



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 23-016
Date: October 19, 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 October 5, 2023
5. **COMMUNICATIONS**
6. **DELEGATION REQUESTS**
7. **DELEGATIONS**
8. **STAFF PRESENTATIONS**
9. **CONSENT ITEMS**
 - 9.1 Hamilton Women and Gender Equity Committee - September 7, 2023
 - 9.2 Selection of External Auditor for the City of Hamilton and its Consolidated Entities (FCS23105) (City Wide)

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 Development Charges Interest Policy Update (FCS23087) (City Wide)

11. MOTIONS

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

14. PRIVATE AND CONFIDENTIAL

14.1 Closed Minutes - October 5, 2023

Pursuant to Section 9.3, Sub-sections (e), (f) and (k) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (e), (f) 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; advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on by or on behalf of the municipality.

15. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 23-015

9:30 a.m.
October 4, 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. Consent Items (Items 9.1 to 9.2)

(Hwang/Spadafora)

That the following Reports, be received:

- (a) 2023 Second Quarter Emergency and Non-competitive Procurements Report (FCS23019(a)) (City Wide) (Item 9.1)
- (b) 2023 Second Quarter Non-compliance with the Procurement Policy Report (FCS23020(a)) (City Wide) (Item 9.2)
- (c) 2023 Second Quarter Request for Tenders and Proposals Report (FCS23021(a)) (City Wide) (Item 9.3)
- (d) Grightmire Arena Lessons Learned Audit (AUD22004) – Management Responses Status Report (PW23007(a)/FCS23011(a)) (City Wide) (Outstanding Business List Item) (Item 9.4)
- (e) Mundialization Committee Minutes - May 17, 2023 (Item 9.5)

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

**2. Development Charges Stakeholders Sub-Committee Report 23-002
(September 18, 2023) (Item 10.1)**

(Hwang/Spadafora)

(a) Appointment of Vice Chair for 2023 (Added Item 1.1)

That Steven Frankovich be appointed as Vice Chair of the Development Charges Stakeholders Sub-committee for 2023.

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

**3. Integrity Commissioner and Lobbyist Registrar Appointment (FCS23106)
(City Wide) (Item 10.2)**

(Hwang/A. Wilson)

That the draft By-law attached as Appendix "A" to Report FCS23106 to appoint Boghosian + Allen LLP as Integrity Commissioner and Lobbyist Registrar for the City of Hamilton, which has been prepared in a form satisfactory to the City Solicitor, be enacted.

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

**4. Tax and Rate Operating Budgets Variance Report as at July 31, 2023 –
Budget Control Policy Transfers (FCS23063(a)) (City Wide) (Item 10.3)**

(Hwang/A. Wilson)

(a) That the Tax Operating Budgets Variance Report, as at July 31, 2023, attached as Appendix "A" to Report FCS23063(a), be received;

- (b) That the Rate Operating Budgets Variance Report, as at July 31, 2023, attached as Appendix “B” to Report FCS23063(a), be received;
- (c) That, in accordance with the “Budgeted Complement Control Policy”, the 2023 complement transfer transferring complement from one department / division to another or a change in complement type, with no impact on the levy, as outlined in Appendix “C” to Report FCS23063(a), be approved; and
- (d) That, in accordance with the “Budget Control Policy”, the 2023 budget transfers from one department / division to another with no impact on the property tax levy, as outlined in Appendix “D” to Report FCS23063(a), be approved.

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

5. Commercial Relationship between City of Hamilton and Fairway Electrical Services Inc. (LS23032/FCS23101) (City Wide) (Added Items 10.4 and 14.3)

(Spadafora/Hwang)

- (a) That, due to the impairment of the commercial relationship between the City of Hamilton and Fairway Electrical Services Inc. that has resulted from litigation proceedings, a ban be imposed upon Fairway Electrical Services Inc. and any of its related corporate or individual entities from competing on or being awarded any City contract until and including October 11, 2025, or the litigation resolves, whichever is sooner;
- (b) That staff be directed to reject any current and future bids, proposals or quotations received from Fairway Electrical Services Inc. or any of its related corporate or individual entities, until and including October 11, 2025, or the litigation resolves, whichever is sooner;
- (c) That the City of Hamilton does not enter into any contract with Fairway Electrical Services Inc., or any of its related corporate or individual entities until and including October 11, 2025, or the litigation resolves, whichever is sooner; and,
- (d) That Appendix “A” to Report LS23032/FCS23101 remain confidential as it contains details regarding ongoing litigation affecting the City and the receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

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

ABSENT - Ward 1 Councillor Maureen Wilson
NO - 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

6. Hamilton Police Services and Hamilton Public Library Surpluses and Deficits (Item 11.1)

(Kroetsch/Hwang)

WHEREAS, the City of Hamilton is the primary funder for Hamilton Police Services and Hamilton Public Library;

WHEREAS, the City of Hamilton is legislatively required to approve the Hamilton Police Services Board and Hamilton Public Library Board of Directors approved budgets for Hamilton Police Services and Hamilton Public Library;

WHEREAS, the City of Hamilton approves the disposition of any year end surpluses and deficits for Hamilton Police Services and Hamilton Public Library;

WHEREAS, the Hamilton Police Services Board and Hamilton Public Library Board of Directors approve any year-end surplus or deficit related transfers exclusive of Hamilton City Council consideration and approval; and

WHEREAS, the Hamilton Police Services Board and Hamilton Public Library Board of Directors have approved reserve policies in keeping with City of Hamilton Reserve policies;

THEREFORE, BE IT RESOLVED:

- (a) That City staff coordinate with Hamilton Police Services to prepare an amendment to the year-end closing process whereby Council would receive and approve any Hamilton Police Services Board recommendations related to transfer funds to and from reserves relating to year-end surpluses and deficits; and
- (b) That City staff coordinate with Hamilton Public Library to prepare an amendment to the year-end closing process whereby Council would receive and approve any Hamilton Public Library Board of Directors recommendations related to transfer funds to and from reserves relating to year-end surpluses and deficits.

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

7. Replacement of Legend Software and Review of Xplor Recreation Software (FCS23088/HSC23061) (City Wide) (Item 14.2)

(Spadafora/Hwang)

- (a) That the direction provided to staff in Closed Session, respecting Report FCS23088/HSC23061, Replacement of Legend Recreation Software Inc. used by the Recreation division and the Tourism and Culture division be approved and remain confidential until negotiations are completed, and a contract is in place;
- (b) That Report FCS23088/HSC23061 respecting the replacement of the existing software, Legend Recreation Software Inc., remain confidential; and,
- (c) That the applicable resulting contract award information be publicly reported in the appropriate quarterly status report for Tenders and Proposals.

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

ABSENT - 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:

6. DELEGATION REQUESTS

- 6.1 Jason Herd, Fairway Electrical Services, respecting the City's letter to Fairway, dated September 18th, 2023 (Item 10.4) (for today's meeting)

10. DISCUSSION ITEMS

- 10.4 Commercial Relationship between City of Hamilton and Fairway Electrical Services Inc. (LS23032/FCS23101) (City Wide) – ***previously listed as Item 14.3***

14. PRIVATE & CONFIDENTIAL

- 14.3 ***Confidential Appendix A to Item 10.4***, Commercial Relationship between City of Hamilton and Fairway Electrical Services Inc. (LS23032/FCS23101) (City Wide)

(Tadeson/Hwang)

That the agenda for the October 5, 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) September 21, 2023 (Item 4.1)

(Hwang/Spadafora)

That the Minutes of the September 21, 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) DELEGATION REQUESTS (Item 6)

- (i) Jason Herd, Fairway Electrical Services, respecting the City's letter to Fairway, dated September 18th, 2023 (Item 10.4) (for today's meeting) (Item 6.1)**

(Spadafora/Beattie)

That the Delegation Request from Jason Herd, Fairway Electrical Services, respecting the City's letter to Fairway, dated September 18th, 2023 (Item 10.4), be approved for today's meeting.

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

ABSENT - 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

(e) DELEGATIONS (Item 6)

- (i) Jason Herd, Fairway Electrical Services, respecting the City's letter to Fairway, dated September 18th, 2023 (Item 10.4) (Item 6.1)**

Jason Herd, Fairway Electrical Services, addressed Committee respecting the City's letter to Fairway, dated September 18th, 2023 (Item 10.4).

(Spadafora/M. Wilson)

That the Delegation from Jason Herd, Fairway Electrical Services, respecting the City's letter to Fairway, dated September 18th, 2023 (Item 10.4), be received and referred to the consideration of Items 10.4 and 14.3, Commercial Relationship between City of Hamilton and Fairway Electrical Services Inc.

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 5.

(f) DISCUSSION ITEMS (Item 10)

(i) Commercial Relationship between City of Hamilton and Fairway Electrical Services Inc. (LS23032/FCS23101) (City Wide) (Item 10.4)

(Hwang/Spadafora)

That consideration of Report LS23032/FCS23101, respecting Commercial Relationship between City of Hamilton and Fairway Electrical Services Inc. (City Wide), be deferred until after Closed Session.

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 5.

(g) PRIVATE AND CONFIDENTIAL (Item 14)

(i) Closed Minutes - September 21, 2023

(Spadafora/Tadeson)

That the Closed Session Minutes of the September 7, 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

(Hwang/Spadafora)

That the Audit, Finance and Administration Committee move into Closed Session, pursuant to Section 9.3, Sub-sections (e), (f) and (k) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (e), (f) 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; advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and a position, plan,

procedure, criteria or instruction to be applied to any negotiations carried on by or on behalf of the municipality.

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

(ii) Replacement of Legend Software and Review of Xplor Recreation Software (FCS23088/HSC23061) (City Wide) (Item 14.2)

For further disposition of this matter, refer to Item 7.

(iii) Confidential Appendix “A” to Report LS23032/FCS23101 - Commercial Relationship between City of Hamilton and Fairway Electrical Services Inc (Added Item 14.3)

For further disposition of this matter, refer to Item 5.

(h) ADJOURNMENT (Item 15)

(Spadafora/Tadeson)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 11:27 a.m.

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

ABSENT - 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



Hamilton

Minutes 23-009

Hamilton Women and Gender Equity Committee

Thursday September 7, 2023

6:00pm-8:00pm

All virtual meetings can be viewed at the

City's YouTube Channel:

<https://www.youtube.com/user/InsideCityofHamilton>

Virtual Meeting

Present: Deanna Allain, Melanie Cummings, Adrianna Harris, Michelle Hutton, Jan Lukas, Pascale Marchand, Kathleen Shannon and Yulena Wan.

Regrets: Gagan Batra, Anna Davey, Autumn Getty, and Stephanie Scardellato.

Also Present: Jocelyn Strutt, Senior Project Manager and Public Engagement Specialist.

1. CEREMONIAL ACTIVITIES

1.1 Land Acknowledgement

D. Allain provided the Land Acknowledgement

2. APPROVAL OF THE AGENDA AS AMENDED (ITEM 2)

(J. Lukas / P. Marchand)

That additional Discussion Items respecting advisory committees and structures and an Update from Audit,

Finance and Administration Committee, be added to today's agenda.

CARRIED

3. DECLARATION OF INTEREST (ITEM 3)

None.

4. APPROVAL OF MINUTES OF PREVIOUS MEETING (ITEM 4)

(i) April 13, 2023

(K. Shannon / J. Lukas)

That the Minutes of April 13, 2023 be approved, as presented.

CARRIED

(ii) May 4, 2023

(K. Shannon / P. Marchand)

That the Minutes of May 4, 2023 be approved, as presented.

CARRIED

(iii) June 22, 2023

(M. Cummings / J. Lukas)

That the Minutes of June 22, 2023 be approved, as presented.

CARRIED

5. DISCUSSION ITEMS (ITEM 10)

- (i) Discussion respecting the dispersment of remaining Women and Gender Advisory Committee funds to support Take Back the**

Night and other community initiatives. (Item 10.1)

1. Hamilton For All Campaign (Item 10.1(a))

(J. Lukas / K. Shannon)

(a) That \$500 be contributed to Hamilton for All campaign; and

(b) That the Women and Gender Equity Committee be named as a contributor, when the funds are used by organizations.

CARRIED

2. Take Back the Night Event (Item 10.1(b))

(P. Marchand / A. Harris)

(a) That \$500 be contributed to the Take Back the Night event Sep 21, 2023; and

(b) That the Women and Gender Equity Committee be listed as a contributor.

CARRIED

3. Women of Distinction Awards (Item 10.1(c))

(P. Marchand / M. Harris)

That \$1,000 from special event funds and \$500 from reserve fund be used to purchase a table for the 2024 Women of Distinction Awards dinner and to provide those seats to people who are unable to purchase a ticket because of personal financial limitations.

CARRIED

(ii) Update on Volunteer Advisory Committee Status (ITEM 10.2)

The Committee discussed Report CM23025 Voluntary Advisory Committee Review from July 13, 2023 Audit, Finance and Administration Committee. Council approved a pause of specific volunteer Advisory Committees until March 2024 while a review is conducted. The work will include a review of best practices and involve current members in the review.

6. ADJOURNMENT (ITEM 15)

(A. Harris / M. Cummings)

That the Hamilton Women and Gender Equity Committee be adjourned at 7:05 p.m.

CARRIED

Next Meeting on Hold Until Further Notice


Respectfully submitted,

D. Allain, Chair
Hamilton Women and
Gender Equity Committee

Jocelyn Strutt,
Staff Liaison
City Manager's Office



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	October 19, 2023
SUBJECT/REPORT NO:	Selection of External Auditor for the City of Hamilton and its Consolidated Entities (FCS23105) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Nikki Freeman (905) 546-2424 Ext. 3020
SUBMITTED BY:	Shelley Hesmer Acting Director, Financial Services and Taxation Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Not applicable.

INFORMATION

On December 7, 2022, Council approved Report FCS22068(a), 2022 External Audit Services 1 Year Contract Extension, a single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements, for a one-year contract extension to Contract C12-12-11 for External Audit Services for fiscal year end 2022 for the City of Hamilton (“City”) and its Consolidated Entities. It was outlined within the report that Accounting Services will proceed with issuing and awarding a new Request for Proposal (“RFP”) for external audit services covering fiscal year ends 2023-2027 starting in the Fall of 2022. Report FCS23105 is to inform Council of the results of the RFP.

The RFP for External Audit Services for the City and its Consolidated Entities was issued to obtain an independent external auditor for various audits commencing upon the City’s notification of Contract award to the Successful Proponent and ending December 31, 2024. The Contract may be extended by the City for a maximum of four additional one-year terms.

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: Selection of External Auditor for the City of Hamilton and its Consolidated Entities (FCS23105) (City Wide) – Page 2 of 2

RFP C12-08-23 was issued on July 18, 2023. The closing date for submissions was August 21, 2023.

A two-step process was used for the RFP for External Audit Services:

- Step 1 – Technical Proposal: Information included the evaluation criteria of:
 - I. Proponent’s Understanding of Services
 - II. Proponent Profile, Experience & Qualifications
 - III. Proponent Audit Team Technical Expertise and Knowledge
 - IV. Audit Strategies and Methodologies
- Step 2 – Schedule of Prices: Pricing Information was required for the various City audits.

In the two-step process, the Step 2 Schedule of Prices is not opened until evaluation of the Step 1 Technical Proposal is completed. Step 2 Schedule of Prices are only opened if the proponent met the minimum benchmark set out in the RFP for the Step 1 Technical Proposal of 80% or greater.

One (1) proposal was received in response to the RFP, that being from KPMG LLP (KPMG). The proposal was reviewed and evaluated by staff according to the criteria in the RFP document. The proposal passed Step 1, scoring above the 80% benchmark. Then, the Step 2 Schedule of Prices was opened and the total contract price for all five years of the Contract (including optional years) is \$1,736,815. The 2023 audit fee for the City and its Consolidated Entities represents a \$39,400 or 13.7% increase from the 2022 audit fee across 40 engagements.

KPMG will be awarded the City’s contract for External Audit Services for audits of fiscal year 2023, with options to extend for a maximum of four additional one-year terms. This represents fiscal years 2023 through 2027.

KPMG has been the City’s external auditors since 2012, being awarded the contract through C12-12-11, a competitive procurement process. KPMG understands the business of the City and its related entities, key issues and the audit requirements. KPMG has partners, managers and staff with excellent municipal experience.

APPENDICES AND SCHEDULES ATTACHED

N/A

NF/dt



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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	October 19, 2023
SUBJECT/REPORT NO:	Development Charges Interest Policy Update (FCS23087) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Ailish Brooke (905) 546-2424 Ext. 6875 Lindsay Gillies (905) 546-2424 Ext. 5491
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION

That Council approves the replacement of the Development Charges Interest Policy, effective November 1, 2023, with the following:

- (a) The Development Charges Legislated Deferral Interest Policy, attached as Appendix "A" to Report FCS23087, for building permits, pursuant to Section 26.1 (7) of the *Development Charges Act, 1997*; and
- (b) The Development Charges Rate Lock-In Interest Policy, attached as Appendix "B" to Report FCS23087, for site plan or zoning by-law amendment applications, for the purpose of Section 26.2 (3) of the *Development Charges Act, 1997*.

EXECUTIVE SUMMARY

On October 25, 2022, Bill 23, *More Homes Built Faster Act, 2022* (Bill 23), was introduced at the Ontario Legislature. Bill 23 received Royal Assent on November 28, 2022 and the Province proclaimed that some sections of Bill 23 would come into force effective November 28, 2022.

**SUBJECT: Development Charges Interest Policy Update (FCS23087) (City Wide) –
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One of the changes through Bill 23 was that the Province legislated a maximum interest rate for the purposes of Section 26.1 (7) and 26.2 (3) of the *Development Charges Act, 1997* (DC Act). Section 26.1 (7) allows for interest to be applied to the legislated deferral of Development Charges (DCs) for rental housing and institutional developments from the time of building permit issuance to the time of each instalment payment. Section 26.2 (3) allows for interest to be applied to DC rates locked-in at the time of site plan or zoning by-law amendment application to the time of building permit issuance.

The purpose of Report FCS23087 is to recommend that Council adopt the Development Charges Legislated Deferral Interest Policy, Appendix “A” to Report FCS23087 and the Development Charges Rate Lock-In Interest Policy, Appendix “B” to Report FCS23087. These policies have been amended from the Development Charges Interest Policy adopted by Council on May 27, 2020 due to the legislative changes from Bill 23.

Staff has considered the impact of this policy change on proposed developments which have locked in DC rates through a site plan or zoning by-law amendment application under Section 26.2 (3) of the DC Act. To ensure that existing proposed developments are not impacted, through Recommendation (a) to Report FCS23087, staff is recommending that the Development Charges Rate Lock-In Interest Policy change take effect for site plan or zoning by-law amendment applications submitted on or after November 1, 2023. Through Recommendation (b) to Report FCS23087, staff has recommended that the Development Charges Legislated Deferral Interest Policy change for legislated instalments under Section 26.1 (7) of the DC Act, take effect for building permits issued on or after November 1, 2023.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The recommendation to Report FCS23087 impacts the amount of interest collected under Sections 26.1 (7) and 26.2 (3) of the DC Act. The recommendation ensures that the City is in compliance with the legislated maximum interest rate while continuing to provide developments which locked their DCs in at lower rates with those lower rates.

Staffing: There are no implications to staffing levels required.

Legal: The existing DC Interest Policy is inconsistent with the maximum interest rate proclaimed through Bill 23. There is no legal requirement to amend the DC Interest Policy as the DC Act supersedes any City Policy, the amendments are to align the City’s Policy with the maximum legislated in the DC Act.

**SUBJECT: Development Charges Interest Policy Update (FCS23087) (City Wide) –
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HISTORICAL BACKGROUND

- June 6, 2019 Bill 108, *More Homes, More Choice Act, 2019*, (Bill 108) received Royal Assent at the Ontario Legislature.
- January 1, 2020 Sections 8(1), 9, 12, and 13(6) of Schedule 3 of the *More Homes, More Choice Act, 2019* (Bill 108) came into force. These are the sections which prescribe that DCs are payable in instalments for certain types of development and also the section that freezes, or locks-in DCs as of site plan or zoning by-law amendment application date, along with the sections that allow municipalities to charge interest related to each.
- May 27, 2020 Through Recommendations (a) and (b) to Report FCS20028 / PED20105, “Development Charges Interest Rates Recommendation Related to Bill 108 Changes and Related Site Plan Changes”, Council approved the content of the existing Development Charges Interest Policy. The existing Development Charges Interest Policy permits an interest rate equal to the Bank of Canada Prime, plus 2% fixed at the date of building permit issuance, compounded semi-annually for the purposes of Section 26.1 (7) of the DC Act and an interest rate equal to the Bank of Canada Prime, fixed at the date of the related planning application, compounded semi-annually for the purposes of Section 26.2 (3) of the DC Act.
- November 28, 2022 *More Homes Built Faster Act, 2022* (Bill 23) received Royal Assent at the Ontario Legislature.
- November 28, 2022 Section 26.3 of the *More Homes Built Faster Act, 2022* (Bill 23) came into force. This is the section that prescribed a maximum interest rate for Sections 26.1 (7) and 26.2 (3) of the DC Act.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The recommendations of Report FCS23087 are to align the City’s DC Interest Policy with the Provincial legislative changes to the DC Act through Section 26.3. While there is no legal requirement to update the City’s DC Interest Policy, the City would be required to monitor both the existing policy against the legislative requirements and apply interest at the lesser of the two.

Appendix “A” and “B” to Report FCS23087 are the amended Development Charges Interest Policies.

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RELEVANT CONSULTATION

Legal and Risk Management Services, Corporate Services Department, was consulted in the development of Report FCS23087.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

On October 25, 2022, Bill 23, *More Homes Built Faster Act, 2022* (Bill 23), was introduced at the Ontario Legislature. Bill 23 received Royal Assent on November 28, 2022 and the Province proclaimed that some sections of Bill 23 would come into force effective November 28, 2022. Through Section 26.3 of the DC Act, Bill 23 prescribed a maximum interest rate that can be applied for the purposes of Sections 26.1 (7) and 26.2 (3) of the DC Act.

Section 26.3 of the DC Act prescribes interest is calculated as simple interest at a maximum interest rate of one percentage point higher than the base rate of interest on the most recent quarterly adjustment date (January 1, April 1, July 1 and October 1). The base rate of interest is calculated as the mean of the annual rates of interest announced by each of the Royal Bank of Canada, The Bank of Nova Scotia, the Canadian Imperial Bank of Commerce, the Bank of Montreal and The Toronto-Dominion Bank on each of the following dates for each adjustment date:

- October 15 of the previous year for January 1 adjustment date
- January 15 of the same year for the April 1 adjustment date
- April 15 of the same year for the July 1 adjustment date
- July 15 of the same year for the October 1 adjustment date

As a result of this legislative change, staff is currently required to maintain two interest calculations to ensure compliance with the DC Act - the prescribed maximum interest rate under Section 26.3 of the DC Act and the Development Charges Interest Policy adopted by Council on May 27, 2020 through Report FCS20028 / PED20105. The existing Development Charges Interest Policy permits an interest rate equal to the Bank of Canada Prime, plus 2% fixed at the date of building permit issuance, compounded semi-annually for the purposes of Section 26.1 (7) of the DC Act and an interest rate equal to the Bank of Canada Prime, fixed at the date of the site plan application or zoning by-law amendment, compounded semi-annually for the purposes of Section 26.2 (3) of the DC Act.

For the purposes of Section 26.1 (7) of the DC Act, which allows for interest to be applied to the legislated deferral of DCs for rental housing and institutional developments, the City's existing DC Interest Policy has exceeded the maximum interest rate prescribed by Section 26.3 since proclamation of Bill 23. Adoption of the Development Charges Legislated Deferral Interest Policy, Appendix "A" to Report FCS23087, through Recommendation (a), will not have an impact on the interest rates applied to legislated deferrals since the Section 26.3 of the DC Act supersedes the City Policy.

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.

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For the purposes of Section 26.2 (3) of the DC Act, which allows for interest to be applied to DC rates locked-in at the time of site plan or zoning by-law amendment application, the City's existing DC Interest Policy has not exceeded the maximum interest rate prescribed by Section 26.3. Adoption of the Development Charges Rate Lock-In Interest Policy, Appendix "B" to Report FCS23087, will result in increased interest charges being applied to locked-in rates between site plan or zoning by-law amendment application and building permit issuance.

Table 1 to Report FCS23087 outlines the difference between the City of Hamilton's existing Development Charges Interest Policy and those proposed through Recommendations (a) and (b) to Report FCS23087.

Table 1
Comparison of the City of Hamilton's existing
Development Charges Interest Policy and the Legislated Maximum

	City's existing DC Interest Policy*	Legislated Maximum (Proposed Policies)
Interest rate	Fixed	Variable
Interest calculation	Semi-Annual Compounding	Simple
Section 26.1 (7): Interest Rates for Instalments of Legislatively Deferred DCs Appendix "A" to Report FCS23087		
June 1, 2022 – June 30, 2022	4.45%*	3.45%
July 1, 2022 – September 30, 2022	4.70%*	4.20%
October 1, 2022 – December 31, 2022	7.45%*	5.70%
January 1, 2023 – March 31, 2023	8.45%*	6.45%
April 1, 2023 – June 30, 2023	8.70%*	7.70%
July 1, 2023 – September 30, 2023	8.95%*	7.70%
October 1, 2023 – December 23, 2023	To be Determined	8.20%
Section 26.2 (3): Interest Rates for DC rates locked-in as of site plan or zoning by-law amendment application date Appendix "B" to Report FCS23087		
June 1, 2022 – June 30, 2022	2.45%	3.45%
July 1, 2022 – September 30, 2022	2.70%	4.20%
October 1, 2022 – December 31, 2022	5.45%	5.70%
January 1, 2023 – March 31, 2023	6.45%	6.45%
April 1, 2023 – June 30, 2023	6.70%	7.70%
July 1, 2023 – September 30, 2023	6.95%	7.70%
October 1, 2023 – December 23, 2023	To be Determined	8.20%

* Note: Interest rate applied is capped at the legislated maximum. The interest rate as calculated by the existing Development Charges Interest Policy has been provided for illustrative purposes.

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Due to the complexity of monitoring all files against two interest rate methodologies (the previously adopted policy and the new legislated maximum), through Recommendation (a) to Report FCS23087, staff recommends that Council adopt Appendix “A” to Report FCS23087 as the City of Hamilton’s Development Charges Legislated Deferral Interest Policy which sets the interest rate applied for the purposes of Section 26.1 (7) of the DC Act, effective for site plan or zoning by-law amendment applications submitted on or after November 1, 2023, as the maximum interest rate permitted under Section 26.3 of the DC Act. If Section 26.3 of the DC Act is repealed, the proposed Development Charges Interest Policy reverts to the previously adopted Development Charges Interest Policy.

Through Recommendation (b) to Report FCS23087 staff recommends that Council adopt Appendix “B” to Report FCS23087 as the City of Hamilton’s Development Charges Rate Lock-In Interest Policy, which sets the interest rate applied for the purposes of Section 26.2 (3) of the DC Act, effective for building permits issued on or after November 1, 2023, as the maximum interest rate permitted under Section 26.3 of the DC Act. If Section 26.3 of the DC Act is repealed, the proposed Development Charges Interest Policy reverts to the previously adopted Development Charges Interest Policy.

ALTERNATIVES FOR CONSIDERATION

Not Applicable

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS23087 – Development Charges Legislated Deferral Interest Policy

Appendix “B” to Report FCS23087 – Development Charges Rate Lock-In Interest Policy

AB/LG/dt

Development Charges Legislated Deferral Interest Policy	 Hamilton	Approval: Pending
Page 1 of 2		

Development Charges Legislated Deferral Interest Policy	
POLICY STATEMENT	The Development Charges Legislated Deferral Interest Policy sets out the guidelines for application of interest to Development Charges (DC) under Section 26.1 (7) in accordance with Section 26.3 of the <i>Development Charges Act, 1997</i> (DC Act).
SCOPE	This Policy pertains to interest applied to DCs for the purposes of Section 26.1 (7) of the DC Act.
PURPOSE (GUIDING PRINCIPLES)	<p>The purpose of this Policy is to adopt an interest rate policy for Section 26.1 (7) of the DC Act.</p> <p>As per Section 26.1 (7) of the DC Act, as of January 1, 2020, the following types of development commence payment of DCs at first occupancy for a set number of instalments:</p> <ul style="list-style-type: none"> • Rental (six (6) annual instalments commencing at first occupancy). • Institutional (six (6) annual instalments commencing at first occupancy). – This category includes long-term care homes, retirement homes, universities and colleges, memorial homes; clubhouses; or athletic grounds of the Royal Canadian Legion, and hospices. <p>The City is permitted to charge interest on the amounts outstanding from permit issuance until full payment is received.</p>
RELATED LEGISLATION	<i>Development Charges Act, 1997</i> , Section 26.1 (7) <i>Development Charges Act, 1997</i> , Section 26.3
TRANSPARENCY	The Development Charges Interest Policy is to be made available to the public through the City of Hamilton’s official website, ensuring accessibility for all citizens and Council members.
DEFINITIONS	
“DC Act”	<i>Development Charges Act, 1997</i> as amended or revised.

Development Charges Legislated Deferral Interest Policy	 Hamilton	
Page 2 of 2		Approval: Pending

DETAILS	<p>For the purposes of Section 26.1 (7) of the DC Act, effective as of November 1, 2023, the interest rate applied will be the maximum interest rate permitted under Section 26.3 of the DC Act.</p> <p>For building permits issued prior to November 1, 2023, the applicable interest shall be calculated in accordance with the DC Interest Rate Policy adopted by Council on May 27, 2020. The daily interest for any date from June 1, 2022 onwards will be capped at the maximum interest rate legislated under Section 26.3 of the DC Act.</p> <p>If Section 26.3 of the DC Act is repealed, the applicable interest rate for the purpose of Section 26.1 (7) of the DC Act, will be:</p> <ul style="list-style-type: none"> the Bank of Canada Prime plus 2%, fixed at the date of building permit issuance, compounded semi-annually;
POLICY OWNER	Director of Financial Planning, Administration and Policy
ADMINISTRATION	<p>The administration of the Development Charges Interest Policy falls under the purview of Financial Planning, Administration and Policy, Corporate Services Department.</p> <p>The Policy should be reviewed during each Development Charges Background Study or relevant legislative change to ensure its continued relevance and effectiveness and to incorporate any changes in the operational environment or strategic direction of the City of Hamilton.</p> <p>The review process for Policy updates involves a comprehensive assessment by Financial Planning, Administration and Policy and subsequent recommendation of any changes to City Council for approval, thereby ensuring transparency, inclusivity and accountability.</p>

Development Charges Rate Lock-In Interest Policy		
Page 1 of 2	Hamilton	Approval: Pending

Development Charges Rate Lock-In Interest Policy	
POLICY STATEMENT	The Development Charges Rate Lock-In Interest Policy sets out the guidelines for application of interest to Development Charges (DC) under Section 26.2 (3) in accordance with Section 26.3 of the <i>Development Charges Act, 1997</i> (DC Act).
SCOPE	This Policy pertains to interest applied to DCs for the purposes of Section 26.2 (3) of the DC Act.
PURPOSE (GUIDING PRINCIPLES)	<p>The purpose of this Policy is to adopt an interest rate policy for Section 26.2 (3) of the DC Act.</p> <p>Section 26.2 (3) of the DC Act, as of January 1, 2020, freezes the DC rate charged to a development based on the application date of a site plan Application or a zoning by-law amendment, only where such application is applied for on or after January 1, 2020. This freezing does not apply to developments whose site plan or zoning by-law amendments were applied for before January 1, 2020.</p> <p>The City is permitted to charge interest on the frozen rate from the date it is frozen to the date of permit issuance.</p> <p>Section 26.3 of the DC Act prescribes the maximum interest rate applicable under Section 26.1 and 26.2.</p>
RELATED LEGISLATION	<i>Development Charges Act, 1997</i> , Section 26.2 (3) <i>Development Charges Act, 1997</i> , Section 26.3
TRANSPARENCY	The Development Charges Interest Policy is to be made available to the public through the City of Hamilton's official website, ensuring accessibility for all citizens and Council members.
DEFINITIONS	
"DC Act"	<i>Development Charges Act, 1997</i> as amended or revised

Development Charges Rate Lock-In Interest Policy		
Page 2 of 2	Hamilton	Approval: Pending

DETAILS	<p>For the purposes of Section 26.2 (3) of the DC Act, effective as of November 1, 2023, the interest rate applied will be the maximum interest rate permitted under Section 26.3 of the DC Act.</p> <p>Interest for DC rates locked-in by site plan or zoning by-law amendment applications prior to November 1, 2023 shall be calculated in accordance with the Development Charges Interest Policy adopted by Council on May 27, 2020. The daily interest for any date from June 1, 2022 will be capped at the legislated maximum interest rate under Section 26.3 of the DC Act.</p> <p>If Section 26.3 of the DC Act is repealed, the applicable interest rate for the purpose of Section 26.1 (7) of the DC Act, will be:</p> <ul style="list-style-type: none"> • the Bank of Canada Prime plus 2%, fixed at the date of building permit issuance, compounded semi-annually.
POLICY OWNER	Director of Financial Planning, Administration and Policy
ADMINISTRATION	<p>The administration of the Development Charges Interest Policy falls under the purview of Financial Planning, Administration and Policy, Corporate Services Department.</p> <p>The Policy should be reviewed during each Development Charges Background Study or relevant legislative change to ensure its continued relevance and effectiveness and to incorporate any changes in the operational environment or strategic direction of the City of Hamilton.</p> <p>The review process for Policy updates involves a comprehensive assessment by Financial Planning, Administration and Policy and subsequent recommendation of any changes to City Council for approval, thereby ensuring transparency, inclusivity and accountability.</p>