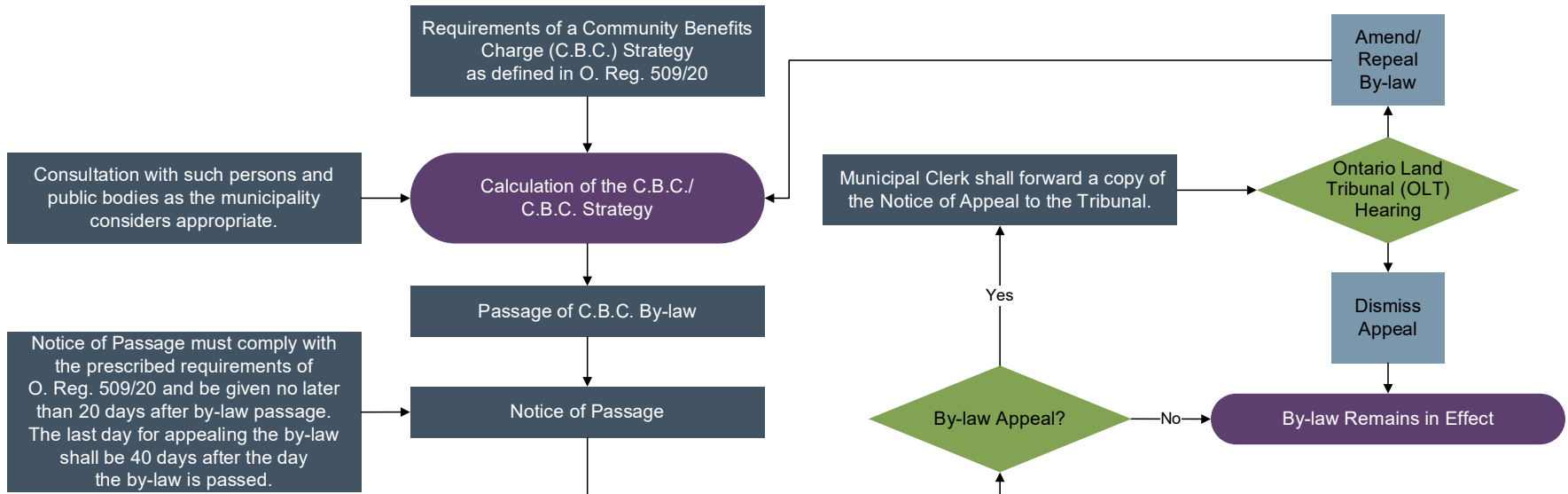


C.B.C. Process

City of Hamilton 2022
C.B.C. Strategy



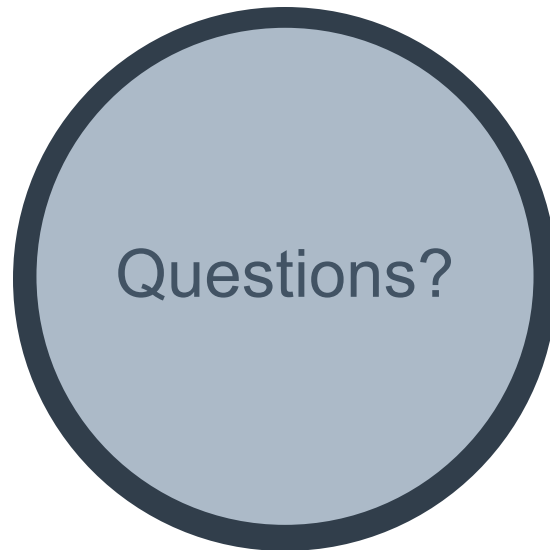
C.B.C. Process





Next Steps – C.B.C. Strategy

- By-law Passage July 8, 2022



Submitted on Tuesday, May 17, 2022 - 8:24am Submitted by anonymous user: 108.162.241.151 Submitted values are:

==Committee Requested==

Committee: Audit, Finance & Administration Committee

Will you be delegating in person or virtually? Virtually

Will you be delegating via a pre-recorded video? No

==Requestor Information==

Name of Organization (if applicable): HCBN

Name of Individual: Karl Andrus

Preferred Pronoun:

Contact Number:

Email Address: karlandrus@hcbn.ca

Mailing Address:

Reason(s) for delegation request: To speak to the Community Benefits Charge Report at the June 16th Audit, Finance & Administration Committee Meeting.

Will you be requesting funds from the City? No

Will you be submitting a formal presentation? Yes



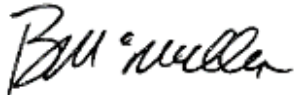
HAMILTON COMMUNITY BENEFITS NETWORK

building capacity through building communities



Hamilton

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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	Community Benefits Charge Strategy (FCS22015(b)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Carolyn Paton (905) 546-2424 Ext. 4371
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

Community Benefit Charges are NOT Development Charges



C.B.C. Amendments:

As per section 37 (5) of the Planning Act, a C.B.C. may be imposed for services that do not conflict with services or projects provided under a municipality's D.C. by-law or Parkland dedication by-law. Hence, the service provided under the C.B.C. would be defined as follows:

- (a) land for park or other public recreational purposes in excess of lands dedicated or provided cash-in-lieu payments under section 42 or 51 of the Planning Act;
- (b) services not provided under section 2 (4) of the D.C.A. (as noted above);
- (c) capital costs for eligible D.C. services that are not intended to be funded under the City's D.C. by-law.

Why you would want to further limit an already limited tool?

In addition to the mandatory exemptions, staff have recommended CBC discretionary exemptions or reductions that align with the current DC By-law while still in effect (expires June 2024) being:

- Downtown Hamilton CIPA reduction in the amount of 40% of CBC's payable
- Residential Facility or Lodging House reduction in the amount of 50% of CBC's payable.

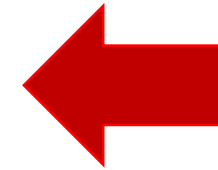
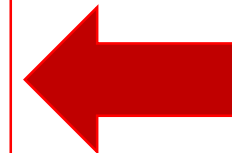


Table 2-6
Summary of Land Valuations by Area

Area	Estimated Median (\$/acre)
Upper Hamilton, Stoney Creek, Glanbrook (Map 1 – Area 2)	\$3,000,000
Ancaster, Dundas, Flamborough, Westdale (Map 1 - Area 1)	\$5,000,000
Lower Hamilton Outside of Downtown Secondary Plan Area (Map 1 – Area 3)	\$8,000,000
Downtown Secondary Plan Area - Low-Rise & Mid-Rise (Map 2)	\$8,000,000
Downtown Secondary Plan Area - High-Rise (Map 2)	\$13,500,000



Comparing Communities – Anticipated Income



CITY OF OTTAWA



Table 5-1
 Anticipated C.B.C. Funding Recovery

Table 8: Estimate of Potential CBC Revenues, 2022-2031

Unit types	Low CBC Revenue	High CBC Revenue	Average CBC Revenue
Low Unit Cost	\$29,107,947	\$32,746,440	
High Unit Cost	\$3,638,493	\$4,093,305	
Total	\$32,746,440	\$36,839,745	\$34,793,093

Area	Total C.B.C. Eligible Units	Average Land Value Per Acre	Average Units Per Acre	Estimated Total Acres	Total Land Value	C.B.C. %	Potential C.B.C. Revenue
Ancaster	-	\$5,000,000	130	-	\$0		
Dundas	253	\$5,000,000	130	2.0	\$9,753,000		
Flamborough	307	\$5,000,000	130	2.4	\$11,834,000		
Glanbrook	-	\$3,000,000	150	-	\$0		
Upper Hamilton	3,889	\$3,000,000	150	25.9	\$77,780,000		
Stoney Creek	2,837	\$3,000,000	150	18.9	\$56,740,000		
Lower Hamilton (Inside the Downtown Secondary Plan Area):							
Mid-Rise (5-15 Storeys)	40	\$8,000,000	510	0.1	\$628,000		
High-Rise (Over 15 Storeys)	3,195	\$13,500,000	570	5.6	\$75,671,000		
Lower Hamilton (Outside the Downtown Secondary Plan Area)	1,010	\$8,000,000	280	3.6	\$28,857,000		
Total	11,531			58.4	\$261,263,000	4%	\$10,450,520

Comparing Community CBC Capital Costs



CITY OF OTTAWA

Table 1. Summary of CBC Capital Program (\$000s)

Service	Gross Project Cost	Grants / Subsidies / Other Recoveries	Net Cost	Replacement & BTE (\$)	Total Development Related Cost	DC Share (\$)	Remaining Development-Related	Total CBC Related Costs
1.0 HOUSING	\$341,460	\$0	\$341,460	\$256,095	\$85,365	\$0	\$67,927	\$17,438
2.0 TRAFFIC CALMING & ROAD SA	\$380	\$0	\$380	\$0	\$380	\$0	\$0	\$380
3.0 PUBLIC REALM	\$16,000	\$0	\$16,000	\$0	\$16,000	\$0	\$0	\$16,000
4.0 COMMUNITY FACILITIES	\$21,000	\$0	\$21,000	\$5,000	\$16,000	\$0	\$0	\$16,000
5.0 ACTIVE TRANSPORTATION	\$136,858	\$0	\$136,858	\$89,184	\$47,673	\$30,938	\$2,574	\$14,162
6.0 URBAN PARKS	\$41,373	\$0	\$41,373	\$2,692	\$38,681	\$18,681	\$7,958	\$12,043
7.0 CBC BY-LAW ADMINISTRATIO	\$150	\$0	\$150	\$0	\$150	\$0	\$0	\$150
TOTAL COST	\$557,222	\$0	\$557,222	\$352,972	\$204,250	\$49,619	\$78,459	\$76,173

Note: May not add due to rounding.

The Table Above Shows Ottawa’s summary of CBC Capital Program charges under consideration the the report by the consultant for the city of Ottawa.



**Table 5-2
 Summary of Growth Capital Costs**

Services	Gross Cost	Benefit to Existing Deduction	Grants, Subsidies & Other Contributions	Net Growth-Related Costs	C.B.C. Eligible Costs
D.C. Services Becoming Ineligible:					
Municipal Parking	65,447,500	37,892,500	156,000	27,399,000	5,168,821
Airport Services	27,380,000	6,020,000	-	21,360,000	4,029,564
Growth Studies	9,562,500	2,734,100	-	6,828,400	1,288,178
Total DC Services Becoming Ineligible	102,390,000	46,646,600	156,000	55,587,400	10,486,563
Other Capital Needs (based on 2022 Capital Plan):					
CBC Strategies	450,000	-	-	450,000	450,000
Landfill Services	25,349,000	6,290,900	6,539,900	12,518,200	2,800,134
Cultural Services	27,328,500	19,285,500	1,124,640	6,918,360	1,771,273
Public Realm Initiatives	198,450	178,600	-	19,850	3,745
Corporate Initiatives	900,000	810,000	-	90,000	16,979
Information Technology	3,160,000	2,844,000	-	316,000	59,613
Council Initiatives	400,000	360,000	-	40,000	7,546
Total Other Potential Capital	57,785,950	29,769,000	7,664,540	20,352,410	5,109,289
Total Potential Capital Program	160,175,950	76,415,600	7,820,540	75,939,810	15,595,852

The Table Above Shows the City of Hamilton summary for use of CBC charges.

Public Comment Summary (February 2022) – Proposed Amendments to UHOP & RHOP

Engage Hamilton GRIDS2/MCR Project Page

10.	March 4, 2022	I support policies to create greater affordable housing and social housing in Hamilton. Specifically, inclusionary zoning around transit stations, community benefits charges to require developers to build affordable housing, additional family friendly housing in the downtown and residential intensification.	The City will be looking at options for Inclusionary Zoning policies and by-laws to provide additional opportunities for affordable housing in Phase 4 of the MCR, Q2 2023.
12.	March 4, 2022	<p>towers blocking on the waterfront, just like Toronto's ugly waterfront.</p> <p>- I support the city's commitment to ensure that it fulfills its housing strategy targets as set out in its Housing Action Plan, and urge the city to take every opportunity to do everything it can to provide more affordable + deeply affordable housing in Hamilton. This should include an ambitious 'inclusionary zoning' policy around all 'major transit station areas' (future LRT stations, existing GO Stations), and a 'community benefits charges' policy that includes affordable housing as an eligible charge.</p> <p>- I urge the city to adopt policies that require 'family friendly' housing in higher density areas like Downtown Hamilton, and in higher density buildings.</p>	<p>Housing policies have been, and will continue to be, updated in accordance with the City's Housing and Homelessness Action Plan.</p> <p>The City will be looking at options for Inclusionary Zoning policies in Phase 4 of the MCR, Q2 2023.</p>
14.	March 5, 2022	<p>-Support the city's commitment to ensure that it fulfills its housing strategy targets as set out in its Housing Action Plan, and urge the city to take every opportunity to do everything it can to provide more affordable + deeply affordable housing in Hamilton. This should include an ambitious 'inclusionary zoning' policy around all 'major transit station areas' (future LRT stations, existing GO Stations), and a 'community benefits charges' policy that includes affordable housing as an eligible charge.</p> <p>-Urge the city to adopt policies that require 'family friendly' housing in higher density areas like Downtown Hamilton, and in higher density buildings.</p> <p>-Support the proposed residential intensification policies as an important way to provide more housing options and options that span a range of affordability.</p> <p>-Support official plan criteria designed to balance the need for more housing with the importance of building liveable communities (including policies related to green development).</p>	<p>Housing policies updates are in accordance with the City's Housing and Homelessness Action Plan.</p> <p>The City will be looking at options for Inclusionary Zoning policies in Phase 4 of the MCR, Q2 2023.</p> <p>The City is currently working on the Community Benefits Charges By-law with a goal of final Council approval in Summer 2022.</p>
15.	March 5,	Support the city's commitment to ensure that it fulfills its housing strategy targets	Housing policies updates are in

CBC Revenue Allocation

**SUBJECT: Community Benefits Charge Strategy (FCS22015(b)) (City Wide) –
Page 14 of 15**

It should be noted that Affordable Housing is not listed as a service in Table 6. Currently, a comprehensive affordable housing program is still in its initial stages of development. Once this program has been advanced by the City, it will be considered as an eligible service funded through the CBC program. The City remains eligible to collect and fund Social Housing with both Development Charges and tax revenue.

The recommended financing option for approved and eligible capital projects (Table 7), allocates the estimated CBC revenue the City expects to collect over the next 10-year period. CBC revenue will be utilized to replace revenue lost through changes in DC Legislation for Airport and Parking Services, Studies and Cultural projects, as well as, to fund services required to accommodate growth that are not eligible to be funded by DCs. Projects included in these service areas would previously have been funded through the Capital levy (Table 7).

Table 7 – Allocation of CBC Funds to Capital Projects 2022-2031

Services	Previous DC Funds	CBC Funds*	Special Growth Reserve Funds	Net Levy Impact
Airport	25,353,880	4,029,564	4,884,327	16,439,989
CBC Strategies	-	450,000	-	(450,000)
Corporate Initiatives	-	16,979	-	(16,979)
Council Initiatives	-	7,546	-	(7,546)
Culture	-	1,771,273	-	(1,771,273)
Information Technology	-	59,613	-	(59,613)
Landfill	-	2,800,134	-	(2,800,134)
Parking	32,251,548	5,168,821	6,360,984	20,721,743
Public Realm	-	3,745	-	(3,745)
Studies	5,798,815	1,213,095	-	4,585,720
Total	63,404,243	15,520,770	11,245,311	36,638,163
CBC Forecasted Collections		10,450,520		
CBC Reserve Balance		(5,070,250)		

*This assumes that we will utilize CBC supported debt to fund all eligible projects and cover the collections shortfall through debt

#	Date:	Comment:	Staff Response / Action Required:
15.	March 5, 2022	<p>'community benefits charges' policy that includes affordable housing as an eligible charge.</p> <p>-Urge the city to adopt policies that require 'family friendly' housing in higher density areas like Downtown Hamilton, and in higher density buildings.</p>	<p>The City will be looking at options for Inclusionary Zoning policies in Phase 4 of the MCR, Q2 2023.</p>
19.	March 5, 2022	<p>Take every opportunity to leverage every city mechanism to ensure more affordable and deeply affordable housing and fulfill the strategic targets set out in the Housing Action Plan. Set out an ambitious inclusionary zoning policy around all major transit station areas and set a community benefits charge policy that includes affordable housing as an eligible charge.</p> <p>Adopt policies that require family-friendly housing in higher density areas and higher density buildings.</p> <p>The proposed residential intensification policies are an important way to provide more housing options and a range of affordability options that must be supported.</p>	<p>Housing policies updates are in accordance with the City's Housing and Homelessness Action Plan.</p> <p>The City will be looking at options for Inclusionary Zoning policies in Phase 4 of the MCR, Q2 2023.</p> <p>The City is currently working on the Community Benefits Charges By-law</p>
20.	March 5, 2022	<p>Housing should not be a luxury! I Support the city's commitment to ensure that it fulfills its housing strategy targets as set out in its Housing Action Plan, and urge the city to take every opportunity to do everything it can to provide more affordable + deeply affordable housing in Hamilton. This should include an ambitious 'inclusionary zoning' policy around all 'major transit station areas' (future LRT stations, existing GO Stations), and a 'community benefits charges' policy that includes affordable housing as an eligible charge.</p> <p>Urge the city to adopt policies that require 'family friendly' housing in higher</p>	<p>Housing policies updates are in accordance with the City's Housing and Homelessness Action Plan.</p> <p>The City's Family friendly housing project will be undertaking community engagement in March 2022.</p>



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Services and Taxation Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	2021 City of Hamilton Financial Report and Audited Financial Statements (FCS22044) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Shelley Hesmer (905) 546-2424 Ext. 4157
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	

RECOMMENDATION

That the 2021 City of Hamilton Financial Report and Audited Financial Statements, attached as Appendix "B" to Report FCS22044 be approved;

EXECUTIVE SUMMARY

Each year, the Treasurer of the Municipality must prepare and present the audited financial statements to Council for approval as prescribed by the *Municipal Act, (2001)*. The financial statements, attached as Appendix "B" to Report FCS22044, presents the consolidated statement of financial position of the Municipality as at December 31, 2021, the consolidated statement of operations for the year ended December 31, 2021, the consolidated statement of changes in net financial assets and the consolidated statement of cash flow.

KPMG LLP, the City of Hamilton's (City) external auditors, performed the statutory audit function and expressed an opinion, free of qualification, that these financial statements present fairly, in all material respects, the financial position of the City of Hamilton as at December 31, 2021. The Audit Findings Report of KPMG for the year ended December 31, 2021, is attached as Appendix "C" to Report FCS22044. KPMG's report provides the status of the audit, a summary of significant audit, accounting, and reporting matters; a summary of audit adjustment; and updates to technical accounting and

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: 2021 City of Hamilton Financial Report and Audited Financial Statements (FCS22044) (City Wide) - Page 2 of 4

auditing standards. The report from KPMG indicates that there were no significant internal control deficiencies during the 2021 audit.

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

Appendix “A” to Report FCS22044 provides an overview of management’s analysis of the 2021 Consolidated Financial Statements for the City of Hamilton. The 2021 Financial Report (Appendix “B” to Report FCS22044) contains the following information:

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

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

Impacts of COVID-19 can be found in Appendix “A” to Report FCS22044 on page 12 and 13 or in Appendix “B” to Report FCS22044 on page 49 and 50.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Appendix “A” to Report FCS22044 provides an overview of management’s analysis of the 2021 Consolidated Financial Statements of the City of Hamilton.

Staffing: There are no associated staffing implications.

Legal: There are no associated legal implications.

HISTORICAL BACKGROUND

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: 2021 City of Hamilton Financial Report and Audited Financial Statements (FCS22044) (City Wide) - Page 3 of 4

The Consolidated Financial Statements of the City of Hamilton are prepared by management in accordance with the Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA).

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

PSAB changes are applied in the years' they come into effect in legislation and will include any required note disclosure. PSAB 3260 – Liability of Contaminated Sites came into effect January 1, 2015 and was shown for the first time in our 2015 Financial Statements, applied retroactively as prescribed. For this new requirement, the City includes this risk-based estimate for remediation of various lands with past industrial uses as part of our liabilities. Details of the liability for 2021 can be found in the financial statements in Appendix “B” to Report FCS22044, Note 23. Effective January 1, 2018, the City adopted five new accounting standards in their Consolidated Financial Statements. These new standards include PS2200 Related Party Disclosure, PS3320 Contingent Assets, PS3380 Contractual Rights, PS3210 Assets, and PS3420 Inter-Entity Transactions. The adoption of these new standards had no financial impact on the City's Consolidated Financial Statements but did result in additional note disclosures. Details of these new standards can be found in Appendix “B” to Report FCS22044, Note 1. Effective January 1, 2019, the City adopted PS3430 Restructuring Transactions in their Consolidated Financial Statements. The adoption of this new standard had no impact on the City's Consolidated Financial Statements but did result in an additional note disclosure. Details of this new standard can be found in Appendix “B” to Report FCS22044, Note 1. The Audit Findings Report provided by KPMG in Appendix “C” to Report FCS22044 includes in its current developments section the upcoming changes to PSAB summarized with notes on implications.

The Operating and Capital Budgets continue to be reported on the modified accrual basis of accounting. In addition to the accrual of the usual operating revenues and

SUBJECT: 2021 City of Hamilton Financial Report and Audited Financial Statements (FCS22044) (City Wide) - Page 4 of 4

expenses, the Operating and Capital Budgets include expenditures for principal payments on debt, payments of retiree benefits, payments of contaminated sites, payments of environmental liabilities and payments of landfill costs and revenues from the proceeds on the issuance of debentures or loans.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Not Applicable

RELEVANT CONSULTATION

KPMG LLP, our external auditors performed the annual audit for the City of Hamilton financial statements for 2021 and provided the related Appendix “C” Audit Findings Report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Each year, the Treasurer of the Municipality must prepare and present the audited financial statements to Council for the approval as prescribed by the *Municipal Act, (2001)*. The 2021 City of Hamilton Financial Report and Audited Financial Statements are included in Appendix “B” to Report FCS22044.

ALTERNATIVES FOR CONSIDERATION

Not Applicable

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

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

Community Engagement & Participation

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

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS22044 – Management’s Analysis – 2021 City of Hamilton Consolidated Financial Statements

Appendix “B” to Report FCS22044 – 2021 City of Hamilton Financial Report

Appendix “C” to Report FCS22044 – KPMG’s Audit Findings Report for the year ended December 31, 2021

Appendix “A” to Report FCS22044- Page 1 of 13**City of Hamilton
2021 Consolidated Financial Statements
Analysis – June 2022****General**

The City of Hamilton’s 2021 consolidated financial statements have been prepared by management and staff of the City of Hamilton in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA).

These financial statements, Appendix “B” to Report FCS22044, are based on the full accrual basis of accounting under the CPA Public Sector Accounting Handbook sections PS1201 Financial Statement Presentation. The consolidated statement of financial position provides a summary of the City’s financial position as of the end of the year while the consolidated statement of operations provides a summary of the financial activity during the year.

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

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

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

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

Appendix “A” to Report FCS22044 - Page 2 of 13

The consolidated financial statements report the financial transactions and estimates made by management during 2021. The consolidated financial statements report the City’s municipal operations including all departments, Hamilton Police Services, Hamilton Library, CityHousing, Hamilton Street Railway, Hamilton Business Improvement Areas and Government Business Enterprises (Hamilton Utilities Corporation, Hamilton Renewable Power Inc. and Hamilton Enterprises Holding Corporation), Flamborough Recreation Sub-Committees, Confederation Park and Hamilton Farmer’s Market.

The Consolidated Financial Statements consist of:

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

Consolidated Statement of Financial Position

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

Financial Assets

The City’s total financial asset position increased in 2021 by \$178.1M to \$2.248B and is reported in the consolidated financial statements as:

	2021	2020
	\$000’s	\$000’s
Financial Assets		
Cash and cash equivalents	\$ 473,967	\$ 459,178
Taxes receivable	\$ 81,750	\$ 85,023
Accounts receivable	\$ 144,390	\$ 139,157
Other assets	\$ 1,421	\$ 1,428
Long term receivables	\$ 53,405	\$ 42,237
Portfolio investments	\$ 1,171,734	\$ 1,022,899
Investment in Government Business Enterprises	\$ 321,183	\$ 319,823
Total Financial Assets	\$ 2,247,850	\$ 2,069,745

Cash and cash equivalents \$474M (2021) \$459.2M (2020)

- The total represents the balance in City’s bank accounts, deposits held and CityHousing short term investments. The bank accounts mainly consists of the City’s operating bank, accounts payable bank, payroll bank, Ontario Works bank, and CityHousing Hamilton bank. The balance increased in 2021 from 2020 as more money was held in the bank at year end.

Appendix "A" to Report FCS22044 - Page 3 of 13

Taxes Receivable \$81.8M (2021) \$85M (2020)

- Taxes receivable represent unpaid property tax bills net of estimates for allowances for uncollectible accounts. Taxes receivable represent 6.9% of current year's tax levies (2020 – 7.3%). The 2021 balance includes an allowance for doubtful accounts of \$2.3M (2020 - \$2.1M).

Accounts Receivable \$144.4M (2021) \$139.2M (2020)

- Accounts receivable represents revenues earned by the City but not received at year end net of estimates of allowances for uncollectible accounts. The 2021 balance primarily consists of water and wastewater receivables (\$52.7M), general receivables & accruals (\$13.8M), HST receivables (\$22.5M), provincial and federal grants receivable (\$17.3M) and interest receivable (\$5.1M).

Long Term Receivables \$53.4M (2021) \$42.2M (2020)

- Long term receivables represent the balance of loans and deferral agreements with agencies and organizations net of the provision for loans with concessionary terms. The long term receivables include:

	2021	2020
	\$000's	\$000's
Development charge deferral agreements	\$ 41,575	\$ 26,658
Mortgages receivable:	\$ -	\$ -
Downtown convert to rent program	\$ -	\$ 4,784
Hamilton Utilities Corporation	\$ -	\$ -
Hamilton Enterprises Holding Corporation	\$ 5,832	\$ 6,156
Sheraton Hotel loan	\$ 462	\$ 610
Other City loan programs	\$ 3,898	\$ 3,424
Loans to other agencies and organizations	\$ 3,547	\$ 3,091
Less: Provision for loans with concessionary terms	\$ (1,909)	\$ (2,486)
Total	\$ 53,405	\$ 42,237

Portfolio Investments \$1.17B (2021) \$1.02B (2020)

- Portfolio investments represent the City's holdings, as prescribed by the Municipal Act, in short and long term fixed income securities. The investments earn various interest rates with different premiums, discounts and maturities. Portfolio investments have a market value of \$1.15B.

Investment in Government Business Enterprises \$321.2M (2021) \$319.8M (2020)

- Investment in Government Business Enterprises represents net equity of the consolidation of the City's subsidiary corporations, Hamilton Utilities Corporation (HUC), Hamilton Renewable Power Inc. (HRPI) and Hamilton Enterprises Holding Corporation (HEHCO). The consolidation of subsidiary corporations under the modified equity basis of accounting is required by the generally accepted

Appendix “A” to Report FCS22044 - Page 4 of 13

accounting principles of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA). This PSAB recommendation was instituted in 2000. This also affects the reporting of the accumulated surplus and net municipal position in the consolidated financial statements. Dividends received in 2021 is \$13M; consisting of \$13M from HUC. (2020 - \$51.8M from HUC, \$0.1M from HRPI).

Liabilities

The City’s total liabilities position increased in 2021 by \$199M to \$2.04B and is reported in the consolidated financial statements as:

	2021	2020
	\$000’s	\$000’s
Liabilities		
Accounts payable and accrued liabilities	\$ 436,642	\$ 390,003
Deferred revenue - general	\$ 105,713	\$ 87,143
Deferred revenue - obligatory reserve funds	\$ 617,918	\$ 470,579
Long term liabilities – municipal operations	\$ 352,261	\$ 395,298
Long term liabilities – CityHousing Corporation	\$ 48,882	\$ 40,991
Employee future benefits and other obligations	\$ 396,733	\$ 387,950
Solid waste landfill liabilities	\$ 78,272	\$ 65,148
Total Liabilities	\$ 2,036,421	\$ 1,837,112

Accounts Payable and Accrued Liabilities \$436.6M (2021) \$390M (2020)

- Accounts payable and accrued liabilities represent obligations owing by the City to third parties and employees at year end. The balance primarily consists of amounts payable to vendors and contractors (\$226.5M), payroll accruals (\$31.7M), security deposits (\$54.8M), amounts for insurance claims (\$20.1M) and contaminated sites (\$33.3M).

Deferred Revenue - General. \$105.7M (2021) \$87.1M (2020)

- Deferred revenue represents amounts received that will be recorded as revenue in future years to match expenditures incurred for goods received and services performed. The balance primarily consists of federal and provincial government grants and subsidies (\$52.2M), future urban roads (\$16.5M), CityHousing (\$10.3M), general deferred (\$7.8M), and forestry (\$7.6M).

Deferred Revenue – Obligatory Reserve Funds \$617.9M (2021) \$470.6M (2020)

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

Appendix "A" to Report FCS22044 - Page 5 of 13

	2021	2020
	\$000's	\$000's
Development charge reserve funds	\$ 373,591	\$ 285,420
Recreational land dedicated under the Planning Act	\$ 70,102	\$ 66,934
Gasoline tax revenue: Provincial	\$ 20,092	\$ 19,220
Federal	\$ 104,319	\$ 59,101
Building Permit Revenue	\$ 28,048	\$ 24,613
Other (Main Street Revitalization)	\$ 7	\$ 15
Safe Restart Agreement: Municipal & Transit Funding	\$ 21,759	\$ 15,276
	\$ 617,918	\$ 470,579

Development charge and special area reserve fund balances increased in 2021. The increase is made up of \$150.6M in collections less transfers to finance capital projects of \$57.2M and transfers to operating of \$11.3M. During 2021 the City received and accrued federal gas tax transfers of \$66.8M and provincial gas tax transfers of \$11.7M. Federal gas tax was allocated for capital upgrades to roads and bridges for \$22 to recreation facilities for \$2.3M, to cultural services for \$0.5M and waste recycling for \$0.3M. The provincial gas tax was allocated to transit related projects for \$0.3M and transit operating budget \$10.9M. During 2021 the City received parkland dedication fees of \$9.7M and \$8.2M was allocated to capital projects for future development of city parks. Approximately \$3.4 million of the surplus building permit revenue in 2021 was transferred to the building permit revenue reserve fund. Other (Main Street Revitalization) refers to a reserve established with one-time funding from the provincial government to support revitalization activities within Main street areas. Safe Restart Agreement refers to one-time funding from the provincial government to support municipal operating pressures and transit systems.

Long Term Liabilities – Municipal Operations \$352.3M (2021) \$395.3M (2020)

- Long term liabilities – Municipal operations represents the outstanding principal for long term debt issued to finance capital expenditures and obligations for leased tangible capital assets. In 2021, the City made principal repayments on long term debt of \$45.1M (2020 - \$41.5M) and principal repayments on leased tangible capital assets of \$0.6M (2020 - \$0.6M). No new debt was issued in 2021 for capital projects (2020 – \$51.7M).

Long Term Liabilities – CityHousing Operations \$48.9M (2021) \$41M (2020)

- Long term liabilities – CityHousing Operations represents the outstanding principal for loans and mortgages obtained to finance certain CityHousing capital expenditures and asset purchases. In 2021, CityHousing made principal repayments on long term debt of \$6M (2020 - \$6M).

Appendix "A" to Report FCS22044 - Page 6 of 13

CityHousing debenture debt issued by the Ontario Housing Corporation remains the obligation of the Province of Ontario as a result debenture debt of \$3.6M (2020 - \$6M) is not reported in the consolidated financial statements.

Employee Future Benefits and Other Obligations \$397M (2021) \$388M (2020)

- These estimates represent the liabilities associated with employee post-employment; sick leave, retirement, LTD, WSIB and pension benefits. The Canadian Generally Accepted Accounting Principles recognize the liabilities in the year in which the employees provide the services associated with the benefits.

The 2021 estimates are provided by independent actuaries from actuarial valuations performed for 2021 or performed for earlier years and extrapolated for 2021. The estimates use assumptions for inflationary increases of 2% annually, a discount rate of 3% to 3.7%, payroll increases of 3%, and increases in pension plan assets of 3.7%. Projections for retirement benefits assumed that drug costs would increase by 7.6% in 2021 reducing by 0.20% each year to an ultimate rate of 4.0% in 2038 and dental costs will increase by 4.0% annually. These liabilities are not reported net of any reserves already setup on the balance sheet in the Statement of Financial Position.

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

	2021	2020
	\$000's	\$000's
Accrued Benefit Obligation		
Sick leave benefit plan	\$ 62,692	\$ 60,015
Long term disability plan	\$ 44,975	\$ 43,676
Workplace Safety and Insurance Board liabilities	\$ 132,478	\$ 128,967
Retirement benefits	\$ 170,423	\$ 168,449
Vacation benefits	\$ 27,031	\$ 27,212
Pension benefit plans	\$ (40,311)	\$ (34,366)
Total Accrued Benefit Obligation	\$ 397,288	\$ 393,953
Net unamortized actuarial gain (loss)	\$ 555	\$ 6,003
Accrued Liability	\$ 396,733	\$ 387,950
Less: Funded liabilities (balance sheet)	\$ (24,603)	\$ (24,531)
Unfunded Liability	\$ 372,130	\$ 363,419

PSAB's disclosure requirements for employee benefits and other obligations are quite extensive. Notes 10 and 11 to the Consolidated Financial Statements provide the details of the actuarial valuations, the actuarial gains and losses, payments and expenses related to these liabilities.

Appendix “A” to Report FCS22044 - Page 7 of 13

Actuarial gains and losses, permitted in the PSAB accounting standards, result from changes in valuation assumptions used for the current valuations versus previous valuations. The net unamortized actuarial loss of \$0.6M represents a loss in long term disability of \$12M, a loss in retirement benefits of \$21.3M, a loss in WSIB liabilities of \$25M, a loss in sick leave obligations of \$0.7M and a gain in the pension plans of \$58.2M. These actuarial gains and losses will be spread over future periods and recognized as expenses under the category of salaries and benefits in the Statement of Operations.

Provisions have been made in the reserves for \$82.1M (2020 - \$74.3M) to fund a portion of these liabilities. There is no PSAB requirement to fund the net unfunded liability portion of these employee benefits of \$372.1M from reserves or taxation at this time. These unfunded liabilities can be funded in future years as amounts are expensed in the operating budget for actual payments.

Solid Waste Landfill Liabilities \$78.3M (2021) \$65.1M (2020)

- This amount represents the estimate of the liability for closure and post closure costs of the City’s twelve closed and one open landfill sites. The liability is calculated by discounting the future years’ expected cash outflows for the spending on eligible activities on the landfill sites. For liability calculation purposes, the open landfill site has been divided into three phases. Phase 1 closed in 2018, phase 2 has begun accepting fill and is expected to close in 2046. Construction of Phase 3 has not been initiated. It is estimated that the site will reach full capacity and close in 2055. Expenses for the post-closure care of the open landfill site are estimated for 50 years after each phase is expected to close. The City’s expenses related to spending on capital projects and the change in the estimated liability are reflected in the Statement of Operations.

Waste diversion rates, waste initiatives such as the green cart program and composting, new waste technologies and ongoing assessments of the closed sites impact the landfill liabilities. The City’s waste diversion rate for 2021 was 43% (2020 – 42%).

Provisions have been made in a reserve of \$1.3M (2020 - \$1.2M) to fund a portion of this liability. There is no PSAB requirement to fund the liability at this time.

Non-Financial Assets

The City’s total non-financial assets position increased in 2021 by \$245.3M to \$6.478B and is reported in the consolidated financial statements as:

	2021	2020
	\$000’s	\$000’s
Non-Financial Assets		
Tangible capital assets	\$ 6,448,616	\$ 6,202,964
Inventories	\$ 19,528	\$ 19,394
Prepaid expenses	\$ 9,615	\$ 10,119
Total Non-Financial Assets	\$ 6,477,759	\$ 6,232,477

Appendix "A" to Report FCS22044 - Page 8 of 13

Tangible Capital Assets (TCAs) \$6.4B (2021) \$6.2B (2020)

- The City's general and infrastructure tangible capital assets include land, land improvements, buildings, vehicles, computer, other machinery and equipment, roads, bridges and structures, water and wastewater, facilities and underground infrastructure networks. The net book value of \$5.7B represents the cost of the tangible capital assets less accumulated amortization over the life of the assets. The TCA total includes amounts spent to the end of the year on tangible capital assets under construction.

A summary of the tangible capital assets valued as at Dec. 31, 2021 include:

	2021	2020
	\$000's	\$000's
General		
Land	\$ 442,267	\$ 403,879
Land improvements	\$ 202,950	\$ 181,506
Buildings	\$ 821,383	\$ 829,290
Vehicles	\$ 140,537	\$ 138,937
Computer hardware and software	\$ 17,694	\$ 18,698
Other	\$ 104,261	\$ 92,062
Infrastructure		
Roads	\$ 1,307,472	\$ 1,315,237
Bridges and structures	\$ 177,730	\$ 181,098
Water and wastewater facilities	\$ 448,041	\$ 416,470
Underground and other networks	\$ 2,066,026	\$ 2,021,641
Net Book Value	\$ 5,728,361	\$ 5,598,818
Assets under construction	\$ 720,255	\$ 604,146
Total	\$ 6,448,616	\$ 6,202,964

The Schedule of Tangible Capital Assets in the Consolidated Financial Statements contains additional information on these non-financial assets. The replacement cost of assets valued as at Dec. 31, 2021 is estimated at \$23.3B.

Inventories	\$19.5M (2021)	\$19.4M (2020)
Prepaid expenses	\$9.6M (2021)	\$10.1M (2020)

Appendix "A" to Report FCS22044 - Page 9 of 13

- Two other categories of non-financial assets are inventories of goods for use in the delivery of services and prepaid expenses for purchases made in 2021 for expenses to be incurred in 2022 and beyond.

Accumulated Surplus

Net Municipal Financial Position **\$6.689B (2021)** **\$6.465B (2020)**

The City's accumulated surplus represents the net municipal financial position in PSAB's financial statement presentation requirements for 2021. The balance is comprised of the following:

	2021	2020
	\$000's	\$000's
Accumulated surplus (Net municipal financial position)		
Operating surplus of BIA, Flamborough Recreation sub-committee, Confederation Park	\$ 1,777	\$ 1,784
Operating surplus – CityHousing	\$ 72,769	\$ 82,203
Capital surplus – Municipal	\$ 82,795	\$ 119,817
Capital surplus – CityHousing	\$ 98,055	\$ 73,952
Reserves and Reserve Funds	\$ 675,598	\$ 682,432
Unfunded liabilities – Employee benefits	\$ (372,130)	\$ (363,419)
Unfunded liabilities – Landfill/Environmental sites	\$ (85,580)	\$ (80,548)
Investment in Government Business Enterprises	\$ 321,183	\$ 319,823
Investment in tangible capital assets	\$ 5,894,721	\$ 5,629,066
Total Accumulated Surplus	\$ 6,689,188	\$ 6,465,110

Consolidated Statement of Operations

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

These financial statements reflect the transfers to reserves of the City's municipal tax and rate operating budget surplus of \$33.8M as reported in report FCS210701(b).

Appendix “A” to Report FCS22044 - Page 10 of 13

The annual surplus in the Consolidated Statement of Operations of \$222.8M represents the excess of revenue over expenses for 2021 under PSAB’s full accrual basis of accounting and, therefore, is a different surplus than the operating budget surplus reported to Council.

Revenue increased by \$130M to \$2.146B in 2021 from \$2.015B in 2020 and is reported in the Consolidated Statement of Operations as:

	2021	2021	2020
	\$000’s	\$000’s	\$000’s
Revenue	Budget	Actual	Actual
Taxation	\$ 984,546	\$ 985,972	\$ 957,739
Government grants and contributions	\$ 597,521	\$ 536,264	\$ 521,305
User charges	\$ 363,050	\$ 344,086	\$ 329,316
Developer contributions earned	\$ 72,093	\$ 68,541	\$ 33,693
Donated tangible capital assets	\$ 28,812	\$ 28,812	\$ 8,494
Investment and dividend income	\$ 46,755	\$ 37,639	\$ 33,545
Net income from Government - Business Enterprises	\$ -	\$ 13,097	\$ 10,726
Other	\$ 108,863	\$ 131,674	\$ 120,526
Total Revenue	\$ 2,201,640	\$ 2,146,085	\$ 2,015,344

Government grants and contributions revenues increased by \$15.0M in 2021 from 2020. Significant government grants and contributions for operating budget programs and capital projects include:

	2021	2020
	\$000’s	\$000’s
General government	\$ 7,575	\$ 10,147
Protection services	\$ 18,288	\$ 15,049
Transportation services	\$ 45,422	\$ 52,090
Environmental services	\$ 34,294	\$ 52,198
Health services	\$ 100,305	\$ 79,544
Social and family services	\$ 269,919	\$ 264,936
Social housing (after consolidations)	\$ 50,016	\$ 35,672
Recreation and cultural services	\$ 8,901	\$ 9,854
Planning and development	\$ 1,544	\$ 1,815
Total Funding	\$ 536,264	\$ 521,305

User charges of \$344M primarily consist of water and wastewater revenues of \$245.5M (\$232.4M in 2020) and transit fares and fees of \$28.4M (\$26.3M in 2020). Other user fees

Appendix “A” to Report FCS22044 - Page 11 of 13

are recorded in recreation & cultural services of \$10.0M (\$11.3M in 2020), Social and family services of \$14.8M (\$14.2M in 2020), Waste diversion & disposal of \$11.1M (\$8.3M in 2020), planning and development of \$12.5M (\$11.4M in 2020) and protection services of \$6.0M (\$5.3M in 2020).

Development charges and sub-dividers contributions of \$68.5M was recognized as revenue in 2021 while unearned revenue is recorded as deferred revenue on the Statement of Financial Position.

Donated tangible capital assets of \$28.8M represent assets that were donated or contributed to the City by developers and recorded as revenue as per PSAB accounting standards.

Investment and dividend income consist of investment income of \$37.6M from City municipal and CityHousing operations from fixed income securities, bank balances and deposits.

Net income from Government Business Enterprises represents net income of \$13.1M from HUC, HRPI and HEHCO for 2021 (\$10.7M in 2020). This includes dividends to the City in 2021 of \$13M from HUC (\$51.8M in 2020) and \$0M from HRPI (\$0.1M in 2020). The other comprehensive income (loss) from Government Business Enterprises was an income of \$1.2M in 2021 (2020 - \$0.8M loss).

Other Revenue of \$131.7M represents revenue from licenses and permits of \$28.0M (\$22.4M in 2020), rents of \$44.7M (\$45.5M in 2020), fines and penalties of \$27.6M (\$25.3M in 2020) and other miscellaneous revenue of \$33.2M (\$27.3M in 2020).

Expenses increased by \$162.6M to \$1.923B in 2021 from \$1.761B in 2020 and are reported in the Consolidated Statement of Operations as:

	2021	2021	2020
	\$000's	\$000's	\$000's
Expenses	Budget	Actual	Actual
General government	\$ 74,589	\$ 95,277	\$ 68,079
Protection services	\$ 348,768	\$ 357,517	\$ 341,243
Transportation services	\$ 364,611	\$ 338,618	\$ 322,651
Environmental services	\$ 282,979	\$ 283,556	\$ 251,828
Health services	\$ 140,712	\$ 153,396	\$ 126,930
Social and family services	\$ 341,751	\$ 342,493	\$ 333,523
Social housing	\$ 115,235	\$ 124,830	\$ 110,063
Recreation and cultural services	\$ 179,813	\$ 164,238	\$ 149,932
Planning and development	\$ 66,315	\$ 63,316	\$ 56,382
Total Expenses	\$ 1,914,773	\$ 1,923,241	\$ 1,760,631

Appendix “A” to Report FCS22044 - Page 12 of 13

Expenses are summarized by the functional categories above in the Statement of Operations and by object of expenses in the schedule of operations for business segments in the notes to the Consolidated Financial Statements. Expenses include salaries and benefits, interest on long term debt, material and supplies, contracted services, rents and financial expenses, external transfers, amortization of tangible capital assets and inter-functional transfers. Expenses include expenses in the operating budget programs and expenses from specific projects in the capital budget that are not tangible capital assets. Expenses exclude principal repayments on long term debt recorded as reductions of long-term debt and capital expenditures recorded as acquisitions and construction of tangible capital assets.

Expenses are summarized in the following categories as:

	2021	2020
	\$000's	\$000's
Salaries and benefits	\$ 862,369	\$ 819,188
Interest on long term debt	\$ 11,486	\$ 12,416
Materials and supplies	\$ 245,947	\$ 203,045
Contracted services	\$ 375,195	\$ 282,168
Rents and financial expenses	\$ 35,968	\$ 36,080
External transfers	\$ 176,015	\$ 193,667
Amortization	\$ 216,261	\$ 214,067
Total Expenses	\$ 1,923,241	\$ 1,760,631

Primary drivers for the increase in expenses relate to the increase of \$43.2M in salaries, increase of \$93M in contractual services, increase of \$42.9M in materials and supplies, decrease of \$(17.7)M in external transfers, a decrease of \$(1)M in long term debts and increase of \$2.2M related to amortization.

COVID-19 Impacts

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

The City of Hamilton continued to take extraordinary measures throughout 2021 to support its residents, including the most vulnerable, in response to the COVID-19 pandemic. The actions taken by the City of Hamilton, with the support of senior levels of government, resulted in significant financial pressures in 2021 estimated at \$98M in

Appendix “A” to Report FCS22044 - Page 13 of 13

additional expenses and \$51M in lost revenues. The Public Health vaccination and rapid response programs, adaptation and transformation of services for people experiencing homelessness, and lost revenues for public transit and water were the largest contributors to the overall financial pressures faced by the City, but the pandemic has significantly impacted many other programs and services including:

Public Health Services

- Ontario Works
- Housing Services
- Hamilton Water
- Long-Term Care
- Paramedic Services
- Provincial Offences Act and Red-Light Camera Revenues
- Parking Services
- Licensing and By-Law Services
- Transit
- Information Technology
- Ontario Lottery and Gaming Slots
- Shared Airport Revenues
- Police Services
- Fire Services

In response to the pandemic, the City put in place several measures to mitigate the financial impact of the pandemic response including:

- Closure of facilities
- Temporary suspension of scheduling for part-time and casual labour
- Not hiring full complement of student and seasonal positions
- Redeployment of staff to affected program areas
- Restrictions on hiring for non-essential positions
- Strict controls on discretionary spending including training, travel and conferences

Together with the application of various COVID-19 related funding from senior levels of government, including the Safe Restart Agreement – Municipal and Transit streams, Social Services Relief Fund, Reaching Home Initiative, Ministry of Public Health funding, Prevention and Containment funding, the COVID-19 Recovery Funding for Municipalities Program and many others, the City was able to successfully manage the financial pressures related to the COVID-19 pandemic response.

The current challenging economic climate may lead to adverse changes in cash flows, reduction of service levels and budgetary constraints, which may also have a direct impact on the Corporation’s revenues, annual surplus or deficit and reserve and reserve funds in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the Corporation, surrounding economy and services are not known at this time.



Hamilton

FINANCIAL REPORT

2021

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

City of Hamilton Financial Report 2021

Contents

2021 City of Hamilton Five Year Financial and Statistical Review	Section 1
2021 City of Hamilton Consolidated Financial Statements	Section 2
2021 Consolidated Financial Statements for the City Trust Funds (Cemetery and General Trusts)	Section 3
2021 Financial Statements for the Trust Funds for the Homes for the Aged	Section 4

Accommodations for Readers with Disabilities

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

Section 1

City of Hamilton Five Year Financial and Statistical Review 2021

City of Hamilton

Five Year Financial and Statistical Review (unaudited)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Revenue					
Taxation	\$ 985,972	\$ 957,739	\$ 917,126	\$ 888,229	\$ 876,880
Government grants and contributions	536,264	521,305	447,833	454,774	394,785
User charges	344,086	329,316	372,145	347,637	334,974
Development charges and subdivider contributions	68,541	33,693	60,646	119,703	50,313
Donated tangible capital assets	28,812	8,494	21,715	46,862	18,217
Investment and dividend income	37,639	33,545	37,598	31,101	28,070
Net income from Government Business Enterprises	13,097	10,726	11,262	24,285	134,914
Other	131,674	120,526	128,764	137,476	131,383
	<u>2,146,085</u>	<u>2,015,344</u>	<u>1,997,089</u>	<u>2,050,067</u>	<u>1,969,536</u>
Operating Expenses by Function					
General government	\$ 95,277	\$ 68,079	\$ 66,626	\$ 80,025	\$ 70,733
Protection services	357,517	341,243	330,258	324,227	312,564
Transportation services	338,618	322,651	337,719	320,005	326,274
Environmental services	283,556	251,828	252,778	284,271	239,488
Health services	153,396	126,930	106,057	102,868	99,125
Social and family services	342,493	333,523	309,361	316,819	315,218
Social housing	124,830	110,063	97,131	105,893	105,141
Recreation and cultural services	164,238	149,932	176,949	172,965	169,029
Planning and development	63,316	56,382	52,263	56,785	53,455
	<u>1,923,241</u>	<u>1,760,631</u>	<u>1,729,142</u>	<u>1,763,858</u>	<u>1,691,027</u>
Net Operating Revenue or Annual Surplus from Operations	<u>222,844</u>	<u>254,713</u>	<u>267,947</u>	<u>286,209</u>	<u>278,509</u>

Note: Amounts reported may have been restated from previous amounts presented to conform to 2021 Public Sector Accounting Board (PSAB) standards.

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Taxation					
Taxation from real property	\$ 1,164,870	\$ 1,146,798	\$ 1,102,694	\$ 1,071,092	\$ 1,056,723
Taxation from other governments/payments in lieu of taxes	\$ 17,508	\$ 16,900	\$ 16,551	\$ 16,256	17,042
Taxation collected on behalf of school boards	(196,406)	(205,959)	(202,119)	(199,119)	(196,885)
Net taxes available for municipal purposes	985,972	957,739	917,126	888,229	876,880
Tax Levies					
City portion	\$ 954,419	\$ 924,159	\$ 886,787	\$ 857,981	\$ 845,392
School Board portion	193,426	202,808	198,980	196,082	193,714
	1,147,845	1,126,967	1,085,767	1,054,063	1,039,106
Tax arrears					
Taxes receivable	\$ 81,750	\$ 85,023	\$ 86,309	\$ 80,972	\$ 77,918
Taxes receivable per capita	140	147	149	141	138
Taxes receivable as a percentage of current years' levies	7.1%	7.5%	7.9%	7.7%	7.5%
Unweighted Taxable Assessment					
Residential	\$ 71,929,405	\$ 70,762,154	\$ 66,000,132	\$ 61,518,082	\$ 57,306,633
Non-Residential	9,676,235	9,620,270	9,069,880	8,442,007	7,908,588
	81,605,640	80,382,424	75,070,012	69,960,089	65,215,221
Weighted Taxable Assessment					
Residential	\$ 74,704,344	\$ 73,713,509	\$ 69,119,831	\$ 64,745,624	\$ 61,208,842
Non-Residential	20,954,969	20,946,399	19,641,077	18,379,207	17,376,301
	95,659,313	94,659,908	88,760,908	83,124,831	78,585,143
Residential vs Non-Residential Percentage of Total Weighted Taxable Assessment					
Residential	78%	78%	78%	78%	78%
Non-Residential	22%	22%	22%	22%	22%
Taxable Assessment Growth (weighted)	1.2%	1.2%	1.2%	1.6%	1.4%

Note: Amounts reported may have been restated from previous amounts presented to conform to 2021 Public Sector Accounting Board (PSAB) standards.

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Expenses by Object					
Salaries, wages and employee benefits	\$ 862,369	\$ 819,188	\$ 797,631	\$ 780,052	\$ 755,403
Interest on long term liabilities	11,486	12,416	13,767	12,677	13,442
Materials	245,947	203,045	203,308	207,682	218,037
Contracted services	375,195	282,168	309,634	341,931	275,361
Rents and financial expenses	35,968	36,080	31,084	34,550	42,421
External transfers	176,015	193,667	168,471	190,538	194,241
Amortization of tangible capital assets	216,261	214,067	205,247	196,428	192,122
	<u>1,923,241</u>	<u>1,760,631</u>	<u>1,729,142</u>	<u>1,763,858</u>	<u>1,691,027</u>
Operating Expenses as Percentage of Total					
Salaries, wages and employee benefits	44.8%	46.5%	46.1%	44.2%	44.7%
Interest on long term liabilities	0.6%	0.7%	0.8%	0.7%	0.8%
Materials	12.8%	11.6%	11.8%	11.8%	12.9%
Contracted services	19.5%	16.0%	18.0%	19.5%	16.3%
Rents and financial expenses	1.9%	2.0%	1.8%	2.0%	2.5%
External transfers	9.2%	11.0%	9.7%	10.8%	11.5%
Amortization of tangible capital assets	11.2%	12.2%	11.8%	11.0%	11.3%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Long Term Liabilities					
Long Term Liabilities incurred by the City	\$ 401,143	\$ 436,289	\$ 432,709	\$ 484,891	\$ 418,145
Long Term Debt incurred by the City for which other entities have assumed responsibility	-	-	-	-	-
	<u>401,143</u>	<u>436,289</u>	<u>432,709</u>	<u>484,891</u>	<u>418,145</u>
Long Term Liabilities					
Housing operations	\$ 48,882	\$ 40,991	\$ 46,967	\$ 52,803	\$ 58,508
City operations	352,261	395,298	385,742	432,088	359,637
	<u>401,143</u>	<u>436,289</u>	<u>432,709</u>	<u>484,891</u>	<u>418,145</u>
Long term liabilities as a % of Reserves and Capital Surplus					
Long term liabilities as a % of Reserves and Capital Surplus	46.80%	49.80%	51.60%	57.30%	58.60%

Note: Amounts reported may have been restated from previous amounts presented to conform to 2021 Public Sector Accounting Board (PSAB) standards.

City of Hamilton

Five Year Financial and Statistical Review (unaudited)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tangible Capital Assets					
General					
Land	\$ 442,267	\$ 403,879	\$ 387,321	\$ 357,211	\$ 333,818
Land improvements	202,950	181,506	167,237	157,312	152,325
Buildings	821,383	829,290	815,472	817,598	756,160
Vehicles	140,537	138,937	148,259	137,501	128,600
Computer hardware and software	17,694	18,698	19,499	13,572	11,821
Other	104,261	92,062	93,335	95,871	99,540
Infrastructure					
Roads	1,307,472	1,315,237	1,310,342	1,293,193	1,261,223
Bridges and structures	177,730	181,098	181,896	184,387	183,422
Water and wastewater facilities	448,041	416,470	395,495	398,743	403,647
Underground and other networks	2,066,026	2,021,641	1,986,865	1,861,011	1,789,334
Net Book Value	5,728,361	5,598,818	5,505,721	5,316,399	5,119,890
Assets under construction	720,255	604,146	425,067	360,182	309,974
	6,448,616	6,202,964	5,930,788	5,676,581	5,429,864
Accumulated Surplus or Municipal Financial Position					
Reserves and reserve funds					
Reserves	\$ 611,750	\$ 623,966	\$ 612,513	\$ 660,380	\$ 697,931
Hamilton Future Fund	63,848	58,466	52,963	48,635	44,322
	675,598	682,432	665,476	709,015	742,253
Capital surplus	\$ 180,850	\$ 193,769	\$ 173,857	\$ 136,894	\$ (28,137)
Operating surplus	74,546	83,987	74,118	88,433	1,498
Investment in Government Business Enterprises	321,183	319,823	323,851	329,237	356,098
Investment in tangible capital assets	5,894,721	5,629,066	5,393,649	5,102,640	4,995,441
Unfunded liabilities - Employee future benefits	(372,130)	(363,419)	(348,328)	(348,832)	(343,679)
Unfunded liabilities - Solid waste landfill sites	(78,272)	(65,148)	(71,420)	(71,559)	(24,174)
Unfunded liabilities - Environmental	(7,308)	(15,400)	-	-	-
	6,689,188	6,465,110	6,211,203	5,945,828	5,699,300

Note: Amounts reported may have been restated from previous amounts presented to conform to 2021 Public Sector Accounting Board (PSAB) standards.

City of Hamilton

Five Year Financial and Statistical Review (unaudited)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statistical Information					
Population	584,000	578,000	579,000	572,575	563,480
Households	242,185	237,420	237,200	234,655	227,641
Area in hectares	112,840	112,840	112,775	112,775	112,775
Building Permit Values	\$2,128,166,392	\$1,383,480,564	\$1,408,521,764	\$1,264,757,129	\$1,364,145,419
Housing Starts	1,564	1,406	1,438	1,135	1,340
Residential Units - Building Permits	5,494	4,507	5,012	5,808	6,053
Average Monthly Social Assistance Case Load	9,118	11,034	11,248	11,884	12,807
Continuous Full Time Employees	6,890	6,919	6,841	6,724	6,664

Note: Amounts reported may have been restated from previous amounts presented to conform to 2021 Public Sector Accounting Board (PSAB) standards.

Section 2

City of Hamilton Consolidated Financial Statements 2021

Contents

	<u>Section - Page</u>
Independent Auditors' Report	2-1 to 2-3
Consolidated Statement of Financial Position	2-4
Consolidated Statement of Operations	2-5
Consolidated Statement of Changes in Net Financial Assets	2-6
Consolidated Statement of Cash Flow	2-7
Notes to the Consolidated Financial Statements	2-8 to 2-43

Independent Auditors' Report

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

Independent Auditors' Report

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Independent Auditors' Report

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City of Hamilton Consolidated Statement of Financial Position

For the year ended December 31, 2021 (all numbers are in thousands of dollars)

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents (Note 3)	\$ 473,967	\$ 459,178
Taxes receivable	81,750	85,023
Accounts receivable	144,390	139,157
Other assets	1,421	1,428
Long term receivables (Note 4)	53,405	42,237
Portfolio investments (Note 3)	1,171,734	1,022,899
Investment in Government Business Enterprises (Note 5)	321,183	319,823
Total financial assets	\$ 2,247,850	\$ 2,069,745
Liabilities		
Accounts payable and accrued liabilities	\$ 436,642	\$ 390,003
Deferred revenue - general	105,713	87,143
Deferred revenue - obligatory reserve funds (Note 6 & 7)	617,918	470,579
Long term liabilities – municipal operations (Note 8)	352,261	395,298
Long term liabilities – housing corporation (Note 9)	48,882	40,991
Employee future benefits and other obligations (Note 10 & 11)	396,733	387,950
Solid waste landfill liabilities (Note 12)	78,272	65,148
Total liabilities	2,036,421	1,837,112
Net financial assets	\$ 211,429	\$ 232,633
Non-financial assets		
Tangible capital assets (Note 21)	\$ 6,448,616	\$ 6,202,964
Inventories	19,528	19,394
Prepaid expenses	9,615	10,119
Total non-financial assets	6,477,759	6,232,477
Accumulated surplus (Note 13)	\$ 6,689,188	\$ 6,465,110

Contractual obligations (Note 17)

Contractual rights (Note 18)

Contingent liabilities (Note 20)

COVID-19 (Note 25)

See accompanying notes to the consolidated financial statements.

City of Hamilton Consolidated Statement of Operations

For the year ended December 31, 2021 (all numbers are in thousands of dollars)

	Budget <u>2021</u> (Note 24)	Actual <u>2021</u>	Actual <u>2020</u>
Revenue			
Taxation (Note 15)	\$ 984,546	\$ 985,972	\$ 957,739
Government grants and contributions (Note 16)	597,521	536,264	521,305
User charges, licences and fines	363,050	344,086	329,316
Developer contributions earned	72,093	68,541	33,693
Donated tangible capital assets	28,812	28,812	8,494
Investment and dividend income	46,755	37,639	33,545
Net income from Government Business Enterprises (Note 5)	-	13,097	10,726
Other	108,863	131,674	120,526
Total revenue	<u>2,201,640</u>	<u>2,146,085</u>	<u>2,015,344</u>
Expenses			
General government	\$ 74,589	\$ 95,277	\$ 68,079
Protection services	348,768	357,517	341,243
Transportation services	364,611	338,618	322,651
Environmental services	282,979	283,556	251,828
Health services	140,712	153,396	126,930
Social and family services	341,751	342,493	333,523
Social housing	115,235	124,830	110,063
Recreation and cultural services	179,813	164,238	149,932
Planning and development	66,315	63,316	56,382
Total expenses	<u>1,914,773</u>	<u>1,923,241</u>	<u>1,760,631</u>
Annual Surplus	\$ 286,867	\$ 222,844	\$ 254,713
Accumulated surplus			
Beginning of year	\$ 6,465,110	\$ 6,465,110	\$ 6,211,203
Other comprehensive loss and other Government Business Enterprises (Note 5)	-	1,234	(806)
End of year	<u>\$ 6,751,977</u>	<u>\$ 6,689,188</u>	<u>\$ 6,465,110</u>

See accompanying notes to the consolidated financial statements.

City of Hamilton

Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31, 2021 (all numbers are in thousands of dollars)

	Budget <u>2021</u> (Note 24)	Actual <u>2021</u>	Actual <u>2020</u>
Operating activities			
Annual surplus	\$ 286,867	\$ 222,844	\$ 254,713
Other comprehensive loss of Government Business Enterprises	-	1,234	(806)
Acquisition of tangible capital assets	(692,241)	(447,314)	(487,876)
Loss on disposition of tangible capital assets	14,012	14,212	10,127
Amortization of tangible capital assets	216,262	216,262	214,067
Donated tangible capital assets	(28,811)	(28,812)	(8,494)
Change in inventories	-	(134)	(3,722)
Change in prepaid expenses	-	504	(2,758)
Change in financial assets	<u>(203,911)</u>	<u>(21,204)</u>	<u>(24,749)</u>
Net financial assets			
Beginning of year	<u>232,633</u>	<u>232,633</u>	<u>257,382</u>
End of year	<u>\$ 28,722</u>	<u>\$ 211,429</u>	<u>\$ 232,633</u>

See accompanying notes to the consolidated financial statements.

City of Hamilton Consolidated Statement of Cash Flows

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

	<u>2021</u>	<u>2020</u>
Operating activities		
Annual surplus	\$ 222,844	\$ 254,713
Increase in taxes receivable	3,273	1,286
Increase in accounts receivable	(5,233)	(7,925)
Increase in other assets	7	45
Increase in accounts payable and accrued liabilities	46,639	50,173
Increase in deferred revenue - general	18,570	44,601
Increase in deferred revenue - obligatory reserve fund	147,339	139,301
Increase in inventories	(134)	(3,722)
Decrease in prepaid expenses	504	(2,758)
Non-cash activities		
Amortization of tangible capital assets	216,262	214,067
Donated tangible capital assets	(28,812)	(8,494)
Loss on disposition of tangible capital assets	14,212	10,127
Net income from Government Business Enterprises	(13,097)	(10,726)
Change in employee future benefits and other obligations	8,783	15,255
Change in solid waste landfill liabilities	13,124	(6,272)
	<u>644,281</u>	<u>689,671</u>
Investing activities		
Increase in portfolio investments	(148,835)	47,009
Decrease in long term receivables	(11,168)	5,142
Dividends received from Government Business Enterprises	12,971	51,934
Issuance of share capital	-	(37,986)
	<u>(147,032)</u>	<u>66,099</u>
Financing activities		
Long term debt issued – housing corporation	13,918	51,705
Long term liability – municipal operations	2,678	-
Debt principal repayment – municipal operations	(45,112)	(41,530)
Lease obligation payment – municipal operations	(603)	(619)
Debt principal repayment – housing corporation	(6,027)	(5,976)
	<u>(35,146)</u>	<u>3,580</u>
Capital activities		
Purchase of tangible capital assets	(447,316)	(487,876)
Net increase in cash and cash equivalents	14,789	271,474
Cash and cash equivalents		
Beginning of year	<u>459,178</u>	<u>187,704</u>
End of year	<u>\$ 473,967</u>	<u>\$ 459,178</u>

See accompanying notes to the consolidated financial statements.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies

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

Significant accounting policies adopted by the City are as follows:

(a) Reporting entity

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

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

Interdepartmental and organizational transactions and balances are eliminated.

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

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

Hamilton Utilities Corporation ("H.U.C."), Hamilton Enterprises Holdings Corporation ("H.E.H.C.O.") and Hamilton Renewable Power Inc. ("H.R.P.I.") are subsidiary corporations of the City and are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 5). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City and inter-organizational transactions and balances are not eliminated.

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

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies (continued)

(a) Reporting entity (continued)

Cemetery trust, and general trust funds administered by the City amounting to \$22,668,000 (2020 - \$21,373,000) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations. Homes for the Aged trust funds administered by the City amounting to \$407,000 (2020 - \$413,000) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

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

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

- (ii) The taxation, other revenues, expenses, assets and liabilities with respect to the operations of various school boards are not reflected in the consolidated financial statements.

(b) Basis of accounting

Revenues are recorded on the accrual basis of accounting, whereby revenues are recognized as they are earned and measurable. Expenses are recognized in the period goods and services are acquired and a liability is incurred.

(c) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating provisions for allowance for doubtful accounts, donated tangible capital assets, solid waste landfill liabilities, liabilities for contaminated sites, and in performing actuarial valuations of employee future benefit obligations.

Where estimation uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Cash, cash equivalents

Cash and cash equivalents include cash on hand, cash held in financial institutions and temporary investments with maturities of 365 days or less. Investments are valued at cost and are written down when there is a decrease in value.

(e) Portfolio investments

Portfolio investments mainly comprise of federal, provincial and municipal government bonds and deposit notes and short-term instruments of financial institutions. Portfolio investments are valued at cost less any amounts written off to reflect an other than temporary decline in value.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies (continued)

(f) Deferred revenue – obligatory reserve funds

Receipts which are restricted by legislation of senior governments or by agreement with external parties are in nature restricted revenues and are reported as deferred revenues. When qualifying expenses are incurred, deferred revenues are recognized into revenue in the fiscal period they are expended.

(g) Employee future benefits and other obligations

Employee future benefits and other obligations for retirement, post employment and pension benefits are reported in the Consolidated Statement of Financial Position. The accrued benefit obligations are determined using management's best estimates of expected investment yields, wage and salary escalation, mortality rates, termination and retirement ages. The actuarial gain or loss is amortized over the expected average remaining life expectancy of the members of the employee groups.

(h) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Donated and/or contributed assets are capitalized and recorded at their estimated fair value upon acquisition and recognized in revenue. Leased tangible capital assets are valued at the present value of the future minimum lease payments. Certain tangible capital assets for which historical cost information is not available have been recorded at current replacement cost deflated by a relevant inflation factor.

Amortization for road linear assets is calculated on a consumption basis using road deterioration curves. All other tangible capital assets are amortized on a straight-line basis over their estimated useful lives. One half of the annual amortization is recorded as amortization expense in the year of acquisition or construction and in the year of disposal. Estimated useful lives range from 2 years to 100 years as follows:

General - Land improvements	20 to 75 years
General - Buildings	20 to 40 years
General - Vehicles	2 to 20 years
General – Computer hardware and software	3 to 5 years
General – Other – Machinery and equipment	2 to 100 years
Infrastructure – Bridges and other structures	40 to 75 years
Infrastructure – Water and wastewater facilities	20 to 40 years
Infrastructure – Water, wastewater, storm and road linear	18 to 100 years

The City has leased tangible capital assets which are amortized over the term of the lease, ranging from 5 to 50 years. The cost, accumulated amortization, net book value and amortization expense have been reported in these consolidated financial statements.

Assets under construction are not amortized until the asset is ready for use. All interest on debt incurred during construction of related tangible capital assets is expensed in operations in the year incurred. Works of art and historic treasures are not recorded as assets in these consolidated financial statements.

(i) Inventories

Inventories held for consumption or use are valued at the lower of cost and net realizable value.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies (continued)

(j) Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met, and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(k) Long term receivables

Long term receivables are valued at cost. Recoverability is assessed annually, and a valuation allowance is recorded when recoverability has been impaired. Long term receivables are written off when they are no longer recoverable. Recoveries of long term receivables previously written off are recognized in the year received. Interest revenue is recognized as it is earned. Long term receivables with significant concessionary terms are reported as an expense on the Consolidated Statement of Operations. Long term receivables are reported in Note 4.

(l) Tax revenue

Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized, and the taxable event has occurred.

(m) Landfill Liability

The Ontario Environmental Protection Act (the "Act") sets out the regulatory requirements for the closure and maintenance of landfill sites. Under the Act, the City is required to provide for closure and post-closure care of solid waste landfill sites. The costs related to these obligations are provided for all inactive landfill sites and active landfill sites based on usage.

(n) Contaminated Sites

Contamination is a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the City is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is estimated based upon information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique.

(o) Related parties disclosure

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has material effect on the consolidated financial statements. As at December 31, 2021, there are no such related party transactions to disclose.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies (continued)

(p) Contingent assets

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty which will be ultimately resolved when one of more future events occur that are not within the government's control. Disclosure of a contingent asset is required under this standard when the occurrence of a confirming future event is likely. As at December 31, 2021, there are no such contingent assets to disclose.

(q) Contractual rights

Contractual rights requires the disclosure of information in regards to future rights to economic resources arising from contracts or agreements that will result in a future economic benefit. Such disclosure includes the nature, extent and timing of contractual rights. The City is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources. Contractual rights are reported in Note 18.

(r) Assets

The assets standard provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions and events and from which future economic benefits are to be obtained. For the year ended December 31, 2021, all material assets have been disclosed and reported within this definition.

(s) Inter-Entity transactions

Inter-entity transactions standard provides guidance on how to account for and report transactions between public sector entities that comprises a governments reporting entity. This section provides guidance for the measurement of these transactions. All City transactions are recorded at the exchange amount, being the amount agreed to by both parties. For the year ended December 31, 2021, there were no material inter-entity transactions to disclose.

2. Adoption of new accounting standards

The following are upcoming standard and amendment changes that will be effective in future periods. They have not been applied to the 2021 consolidated financial statements. Management is still assessing the impact to the City's future financial statements and the extent of the impact is still not known at this point.

(a) PS 1201, Financial Statement Presentation

Introduces a new statement of remeasurement gains and losses. The new statement will report: unrealized foreign exchange gains or losses, fair value remeasurements and other comprehensive income (OCI) from GBEs / GBPs. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end) and must be adopted simultaneously with PS 3450-Financial Instruments and PS2601-Foreign Currency Translation.

(b) PS 2601, Foreign Currency Translation

Requires foreign exchange translation gains and losses to be reported in the statement of remeasurement gains and losses. This standard is effective for fiscal periods beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

2. Adoption of new accounting standards (continued)

(c) PS 3280, Asset Retirement Obligations

Establishes a framework for recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Legally obligated costs associated with the retirement of capital assets will be accounted for over the life of the asset, as opposed to at time the retirement occurs. This section is effective for fiscal years beginning on or after April 1, 2022 (The City's December 31, 2023 year-end).

(d) PS 3400, Revenue

Establishes a framework for recognition, measurement and reporting revenues that arise from transactions that include performance obligations (revenue recognized as performance obligations are satisfied) and transactions that do not have performance obligations (revenue recognized at realizable value). This section is effective for fiscal years beginning on or after April 1, 2023 (The City's December 31, 2024 year-end).

(e) PS 3450, Financial Instruments

Provides guidance on recognition, measurement, presentation and disclosure of financial instruments and introduces fair value measurement for a number of financial instruments including derivatives. This standard is effective for fiscal periods beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(f) PS 3041 Portfolio Investments

Provides guidance on how to account for investments in organizations that do not form part of the government reporting entity. Such investments are normally in equity instruments or debt instruments issued by the investee. This section is effective for fiscal years beginning on or after April 1, 2022 (The City's December 31, 2023 year-end).

(g) Public Sector Guideline 8, Purchased Intangible

Allows public sector entities to recognize intangible purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the City's December 31, 2024 year-end).

(h) PS 3160 Public Private Partnership

This Section establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. This section is effective for fiscal years beginning on or after April 1, 2023 (the City's December 31, 2024 year-end).

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

3. Cash and cash equivalents and portfolio investments

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents are comprised of:		
Cash on hand	\$ 133	\$ 130
Cash held in banks	467,491	452,713
Temporary investments	6,343	6,335
	<u>\$ 473,967</u>	<u>\$ 459,178</u>
Portfolio investments are comprised of:		
Unrestricted investments	\$ 489,968	\$ 493,854
Designated investments (obligatory reserve funds)	617,918	470,579
Designated investments (Hamilton Future Fund)	63,848	58,466
	<u>\$ 1,171,734</u>	<u>\$ 1,022,899</u>

Portfolio investments have a market value of \$1,151,442,000 (2020 - \$1,094,766,000). The City has purchased \$3,446,000 (2020 - \$6,504,000) of its own debentures which have not been cancelled. This investment in its own debenture is included in portfolio investments on the consolidated statement of financial position. The gross amounts of these debentures is \$348,063,000 (2020 - \$393,175,000)

4. Long term receivables

The City has long-term receivables in the amount of \$53,405,000 (2020 - \$42,237,000). The long-term receivables are comprised of:

	<u>2021</u>	<u>2020</u>
Development charge deferral agreements	\$ 41,575	\$ 26,658
Mortgages receivable:		
Downtown convert to rent program	-	4,784
Hamilton Enterprises Holding Corporation	5,832	6,156
Sheraton Hotel loan	462	610
Other City loan programs	3,898	3,424
Loans to other agencies and organizations	3,547	3,091
Less: Provision for loans with concessionary terms	(1,909)	(2,486)
	<u>\$ 53,405</u>	<u>\$ 42,237</u>

Development charge deferral agreements and mortgage receivables are loans which are secured by property, with interest rates varying from 0% to 5.56% and terms of one year to thirty years.

Loans to other agencies and organizations include loans to Hamilton Conservation Authority, Catholic Children's Aid Society, Winona Peach Festival, Redeemer University College, the Bob Kemp Hospice, Canadian Football Hall of Fame, Rosedale tennis Club with interest rates varying from 0% to 4.92% for terms of up to thirty years.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

5. Investment in Government Business Enterprises

Hamilton Utilities Corporation, Hamilton Enterprises Holdings Corporation and Hamilton Renewable Power Inc. are subsidiary corporations of the City and are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises.

In compliance with provincial legislation enacted to restructure the electrical industry in Ontario, the Hamilton Utilities Corporation ("H.U.C.") was incorporated on June 1, 2000. All of the assets and liabilities of the predecessor hydro-electric systems were transferred to H.U.C. During 2004, Hamilton Hydro Energy Inc. was established with the City's acceptance of a dividend in kind in the form of one common share from H.U.C. Effective June 1, 2005, the articles of incorporation reflected the amendment of a name change to Hamilton Renewable Power Inc. ("H.R.P.I."). On December 18, 2017 Hamilton Enterprises Holdings Corporation ("H.E.H.C.O.") was incorporated.

The amounts related to government business enterprises as reported in the Consolidated Statement of Operations for 2021 and 2020 is as reported by the Hamilton Utilities Corporation, Hamilton Enterprises Corporation and Hamilton Renewable Power Inc.

	<u>2021</u>	<u>2020</u>
Net income from H.U.C.	\$ 16,132	\$ 13,473
Net loss from H.E.H.C.O.	(2,770)	(2,681)
Net loss from H.R.P.I.	(265)	(66)
	<u>\$ 13,097</u>	<u>\$ 10,726</u>

The City's investment in Government Business Enterprises is reported in the Consolidated Statement of Financial Position as:

	<u>2021</u>	<u>2020</u>
Investment in H.U.C.	\$ 292,615	\$ 288,242
Investment in H.E.H.C.O.	29,272	32,020
Investment in H.R.P.I.	(704)	(439)
	<u>\$ 321,183</u>	<u>\$ 319,823</u>

The change in investment in Government Business Enterprises is allocated as follows:

	<u>2021</u>	<u>2020</u>
Investment in Government Business Enterprises at January 1	\$ 319,823	\$ 323,851
Net income during the year	13,097	10,726
Other comprehensive loss	1,234	(806)
Dividends	(12,971)	(51,934)
Issuance of capital	-	37,986
Investment in Government Business Enterprises at December 31	<u>\$ 321,183</u>	<u>\$ 319,823</u>

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

5. Investment in Government Business Enterprises (continued)

The following table provides condensed supplementary financial information for Hamilton Utilities Corporation reported by H.U.C. at December 31, 2021 and December 31, 2020 respectively.

	<u>2021</u>	<u>2020</u>
Financial Position		
Current assets	\$ 49	\$ 72
Notes receivable from Corporation	16,212	13,786
Due from related parties	-	2,426
Future payments in lieu of income taxes	448	473
Investment in Alectra Holdings Inc.	356,107	350,198
Total assets	<u>\$ 372,816</u>	<u>\$ 366,955</u>
Current liabilities		
(including current portion of long term debt)	14	8
Non-current liabilities	69,408	67,926
Total liabilities	<u>69,422</u>	<u>67,934</u>
Change in equity on restructuring	10,779	10,779
Shareholder's equity	<u>\$ 292,615</u>	<u>\$ 288,242</u>
Results of operations		
Revenues	\$ 156	\$ 156
Operating expenses	(184)	(188)
Equity income in Alectra Holdings Inc.	17,668	13,147
Financing expenses	(6)	(5)
Other income	7	12
Equity earnings from operations	17,641	13,122
Recovery of taxes	(1,509)	351
Net income before other comprehensive income	16,132	13,473
Other comprehensive loss	1,212	(693)
Net income	<u>\$ 17,344</u>	<u>\$ 12,780</u>
Dividends paid	12,971	51,792

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

5. Investment in Government Business Enterprises (continued)

H.U.C. transactions with corporations under common control:

As part of the H.U.C. restructuring in 2018, certain notes receivable were recognized as a result of the sale of shares of the Corporation's previous subsidiaries. During 2020, the Corporation executed the remaining restructuring steps approved by the Ministry of Finance with its sole shareholder. As a result, notes receivable totalling \$37,986 were formally assigned to the City by way of a dividend in-kind. The amounts remaining from the initial notes receivable established on restructuring over and above the fair value for the shares agreed upon at the date of restructuring remain receivable as at December 31, 2020 and 2021.

During the year ended December 31, 2020, long-term receivables related to a loan between the corporation and HCE Energy ("HCE") a corporation under common control relating to HCE's acquisition of the City of Hamilton's Central Utilities Plant ("CUP"). The long-term borrowings were a loan between the City and the Corporation relating to HCE's acquisition of the City's CUP.

Prior to December 31, 2020, the Corporation and the City, along with HCE formally entered into an assignment agreement to transfer both the remaining long-term receivable in the amount of \$6,156 and long-term borrowing in the amount of \$6,156 to the City and HCE respectively. As at December 31, 2020, the Corporation has no further contractual right to cash flows from long-term receivables and no obligation to settle long-term borrowings with the City. The settlement transaction comprised of long-term debt forgiveness and the transfer of long-term receivable with related parties have been recognized.

Amounts owing to and from corporations under common control are non-interest bearing with no fixed terms of repayment.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

5. Investment in Government Business Enterprises (continued)

The following table provides condensed supplementary financial information for Hamilton Enterprises Holding Corporation reported by H.E.H.C.O. at December 31, 2021 and December 31, 2020 respectively.

	<u>2021</u>	<u>2020</u>
Financial Position		
Current assets	\$ 8,269	\$ 9,442
Capital assets	47,381	51,618
Other assets	5,159	5,418
Future payments in lieu of income taxes	5,243	5,209
Total assets	<u>66,052</u>	<u>71,687</u>
Current liabilities		
(including current portion of long term debt)	19,235	20,786
Non-current liabilities	28,645	29,962
Total liabilities	<u>47,880</u>	<u>50,748</u>
Shareholder's deficit		
Non-controlling interest	59	78
Opening equity	(11,159)	(11,159)
Total shareholder's deficit	<u>\$ 29,272</u>	<u>\$ 32,020</u>
Results of operations		
Revenues	\$ 18,133	\$ 15,527
Operating expenses	(20,277)	(16,533)
Financing expense	(917)	(1,365)
Other income	24	19
Equity earnings from operations	<u>(3,037)</u>	<u>(2,352)</u>
Payment / recovery of taxes	(248)	334
Loss for the year	<u>(2,789)</u>	<u>(2,686)</u>
Non-controlling interest of a subsidiary	19	5
Net loss before other comprehensive income	<u>(2,770)</u>	<u>(2,681)</u>
Other comprehensive income	22	(113)
Net loss	<u>\$ (2,748)</u>	<u>\$ (2,794)</u>
Issuance of share capital	-	37,986

City of Hamilton
Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

5. Investment in Government Business Enterprises (continued)

H.E.H.C.O. transactions with corporations under common control

During the prior year, the H.E.H.C.O. settled outstanding notes payable that originated as part of the corporate reorganization in 2018. As part of the settlement, the H.E.H.C.O., H.U.C. and the City agreed to settle the notes in the amount of \$37,986, which represents the value of notes payable in exchange for shares transferred during the reorganization for the H.E.H.C.O. subsidiaries. The remaining amounts of notes payable not settled in 2020 remain outstanding with the related parties as summarized above.

Amounts owing to and from corporations under common control are non-interest bearing and have no fixed terms of repayment.

H.E.H.C.O. amounts owing to corporations under common control:

Amounts owing to corporations under common control totaling \$5,832 (2020 - \$6,156), previously owed to H.U.C. and now owing to the City of Hamilton are due December 31 ,2039, bearing interest as at fixed interest rate of 4.06% throughout the term of the loan. The loan is payable in annual principal repayments of \$324 plus interest. The amounts owing to the City relate to the Corporations' acquisition of the City of Hamilton's' CUP.

During the prior year, the amounts owing to H.U.C. were formally assigned to the City who accepted the assignment of borrowings and the Corporation is now remitting principal and interest payments directly to the City.

The borrowing are secured by the assets of the CUP with a net book value of \$9,034 (2020 - \$9,273) with a cross-company guarantee provided by a corporation under common control.

Interest expense for the long-term borrowings was \$210 (2020 - \$229). Principal payments on the long-term borrowings and receivables are due as follows:

	<u>2021</u>
2022	\$ 324
2023	324
2024	324
2025	324
2026	324
Thereafter	4,212
	<u>\$ 5,832</u>

City of Hamilton
Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

5. Investment in Government Business Enterprises (continued)

	<u>2021</u>	<u>2020</u>
Financial Position		
Current assets	\$ 1,503	\$ 1,325
Capital assets	4,542	5,090
Other assets	32	32
Total assets	<u>6,077</u>	<u>6,447</u>
Current liabilities		
(Including current portion of long term debt)	603	642
Future payment in lieu of taxes	178	244
Total liabilities	<u>781</u>	<u>886</u>
Shareholder's equity	<u>6,000</u>	6,000
Net deficit	<u>\$ (704)</u>	<u>\$ (439)</u>
Results of operations		
Revenues	\$ 2,435	\$ 2,900
Expenses	(2,700)	(2,966)
Net Loss	<u>\$ (265)</u>	<u>\$ (66)</u>
Dividends paid	-	142

Government Business Enterprises - related party transactions

The following summarizes the Corporations related party transactions with Government Business Enterprises for the year ended December 31.

	<u>2021</u>	<u>2020</u>
Revenue		
Dividend revenue from H.U.C.	\$ 12,971	\$ 51,792
Dividend revenue from H.R.P.I.	-	142
Property and other taxes received by the City from H.U.C.	537	532
Sale of Methane to H.R.P.I.	734	794
Expenditures		
Hydro purchased by the City from H.E.H.C.O.	36,762	34,224
Thermal Energy purchased from H.R.P.I.	241	274
Assets		
Accounts receivable from H.R.P.I.	446	429
Long term receivable from H.E.H.C.O.	5,508	6,156

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

6. Deferred revenue – obligatory reserve funds

The deferred revenue – obligatory reserve funds, reported on the consolidated statement of financial position, are made up of the following:

	<u>2021</u>	<u>2020</u>
Development charge reserve funds	\$ 373,591	\$ 285,420
Recreational land dedicated under the Planning Act	70,102	66,934
Gasoline tax revenue: Provincial	20,092	19,220
Canada Community-Building Fund (Federal Gas Tax)	104,319	59,101
Building Permit Revenue	28,048	24,613
Other (Main Street Revitalization)	7	15
Safe Restart Agreement (SRA): Municipal & Transit Funding	21,759	15,276
	<u>\$ 617,918</u>	<u>\$ 470,579</u>

7. Deferred revenue – obligatory reserve funds

The deferred revenue – obligatory reserve funds, reported on the consolidated statement of financial position, are made up of the following:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 470,579	\$ 331,278
Add:		
Developer and other contributions	163,612	183,211
Interest earned	11,051	7,385
Provincial and Federal Funding	125,674	52,770
	<u>300,337</u>	<u>243,366</u>
Less:		
Contributions used in operating and capital funds	152,998	104,065
Balance at December 31	<u>\$ 617,918</u>	<u>\$ 470,579</u>

8. Long term liabilities – municipal operations

(a) The long term liabilities – municipal operations consists of long term debt for serial debentures and loans that mature in the years 2022 to 2044 with interest rates varying between 0.50% and 5.05% and obligations for leased tangible capital assets with payments from 2022 to 2051 at a discount rate of 5%. The balance of long term liabilities consists of the following:

	<u>2021</u>	<u>2020</u>
Long term liabilities incurred by the City	\$ 348,063	\$ 393,175
Long term liabilities for leased tangible capital assets incurred by the City	4,198	2,123
Net long term liabilities	<u>\$ 352,261</u>	<u>\$ 395,298</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

8. Long term liabilities – municipal operations (continued)

- (b) Of the \$348,063,000 long term debt incurred by the City (2020 - \$393,175,000) certain principal payments do not represent a burden on general City revenue, as they are to be recovered in future years from other sources.

The total long-term debt is to be recovered from the following:

	<u>2021</u>	<u>2020</u>
General Revenue	\$ 231,779	\$ 263,815
Water & Wastewater user charges	116,284	129,360
	<u>\$ 348,063</u>	<u>\$ 393,175</u>

- (c) The total City principal repayments of long term debt in each of the next five years and thereafter are due as follows:

	General Revenues	Water & Wastewater User Charges	<u>Total 2021</u>
2022	\$ 32,454	\$ 13,081	\$ 45,535
2023	27,232	13,028	40,260
2024	25,070	12,971	38,041
2025	25,145	12,971	38,116
2026	20,024	12,971	32,995
2027 and thereafter	101,854	51,262	153,116
Total	<u>\$ 231,778</u>	<u>\$ 116,284</u>	<u>\$ 348,063</u>

- (d) The total City principal repayments of leased tangible capital assets in each of the next five years and thereafter are due as follows:

	<u>2021</u>
2021	\$ 330
2022	330
2023	330
2024	330
2025	330
2026 and thereafter	2,548
Total	<u>\$ 4,198</u>

- (e) Total repayments and interest charges for the year for long term debt are as follows:

	<u>2021</u>	<u>2020</u>
Principal repayments	\$ 45,112	\$ 41,530
Interest expense	10,218	10,958
	<u>\$ 55,330</u>	<u>\$ 52,488</u>

- (f) Total repayments and interest charges for the year for leased tangible capital assets are as follows:

	<u>2021</u>	<u>2020</u>
Principal repayments	\$ 603	\$ 619
Interest expense	240	267
	<u>\$ 843</u>	<u>\$ 886</u>

City of Hamilton
Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

9. Long term debt – housing corporation

(a) The balance of long term debt – housing corporations reported on the Consolidated Statement of Financial Position represents capital assets of the CityHousing Hamilton that are financed by mortgages. The mortgages mature in the years 2022 to 2040 with interest rates varying between 0% and 5.83%. The mortgage obligations for CityHousing Hamilton are \$48,882,000 (2020 - \$40,991,000).

(b) The principal repayments of these mortgages in each of the next five years and thereafter are as follows:

	<u>2021</u>
2022	\$ 13,545
2023	4,320
2024	8,378
2025	3,403
2026	2,437
2027 and thereafter	16,799
	<u>\$ 48,882</u>

(c) Total repayments and interest charges for the year for long term debt - housing corporations are as follows:

	<u>2021</u>	<u>2020</u>
Principal repayments	\$ 6,027	\$ 5,976
Interest expense	1,029	1,191
	<u>\$ 7,056</u>	<u>\$ 7,167</u>

(d) Other long term debt incurred by the City of Hamilton’s housing corporations, representing capital assets financed by debentures issued by the Ontario Housing Corporation of \$3,583,000 (2020 - \$5,966,000), is not included in the Consolidated Statement of Financial Position. The Social Housing Reform Act, 2000 transferred the ownership and responsibility for the administration of Province of Ontario public housing to the City of Hamilton as a local housing corporation. The transfer, effective January 1, 2001, included land and buildings at no cost. The servicing of long term debt remains the obligation of the Province of Ontario.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

10. Employee future benefits and other obligations

The City provides certain employee benefits that require funding in future periods. An estimate of these liabilities has been recorded in the Consolidated Statement of Financial Position. These amounts are summarized as follows:

	<u>2021</u>	<u>2020</u>
Accrued Benefit Obligation		
Sick leave benefit plan (a)	\$ 62,692	\$ 60,015
Long term disability (b)	44,975	43,676
Workplace safety and insurance board liabilities (WSIB) (c)	132,478	128,967
Retirement benefits (d)	170,423	168,449
Vacation benefits (e)	27,031	27,212
Pension benefit plans (f)	<u>(40,311)</u>	<u>(34,366)</u>
	397,288	393,953
Net unamortized actuarial loss	(9,596)	(11,803)
Valuation allowance	<u>9,041</u>	<u>5,800</u>
Accrued Liability	\$ 396,733	\$ 387,950

The City has established reserves for some of these liabilities totalling \$82,141,000 (2020 - \$74,278,000) as described in the following notes.

The continuity of employee future benefits and other obligations are summarized as follows:

	<u>2021</u>	<u>2020</u>
Liability for Employee Future Benefits and Other Obligations		
balance at beginning of the year	\$ 387,950	\$ 372,695
Plan amendment per actuarial valuation	3,242	11,930
Benefit expense	38,842	36,920
Interest expense	12,693	12,612
Amortization of actuarial loss on accrued benefit obligations	5,835	5,600
Amortization of actuarial gain on earnings on pension assets	(6,253)	(5,952)
Benefit payments	<u>(45,576)</u>	<u>(45,855)</u>
Liability for Employee Future Benefits and Other Obligations		
balance at end of the year	\$ 396,733	\$ 387,950

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

10. Employee future benefits and other obligations (continued)

The expenses related to these employee benefits and other obligations are reported in the Consolidated Statement of Operations. These expenses are summarized as follows:

	<u>2021</u>	<u>2020</u>
Plan amendment per actuarial valuation	\$ 3,242	\$ 11,930
Benefit expense	38,842	36,920
Interest expense	12,693	12,612
Amortization of net actuarial loss	(418)	(351)
	<u>\$ 54,359</u>	<u>\$ 61,111</u>

Actuarial valuations are performed on post employment, retirement benefits and pension benefits to provide estimates of the accrued benefit obligations. These estimates are based on a number of assumptions about future events including interest rates, inflation rates, salary and wage increases, medical and dental cost increases and mortality. The assumptions are determined at the time of the actuarial valuations and are reviewed annually. Consequently, different assumptions may be used as follows:

	Discount	Return	Inflation	Payroll	Dental	Life
	Rate	on Assets	Rate	Increases	Increases	Expectancy (Years)
Vested sick leave	3.25%	NA	2.0%	3.0%	NA	15
Long term disability	3.00%	NA	2.0%	3.0%	NA	8.0
Workplace safety and insurance	3.50%	NA	2.0%	3.0%	NA	10.0
Retirement Benefits Health and Dental	3.50%	NA	2.0%	3.0%	4.0%	12
Pensions Benefits (non-OMERS)	3.70%	3.70%	2.0%	NA (1)	NA	7 to 9

Notes:

(1) There is no estimate for future salary and wage increases in the non-OMERS pension plans as the active employees have been transferred to OMERS.

(a) Liability for sick leave benefit plans

The City provides a sick leave benefit plan for certain employee groups. Under the sick leave benefit plan of the City, unused sick leave can accumulate, and employees may become entitled to a cash payment when they leave the City's employment. An actuarial valuation as at December 31, 2020 has estimated the accrued benefit obligation at \$62,692,000 (2020 - \$60,015,000). Changes in valuation assumptions have resulted in an increase in the liability to \$62,692,000 from the expected liability of \$62,022,000. The actuarial loss as at December 31, 2021 of \$670,000 is being amortized over 15 years, which is the expected average remaining life expectancy of the members of the employee groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$12,111,000 (2020 - \$9,570,000).

(b) Liability for long term disability

The City provides benefits in the event of total disability for certain employee groups. An actuarial valuation of the City's self-insured long-term disability program as at December 31, 2020 has estimated the accrued benefit obligation at \$44,975,000 (2020 - \$43,676,000). Changes in valuation assumptions have resulted in an increase in the liability of \$44,975,000 from the expected liability of \$32,997,000. The actuarial loss as at December 31, 2021 of \$11,978,000 is being amortized over 8.0 years, which is the expected average remaining life expectancy of the members of the employee groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$15,806,000 (2020 - \$15,044,000).

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

10. Employee future benefits and other obligations (continued)

(c) Liability for workplace safety and insurance

The City is liable for compensation related to workplace injuries as stipulated by the Workplace Safety & Insurance Act. An actuarial valuation as at December 31, 2020 estimated the accrued benefit obligation for workplace safety & insurance existing claims and future pension awards at \$132,478,000 (2020 - \$128,967,000). Changes in valuation assumptions have resulted in an increase in the liability to \$132,478,000 from the expected liability of \$107,708,000. The actuarial loss of \$24,770,000 is being amortized over 10.0 years, which is the expected average remaining life expectancy of the plan members in various groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$41,618,000 (2020 - \$41,329,000).

(d) Liability for retirement benefits

The City provides certain health, dental and life insurance benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS) or the normal retirement age and up to the age of 65 years. An actuarial valuation at December 31, 2020 estimated the accrued benefit obligation at \$170,423,000 (2020 - \$168,449,000). Changes in valuation assumptions have resulted in an increase in liability to \$170,423,000 from the expected liability of \$149,133,000. The actuarial loss of \$21,290,000 is being amortized over 12 years, which is the expected average remaining life expectancy of the plan members in various groups. The City has \$7,993,000 (2020 - \$7,682,000) set aside in the Consolidated Statement of Financial Position to assist with this liability.

(e) Liability for vacation benefits

The City is liable for vacation days earned by its employees as at December 31, 2021 but not taken until a later date. The liability as at December 31, 2021 has been estimated at \$27,031,000 (2020 - \$27,212,000), of which \$16,609,000 is funded by City departments' budgets (2020 - \$16,577,000). Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$641,000 (2020 - \$1,610,000), and the remaining liability of \$9,781,000 is unfunded (2020 - \$9,025,000).

(f) Liability for pensions benefit plans

In addition to the Ontario Municipal Employees Retirement System (OMERS) described in Note 11, the City also provides pension benefits under three other plans. The actuarial valuations for Hamilton-Wentworth Retirement Fund, Hamilton Street Railway Retirement Fund and Hamilton Municipal Retirement Fund at December 31, 2019 estimated the combined accrued benefit asset of the pension plans at \$40,311,000 from \$34,366,000 in 2020. Changes in valuation resulted in an asset of \$40,311,000 from an expected liability of \$17,842,000. The actuarial gain of \$58,153,000 is being amortized over 7.0 to 9.0 years, which is the expected average remaining life expectancy of the plan members. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$11,965,000 (2020 - \$6,725,000).

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

11. Pension agreements

(a) Ontario Municipal Employees Retirement System

The City makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of approximately 7,316 members of City staff and councillors. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by employees, based on the length of credited service and average earnings.

The latest actuarial valuation as at December 31, 2021 indicates a "going concern" Actuarial Deficit based on the plan's current member and employer contribution rates. Contributions were made in the 2021 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. As a result \$61,070,000 (2020 - \$61,086,000) was contributed to the OMERS plan for current service.

As OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. The OMERS primary pension plan has a deficit of \$3.1 billion as of December 31, 2021 (2020 - \$3.2 billion)

(b) Other pension plans – Hamilton-Wentworth Retirement Fund, Hamilton Municipal Retirement Fund, and Hamilton Street Railway Retirement Fund.

Approximately 296 current employees and 933 former employees of the City are members of three defined benefit plans; Hamilton-Wentworth, Hamilton Municipal and the Hamilton Street Railway Retirement Funds and are current or future beneficiaries under their terms and conditions. Actuarial valuations of the pension plans for funding purposes are required under the Pension Benefits Act every three years. The actuarial valuations of the pension plans for accounting purposes provide different results than the valuations for funding purposes. For funding purposes, one of the pension plans is in a surplus position and the other two plans are in a deficit position.

The actuarial valuations for these pension plans are based on a number of assumptions about future events including mortality, inflation and interest rates. The two plans with deficits are paying a number of amortization schedules that will be completed over a period ranging from two to fifteen years.

The accrued pension liability reported in the Consolidated statement of Financial Position is comprised as follows:

	<u>2021</u>	<u>2020</u>
Accrued pension benefit obligation	\$ 322,674	\$ 309,881
Pension plan assets	<u>(362,985)</u>	<u>(344,247)</u>
Other assets	(40,311)	(34,366)
Unamortized actuarial gain	<u>49,113</u>	<u>55,908</u>
Accrued pension liability	8,802	21,542
Valuation allowance	<u>9,041</u>	<u>5,800</u>
Adjusted accrued pension liability	<u>\$ 17,843</u>	<u>\$ 27,342</u>

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

11. Pension agreements (continued)

The actuarial gain or loss on pension fund assets and the actuarial gain or loss on accrued pension benefits obligations are comprised as follows:

	<u>2021</u>	<u>2020</u>
Expected pension fund assets at the end of year	\$ 337,259	\$ 331,800
Actual pension fund assets at end of year	<u>362,985</u>	<u>344,247</u>
Actuarial gain on pension fund assets	<u>25,726</u>	<u>12,447</u>
Expected accrued pension benefit obligation at end of year		
Actual accrued pension benefit obligation at end of year	299,572	326,203
Accrued pension benefit obligation	<u>322,674</u>	<u>309,881</u>
Actuarial (loss) gain on accrued pension benefit obligation	<u>\$ (23,102)</u>	<u>\$ 16,322</u>

The expense related to the pension plans are comprised as follows:

	<u>2021</u>	<u>2020</u>
Amortization of net actuarial loss on accrued pension benefit obligation	\$ (2,653)	\$ (162)
Amortization of net actuarial loss on pension plan assets	<u>(6,766)</u>	<u>(5,407)</u>
Net amortization	<u>(9,419)</u>	<u>(5,569)</u>
Interest on average accrued pension benefit obligation	\$ 13,119	\$ 14,455
Expected return on average pension plan assets	<u>(14,670)</u>	<u>(14,608)</u>
Net interest	<u>(1,551)</u>	<u>(153)</u>
Change in valuation allowance	<u>3,241</u>	<u>2,806</u>
Total expenses	<u>\$ (7,729)</u>	<u>\$ (2,916)</u>

Payment of \$1,770,200 (2020 - \$3,555,201) have been applied to reduce the Hamilton - Wentworth and Hamilton Street Railway plans' deficit as actuarially determined for funding purposes. The pension deficit for the pension plans as at December 31, 2021 will be funded by the City with payments as follows:

	<u>2021</u>
2022	\$ 1,890
2023	1,956
2024	1,956
2025	1,956
2026 and thereafter	<u>9,780</u>
Total	<u>\$ 17,538</u>

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

12. Solid waste landfill liabilities

The City owns and operates one open landfill site and it owns and maintains twelve (12) closed landfill sites.

The active landfill site in the Glanbrook community was opened in 1980 covering 220 hectares over three phases with a capacity of 14,824,000 cubic metres of waste. The total capacity has been broken into three Phases, with Phase 1 having a capacity of 8,403,000, Phase 2 having a capacity of 4,855,000 cubic metres and Phase 3 having a capacity of 1,566,000 cubic metres. As at December 31, 2018 landfilling has ceased in Phase 1 and is occurring in Phase 2. Approximately 295,000 cubic metres of un-utilized or recovered (due to site settlement) capacity had been retained at Phase 1 representing 3.5% of its theoretical approved capacity. This is intended for use in the event of an emergency or extended lack of access into Phase 2. For the purpose of financial considerations Phase 1 should be treated as being "at capacity" although the intent is to eventually utilize the retained air space. Filling was initiated at Phase 2 in mid-December 2018 and therefore as of December 31, 2021 still retained an estimated 4,266,000 cubic meters of capacity. It is estimated Phase 2 will reach its capacity and close in 2046. Construction of Phase 3 has not been initiated. It is estimated that the site will reach full capacity and close in 2055.

In 2021 approximately 43% of waste generated was diverted from landfills (2020 - 42%).

The closure costs for the open Glanbrook landfill site and post closure care costs for the closed sites are based upon management estimates, adjusted by an inflation rate of 2.5%. These costs are then discounted back to December 31, 2021 using a discount factor of 3.5%. Post closure care for the Glanbrook site is estimated to be required for 50 years from the date of closure of each phase. Studies continue to be undertaken to assess the liability associated with the City's closed landfill sites and the estimates will be updated as new information arises.

Estimated expenses for closure and post-closure care are \$86,199,000 (2020 - \$72,676,000). The expenses remaining to be recognized are \$7,927,000 (2020 - \$7,528,000). The liability of \$78,272,000 (2020 - \$65,148,000) for closure of the operational site and post closure care of the closed sites has been reported on the Consolidated Statement of Financial Position. A reserve of \$1,275,000 (2020 - \$1,249,000) was established to finance the future cost for closed landfill sites.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

13. Accumulated Surplus

The accumulated surplus balance is comprised of balances in reserves and discretionary reserve funds, operating surplus, capital surplus, unfunded liabilities to be recovered in the future, investment in government business enterprises and investment in tangible capital assets.

	<u>2021</u>		<u>2020</u>
Reserves and discretionary reserve funds set aside for specific purposes by Council are comprised of the following:			
Working funds	116,740	\$	94,122
Contingencies	1,038		1,017
Replacement of equipment	58,853		53,344
Sick leave (Note 10)	12,111		9,570
Workplace Safety and Insurance Board (WSIB) (Note 10)	41,618		41,329
Pension plans (Note 10)	11,965		6,725
Tax stabilization	41,309		65,917
General government	22,907		21,140
Protection services	1,637		1,332
Transportation services	24,380		25,911
Environmental services	138,908		167,911
Health and social services	10,403		5,846
Recreation and cultural services	24,162		19,868
Planning and development	3,702		7,896
Other unallocated	102,017		102,038
Hamilton Future Fund (Note 14)	63,848		58,466
Total reserves and discretionary reserve funds	\$ 675,598	\$	682,432
Operating surplus			
Flamborough recreation sub-committees	\$ 280	\$	251
Business improvement areas	1,354		1,333
Housing operations	72,769		82,203
Confederation Park operations	143		200
Total operating surplus	\$ 74,546	\$	83,987
Capital surplus			
Municipal operations	\$ 82,795	\$	119,817
Housing operations	98,055		73,952
Total capital surplus	\$ 180,850	\$	193,769
Unfunded liabilities			
Employee benefit obligations	\$ (372,130)	\$	(363,419)
Solid Waste landfill liabilities	(78,272)		(65,148)
Environmental liability	(7,308)		(15,400)
Total unfunded liabilities	\$ (457,710)	\$	(443,967)
Investment in Government Business Enterprises (Note 5)	\$ 321,183	\$	319,823
Investment in tangible capital assets	\$ 5,894,721	\$	5,629,066
Accumulated surplus	\$ 6,689,188	\$	6,465,110

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

14. Hamilton Future Fund

The Hamilton Future Fund was established by the Council of the City of Hamilton in 2002 from the proceeds from Hamilton Utilities Corporation of the net assets owed to the City upon restructuring of the electrical industry. The Hamilton Future Fund is used to create and protect a permanent legacy for current and future generations of Hamiltonians to enjoy economic prosperity and improved quality of life.

The continuity of the Hamilton Future Fund is as follows:

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	\$ <u>58,466</u>	\$ <u>52,963</u>
Current operations		
Investment income	1,215	1,213
Repayment of Waste Management Projects	7,923	8,440
Other	<u>(208)</u>	<u>-</u>
	<u>8,930</u>	<u>9,653</u>
Tangible capital assets		
Waste Management Projects	452	-
Parkland	-	(150)
Other	<u>(4,000)</u>	<u>(4,000)</u>
	<u>(3,548)</u>	<u>(4,150)</u>
Balance at the end of the year	<u>\$ 63,848</u>	<u>\$ 58,466</u>

15. Taxation

	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Taxation from real property	\$ 1,161,072	\$ 1,164,870	\$ 1,146,798
Taxation from other governments payments in lieu of taxes	<u>16,900</u>	<u>17,508</u>	<u>16,900</u>
	1,177,972	1,182,378	1,163,698
Less: Taxation collected on behalf of school boards	<u>(193,426)</u>	<u>(196,406)</u>	<u>(205,959)</u>
Net taxes available for municipal purposes	<u>\$ 984,546</u>	<u>\$ 985,972</u>	<u>\$ 957,739</u>

The City is required to levy and collect taxes on behalf of the school boards. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

16. Government transfers

	<u>2021</u>	<u>2020</u>
Government transfers received:		
Policing	\$ 5,825	\$ 4,936
Court security	5,188	5,055
Transit	8,468	14,922
Waste diversion	6,570	5,731
Public Health	65,201	46,171
Ambulance services	34,755	32,885
Social assistance	158,409	171,360
Long term care homes	31,724	27,228
Child care	79,276	66,348
Housing	41,134	24,151
Federal and provincial gas tax	34,670	40,757
Other	25,898	21,202
Infrastructure	39,146	60,559
	<u>\$ 536,264</u>	<u>\$ 521,305</u>
	<u>2021</u>	<u>2020</u>
Government transfers paid:		
Social assistance	\$ 99,917	\$ 121,608
Social housing	58,026	59,166
Grants	39,902	19,401
	<u>\$ 197,845</u>	<u>\$ 200,175</u>

17. Contractual obligations

- (a) The City has outstanding contractual obligations of approximately \$431,428,000 at December 31, 2021 for capital works (2020 - \$441,657,000). City Council has authorized the financing of these obligations.
- (b) The City has agreements with the Ontario Realty Corporation, an agency of the Provincial Government of Ontario, for various capital projects. The outstanding future obligations at December 31, 2021 amounting to \$2,496,000 (2020 - \$2,670,000) are not reflected in the Consolidated Financial Statements. Payments made to the Ontario Realty Corporation amounting to \$174,000 in 2021 (2020 - \$140,000) are reported in the Consolidated Statement of Operations.
- (c) The City is legislated under the Development Charges Act to fund Government of Ontario ("GO") Transit's Growth and Capital Expansion Plan. The obligation at December 31, 2021 of \$3,460,000 (2020 - \$3,460,000) is reported in the Consolidated Statement of Financial Position. Payments are collected through development charges and remitted to Metrolinx, an agency of the Government of the Province of Ontario. Payments made to Metrolinx in the amount of \$522,000 in 2021 (2020 - \$440,000) are reported in the Consolidated Statement of Operations.
- (d) The City has a contract with Waste Connections (formerly known as Progressive Waste Services) for the transfer, hauling and disposal of the City's solid waste, including the operations of the City's Transfer Stations and Community Recycling Centre. The term of the agreement is ten years for the period of March 1, 2020 to February 28, 2030. The contract fees amounting to \$5,767,000 for 2021 (2020 - \$6,783,000) are reported in the Consolidated Statement of Operations.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

17. Contractual obligations (continued)

- (e) The City has a contract with GFL Environmental Inc. for the provision of curbside/roadside collection of organics, garbage, leaf and yard, bulk waste for one-half of the City, including curbside/roadside recycling, automated recycling and bin waste collection for the entire City. The agreement ended on March 28, 2020 and the City exercised a one-year option. The new contract came into effect on March 29, 2021 and will end on April 2, 2028 (with a one-year extension option). Contract fees amounting to \$23,061,000 for 2021 (2020 - \$18,608,000) are reported in the Consolidated Statement of Operations.

- (f) The City has lease agreements with Disabled and Aged Regional Transit System (D.A.R.T.S.) for the delivery of specialized transportation services. The agreement is on a month-to-month basis until a new contract is signed or until cancelled on 120 calendar days' notice by either party. The annual contract fees amounting to \$12,999,000 for 2021 (2020 - \$14,368,000) are reported in the Consolidated Statement of Operations.

- (g) The City has executed lease agreements for administrative office space, parking lots and other land leases requiring annual payments in future years as they become due and payable in the amount of \$61,493,000 (2020 - \$67,559,000). The minimum lease payments for these leases over the next five years and thereafter are:

		<u>2021</u>
2022	\$	6,804
2023		6,829
2024		6,342
2025		4,999
2026		4,692
2027 and thereafter		31,827
Total	<u>\$</u>	<u>61,493</u>

- (h) The City has a Credit Facility Agreement dated March 14, 2012 with a Canadian chartered bank to borrow up to \$117,740,000, consisting of \$65,000,000 in a revolving demand facility, and two non-revolving term facilities in the amounts of \$38,000,000 and \$14,740,000.

On May 8, 2012, the City took a drawdown of \$38,000,000 and \$14,740,000 from the two non-revolving term facilities, by undertaking two term loans. No other amounts have been drawn from the Credit Facility Agreement and therefore, as at December 31, 2021, the City has \$65,000,000 in a revolving demand facility.

The first term loan of \$14,740,000 was paid in full on May 8, 2017. The second term loan has an original principal of \$38,000,000, a term of 15 years, and an annual principal repayment of \$2,533,000. As at December 31, 2021, the remaining principal balance for the second term loan is \$15,203,000 (2020 - \$17,736,000). The interest cost for the City is based on the 30-day Banker's Acceptance rate. These loans are included in Long term liabilities – "Municipal Operations on the Statement of Financial Position."

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

18. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City has entered into an agreement with the Ontario Lottery and Gaming Corporation (OLG) whereby quarterly contributions are received based on a percentage of gaming revenues estimated at \$5,200,000 per year.

19. Public liability insurance

The City has undertaken a portion of the risk for public liability, as a means of achieving cost effective risk management. As a result, the City is self-insured for public liability claims up to \$250,000 for any individual claim or for any number of claims arising out of a single occurrence. Outside insurance coverage is in place for claims in excess of \$250,000 to a maximum of \$50,000,000 per claim or occurrence.

The City has reported liabilities for insurance claims on the Consolidated Statement of Financial Position in the amount of \$20,117,000 (2020 - \$19,149,000). Claim expenses for the year in the amount of \$9,780,000 (2020 - \$8,708,000) are reported as expenses in the Consolidated Statement of Operations.

20. Contingent liabilities

The City has outstanding contractual obligations with its unionized employee groups as of December 31, 2021. An estimated liability has been recorded on the Consolidated Statement of Financial Position to fund the three outstanding settlements.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

21. Tangible Capital Assets

Details of the tangible capital assets are included in the Schedule of Tangible Capital Assets (pages 2-40 and 2-41). The City has tangible capital assets valued at cost in the amount of \$10,220,429,000 (2020 - \$9,806,138,000) and a net book value of \$6,448,616,000 (2020 - \$6,202,964,000). The net book value of the tangible capital assets valued as at December 31, 2021 is as follows:

	<u>2021</u>	<u>2020</u>
General		
Land	\$ 442,267	\$ 403,879
Land improvements	202,950	181,506
Buildings	821,383	829,290
Vehicles	140,537	138,937
Computer hardware and software	17,694	18,698
Other	104,261	92,062
Infrastructure		
Roads	1,307,472	1,315,237
Bridges and structures	177,730	181,098
Water and wastewater facilities	448,041	416,470
Underground and other networks	<u>2,066,026</u>	<u>2,021,641</u>
Net Book Value	5,728,361	5,598,818
Assets under construction	<u>720,255</u>	<u>604,146</u>
Balance at the end of the year	<u>\$ 6,448,616</u>	<u>\$ 6,202,964</u>

Included are leased tangible capital assets with a net book value of \$4,198,000 (2020 - \$2,123,000). In addition, the City has works of arts and historical treasures including sculptures, fine art, murals, cemetery crosses, cenotaphs, cannons and artillery that are preserved by the City but are not recorded as tangible capital assets.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

22. Reporting by Business Segment

The Consolidated Financial Statements provide a summary of the revenues and expenses for all of the services provided to the residents and businesses in the City of Hamilton as defined in the reporting entity (Note 1).

Certain allocation methodologies are employed in the preparation of segmented financial information. Services are funded primarily by taxation and user fees. Taxation revenue is allocated to the general government segment. Certain government grants, user charges and other revenues have been allocated based upon the same allocation as the related expenses. User fees are allocated based upon the segment that generated the fee.

Revenues and expenses are reported by the following functions and services:

- General government: Office of the Mayor and council, corporate administration including fleet and facilities
- Protection services: police, fire, conservation authorities
- Transportation services: roads, winter maintenance, traffic, parking, transit
- Environmental services: water, wastewater, storm water, waste management collection, diversion & disposal
- Health services: public health, cemeteries and emergency medical services/ambulance
- Social and family services: general assistance, hostels, homes for the aged, services to aged persons, child care services
- Social housing: public housing, non-profit housing, rent supplement programs
- Recreation and cultural services: parks, recreation programs, recreation facilities, golf courses, marinas, museums, libraries, and tourism.
- Planning and development: planning, zoning, commercial and industrial development and residential development

Financial information about the City's business segments is included in the Schedule of Operations for Business Segments (pages 2-42 and 2-43).

23. Liability for Contaminated Sites

The City of Hamilton estimates liabilities of \$33,288,000 as at December 31, 2021 for remediation of various lands using a risk-based approach (2020 - \$28,882,000). Total future undiscounted expenditures are estimated at \$39,260,000. The liabilities result from past industrial uses. Future expenditures are based on agreements with third parties, where available, as well as estimates. Future expenditures have been discounted using a 3.5% discount rate. The amount of estimated recoveries is nil (2020 – nil).

24. Budget figures

The 2021 operating budget and capital financing for the housing corporation was approved by the CityHousing Hamilton Board at a meeting on December 15, 2020. The 2021 operating budget and capital financing for municipal operations was approved by City Council at a meeting on March 31, 2021.

The budget figures conform to the accounting standards adopted in CPA Canada Public Sector Accounting Handbook section *PS1200 Financial Statement Presentation*. As such, the budget figures presented in the consolidated financial statements differ from the presentation approved by City Council. A summary reconciliation follows:

City of Hamilton
Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

24. Budget figures (continued)

	<u>2021</u>
Revenue	
Council Approved Gross Revenue Operating Budget - Municipal	\$ 1,859,636
Council Approved Gross Revenue - Public Health & HSD fully funded programs	35,289
Council Approved Gross Revenue Capital Budget - Municipal	784,303
	<u>2,679,228</u>
Board Approved Gross Revenue Operating Budget - Housing Corporation	58,090
Board Approved Gross Revenue Capital Budget - Housing Corporation	8,856
	<u>66,946</u>
Adjustments to Revenues	
Less: Transfers from reserves and reserve funds Operating Budget Municipal Operations	(71,426)
Less: Transfers from reserves and reserve funds Capital Budget Municipal Operations	(201,967)
Less: Transfers from capital fund to current fund - Municipal Operations	(222,757)
Less: Transfers from capital fund to current fund - Housing Corporation	(8,856)
Less: Long term debt financing Capital Budget	(77,075)
Add: Donated tangible capital assets	28,811
Add: Reserve & reserve funds	25,924
Add: Confederation Park Consolidation	588
Less: Elimination for consolidation of Housing Corporation	(17,776)
	<u>(544,534)</u>
Consolidated	\$ 2,201,640
Expenses	
Council Approved Gross Expenditure Operating Budget - Municipal	\$ 1,859,636
Council Approved Gross Expenditure - Public Health & HSD fully funded program	35,289
Council Approved Gross Expenditure Capital Budget - Municipal	784,303
	<u>2,679,228</u>
Board Approved Gross Expenditure Operating Budget - Housing Corporation	58,090
Board Approved Gross Expenditure Capital Budget - Housing Corporation	8,856
	<u>66,946</u>
Adjustments to Expenditures	
Less: Debt principal repayment - Municipal Operations	(45,112)
Less: Debt principal repayment - Housing Corporation	(6,027)
Less: Transfers to reserves and reserve funds - Municipal Operations	(89,172)
Less: Transfers to capital from current funds - Municipal Operations	(222,757)
Less: Tangible capital assets - Municipal Operations	(692,241)
Less: Tangible capital assets - Housing Corporation	(8,856)
Add: Change in employee future benefits and other obligations	8,711
Add: Change in solid waste landfill liability	13,125
Add: Change in Contaminated Sites and Environmental Liability	4,406
Add: Amortization expense for tangible capital assets	216,262
Add: Confederation Park Consolidation	238
Less: Elimination for consolidation of Housing Corporation	(23,990)
Less: Loss on disposition of tangible capital assets	14,012
	<u>(831,401)</u>
Consolidated	\$ 1,914,773

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

25. COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

The City of Hamilton continued to take extraordinary measures throughout 2021 to support its residents, including the most vulnerable, in response to the COVID-19 pandemic. The actions taken by the City of Hamilton, with the support of senior levels of government, resulted in significant financial pressures in 2021 estimated at \$98M in additional expenses and \$51M in lost revenues, as well as operational savings of \$56M. The Public Health vaccination and rapid response programs, adaptation and transformation of services for people experiencing homelessness, and lost revenues for public transit and water were the largest contributors to the overall financial pressures faced by the City, but the pandemic has significantly impacted many other programs and services including:

- Public Health Services
- Ontario Works
- Housing Services
- Hamilton Water
- Long-Term Care
- Paramedic Services
- Provincial Offences Act and Red Light Camera Revenues
- Parking Services
- Licensing and By-Law Services
- Transit
- Information Technology
- Ontario Lottery and Gaming Slots
- Shared Airport Revenues
- Police Services
- Fire Services

In response to the pandemic, the City put in place several measures to mitigate the financial impact of the pandemic response including:

- Closure of facilities
- Temporary suspension of scheduling for part-time and casual labour
- Not hiring full complement of student and seasonal positions
- Redeployment of staff to affected program areas
- Restrictions on hiring for non-essential positions
- Strict controls on discretionary spending including training, travel and conferences

Together with the application of various COVID-19 related funding from senior levels of government, including the Safe Restart Agreement – Municipal and Transit streams, Social Services Relief Fund, Reaching Home Initiative, Ministry of Public Health funding, Prevention and Containment funding, the COVID-19 Recovery Funding for Municipalities Program and many others, the City was able to successfully manage the financial pressures related to the COVID-19 pandemic response.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2021 (all numbers in columns are in thousands of dollars)

25. COVID-19 (continued)

The current challenging economic climate may lead to adverse changes in cash flows, reduction of service levels and budgetary constraints, which may also have a direct impact on the Corporation's revenues, annual surplus or deficit and reserve and reserve funds in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the Corporation, surrounding economy and services are not known at this time.

City of Hamilton
Notes to Consolidated Financial Statements

As at December 31, 2021 (all numbers in columns are in thousands of dollars)

2021 Schedule of Tangible Capital Assets

	General						Infrastructure				Assets Under Construction	TOTAL
	Land	Land Improvements	Buildings	Vehicles	Computer	Other	Roads	Bridges & Other Structures	W/WW Facilities	W/WW/SW Linear Network		
Cost												
Balance, Jan 1, 2021	\$ 403,879	\$ 381,381	\$ 1,514,736	\$ 343,559	\$ 35,021	\$ 160,797	\$ 2,568,703	\$ 252,459	\$ 849,535	\$ 2,691,922	\$ 604,146	\$ 9,806,138
Additions, betterments & transfers in 2021	38,451	36,997	40,484	25,402	6,152	27,322	37,530	6	52,065	66,230	116,675	447,314
Disposals & writedowns in 2021	(4,037)	(1,345)	(10,005)	(21,194)	(6,685)	(8,974)	(2,258)	-	(240)	(6,531)	(566)	(61,835)
Donations & contributions in 2021	3,974	-	-	-	-	-	8,552	-	-	16,286	-	28,812
Balance, Dec 31, 2021	\$ 442,267	\$ 417,033	\$ 1,545,215	\$ 347,767	\$ 34,488	\$ 179,145	\$ 2,612,527	\$ 252,465	\$ 901,360	\$ 2,767,907	\$ 720,255	\$ 10,220,429
Accumulated amortization												
Balance, Jan 1, 2021	\$ -	\$ 199,875	\$ 685,446	\$ 204,622	\$ 16,323	\$ 68,735	\$ 1,253,466	\$ 71,361	\$ 433,065	\$ 670,281	\$ -	\$ 3,603,174
Amortization in 2021	-	14,743	40,204	23,585	7,156	15,123	53,604	3,374	20,494	37,979	-	216,262
Disposals in 2021	-	(535)	(1,818)	(20,977)	(6,685)	(8,974)	(2,015)	-	(240)	(6,379)	-	(47,623)
Balance, Dec 31, 2021	\$ -	\$ 214,083	\$ 723,832	\$ 207,230	\$ 16,794	\$ 74,884	\$ 1,305,055	\$ 74,735	\$ 453,319	\$ 701,881	\$ -	\$ 3,771,813
Net book value Dec 31, 2021	\$ 442,267	\$ 202,950	\$ 821,383	\$ 140,537	\$ 17,694	\$ 104,261	\$ 1,307,472	\$ 177,730	\$ 448,041	\$ 2,066,026	\$ 720,255	\$ 6,448,616
Assets under construction	\$ -	\$ 43,776	\$ 153,820	\$ 844	\$ 4,643	\$ -	\$ 35,744	\$ 9,699	\$ 430,873	\$ 40,856	\$ (720,255)	
Total	\$ 442,267	\$ 246,726	\$ 975,203	\$ 141,381	\$ 22,337	\$ 104,261	\$ 1,343,216	\$ 187,429	\$ 878,914	\$ 2,106,882	\$ -	\$ 6,448,616

City of Hamilton
Notes to Consolidated Financial Statements

As at December 31, 2021 (all numbers in columns are in thousands of dollars)

2020 Schedule of Tangible Capital Assets

	General						Infrastructure				Assets Under Construction	TOTAL
	Land	Land Improvements	Buildings	Vehicles	Computer	Other	Roads	Bridges & Other Structures	W/WW Facilities	W/WW/SW Linear Network		
Cost												
Balance, Jan 1, 2020	\$ 387,321	\$ 354,095	\$ 1,467,214	\$ 334,807	\$ 35,692	\$ 170,778	\$ 2,512,779	\$ 249,959	\$ 808,438	\$ 2,626,572	\$ 425,067	\$ 9,372,722
Additions, betterments & transfers in 2020	23,708	27,409	52,339	15,144	5,988	11,775	60,501	2,581	41,097	67,137	180,197	487,876
Disposals & writedowns in 2020	(7,380)	(123)	(4,817)	(6,392)	(6,659)	(21,756)	(7,755)	(81)	-	(6,873)	(1,118)	(62,954)
Donations & contributions in 2020	230	-	-	-	-	-	3,178	-	-	5,086	-	8,494
Balance, Dec 31, 2020	\$ 403,879	\$ 381,381	\$ 1,514,736	\$ 343,559	\$ 35,021	\$ 160,797	\$ 2,568,703	\$ 252,459	\$ 849,535	\$ 2,691,922	\$ 604,146	\$ 9,806,138
Accumulated amortization												
Balance, Jan 1, 2020	\$ -	\$ 186,858	\$ 651,742	\$ 186,548	\$ 16,193	\$ 77,443	\$ 1,202,437	\$ 68,063	\$ 412,943	\$ 639,707	\$ -	\$ 3,441,934
Amortization in 2020	-	13,054	37,746	24,331	6,789	13,014	58,735	3,357	20,122	36,919	-	214,067
Disposals in 2020	-	(37)	(4,042)	(6,257)	(6,659)	(21,722)	(7,706)	(59)	-	(6,345)	-	(52,827)
Balance, Dec 31, 2020	\$ -	\$ 199,875	\$ 685,446	\$ 204,622	\$ 16,323	\$ 68,735	\$ 1,253,466	\$ 71,361	\$ 433,065	\$ 670,281	\$ -	\$ 3,603,174
Net book value Dec 31, 2020	\$ 403,879	\$ 181,506	\$ 829,290	\$ 138,937	\$ 18,698	\$ 92,062	\$ 1,315,237	\$ 181,098	\$ 416,470	\$ 2,021,641	\$ 604,146	\$ 6,202,964
Assets under construction	\$ -	\$ 47,048	\$ 110,078	\$ 1,737	\$ 7,525	\$ 3,816	\$ 25,239	\$ 3,452	\$ 377,914	\$ 27,337	\$ (604,146)	
Total	\$ 403,879	\$ 228,554	\$ 939,368	\$ 140,674	\$ 26,223	\$ 95,878	\$ 1,340,476	\$ 184,550	\$ 794,384	\$ 2,048,978	\$ -	\$ 6,202,964

City of Hamilton Notes to Consolidated Financial Statements

As at December 31, 2021 (all numbers in columns are in thousands of dollars)

2021 Schedule of Operations for Business Segments

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development	TOTAL 2021
Revenue										
Taxation	\$ 985,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 985,972
Government grants and contributions	7,575	18,288	45,422	34,294	100,305	269,919	50,016	8,901	1,544	536,264
User charges	4,696	5,983	39,973	249,492	4,334	14,777	1,062	10,915	12,854	344,086
Development charges and subdivider contributions	291	1,268	24,830	32,352	263	21	-	510	9,006	68,541
Donations of tangible capital assets	-	-	8,552	16,286	-	-	-	3,974	-	28,812
Investment income	18,000	1,163	4,565	9,902	32	235	627	2,055	1,060	37,639
Income from Government Business Enterprises	13,097	-	-	-	-	-	-	-	-	13,097
Other	23,814	30,523	12,845	909	108	198	44,577	8,153	10,547	131,674
Total	\$ 1,053,445	\$ 57,225	\$ 136,187	\$ 343,235	\$ 105,042	\$ 285,150	\$ 96,282	\$ 34,508	\$ 35,011	\$ 2,146,085
Expenses										
Salaries and benefits	\$ 80,670	\$ 295,927	\$ 116,145	\$ 49,067	\$ 121,598	\$ 86,063	\$ 16,498	\$ 65,384	\$ 31,017	\$ 862,369
Interest on long term debt	220	1,548	2,570	4,337	391	140	1,048	1,169	63	11,486
Materials supplies services	78,467	23,106	39,961	40,533	9,142	10,166	15,529	24,696	4,347	245,947
Contracted services	12,130	4,744	64,512	101,794	5,557	108,644	46,062	16,767	14,985	375,195
Rents and financial expenses	3,688	2,158	6,836	5,872	3,389	2,134	1,356	6,733	3,802	35,968
External transfers	27	7,832	7	1,108	1,176	124,389	35,508	5,260	708	176,015
Amortization	10,150	10,235	80,834	67,834	3,384	2,512	7,891	30,364	3,057	216,261
Interfunctional transfers	(90,075)	11,967	27,753	13,011	8,759	8,445	938	13,865	5,337	-
Total	\$ 95,277	\$ 357,517	\$ 338,618	\$ 283,556	\$ 153,396	\$ 342,493	\$ 124,830	\$ 164,238	\$ 63,316	\$ 1,923,241
Annual surplus (deficit)	\$ 958,168	\$ (300,292)	\$ (202,431)	\$ 59,679	\$ (48,354)	\$ (57,343)	\$ (28,548)	\$ (129,730)	\$ (28,305)	\$ 222,844

City of Hamilton Notes to Consolidated Financial Statements

As at December 31, 2021 (all numbers in columns are in thousands of dollars)

2020 Schedule of Operations for Business Segments

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development	TOTAL 2020
Revenue										
Taxation	\$ 957,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 957,739
Government grants and contributions	10,147	15,049	52,090	52,198	79,544	264,936	35,672	9,854	1,815	521,305
User charges	5,326	5,274	37,266	240,856	3,262	14,337	290	11,279	11,426	329,316
Development charges and subdivider contributions	116	1,117	11,384	10,421	-	-	-	9,769	886	33,693
Donations of tangible capital assets	-	-	3,178	5,086	-	-	-	230	-	8,494
Investment income	16,789	1,116	3,309	9,349	39	141	571	1,726	505	33,545
Income from Government Business Enterprises	10,726	-	-	-	-	-	-	-	-	10,726
Other	18,870	25,926	11,366	629	578	245	51,858	8,593	2,461	120,526
Total	\$ 1,019,713	\$ 48,482	\$ 118,593	\$ 318,539	\$ 83,423	\$ 279,659	\$ 88,391	\$ 41,451	\$ 17,093	\$ 2,015,344
Expenses										
Salaries and benefits	\$ 70,150	\$ 287,039	\$ 114,554	\$ 47,076	\$ 100,088	\$ 85,748	\$ 17,139	\$ 66,052	\$ 31,342	\$ 819,188
Interest on long term debt	608	1,310	2,937	4,478	386	230	1,194	1,198	75	12,416
Materials supplies services	47,739	19,196	37,920	41,955	7,737	7,903	15,738	21,005	3,852	203,045
Contracted services	21,549	3,896	48,469	75,270	5,116	84,290	27,823	4,403	11,352	282,168
Rents and financial expenses	2,952	2,163	6,039	5,072	2,256	3,015	4,251	9,995	337	36,080
External transfers	121	9,723	-	1,073	40	141,292	35,661	5,196	561	193,667
Amortization	9,880	9,188	86,598	63,148	3,319	2,406	7,384	29,230	2,914	214,067
Interfunctional transfers	(84,920)	8,728	26,134	13,756	7,988	8,639	873	12,853	5,949	-
Total	\$ 68,079	\$ 341,243	\$ 322,651	\$ 251,828	\$ 126,930	\$ 333,523	\$ 110,063	\$ 149,932	\$ 56,382	\$ 1,760,631
Annual surplus (deficit)	\$ 951,634	\$ (292,761)	\$ (204,058)	\$ 66,711	\$ (43,507)	\$ (53,864)	\$ (21,672)	\$ (108,481)	\$ (39,289)	\$ 254,713

Section 3

City of Hamilton Consolidated Financial Statements for the Trust Funds Cemetery and General Trusts December 31, 2021

Contents

	<u>Section - Page</u>
Independent Auditor's Report	3-1 to 3-3
Trust Funds - Consolidated Statement of Financial Position	3-4
Trusts Funds – Consolidated Statement of Operations	3-4
Notes to the Financial Statements	3-5 to 3-6
Trust Funds – Cemetery Statement of Financial Position	3-7
Trust Funds – Cemetery Statement of Operations	3-7
Trust Funds – Other Statement of Financial Position	3-8
Trust Funds – Other Statement of Operations	3-8



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
City of Hamilton

Opinion

We have audited the consolidated financial statements of The City of Hamilton Trust Funds – Cemetery and General Trust (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The City of Hamilton Trust Funds – Cemetery and General Trust as at December 31, 2021, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Page 2

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Page 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
May 18, 2022

City of Hamilton
Trust Funds – Consolidated

As at December 31, 2021

Statement of Financial Position

As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 1,290,657	\$ 4,268,815
Investments (Note 2)	20,469,229	16,420,085
Due from City of Hamilton - Cemetery (Note 3)	1,211,167	1,227,777
Due from City of Hamilton - Other Trust Funds (Note 3)	<u>36,600</u>	<u>35,571</u>
Total financial assets	<u>\$ 23,007,653</u>	<u>\$ 21,952,248</u>
Liabilities		
Deposits	<u>\$ 339,647</u>	<u>\$ 578,570</u>
Accumulated surplus and net financial assets	<u>\$ 22,668,006</u>	<u>\$ 21,373,678</u>

Statement of Operations

Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Cemetery lots and interments	\$ 1,067,972	\$ 915,158
Investment income	<u>424,652</u>	<u>590,205</u>
Total revenue	<u>\$ 1,492,624</u>	<u>\$ 1,505,363</u>
Expenses		
Transfer to other trust funds	\$ 186,119	\$ 176,423
Other	<u>12,177</u>	<u>15,276</u>
Total expenses	<u>\$ 198,296</u>	<u>\$ 191,699</u>
Annual surplus	<u>\$ 1,294,328</u>	<u>\$ 1,313,664</u>
Accumulated surplus at the beginning of the year	<u>21,373,678</u>	<u>20,060,014</u>
Accumulated surplus at the end of the year (Note 4)	<u>\$ 22,668,006</u>	<u>\$ 21,373,678</u>

See accompanying notes to the financial statements

City of Hamilton

Trust Funds

Notes to The Financial Statements

As at December 31, 2021

1. Significant accounting policies

The consolidated financial statements of the City of Hamilton Trust Funds (the "Trust Funds"), including the financial statements of the Cemetery and financial statements of the Other Trusts, are the representation of management prepared in accordance Canadian public sector accounting standards. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

(a) Basis of consolidation

These consolidated statements reflect the revenues, expenditures, assets and liabilities of the following trust funds:

Fieldcote Farmer (Ancaster)
Dundas Knowles Bequest
Hamilton F. Waldon Dundurn Castle
Dundas Ellen Grafton
Ancaster Fieldcote Livingstone-Clarke
Ancaster Fieldcote Shaver
Hamilton Balfour Estate Chedoke
Cemetery Trust Funds
Municipal Election Surplus

(b) Basis of accounting

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable.
- (iii) Revenues on the cemetery lots are recognized upon transfer of title of the deed.

2. Investments

The total investments recorded at the lower of cost or market value in the Statement of Financial Position are \$20,469,229 (2020 - \$16,420,085). These investments have a market value of \$21,820,723 (2020 - \$18,555,153) at the end of the year.

3. Due from City of Hamilton

The amount due from the City of Hamilton is non-interest bearing with no fixed repayment terms.

4. Deposits

Deposits are comprised of cash receipts related to prepayment plan arrangements associated with funeral and other final expenses.

City of Hamilton
Trust Funds
Notes to The Financial Statements

As at December 31, 2021

5. Accumulated surplus

	<u>2021</u>	<u>2020</u>
The accumulated surplus consists of:		
Cemeteries	<u>\$ 22,010,072</u>	<u>\$20,722,605</u>
Other		
Fieldcote Farmer (Ancaster)	338,111	332,966
Knowles Bequest (Dundas)	249,443	248,669
F. Walden Dundurn Castle (Hamilton)	6,859	6,742
Ellen Grafton (Dundas)	8,161	8,103
Fieldcote Livingstone-Clarke (Ancaster)	5,155	5,155
Fieldcote Shaver (Ancaster)	5,155	5,155
Municipal Election (Hamilton)	37,506	36,868
Balfour Estate Chedoke (Hamilton)	7,544	7,415
	<u>\$ 657,934</u>	<u>\$ 651,073</u>
	<u>\$ 22,668,006</u>	<u>\$21,373,678</u>

6. COVID-19

During fiscal 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Trust's operating results and financial position in the future. As it relates to fiscal 2021, there have not been adverse changes to the Trust's operating results and financial position due to COVID-19. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on business in the future is not known at this time.

City of Hamilton
Trust Funds - Cemetery

As at December 31, 2021

Statement of Financial Position

As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 870,569	\$ 3,904,559
Investments	20,267,983	16,168,839
Due from City of Hamilton	<u>1,211,167</u>	<u>1,227,777</u>
Total financial assets	<u>\$ 22,349,719</u>	<u>\$ 21,301,175</u>
Liabilities		
Deposits	<u>\$ 339,647</u>	<u>\$ 578,570</u>
Accumulated surplus	<u>\$ 22,010,072</u>	<u>\$ 20,722,605</u>

Statement of Operations

Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Cemetery lots and interments	\$ 1,067,972	\$ 915,158
Investment income	<u>415,676</u>	<u>578,117</u>
Total revenue	<u>\$ 1,483,648</u>	<u>\$ 1,493,275</u>
Expenses		
Transfer to other trust funds	\$ 186,119	\$ 168,594
Other	<u>10,062</u>	<u>10,171</u>
Total expenses	<u>\$ 196,181</u>	<u>\$ 178,765</u>
Annual surplus	<u>\$ 1,287,467</u>	<u>\$ 1,314,510</u>
Accumulated surplus at the beginning of the year	<u>20,722,605</u>	<u>19,408,095</u>
Accumulated surplus at the end of the year	<u>\$ 22,010,072</u>	<u>\$ 20,722,605</u>

See accompanying notes to the financial statements

City of Hamilton
Trust Funds – Other

As at December 31, 2021

Statement of Financial Position

As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 420,088	\$ 364,256
Investments	201,246	251,246
Due from City of Hamilton	<u>36,600</u>	<u>35,571</u>
Total financial assets	<u>\$ 657,934</u>	<u>\$ 651,073</u>
Accumulated surplus	<u>\$ 657,934</u>	<u>\$ 651,073</u>

Statement of Operations

Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Investment income	<u>\$ 8,976</u>	<u>\$ 12,088</u>
Total revenue	<u>\$ 8,976</u>	<u>\$ 12,088</u>
Expenses		
Transfer to other trust funds	\$ -	\$ 7,829
Other	<u>2,115</u>	<u>5,105</u>
Total expenses	<u>\$ 2,115</u>	<u>\$ 12,934</u>
Annual deficit	<u>\$ 6,861</u>	<u>\$ (846)</u>
Accumulated surplus at the beginning of the year	<u>651,073</u>	<u>651,919</u>
Accumulated surplus at the end of the year	<u>\$ 657,934</u>	<u>\$ 651,073</u>

See accompanying notes to the financial statements

Section 4

City of Hamilton Financial Statements for the Trust Funds – Homes for the Aged December 31, 2021

Contents

	<u>Section - Page</u>
Independent Auditor's Report	4-1 to 4-3
Statement of Financial Position	4-4
Statement of Operations	4-4
Notes to the Financial Statements	4-5



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
City of Hamilton

Opinion

We have audited the financial statements of The City of Hamilton Trust Funds – Homes for the Aged (the 'Trust Fund'), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations and accumulated surplus for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2021, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our report.

We are independent of the Trust Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Fund's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 13, 2022

City of Hamilton
Trust Funds – Homes for the Aged

As at December 31, 2021 with comparative information for 2020

Statement of Financial Position

As at December 31, 2021

	Macassa Lodge Resident Trusts	Wentworth Lodge Resident Trusts	Macassa Lodge Other Trusts	Wentworth Lodge Other Trusts	Total 2021	Total 2020
Financial assets						
Cash	\$ 21,036	\$ 23,756	\$ 34,539	\$ 327,740	\$ 407,071	\$ 412,821
Investments	-	-	-	-	-	-
Total financial assets	<u>21,036</u>	<u>23,756</u>	<u>34,539</u>	<u>327,740</u>	407,071	412,821
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated surplus	<u>\$ 21,036</u>	<u>\$ 23,756</u>	<u>\$ 34,539</u>	<u>\$ 327,740</u>	\$ 407,071	<u>\$ 412,821</u>

Statement of Operations

Year ended December 31, 2021

	Macassa Lodge Resident Trusts	Wentworth Lodge Resident Trusts	Macassa Lodge Other Trusts	Wentworth Lodge Other Trusts	Total 2021	Total 2020
Revenue						
Residents' deposits	\$ 79,368	\$ 35,767	\$ -	\$ 17,995	\$ 133,130	\$ 132,250
Investment income	-	-	232	351	583	8,224
Donations	-	-	7,429	-	7,429	2,457
	<u>79,368</u>	<u>35,767</u>	<u>7,661</u>	<u>18,346</u>	141,142	142,931
Expenses						
Maintenance payments	\$ 4,655	\$ -	\$ -	\$ -	\$ 4,655	\$ 13,671
Residents' charges	65,858	40,717	-	20,847	127,422	105,720
Payments to estates	10,175	4,307	-	-	14,482	15,065
Renovation expense	-	-	-	333	333	-
	<u>80,688</u>	<u>45,024</u>	<u>-</u>	<u>21,180</u>	146,892	134,456
Annual surplus (deficit)	<u>(1,320)</u>	<u>(9,257)</u>	<u>7,661</u>	<u>(2,834)</u>	(5,750)	8,475
Accumulated surplus at the beginning of the year	<u>22,356</u>	<u>33,013</u>	<u>26,878</u>	<u>330,574</u>	412,821	404,346
Accumulated surplus at the end of the year	<u>\$ 21,036</u>	<u>\$ 23,756</u>	<u>\$ 34,539</u>	<u>\$ 327,740</u>	\$ 407,071	<u>\$ 412,821</u>

See accompanying notes to the financial statements.

City of Hamilton

Trust Funds – Homes for the Aged

Notes to the Financial Statements

As at December 31, 2021

1. Purpose of Trust Funds

The various Trust Funds administered by the City of Hamilton are established for the following purposes:

Macassa and Wentworth Lodge Resident Trusts

These Trust Funds are established for residents to receive their funds and to pay for their various charges including monthly maintenance payments.

Macassa and Wentworth Lodge Other Trusts

These Trust Funds are established for the receipts of funds from donations and fund-raising activities. The funds are to be used for the benefit of lodge residents over and above normal capital and operating expenses of the lodges.

2. Significant accounting policies

The financial statements of the Trust Funds of The City of Hamilton are the representation of management prepared in accordance with Canadian public sector accounting standards.

Basis of accounting

The Trust Funds follow the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as result of receipt of goods and services and/or the creation of a legal obligation to pay.

3. Investments

During 2020, Wentworth Lodge's investments were sold. The fair market value at the time of sale was \$287,978. This was included as part of the Cash balance as at December 31, 2020.

4. COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown.

With respect to the Trust Funds, the safety restrictions were maintained in 2021 which caused many social programs to be cancelled for various periods of time. There were, however, some restrictions lifted resulting in an increase of withdrawals by the residents when there were no outbreaks. The outbreak restrictions also caused the admission of new residents consistent with 2020, resulting in fluctuations in deposits to resident trusts. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Trust Fund's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on business is not fully known at this time.

The Corporation of City of Hamilton

Audit Findings Report for the year ended
December 31, 2021

KPMG LLP

Chartered Professional Accountants,
Licensed Public Accountants

Prepared May 23, 2022 for presentation on
June 16, 2022.

kpmg.ca/audit

KPMG



Table of contents

KPMG CONTACTS	1
HOW DO WE DELIVER AUDIT QUALITY?	2
AUDIT HIGHLIGHTS	3
AUDIT RISKS AND RESULTS	5
UNCORRECTED AND CORRECTED AUDIT MISSTATEMENTS	13
FINANCIAL STATEMENT PRESENTATION AND DISCLOSURE	14
CURRENT DEVELOPMENTS AND AUDIT TRENDS	15
APPENDICES	17

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Our refreshed Values

What we believe

 **Integrity**
We do what is right.

 **Excellence**
We never stop learning and improving.

 **Courage**
We think and act boldly.

 **Together**
We respect each other and draw strength from our differences.

 **For Better**
We do what matters.



How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

'**Perform quality engagements**' sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

We define '**audit quality**' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.



Doing the right thing. Always.

Audit highlights

Purpose of this report¹

The purpose of this Audit Findings Report is to assist you, as a member of the Finance and Administration Committee, in your review of the results of our audit of the consolidated financial statements as at and for the period ended December 31, 2021. This Audit Findings Report builds on the Audit Plan we presented to the Finance and Administration Committee on January 24, 2022.

Status of the audit

As of May 12, 2022, we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the audit committee / general committee,
- Obtaining evidence of the Council's approval of the financial statements,
- Legal updates to the audit report date, and
- Receipt of the signed management representation letter (to be signed upon approval of the financial statements).

We will update the Finance and Administration Committee, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditors' report, a draft of which is provided in the consolidated draft financial statements will be dated upon the completion of any remaining procedures.

Significant changes from the audit plan

There were no significant changes to our audit plan which was originally communicated to you in the audit planning report.

Going concern

No matters to report.

Audit and business risks

Our audit is risk-focused. In planning our audit we have taken into account key areas of focus for financial reporting. These include:

- Significant financial reporting risks
 - Fraud risk from management override of control
 - Fraud risk from revenue recognition
- Other areas of focus
 - Revenue recognition and deferral policies, including grants
 - Tangible capital assets
 - Employee future benefits liability
 - Landfill liability and contaminated sites
 - Investment and related income
 - Operating expenditures

See pages 5 to 12.

¹ This Audit Findings Report is intended solely for the information and use of Management, the Finance and Administration Committee and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Uncorrected audit misstatements

No matters to report. See page 13.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. A significant deficiency in internal control is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

Independence and quality control

We are independent and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow Audit Committee approved protocols.

Audit risks and results

We highlight our significant findings in respect of **significant financial reporting risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant financial reporting risks identified.

Significant financial reporting risk	New or changed?	Estimate?
Fraud risk from management override of control	No	No

Our response

This is a presumed fraud risk under Canadian Auditing Standards. We have not identified any specific additional risks of management override relating to this audit.

As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk.

These procedures included:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates, and
- evaluating the business rationale significant unusual transactions.

Data & Analytics tools were used to perform work over this area including journal entry testing designed to address high risk journal entries.

Significant findings

We did not identify any issues or concerns regarding management override of controls.

Audit risks and results

We highlight our significant findings in respect of **significant financial reporting risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant financial reporting risks identified.

Significant financial reporting risk	New or changed?	Estimate?
Fraud risk from revenue recognition	No	No

Our response

We have identified the following areas where this presumed fraud risk is relevant:

- Government grants
- Development charges

To address the relevant assertions associated with the significant risk, our audit approach included:

- testing of journal entries and other adjustments,
- substantively testing revenues (both recognized and amounts held as deferred at year-end), and
- recalculating management’s determination of deferred revenue – obligatory reserve funds through auditing management’s methodology.

Significant findings

Based on the results of our testing, we did not identify any issues related to fraud risk associated with revenue recognition.

Audit risks and results

We highlight our significant findings in respect of **areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Area of focus	New or changed?	Estimate?
Revenue recognition and deferral policies, including grants	No	No

Our response

We performed substantive procedures to address relevant risks related to completeness, existence and accuracy of revenue recognized for the year. These procedures include:

- performing substantive testing over the recognition of developer contributions and charges earned,
- obtaining the detailed grant revenue listing and the deferred revenue continuity schedule and selected samples for testing to determine if the selected amounts had been recognized in the current year in accordance with the appropriate legislation or agreements that the revenues pertain to, and
- performing sampling procedures over grant related expenses to validate whether expenses incurred in the period are in compliance with restrictions imposed by third parties through an inspection of signed agreements and related invoices.

Significant findings

We have not identified any audit misstatements through the performance of these procedures.

Audit risks and results

We highlight our significant findings in respect of **areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Area of focus	New or changed?	Estimate?
Tangible capital assets	No	No

Our response

Contributed assets are normally tangible capital assets that have been donated or transferred to the municipality. The City received \$28.8 million (2020 - \$8.5 million) of donated and contributed assets.

PSAB 3150 Tangible Capital Assets indicates that contributed assets are to be measured at fair value which may be determined by using the market value or appraised value. If the fair value cannot be determined, the asset should be recorded at a nominal value.

We performed substantive audit procedures to address the relevant risks over classification, completeness and accuracy of tangible capital assets. These include:

- obtaining a listing of all contributed assets and performed substantive testing by corroborating the fair values recorded by management to third party invoices and contracts,
- for non contributed assets, vouching additions to their underlying invoices, assessing the reasonableness of the useful life and the residual value assigned to the asset, and examining whether the depreciation commenced on the date that the asset was available for use,
- obtaining a detailed listing of all disposals for fiscal 2021 and vouching to supporting documentation, and
- verifying transfers between municipalities to ensure existence and accuracy.

Significant findings

We have not identified any audit misstatements through the performance of these procedures.

Audit risks and results

We highlight our significant findings in respect of **areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Area of focus	New or changed?	Estimate?
Employee future benefits (EFB) liability	No	Yes

Our response

The City provides certain employee benefits which will require funding in future periods. These benefits include sick leave benefit plans, long-term disability, benefits under the Workplace Safety Insurance Board (“WSIB”) Act and extended health and dental benefits for early retirees as well as pension benefits. The liability for these future benefits has been determined by actuaries (management’s specialists) engaged by the City.

We performed substantive audit procedures to address the relevant risks over completeness and accuracy of the liability and related expenses. These include:

- evaluating actuaries’ qualifications, competence and objectivity, and relying on their reports,
- obtaining current year’s valuation update of the obligation from the third-party actuaries, and performing procedures to verify the significant assumptions and inputs, and
- ensuring management’s reporting of the estimate was accurate based on the experts’ valuations and that the appropriate disclosures were made within the financial statements.

Significant findings

Based on our testing, we conclude that EFB obligation was recognized appropriately. We have not identified any audit misstatements through the performance of these procedures.

Audit risks and results

We highlight our significant findings in respect of **areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Area of focus	New or changed?	Estimate?
Landfill liability and contaminated sites	No	Yes

Our response

Landfill liability

- The City owns and operates one open landfill site and owns and maintains 12 closed landfill sites. The present value of the expected closure and post closure care costs of the open landfill site and present value of monitoring and capital rehabilitation costs of the closed landfill sites have been reported as a liability on the Consolidated Statement of Financial Position.
- All closure costs for the open landfill site and post closure care costs for the closed sites were based upon management estimates, adjusted by 2.5% inflation. The costs were discounted back to December 31, 2021 using a discount rate of 3.5%. Estimates have been based upon a post closure care period of 50 years.
- We reviewed and assessed management assumptions and reviewed the report prepared by management’s expert. We also evaluated qualifications, competence and objectivity of management’s experts.

Liability for contaminated sites

- We reviewed management’s process for identifying potential contaminated sites and reviewed management’s listing of contaminated sites and the analysis against the prescribed criteria to determine if a liability should be recorded.
- We gained an understanding and assessed the reasonability of the remediation estimates for contaminated sites deemed to be relevant to this standard and performed a recalculation of the present value of the determined liability.

Significant findings

We have not identified any audit misstatements through the performance of these procedures.

Audit risks and results

We highlight our significant findings in respect of **areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Area of focus	New or changed?	Estimate?
Investment and related income	No	No

Our response

All investment activities shall be in compliance with the regulations (Section 418 of the Municipal Act, 2001 and Ontario Regulation 438/97, Eligible Investments and Related Financial Agreement).

We performed substantive procedure to address relevant risks related to accuracy, valuation and ownership. These procedures include:

- obtaining third party confirmations from the financial institutions holding the investments and ensured that management's records agreed to the value reported, and
- performing substantive analytical testing over investment income and noted the amount of related income earned in the current year was reasonable.

Significant findings

We have not identified any audit misstatements through the performance of these procedures.

Audit risks and results

We highlight our significant findings in respect of **areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Area of focus	New or changed?	Estimate?
Operating expenditures	No	No

Our response

We completed various substantive procedures to address relevant risks over completeness, existence and accuracy on operating expenditures, including payroll and employee benefits expenditures. These procedures include:

- performing a detailed substantive analytical procedure of operating expenditures, specifically trend analysis comparing actual current year results to (1) prior year results and (2) budget, and used the variances to determine the extent of testing to perform, and
- performing search for unrecorded liabilities to ensure all 2021 expenses and accruals have been properly recorded.

Significant findings

We have not identified any audit misstatements through the performance of these procedures.

Uncorrected and corrected audit misstatements

Audit misstatements include presentation and disclosure misstatements, including omissions.

Uncorrected audit misstatements

We did not identify misstatements that remain uncorrected.

Corrected audit misstatements

We did not identify any misstatements that were communicated to management and subsequently corrected in the financial statements.

Financial statement presentation and disclosure

Misstatements, including omissions, if any, related to presentation and disclosure items are in the management representation letter.

We also highlight the following:

Financial statement presentation - form, arrangement, and content	The financial statements are, in all material respects, in accordance with the applicable financial accounting framework, Public Sector Accounting Standards. The disclosures in the notes to the financial statements are appropriate. KPMG provides management with recommendations on financial statement presentation and disclosure.
Significant qualitative aspects of financial statement presentation and disclosure	There are no concerns at this time regarding significant qualitative aspects of financial statement presentation and disclosure.
Application of accounting pronouncements issued but not yet effective	See <i>Current developments and audit trends</i> in page 15 or refer to Note 2 of the financial statements.

Current developments and audit trends

Title	Details	Link
Public Sector Update – connection series	Public Sector Accounting Standards are evolving – Get a comprehensive update on the latest developments from our PSAB professionals. Learn about current changes to the standards, active projects and exposure drafts, and other items.	Contact your KPMG team representative to sign up for these webinars. Public Sector Minute Link

Public Sector Accounting Standards

The following is a summary of the current developments that are relevant to the City:

Standard	Summary and implications
Asset Retirement Obligations (“ARO”)	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022 <i>(for City’s 2023 year-end)</i>. – The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. – The ARO standard would require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability would be added to the historical cost of the asset and amortized over its useful life. – As a result of the new standard, the public sector entity would have to: <ul style="list-style-type: none"> • consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; • carefully review legal agreements in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; • begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
Financial Statement Presentation	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022 <i>(for City’s December 31, 2023 year-end)</i>, and must be adopted simultaneously with PS3450, <i>Financial Instruments</i>, and PS2601, <i>Foreign Currency Translation</i>. – This standard introduces a new statement of remeasurement gains and losses which will report unrealized foreign exchange gains or losses, fair value remeasurements and other comprehensive income (OCI) from Government Business Enterprises (GBEs).

Financial Instruments	<ul style="list-style-type: none"> – This new standard is effective for fiscal years beginning on or after April 1, 2022 (<i>for City's December 31, 2023 year-end</i>). – This standard provides guidance on recognition, measurement, presentation and disclosure of financial instruments and introduces fair value measurement for a number of financial instruments including derivatives.
Foreign Currency Translation	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022 (<i>for City's December 31, 2023 year-end</i>). – This standard requires foreign exchange translation gains and losses to be reported in the statement of remeasurement gains and losses.
Portfolio Investments	<ul style="list-style-type: none"> – This new standard is effective for fiscal years beginning on or after April 1, 2022 (<i>for City's December 31, 2023 year-end</i>). – This provides guidance on how to account for investments in organizations that do not form part of the government reporting entity. Such investments are normally in equity instruments or debt instruments issued by the investee.
Revenue	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2023 (<i>for City's 2024 year-end</i>). – The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. – The standard notes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. – The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Public Private Partnerships ("P3")	<ul style="list-style-type: none"> – A taskforce was established in 2016 as a result of increasing use of public private partnerships for the delivery of services and provision of assets. – An Exposure Draft ("ED") was issued in November 2019 which proposes new requirements for recognizing, measuring and classifying infrastructure procured through a public private partnership. – The ED proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access to the future economic benefits and risks of the infrastructure asset, and it controls any significant residual interest in the infrastructure at the end of the P3's term. – The ED proposes the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. – The infrastructure would be initially measured at its fair value, as P3's are the result of a competitive bidding process, cost should be equal to the asset's fair value on day one of the transaction. A liability, when it exists, should be initially measured at the same amount as the infrastructure asset. Cost would be measured by discounting the expected cash flows by a discount rate that is the contract rate. – This section is effective for fiscal years beginning on or after April 1, 2023 (<i>the City's December 31, 2024 year-end</i>).
Public Sector Guideline 8, Purchased Intangible	<ul style="list-style-type: none"> – This guideline is effective for fiscal years beginning on or after April 1, 2023 (<i>for City's December 31, 2024 year-end</i>). – This enables public sector entities to recognize intangible acquired through an arm's length exchange transaction as an asset where they meet the asset definition and general recognition criteria in PS1000, <i>Financial Statement Concepts</i>.

Appendices

Content

[Appendix 1: Other Required communications](#)

[Appendix 2: Audit and Assurance Insights](#)

[Appendix 3: Technology in the Audit](#)

[Appendix 4: Cyber Insurance Solution Suite](#)



Appendix 1: Other Required Communications

Audit Quality in Canada

The reports available through the following links were published by the Canadian Public Accountability Board to inform audit committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2021 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2020 Annual Inspections Results](#)

Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the audit committee.

Report

Refer to the draft report in the consolidated draft financial statements.

Representations of management

A copy of the management representation letter is provided by management.

Appendix 2: Audit and Assurance Insights

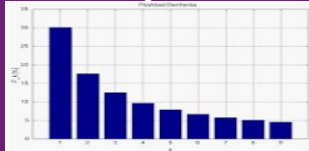
Our latest thinking on the issues that matter most to audit committees, Boards and Management.

Featured insight	Summary	Reference
Accelerate 2022	The key issues driving the audit committee agenda in 2022	Learn more
Audit Committee Guide – Canadian Edition	A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada	Learn more
Unleashing the positive in net zero	Real solutions for a sustainable and responsible future	Learn more
KPMG Audit & Assurance Insights	Curated research and insights for audit committees and boards.	Learn more
Board Leadership Centre	Leading insights to help board members maximize boardroom opportunities.	Learn more
KPMG Climate Change Financial Reporting Resource Centre	Our climate change resource centre provides insights to help you identify the potential financial statement impacts to your business.	Learn more
The business implications of coronavirus (COVID-19)	Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.	Learn more
Momentum	A quarterly Canadian newsletter which provides a snapshot of KPMG's latest thought leadership, audit and assurance insights and information on upcoming and past audit events – keeping management and board members abreast on current issues and emerging challenges within audit.	Sign-up now
KPMG Learning Academy	Technical accounting and finance courses designed to arm you with leading-edge skills needed in today's disruptive environment.	Learn more

Appendix 3: Technology in the audit

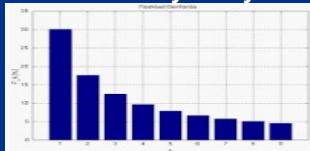
As previously communicated in our Audit Planning Report, we have utilized technology to enhance the quality and effectiveness of the audit.

Data & Analytics Routines



- We were able to effectively and efficiently select samples throughout the audits to maximize our assurance with the least amount of strain on staff resources.
- We selected samples for substantive testing using the KPMG Monetary Unit Sampling (KPMG MUS) program, which provides more comprehensive and accurate coverage over the tested population and extrapolation of errors, increasing audit quality.

Journal Entry Analysis



- We utilized our journal entry tool, IDEA to identify high-risk journal entries which we defined as part of our risk assessment. The tool provided us with auto-generated journal entry population statistics and focused our audit effort on journal entries that are riskier in nature.

Appendix 4: Cyber Insurance Solution Suite



Cyber Insurance Solution Suite



Cyber Insurance, as a form of Risk Transfer, is a crucial element of any risk management strategy. For the past 10 plus years, cyber insurance has become a valued asset to many of you; helping you in times of need and operating within a space where even the most sophisticated businesses are compromised on a regular basis.

The Hard Market

With rising losses gripping the cyber-insurance market, the conversation of obtaining and maintaining cyber insurance has become more troublesome than ever. Premiums are rising sharply, coverages are being pulled back, new restrictions and exclusions are being enforced, and for many of you the limit of insurance you once held has collapsed. All the above has placed a significant strain on your risk acceptance, your budgets, and your comfort.

What are Insurer's looking for?

Fortunately, nothing entirely unique. The following, while recognized by cyber insurers as being crucial to mitigating the volume of claims entering the market, are nothing more than best practices promoted by industry frameworks such as NIST CSF and ISO standards.

While this is not a golden ticket list, and cannot guarantee insurability, it has fast become a minimum standard Insurers expect before partnering with you on cyber insurance.

Factors Impacting Insurability

In addition to Annual Revenues, your Industry vertical, and your claims experience over the past 5 years, Insurers are now assessing your risk profile based on the following cyber security controls...

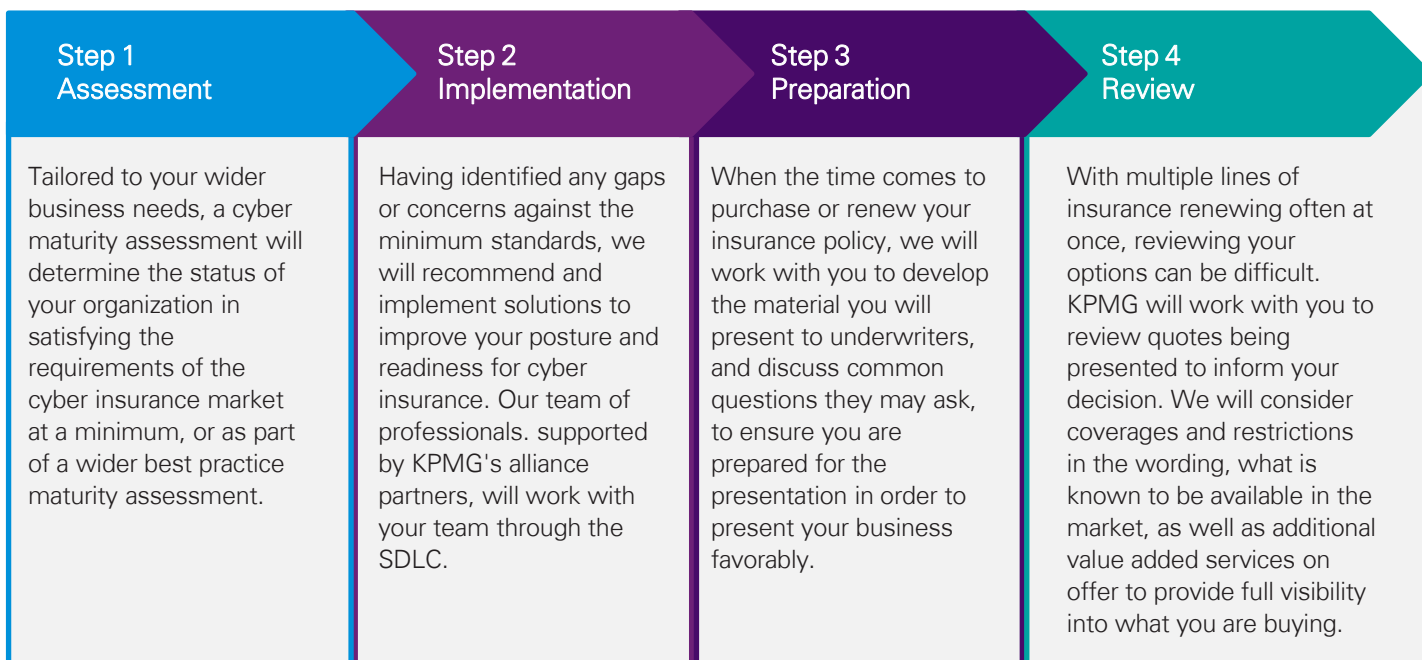
- 1 The uniform application and management of cyber security across your organization, and all entities to be insured under the same policy.
- 2 The implementation of MFA for all remote access to the network, including any third party access.
- 3 An Advanced EDR/EPP Solution implemented on all endpoints and servers.
- 4 Advanced email filtering capabilities, with sandbox/detonation and quarantine functionality.
- 5 Robust Patch & Vulnerability management, with regular scanning and tracking of vulnerabilities through to remediation.

- 6 Back-ups which are offline, with strict access controls, and subject to regular testing of recovery and integrity.
- 7 Identity Access Management Solution in place, enforcing policies and authentication standards.
- 8 A centralized SOC, including 24/7 monitoring of a SIEM solution that is configured to capture activity from across the network.
- 9 An Awareness Training program that incorporates regular phishing exercises.
- 10 Network Segmentation of critical and sensitive assets/environments.

How we can help

KPMG is dedicated to supporting our current and future clients through this landscape, to prepare you for the insurance process, and give you the best opportunity to present your business favorably to underwriters. Through our relationships in the market, KPMG has identified key areas of concern for underwriters that carry the most weight when assessing a risk. To partner with the insurance market, you must be able to stand up to these requirements.

Investment in cyber security is no longer a regulatory requirement for some, but a cyber insurance requirement for all. KPMG's Cyber Insurance Suite Solution has been designed to go beyond problem raising, by supporting clients with the identification and remediation of issues as well as advisory services to offer guidance when making the decision to purchase an insurance product.



The market is constantly evolving, as does the world of information security and cyber risk. With these changes, the requirements of underwriters may also change. KPMG will endeavor to keep our clients informed of these changes in good time ahead of the insurance purchasing or renewal process.

In some cases, despite the control prowess our clients, there are some industries and businesses which will struggle more than others. Our KPMG specialists will ensure this is raised in our initial conversations, and develop a plan that includes a focus on internal security where risk transfer may be limited.

Contact us

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CITY OF HAMILTON
FINANCE AND CORPORATE SERVICES DEPARTMENT
Financial Services and Taxation Division
and
Legal and Risk Management Services

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	Treasurer's Write-off of Taxes under Section 354 of the Municipal Act, 2001 (FCS22049/LS22024) (City-wide)
WARD(S) AFFECTED:	City-wide
PREPARED BY:	Maria Di Santo (905) 546-2424 Ext. 5254 Grant Brailsford (905) 546-2424 Ext. 4642
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	
SUBMITTED BY:	Ron Sabo City Solicitor, Legal and Risk Management Services Corporate Services Department
SIGNATURE:	

RECOMMENDATION

That property taxes in the amount of \$144,857.19 for 221 York Boulevard, Hamilton (Roll #2518 020 124 505000 0000) be written off under section 354 of the *Municipal Act, 2001*.

EXECUTIVE SUMMARY

Section 354(4)(b) of the *Municipal Act, 2001* allows Council to write off property taxes “if the recommendation of the treasurer (to write off the taxes as uncollectable) includes a written explanation of why conducting a tax sale would be ineffective or inappropriate”

In the case of 221 York Boulevard, the Hamilton Downtown Mosque purchased the property in 2014 with the intent to use it as a place of worship. Although use of the

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**SUBJECT: Treasurer's Write-off of Taxes under Section 354 of the Municipal Act,
2001 (FCS22049/LS22024) (City-wide) - Page 2 of 5**

building as a place of worship commenced immediately, thus making the property exempt from property taxes, since the building was previously a grocery store, renovations on some parts of the building continued until 2017. During this time, the parts under renovation were not made exempt and instead assessed in the Residential property class by the Municipal Property Assessment Corporation (MPAC). Staff feel that the Mosque should not have been penalized during this renovation period and, as a matter of fairness when compared with other places of worship, should have been fully exempt. Although the property was eventually made fully exempt effective the 2018 taxation year, property taxes for taxation years 2014-2017 of approximately \$145,000 (representing the portions of the property under renovation) are not warranted, as the intended use of the entire property has always been as a place of worship and it has not been used for any other purpose since it was acquired.

As property taxes are outstanding back to 2014, a tax arrears lien may be registered on title, with the potential of proceeding to tax sale as early as one year following the lien being registered. Staff are therefore recommending the write-off of property taxes for taxation years 2014-2017 (when the Mosque was not fully exempt) as proceeding toward a tax sale to collect the outstanding property taxes would be inappropriate. The recommended write-off of property taxes supports the intended and actual use of the property and ensures fairness with other places of worship.

Alternatives for Consideration – See Page 5

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The property taxes to be written off total \$144,857.19. The municipal property tax portion is \$124,586.15 to be charged to HAMTN 52174-252013. The amount to be recovered from the English Public School Board is \$20,271.04 to be charged to HAMTN 52174-252025. The following table breaks down the write-off amount by the respective taxation years:

	2014	2015	2016	2017	Total
Municipal	\$ 25,782.44	\$ 31,774.20	\$ 32,424.54	\$ 34,604.97	\$ 124,586.15
Education (EP)	\$ 4,419.68	\$ 5,213.88	\$ 5,171.13	\$ 5,466.35	\$ 20,271.04
Total	\$ 30,202.12	\$ 36,988.08	\$ 37,595.67	\$ 40,071.32	\$ 144,857.19

Staffing: Not Applicable

Legal: Not Applicable

HISTORICAL BACKGROUND

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SUBJECT: Treasurer's Write-off of Taxes under Section 354 of the Municipal Act, 2001 (FCS22049/LS22024) (City-wide) - Page 3 of 5

The Hamilton Downtown Mosque purchased 221 York Boulevard, situated in Ward 2, Hamilton (Roll #2518 020 124 505000 0000) in February 2014 with the intent to use the property as a place of worship. Places of worship are exempt from property taxes as per the *Assessment Act*.

For the 2014 tax year, MPAC, who is responsible for determining the assessed value and property classification for property tax purposes, exempted the Mosque from property taxes for the portion of the premises that was being used during worship services. The remainder of the premises was not in a fit state for services, as it had previously been a grocery store, and required renovation. MPAC categorized the portion of the building that would be renovated as residential taxable, such that property taxes began to accrue in 2014. Upon completion of the renovations in 2017, it was evident that the entire premises were being used as a place of worship or in conjunction with a place of worship.

In 2018, the Mosque applied to court for a declaration that the entire premises were exempt from property taxes. The court made that declaration on February 23, 2022. The court's jurisdiction was legislatively limited to the year the application was commenced, so it could not declare the premises to be exempt for any tax year prior to 2018. As a result, the property taxes for taxation years 2014 through 2017 are outstanding. Council does have jurisdiction to write off such property taxes under section 354 of the *Municipal Act* as an alternative to placing a lien on the property and subsequently conducting a tax sale. This report has been submitted to allow Council to consider exercising its discretion to write off the property taxes.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Municipal Act, (2001), Part XI, Section 354.

RELEVANT CONSULTATION

N/A

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The Hamilton Downtown Mosque is a non-profit philanthropic corporation, registered charity and religious organization that owns and occupies the property at 221 York Boulevard as a place of worship and education.

As set out in a sworn affidavit that the Mosque submitted in legal proceedings (referred to below), the Mosque purchased the property on February 28, 2014 solely for use by its members for activities associated with the practice of their faith.

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SUBJECT: Treasurer's Write-off of Taxes under Section 354 of the Municipal Act, 2001 (FCS22049/LS22024) (City-wide) - Page 4 of 5

The building on the property is the focal point for the faith of the members and is essential, in varying degrees, to the adherence to and practice of the five pillars of their faith. The members of the Mosque began to worship at the property on March 1, 2014.

The Mosque and the religious school that it administers are the sole occupants of the property. The entire building is not used exclusively as a sanctuary of worship. The ground floor holds the brothers' and sisters' sanctuaries of worship, common room for the brothers and sisters to meet after worship and share meals, particularly during the holy month of Ramadan, a cloakroom, washrooms, ritual cleansing facilities, a kitchen, a storage area for religious texts, other storage areas for supplies and caretaking, and an area where donations of clothing and other goods are received and stored prior to distribution to needier members of the mosque or the population as a whole. The upstairs houses classrooms where religious studies are conducted and social areas where the members of the Mosque meet prior to and after worship. The Mosque offices are also located on the second floor.

As the previous use of the building was a grocery store, the Mosque has undertaken improvements and renovations since the time of purchase. At various times, portions of the building were modified and renovated. None of the renovations or modifications changed the essential characteristics of the building and were undertaken to enhance the use of the building as a religious structure. None of the work undertaken by the Mosque has ever precluded the use of the entire building, at any one time, for religious purposes although various sections of the mosque have been under repair or renovation.

MPAC visited the Mosque on several occasions from 2014 to 2017 and noted that a portion of the building had not been completed "and is still undergoing renovations as per inspection". MPAC included the portion of the building that was being renovated in the residential property class as "land not used for residential purposes that is land owned by a religious organization, other than land occupied by a tenant and used for commercial activity".

The Mosque brought an application to court in 2018 for a determination that it is exempt from municipal property taxation. The application was resolved with the consent of MPAC. The court declared that the Mosque "has owned, used and occupied a portion of the property known municipally as 221 York Boulevard, Hamilton, and identified as roll number 25 18 020 124 50500 0000 (the "Property") as a place of worship and that the remaining portion of the Property is occupied by a non-profit philanthropic, religious, or educational seminary of learning". The court did not have jurisdiction to exempt the Mosque for any year prior to 2018 due to the restrictions imposed by section 46(7) of the *Assessment Act*.

As set out in sworn affidavits, at all times the Mosque intended to use the building as a place of worship and seminary of learning and no other use has been made of it. The

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SUBJECT: Treasurer's Write-off of Taxes under Section 354 of the Municipal Act, 2001 (FCS22049/LS22024) (City-wide) - Page 5 of 5

renovations prevented the Mosque from making use of the entirety of the premises for those purposes. However, once renovations were complete, the Mosque's consistent intentions regarding the use of the building were manifest.

Ordinarily, unpaid property taxes will result in a lien being placed on title and a forced sale of the property if the property taxes continue to remain outstanding. The Municipal Act contains a general prohibition against writing off taxes. However, section 354(4) allows property taxes to be written off if the Treasurer provides "a written explanation of why conducting a tax sale would be ineffective or inappropriate". This report constitutes that explanation.

It is recommended that section 354(4) be used very sparingly. Its rare use is suitable only when legislated tax collection procedures are clearly ineffective or inappropriate. As places of worship are exempt from property taxes, levying property taxes on the portion of the property under renovation was unexpected and not foreseen by the Hamilton Downtown Mosque. The write-off of property taxes would ensure fairness with other places of worship.

ALTERNATIVES FOR CONSIDERATION

Council could insist that property taxes be paid in full, failing which the Mosque would be the subject of a municipal tax sale. This option is not recommended for the following reasons:

- (a) The Mosque would be forced to pay property taxes although other places of worship and seminaries of learning consistently enjoy exempt status;
- (b) Requiring the payment of property taxes by this religious organization would run contrary to the general policy of exempting such organizations from payment.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement & Participation

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

Our People and Performance

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

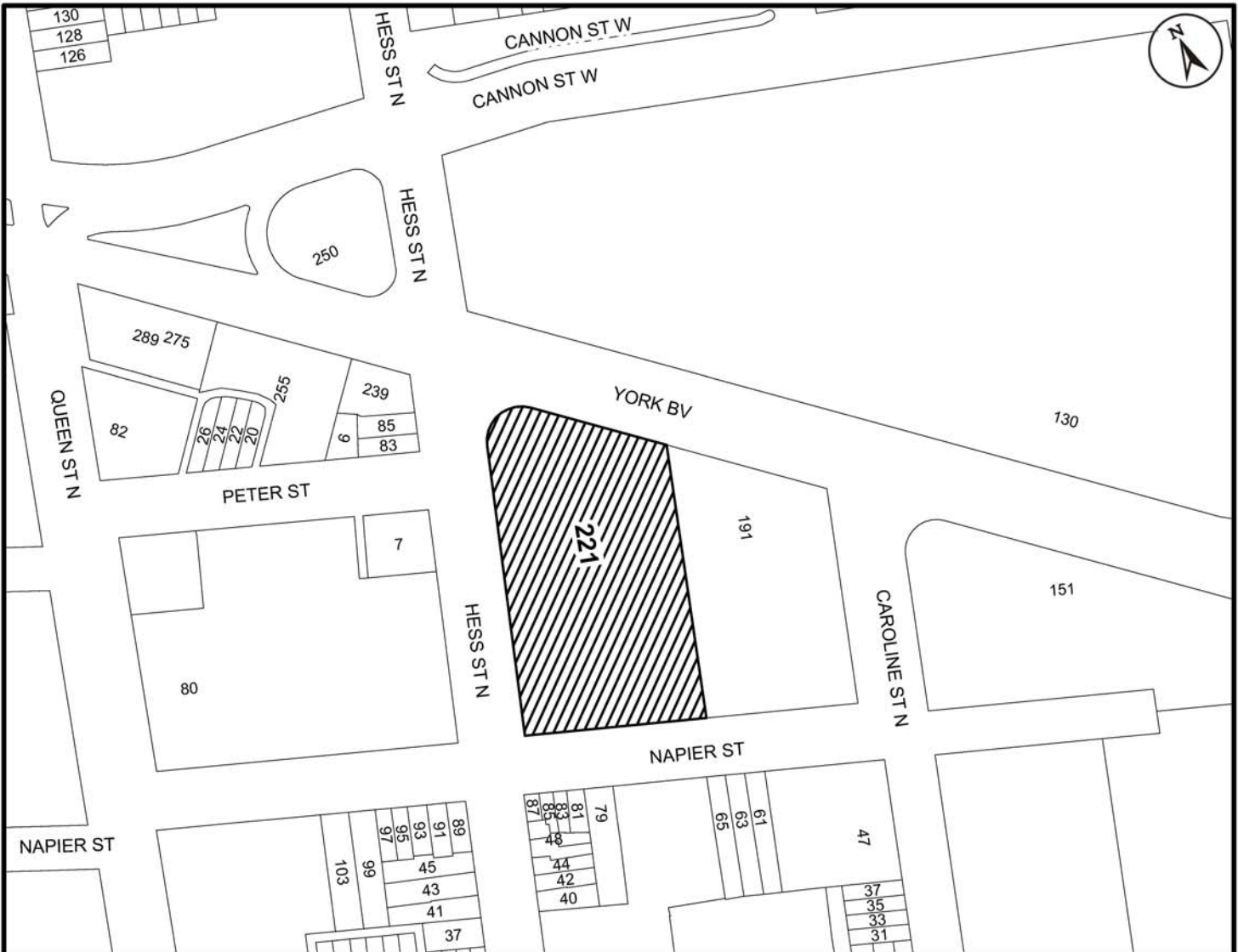
APPENDICES AND SCHEDULES ATTACHED


Appendix "A" to Report FCS22049/ LS22024 – Municipal Address Map of 221 York Boulevard, Hamilton (Roll #2518 020 124 505000 0000), Ward 2.

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<h1>Location Map</h1>		 Hamilton
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT		
File Name/Number: 221 York Blvd	Date: May 13, 2022	
Appendix "A"	Scale: N.T.S	Planner/Technician: RD/NB

Subject Property

 221 York Boulevard, Hamilton
 (Roll #2518 020 124 505000 0000), Ward 2



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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Shivon Azwim (905) 546-2424 Ext. 2790
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the request for the City Development Charges (DC) demolition credits (623,140 square feet in total) for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) to be extended for three years until July 26, 2025 (310,631.39 square feet) and September 6, 2025 (312,508.61 square feet), be denied;
- (b) That the subject matter regarding the “Correspondence from Paul Paradis, Ross & McBride LLP, respecting a request for extension of Development Charge Demolition Credits, Hamilton Central Business Park – formerly 440 Victoria Avenue North now Studebaker Place and Ferris Street – DCR Holdings Inc.”, be identified as complete and removed from the Audit, Finance and Administration Committee Outstanding Business List.

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SUBJECT: Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) – Page 2 of 10

EXECUTIVE SUMMARY

Council, at its' meeting of April 13, 2022, received as Item 5.1 a request (Appendix "A" to Report FCS17067(a)) from Paul Paradis, Ross & McBride LLP, representing DCR Holdings Inc. (DCR) requesting an extension of the Development Charges (DC) demolition credits for the Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) and directed staff to report back to the Audit, Finance and Administration Committee on the matter.

A decision to extend the DC demolition credits has a City-wide impact since the funds collected through DCs are used to fund the growth-related portions of capital projects throughout the City. DC By-law 19-142 places a five-year limitation on DC demolition credits to both discourage vacant, undeveloped lots where buildings used to be located and to recognize that excess servicing capacity is absorbed back into the system for DC background study calculations. The five-year limit on DC demolition credits has been contained in the DC By-laws since 2004.

The Hamilton Central Business Park redevelopment covers 26 acres of employment land and required demolishing a total of 653,496.59 square feet of industrial buildings. On July 26, 2012, demolition permit 12-114315 was issued for Phase 1, for 340,987.98 square feet and on September 6, 2012 demolition permit 12-117642 was issued for Phases 2 and 3, for 312,508.61 square feet.

On August 16, 2017, through Report FCS17067, Council extended the credits for an additional five years, until July 26, 2022 (340,987.98 square feet) and September 6, 2022 (312,508.61 square feet). The approved staff recommendation in Report FCS17067 permitted this as a final extension to recognize both the complexity of the redevelopment and a set limit for this recognition.

In July 2017, site plan DA-17-155 was submitted for 440 Victoria Avenue and received conditional site plan approval in October 2017. In March 2019, the conditional site plan approval was revised to include the lands at 3 Studebaker Place and later revised again in May 2021 to include the lands at 4 Studebaker Place. One building permit was issued on June 25, 2019 for 3 Studebaker Place, which used 30,356.59 square feet of the outstanding demolition credits, leaving 623,140 square feet in total remaining.

Currently, no precedent exists for extending DC demolition credits for longer than 10 years. The developer is requesting an extension for at least 13 years and up to 15 years, if deemed appropriate.

SUBJECT: Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) – Page 3 of 10

If the demolition credit extension request was granted, the DC reserves would need to be replenished the amount of foregone revenue through other funding sources, such as the related tax and rates service reserves. As at May 2022, the value of 623,140 square feet of non-industrial space in the combined sewer system is \$7,315,663.61 (\$11.74 per square foot). Given that the redevelopment has taken longer than initially planned, the City has not realized increased property taxes on the portion of undeveloped land.

Staff is recommending denying the extension of the DC demolition credits because of the precedence it would set, the accompanying financial impact and the lack of evidence that this delay in development is outside the intended scope for the limit on DC demolition credits.

The City is responsible for collecting Education DCs on behalf of the School Boards but does not have the authority to extend credits for Education DCs. As a result, there are no recommendations, nor is there further mention of Education DCs contained within Report FCS17067(a).

Alternatives for Consideration – See Page 7

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Any development on the Hamilton Central Business Park property will be subject to the DC rates and policies in effect at the time of development.

Staffing: N/A

Legal: The Development Charges By-law, Section 30(a), establishes the requirement for entitlement to DC demolition credits that a building permit for redevelopment must be issued within five years of the issuance date of the demolition permit. This deadline is extendable by staff either for developments located outside the Urban Area or where staff determine that significant development delays were not the responsibility of the developer. Council has the ability to extend this deadline for other reasons than the foregoing.

However, DCR Holdings Inc. is a commercial enterprise and is, therefore, subject to the anti-bonusing provisions contained in Section 106 of the *Municipal Act*, which prohibit a municipality from providing assistance to commercial or industrial enterprises. Council's ability to extend the deadline for expiry of DC demolition credits is subject to this anti-bonusing rule.

SUBJECT: Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) – Page 4 of 10

As staff do not identify sufficient policy reasons for a further extension or precedent for such an extension, the extension could be regarded as the provision of assistance as it would grant DCR Holdings a commercial benefit that has not been made available to other commercial entities.

HISTORICAL BACKGROUND

1987	DCR Holdings Inc. (DCR) purchases property.
1987-2012	DCR manages the industrial park and leases out the buildings until the buildings need significant repair and the decision is made to redevelop the industrial park.
July 26, 2012	Demolition permit 12-114315 issued for Phase 1, 340,987.98 square feet.
August 20, 2012	Council approves Part 1 of the ERASE Redevelopment Grant Application for eligible demolition costs (\$650,000 – Report PED12154).
September 6, 2012	Demolition permit 12-117642 issued for Phase 2 & 3, 312,508.61 square feet.
September 24, 2014	Council approves Part 2 of the ERASE Redevelopment Grant Application for eligible remediation and related costs (\$1,283,375 – Report PED12154(a)).
May 24, 2017	Request to extend DC demolition credits is received by Council and referred to staff.
July 12, 2017	Through Report FCS17067, Council approves that the DC demolition credits (653,496.59 square feet in total) be extended for a period of five years until July 26, 2022 (340,987.98 square feet) and September 6, 2022 (312,508.61 square feet).
July 25, 2017	Site plan DA-17-155 is submitted.
October 19, 2017	Site plan DA-17-155 receives conditional approval.

SUBJECT: Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) – Page 5 of 10

March 2019	Conditional approval for site plan DA-17-155 is revised to include the lands at 3 Studebaker Place. A phased conditional site plan approval is issued with separate lists of conditions for 440 Victoria Avenue and 3 Studebaker Place.
June 25, 2019	Building Permit 19-119899 is issued for 3 Studebaker Place to construct an office building. The permit used 30,356.59 square feet of the demolition credit outstanding, leaving a balance of 623,140 square feet of demolition credits in total remaining.
August 2019	Final site plan approval issued for 3 Studebaker Place only, the conditions for 440 Victoria Avenue remain outstanding.
January 2020	Although approved for a total ERASE grant of \$1,933,375, an audit of invoices confirmed the total maximum ERASE grant to be \$1,571,456.76.
May 2021	Conditional approval for site plan DA-17-155 is revised to include the lands at 4 Studebaker Place. A phased conditional site plan approval is issued with separate lists of conditions for 440 Victoria Avenue and 4 Studebaker Place.
March 14, 2022	Request for DC demolition credit extension submitted to the City by Paul D. Paradis, Ross & McBride LLP, on behalf of DCR.
April 13, 2022	The developer submits a site plan application (DA-22-094) to develop the lands for two buildings for self-storage use. To date, the City has not yet issued approval for the site plan application.
July 26, 2022	Expiry of DC demolition credit extension approved by Council on July 12, 2017 for 310,631.39 square feet.
September 6, 2022	Expiry of DC demolition credit extension approved by Council on July 12, 2017 for 312,508.61 square feet.

SUBJECT: Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) – Page 6 of 10

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The General Manager, Finance and Corporate Services, has been delegated authority to provide extensions to DC demolition credits in cases where the demolition was in a rural area and cases where, in the opinion of the General Manager, Planning and Economic Development, there were delays in the redevelopment that were beyond the control of the developer (LPAT appeals, for example). The request from DCR does not fall under either of the circumstances where Council has delegated authority to staff.

Precedent exists for extending DC demolition credits to a maximum of 10 years for a large-scale mall redevelopment through the approval of Report FCS16084 which extended the DC demolition credits for the Centre on Barton redevelopment and through the approval of Report FCS17008 which extended the DC demolition credits for Mountain Plaza Mall in 2017.

Currently, no precedent exists for extending DC demolition credits for longer than 10 years. Staff does not recommend establishing this precedent.

RELEVANT CONSULTATION

Staff from the Economic Development Division and Planning Division of the Planning and Economic Development Department are supportive of the recommendations in Report FCS17067(a).

Staff from the Legal Services and Risk Management Division were consulted in respect of the extension request.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Past Practice

Precedent exists for extending DC demolition credits to a maximum of 10 years for a large-scale mall redevelopment through the approval of Report FCS16084 which extended the DC demolition credits for the Centre on Barton redevelopment in 2016 and through the approval of Report FCS17008 which extended the DC demolition credits for Mountain Plaza Mall in 2017. Currently, no precedent exists for extending DC demolition credits for longer than 10 years.

SUBJECT: Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) – Page 7 of 10

Five Year Limit on Demolition Credits

The five-year limit on DC demolition credits serve a couple of purposes. First, it recognizes that when preparing the DC Background Study, the City must assess the available capacity within the system and make existing capacity available to new development. If the redevelopment of a demolished property doesn't occur within five years, its capacity will have been absorbed back into the system for the purposes of calculations in the DC Background Study. The five-year limit on DC demolition credits has been contained in the DC By-laws since 2004.

Another benefit of the five-year limit is that it is intended to discourage vacant, undeveloped lots where buildings used to stand. In the correspondence from DCR, attached as Appendix "A" to Report FCS17067(a), they stated that they were able to market the subdivision lots to individual purchasers as of October 4, 2017. This has given the developer approximately five years to market and sell the subdivision lots, during which time, only three lots were sold of the 18 available. DCR has stated in Appendix "A" to Report FCS17067(a) that they sold the remaining 15 lots in January 2022. As of the date of Report FCS17067(a), the developer has only submitted one site plan application for two self storage buildings at the site, which have yet to be approved by the City.

Impact of COVID-19 and Future Development Plans

In Appendix "A" to Report FCS17067(a), DCR noted that they were unable to find purchasers for the available lots because of the effects of COVID-19. COVID-19 related closures in the City of Hamilton and the mandatory Provincial shutdown began in March 2020. DCR indicated they had the ability to market and sell the lots as of October 2017. Since only three lots were sold between 2017 and 2020, staff suggest that the expiry of the credits would have occurred regardless of COVID-19.

Since 2017, the developer has submitted one site plan application in April 2022, which is yet to be approved by the City as of the date of Report FCS17067(a). The site plan application proposes two self storage buildings at the site. The developer had a significant amount of time between the last demolition credit extension approval and the expiry of the remaining demolition credits to sell the remaining lots and submit applications for site plans and building permits. Although DCR noted that they have sold the remaining 15 lots and expect that the developer they sold to will submit site plan applications within the next 12 months, there is no firm indication that development will occur in the near future or within the requested three-year extension time frame.

SUBJECT: Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) – Page 8 of 10

Municipal Property Taxes

The undeveloped land results in foregone tax revenue each year the land remains vacant. Per PED12154(a), the estimated municipal property taxes on the vacant land awaiting development totals \$241,427.17 annually. Through Appendix “A” to Report FCS17067(a), DCR identified that the lots on the property are expected to be a mix of self-storage, warehousing and industrial condominiums. As such, it is evident that the City has missed out on a substantial amount in property taxes by the redevelopment taking longer than initially planned.

For the above reasons, staff is recommending denying the request for further demolition credit extension.

ALTERNATIVES FOR CONSIDERATION

Alternative 1 – Provide a three-year extension to accommodate the minimum extension period the developer has requested

Financial Implications: Any development on the Hamilton Central Business Park property that occurs during the period of the DC demolition credit extension would result in foregone DC collections, up to the value of the remaining credits. However, consideration should be given to the intent of the by-law when contemplating the potential foregone revenues.

The requested minimum three-year extension of the DC demolition credits would result in 310,631.39 square feet expiring on July 26, 2025 and 312,508.61 square feet expiring on September 6, 2025 (all industrial class).

The industrial rate in a combined sewer system area, as approved through DC By-law 19-142, is discounted from the full calculated rate of \$20.32 to \$11.74. The industrial DC is comprised of 100% of the wastewater (facilities and linear) and stormwater service categories as well as 65% of the services related to a highway (roads) service category.

SUBJECT: Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) – Page 9 of 10

Maximum Potential Foregone DC Collections

Current Industrial DC Rate	\$11.74
Gross Floor Area (square feet)	623,140
Potential Foregone DC Collections	\$7,315,663.61

Staffing Implications: N/A

Legal Implications: N/A

Policy Implications: N/A

Pros: Allows the developer additional time to plan future development and obtain site plans and building permits.

Cons: The foregone DC revenue will have to be funded by other sources such as the tax levy, putting the cost of growth onto the City's taxpayers. Additionally, the City's DC rates are indexed each year, therefore, each year the credit is extended will result in higher foregone DC revenue.

This extension would potentially be vulnerable to legal challenge on the basis that it is a prohibited form of assistance under Section 106 of the *Municipal Act*.

Alternative 2 – Provide a five-year extension to accommodate the maximum extension period the developer has requested

Through their request attached as Appendix "A" to Report FCS17067(a), DCR has requested a minimum three-year extension and up to a five-year extension, if deemed appropriate by the City.

Should Council approve a five-year extension, the same Financial, Staffing, Legal and Policy implications and pros and cons presented in Option 1 exist over a five-year period versus a three-year period.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

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

SUBJECT: Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) – Page 10 of 10

Economic Prosperity and Growth

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

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

Built Environment and Infrastructure

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

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” – Development Charges Credit, Request for Extension, Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North)

SA/dt



Paul D. Paradis
Direct Line (905) 572-5811
Email: paul.paradis@rossmcbride.com

March 14, 2022

By Email: clerk@hamilton.ca

By Regular Mail

Office of the City Clerk
Members of City Council
City of Hamilton
71 Main Street West, City Hall
Hamilton, ON L8P 4Y5

Dear Sirs/Mesdames:

**RE: Request for Extension of Development Charge Demolition Credits
Hamilton Central Business Park – Formerly 440 Victoria Avenue North; now
Studebaker Place and Ferrie Street, Hamilton
DCR Holdings Inc.**

We are legal counsel for DCR Holdings Inc. (“DCR”) which has been actively engaged for more than a decade in one of the largest brownfield redevelopments in the City of Hamilton. The redevelopment site comprises 26 acres of employment land formerly known as 440 Victoria Avenue North and, with the construction of a new public road, is now municipally known as Studebaker Place and Ferrie Street.

The site was formerly occupied by the sprawling Otis Elevator and Studebaker factory buildings. Relying in large part on the future benefit of development charge demolition credits to partially offset the substantial demolition costs, DCR obtained two demolition permits dated July 26 and September 6, 2012. Then over a period of approximately 1.5 years, DCR undertook a major phased demolition of the former factory buildings comprising a total of 653,496 square feet. In respect of the demolition, the City issued development charge demolition credits of 653,496.59 square feet for a period of five (5) years, with 340,987.98 square feet scheduled to expire July 26, 2017 and 312,508.61 square feet scheduled to expire September 6, 2017.

Subsequent to completing the extensive demolition in two phases over a period of 1.5 years, draft subdivision plan approval for the site was obtained in April, 2014. An extensive environmental remediation of the site was also carried out which culminated in City approval of

a Peer Reviewed Risk Assessment Report on April 12, 2017. During this time, DCR also coordinated with City Staff to complete the detailed engineering design of the proposed 18 Lot industrial/commercial subdivision, including construction of the required servicing and new public road known as Studebaker Place, culminating in the registration of a Plan of Subdivision on October 4, 2017. Please note that it was only at this point in time that DCR was in a position to begin marketing the subdivision Lots to individual purchasers who would then prepare and submit their site plan applications to the City for their proposed industrial/commercial developments on the subdivision Lots.

In May, 2017, DCR made application to the City for an extension of the development charge demolition credits and after consideration, the City extended the credits for a further period of five (5) years such that 340,987.98 square feet will expire July 26, 2022 and 312,508.61 square feet will expire September 6, 2022.

At this time, DCR is requesting a further extension of the demolition credits for a minimum of three (3) years and, if deemed appropriate by the City, up to five (5) years to facilitate and incentivize the redevelopment of the site and afford sufficient time for submission and approval of site plan development applications to the City and issuance of building permits for commencement of construction upon the individual subdivision Lots. In this regard, as indicated, it was only after registration of the plan of subdivision in late 2017 that individual Lots could be marketed for sale to purchasers. Three Lots within the subdivision were sold during 2018 and 2019. However, the onslaught of Covid in the spring of 2020 seriously impacted the sale of Lots in the subdivision and three conditional offers to purchase Lots did not proceed due to Covid concerns. However, on a positive note, we are pleased to advise that in January, 2022 a reputable developer purchased the remaining 15 Lots in the subdivision and is currently in the process of preparing a site plan application for the development of the entire remaining 15 Lots as a mix of self-storage, warehousing and industrial condominiums. We are advised that the new developer intends to submit a site plan application within the next 6-12 months and is hoping to commence construction upon obtaining site plan approval.

We understand that DC By-law 14-153 provides for DC demolition credits for a period of five (5) years following demolition permit issuance. Given the large scale, complex nature of the brownfield redevelopment of this site and given that the development team worked in a timely manner from commencement of demolition in 2012 through substantial environmental remediation of the site and final registration of the plan of subdivision in the fall of 2017, the City deemed it appropriate to extend the demolition credits to the current expiry dates of July and September 2022. Notwithstanding the major difficulty in the marketing and sale of the subdivision Lots through the two year plus Covid period during the five year extension period of the demolition credits, as indicated, a sale of the remaining 15 Lots to a purchaser for final development of the Lots was achieved in January 2022, and with the important incentive of the potential available demolition credits, which was factored into the sale price for the Lots, as indicated, such developer now intends to submit a detailed and site-wide site plan application for the final redevelopment of the complete site within the year. A further extension of the

demolition credits for a further five (5) years, or in the alternative, even a three (3) year period, will provide a critical catalyst and incentive to complete the redevelopment of this site.

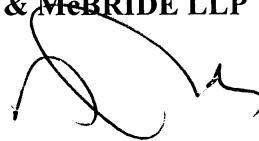
We would like to thank Members of Council and Staff from the Planning and Economic Development Departments for their ongoing support and assistance in this collaborative effort to complete this landmark brownfield remediation and redevelopment project in the City of Hamilton.

We trust the above request is in order. Please do not hesitate to contact the undersigned should you have any questions or require any further information.

Yours very truly

ROSS & McBRIDE LLP

Per:



Paul D. Paradis

PDP:adc

cc: Councillor Nrinder Nann – Ward 3 – Via Email: ward3@hamilton.ca

cc: Jason Thorne, General Manager, Planning & Economic Development – Vial Email: jason.thorne@hamilton.ca

cc: Kirk Weaver, Manager, Budgets & Financial Policy- Vial Email: kirk.weaver@hamilton.ca

cc: Anders Knudsen, Solicitor – Via Email: anders.knudsen@hamilton.ca



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Information Technology Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	Standardization of Cloudflare Enterprise Suite of Products for Corporate Information Technology (FCS22051) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Michael Gauthier (905) 546-2424 Ext. 5700
SUBMITTED BY:	Maria McChesney Director, Information Technology Corporate Services
SIGNATURE:	

RECOMMENDATION

- (a) That Council approve the standardization of Cloudflare Enterprise Suite of Products manufactured by Cloudflare, pursuant to Procurement Policy #14 – Standardization for a period of five years from the date of Council approval; and,
- (b) That the General Manager, Corporate Services Department be authorized to negotiate, enter-into and execute any required Contract and any ancillary documents required to give effect thereto with Cloudflare approved retailer, in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

Pursuant to the City of Hamilton's (City) Procurement Policy, Policy #14 - Standardization, Section 4.14, Report FCS22051 seeks to establish the Cloudflare Enterprise Suite of software as a Corporate Standard for Information Technology. This Standard will be established for a five-year period, at which point, it will be reviewed and brought back to Council.

The Information Technology Division of the Corporate Services Department is responsible for setting Corporate Technology Standards to ensure the City has a

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

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

SUBJECT: Standardization of Cloudflare Enterprise Suite of Products for Corporate Information Technology (FCS22051) (City Wide) - Page 2 of 4

computing environment that provides consistent, reliable services to staff which is efficiently and effectively supported.

The major benefits of Standardizing software are:

- Simpler administration and operations;
- Investment to date in software licenses and staff training;
- Lower support and testing cost;
- Improved support to business units; and,
- Fewer contracts to prepare and administer.

The Cloudflare Enterprise Suite of products have the capability to strengthen the City's cybersecurity posture by providing Advanced Enterprise Level, Distributed Denial of Service (DDoS), Rate Limiting, Web Application Firewall, and Bot management in one place.

Alternatives for Consideration – See Page 3

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: None

Staffing: None

Legal: None

HISTORICAL BACKGROUND

The Information Technology Division currently utilizes Cloudflare for basic optimization and security of the City's externally facing web applications in order to protect the City's digital assets and data.

Organic growth of the online business has driven needs higher than current allotments and upgrade to Cloudflare Enterprise is required.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

By-Law 21-215 Procurement Policy, Policy 4.14, Standardization

SUBJECT: Standardization of Cloudflare Enterprise Suite of Products for Corporate Information Technology (FCS22051) (City Wide) - Page 3 of 4

The intent of Report FCS22051 is to comply with Procurement Policy # 14 – Standardization, Section 4.14, which requires Council approval for the establishment of a Standard for the Cloudflare Enterprise suite of products.

RELEVANT CONSULTATION

The Procurement section was consulted in the preparation of this report and support the recommendation as presented.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

If adopted as an IT standard for the City, the Cloudflare Enterprise suite of products will augment the IT Division’s solution catalogue to improve our cybersecurity posture.

This standardization will allow Information Technology to upgrade from Basic to Enterprise Cloudflare Suite which will allow for organic growth, creation of additional websites and domains, standardization of web application firewalls, enterprise grade protection for DDoS attacks, Bot management and technical support.

ALTERNATIVES FOR CONSIDERATION

1. Council may choose not to set a standard for software technologies which, through a competitive bid process, would result in a mixed environment which would have a negative impact on the Total Cost of Ownership and the infrastructure reliability. This would require additional training for all staff to become familiar with supporting multiple software solutions. Cost would increase as the City would be paying software maintenance on multiple software solutions providing a similar service. This also may result in an excessive number of Policy 11 single source requests being processed to meet the corporate needs. This alternative is not being recommended as it would require a significant financial investment to integrate additional manufacturers into our environment as well as add administrative overhead while adding no value. It would also increase the burden on legal services by having to create and administer multiple contracts for similar services.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Built Environment and Infrastructure

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

SUBJECT: Standardization of Cloudflare Enterprise Suite of Products for Corporate Information Technology (FCS22051) (City Wide) - Page 4 of 4

Our People and Performance

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

APPENDICES AND SCHEDULES ATTACHED

None.

OUR Vision: To be the best place to raise a child and age successfully.
OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.
OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.



CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT *Financial Services and Taxation Division*

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 16, 2022
SUBJECT/REPORT NO:	Liability Insurance Coverage Extension (LS22026) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Ron Sabo, Ext. 4520 Diana Swaby, Ext. 5734
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	

RECOMMENDATION

- (a) That the Liability Insurance coverage be extended for the term June 1, 2022 to December 1, 2022 through the City's Broker Arthur J. Gallagher Canada Ltd. and the Insurer Marsh Canada Ltd. at a cost of \$2,190,861 (net of applicable taxes) and be funded through the 2022 Risk Management Services Budget;
- (b) That the General Manager, Finance and Corporate Services, be authorized and directed to execute all associated documents related to the extension of Liability Insurance coverage for the term June 1, 2022 to December 1, 2022, through Arthur J. Gallagher Canada Ltd. And Marsh Canada Ltd., on behalf of the City of Hamilton; and
- (c) That the 2022 budget shortfall of \$686,976.68 be funded from the Tax Stabilization Reserve (110046).

EXECUTIVE SUMMARY

The City's liability insurance policy covered June 1, 2021 to June 1, 2022 and is currently subject to a binder while the decision on a temporary extension as proposed by this report is decided on by Committee and Council. A quote for a full year renewal of liability coverage is not yet available to the City or its broker from the insurer. In the interim, the insurer has offered a temporary extension of the existing policies to maintain liability coverages until December 1, 2022. Staff are recommending approval of this

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extension to maintain coverage and as the premium involved reflects an annual increase of only 5.53% (2.77% over the six months) as compared to the prior years' premium for the same coverage. The increase being due to market factors affecting insurance rates.

Staff understand from contact with other municipalities that municipal rates for insurance continue to rise in 2022 in significant percentages. The 5.53% increase involved for the City of Hamilton in this extension is a beneficial outcome and has a limited impact on the 2022 budget, which carries the City's coverage close to the end of 2022. Staff anticipate the insurer will provide a quote for a further twelve-month liability renewal by November 2022.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The remaining 2022 budget for insurance premiums is \$1,503,884.32. The balance for the proposed cost of insurance, being 686,976.68, is to be funded from the Tax Stabilization Reserve (110046). Further premiums will be incurred in future to maintain liability coverages between December 1, 2022 to December 31, 2022, so additional funding sources will be proposed at the point the City receives a quote for renewal of coverage.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

The City's current liability coverage was arranged in 2021 from June 1st, 2021 to June 1st, 2022. A binder is in place with the insurer to hold the premium for the extension proposed in this report until Council considers its approval.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

Finance and Corporate Services and The City's Broker Arthur J. Gallagher Canada Ltd.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Since early 2022 the City has been in regular contact with its broker and current insurer, to provide necessary information to obtain a quote for an annual policy. The insurer has

received from the City all requested information but is unable to provide its quote for renewal before the expiry of the current policies on June 1st, 2022. Instead, and with the assistance of the City’s broker, the City has been offered an extension of its existing policies for six months, to December 1st, 2022. Prior to that expiry the City expects a quote for annual coverage to be received. The City’s broker, Arthur J. Gallagher Canada Ltd., will continue to pursue advantageous terms and rates, but at present only the City’s current liability insurer Marsh Canada Ltd has offered the City coverage.

Information from other municipalities and the broker suggest market pressures and municipal liability exposure continues to drive substantial increases in premiums and limited availability. Some municipalities are indicating 20% or higher premium increases. In contrast, the extension offered to the City of Hamilton in this report provides an annualized increase of only 5.53% and without change to coverage.

As a result, staff are recommending the extension of liability insurance on the basis of the offered extension.

The following table provides details of the coverages and applicable premiums, in comparison to rates under the prior policies (being the term running from June 1, 2021 to June 1, 2022).

2022 EXTENSION OF LIABILITY COVERAGE AND PREMIUMS FOR CITY OF HAMILTON					
	JUNE 1, 2021- JUNE 1, 2022		2022-2023		JUNE 1, 2022 - DEC. 1, 2022
	LIMIT OF INSURANCE	June 1, 2021 - June 1, 2022	ANNUALIZED PREMIUM	COMMENTS	PREMIUM*
Primary Liability	\$5M with \$5m Retention	\$ 1,930,000	\$ 1,930,000	NO INCREASE IN LIABILITY PREMIUM	\$ 972,932
1st Excess	*\$15M	\$ 2,086,000	\$ 2,294,600	10% INCREASE IN LIABILITY PREMIUM	\$ 1,051,573
2nd Excess	25m	\$ 300,000	\$ 330,000	10% INCREASE IN LIABILITY PREMIUM	\$ 166,356
Total	\$45M	\$ 4,316,000	\$ 4,554,600	5.5% Overall Increase (Annualized)	\$ 2,190,861
<i>Premiums above do not include 8% tax</i>				*6 Month Extension Premiums Calculation:	
				Primary \$1,930,000 / 365 x 184 = \$972,932	
				Umbrella \$2,086,000 / 365 x 184 = \$1,051,573	
				Excess \$300,000 / 365 x 184 = \$151,233 x +10% = \$166,356	

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Built Environment and Infrastructure

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

APPENDICES AND SCHEDULES ATTACHED

N/A

CITY OF HAMILTON MOTION

Audit, Finance and Administration Committee: June 2, 2022

MOVED BY COUNCILLOR B. JOHNSON.....

SECONDED BY COUNCILLOR.....

City Enrichment Fund Budget Request

WHEREAS, the City Enrichment Fund is the overall name for the City of Hamilton’s municipal investment in a wide range of program areas that supports the City’s strategic plan;

WHEREAS, the fund comprises 6 Program Areas (Agriculture, Arts, Communities, Culture & Heritage, Community Services, Environment, Sports & Active Lifestyles) with funding streams and categories;

WHEREAS, the last budget increase to the City Enrichment Fund was approved in 2019, to bring total budget allocation to \$6,088,340; and,

WHEREAS, the 2022 request from applicants totalled \$9,858,419; total value of eligible requests based on 2022 applications totalled \$8,110,633; funding allocation was capped at \$6,088,340 or 75% of the total request;

THEREFORE, BE IT RESOLVED:

That an increase to the City Enrichment Fund be forwarded for consideration to the 2023 Budget submission.

CITY OF HAMILTON MOTION

Audit, Finance and Administration Committee: June 16, 2022

MOVED BY COUNCILLOR M. PEARSON.....

SECONDED BY COUNCILLOR.....

Assessment of 386 Wilcox St, Hamilton for the 2023 Taxation Year

WHEREAS, the Municipal Property Assessment Corporation (MPAC) reassessed the property at 386 Wilcox St, Hamilton (Roll Number 25-18-030-272-02600-0000) as a special purpose property, thereby reducing the assessed value from \$86,449,000 to \$44,994,000, effective the 2018 taxation year;

WHEREAS, the reduction in the assessed value from \$86,449,000 to \$44,994,000 solely pertained to the assessment attributed to 411.6 acres of land that form part of the property from an assessed land rate of \$100,805 per acre to \$100 per acre;

WHEREAS, the City of Hamilton appealed MPAC’s decision to reduce the assessment of the property to the Assessment Review Board (ARB);

WHEREAS, on May 17, 2022 the ARB issued its decision, ruling in favour of MPAC’s land rate of \$100 per acre for the 411.6 acres of land in accordance with the assessment returned by MPAC;

WHEREAS, the property, comprised of 806.2 acres (inclusive of the 411.6 acres that were subject to the ARB appeal), transacted for \$518M on June 1, 2022;

AND WHEREAS, MPAC’s keying cut-off for the December 2022 Assessment Roll (to be used for the 2023 taxation year) is October 2022.

THEREFORE, BE IT RESOLVED:

That staff be directed to meet with MPAC before October 2022 to ensure that the assessed value to be returned on the December 2022 Assessment Roll (for the 2023 taxation year) for 386 Wilcox St, Hamilton (Roll Number 25-18-030-272-02600-0000) reflects the June 2022 sales transaction.