



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 23-014
Date: September 21, 2023
Time: 9:30 a.m.
Location: Council Chambers
Hamilton City Hall
71 Main Street West

Tamara Bates, Legislative Coordinator (905) 546-2424 ext. 4102

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 September 7, 2023
5. **COMMUNICATIONS**
6. **DELEGATION REQUESTS**
7. **DELEGATIONS**
8. **STAFF PRESENTATIONS**
9. **CONSENT ITEMS**
 - 9.1 2022 Annual Report on Energy Price Hedging (FCS23092) (City Wide) - REVISED
 - 9.2 Transportation Operations Inventory Audit and Follow up to Audit: Management Update (PW23061) (City Wide) (Outstanding Business List Item)

Members of the public can contact the Clerk's Office to acquire the documents considered at this meeting, in an alternative format.

10. DISCUSSION ITEMS

- 10.1 Capital Project Closing Report as of June 30, 2023 (FCS23095) (City Wide)
- 10.2 Request to Extend Data Entry Services for Certificates of Offence Contract (FCS23096) (City Wide)

11. MOTIONS

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

- 13.1 Amendments to the Outstanding Business List
 - a. Items Considered Completed and to be Removed
 - a. 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)

OBL Item: 22-G
Addressed as Item 9.2 on today's agenda

14. PRIVATE AND CONFIDENTIAL

- 14.1 Closed Minutes - September 7, 2023
- 14.2 Information Technology Asset Management update(FCS23083) (City Wide) - REVISED

Pursuant to Section 9.3, Sub-section (j) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-section (j) of the Ontario Municipal Act, 2001, as amended, as the subject matter pertains to a trade secret or scientific, technical, commercial or financial information that belongs to the City or a local board and has monetary value or potential monetary value.

15. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 23-013

9:30 a.m.

September 7, 2023

Council Chambers

Hamilton City Hall

Present: Councillors C. Kroetsch (Chair), J. Beattie, T. Hwang, M. Spadafora, M. Tadeson, A. Wilson, and M. Wilson

Absent with

Regrets: Councillor B. Clark, – Personal

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. Harassment and Discrimination Prevention Policy (HUR23011) (City Wide) (Item 8.1)

(Hwang/Tadeson)

- (a) That the revisions to Policy HR-61-13 Harassment and Discrimination Prevention Policy set out in Appendix "A" to Report HUR23011, be approved; and,
- (b) That the Procedure for Resolving Harassment and Discrimination Issues under Policy HR-61 Harassment and Discrimination Prevention Policy, as set out in Appendix "B" to Report HUR23011, be approved.

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

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
ABSENT - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

2. RZone Respectful Environments Policy (HUR23012) (City Wide) (Item 8.2)

(A. Wilson/Hwang)

- (a) That the RZone Respectful Environments Policy (Appendix "A" to Report HUR23012), be approved; and

- (b) That the RZone Respectful Environments Procedure (Appendix "B" to Report HUR23012), be approved.

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

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
ABSENT - Ward 14 Councillor Mike Spadafora

3. Voluntary Advisory Committee Review (CM23025) (City Wide) – REVISED (Outstanding Business List Item) (Item 9.1)

(M. Wilson/Tadeson)

That Report CM23025 respecting Voluntary Advisory Committee Review, be received.

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

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
ABSENT - Ward 14 Councillor Mike Spadafora

4. Policy 14 - Microsoft (FCS23093/CM23019) (City Wide) - REVISED (Item 10.1)

(Tadeson/Beattie)

That Council approve the Policy #14 for Microsoft as the Platform of technologies, pursuant to Procurement Policy #14 – Standardization for a period of five years from the date of Council approval.

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

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
ABSENT - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
ABSENT - Ward 14 Councillor Mike Spadafora

5. **Review of the City of Hamilton Volunteer Advisory Committees - REVISED (Item 11.1)**

(M. Wilson/Hwang)

WHEREAS, the City of Hamilton is dedicated to advancing and articulating City decision-making efforts by ensuring the process by which participants are provided information and are engaged is meaningful, clear, convenient, and accessible to all residents;

WHEREAS, the City of Hamilton supports community engagement as it empowers individuals and groups to give them a voice and a platform to express their opinions, concerns, and ideas, which encourages active participation, enabling community members an opportunity to shape the decisions that affect them directly;

WHEREAS, engagement in the community fosters a sense of ownership and responsibility, leading to increased community pride and motivation to work towards common goals and provides policy makers and elected officials with meaningful feedback that can inform decision making;

WHEREAS, Community engagement promotes collaboration and cooperation among stakeholders, including residents, local businesses, community-based organizations, multiple levels of government and non-profits, thereby, bringing people together and facilitating the exchange of knowledge, resources, and expertise, leading to innovative solutions and shared idea generation;

WHEREAS, the Advisory Committee with Persons with Disabilities and the Hamilton Municipal Heritage Committee are Sub-Committees of Council and are required by Provincial legislation, they are outside the scope of this proposed review

WHEREAS, the City of Hamilton is currently creating a robust public engagement policy and administrative framework; and

WHEREAS, enhancing engagement throughout civic participation processes can inherently support high-level Term of Council Priorities including (1) Equity, Diversity and Inclusion; and (2) Trust and Confidence in City Government;

THEREFORE, BE IT RESOLVED:

- (a) That the City of Hamilton pause all Volunteer Advisory Committees, with the exception of the Climate Change Advisory Committee, for which recruitment for the current Council term is underway, **and** the Hamilton Veterans Committee, so they can continue to plan the 2023 Remembrance Day Service, **and the Seniors Advisory Committee, so they can continue to plan the 2023 Senior of the Year Awards**; and
- (b) That City Manager's Office and Corporate Services staff be directed to report back to the Audit, Finance and Administration Committee with recommendations on the following:

- (i) best practices that prioritizes resident engagement including access to, understanding of and participation in community engagement;
- (ii) review and provide recommendations to Council as informed by existing partnerships with local community-based organizations and networks to help shape and advise decision-making efforts on City initiatives, programs, services, policies, and by-laws;
- (iii) existing community-based engagement methods inclusive of the Volunteer Advisory Committees to fulfil the priorities of Council aligned with the Term of Council priorities 2022 – 2026; and
- (iv) a resource list of local equity-deserving groups doing community and grassroots organizing that can be contacted for engagement and feedback on City Wide processes and policies.

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

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
ABSENT - Ward 14 Councillor Mike Spadafora

6. Commercial Relationship Between the City of Hamilton and Ibrahim Nassri Trading Inc. (FCS23097) (City Wide) – Confidential (Item 14.1)

(M. Wilson/Hwang)

- (a) That Closed Session recommendations (a), (b) and (c) be released publicly following approval by Council; and
- (b) That the contents of Report FCS23097 remain confidential.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 2)

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

5. COMMUNICATIONS

- 5.1 Tina Iacoe, Manager of Procurement, respecting Procurement Policy and Procedure Regarding Vendor Performance Evaluation

Recommendation: Be received and referred to consideration of Item 14.1, Commercial Relationship Between the City of Hamilton and Ibrahim Nassri Trading Inc. (FCS23097) (City Wide)

(Spadafora/Beattie)

That the agenda for the September 7, 2023 Audit, Finance and Administration Committee meeting, be approved, as amended.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

(b) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

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

(i) August 17, 2023 (Item 4.1)

(Beattie/Spadafora)

That the Minutes of the August 17, 2023 meeting of the Audit, Finance and Administration Committee, be approved, as presented.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark

YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

(d) COMMUNICATIONS (Item 5)

(i) Tina Iacoe, Manager of Procurement, respecting Procurement Policy and Procedure Regarding Vendor Performance Evaluation

(Hwang/A. Wilson)

That the correspondence from Tina Iacoe, Manager, Procurement, respecting Procurement Policy and Procedure Regarding Vendor Performance Evaluation, be received and referred to consideration of Item 14.1, Commercial Relationship Between the City of Hamilton and Ibrahim Nassri Trading Inc. (FCS23097) (City Wide).

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

For further disposition of this matter, refer to Item 6.

(e) DELEGATION REQUESTS (Item 6)

(i) AJ Nassri, Snow Wrangler, respecting relationship with Snow Wrangler as a Vendor (for today's meeting) (Item 6.1)

(Beattie/Hwang)

That the Delegation Request from AJ Nassri, Snow Wrangler, respecting relationship with Snow Wrangler as a Vendor, be approved for today's meeting.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

(f) DELEGATIONS (Item 7)

- (i) Hafeez Hussain, respecting Improving Service Standards and Transparency with the General Public at the City Clerk Office (approved, August 17, 2023) (Item 7.1)**

Hafeez Hussain, addressed Committee respecting Improving Service Standards and Transparency with the General Public at the City Clerk Office, with the aid of a presentation.

- (ii) AJ Nassri, Snow Wrangler, respecting the City's relationship with Snow Wrangler as a Vendor (Added Item 7.2)**

AJ Nassri, Snow Wrangler, addressed Committee respecting the City's relationship with Snow Wrangler as a Vendor.

(A. Wilson/Spadafora)

That the following Delegations, be received as presented:

- (i) Hafeez Hussain, respecting Improving Service Standards and Transparency with the General Public at the City Clerk Office; and,
- (ii) AJ Nassri, Snow Wrangler, addressed Committee respecting the City's relationship with Snow Wrangler as a Vendor.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

For further disposition of (f)(i), refer to (f)(iii); for further disposition of (f)(ii), refer to Item 6.

(iii) (Hwang/M. Wilson)

That staff be directed to examine the recommendations put forth by delegate Hafeez Hussain respecting Improving Service and Standards and Transparency with the General Public at the Clerk's Office and to report back to the Audit, Finance and Administration Committee by Q4 2024 on the feasibility of implementing these recommendations, including resources and funding required to implement them.

(M. Wilson/Kroetsch)

That the motion be **amended** by adding a subsection (b) as follows:

- (a) That staff be directed to examine the recommendations put forth by delegate Hafeez Hussain respecting Improving Service and Standards and Transparency with the General Public at the Clerk's Office and to report back to the Audit, Finance and Administration Committee by Q4 2024 on the feasibility of implementing these recommendations, including resources and funding required to implement them; **and,**
- (b) ***That staff be directed to share the information provided by Hafeez Hussain with the Mayor's Task Force on Transparency, Access and Accountability.***

Result: Amendment, CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

Result: Main Motion, As Amended, CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

(g) STAFF PRESENTATIONS / PRESENTATIONS (Item 8)

(i) Harassment and Discrimination Prevention Policy (HUR23011) (City Wide) (Item 8.1)

Jodi Koch, Director, Talent and Diversity, addressed Committee respecting the Harassment and Discrimination Prevention Policy, with the aid of a presentation.

(A. Wilson/Tadeson)

That the presentation from Jodi Koch, Director, Talent and Diversity, respecting the Harassment and Discrimination Prevention Policy, be received.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

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

(ii) RZone Respectful Environments Policy (HUR23012) (City Wide) (Item 8.2)

David Lindeman, Manager Health, Safety and Wellness, addressed Committee respecting the RZone Respectful Environments Policy, with the aid of a presentation.

(A. Wilson/Hwang)

That the presentation from David Lindeman, Manager Health, Safety and Wellness, respecting the RZone Respectful Environments Policy, be received.

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

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
ABSENT - Ward 14 Councillor Mike Spadafora

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

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

(i) Amendments to the Outstanding Business List (Item 13.1)

(Hwang/Tadeson)

That the following amendments to the Outstanding Business List, be approved:

1. Items Considered Completed and to be Removed
 - (a) Review of the City of Hamilton Volunteer Advisory Committees

OBL Item: 23-K
Addressed as Item 9.1 on today's agenda

- (b) Workplace Mental Health and Wellbeing Strategy (2019-2021) (HUR19010) (Item 10.2)

OBL Item: 19-G
Addressed as Item 9.2 on the May 18, 2023 agenda

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

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
ABSENT - Ward 14 Councillor Mike Spadafora

(j) PRIVATE AND CONFIDENTIAL (Item 14)

(i) (Hwang/A. Wilson)

That the Audit, Finance and Administration Committee move into Closed Session respecting Item 14.1, pursuant to Section 9.3, Sub-sections (e) and (k) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (e) and (k) 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 City or a local board and a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on by or on behalf of the municipality.

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

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
ABSENT - Ward 14 Councillor Mike Spadafora

(ii) Commercial Relationship Between the City of Hamilton and Ibrahim Nassri Trading Inc. (FCS23097) (City Wide) - Confidential (Item 14.1)

For further disposition of this matter, refer to Item 6.

(k) ADJOURNMENT (Item 15)

(Tadeson/Hwang)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 11:40 a.m.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - CHAIR - Ward 2 Councillor Cameron Kroetsch
YES - Ward 4 Councillor Tammy Hwang
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 10 Councillor Jeff Beattie
YES - Ward 11 Councillor Mark Tadeson
YES - Ward 13 Councillor Alex Wilson
YES - Ward 14 Councillor Mike Spadafora

Respectfully submitted,

Councillor Cameron Kroetsch, Chair
Audit, Finance and Administration
Committee

Tamara Bates
Legislative Coordinator
Office of the City Clerk



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 21, 2023
SUBJECT/REPORT NO:	2022 Annual Report on Energy Price Hedging (FCS23092) (City Wide) - REVISED
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Dianne Hicks (905) 546-2424 Ext. 2016
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

The City's Corporate Energy and Sustainability Policy (PW14050(a)) stipulates the General Manager, Finance and Corporate Services, reports to Council at least once each fiscal year with respect to any Energy Commodity agreements.

INFORMATION

Price volatility on commodity products purchased by the City presents both a budgeting challenge and a financial risk. While long-term, fixed-price contracts can be tendered or negotiated for some products, other products are subject to market pricing at the time of the delivery of the product or the demand for the product is sufficiently uncertain that long-term commitments are not available or prudent.

The primary purpose of a commodity price hedging agreement is to provide price stability / cost certainty by fixing some portion of future commodity prices. A secondary purpose is to use hedging to lock in favourable pricing for commodity purchase commitments when other means, such as long-term contracts, are not practicable.

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: 2022 Annual Report on Energy Price Hedging (FCS23092) (City Wide)
- REVISED – Page 2 of 3

The primary objectives for the City's commodity price hedging program are as follows:

- Adhere to statutory requirements
- Promote financial flexibility
- Limit financial risk exposure

A commodity price hedging agreement may only be undertaken if the agreement follows the relevant sections of the *Municipal Act, 2001* and regulations thereunder.

Requirements include, but are not limited to, the following:

- a) The City may enter into a financial agreement only for the future delivery of some or all of a commodity or the future cost of an equivalent quantity of a commodity. A financial agreement shall not be entered into for the purpose of speculative investing; and
- b) The City is prohibited from selling or disposing of the financial agreement or an interest in the agreement. An exception to this requirement exists if there is a sale or change of use of real property to which the agreement applies, or the City ceases an activity for which the commodity was being acquired.

Reporting Requirements

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

- (1) A statement about the status of the energy commodity price hedging agreements during the period of the report, including a comparison of the expected and actual results of using the agreements;
- (2) A statement by the General Manager, Finance and Corporate Services, indicating whether, in his opinion, all the agreements entered during the period of the report are consistent with this Energy Commodity Policy relating to the use of financial agreements to address commodity pricing and costs;
- (3) An overview of any agreements with contract agents (including, without limitation, actual costs, services provided and frequency of use) and a statement by the General Manager, Finance and Corporate Services, indicating whether, in his opinion, all these agreements are consistent with this Energy Commodity Policy with respect to the use of contract agents.

**SUBJECT: 2022 Annual Report on Energy Price Hedging (FCS23092) (City Wide)
- REVISED – Page 3 of 3**

- (4) An overview of any co-operative energy purchasing initiatives and / or agreements and a statement by the General Manager, Finance and Corporate Services, indicating whether, in his opinion, all these agreements are consistent with this Energy Commodity Policy with respect to the use of co-operative energy purchasing;
- (5) Such other information as Council may require; and
- (6) Such other information as the General Manager, Finance and Corporate Services, considers appropriate to include in the report.

Accordingly, Appendix “A” to Report FCS23092 provides the Treasurer’s Annual Statement on Commodity Price Hedging that includes statements as required per the reporting requirements.

Appendix “B” to Report FCS23092 provides the annual Report on Commodity Price Hedging authored by the City’s Office of Energy Initiatives. This Report, that forms the foundation for the Treasurer’s Annual Statement of Commodity Price Hedging, deals exclusively with the City’s energy commodity price hedging agreements and utility rate transactions for natural gas, electricity and fuel.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS23092 – 2022 Treasurer’s Annual Statement on Energy Price Hedging

Appendix “B” to Report FCS23092 – 2022 Annual Energy Report on Energy Price Hedging

2022 Treasurer's Annual Statement on Commodity Price Hedging

1. I warrant that, to the best of my knowledge, the 2022 Annual Energy Report on Commodity Price Hedging, Appendix "B" to Report FCS23092, provided to the Audit, Finance and Administration Committee on September 21, 2023 meets the reporting requirements as set out in O. Reg. 653/05 including a comparison of the expected and actual results of using commodity price hedging agreements;
2. I warrant that, to the best of my knowledge, all the agreements entered during the period of the report, are consistent with the City's Energy Commodity Policy relating to the use of financial agreements to address commodity pricing and costs;
3. I warrant that, to the best of my knowledge, agreements with contract agents are consistent with the City's Energy Commodity Policy with respect to the use of contract agents; and
4. I warrant that, to the best of my knowledge, co-operative energy purchasing initiatives and / or agreements are consistent with this Energy Commodity Policy with respect to the use of co-operative energy purchasing.

M. Zegarac
General Manager, Finance and Corporate Services
Corporate Services Department

2022 Annual Report on Energy Commodity Price Hedging Energy Initiatives, CFEM, Public Works

September 2023

Linda Campbell
Manager, Energy Management
Corporate Facilities and Energy Management Division
Public Works Department

Introduction

The City of Hamilton’s 2022 Annual Report on Energy Commodity Price Hedging deals exclusively with the City’s energy commodity price hedging agreements and utility rate optimization transactions for natural gas, electricity and fuel.

Hedging is a risk management strategy to reduce price volatility by entering into energy supply contracts direct with commodity suppliers to fix the price for specific volumes and terms in the future. Rate optimization ensures that the correct utility rate class is selected for each account to reduce utility-related commodity costs (e.g. global adjustment for Class A customers).

Utility Rates and Commodity Strategies Results

The utility rates and commodity strategies the City participated in for 2022 include Global Adjustment (GA) rate changes and natural gas hedging programs. For the 2022 calendar year, there was a total of \$3.43 M cost benefit; \$3.56 M as a result of global adjustment savings for Class A rate customers and a loss of \$0.13 M when compared to the agreed benchmark¹ from hedging of natural gas.

Table 1: 2022 Utility Rates and Commodity Strategies Results

2022 Results	\$M	% Levy	% Rate
Global Adjustment	\$ 3.56	26%	74%
Natural Gas Hedging	-\$ 0.13	68%	32%
Total	\$ 3.43	25%	75%

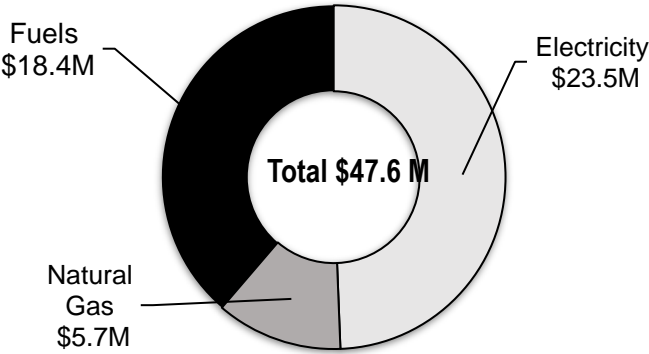
Further breakdown of these results can be found in the Global Adjustment and Natural Gas Risk Management sections in the report.

Overall Costs

In the City’s 2022 Annual Energy Report (PW21049(b)) the total actual energy costs for electricity, natural gas and fuels were reported at \$47.6 M. Overall, this is a 12% increase over 2021 energy costs. As outlined in the Annual Energy Report, the results in 2022 represent a more typical operational year for the City. The breakdown is shown in Figure 1.

¹ Benchmark of natural gas hedging activities against the procurement program offered by the Association of Municipalities of Ontario / Local Authority Services (AMO / LAS), posted annual rate.

Figure 1: 2022 Total Energy Costs (Electricity, Natural Gas & Fuel) in Millions (M)²

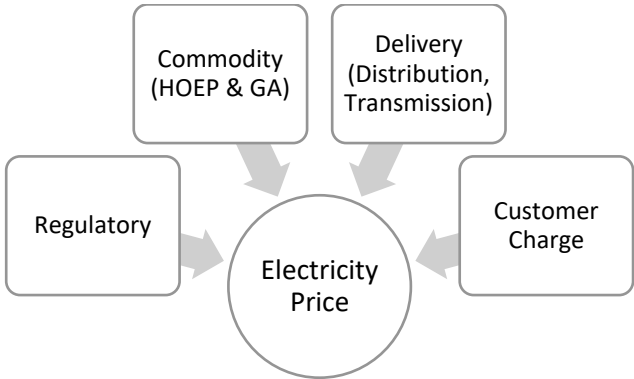


The electricity and natural gas costs, including those from district heating and cooling are incurred by City-owned buildings / facilities, Hamilton Water, Public Works Operations and Street and Traffic lighting. It excludes CityHousing Hamilton. Utilities include Alectra Utilities, Hydro One and Enbridge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

Electricity

The electricity price comprises commodity, delivery, regulatory and customer charge. These vary depending on rate class and billing type. Hamilton is served by two local distribution companies (Alectra Utilities and Hydro One). Both Alectra Utilities and Hydro One are regulated by the Ontario Energy Board (OEB) and must get approval for any rate changes.

Figure 2: Sample Electricity Price Components



² Totals differ due to rounding. Actual total energy costs = \$47,597,098

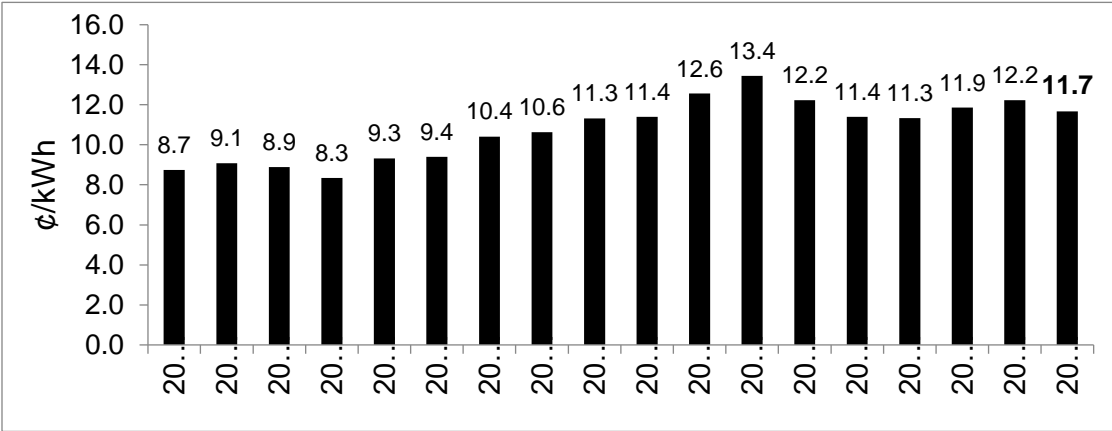
In 2022, the City’s overall expenditure for electricity was \$23.5 M. Electricity costs in 2022 decreased by 6% compared to 2021. The City’s overall average price of electricity per kilowatt-hour (kWh) decreased by 5% from 12.2 ¢/kWh in 2021 to 11.7 ¢/kWh in 2022.

Table 2: Electricity Cost Comparison

Electricity	2022	2021	% Difference	Result
Cost (\$M)	\$23.5	\$25.0	-6%	↓
Unit Price (¢/kWh)	11.7	12.2	-5%	↓

The average price for electricity, shown year over year, from 2005 to 2022 is outlined below in Figure 3.

Figure 3: City of Hamilton Annual Average Electricity Price – All In (¢/kWh)



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

In 2022, consumption had decreased by 2% compared to 2021. There were milder temperatures which require less electricity to cool buildings during the summer months as shown by the decrease in cooling degree days (CDD). CDD is a measure of how much (in degrees) and for how long, the outside air temperature was higher than 18°C. The cooling degree days overall in Hamilton were 6% lower in 2022 compared to 2021 and 9% lower than the five-year average.

Also contributing to cost reduction from 2021 was the removal certain regulatory cost items that had been related to cost recoveries from COVID-19 rate relief programs. Those were no longer being applied in 2022.

The electricity market in Ontario itself is complex and volatile. The commodity portion of the electricity price is made up of the Hourly Ontario Electricity Price (HOEP) and the Global Adjustment (GA). When the HOEP is low, the GA increases to cover the costs of generation. The monthly costs vary depending on consumer demand, generation mix, weather conditions and how often each type of generation is offered into the market³.

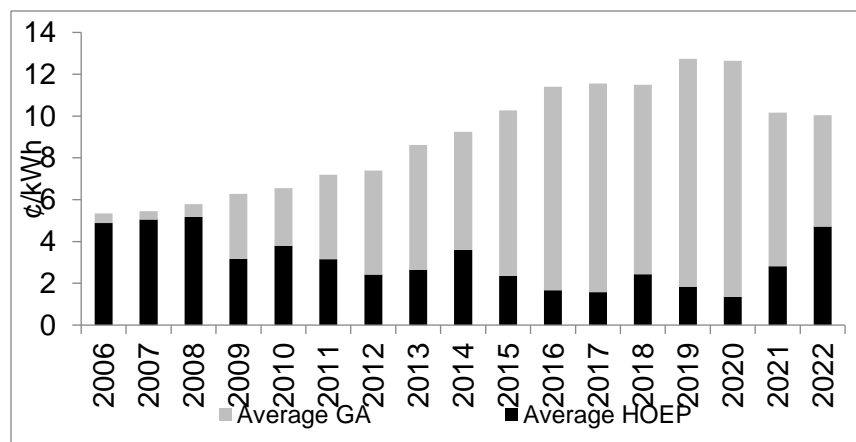
The annual average HOEP in 2022 was 4.71 ¢/kWh, and the average GA price component in 2022 was 5.33 ¢/kWh. The overall combined average commodity price for electricity was a 1% decrease from 2021.

Table 3: Annual Average HOEP & GA Comparison

Price(¢/kWh)	2022	2021	% Difference	Result
HOEP	4.71	2.81	68%	↑
GA	5.33	7.35	-27%	↓
Combined	10.04	10.16	-1%	↓

It is possible to fix the price on forward terms for the HOEP. However, doing so does little to protect against the greater fluctuations of the GA, which typically makes up the larger portion of commodity costs. Staff recommendations have been to not hedge against the HOEP due to unfavourable market conditions. In 2022, the average HOEP was almost on par with the average annual GA, (47% and 53% respectively), as illustrated in Figure 4.

Figure 4: Electricity Commodity - Annual Average Price of HOEP and GA 2006-2022



³ <https://www.ieso.ca/en/Learn/Electricity-Pricing-Explained/The-Value-of-Electricity-Markets>

Global Adjustment

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

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

For billing of the GA costs, most commercial consumers are on a Class B rate. Class B consumers pay a regulated GA rate set monthly and posted by the IESO. Eligible, high electrical demand customers can opt for a Class A rate. Class A rate customers pay the GA costs based on their percentage contribution to the total monthly provincial GA costs, calculated on the top five peaks during a peak setting period. This is called the peak demand factor (PDF). Class A customers can impact their GA costs by reducing demand during peak periods, resulting in lower costs.

Class A sites within the City include 900 Woodward Avenue, 700 Woodward Avenue, 850 Greenhill Avenue, 78 Kenilworth North and CUP Operations. In July 2022, Tim Hortons Field was re-added (it had fallen off during the 2020-2021 period due to COVID-19 closures). The results for 2022 was a cost benefit of \$3.56M as shown in Table 4.

Table 4: 2022 Global Adjustment Class A Results

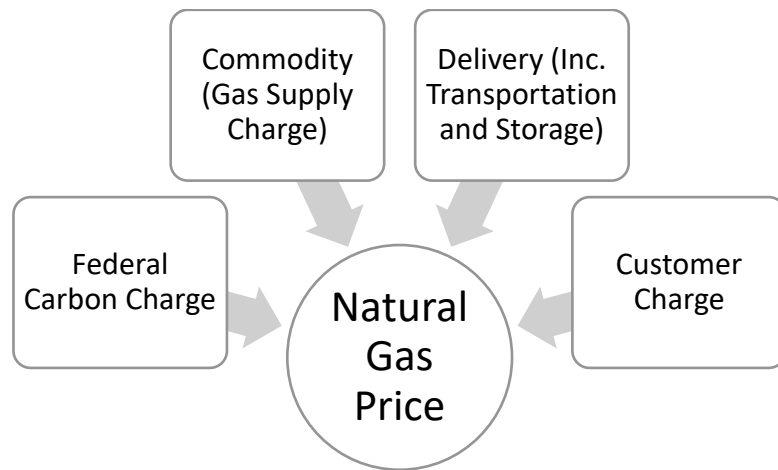
Global Adjustment Class A Results	2022 Results	Cumulative Results*
Levy (Tax) Supported Budget	\$ 929,594	\$ 12,144,620
Rate Supported Budget	\$ 2,628,391	\$ 38,189,304
Total Cost Benefits:	\$ 3,557,985	\$ 50,333,924

*Annual cumulative benefits 2011-2022

Natural Gas

The natural gas price includes gas supply charges (commodity), delivery, federal carbon charge and customer charges. Hamilton is served by one local distribution company, Enbridge Gas Inc.

Figure 5: Sample Natural Gas Price Components



The City’s overall expenditure for 2022 natural gas was \$5.7 M for City facilities. This is an increase of 10% over 2021 costs. There was an increase of 6% in natural gas consumption compared to 2021 totals, which was not unexpected. The biosolids production activity with Hamilton Water increased in 2022, and usage from heating of buildings had returned to pre-pandemic levels. The heating degree days (HDD) which is a measure of how much and for how long the outside temperature was lower than 18° C were 8% higher in 2022 than in 2021 and 1% higher than the 5-year average.

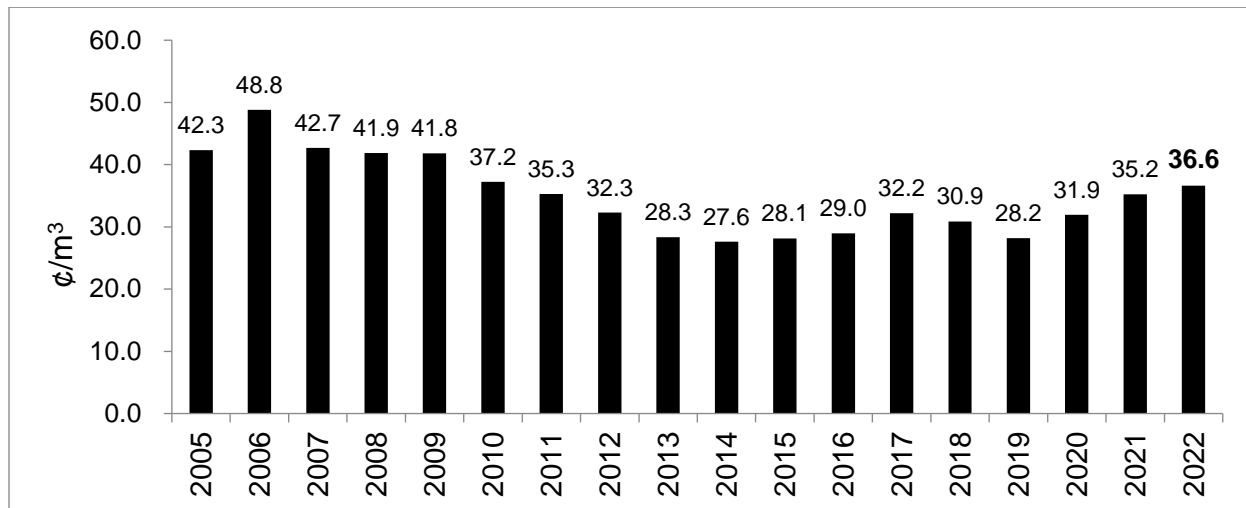
The overall average unit price was 36.6 cents per cubic metre (¢/m³), which was a 4% increase compared to 2021.

Table 5: Natural Gas Cost Comparison

Natural Gas	2022	2021	% Difference	Result
Cost (\$M)	\$5.7	\$5.1	10%	↑
Unit Price (¢/m ³)	36.6	35.2	4%	↑

The average price for natural gas, year over year, from 2005 to 2022 is outlined below in Figure 6.

Figure 6: City of Hamilton Annual Average Natural Gas Cost – All in ($\text{¢}/\text{m}^3$)



The largest impact to costs continues to be the annual increase to the Federal Carbon Charge (FCC). The FCC, mandatory for provinces without a designated carbon reduction plan, was implemented in Ontario starting August 2019. The FCC is charged per cubic meter of consumption and is included on Enbridge Gas bills. The FCC is set to increase annually every April and does increase costs as a result. The charge for the January to March 2022 period was 7.83 $\text{¢}/\text{m}^3$ and increased to 9.79 $\text{¢}/\text{m}^3$ as of April 2022.

Natural Gas Risk Management

Natural gas can be a volatile commodity. There are many factors that can influence prices in natural gas markets including weather, supply, demand, world political events and changes to refining and extraction technologies for the gas itself. To maintain control of costs and minimize the degree of price volatility, the City has purchased its natural gas directly from the wholesale market (since June 2006). The City has supply agreements with multiple parties to allow for competitive purchasing.

Overall, the strategy is dynamic and adapts to changes in market conditions. For example, a portion of natural gas supply may be purchased as much as two to three years in advance to protect against market volatility while other portions are purchased just a month or two in advance. Fixing the price on a portion of the City's natural gas volumes results in better budget predictability and protection against market fluctuations, particularly during extreme weather conditions or unforeseen events.

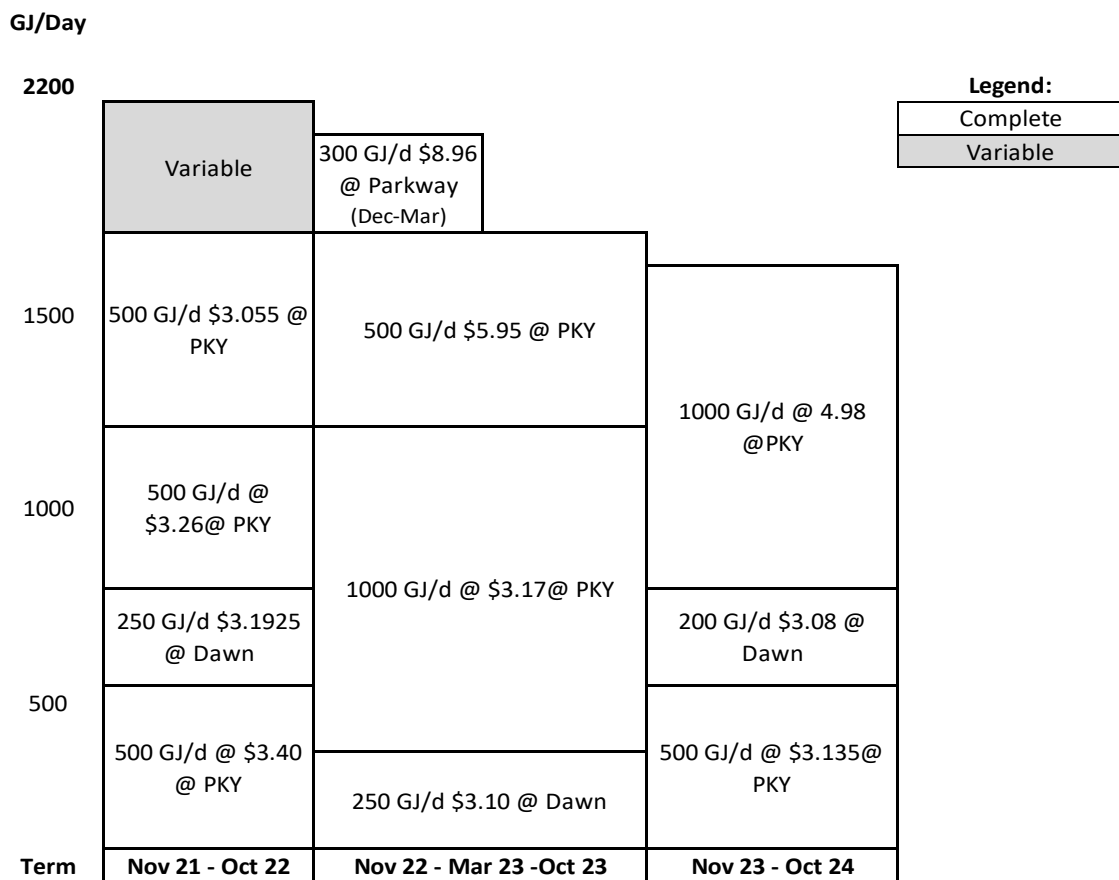
The City purchases natural gas for City-owned facilities (excluding CityHousing Hamilton) and for the Transit natural gas bus fleet, which is then compressed (CNG) for fuelling. The average 2022 price for the natural gas (commodity only) was \$4.30 per gigajoule (GJ) ($\$0.166/\text{m}^3$) including a blend of hedged and unhedged (variable)

volumes. This does not include any Enbridge Gas charges such as delivery, storage or federal carbon charge which make up the total price.

For the majority of 2022, an average of 78% of natural gas supply was fully hedged. This was based on 2022 volume requirements across all contracts. A portion of volumes for forward terms have also been hedged. Figure 7 provides a profile of the completed hedges shown with volumes (GJs) and prices.

The natural gas market trended upward in 2022, particularly with short-terms (such as next day or next month). There was increased demand for natural gas both domestically and abroad, as unrest triggered pressure on prices. Prices in the summer months were higher than typical for that time of year. Forward terms for purchases into 2024 and 2025 also increased. Staff monitors the market and continues to develop strategies for purchasing into the forward terms to capture agreeable market opportunities and help mitigate volatile and uncertain periods.

Figure 7: Natural Gas Hedge Profile (as of January 2023)



Notes on Figure 7:

- GJ/Day = Gigajoule per day
- PKY = Parkway Ontario delivery point
- Dawn = Dawn Ontario delivery point

The City benchmarks its natural gas hedging performance against the procurement program that is offered by the Association of Municipalities of Ontario / Local Authority Services (AMO/LAS). The AMO/LAS purchasing program is available for municipalities that do not have their own hedging programs. The comparison is shown in Figure 8 with overall results shown in Table 6. In 2022, the posted AMO rate was less than the actual cost of the City’s commodity. Although hedging did mitigate some of the higher prices in mid-2022, overall the City’s price was 4% higher.

Figure 8: Annual Average Price Comparison of City to AMO/LAS Natural Gas Program⁴

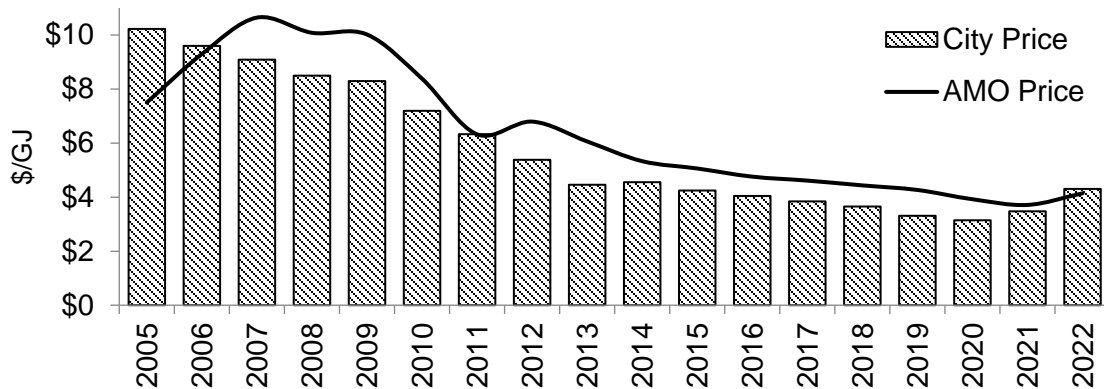


Table 6: Performance of Natural Gas Hedging Activity Compared to AMO/LAS Program

Natural Gas Hedging Performance Results	2022 Results	Cumulative Results ⁵
Levy (Tax) Supported Budget	-\$ 86,195	\$ 7,720,686
Rate Supported Budget	-\$ 41,320	\$ 1,379,759
Total Cost Benefits:	-\$ 127,514	\$ 9,100,445

Although hedging activities do serve to effectively manage the commodity portion of natural gas prices, controlling consumption plays a role in managing the overall costs of natural gas.

Natural Gas Agreements for Supply, Transportation, Storage and Delivery

In 2022, the City had master agreements for natural gas supply in place with Shell Energy North America (Canada) Inc., Tidal Energy Marketing Inc., Royal Bank of

⁴ As posted on LAS program website. <https://www.las.on.ca/>

⁵ Performance relative to AMO/LAS Natural Gas Hedging Program 2006-2022

Canada and Twin Eagle Resource Management Canada LLC. All current supply counterparties have credit ratings that are compliant with the Corporate Energy Policy.⁶

In addition, the City has contracts in place with Enbridge Gas that are required to facilitate the transportation, delivery and storage of the City's natural gas supply. The utility agreements include a direct purchase agreement for City sites, two T1 rate storage contracts for managing Transit CNG and Hamilton Water biosolids plant and an M13 rate production contract for renewable natural gas.

Direct Purchase Agreements (DPA) with Enbridge Gas

DPAs outline the terms of service for delivery of natural gas, including designated delivery points, contract volumes and storage. The parameters are shown below in gigajoules (GJ) which is the unit in which gas is purchased to meet the requirements. Prices and consumption data on Enbridge Gas bills are reported in cubic metres (1 GJ = ~26 cubic metres (m³)). In 2022, the agreements and parameters on contract renewal were:

- SA7020 for 1,032 GJ/day – 254 miscellaneous City natural gas accounts which run from November 1 to October 31 each year.
- T1 for 692 GJ/day (increased to 832 GJ/day as of September 2022) - For Transit's CNG bus fleet and transit site. The contract runs September 1 to August 31 each year.
- T1 for 460 GJ/d (as of May 1, 2022) – For Hamilton Water biosolids production operation. The contract runs from May 1 to April 30 each year.

Each DPA has its own specific delivery requirements, at different points along the variety of pipelines within North America and are reviewed and renewed annually. DPAs may also be amended throughout the year or adjusted to meet specific parameters.

Compressed Natural Gas (CNG)

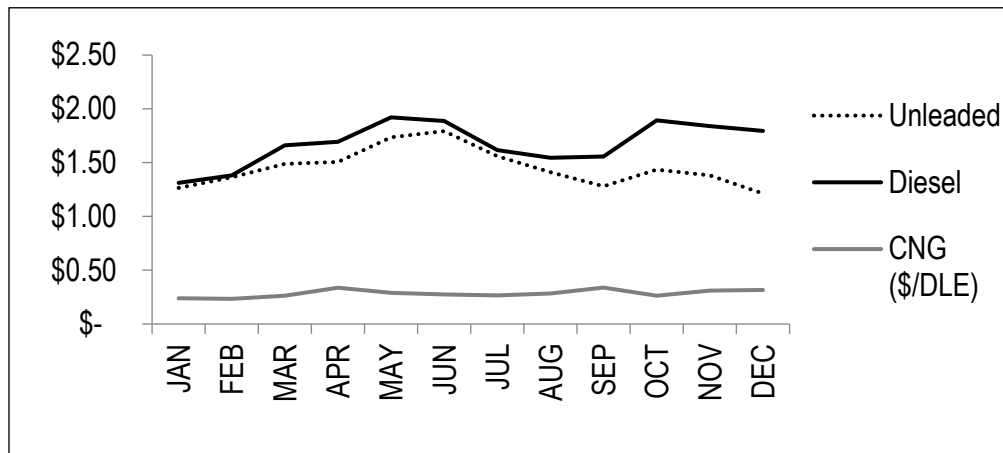
Natural gas is also purchased for Transit's fleet of natural gas buses. The CNG station at the Mountain Transit Centre services the fleet of existing and growing number of natural gas buses for the City.

The CNG station operates under a natural gas storage contract (T1) noted above. The T1 is a daily-balanced contract with storage availability. The difference between the daily volumes purchased and consumed are injected or withdrawn from the storage account. The contract allows for greater flexibility in managing the supply but must be reviewed daily to adhere to specific storage parameters.

⁶ Twin Eagle Resource Management Canada LLC is a private company and ratings are not publicly posted, however their financial statements are available for review. The City is in the process of determining requirements for a financial review.

The Transit fleet of natural gas buses totalled around 188 by the end of 2022 and is expected to increase with a series of replacements from diesel to CNG. Natural Gas has a lower cost compared to diesel; however, it does operate at approximately 75% efficiency per diesel litre equivalent when compared to diesel bus usage. In 2022, the total cost of natural gas for the buses was \$1.97 M. Figure 9 shows the City’s monthly fuel prices with CNG price converted to diesel equivalent (DLE).

Figure 9: 2022 Monthly Average Fuel Prices⁷ for Diesel, Unleaded Gasoline and CNG



When converted to diesel equivalent dollars and adjusting for efficiency⁸, Transit spent \$6.5 M less in fuel costs using CNG buses than they would have using only diesel buses.

Table 7: 2022 Cost Benefit of CNG as Compared to Diesel

2022		
Diesel Litre Equivalent (L)		6,891,128
Number of DLE Litres of Diesel Required*		5,099,435
DSL cost at \$1.66/L (Average Fuel Price)	\$	8,486,282
2022 CNG Cost	\$	1,973,601
Avoided fuel cost by using CNG	\$	6,512,681

Traditional Fuel Supply

The City of Hamilton purchases diesel and gasoline fuel for its fleet of vehicles including buses, waste collection vehicles, snow removal trucks, street sweepers, forestry and parks vehicles, as well as Fire and Emergency Services vehicles. In addition, the City purchases fuel for Hamilton Police Services. In 2022, the City’s fuel procurement strategy was using a bulk supply agreement with Suncor Energy Products Partnership.

⁷ Prices include Fleet charge of 3.5 cents per litre for diesel and gasoline.

⁸ Average of CNG buses run at ~75% of DLE compared to average DSL bus.

Fuel contracts are reviewed annually and based on pricing, deliverability and fuel types, the strategy can be adjusted accordingly.

The pricing for diesel and gasoline for 2022 was the daily “rack” price of each required fuel type from Hamilton terminal with negotiated discounts, delivery charges and taxes. Paying daily rack pricing for fuel assures the City is getting the lowest available price on the market for that day. Suncor Energy Products Partnership has a credit rating that is compliant with the Corporate Energy Policy.

The 2022 budget prices for diesel and gasoline were both set at \$1.10 per litre. The actual average diesel and gasoline unit prices ended 2022 over budget, and overall costs were 33% over the set budget. Prices for diesel and gasoline increased steadily in 2022 as provincial and global demand for fuels increased, and political unrest resulted in upward pressure on prices for oil. Also, consumption was slightly less, the increase in costs saw the variance of actual to budget was over \$4.7 M in 2022. Table 8 shows the 2022 results as compared to budget.

Table 8: 2022 Actual Fuel Consumption and Costs Compared to Budget
(Diesel and Gasoline)

Fuel Type	2022 Budget	2022 Actual	2022 Variance (Actual - Budget)	
Diesel Consumption (L)	8,064,792	7,664,103	-	400,689
Diesel Cost (\$)	\$ 8,871,268	\$ 12,754,304	\$	3,883,036
Diesel Unit Price (\$)	\$ 1.10	\$ 1.66	\$	0.56
Gasoline Consumption (L)	2,552,471	2,541,761	-	10,710
Gasoline Cost (\$)	\$ 2,807,730	\$ 3,703,290	\$	895,560
Gasoline Unit Price (\$)	\$ 1.10	\$ 1.46	\$	0.36
Total Consumption (L)	10,617,262	10,205,864	-	411,399
Total Costs (\$)	\$ 11,678,998	\$ 16,457,594	\$	4,778,596

Purchasing wholesale fuel does help insulate the City from some of the costs associated with fuel that might otherwise be purchased at the at public fuel stations, largely associated marketing fees. However, City prices do include Fleet’s fee of 3.5 cents per litre.

Fuel Risk Management

Like other commodities, diesel and gasoline markets are volatile and are impacted by many local and global factors. One method to manage volatility is to hedge volumes for a forward term at a set price. This is typically achieved by using a financial hedge to manage fluctuations in the market. Although the City has hedged in the past and staff

continue to monitor related markets for favorable opportunities, no volumes were hedged in 2022 or are currently hedged for future.

Contract Agents

Managing the annual energy cost of over \$47 M requires continuous attention within an ever-changing energy industry. To maximize available expertise, the City uses outside consultants (Contract Agents) to assist staff with the complex energy commodity markets and associated regulatory frameworks. In 2022, the City had a professional services agreement with Jupiter Energy Advisors Inc. to assist with the day-to-day management of the City's natural gas portfolio.

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

Consistency with City Energy Commodity Hedging Policy and Goals

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

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

Glossary of Common Acronyms and Terms

CDD = Cooling Degree Days: Is a measure of how much (in degrees) and for how long, the outside air temperature was higher 18°C.

Class A / Class B: The rate classes for global adjustment that is based on electrical demand. Class A is eligible high demand enrolled in the ICI program; Class B is a typical commercial demand customer.

Commodity Hedging is the process of fixing prices for specific terms for natural gas, fuels or electricity (commodities).

Corporate Energy & Sustainability Policy is the revised and renamed corporate policy (previously the Corporate Energy Policy) governing energy-related decisions for corporately run assets.

CNG = Compressed Natural Gas: Natural Gas that is compressed at a station for fuelling vehicles.

DLE = Diesel Litre Equivalent

GA = Global Adjustment: Makes up a portion of the electricity commodity with the HOEP.

GJ = Gigajoule: Unit of measure that natural gas is typically purchased in from suppliers. 1 GJ = 26.8 m³.

HDD = Heating Degree Days: Is a measure of how much (in degrees) and for how long, the outside air temperature was lower than 18°C.

HOEP = Hourly Ontario Electricity Price: Makes up a portion of the electricity commodity with the GA.

ICI = Industrial Conservation Initiative: The global adjustment initiative by the IESO for high demand customers eligible as Class A.

IESO = Independent Electricity System Operator: the market operator for Ontario electricity.

kWh = Kilowatt-hour

Market Price refers to (in this case) the current price that the commodity can be bought or sold and is influenced by supply and demand factors.

m³ = Cubic Metres: Unit of measure that natural gas is billed in by Enbridge gas.

OEB = Ontario Energy Board: Regulatory board for utilities.

Rack Price refers to the price of diesel or gasoline at the distribution terminal, loaded and ready for delivery.


Rate Optimization refers to ensuring that utility accounts are assigned to the appropriate rate class to result in best cost benefit.

Unit Cost is the total price of variable and fixed costs per unit. In this report it refers to unit costs of electricity, natural gas and fuels.

Utility Rates refers to the rate classes identified by local utility providers.



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 21, 2023
SUBJECT/REPORT NO:	Transportation Operations Inventory Audit and Follow up to Audit: Management Update (PW23061) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brian Zaffuto (905) 546-2424 Ext. 4625
SUBMITTED BY:	Carolyn Ryall Director, Transportation Division Public Works Department
SIGNATURE:	

COUNCIL DIRECTION

On November 5, 2020, Council directed the General Manager, Public Works to implement the Management Responses contained within the Transportation Operations Inventory Audit and Follow up to Audit Report AUD14017 (AUD20008) (City Wide) and report back to Audit, Finance and Administration Committee by September 2023, on the nature and status of actions taken.

INFORMATION

The Transportation Operations Inventory Audit (AUD20008) (City Wide) assessed the management of the City of Hamilton's (City) Transportation Operations inventory to identify gaps that expose the inventory to the risk of fraud and misappropriation. The Office of the City Auditor (OCA) followed up on 9 recommendations from a similar audit conducted in 2013 (AUD14017) and made 22 new recommendations to strengthen controls and increase process efficiencies related to inventory control.

Out of the new 22 recommendations, management agreed with 19 recommendations and partially agreed with 3 recommendations. Management provided responses for implementation, with completion by the end of 2022.

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: Transportation Operations Inventory Audit: Management Update
(PW23061) (City Wide) – Page 2 of 3**

The purpose of Information Report PW23061 – Transportation Operations Inventory Audit: Management Update, is to provide the Audit, Finance and Administration

Committee with a status report on the 22 recommendations as directed by the Office of the City Auditor.

A working group was established, representing the Transportation Division within the Public Works Department to address the 22 recommendations.

An implementation plan for the audit recommendations was developed and work is nearing completion for the various action items. A summary of the progress to date is attached to Report PW23061 as Appendix “A”.

Please note that management from the Public Works Department has prepared this update and the Office of the Auditor General, at their discretion, may perform a follow up audit to validate this information.

Implementation of the recommendations will incorporate industry best practices, ensure a more robust inventory management approach and embed continuous improvement and quality management processes to inventory handling. The initiatives will align with the future implementation of the Enterprise Asset Management System (EAM). The following 12 standard operating procedures have been developed and published to satisfy the 22 recommendations:

Standard Operating Procedure Title	Publish Date
Transportation Operations Inventory Management – Cycle Counts Procedure	February 2021
Transportation Operations Inventory Management – Year End Counts Procedure	February 2021
Transportation Operations Inventory Management – Inventory Adjustments Procedure	February 2021
Transportation Operations Inventory Management – Return Merchandise Authorization Procedure	April 2021
Transportation Operations Inventory Management – Materials Return from the Street Procedure	April 2021

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**SUBJECT: Transportation Operations Inventory Audit: Management Update
(PW23061) (City Wide) – Page 3 of 3**

Transportation Operations Inventory Management – Re-order Points Procedure	April 2021
Transportation Operations Inventory Management – Cable Management and Reconciliation Procedure	September 2021
Transportation Operations Inventory Management – Disposal of Obsolete, Excess, and Dormant Inventory Procedure	October 2021
Transportation Operations Inventory Management – Classification and Identification of Inventory Procedure	October 2021
Transportation Operations Inventory Management – Stockroom, Business & Internal Control Procedure	January 2022
Transportation Operations Inventory Management – Sign Fabrication Shop Inventory Procedure	March 2022
Transportation Operations Centre Inventory Operation Plan	December 2022

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

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PW23061 – Transportation Operations Inventory Audit Deliverables

PUBLIC WORKS**TRANSPORTATION OPERATIONS INVENTORY AUDIT DELIVERABLES**

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
1.	That standard operating procedures be created for all inventory-related processes, including the disposal of obsolete and excess inventory (that aligns with Procurement By-Law No. 17-064), disbursement of inventory to contractors and other City employees, inventory counts and security footage review. These procedures should apply to all current and future inventory locations. These procedures should include roles, responsibilities, process flow charts, sample documents and clear instructions to assist employees understand what is expected. A change management plan should be created to introduce the new operating procedures, including training and reinforcement with staff. Procedures must be reviewed at least annually and updated (as required). Evidence of the annual review should be documented and retained for audit purposes.	Agreed	The Transportation Operations & Business Initiatives sections will develop an operational plan to include all components of inventory management. The purpose of this operational plan is to document policies and procedures related to the operation and maintenance of the inventory system.	Q3 2021	<ul style="list-style-type: none"> - Completed. - Transportation Operations Centre Inventory Operation Plan published - 11 additional inventory related Standard Operating Procedures (SOPs) published to guide staff in properly managing and handling inventory. - Roles and responsibilities are outlined in procedures. - Procedures are reviewed annually and updated if required.
2.	That management implement a more robust system of measurement by incorporating performance metrics into the standard operating procedures outlined in Recommendation #1. These metrics should be monitored by management and used to enhance inventory management around obsolescence, shrinkage, waste and scrap values.	Agreed	The definition of performance metrics will be a key element in the development of the operational plan. The optimization of the new metrics will be monitored through the existing performance measurement methodology via the divisional balanced scorecard and annual reports.	Q4 2021	<ul style="list-style-type: none"> - Completed. - Transportation Operations Inventory Management – Stockroom, Business & Internal Control Procedure published, which outlines the management of key inventory performance metrics including obsolescence, shrinkage, waste and scrap values.

PUBLIC WORKS

TRANSPORTATION OPERATIONS INVENTORY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
3.	That management review the job duties and roles performed for all positions to ensure that responsibility and accountability for inventory management is included at appropriate levels and duties are appropriately organized overall. Changes should be reflected in standard operating procedures as well as in job descriptions (as required).	Agreed	The division is reviewing and will modify the organizational structure implementing the changes accordingly. The associated changes to the roles and responsibilities will be outlined in the operational plan and standard operating procedures.	Q1 2021	<ul style="list-style-type: none"> - Completed. - Roles and responsibilities are documented in all published SOPs including responsibilities for individuals in the field using inventory. - Additionally, the Senior Project Manager-Inventory Management role was created and filled in January 2021. Per the job description, the position is “accountable for ensuring that inventory and supply chain management for the Transportation and Operations Maintenance Division meet or exceed inventory best practices/standards”
4.	That Transportation Operations management be provided with read-only access and training to view inventory levels in Hansen and run inventory reports.	Agreed	Business Initiatives will coordinate immediate access to Hansen with revised permission settings and complete require training for Supervisor level and above. Business Initiatives will develop an inventory report schedule for staff reference.	Q2 2020	<ul style="list-style-type: none"> - Completed. - Management was provided with read-only access and training. Training was held in Q1 2021. In addition to the read-only access, three weekly reports are sent out every Monday on stock levels to other applicable positions.
5.	That management undertake initiatives to break down silos between various sections and build a more inclusive, cooperative and collaborative environment. Such activities should focus on building awareness, desire, knowledge, ability and reinforcement to support change.	Agreed	The operational plan will also include the development of a change management plan so that the construction of an operational plan will assist in building awareness and enhance collaboration among cross-functional groups.	2020-2022	<ul style="list-style-type: none"> - Completed. - Cooperation/compliance among all individuals across all Transportation Operations and Business Initiatives roles in the SOPs has been achieved.
6.	That management review the primary and secondary inventory structure and what is stored in each area. Focus should be placed on the level of risk, control and access	Agreed	Management will undertake the risk-based assessment of storage and complete a Kaizen event to optimize the inventory structure and breakdown.	Q2 2021	<ul style="list-style-type: none"> - Completed. - A Kaizen event was completed in the summer of 2021 where there was a reorganization of the stockroom that considered the risk, accessibility, and frequency of use of many items.

PUBLIC WORKS

TRANSPORTATION OPERATIONS INVENTORY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
	required when decided which items are stored in primary or secondary inventory.				- Management has reviewed the primary and secondary inventory structure and how inventory is stored in each area.
7.	That management implement additional controls to monitor higher risk items that remain in secondary inventory. Such controls may include cycle counts, reasonability analyses, utilizing usage-tracking technology (such as vending machines and rope counters), or creating and monitoring additional inventory classifications (such as work vehicles).	Agreed	The definition of control measures required for the secondary inventory will be in alignment with the development of standard operating procedures in recommendation #1.	Q3 2021	<ul style="list-style-type: none"> - Completed. - An inventory classification method was developed as part of the Cycle Count SOP which assigns a classification to all inventory parts based on their per unit value and/or total inventory value. - This classification is assigned to inventory items in both Primary and Secondary locations and the cycle count cadence is scheduled based on the classification and location of the part.
8.	That management record all non-consumable items as inventory in Hansen. As part of this work, management should consult with Hansen support personnel to determine whether current capital items may be recorded in Hansen for tracking purposes only without charging costs out when materials are used.	Agreed	Management will prioritize the implementation of this recommendation before the end of this calendar year to ensure correct identification and tracking of all non-consumable items. Alternative approaches to Hansen will be investigated and may be adopted for tracking purposes.	Q4 2020	<ul style="list-style-type: none"> - Completed. - All non-consumable inventory items are being tracked and managed.
9.	That Business Initiatives undertake a Kaizen or Kanban exercise to improve the organization of the stockroom and other secondary locations. Consideration should be given to designating specific areas to segregate and hold materials set aside for specific projects, obsolete goods awaiting disposal and items designated as "do not inventory".	Agreed	We will undertake a Kaizen event or a methodology that results in a stockroom that is clean, uncluttered, safe and well organized.	Q2 2021	<ul style="list-style-type: none"> - Completed. - A Kaizen event was conducted in the summer of 2021 which resulted in improved organization in the stockroom and secondary locations. - Specific areas to segregate and hold materials set aside for specific projects, obsolete goods awaiting disposal and items designated as "do not inventory" has been created.

PUBLIC WORKS

TRANSPORTATION OPERATIONS INVENTORY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
10.	That Business Initiatives review current part numbers and improve how inventory items are classified. This should include creating individual identifiers for kit components and signage.	Agreed	Business Initiatives will prioritize the implementation of this recommendation to ensure the correct identification and tracking of all existing part numbers before the end of the calendar year.	Q4 2020	<ul style="list-style-type: none"> - Completed. - Individual identifiers for kit components and signage has been created. - Two additional Work Instructions have been published to help staff create, assemble, and disassemble inventory kits.
11.	That Business Initiatives include a description, picture and location code in Hansen for each part number to assist Traffic Operations Clerks locate items quickly within the warehouse.	Partially Agreed	Business Initiatives will investigate alternative approaches to fulfill the need of an ideal classification and identification of the inventory. Management may not necessarily use the current system Hansen for implementation of this recommendation.	Q2 2021	<ul style="list-style-type: none"> - Completed. - Classification and Identification of Inventory Procedure is published, which establishes a labeling convention for locations by bins. - These locations and description are in Hansen for all primary inventory.
12.	That management revise the returned materials policy to include more oversight and a more formal process over the reuse and disposal of goods (e.g. storage location, disbursement, etc.). A record should be kept of more significant disposed items which should be reviewed by management to identify possible product issues or warranty opportunities. Training should be provided to staff to build awareness of how items may be reused and recycled. Inappropriate behavior should be reinforced through the performance management process.	Agreed	The development of a returned material policy will be incorporated in the standard operating procedures in recommendation #1.	Q4 2020	<ul style="list-style-type: none"> - Completed. - A Materials Returned from the Street Procedure SOP published in April 2021 which covers materials which may be replaced, damaged, obsolete, or excess. - Training has been provided to staff to build awareness of how items may be reused.
13.	That Business Initiatives reach out to Finance and Tangible Capital Assets to determine the best way to value materials returned from the street and how these transactions are recorded in Hansen. The valuation choices in Hansen should be restricted to eliminate possible data entry errors.	Agreed	Business Initiatives will collaborate with Finance to define the best methodology to record system transactions and value materials returned from the street.	Q4 2020	<ul style="list-style-type: none"> - Completed. - Materials Returned from Street SOP, parts which can be reused, repaired parts once repaired, and warranty items are also returned to Hansen at average cost. This was decided in collaboration with Finance.

PUBLIC WORKS

TRANSPORTATION OPERATIONS INVENTORY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
14.	That management explore the feasibility of going paperless or adopting a paper-lite approach in both inventory management and operations. Opportunities should be explored in advance of implementing a new Enterprise Asset Management system in early 2021. A change management plan should be developed to support staff at all levels.	Partially Agreed	Management will adopt a paper-lite approach in accordance with the implementation of the Enterprise Asset Management System.	TBD Timeframe is dependent on the implementation of the Enterprise Asset Management System.	<ul style="list-style-type: none"> - Work in Progress. - The Enterprise Asset Management (EAM) System is estimated to be implemented in 2025. How the system will be used for the paper-lite approach is still to be determined by management, depending on what EAM will be able to support.
15.	That management develop an inventory count procedure describing the strategy and methodology to be followed for both year end and cycle counts. Management should oversee and monitor staff performance during inventory counts, including observation during the count, review of count documents and performing sample recounts.	Agreed	Business Initiatives will prioritize the implementation of this recommendation to ensure an accurate inventory count procedure is adopted before the end of the calendar year.	Q4 2020	<ul style="list-style-type: none"> - Completed. - A Year-End Inventory SOP and Cycle Count SOP was published in February 2021 which details the strategy and methodology to be followed for each of the respective counts including criteria for recounts.
16.	That management create a schedule indicating when cycle counts will occur and what will be counted. Staff should provide the cycle count forms to management at the end of the count for review and approval.	Agreed	Business Initiatives will prioritize the implementation of this recommendation to create a schedule for cycle counts before the end of the calendar year.	Q4 2020	<ul style="list-style-type: none"> - Completed. - Schedule for cycle counts of primary and secondary inventory is created at the beginning of each year in compliance with the Year-End Inventory and Cycle Count SOPs published in February 2021.
17.	That management implement safeguards for adjusting inventory within the system. One consideration may be for management to review and approve all inventory adjustments on a weekly basis. Management should compare the adjustment to the count form and explanations provided by staff to validate that the adjustment is appropriate. Management should sign and retain the transaction listing, along with supporting	Agreed	The associated changes to the roles and responsibilities for inventory adjustments will be outlined in the operational plan and standard operating procedures.	Q4 2020	<ul style="list-style-type: none"> - Completed. - Relevant staff reviews inventory adjustments and tracks related adjustment KPIs weekly. A weekly report for inventory adjustments is run and relevant staff reviews the adjustments made and investigates and inquires as needed. These also include any adjustments made because of a scheduled cycle count.

PUBLIC WORKS
TRANSPORTATION OPERATIONS INVENTORY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
	documentation, as evidence of their review for future audit purposes.				
18.	That management recommit to the nine management action plans outlined in the original audit. Management should review the audit observations to understand the issues which led to the audit recommendations and consider implementing alternative action plans (as required) considering the new recommendations brought forward.	Agreed	All outstanding recommendations will be addressed by the Transportation Operations & Business Initiatives sections with the development of an operational plan to include all components of Inventory Management.	Q3 2021	<ul style="list-style-type: none"> - Completed. - All nine recommendations in Public Works-Traffic Inventory (AUD14017) have been completed.
19.	That management work with Facilities to ensure all cameras at the Traffic Operations Centre are functional.	Agreed	Transportation Operations will prioritize the implementation of this recommendation to improve levels of security and protection of assets. This will require the coordination of activities with Facilities to ensure cameras are functional.	Q4 2020	<ul style="list-style-type: none"> - Completed. - All cameras at the Traffic Operations Center (TOC) are now functional and additional cameras were added. - Corporate Security did an assessment of the entire TOC compound in 2021 which resulted in the repair of cameras which were previously offline as well as the addition of more cameras. During this follow-up review, CCTV access was set-up for staff.
20.	That management work with Facilities to maintain restricted access at the main entrance gate. Citizens and others requiring access to the yard may buzz using the intercom. Visitors should be accompanied by staff while at the Traffic Operations Centre.	Agreed	The main entrance gate is now secure, and intercom is active.	Q3 2020	<ul style="list-style-type: none"> - Completed. - The main entrance gate is secure and requires an intercom call to be opened. - Visitors are required to sign in and list their name, affiliation, and who they are there to see.


PUBLIC WORKS

TRANSPORTATION OPERATIONS INVENTORY AUDIT DELIVERABLES

	Audit Recommendation	Agreed/ Disagreed	Management Response	Expected Completion Date	Status Update
21.	That Business Initiatives position one of the Traffic Operations Clerks' workstations at the loading dock to monitor activity, and work with Facilities to install a window or peep hole in the rear access door to improve security.	Partially Agreed	Implementation will require other groups and resources to support the effort. Alternative measure for consideration is that the rear door stays closed. Additional security measures will be reviewed with Corporate Security.	Q2 2021	<ul style="list-style-type: none"> - Completed. - There is now a monitor set up at the rear access door which streams from a camera pointed at the door. Traffic Operation Clerks can view the monitor and see who is on the other side of the door before opening.
22.	That management work with Facilities to explore additional safeguards to reinforce the chain link fence and further prohibit unwanted entry into the yard.	Agreed	Management will engage Corporate Security to explore additional safeguards.	Q2 2021	<ul style="list-style-type: none"> - Completed. - As part of Corporate Security's assessment of the TOC compound in 2021, they reviewed the fencing and cut back some of the shrubbery to better expose the visibility of the fence lines.



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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 21, 2023
SUBJECT/REPORT NO:	Capital Project Closing Report as of June 30, 2023 (FCS23095) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Duncan Robertson (905) 546-2424 Ext. 4744 Kirk Weaver (905) 546-2424 Ext. 2878
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION

- (a) That the General Manager, Finance and Corporate Services, be authorized to transfer a net amount of \$1,110,659.14 to the Unallocated Capital Levy Reserve (108020) and a net amount of \$1,783,633.93 to other reserves as outlined in Appendix "A" to Report FCS23095;
- (b) That the General Manager, Finance and Corporate Services, be directed to close the completed and / or cancelled capital projects listed in Appendix "B" to Report FCS23095 in accordance with the Capital Projects Closing and Monitoring Policy;
- (c) That Appendix "C" to Report FCS23095, Capital Projects Budget Appropriations for the period covering January 1, 2023 through June 30, 2023, be received as information; and
- (d) That Appendix "D" to Report FCS23095, Capital Projects Budget Appropriations of \$250,000 or greater and Capital Project Reserve Funding Requiring Council Approval, be approved.

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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: Capital Project Closing Report as of June 30, 2023 (FCS23095)
(City Wide) – Page 2 of 8**

EXECUTIVE SUMMARY

Report FCS23095 presents and recommends closure of the capital projects that have been completed or cancelled as of June 30, 2023. In addition, Report FCS23095 provides historical information for capital budget appropriations in accordance with the Capital Projects Monitoring Policy and Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031).

Appendix “A” to Report FCS23095 summarizes net transfers to and from reserves as a result of completed or cancelled projects for the period covering January 1, 2023 through June 30, 2023, as well as, highlights the net impact on the Unallocated Capital Levy Reserve and other capital reserves.

Appendix “B” to Report FCS23095 lists the individual projects to be closed. A total of 73 projects with a combined budget of \$62,562,741.01 are being recommended for closure and are summarized as follows:

- \$12,740,221.67 relating to 19 completed projects funded from the Capital Levy which result in a net surplus amount of \$1,110,659.14 to be returned to the Unallocated Capital Levy Reserve (108020);
- \$19,749,722.78 relating to 34 completed projects funded from other program specific reserves in a net position, which result in a net surplus of \$1,783,633.93 being returned to reserves; and
- \$30,072,796.56 relating to 20 projects completed on or under budget that do not impact reserves.

All capital projects listed for closure in Appendix “B” to Report FCS23095 have been reviewed and determined to be complete, with all revenue and expenditure transactions relating to these projects having been processed. Any funding adjustments necessary to close the projects in accordance with the Capital Projects Closing and Monitoring Policy (Report FCS05044, Report FCS07081(a) and Report FCS14031) are reflected in the amounts presented.

Appendix “C” to Report FCS23095 lists the appropriation of funds between capital projects, totalling \$2,081,597.43 for the period covering January 1, 2023 through June 30, 2023 in accordance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031).

Appendix “D” to Report FCS23095 lists all the capital project(s) budget appropriations of \$250,000 or greater and work-in-progress capital projects requiring funding from reserves that require Council approval.

**SUBJECT: Capital Project Closing Report as of June 30, 2023 (FCS23095)
(City Wide) – Page 3 of 8**

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As outlined in Appendix “A” to Report FCS23095 and summarized in Table 1, a total net surplus of \$1,110,659.14 is recommended to be transferred to the Unallocated Capital Levy Reserve as a result of capital project savings. The Unallocated Capital Levy Reserve (108020) will have a projected year-end 2023 uncommitted balance of \$32 M once the transfers are completed.

Table 1 City of Hamilton Capital Project Closings As of June 30, 2023			
Unallocated Capital Levy Reserve (108020)			
Year Approved	ProjectID	Description	Surplus/ (Deficit)
Projects requiring funds			
2017	4411706202	(P/W) Adaptive Community Re-Use: 125 Barton	(23,307.36)
2017	5301784710	Diversion Container Replacement Program	(4,900.23)
2017	3382259505	AAF Digital Strategy	(0.46)
			\$ (28,208.05)
Projects returning funds			
2021	4452153444	Tree Planting Program	\$ 392,734.67
2021	4662120529	Upper James - Pedestrian Improvements	\$ 220,175.24
2018	5121894000	Transfer Station/CRC Maintenance & Capital Improvement Program	\$ 112,692.26
2021	7402151102	SCBA Complete Unit Replacement	\$ 80,518.00
2020	4662020525	Pedestrian Traffic Signals	\$ 71,559.13
2016	4661620630	Two Way Road Conversion	\$ 61,360.47
2022	4452253203	Horticulture Depot Upgrades Feasibility Study	\$ 45,722.08
2018	3381858502	Enhancing City of Hamilton App for citizen services	\$ 44,148.68
2017	4401756702	Fallen Firefighter's Memorial	\$ 41,307.15
2020	7402051103	Nature Trail Response Apparatus	\$ 33,823.07
2021	4242109102	Glenside Pathway	\$ 4,150.65
2022	4452253205	Horticulture Polyhouse Construction	\$ 3,904.41
2019	2051959703	Performance and Learning Management System	\$ 3,139.93
2020	4662020028	New Traffic Signal - Stone Church at Chesley	\$ 2,392.00
2017	3381757504	Performance Excellence Program	\$ 21.76
Delayed/Cancelled Projects returning funds			
2022	4032218086	Bridge 086 - Cross St, 25m s/o Alma	21,217.69
			\$ 1,138,867.19
Net impact to the Unallocated Capital Levy Reserve			\$ 1,110,659.14

* Acronyms : AAF - Audit and Accountability Fund; IPS - Intersection Pedestrian Signals; AEGD - Airport Employment Growth District; P/W or PW= Public Works; SCBA - Self Contained Breathing Apparatus; W= Ward (i.e. W1 Ward 1);

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**SUBJECT: Capital Project Closing Report as of June 30, 2023 (FCS23095)
(City Wide) – Page 4 of 8**

As outlined in Appendix “A” to Report FCS23095 and summarized in Table 2, a net total surplus of \$1,783,633.93 in funding will be returned to other reserves for projects that were submitted for closure in a surplus position.

Table 2
City of Hamilton
Capital Project Closings
As of June 30, 2023
Impacting Reserves and Capital Projects

Reserve	Surplus/ (Deficit)
Required funding	
112204 - Transit Prov Gas Tax Reserve	(258,089.27)
	\$ (258,089.27)
Funds returning	
108005 - Sanitary Sewer Capital Reserve	495,702.56
108010 - Storm Sewer Capital Reserve	134,032.30
108015 - Waterworks Capital Reserve	17,710.10
108021 - Parking Capital Reserve	4,345.40
108051 - Ward 1 Special Capital Re-investment	5,182.94
108052 - Ward 2 Special Capital Re-investment	473,719.02
108053 - Ward 3 Special Capital Re-investment	267,540.18
108054 - Ward 4 Special Capital Re-investment	177,173.75
108058 - Ward 8 Special Capital Re-investment	19,652.57
108064 - Ward 14 Special Capital Re-investment	302,274.38
112300 - Investment Stabilization Reserve	138,492.10
DC Allocation	5,897.90
	\$ 2,041,723.20

Appendix “C” to Report FCS23095 details the appropriations between capital projects that have been processed during the period covering January 1, 2023 through June 30, 2023. The list includes transfers that are below \$250,000 and have been approved by either the General Manager (up to \$100,000) or the City Manager (up to \$250,000) or that had been previously approved by Council for amounts over \$250,000. A total of \$2,081,597.43 was moved between capital projects in compliance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy. This includes \$525,000 for West Harbour Initiatives, approved through Report FCS16050, West Harbour Initiatives Capital Budget Appropriation Transfer Policy. Table 3 provides a summary of the transfers.

**SUBJECT: Capital Project Closing Report as of June 30, 2023 (FCS23095)
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Table 3
City of Hamilton
Capital Project Appropriations
As of June 30, 2023
Transfers by Department

Department	Amount
Tax Supported Capital Budget	
Corporate Services	\$ 186,478.27
Corporate Projects	\$ 10,716.52
Healthy & Safe Communities	\$ 170,780.15
Planning & Economic Development	\$ 30,000.00
Public Works - Tax Funded	\$ 1,261,837.49
	\$ 1,659,812.43
Rate Supported Capital Budget	
Public Works - Rate Funded	\$ 421,785.00
Total	\$ 2,081,597.43

Appendix “D” to FCS23095 lists all the capital projects requiring Council approval to transfer funds from other capital projects of \$250,000 or greater. The number of projects and the requested transfer amounts are summarized in Table 4.

Table 4
City of Hamilton
Capital Projects Budget Appropriation Transfers
of \$250,000 or greater requiring approval and Reserve Funding

Description	Projects/ Transfers From	Projects/ Transfers To	Amount
Public Works-Tax Funded	1	1	\$ 425,000.00
Total			\$ 425,000.00

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

The Capital Status and Capital Project Closing reports are submitted to City Council three times a year at June 30, September 30 and December 31.

**SUBJECT: Capital Project Closing Report as of June 30, 2023 (FCS23095)
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On July 8, 2022, Council approved the Governance Review Sub-Committee recommendation to disband Capital Projects Work In-Progress Review Sub-Committee (Report FCS22056) and that future status updates on capital works in progress be communicated through Information Updates to Council and that Capital Closing Reports be submitted through the Audit, Finance and Administration Committee.

Preparation of the Capital Projects Closing Report is the responsibility of the Financial Planning, Administration and Policy Division with the objective of ensuring suitable controls are maintained, projects are appropriately closed and to centralize the function.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The submission of the Capital Projects Closing Report is a requirement of the City's Capital Closing Policy (Reports FCS05044 and FCS07081(a)) and Capital Projects Monitoring Policy (Report FCS14031).

The City's Capital Closing Policy states:

- i) That any approved Capital project, whose construction stage has not begun after three years, be closed and be re-submitted to Council for approval.
- ii) That any closing surplus or deficit be distributed as follows:
 - 1. Surplus:
 - a) If funded from a specific reserve, return funds to that reserve.
 - b) If funded from debentures, apply to reduce future debenture requirements.
 - c) If funded from current contribution, apply to the Unallocated Capital Levy Reserve or apply to reduce Outstanding Debt.
 - 2. Deficit:
 - a) If funded from a specific reserve, fund from that reserve.
 - b) If funded from debentures, increase future debenture requirements only if no other source of financing is available.
 - c) If funded from current contribution, fund from the Unallocated Capital Levy Reserve.

The City's Capital Projects Monitoring Policy and Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy, as amended by Council on May 14, 2014, states:

- i) That a Capital Projects Status Report be submitted by departments three times a year as of June 30, September 30 and December 31.

**SUBJECT: Capital Project Closing Report as of June 30, 2023 (FCS23095)
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- ii) That a Capital Projects Closing Report be compiled by Corporate Services Department and submitted to the Audit, Finance and Administration Committee three times a year as of June 30, September 30 and December 31.
- iii) That unfavourable project variances be funded according to the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy. If available funding cannot be found within the limits of the Capital Projects Budget Appropriation and Work in Progress Transfer Policy, a report explaining the variance and recommending a source of funding be submitted to the appropriate Committee of Council for approval.
- iv) Approval authority for the re-appropriation of funds in each financial year be at the same levels as the City's Procurement Policy:
 1. Council must approve appropriations of \$250,000 or greater
 2. City Manager or designate must approve appropriations greater than \$100,000 and less than \$250,000
 3. General Managers or delegated staff be authorized to approve appropriations up to \$100,000

RELEVANT CONSULTATION

Staff from the following departments, boards and / or agencies submitted the included capital projects for closure:

- Public Works Department
- Planning and Economic Development Department
- Corporate Services Department
- Healthy and Safe Communities Department

ANALYSIS AND RATIONALE FOR RECOMMENDATION

For each Capital Project Status Report, staff determines if projects can be closed (inactivated) and monitors the financial activity to ensure that Council is aware of any capital projects that deviate significantly from the approved budgeted amounts.

Once projects have been determined to be complete or cancelled, they are submitted by departments to Financial Planning, Administration and Policy for inclusion in the Capital Projects Closing Report. These submissions are reviewed by Financial Planning, Administration and Policy to ensure transactions are finalized, all purchase orders are closed, and a funding source is identified, where necessary.

**SUBJECT: Capital Project Closing Report as of June 30, 2023 (FCS23095)
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Inactivating completed projects helps to keep the number of capital projects in the financial system to a manageable size and eliminates redundant data from reports. More importantly, it ensures that projects which are complete and / or no longer required do not unnecessarily tie up budget resources that could be re-directed to other needs / capital projects.

Appendix “D” to Report FCS23095 includes capital project budget appropriation requests to transfer funds of \$250,000 or greater from other projects and funding from reserves requiring Council approval as per the Capital Projects’ Budget Appropriation and Work-in-Progress Transfer Policy and Reserve Policies. The requests total \$425,000.00 relates to Roof Management Program.

ALTERNATIVES FOR CONSIDERATION

N/A

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS23095 – Capital Project Closings as of June 30, 2023 – Projects Impacting the Unallocated Capital Levy Reserve and Other Sources

Appendix “B” to Report FCS23095 – Capital Projects Closing Schedule as of June 30, 2023

Appendix “C” to Report FCS23095 – Capital Projects Budget Appropriation Schedule for the Period Covering January 1, 2023 through June 30, 2023

Appendix “D” to Report FCS23095 – Capital Projects Budget Appropriations of \$250,000 or greater and Capital Project Reserve Funding Requiring Council Approval for the Period Covering January 1, 2023 Through June 30, 2023

MZ/dt

CITY OF HAMILTON CAPITAL PROJECT CLOSINGS AS OF JUNE 30, 2023					
Projects impacting the Unallocated Capital Levy Reserve and Other Sources					
Year	ProjectID	Description	Surplus/ (Deficit) (\$)	Reserve	Description
Approved					
Projects impacting the Unallocated Capital Levy Reserve					
<u>Projects requiring funds</u>					
2017	4411706202	(PW) Adaptive Community Re-Use: 125 Barton St. West	(23,307.36)	108020	Unalloc Capital Levy
2020	5122090200	Diversion Container Replacement Program	(4,900.23)	108020	Unalloc Capital Levy
2022	3382259505	AAF Digital Strategy	(0.46)	108020	Unalloc Capital Levy
			(28,208.05)		
<u>Projects returning funds</u>					
2021	4452153444	Tree Planting Program	392,734.67	108020	Unalloc Capital Levy
2021	4662120529	Upper James - Pedestrian Improvements	220,175.24	108020	Unalloc Capital Levy
2018	5121894000	Transfer Station/CRC Maintenance & Capital Improvement Program	112,692.26	108020	Unalloc Capital Levy
2021	7402151102	SCBA Complete Unit Replacement	80,518.00	108020	Unalloc Capital Levy
2020	4662020525	Pedestrian Traffic Signals	71,559.13	108020	Unalloc Capital Levy
2016	4661620630	Two Way Road Conversion	61,360.47	108020	Unalloc Capital Levy
2022	4452253203	Horticulture Depot Upgrades Feasibility Study	45,722.08	108020	Unalloc Capital Levy
2018	3381858502	Enhancing City of Hamilton App for citizen services	44,148.68	108020	Unalloc Capital Levy
2017	4401756702	Fallen Firefighter's Memorial	41,307.15	108020	Unalloc Capital Levy
2020	7402051103	Nature Trail Response Apparatus	33,823.07	108020	Unalloc Capital Levy
2021	4242109102	Glenside Pathway	4,150.65	108020	Unalloc Capital Levy
2022	4452253205	Horticulture Polyhouse Construction	3,904.41	108020	Unalloc Capital Levy
2019	2051959703	Performance and Learning Management System	3,139.93	108020	Unalloc Capital Levy
2020	4662020028	New Traffic Signal - Stone Church at Chesley	2,392.00	108020	Unalloc Capital Levy
2017	3381757504	Performance Excellence Program	21.76	108020	Unalloc Capital Levy
<u>Delayed/Cancelled Projects returning funds</u>					
2022	4032218086	Bridge 086 - Cross St, 25m s/o Alma	21,217.69	108020	Unalloc Capital Levy
			1,138,867.19		
Net impact to the Unallocated Capital Levy Reserve			1,110,659.14		
Projects impacting Other Reserves					
<u>Projects requiring funds</u>					
2005	5300583504	Fare Cards-System Enhancement	(258,089.27)	112204	Transit Prov Gas Tax Reserve
			(258,089.27)		

CITY OF HAMILTON					
CAPITAL PROJECT CLOSINGS					
AS OF JUNE 30, 2023					
Projects impacting the Unallocated Capital Levy Reserve and Other Sources					
Year	ProjectID	Description	Surplus/ (Deficit) (\$)	Reserve	Description
Approved					
<u>Projects returning funds</u>					
2014	4241409113	W1 Bike Racks	5,182.94	108051	Ward 1 Special Capital Re-investment
2019	4241909206	Clarmont Graffiti Removal	149,850.00	108052	Ward 2 Special Capital Re-investment
2014	4241409215	Multicultural Community Centre	112,000.00	108052	Ward 2 Special Capital Re-investment
2019	3301909200	Ward 2 Capital Reinvestment	87,216.33	108052	Ward 2 Special Capital Re-investment
2019	4241909207	Ferguson Graffiti Removal	75,000.00	108052	Ward 2 Special Capital Re-investment
2022	4242209206	John Rebecca Park Security	35,000.00	108052	Ward 2 Special Capital Re-investment
2016	4241609203	PlanLocal Resident Safe Street	12,317.33	108052	Ward 2 Special Capital Re-investment
2016	4241609206	Graffiti Clean-up Cost Share	2,335.36	108052	Ward 2 Special Capital Re-investment
2019	4241909309	Barton Library IPS	168,696.36	108053	Ward 3 Special Capital Re-investment
2022	4242209301	Woodlands Park Improvements	76,263.88	108053	Ward 3 Special Capital Re-investment
2021	4242109308	430 Cumberland Ave Fence	22,579.94	108053	Ward 3 Special Capital Re-investment
2021	4402156119	R.T. Steele Park	80,435.08	108054	Ward 4 Special Capital Re-investment
2020	4242009404	RT Steel Park Redevelopment	51,887.68	108054	Ward 4 Special Capital Re-investment
2020	4402056005	Kenilworth Parking Lot	41,903.80	108054	Ward 4 Special Capital Re-investment
2022	4242209402	Montgomery Park Backboards	2,947.19	108054	Ward 4 Special Capital Re-investment
2022	4242209802	Newlands Park Fitness and Rock Climbing Equipment	19,652.57	108058	Ward 8 Special Capital Re-investment
2022	4402256115	Olympic Park Hockey Rink	302,274.38	108064	Ward 14 Special Capital Re-investment
2020	4502055200	School Crossing Review	4,345.40	108021	Parking Capital Reserve
2019	4031911023	Cedar / Fern / Braeheid	138,492.10	112300	Investment Stabilization Reserve
2016	5141664632	Twenty - 40m East of Greti to Upper James	17,710.10	108015	Waterworks Capital Reserve
2022	5162171074	Contingency for Unscheduled Works Program	179,661.23	108005	Sanitary Sewer Capital Reserve
2021	5162160533	Trenchless Manhole Rehabilitation	119,091.22	108005	Sanitary Sewer Capital Reserve
2014	5161469076	Development of Beyond Compliance Operating System (BCOS)	79,488.51	108005	Sanitary Sewer Capital Reserve
2017	5161755422	Sewer Use Bylaw Enforcement Infor Upgrade	47,357.15	108005	Sanitary Sewer Capital Reserve
2017	5161766423	Sewer Use Bylaw 14-090 Parameter Limit Review	39,868.89	108005	Sanitary Sewer Capital Reserve
2021	5162160391	AEGD Upper James Force Main Downstream Lining	30,056.84	108005	Sanitary Sewer Capital Reserve
2022	5162261741	Resetting or Adjusting of Wastewater Utility Structures	178.72	108005	Sanitary Sewer Capital Reserve
2020	5182072295	Highway 8 - Woodleys Lane to Hillcrest	74,469.98	108010	Storm Sewer Capital Reserve
2021	5182160533	Trenchless Manhole Rehabilitation	39,716.58	108010	Storm Sewer Capital Reserve
2020	5182072293	Highway 8 - Hillcrest to Park	10,959.68	108010	Storm Sewer Capital Reserve
2021	5182161740	Unscheduled Manhole and Sewermain Replacement Program	8,663.82	108010	Storm Sewer Capital Reserve
2022	5182260220	Culvert FLA-3008 - Old Brock Rd 100m w/o Brock	222.24	108010	Storm Sewer Capital Reserve
2020	4662020028	New Traffic Signal - Stone Church at Chesley	3,608.00	DC Allocation	
2016	5141664632	Twenty - 40m East of Greti to Upper James	2,289.90	DC Allocation	
			2,041,723.20		
Net impact to Other Reserves			1,783,633.93		
Total Net impact to the Unallocated Capital Levy Reserve & Other Reserves			2,894,293.07		

* Acronyms : AAF - Audit and Accountability Fund; IPS - Intersection Pedestrian Signals; AEGD - Airport Employment Growth District; P/W or PW= Public Works; SCBA - Self Contained Breathing Apparatus; W= Ward (i.e. W1 Ward 1);

CITY OF HAMILTON
CAPITAL PROJECTS' CLOSING SCHEDULE
AS OF JUNE 30, 2023

YEAR APPROVED	PROJECT ID	DESCRIPTION	APPROVED BUDGET (\$) a	REVENUES (\$) b	EXPENDITURES (\$) c	PROJECT SURPLUS/ (DEFICIT) (\$) d = b - c	% SPENT e=c/a
UNALLOCATED CAPITAL LEVY RESERVE							
2017	4411706202	(P/W) Adaptive Community Re-Use: 125 Barton St. West	800,000.00	800,000.00	823,307.36	(23,307.36)	102.9%
2020	5122090200	Diversion Container Replacement Program	327,808.41	322,907.71	327,807.94	(4,900.23)	100.0%
2022	3382259505	AAF Digital Strategy	254,400.00	234,048.00	234,048.46	(0.46)	92.0%
2021	4452153444	Tree Planting Program	2,859,396.01	2,859,396.01	2,466,661.34	392,734.67	86.3%
2021	4662120529	Upper James - Pedestrian Improvements	600,000.00	600,000.00	379,824.76	220,175.24	63.3%
2018	5121894000	Transfer Station/CRC Maintenance & Capital Improvement Program	205,000.00	330,000.00	217,307.74	112,692.26	106.0%
2021	7402151102	SCBA Complete Unit Replacement	5,440,000.00	5,440,000.00	5,359,482.00	80,518.00	98.5%
2020	4662020525	Pedestrian Traffic Signals	370,000.00	370,000.00	298,440.87	71,559.13	80.7%
2016	4661620630	Two Way Road Conversion	630,000.00	630,000.00	568,639.53	61,360.47	90.3%
2022	4452253203	Horticulture Depot Upgrades Feasibility Study	148,151.17	148,151.17	102,429.09	45,722.08	69.1%
2018	3381858502	Enhancing City of Hamilton App for citizen services	65,000.00	65,000.00	20,851.32	44,148.68	32.1%
2017	4401756702	Fallen Firefighter's Memorial	125,000.00	125,000.00	83,692.85	41,307.15	67.0%
2020	7420251103	Nature Trail Response Apparatus	150,000.00	150,000.00	116,176.93	33,823.07	77.5%
2021	4242109102	Glenside Pathway	132,000.00	132,000.00	127,849.35	4,150.65	96.9%
2022	4452253205	Horticulture Polyhouse Construction	87,000.00	87,000.00	83,095.59	3,904.41	95.5%
2019	2051959703	Performance and Learning Management System	250,000.00	250,000.00	246,860.07	3,139.93	98.7%
2020	4662020028	New Traffic Signal - Stone Church at Chesley	130,000.00	74,581.62	72,189.62	2,392.00	55.5%
2017	3381757504	Performance Excellence Program	144,966.08	144,987.85	144,966.09	21.76	100.0%
<i>Delayed/Cancelled Projects returning funds</i>							
2022	4032218086	Bridge 086 - Cross St, 25m s/o Alma	21,500.00	21,500.00	282.31	21,217.69	1.3%
TOTAL FUNDS FROM UNALLOCATED CAPITAL LEVY (19)			12,740,221.67	12,784,572.36	11,673,913.22	1,110,659.14	91.6%
OTHER PROGRAM SPECIFIC RESERVES							
2005	5300583504	Fare Cards-System Enhancement	7,500,000.00	6,881,135.28	7,139,224.55	(258,089.27)	95.2%
2022	4402256115	Olympic Park Hockey Rink	336,000.00	336,000.00	33,725.62	302,274.38	10.0%
2012	5162171074	Contingency for Unscheduled Works Program	180,000.00	180,000.00	338.77	179,661.23	0.2%
2017	4241909309	Barton Library IPS	400,000.00	400,000.00	231,303.64	168,696.36	57.8%
2012	4241909206	Clarmont Graffiti Removal	149,850.00	149,850.00	-	149,850.00	0.0%
2019	4031911023	Cedar / Fern / Braeheid	1,130,000.00	1,130,000.00	991,507.90	138,492.10	87.7%
2012	5162160533	Trenchless Manhole Rehabilitation	120,000.00	120,000.00	908.78	119,091.22	0.8%
2021	4241409215	Multicultural Community Centre	112,000.00	112,000.00	-	112,000.00	0.0%
2021	3301909200	Ward 2 Capital Reinvestment	100,000.00	100,000.00	12,783.67	87,216.33	12.8%
2012	4402156119	R.T. Steele Park	500,000.00	500,000.00	419,564.92	80,435.08	83.9%
2012	5161469076	Development of Beyond Compliance Operating System (BCOS)	243,000.00	243,000.00	163,511.49	79,488.51	67.3%
2012	4242209301	Woodlands Park Improvements	80,000.00	160,000.00	83,736.12	76,263.88	104.7%
2012	4241909207	Ferguson Graffiti Removal	75,000.00	75,000.00	-	75,000.00	0.0%
2020	5182072295	Highway 8 - Woodleys Lane to Hillcrest	1,367,000.00	1,367,000.00	1,292,530.02	74,469.98	94.6%
2012	4242009404	RT Steel Park Redev	60,000.00	60,000.00	8,112.32	51,887.68	13.5%
2016	5161755422	Sewer Use Bylaw Enforcement Infor Upgrade	80,000.00	80,000.00	32,642.85	47,357.15	40.8%
2012	4402056005	Kenilworth Parking Lot	250,000.00	250,000.00	208,096.20	41,903.80	83.2%
2021	5161766423	Sewer Use Bylaw 14-090 Parameter Limit Review	300,000.00	300,000.00	260,131.11	39,868.89	86.7%
2018	5182160533	Trenchless Manhole Rehabilitation	40,000.00	40,000.00	283.42	39,716.58	0.7%
2012	4242209206	John Rebecca Park Security	35,000.00	35,000.00	-	35,000.00	0.0%
2012	5162160391	AEGD Upper James Force Main Downstream Lining	3,500,000.00	3,500,000.00	3,469,943.16	30,056.84	99.1%
2021	4242109308	430 Cumberland Ave Fence	95,000.00	95,000.00	72,420.06	22,579.94	76.2%
2016	5141664632	Twenty - 40m East of Greti to Upper James	1,610,000.00	204,336.97	184,336.97	20,000.00	11.4%
2021	4242209802	Newlands Park Fitness and Rock Climbing Equipment	120,000.00	120,000.00	100,347.43	19,652.57	83.6%
2012	4241609203	PlanLocal Resident Safe Street	65,000.00	65,000.00	52,682.67	12,317.33	81.1%
2020	5182072293	Highway 8 - Hillcrest to Park	300,000.00	300,000.00	289,040.32	10,959.68	96.3%
2019	5182161740	Unscheduled Manhole and Sewermain Replacement Program	168,372.78	168,372.78	159,708.96	8,663.82	94.9%
2012	4241409113	W1 Bike Racks	25,000.00	25,000.00	19,817.06	5,182.94	79.3%
2020	4502055200	School Crossing Review	100,000.00	100,000.00	95,654.60	4,345.40	95.7%

CITY OF HAMILTON
CAPITAL PROJECTS' CLOSING SCHEDULE
AS OF JUNE 30, 2023

YEAR APPROVED	PROJECT ID	DESCRIPTION	APPROVED BUDGET (\$) a	REVENUES (\$) b	EXPENDITURES (\$) c	PROJECT SURPLUS/ (DEFICIT) (\$) d = b - c	% SPENT e=c/a
2020	4662020028	New Traffic Signal - Stone Church at Chesley	130,000.00	75,797.62	72,189.62	3,608.00	55.5%
2012	4241609206	Graffiti Clean-up Cost Share	3,500.00	3,500.00	1,164.64	2,335.36	33.3%
2022	4242209402	Montgomery Park Backboards	6,000.00	6,000.00	3,052.81	2,947.19	50.9%
2022	5182260220	Culvert FLA-3008 - Old Brock Rd 100m w/o Brock	319,000.00	319,000.00	318,777.76	222.24	99.9%
2016	5162261741	Resetting or Adjusting of Wastewater Utility Structures	250,000.00	250,000.00	249,821.28	178.72	48.3%
TOTAL FUNDS TO PROGRAM SPECIFIC RESERVES (34)			19,749,722.78	17,750,992.65	15,967,358.72	1,783,633.93	80.8%
COMPLETED PROJECTS							
CORPORATE SERVICES DEPARTMENT(Tax Budget)							
Finance Program							
2015	3381557506	Taxation billing software upgrade	65,000.00	47,981.37	47,981.37	0.00	73.8%
2013	2051359310	HFF 2013 Grant Payments	4,714,436.06	4,714,436.06	4,714,436.06	0.00	100.0%
Councillor Infrastructure Program							
2019	4241909231	Ward 2 CityHousing Carpet	180,290.00	180,290.00	180,290.00	0.00	100.0%
2019	3301909600	Ward 6 Capital Reinvestment	134,202.63	134,202.63	134,202.63	0.00	100.0%
CITY MANAGER DEPARTMENT(Tax Budget)							
City Manager Program							
2021	3382157100	Public Space & Park Wi-Fi	99,999.00	99,999.00	99,999.00	0.00	100.0%
2016	2051659601	Employee Survey - 2016	234,500.00	234,495.07	234,495.07	0.00	100.0%
Hamilton Beach Rescue							
2018	2861851700	HBRU Renovations & Equipment Purchases	64,270.00	64,269.15	64,269.15	0.00	100.0%
2019	2861951700	HBRU Renovations & Equipment Purchases	70,000.00	67,770.00	67,770.00	0.00	96.8%
2020	2862051700	HBRU Renovations & Equipment Purchases	70,000.00	70,000.00	70,000.00	0.00	100.0%
Healthy & Safe Communities (Tax Budget)							
Housing Services							
2022	6732241210	COCHI - Administration Yr 4	233,628.00	233,628.00	233,628.00	0.00	100.0%
2022	6732241220	OPHI - Administration Yr 4	169,520.00	169,520.00	169,520.00	0.00	100.0%
2022	6732241212	COCHI - Rent Supplement Yr 4	800,000.00	800,000.00	800,000.00	0.00	100.0%
2021	6732141103	COVID19-CHPI SSRF Phase 4 NF	6,750,000.00	6,750,000.00	6,750,000.00	0.00	100.0%
Lodges							
2022	6302251201	ML/WL Touchless Faucets	0.00	0.00	0.00	0.00	0.0%
2017	6301751707	Wentworth Lodge - Freezer	42,973.34	42,973.34	42,973.34	0.00	100.0%
Growth Management & Economic Development							
2010	4141046102	Ancaster Meadows - Phase 1	858,377.53	858,377.53	858,377.53	0.00	100.0%
Economic Development							
2016	8201603610	2016 Commercial Property Improvement Grant	1,305,600.00	1,305,684.29	1,305,684.29	0.00	100.0%
Roads Division							
2020	4032011225	Geotechnical Investigation Program	780,000.00	780,000.00	780,000.00	0.00	100.0%
2020	4662020012	Wilson - Victoria to Sherman Two-Way Conversion	0.00	0.00	0.00	0.00	0.0%

CITY OF HAMILTON
 CAPITAL PROJECTS' CLOSING SCHEDULE
 AS OF JUNE 30, 2023

YEAR APPROVED	PROJECT ID	DESCRIPTION	APPROVED BUDGET (\$) a	REVENUES (\$) b	EXPENDITURES (\$) c	PROJECT SURPLUS/ (DEFICIT) (\$) d = b - c	% SPENT e=c/a
Public Works (Rate Budget)							
Waterworks Regular Program							
2016	5142160072	Watermain Structural Lining	13,500,000.00	13,500,000.00	13,500,000.00	0.00	100.0%
TOTAL COMPLETED PROJECTS (20)			30,072,796.56	30,053,626.44	30,053,626.44	-	99.9%
GRAND TOTAL (73)			62,562,741.01	60,589,191.45	57,694,898.38	2,894,293.07	92.2%

* Acronyms : AAF - Audit and Accountability Fund; IPS - Intersection Pedestrian Signals; AEGD - Airport Employment Growth District; P/W or PW= Public Works; SCBA - Self Contained Breathing Apparatus; W= Ward (i.e. W1 Ward 1);

CITY OF HAMILTON
CAPITAL PROJECTS BUDGET APPROPRIATION SCHEDULE
FOR THE PERIOD COVERING JANUARY 1, 2023 THROUGH JUNE 30, 2023

Appropriated From	Description	Appropriated To	Description	Amount(\$)
CORPORATE SERVICES				
<u>Finance Program</u>				
3381557506	Taxation billing software upgrade	3382355002	Taxation Billing Replacement	17,018.63
				17,018.63
<u>Information Technology Program</u>				
3501957905	IT Strategy - Strategic Theme Enabling Our People	3501857801	IT Strategy and Enterprise Architecture	120,000.00
3501957906	IT Strategy - Strategic Theme IT Optimization	3501957905	IT Strategy - Strategic Theme Enabling Our People	24,459.64
3501957906	IT Strategy - Strategic Theme IT Optimization	3501857806	Data Centre HVAC	25,000.00
				169,459.64
Corporate Services (4)				186,478.27
CORPORATE PROJECTS				
<u>Councillor Infrastructure Program</u>				
3302109600	Ward 6 Capital Reinvestment	3301909600	Ward 6 Capital Reinvestment	7,590.01
3301809700	Ward 7 Capital Reinvestment	3301909700	Ward 7 Capital Reinvestment	3,126.51
				10,716.52
HEALTHY & SAFE COMMUNITIES				
<u>Long Term Care</u>				
6301751707	Wentworth Lodge - Freezer	6301941006	WL - Servery Retrofit (Cabinet and Counter Replacement)	20,780.15
6302251201	ML/WL Touchless Faucets	6302051801	ML & WL - Security Systems	150,000.00
				170,780.15
Healthy & Safe Communities (2)				170,780.15
PLANNING & ECONOMIC DEVELOPMENT				
<u>Tourism & Culture</u>				
7201941903	Gage House Porch and Exterior Cladding	7202041204	ICIP CCR Children's Museum Expansion Phase 2	30,000.00
				30,000.00
Planning & Economic Development (1)				30,000.00
PUBLIC WORKS - TAX FUNDED				
<u>Roads</u>				
4032118282	Bridge 282 - Longwood over Hwy 403	4032219196	Governor's - Main to Ogilvie (Bridge 296)	86,000.00
4032118282	Bridge 282 - Longwood over Hwy 403	4032318119	Bridge 119 - Woodburn, 750m s/o RR 20 Rd	50,000.00
4032218086	Bridge 086 - Cross St, 25m s/o Alma	4032210329	Retaining Wall - RW0447 - Weirs Lane, 392m north of Johnston Ave	47,500.00
4031818444	Bridge 444 - Guyatt Rd - 200m w.o. Hendershot Rd	4032210329	Retaining Wall - RW0447 - Weirs Lane, 392m north of Johnston Ave	22,500.00
4032314405	Contaminated Soil & Rock Disposal Program	4032019103	Marion - Longwood to Dromore	15,615.00
				221,615.00


CITY OF HAMILTON
CAPITAL PROJECTS BUDGET APPROPRIATION SCHEDULE
FOR THE PERIOD COVERING JANUARY 1, 2023 THROUGH JUNE 30, 2023

Appropriated From	Description	Appropriated To	Description	Amount(\$)
<u>Energy Fleet and Facilities</u>				
3542141532	Program - Facility Capital Maintenance	3542241104	CCRF-Washroom Touchless Accs	157,525.00
3722241805	Program - Facilities Security	3542141014	City Hall Forecourt Security Enhancements	25,000.00
3540041532	Program-Facilities Capital Maintenance	3541641602	Ancaster Memorial Arts & Culture Centre	14,125.00
				196,650.00
<u>Energy Initiatives</u>				
7902049002	2020 Hamilton City Hall Lighting Upgrade to LEDs	7902248203	Dundas Town Hall: Demand Control Ventilation and Lighting Upgrade to LEDs	26,000.00
7902248202	Chedoke Arena: Variable Speed HRV & Exterior Lighting	7902248201	Bennetto Aquatic Centre: Rec Heat Reclaim & Controls Project	25,000.00
7902248202	Chedoke Arena: Variable Speed HRV & Exterior Lighting	7902248205	Jimmy Thompson Pool: Filter Pumps VFD installation Project	20,000.00
7902248202	Chedoke Arena: Variable Speed HRV & Exterior Lighting	7902248206	Ryerson Aquatic Centre: Heat Reclaim/Controls & Heating Pump/HVAC VFD Project	14,000.00
				85,000.00
<u>Entertainment Facilities</u>				
<u>Parks Division</u>				
4402256116	Pipeline Trail Gateway	4402156117	Victoria Park Spray Pad Replacement	175,000.00
4402149607	Outdoor Ice Rink Program	4402149009	Sport Lighting	50,000.00
4402149101	Park Pathway Resurfacing Program	4242109807	W8 Park Pathway Improvements	6,812.29
4402111601	Cemetery Roads Rehabilitation Program	4242209701	Natural Burial Section at Mount Hamilton Cemetery	1,760.20
				233,572.49
<u>Waterfront Program</u>				
4411606104	Pier 7 Commercial Village	5121692001	Central Park Remediation	525,000.00
			<u>Appropriation authorized through approval of FCS16050 West Harbour Initiatives Capital Budget Appropriation Transfer Policy</u>	
				525,000.00
Public Works Tax Funded (18)				1,261,837.49
PUBLIC WORKS - RATE FUNDED				
<u>Waterworks Regular Program</u>				
5141667420	Ben Nevis & Dewitt (HD08A) Water Pumping Station Upgrades Prestressed Concrete Cylinder Pipe Condition Assessment Inspection Program	5141395353	Ferguson Avenue HD002 Pumping Station	110,000.00
5142055425	Closed Projects - Water	5142271296	Governor's – Main to Ogilvie (Bridge 296)	85,000.00
5142060999	Contaminated Soil & Rock Disposal Program	5142271318	Eastmount Neighbourhood - Water	80,000.00
4032314405	Highway 8 - Bond to Woodleys Lane	5142096520	Garner Road Trunk Watermain - Southcote to Wilson (W-09)	61,660.00
5142171311	Contaminated Soil & Rock Disposal Program	5142271214	Fairfield - Barton to Britannia	54,145.00
4032314405		5142171328	Southcote - Garner to Highway 403 Bridge	30,980.00
				421,785.00
Public Works Rate Funded (6)				421,785.00
BUDGET APPROPRIATION (32)				2,081,597.43

CITY OF HAMILTON					
CAPITAL PROJECTS BUDGET APPROPRIATIONS OF \$250,000 OR GREATER AND CAPITAL PROJECT RESERVE FUNDING REQUIRING COUNCIL APPROVAL					
FOR THE PERIOD COVERING JANUARY 1, 2023 THROUGH JUNE 30, 2023					
Appropriated/ Transferred From	Description	Appropriated/ Transferred To	Description	Amount (\$)	Council Approval / Comments
Public Works-Tax Funded					
3540041412 Acct 49300	Program-Roof Management	3542041002 Acct 49300	City Hall Garage Roof Slab Structural Rehabi	425,000.00	Funds required to cover shortfall due to tender coming above the anticipated budget
Public Works (Tax Funded) Total				\$ 425,000.00	
Project Totals				\$ 425,000.00	



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Customer Service, POA and Financial Integration Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 21, 2023
SUBJECT/REPORT NO:	Request to Extend Data Entry Services for Certificates of Offence Contract (FCS23096) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Francesca Angheloni (905) 546-2424 Ext. 5718
SUBMITTED BY:	Cindy Mercanti Director, Customer Service, POA & Financial Integration Corporate Services Department
SIGNATURE:	

RECOMMENDATION

That pursuant to Procurement Policy #11 – Non-competitive Procurements, that Council approve the extension to Contract C17-06-17 (City of Mississauga contract number FA.49.437.16) for the provision of Data Entry Services for Certificates of Offence until March 31, 2024 with the option to extend up to six months further and that the General Manager, Corporate Services, be authorized to negotiate, enter into and execute the extension and any ancillary documents required to give effect thereto with Nimble Information Strategies Inc. in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

Nimble Information Strategies Inc. provides data entry services for Certificates of Offence filed with the Provincial Offences Administration Office daily. Data entry services were procured in 2017 under a co-operative arrangement utilizing Procurement Policy #12. Subsequently, the services were extended using Procurement Policy #11 for a period of 18 months. The contract will expire September 30, 2023 with no renewal terms remaining nor an opportunity to extend the Procurement Policy #11.

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: Request to Extend Data Entry Services for Certificates of Offence Contract (FCS23096) (City Wide) – Page 2 of 4

The purpose of Report FSC23096 is to seek Council's approval to direct the General Manager, Corporate Services, or their designate, to negotiate an extension to Contract C17-06-17 (City of Mississauga contract number FA.49.437-16), Data Entry Services for Certificates of Offence (Co-op), for the City of Hamilton (City) with the City's current provider of this solution, Nimble Information Strategies Inc., for six months with the discretion to further extend an additional six months, if required.

This contract extension is necessary to ensure that Nimble Information Strategies Inc. continues to provide data entry services to the City while the co-operative procurement group, led by the City of Burlington, issues and awards a new request for tender.

Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The annual compensation and fees for the period of October 1, 2023 to September 30, 2024, is estimated at \$45,000.

Staffing: None.

Legal: Contract with the vendor will be reviewed and approved by the City Solicitor.

HISTORICAL BACKGROUND

In accordance with Procurement Policy #12, the original contract was issued as a cooperative procurement and effective as of April 1, 2017 to March 31, 2020. The original contract had an option to renew for two one-year terms which were exercised.

The City of Burlington agreed to be the procurement lead for the new cooperative Request for Tenders procurement process representing the City of Mississauga, the City of Brampton, the City of Hamilton and the Town of Caledon. The City of Burlington began drafting the new Request for Tender in January, 2023. However, there have been some delays with issuing and awarding a new contract prior to the expiry of the original contract. To allow time for the co-operative Request for Tender process, the original contract was extended beyond the last renewal term from April 1, 2022 to September 30, 2023 under a Procurement Policy #11. As a result of a delay in posting the Request for Tender, the original contract will expire on September 30, 2023.

As a member of the co-operative procurement group, the City of Hamilton will benefit by better contract terms, specifically, pricing due to purchasing power. To support the co-operative procurement group by allowing time to issue and award the Request for Tender, staff requires an extension to the current contract with Nimble Information Strategies Inc.

SUBJECT: Request to Extend Data Entry Services for Certificates of Offence Contract (FCS23096) (City Wide) – Page 3 of 4

The daily data entry services performed under the contract ensure that provincially issued charges are entered into the Integrated Court Offence Network database. Charges that are not entered into the database cannot be actioned by the courts which would have a significant impact on the courts' ability to meet obligations under the *Provincial Offences Act* and the Memorandum of Understanding with the Ministry of the Attorney General.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Report FCS23096 is in accordance with the City of Hamilton's Procurement Policy and associated By-Law 20-205 as amended, whereby:

- Procurement Policy #11 – Non-Competitive Procurements, Section 4. 55 requires Council must approve any requests for negotiations for:
 - 2(a) a single source as set out in subsection (1)(b) of this Policy #11, where the cumulative value of the Policy 11 exceeds a multi-year value of the proposed procurement is \$250,000 or greater. For greater clarity, the total cumulative value of a Policy 11 shall not exceed \$250,000 in any given year or multiple consecutive years; or
 - 2(b) an extension as set out in subsection (1)(c) of this Policy #11, where the extension exceeds 18 months from the expiry of the Contract with a vendor.”

RELEVANT CONSULTATION

City staff has consulted with the Procurement Section (Financial Services and Taxation, Corporate Services Department) and the participating cooperative purchasing group municipalities.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Nimble Information Strategies Inc. provides data entry services for Certificates of Offence filed with the Provincial Offences Administration Office daily.

City staff is satisfied with the services provided by Nimble Information Strategies Inc. to date. However, staff also recognizes the importance of adopting the successful proponent for the new Request for Tender that is being led by the City of Burlington on behalf of the co-operative procurement group.

SUBJECT: Request to Extend Data Entry Services for Certificates of Offence Contract (FCS23096) (City Wide) – Page 4 of 4

The data entry services performed under the contract ensure that provincially issued charges are entered into the Integrated Court Offence Network database. Charges that are not entered into the database cannot be actioned by the courts which would have a significant impact on the courts' ability to meet obligations under the *Provincial Offences Act* and the Memorandum of Understanding with the Ministry of the Attorney General.

As a member of the cooperative procurement group, the City of Hamilton will benefit by better contract terms, specifically pricing due to purchasing power. To support the cooperative procurement group by allowing time to award the Request for Tender, staff requires an extension to the current contract with Nimble Information Strategies Inc.

The extension to Contract C-17-06 with Nimble Information Strategies Inc. will ensure the City of Hamilton maintains continuity of services while the cooperative procurement group, under the leadership of the City of Burlington, conducts a competitive procurement process and awards a new contract.

ALTERNATIVES FOR CONSIDERATION

Council may direct staff to negotiate a shorter-term contract extension with Nimble Information Strategies Inc. As the City is one member of the co-operative procurement group, a shorter term may not be sufficient to maintain continuity of services until a new contract has been awarded.

APPENDICES AND SCHEDULES ATTACHED

None

FA/dt