



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 24-003
Date: February 8, 2024
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 January 18, 2024

4.2 January 29, 2024 - Education Development Charges Hearing

5. COMMUNICATIONS

6. DELEGATION REQUESTS

6.1 Michelle Diplock, West End Home Builders Association, respecting Development Charges (for a future meeting)

7. DELEGATIONS

7.1 Zachary Bobolo, HTowing, respecting Towing contract (approved January 18, 2024)

- a. Staff Supporting Documentation, respecting Zachary Bobolo, HTowing, respecting Towing contract

7.2 Adeyinka taiwo-Fasegha, respecting water bill issue (approved January 18, 2024)

- a. Staff Supporting Documentation respecting Adeyinka taiwo-Fasegha, respecting water bill issue

8. STAFF PRESENTATIONS

8.1 2023 City of Hamilton External Audit Planning Report (FCS24009) (City Wide)

9. CONSENT ITEMS

9.1 2023 Third Quarter Emergency and Non-competitive Procurements Report - FCS23019(b) (City Wide)

9.2 2023 Third Quarter Non-compliance with the Procurement Policy Report – FCS23020(b) (City Wide)

9.3 2023 Third Quarter Request for Tenders and Proposals Report – FCS23021(b) (City Wide)

9.4 Water Leak Protection Program Update (FCS21087(b)) (City Wide)

9.5 Hamilton Street Railway Pension Plan Valuation at January 1, 2023 (FCS24010) (City Wide)

10. DISCUSSION ITEMS

10.1 Single Source Procurement of Gartner Canada Co. Technology Services Data Leaders Module (FCS24013) (City Wide)

11. MOTIONS

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

14. PRIVATE AND CONFIDENTIAL

15. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 24-001

9:30 a.m.

January 18, 2024
Council Chambers
Hamilton City Hall

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

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. **Equity, Diversity, and Inclusion Audit (AUD23013) (City Wide) (Item 8.1)**

(A. Wilson/Hwang)

- (a) That Appendix "A" attached to Report AUD23013, respecting Equity, Diversity, and Inclusion Audit be received; **and**
- (b) That the City Manager be directed to ***work with the IDEA Team and the Senior Leadership Team to draft a new Management Responses document for*** a report back to the Audit, Finance and Administration Committee by ***the end of Q2 2024, that:***
- (i) ***shows a clear action plan with timelines; and***
- (ii) ***includes comments and direct participation from SLT clarifying their individual and departmental commitments and participation within the updated management response document.***

Result: Main Motion, as Amended, CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - Ward 2 Councillor Cameron Kroetsch
YES - CHAIR - Ward 4 Councillor Tammy Hwang
YES - 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. DARTS Vehicle Safety Audit AUD22007(a) Update to Management Response (PW24005) (City Wide) (Outstanding Business List Item) - REVISED (Item 9.1)

(Tadeson/Spadafora)

That Report PW24005, respecting DARTS Vehicle Safety Audit AUD22007(a) Update to Management Response - Revised, be received.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

- YES - Ward 1 Councillor Maureen Wilson
- YES - Ward 2 Councillor Cameron Kroetsch
- YES - CHAIR - Ward 4 Councillor Tammy Hwang
- YES - 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. HMRF-HWRF Pension Administration Sub-Committee Report 23-002 (Item 10.1)

(A. Wilson/Spadafora)

(a) Consent Items (Item 9)

That the following Consent Items, be received:

- (i) Hamilton Municipal Retirement Fund (HMRF), Hamilton Wentworth Retirement Fund (HWRF) Plan Wind-Up (FCS23006(a)) (City Wide) (Item 9.1)
- (ii) Master Trust Pension Investment Performance Report as at June 30, 2023 (FCS23094) (City Wide) (Item 9.2)

(b) Master Trust Pension Statement of Investment Policies and Procedures (FCS23098) (City Wide) (Item 10.1)

- (i) That Appendix "A" to HMRF-HWRF Pension Administration Sub-Committee Report 23-002, respecting the 2023 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures, be approved and replace the previous 2022 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures contained in Report FCS23009 and approved by Council on April 12, 2023;
- (ii) That Appendix "A" to HMRF-HWRF Pension Administration Sub-Committee Report 23-002, respecting the 2023 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures, be forwarded to the Hamilton Street Railway Pension Advisory Committee for their information.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - Ward 2 Councillor Cameron Kroetsch
YES - CHAIR - Ward 4 Councillor Tammy Hwang
YES - 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. Reserve / Revenue Funds and Trust Accounts Statement of Investment Policies and Procedures Review (FCS24004) (City Wide) (Item 10.2)

(a) (Spadafora/A. Wilson)

That Appendix "A" attached to Report FCS24004 respecting the Reserve / Funds and Trust Accounts Statement of Investment Policies and Procedures, dated December 12, 2023, be approved and replace the previous Reserve / Revenue Funds and Trust Accounts Statement of Investment Policies and Procedures contained in Report FCS19074 and approved by Council on December 11, 2019.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - Ward 2 Councillor Cameron Kroetsch
YES - CHAIR - Ward 4 Councillor Tammy Hwang
YES - 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) (Kroetsch/A. Wilson)

That Corporate Services staff report back to the Audit, Finance and Administration Committee on both the City's progress to date and a timeline for potential future actions with respect to the City's entire investment portfolio by Q4 2024 in relation to the Environment, Social, and Governance Factors (ESG), set out in section 1.10 of Appendix A to Report FCS24004.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - Ward 2 Councillor Cameron Kroetsch
YES - CHAIR - Ward 4 Councillor Tammy Hwang
YES - 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:

9. CONSENT ITEMS

9.1(a) DARTS Vehicle Safety Audit AUD22007(a) Update to Management Response (PW24005) (City Wide) (Outstanding Business List Item) - **REVISED**

(A. Wilson/Kroetsch)

That the agenda for the January 18, 2024 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 - Ward 2 Councillor Cameron Kroetsch
YES - CHAIR - Ward 4 Councillor Tammy Hwang
YES - 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

(b) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

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

(i) December 7, 2023 (Item 4.1)

(Beattie/Clark)

That the Minutes of the December 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 - Ward 2 Councillor Cameron Kroetsch
YES - CHAIR - Ward 4 Councillor Tammy Hwang
YES - 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

(d) DELEGATION REQUESTS (Item 6)

(A. Wilson/Tadeson)

That the following Delegation Requests, be approved for a future meeting:

- (i) Zachary Bobolo, HTowing, respecting Towing contract (for a future meeting)
- (ii) Adeyinka taiwo-Fasegha, respecting water bill issue (for a future meeting)

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

YES - Ward 1 Councillor Maureen Wilson
YES - Ward 2 Councillor Cameron Kroetsch
YES - CHAIR - Ward 4 Councillor Tammy Hwang
YES - 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

(e) STAFF PRESENTATIONS (Item 8)

(i) Equity, Diversity, and Inclusion Audit (AUD23013) (City Wide) (Item 8.1)

- (1) Brigitte Minard, Deputy Auditor General, and Lyn Guo, Senior Audit and Investigations Specialist, addressed Committee respecting the Equity, Diversity, and Inclusion Audit, with the aid of a presentation.

(A. Wilson/Spadafora)

That the presentation from Brigitte Minard, Deputy Auditor General, and Lyn Guo, Senior Audit and Investigations Specialist, respecting the Equity, Diversity, and Inclusion Audit, be received.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - Ward 2 Councillor Cameron Kroetsch
YES - CHAIR - Ward 4 Councillor Tammy Hwang
YES - 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) (A. Wilson/Spadafora)

- (a) That Appendix "A" attached to Report AUD23013, respecting Equity, Diversity, and Inclusion Audit be received;

- (b) That the Management Response, as detailed in Appendix “B” to Report AUD23013 be approved; and
- (c) That the City Manager be directed to implement the Management Responses (attached as Appendix “B” to Report AUD23013) and report back to the Audit, Finance and Administration Committee by December 2024 on the nature and status of actions taken in response to the audit report including the provision of expected completion dates for all items that have completion dates listed as “unknown”.

(3) **(A. Wilson/Hwang)**

That the recommendations in Report AUD23013, respecting Equity, Diversity and Inclusion Audit, be **amended** as follows:

- (a) That Appendix “A” attached to Report AUD23013, respecting Equity, Diversity, and Inclusion Audit be received; **and**

~~(b) That the Management Response, as detailed in Appendix “B” to Report AUD23013 be approved; and~~

~~(c)(b) That the City Manager be directed to **implement work with the IDEA Team and the Senior Leadership Team to draft a new the Management Responses (attached as Appendix “B” to Report AUD23013) document for report back to the Audit, Finance and Administration Committee by December the end of Q2 2024 on the nature and status of actions taken in response to the audit report including the provision of expected completion dates for all items that have completion dates listed as “unknown”, that:**~~

~~(i) shows a clear action plan with timelines; and~~

~~(ii) includes comments and direct participation from SLT clarifying their individual and departmental commitments and participation within the updated management response document.~~

Result: Amendment, CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
YES - Ward 2 Councillor Cameron Kroetsch
YES - CHAIR - Ward 4 Councillor Tammy Hwang
YES - 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.

(f) **GENERAL INFORMATION AND OTHER BUSINESS (Item 13)**

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

(Clark/Spadafora)

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

(1) Items Considered Completed and to be Removed

- (a) Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit (Report 50695) Management Action Plans (AUD22007(a)) (City Wide)
Added: April 6, 2023, Audit, Finance and Administration Committee Report 23-005, Item 1
Addressed as Item 9.1 on today's agenda

Result: Motion CARRIED by a vote of 8 to 0, as follows:

- YES - Ward 1 Councillor Maureen Wilson
YES - Ward 2 Councillor Cameron Kroetsch
YES - CHAIR - Ward 4 Councillor Tammy Hwang
YES - 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) **ADJOURNMENT (Item 15)**

(Beattie/Tadeson)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 11:32 a.m.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

- YES - Ward 1 Councillor Maureen Wilson
YES - Ward 2 Councillor Cameron Kroetsch
YES - CHAIR - Ward 4 Councillor Tammy Hwang
YES - 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 Tammy Hwang, Chair
Audit, Finance and Administration
Committee

Tamara Bates
Legislative Coordinator
Office of the City Clerk



AUDIT, FINANCE & ADMINISTRATION COMMITTEE EDUCATION DEVELOPMENT CHARGES HEARING

MINUTES 24-002

9:00 a.m.

January 29, 2024

Room 264, 2nd Floor

Hamilton City Hall

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

The hearing was called to order.

FOR INFORMATION:

(a) APPROVAL OF AGENDA (Item 1)

There were no changes to the agenda.

(M. Wilson/Kroetsch)

That the agenda for the January 29, 2024 Audit, Finance and Administration Committee Education Development Charges Hearing, be approved, as presented.

CARRIED

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) PREVIOUS MINUTES (Item 3)

(M. Wilson/A. Wilson)

That the Minutes of the February 28, 2022 Audit, Finance and Administration Committee Development Charges Hearing meeting, be approved, as presented.

CARRIED

(d) **HEARINGS (Item 3)**

(i) **Education Development Charges Complaint - Roy Rodrigues (107 Manning Ave) (Item 3.1)**

The parties presented their opening statements, evidence and closing statements.

(e) **DECLARATIONS OF INTEREST (Item 2) (Continued)**

Councillor Brad Clark recused himself from the deliberations as he was not present for the submissions from all parties.

Councillor Mark Tadeson recused himself from the deliberations as he was not present for the submissions from all parties.

(f) **HEARINGS (Item 3) (Continued)**

(i) **Education Development Charges Complaint - Roy Rodrigues (107 Manning Ave) (Item 3.1)**

(M. Wilson/Kroetsch)

That the Audit, Finance and Administration Committee retire to deliberate at 9:31 a.m.

CARRIED

(M. Wilson/Spadafora)

That having heard and considered the evidence and submissions of the parties, respecting Education Development Charges Complaint - Roy Rodrigues (107 Manning Ave), the Audit, Finance and Administration Committee **DISMISSED** the Development Charges Complaint.

CARRIED

For further information respecting the outcome of this matter, refer to the Notice of Decision.

(g) **ADJOURNMENT (Item 4)**

There being no further business, the Audit, Finance and Administration Committee Education Development Charges Hearing, adjourned at 10:03 a.m.

Respectfully submitted,

Tammy Hwang, Chair
Audit, Finance and Administration
Committee

Tamara Bates
Legislative Coordinator
Office of the City Clerk

Bates, Tamara

Subject: FW: Webform submission from: Request to Speak to a Committee of Council

Submitted on Wed, 01/24/2024 - 12:51

Submitted by: Anonymous

Submitted values are:

Committee Requested

Committee
Audit, Finance & Administration Committee

Will you be delegating in-person or virtually?
In-person

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

Requestor Information

Requestor Information
Michelle Diplock
West End Home Builders' Association
1112 Rymal Road E
Hamilton, Ontario. L8W 3N7
michelle@westendhba.ca

Preferred Pronoun
she/her

Reason(s) for delegation request
To speak to Committee with regard to the City of Hamilton's Development Charges.

Will you be requesting funds from the City?
No

Will you be submitting a formal presentation?
Yes

Bates, Tamara

Subject: FW: Webform submission from: Request to Speak to a Committee of Council

Submitted on Wed, 01/03/2024 - 09:42

Submitted by: Anonymous

Submitted values are:

Committee Requested

Committee
~~General Issues Committee~~ Audit, Finance and Administration Committee

Will you be delegating in-person or virtually?
In-person

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

Requestor Information

Requestor Information
Zachary Bobolo
HTowing
221 Sherman Ave N
Hamilton, ON. L8L 6N2

2896891837

Preferred Pronoun
he/him

Reason(s) for delegation request
Towing contract is now past due over 1 year. My company has invested a vast amount of money in preparation of this contract and is now sinking.

Will you be requesting funds from the City?
No

Will you be submitting a formal presentation?
No

Procurement Division

MEMORANDUM

TO: Chair and Members
Audit, Finance and Administration Committee

DATE: February 8, 2024

FROM: Tina Iacoe
Manager of Procurement, Procurement Division

SUBJECT: **Delegation regarding Contract C9-01-19 Provision of Security and Non Security Towing and Storage Services for Accident Vehicles for Hamilton Police Service (Exclusive of Hamilton Police Vehicles)**

During agenda review for the Audit, Finance and Administration Committee meeting scheduled for February 8, 2024, staff was asked to prepare a memorandum regarding Contract C9-01-19. Therefore as requested, please find attached Contract C9-01-19 Overview for Audit, Finance and Administration Committee's information.

Thank you.

Copied: S. Hesmer, Acting Director, Financial Services and Taxation & Corporate Controller
D. Ciardullo, Director Fleet, Facilities & Procurement, Hamilton Police Service

Contract C9-01-19 Overview

Contract C9-01-19 is for the provision of “security” and “non-security” towing and storage services for accident vehicles, including light and heavy-duty vehicles and e-bikes.

The scope of work under the Contract includes “Security” towing and storage services, referring to occasions when the Hamilton Police Service (“HPS”) requires that a vehicle involved in an investigation be towed, detained, seized, impounded or held and “Non-security” towing and storage services referring to occasions where the Hamilton Police Service requires a vehicle involved in an investigation be towed and/or stored as a result of an emergency or at the request of the owner or operator of the vehicle. Successful Proponents are required to provide services on a twenty four (24) hour basis.

Contract C9-01-19 was awarded as per a competitive Request for Proposals (“RFP”). The RFP was issued by the City of Hamilton Procurement Division on behalf of Hamilton Police Service. The Contract was awarded on October 30, 2019 to 14 different vendors servicing no more than one of four geographical zones within Hamilton. The fee schedule for light and heavy towing and storage services is set out in the Contract and is to be maintained for the duration of the Contract and all subsequent renewals. The Contract also allows for additional hourly fees where the initial tow exceeds one or multiple tows are required.

The total term of the Contract was for approximately three years until March 31, 2022. The Contract has since been extended under approved Procurement Policy #11s, Non-Competitive Procurements, and is in effect until March 31, 2024.

Since September 2022 until present day, staff from the Procurement Division and HPS have been working on the issuance of a new RFP document with the inclusion of mandatory requirements, significant updates and new evaluation criteria. The progress of this document development has been hindered by the development of this new evaluation criteria as well as some staffing resource challenges within the Procurement Division. The new RFP document is expected to be released before the end of quarter 1, 2024.

The RFP for C9-01-19 required various mandatory information for Proponents to submit including but may not be limited to the following:

- Zoning Verification Property Report
- Business Establishment License
- Criminal Record Check for the Proponent and all tow truck drivers
- Tow Truck Driver License for all tow truck drivers
- Drivers Abstract for all tow truck drivers.
- Current Commercial Vehicle Operator’s Registration (CVOR) certificate

- Vehicle Permits for all tow trucks and vehicles to be used on the contract.
- Proponents required to have at least two tow trucks consisting of one (1) light duty tow truck and one (1) flatbed carrier truck capable of handling automobile and light truck towing
- Safety Standard Certificate for all vehicles listed in the Proposal.
- Successful Proponent's office and compound to be located in the specific Zone they are awarded.

and pass a Tow Compound Inspection requiring confirmation of the following:

OFFICE FACILITIES AND STORAGE COMPOUNDS

- 1.1 Proponents must have their office and compound within the zone for which they applied.
- 1.2 Proponents with the same address (location) shall have separate offices and separate compounds meeting the required specifications.
- 1.3 The office must be accessible to members of the public and staff with disabilities. All provincial and municipal laws/bylaws must be adhered to. Not less than one (1) accessible parking spot must be maintained free of ice and snow at all times. This parking spot must be not less than three hundred (300) square feet with paved asphalt, concrete or interlocking paving stone surface. The office will be accessible to persons requiring assertive devices directly from the parking spot and the gradient will comply with the requirements of the municipality within which the pound is located.
- 1.4 The compound office must be directly accessible from the street with no gates or fences at the point of pedestrian access. The area must be fully lit and monitored to ensure the safety of all persons.
- 1.5 A four feet by four feet (4' x 4') sign at the entrance to the compound, which indicates the company name and a 24 hour telephone number. The lettering will be at least 10 cm in height. The sign will also include the following minimum information in lettering at least 6 cm in height. The sign must be visible from the street and adhere to the City of Hamilton sign bylaw.

Business Hours:

Monday to Friday 8:00 am to 6:00 pm

By appointment only:

Monday to Friday 6:01 pm to 11:00 pm

Saturday, Sunday and Holidays 8:00 am to 6:00 pm

- 1.6 Office sign with the same information as above measuring two feet by two feet (2' x 2') posted in a location visible to the public.

STORAGE COMPOUND AND SECURITY/NON-SECURITY TOWED VEHICLES

- 1.1 Each compound must meet the minimum space specifications of fifteen thousand (15,000) square feet. The minimum area refers to the area of the compound intended for the exclusive storage of vehicles towed pursuant to this Contract. Areas devoted to buildings or landscaping features, or space where non-contract towed vehicles are stored, will not be included in the calculation of this area.
- 1.2 The Successful Proponent shall only use the compounds for which the Contract was awarded unless otherwise authorized by the Superintendent Support Services.
- 1.3 The Successful Proponent may, make a request to the Superintendent Support Services; to apportion up to one half of the required pound space for the storage of vehicles towed from private property locations. Any approved apportionment may be altered, reduced or revoked at the discretion of the Superintendent Support Services, if the storage of these vehicles, in the Superintendent's sole opinion, negatively affects or impedes the normal and primary function of the compound.
- 1.4 The area used for police compounds must be fenced with a chain link or other suitable fencing to a minimum height of six (6) feet.
- 1.5 No direct access to the police compound can be gained by persons or vehicles other than through the driveway or area of the premise actually occupied and used by the Proponent for a towing and compound operation.
- 1.6 The gate for the compound must be kept closed, except when authorized vehicles are entering and leaving the pound.
- 1.7 The storage area must be lit at night to allow persons, who have sight disability, to have a clear view of all vehicles in the compound.
- 1.8 The storage compound surface will be covered with crushed stone, concrete, asphalt or paving stone. Mud, weed covered surface are not acceptable.
- 1.9 The storage compound must include a locked storage container to securely house motorcycles, e-bikes (where applicable) and similar off-road sport vehicles. The storage container must be a minimum of 7.5 x 20 feet.
- 1.10 All storage compounds must have use of twenty-four (24) hour recordable video monitoring for their compound, which captures the area where impounded vehicles are stored. Video recordings must be made available for at least seven (7) days.

Bates, Tamara

Subject: FW: Webform submission from: Request to Speak to a Committee of Council

Submitted on Thu, 01/04/2024 - 16:18

Submitted by: Anonymous

Submitted values are:

Committee Requested

Committee
Audit, Finance & Administration Committee

Will you be delegating in-person or virtually?
Virtually

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

Requestor Information

Requestor Information
Adeyinka taiwo-Fasegha

Toronto, ON.

Preferred Pronoun
she/her

Reason(s) for delegation request
I had a water bill issue with Alectra that we investigated and was unable to find the source of the problem. The water meter was eventually replaced and the problem vanished. I was promised a refund of whatever was billed to my account. The promise was unfulfilled because my property is an investment property compared to owner occupied. The city personnel advised to file a delegation request. Thank you.

Will you be requesting funds from the City?
No

Will you be submitting a formal presentation?
No

**143 Cline Avenue South Hamilton (Ward 1)
Water Billing Dispute Delegation to Audit, Finance & Administration Committee**

Dispute Summary

Customer advised by Alectra and Hamilton Water staff of sharp increase in billed water consumption in October 2021 and advised to investigate for leakage. The October 2021 bill was preceded by several increasing bills and the subsequent November and December 2021 bills reflected even higher levels of consumption. Owner speculated that increased water consumption was linked to the replacement of the property's water service line completed in September 2021 which Hamilton Water had explained would not be the cause. The water meter was replaced due to age in December 2021. In early 2022, consumption returned to levels experienced a year earlier.

Arrears of \$1,719.75 were transferred to the property tax roll in summer 2022 and the arrears were subsequently paid by the property owner. As a rental property, the owner was not entitled to an adjustment under the Water Leak Adjustment Policy due to bonusing provisions within the Municipal Act. Owner was advised of the ineligibility on several occasions by both City and Alectra staff.

Delegating to the Audit, Finance and Admin Committee is the dispute resolution process where ratepayers seek to appeal the application of City policies/bylaws regarding utility billing.

Overview and Background

The current property owner purchased 143 Cline Avenue South Hamilton in October 2020. The subject property is a single family dwelling that is a residential rental property located in close proximity to McMaster University. The landlord is the water account holder as all residential accounts established after June 1, 2018, must be opened and billed in the name of the registered owner(s) of the property. The water bill is directed to a Toronto mailing address. There have been two instances of water arrears transfers to the property tax roll that occurred in July and August 2022.

Table 1 on page four provides the property's water and wastewater/storm billings for the past three years. As reflected on the July - September 2021 water bills, the water consumption for the property more than tripled from previous months. The water consumption further increases by over 500% with the October 2021 water bill. The following two months' bills reflected further massive increases in water consumption suggestive of leaking condition(s) that have progressively worsened over time such as commonly seen with toilet leaks.

All internal plumbing is private property and as such, any repairs are the responsibility of property owners. Property owners of rental properties need to keep in regular contact with their tenants to be aware of changes in the property's water consumption that may indicate potential plumbing issues that lead to high water bills. Additionally, as set out in the

Residential Tenancies Act, 2006, landlords may carry out periodic inspections of rental units to ensure they remain in a good state of repair.

As the October 2021 billing sharply increased following several months of increasing water bills, Alectra Utilities (the City's water billing agent) contacted the customer to advise of high billed consumption and advised to investigate for water leaks. Customer was also advised that as a rental residential property (apart from non-profit housing) it would not be eligible under the City's Water Leak Adjustment Policy. Customer advised of meter accuracy test request form and related user fee however, no such meter test request was submitted by the customer.

During discussions with Alectra and Hamilton Water, customer suggested the increased water consumption was related to the change of the water service line believing there would be a related increase in water pressure driving up the metered consumption. Hamilton Water has confirmed that the water pressure is unaffected by a change to a larger diameter water service line. The larger pipe would allow for greater water flow which a residential meter is capable to measuring consumption up to the highest flow rate. The water consumption measured by a water meter is driven by water demands downstream of the meter including leaking conditions.

The lack of correlation between the service line replacement and increased consumption is supported by the fact that the billed water consumption had steadily increased throughout 2021 long before the water service line was changed. Additionally, when the City's meter contractor (Neptune Technologies) attended the site to replace the water meter, the contractor noted the low flow indicator on the meter was spinning wildly reflecting high water consumption. After shutting the water service to replace the meter, the contractor noted the low flow indicator on the new replacement meter was spinning wildly when the water service was turned back on. It should be noted that the water meter was replaced due to its age (greater than 20 years old) under the City's meter life cycle replacement program as old meters generally under-register.

In some circumstances, customers raise concerns with respect to the accuracy/functioning of the water meter suggesting high water consumption is a result of inaccurate measurement. Hamilton like most water utilities purchase meters that must be manufactured in accordance with American Waterworks Association (AWWA) standards.

The City uses an industry standard positive displacement meter for residential metering purposes. These meters have a design that is extremely reliable and inherently mitigates over recording. It also provides an accurate record of consumption for many years before requiring replacement. 98% of water meters installed in Canada are positive displacement meters. The replacement of these devices is driven by the wear of mechanical parts that leads to the under recording of water consumption. As such, staff is confident that the City's meter doesn't account for the high water bills.

When customers raise doubts that the water meter is malfunctioning leading to high consumption billing, like most municipalities Hamilton has a process whereby a customer may have their meter tested for accuracy with a Water Meter Testing Request Form

available on Alectra's website. The customer is required to pay an applicable service fee that varies with the meter size; the 2021 meter accuracy test fee for residential meters (15 – 16mm) was \$314.56 plus HST (fee includes removal of existing meter and installation of replacement meter). Unless the meter is found to be registering more than 2% in error, then the property owner is responsible for the cost of the test and the replacement cost of the water meter; otherwise, the cost is borne by the City. If the meter is found to be over-registering the water account would be adjusted down to reflect the amount of over-registration. Over the past 15 years, there has not been a residential meter fail by over-registering consumption that required a billing adjustment. As there is no evidence that the water meters over-register, the application of the meter test fee avoids unnecessarily removing meters from service before the end of their useful life.

The City is not obligated at its expense to remove a water meter for accuracy testing where a customer contends the meter is inaccurate. The City was successful in defending at trial a Small Claims Court claim from a customer that alleged that their water meter was not functioning however the plaintiff chose not to have the meter tested for accuracy (*Radassao v. City of Hamilton et al*). The decision noted that the customer by not having the meter tested could not prove any malfunction.

City's Water Bill Adjustment Policies

City Council has approved water bill adjustment policies (Water Leak Adjustment Policy, Private Water Service Line Leak Wastewater Bill Adjustment Policy and the Extraordinary Circumstance Policy) that provide staff the authority to allow bill adjustments under specific circumstances. However, an "Income Producing Residential Rental Property" is excluded under these policies. The term "income property" should not be confused to mean that the taxable rental income necessarily exceeds the property's operating costs (mortgage, property taxes, utilities, maintenance, etc). Many landlords do not "profit" from the rent exceeding the aforementioned costs but recoup operating cost recovery shortfalls when selling the property by means of the capital appreciation of the property over time.

The *Municipal Act, 2001* does include an "anti-bonusing" clause whereby *a municipality shall not assist directly or indirectly any commercial enterprise through the granting of bonuses that includes giving a total or partial exemption from any levy, charge or fee*. This consideration is why landlords are excluded from being eligible under the bill adjustment policies that any Ontario municipality may offer. This is also why Hamilton may provide an adjustment to registered non-profit housing (social housing) providers. The City's Legal Services division have reviewed the City's water bill adjustment policies and continued to recommend that income producing properties be considered as commercial so that such policies be restricted to residential and non-profit customers to comply with the *Municipal Act, 2001*.

Property owners of income-producing residential properties (landlords) have been excluded from being eligible under the Water Leak Adjustment Policy. Unsurprisingly, this exclusion has been the basis of numerous complaints from landlords and has resulted in several delegations before the Audit, Finance and Administration Committee.

It should be noted that in October 2021, Council approved changing the Water Leak Adjustment Policy from a cost-sharing model to an insurance-based, cost recovery model administered by a third party company (ServLine, a Service Line Warranties of Canada company). Effective January 1, 2022, the enhanced Water Leak Adjustment Policy offers greater benefits to all customers including owners of residential rental properties.

Prior to 2022, the Policy adjustment write offs that provided credits to customers' bills from eligible water leaks were an expense to the utility borne by all customers. The enhanced insurance-backed Policy is structured so that the City is the insured and adjustments are paid through insurance funds and no longer by the City. To further minimize the risk of bonusing, Council provided direction to amend the Water and Wastewater Infrastructure Support Community Improvement Plan (Plan) to allow the enhanced Water Leak Adjustment Policy to be extended to residential rental properties as the Plan ensures that such extension does not constitute bonusing under the *Municipal Act, 2001*. Further information and details of the enhanced Policy can be found in Report FCS21087 / LS21037.

TABLE 1

Read Date	Meter Number	Total Bill (\$)	Usage (m3)	Estimated (Y/N)	Read From	Read To	Avg Daily (m3)	Billing Days
12/11/23	P12120493	91.52	21	N	253	274	0.66	32
11/09/23	P12120493	91.84	22	N	231	253	0.79	28
10/12/23	P12120493	84.9	20	N	211	231	0.69	29
9/13/23	P12120493	89.72	21	N	190	211	0.70	30
8/14/23	P12120493	43.58	8	N	182	190	0.26	31
7/14/23	P12120493	28.8	0	N	182	182	0.00	32
6/12/23	P12120493	29.7	0	N	182	182	0.00	33
5/10/23	P12120493	27.16	1	N	181	182	0.04	28
4/12/23	P12120493	28.96	1	N	180	181	0.03	30
3/13/23	P12120493	28.8	0	N	180	180	0.00	32
2/09/23	P12120493	31.4	5	N	175	180	0.21	24
1/16/23	P12120493	58.38	13	N	162	175	0.41	32
12/15/22	P12120493	46.71	11	N	151	162	0.38	29
11/16/22	P12120493	49.52	12	N	139	151	0.43	28
10/19/22	P12120493	54.88	13	N	126	139	0.43	30
9/19/22	P12120493	54.62	12	N	114	126	0.35	34
8/16/22	P12120493	46.71	11	N	103	114	0.38	29
7/18/22	P12120493	68.3	16	N	87	103	0.40	40
6/08/22	P12120493	40.5	10	N	77	87	0.39	26
5/13/22	P12120493	59.39	14	N	63	77	0.45	31
4/12/22	P12120493	91.22	22	N	41	63	0.65	34
3/09/22	P12120493	53.18	13	Y	28	41	0.46	28
2/09/22	P12120493	34.98	7	Y	21	28	0.27	26
1/14/22	P12120493	78.8	19	N	2	21	0.54	35
12/10/21	P12120493	0	2	Y	0	2	0.33	6
12/04/21	7873462	842.69	235	N	43901	46250	8.70	27
11/07/21	7873462	468.83	132	Y	42580	43901	7.34	18
10/20/21	7873462	600.16	168	N	40900	42580	5.09	33
9/17/21	7873462	110.24	30	N	40605	40900	0.98	30
8/18/21	7873462	187.36	51	N	40100	40605	1.49	34
7/15/21	7873462	148.13	40	N	39701	40100	1.11	36
6/09/21	7873462	82.59	22	Y	39480	39701	0.79	28
5/12/21	7873462	100.32	26	N	39220	39480	0.79	33
4/09/21	7873462	54.08	14	N	39080	39220	0.50	28
3/12/21	7873462	53.12	14	N	38945	39080	0.47	29
2/11/21	7873462	37.28	8	N	38865	38945	0.28	29
1/13/21	7873462	39.78	10	N	38770	38865	0.32	30
12/14/20	7873462	58.88	13	N	38639	38770	0.27	48

Subject Property Water Related Infrastructure Changes

8/9/2021 – Private portion of water service line (from property line to house replaced

9/30/2021 – Public portion of water service line (from City watermain to property line) replaced under poor pressure i.e.. replaced with a larger diameter pipe.

12/19/2021 – Water meter replaced by City contractor due under life cycle replacement program.

Alectra Utilities Customer Contact Timeline

10/25/21 - Alectra contacts customer to advise of billing with sharp increase in consumption.

11/02/21 - At the request of Hamilton Water, Alectra contacts customer and provides leak detection including the use of a dye test with toilets to identify flapper issues, use of water meter to identify low flow leakage and availability of optional payment arrangements. Customer was advised of meter accuracy test request form and related fee.

11/08/21 - Customer contacts Alectra indicating that dye test did not reveal any issues, however, customer indicated that the low flow indicator on the meter was spinning wildly reflecting exceptional water flow. Meter readings taken over a 15 minute period reflected very high water flows. Advised to engaged licensed plumber to look for leaks.

12/20/21 - Customer calls Alectra re high billings. Alectra advised that rental properties are not eligible under the City's Water Leak Adjustment Policy.

2/09/22 - Customer contacts Alectra regarding arrears notices regarding unpaid water arrears claiming that City would authorize credit adjustments to account. Alectra advised that no such communication had been received from the City and that collection activity continues as per the City's Arrears Policy.

7/27/22 - \$171.83 in unpaid water arrears is transferred to the property tax roll.

8/22/22 - \$1,547.92 in unpaid water arrears is transferred to the property tax roll *

* Taxation has confirmed that the property tax roll has been cleared subsequent to the arrears transfers.

Hamilton Water Customer Contact Timeline

Aug 9, 2021 – Private side upgrade completed (1/2" lead alloy upgraded to 3/4" copper)

Sept 31, 2021 – Public side upgrade completed (1/2" lead alloy upgraded to 3/4" copper)

Oct 2021 – Alectra notified property owners of high-water consumption (up to 5 times their regular consumption) and provided info on how to check for leaks.

Nov 8, 2021 - Customer called into Alectra and noted that the low flow indicator was “spinning like crazy” and that this was a rental property. Several other recommendations were given by Alectra to test for leaks in the house.

Nov 11, 2021 - Customer contacted Hamilton Water (HW) regarding high water consumption. She believed the issue to be caused by the water service line upgrade causing more pressure to run through the meter. She also questioned if there was an issue with the meter.

Nov 19, 2021 - Customer called HW as she had contacted Neptune, but they did not have a meter work order to action meter work. It was determined that since the meter was older than 20 years, she was eligible for a meter replacement. A work order was sent to Neptune.

Dec 4, 2021 – Neptune replaced the meter. While the Neptune technician was on site, they took pictures. One of the pictures showed that the low flow indicator was active. See picture below.

Feb 9, 2022 - Customer called HW asking about a billing adjustment as she thought she was on non-compliance billing (flat rate). It was determined that the billing was based on actual water consumption readings. No adjustment was made.

Feb 17, 2022 - Customer called HW about the billing dispute. HW and Alectra exchanged emails and Alectra noted that there was a leak at this property and the billing adjustment policy does not apply in this case as it is a rental.

April 1, 2022 - Customer called HW as she is not happy that the property is not eligible for a billing adjustment. She does not want to deal with Alectra anymore.

April 27, 2022 - Customer called HW about the billing dispute.

August 4, 2022 - Customer called HW as she was not happy that the bill has been transferred to the tax roll.

Aug 18, 2022 – HW SUP Jenn Marks emailed Customer and reiterated she does not qualify for a billing reimbursement.

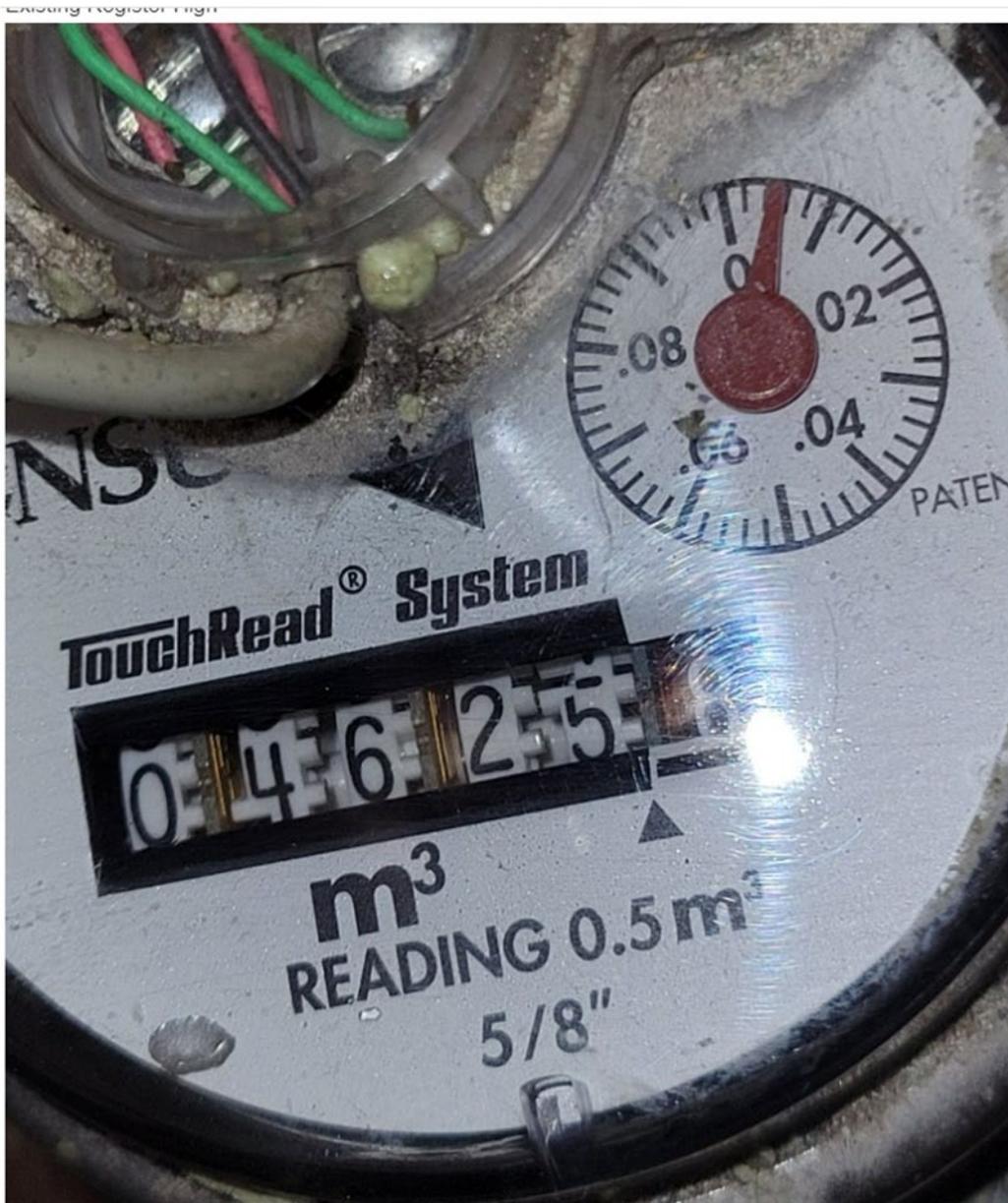
Oct 2, 2022 – HW SUP Cassandra Kristalyn emailed Customer and reiterated she does not qualify for a billing reimbursement. Let her know that if she wishes to pursue this further to go to AFA committee.

Oct 5, 2022 – Customer contacted Councillor Wilson’s office re: billing complaint.

Oct 18, 2022 – COE Deb Stringer responded to Customer via email, including the comments: **“A review of your file indicated that the high consumption (Oct 2021 – Dec 2021) was likely due to a leak or tenant water usage. Notes on the file that support this assumption are “customer advised the low flow indicator was spinning like crazy”. There were also notes on the file that you believed the external water service line upgrade to be cause of the high water consumption”. It is important to understand that the indicator on the meter would not be moving unless there was water being used after the meter is installed, from a garden house, internal tap, etc, and would not be affected by the external water service line replacement.”**

Nov 21,2022 - Customer contacted Councillor Wilson's office re why she is not eligible for leak adjustment policy.

Jan 5, 2023 - Customer contacted HW asking for which Committee of Council to apply to





INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 8, 2024
SUBJECT/REPORT NO:	2023 City of Hamilton External Audit Planning Report (FCS24009) (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 Controller Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

N/A

INFORMATION

KPMG was the successful proponent of a 2023 Request for Proposals (RFP) for the City of Hamilton's (City) External Audit Services. KPMG was awarded contract C12-08-23 for 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 provider of the City's external audit services since 2012, having been the successful proponent of a 2011 RFP.

KPMG's audit approach and scope of work for the City and its related entities for the 2023 fiscal year is provided in their Audit Planning Report for the year ending December 31, 2023 (refer to Appendix "A" to Report FCS24009).

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: 2023 City of Hamilton External Audit Planning Report (FCS24009)
(City Wide) – Page 2 of 2**

KPMG's Audit Planning Report outlines their audit responsibilities and audit approach in accordance with Canadian generally accepted auditing standards. The audit standards focus on areas where there is greater risk of misstatement. KPMG has tailored their audit of the City to several specific audit areas: including revenue recognition, management override of controls, asset retirement obligations, government grants, investment and related income, employee future benefits, financial instruments, tangible capital assets and operating expenses.

KPMG will be discussing the audit work required on the financial statements for the Library, CityHousing Hamilton and Business Improvement Areas with the respective Boards or oversight bodies.

The external audit planning Report provides the Committee with an opportunity to review the audit approach, materiality and expectations of the audit. The Report also includes newly effective and upcoming changes to accounting standards. KPMG will be available to answer questions about their Report.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS24009 – The Corporation of the City of Hamilton, Audit Planning Report for the year ending December 31, 2023, as prepared by KPMG

NF/dt



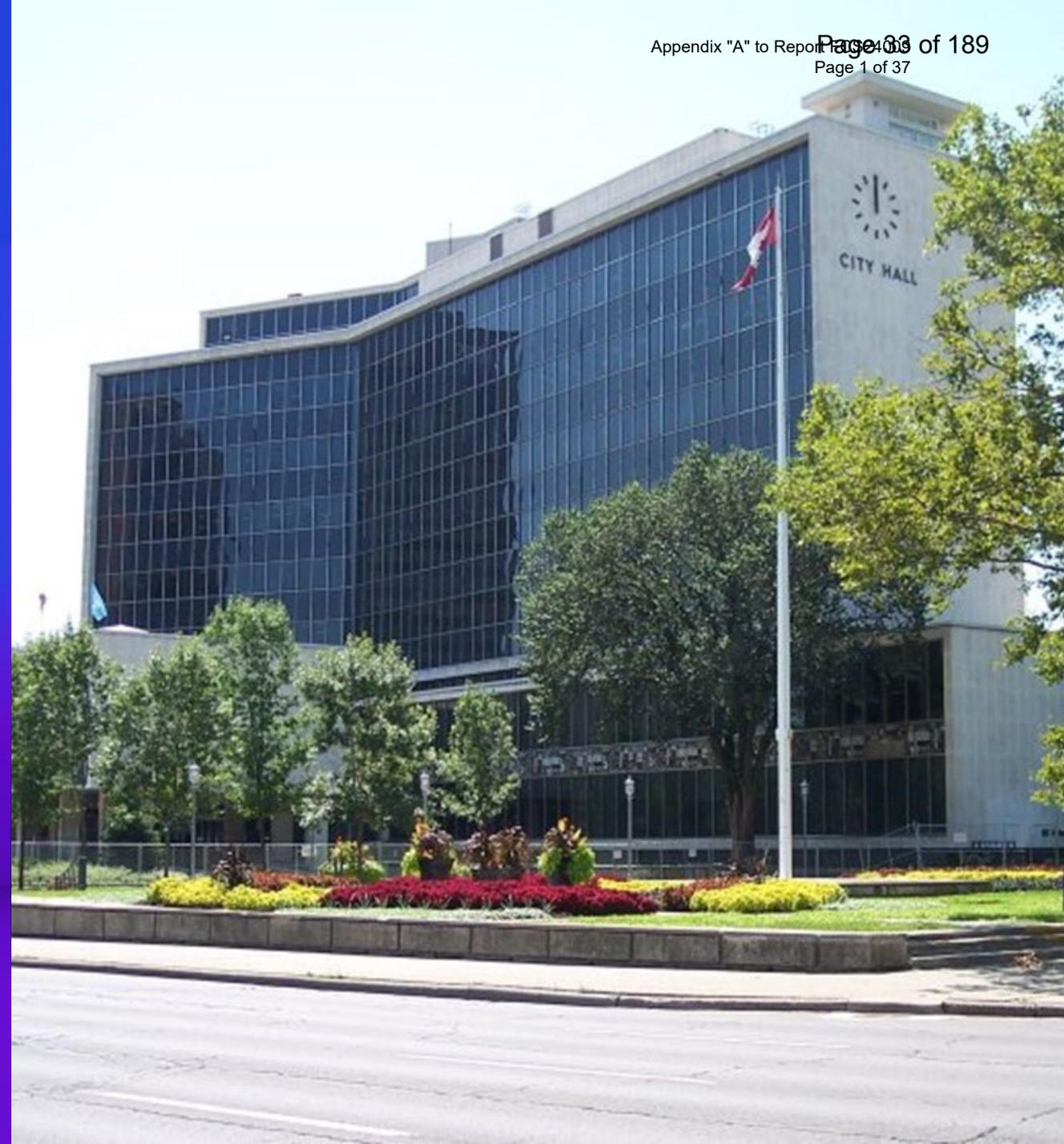
The Corporation of the City of Hamilton

**Audit Planning Report
for the year ending
December 31, 2023**



Prepared as of December 14, 2023 for presentation to the Audit,
Finance and Administrative Committee on February 8, 2024

kpmg.ca/audit



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Table of contents

Digital use information

This Audit Planning Report is also available as a "hyper-linked" PDF document.

If you are reading in electronic form (e.g. In "Adobe Reader" or "Board Books"), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

4	Highlights	6	Audit strategy	11	Audit strategy - Group audit
12	Risk assessment	21	Key milestones and deliverables	22	Independence
24	Appendices				

The purpose of this report is to assist you, as a member of the Audit, Finance and Administration Committee, in your review of the plan for our audit of the consolidated financial statements. This report is intended solely for the information and use of Management and the Audit, Finance and Administration Committee, and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report to the Audit, Finance and Administration Committee has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Audit highlights



No matters to report



Matters to report – see link for details

Scope

Our audit of the consolidated financial statements (“financial statements”) of The City of Hamilton (“the City”) as of and for the year ending December 31, 2023, will be performed in accordance with Canadian generally accepted auditing standards (CASs).

Audit strategy

Materiality \$66M

Involvement of others

Updates to our prior year audit plan

- Audit of the impact of implementation of PS 3280 – Asset Retirement Obligations, including required disclosures
- Audit of the impact of PS 3450 – Financial Instruments

Audit strategy - group audit

Total	Total assets	Total revenue
Total work performed	100%	100%

Involvement of other KPMG member firms

Risk assessment

Risk of management override of controls

Risk of fraudulent revenue recognition

- Grant revenue
- Development charges

Other significant risks

- Implementation of PS 3280 – Asset Retirement Obligations

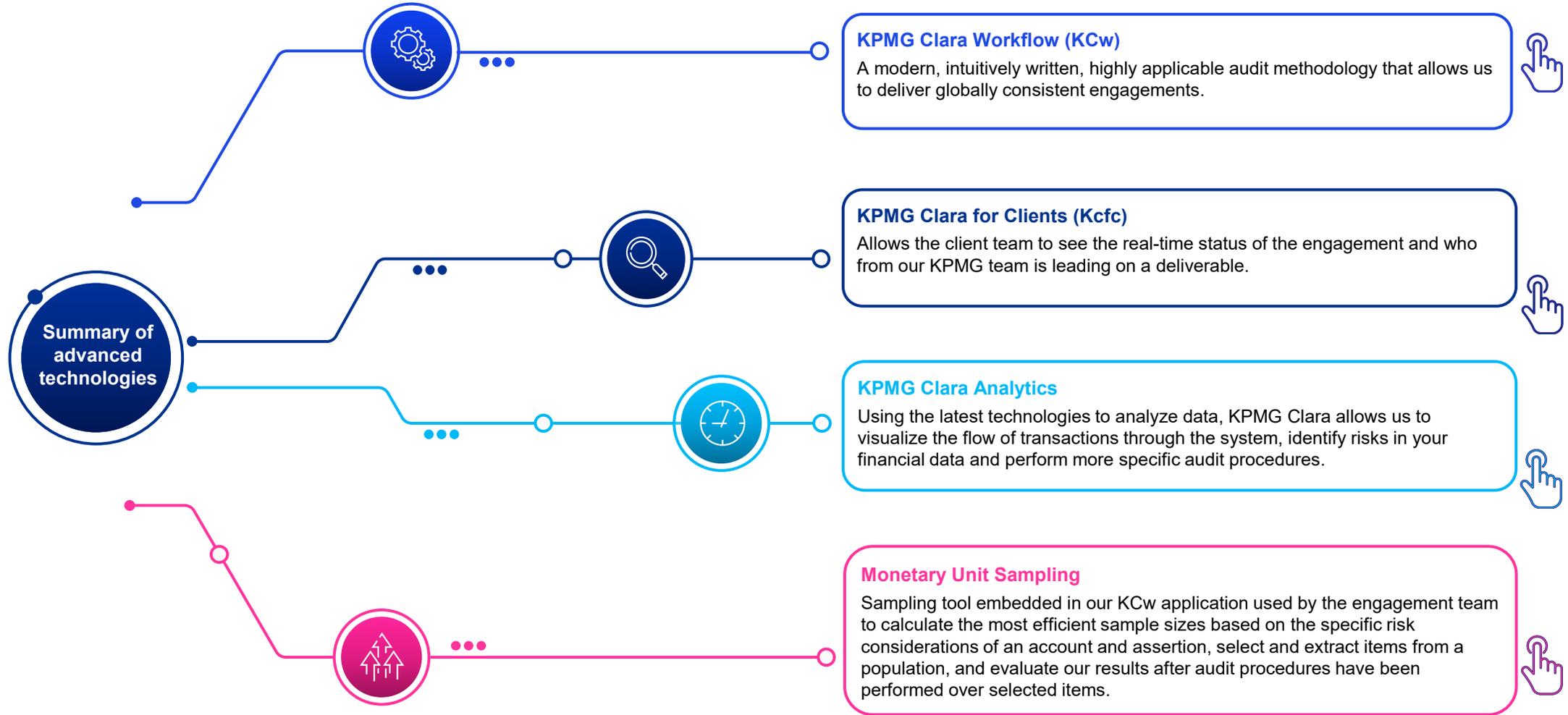
Other risks of material misstatement

- Government grants
- Investment and related income
- Employee future benefits (EFB)
- Financial Instruments
- Tangible capital assets
- Operating expenditures including payroll

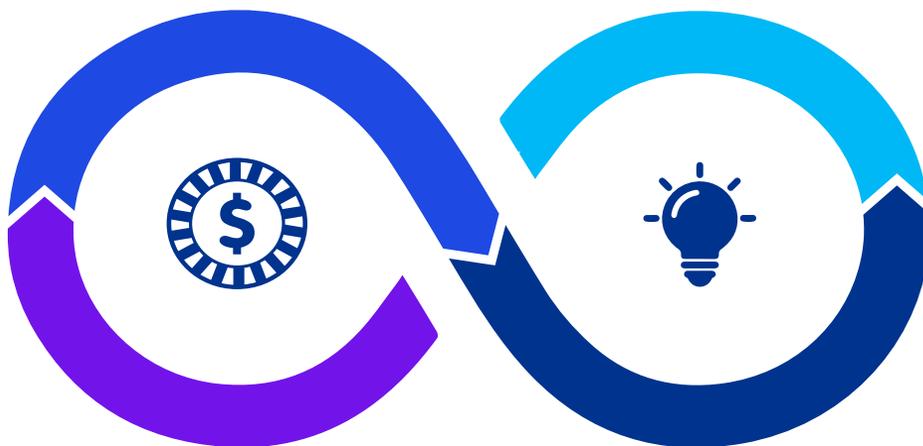
Technology highlights



We plan to utilize technology to enhance the quality and effectiveness of the audit.



Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

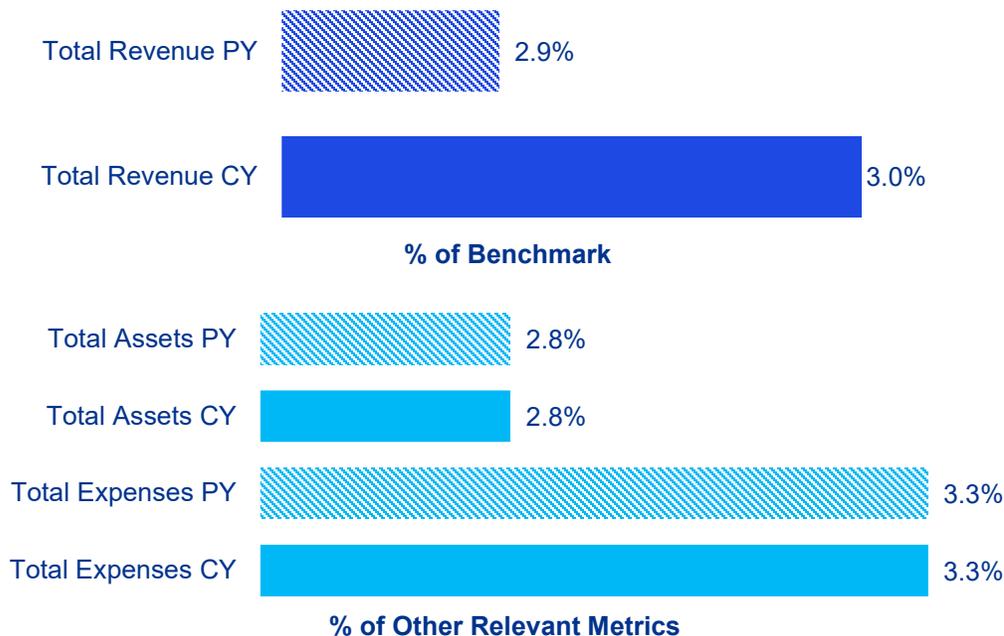
We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.

Materiality – Consolidated Financial Statements



Materiality
\$66 million
Current Year (CY)
(Prior year (PY) (2022: \$62.5 million))



Total Revenue
2022 - \$2,201 million
(2021: \$2,146 million)
2023 estimated on actual consolidated 2022 City of Hamilton financial statements

Total Expenses
2022 - \$2,017 million
(2021: \$1,923 million)
2023 estimated on actual consolidated 2022 City of Hamilton financial statements

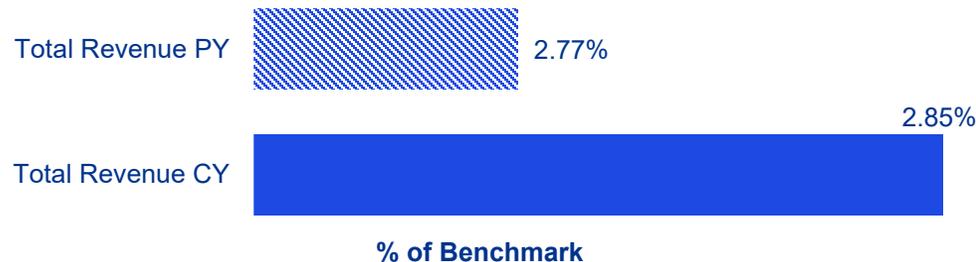
Total Assets
2022 - \$2,397 million
(2021: \$2,248 million)
2023 estimated on actual consolidated 2022 City of Hamilton financial statements

Materiality: Non-Consolidated Financial Statements



Materiality
\$62.5 million
 Current Year (CY)
 (Prior year (PY) (2022: \$58.9 million))

Total Revenue
2022 - \$2,194 million
 (2021: \$2,133 million)
 2023 estimated on actual 2022 standalone City of Hamilton financial figures



Involvement of others

The following parties are involved in the audit of the financial statements:

Involved party	Nature and extent of planned involvement
KPMG Actuarial Specialists	We involve actuarial specialists as part of our audit procedures to perform an assessment of the assumptions and methods used in the valuation of employee future benefits obligation and related disclosures.
KPMG Valuation Specialists	We involve valuation specialists as part of our audit procedures over the implementation of PS 3280 – Asset Retirement Obligations, to perform an assessment of the assumptions used in the selection of discount rates and other financial metrics to determine the year-end liability.



Updates to our prior year audit plan

New significant risks



New Significant Risks



For the year-ended December 31, 2023, the City will be required to implement PS 3280 – Asset Retirement Obligations. This replaces PS 3270 - Solid Waste Landfill Closure & Post-closure Liability which oversaw the accounting treatment of obligations expected to be settled at a future date, which was much smaller in scope than the new standards. Accordingly, this will be an area of audit focus.

The new standard requires Public Sector entities to estimate the expected future settlement and remediation costs of all fixed assets owned by the City. Common examples of costs that fall within scope are the removal of asbestos and other hazardous materials, and removal of leasehold improvements based on the terms of the underlying agreements.

There are multiple options with respect to the method of adoption, some of which involve restatement of prior period comparatives, and accompanying disclosures.

Other significant changes



Other Significant Changes



No significant changes to the audit plan.



Newly Effective Accounting Standards



The new standards PS 3450 Financial instruments, PS 2601 Foreign currency translation, PS 1201 Financial statement presentation and PS 3041 Portfolio investments are effective for fiscal years beginning on or after April 1, 2022 (Fiscal year 2023).

- Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable.
- Hedge accounting is not permitted.
- A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the Statement of Operations.



Newly Effective Auditing Standards



Effective for periods beginning on or after December 15, 2022

- ISA/CAS 220 – (Revised) Quality management for an audit of financial statements
- ISQM1/CSQM1 – Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements
- ISQM2/CSQM2 – Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

- ISA 600/CAS 600 – Revised special considerations – Audits of group financial statements

See Appendix E for details.



Group audit - Scoping

Entity Name	Change in Scope?	Full-Scope Standalone Audit?
The Corporation of the City of Hamilton	Consistent with Prior Period	Yes
Hamilton Utilities Corporation	Consistent with Prior Period	Yes
Hamilton Enterprises Holdings Corporation	Consistent with Prior Period	Yes
Hamilton Renewable Power Inc.	Consistent with Prior Period	Yes
CityHousing Hamilton Corporation	Consistent with Prior Period	Yes
The Hamilton Public Library Board	Consistent with Prior Period	Yes
Hamilton Farmers Market	Consistent with Prior Period	Yes
Hamilton Business Improvement Areas	Consistent with Prior Period	Yes
Confederation Park	Consistent with Prior Period	Yes
Hamilton Police Services Board	Consistent with Prior Period	No
The Hamilton Street Railway Company	Consistent with Prior Period	No
Flamborough Recreation Sub-Committees	Consistent with Prior Period	No



Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the City and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the City's components of its system of internal control, including our business process understanding.

		Risk of fraud	Risk of error	PY risk rating	CY risk rating
●	Management Override of Controls	✓		Significant	Significant
●	Revenue Recognition	✓		Significant	Significant
●	Implementation of PS 3280 – Asset Retirement Obligations		✓	New for Fiscal 2023	Significant
●	Implementation of PS 3450 – Financial Instruments		✓	New for Fiscal 2023	Base
●	Government Grants		✓	Base	Elevated
●	Investment and Related Income		✓	Base	Base
●	Employee Future Benefits (EFB)		✓	Base	Elevated
●	Tangible Capital Assets		✓	Base	Base
●	Operating Expenditures Including Payroll		✓	Base	Base

● SIGNIFICANT RISK ● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISSTATEMENT



Significant risks



Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF



FRAUD

Why is it significant?

**Presumption
of the risk of fraud
resulting from
management
override of
controls**

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- determine criteria to identify high-risk journal entries and other adjustments
- testing high-risk journal entries and other adjustments made at the end of the reporting period
- assess the design and implementation of controls surrounding journal entries and other adjustments
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

Advanced technologies

Our KPMG Clara Journal Entry Analysis Tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.



[Click to learn more](#)

Significant risks



Revenue Recognition

RISK OF



FRAUD

Significant risk

Estimate?

New or changed?

- There is a risk that a government grant is recognized when the recognition criteria have not been met.
- There is a risk that revenue recognized related to development charges is recognized before performance has been achieved.

No

No

Relevant inherent risk factors affecting our risk assessment

We have identified the following areas where this presumed fraud risk is relevant:

- Government grants
- Development charges

Government grant revenue recognition is dependent on the terms of the grant and can be complex depending upon the terms. The City receives many different types of grants with different terms and conditions. Fraud could include misapplying expenditures to incorrect grant funded programs in order to maximize returnable funding. The nature of development charges and their use create complexity in the timing of revenue recognition.

Our audit approach

To address the fraud risk from revenue recognition, our audit approach will consist of the following:

- test of journal entries and other adjustments;
- substantively test revenues (both recognized and amounts held as deferred at year end); and
- recalculate management's determination of deferred revenue – obligatory reserve funds through auditing management's methodology

Advanced technologies

Our **KPMG Clara DataSnipper** is an automated vouching tool uses advanced Optical Character Recognition to automatically vouch unstructured data like invoices and contracts with a click of a button! This tool will be used throughout the audit allowing our teams to focus more attention on areas of higher risk.



[Click to learn more](#)

Significant risks



Implementation of PS 3280 – Asset Retirement Obligations

RISK OF



ERROR

Risk Description

As required for all entities within the Public Sector, this new accounting standard must be implemented for the City's fiscal 2023 year-end. This is a significant standard change and requires the combined efforts of management and project managers and staff from the Tangible Capital Asset team.

The implementation involves compiling a complete list of all fixed assets owned or leased by the City, and identifying possible future liabilities related to their retirement. These future costs must then be estimated and reflected at present value, giving rise to an asset retirement obligation on the statement of financial position. This standard replaces PS 3270 - Solid Waste Landfill Closure & Post-closure Liability.

Estimate?

Yes

New or changed?

New

Relevant inherent risk factors affecting our risk assessment

As this is a new standard, there is risk of error on its implementation in the initial year. Based on the method of adoption chosen by the City, there may be additional risk with respect to required financial statement presentation and disclosure. We have initially selected the inherent risk to be significant as opposed to base for these reasons.

Our audit approach

KPMG will perform substantive testing to ensure the list of fixed assets used for the estimate is complete. We will inquire with management and their experts to determine if the process and methodology are appropriate based on the objectives and requirements of the new standard. We will perform benchmarking and analysis of key inputs and audit the mathematical integrity of the calculation. We will review the financial statement presentation and disclosure of the adjustments required to implement the standard.

Advanced technologies

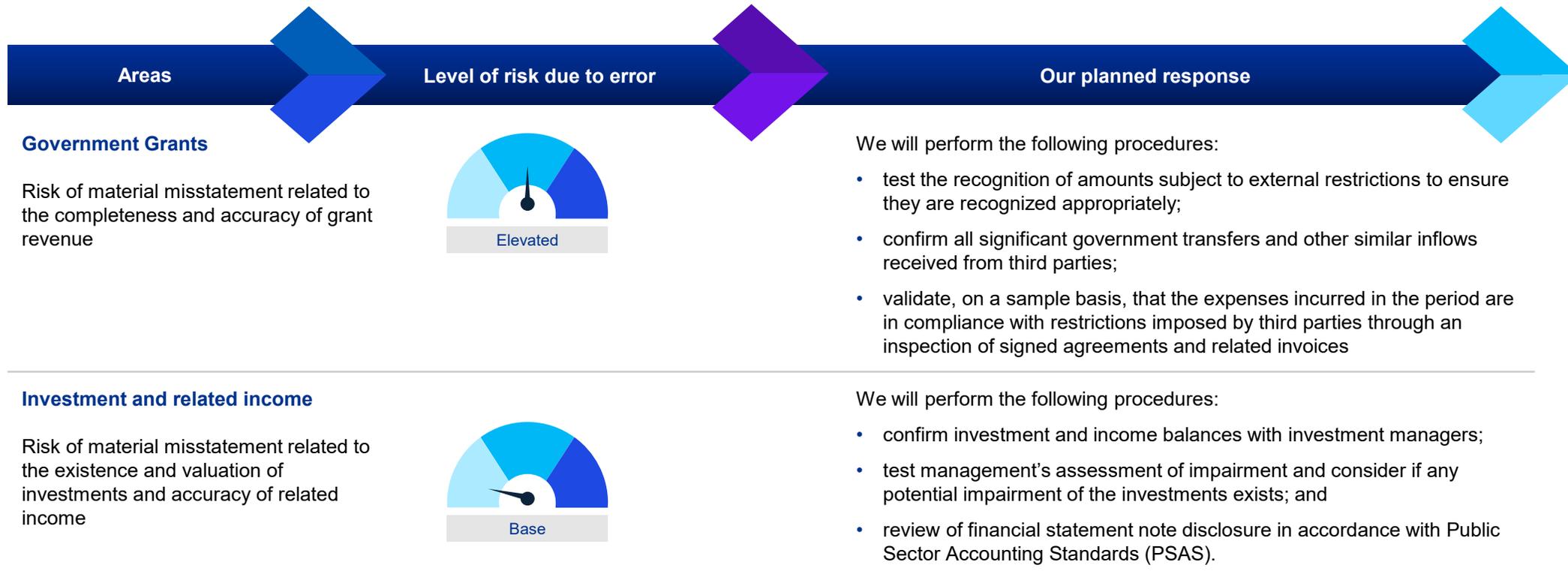
Our **KPMG Clara DataSnipper** is an automated vouching tool uses advanced Optical Character Recognition to automatically vouch unstructured data like invoices and contracts with a click of a button! This tool will be used throughout the audit allowing our teams to focus more attention on areas of higher risk.



[Click to learn more](#)

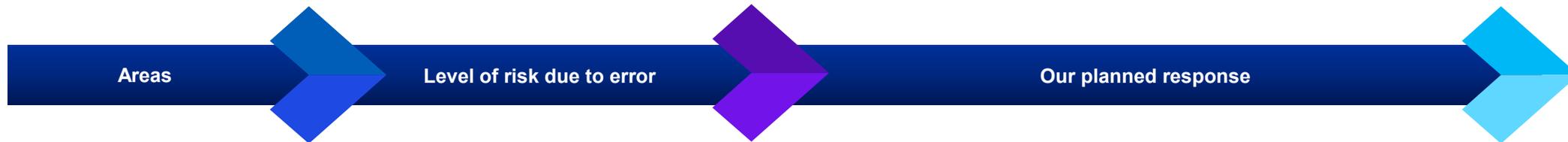


Other risks of material misstatement





Other risks of material misstatement



Employee Future Benefits (EFB)

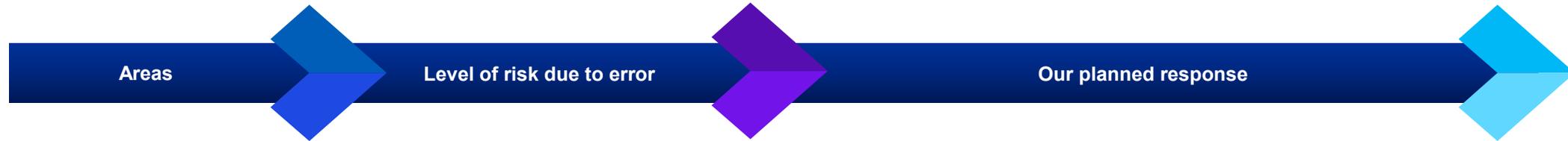
Risk of material misstatement related to the completeness and accuracy of the liability and related expenses



We will perform the following procedures:

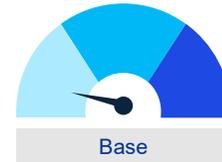
- reliance on actuaries (management experts) engaged by the City, and update our understanding of the activities over the quality of information used, the assumptions made, the qualifications, competence and objectivity of the preparer of the estimate, and the historical accuracy of the estimates;
- engage KPMG Valuation Specialists to assess the method, data and, assumptions used by actuaries and management in calculation of the EFB liability for reasonableness;
- communicate with actuaries and test HR data provided to the actuaries, if applicable;
- perform audit procedures to address CAS 540, Auditing Accounting Estimates, and related disclosure requirements related to the estimates involved; and
- review financial statement disclosures in accordance with PSAS.

Other risks of material misstatement



Financial Instruments (Portfolio Investments)

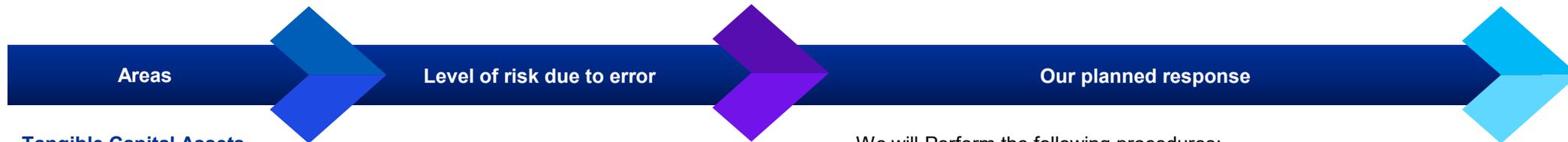
Risk of material misstatement related to the completeness, accuracy, and presentation of financial instruments



We will Perform the following procedures:

- review investment policies to ensure all financial instruments align with the new requirement for PS 3450
- ensure all changes to financial statement presentation relating to the statement of remeasurement gains and losses are accurate and complete
- ensure that the City has identified all financial assets and liabilities and that they are within the scope of PS 3450
- review of financial statement note disclosure in accordance with PS 3450

Other risks of material misstatement



Tangible Capital Assets

Risk of material misstatement related to the classification, completeness, and accuracy of tangible capital assets

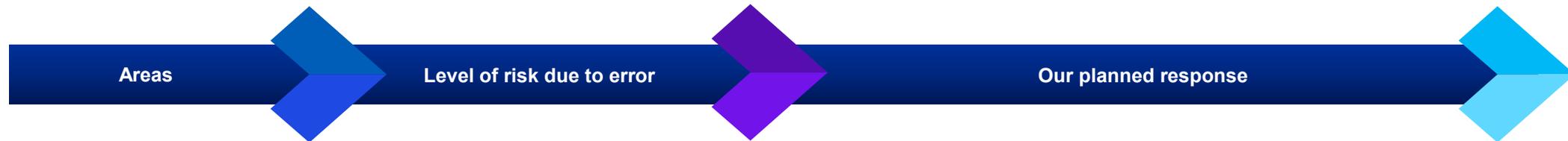


We will Perform the following procedures:

- test the operating effectiveness of the controls to ensure appropriate communication is taking place between managers and finance with respect to when a tangible capital asset is available for use;
- substantively test additions to confirm classification as an asset versus expense;
- review amortization policy and perform recalculations;
- review construction in progress to ensure amounts are properly transferred to correct capital asset classes and amortization expense commences on a timely basis;
- ensure financial statement note disclosure in accordance with PSAS;
- agree fair value estimates of contributed tangible capital assets to supporting third party documentation or estimated by the City; perform procedures to address CAS 540, Auditing Accounting Estimates, and related disclosure requirements related to valuation estimates



Other risks of material misstatement



Operating expenditures including payroll

Risk of material misstatement related to the completeness, existence, and accuracy of expenditures



We will perform the following procedures:

- evaluate the design and implementation of controls over disbursements;
- test the operating effectiveness of the controls;
- substantively test a sample to confirm appropriate classification and treatment of expenses;
- search for unrecorded liabilities; and
- examine significant accrued liabilities for existence, accuracy and completeness.

Key milestones and deliverables

			Mar - Jul 2024 Final Fieldwork & Reporting
<p>November 2023 Planning & Risk Assessment</p>	<p>November 2023 Risk assessment & Interim work</p>	<p>Nov - Dec 2023 Interim work</p>	
<ul style="list-style-type: none"> • Planning and initial risk assessment procedures, including: <ul style="list-style-type: none"> • Involvement of others • Identification and assessment of risks of misstatements and planned audit response for certain processes • Obtain and update an understanding of the Company and its environment • Perform process walkthroughs for certain business processes • Inquire of the Audit, Finance and Administration Committee, management and others within the City about risks of material misstatement • Coordinate with the Office of the Auditor General 	<ul style="list-style-type: none"> • Debrief prior year with management • Kick-off with management • Evaluate the Entity's components of internal control, other than the control activities component • Complete group audit scoping • Perform additional process walkthroughs for certain business processes • Identify process risk points for certain business processes • Complete interim data extraction and processing activities • Complete initial risk assessment • Communicate audit plan • Identify IT applications and environments • Evaluate Design & Implementation (D&I) of controls for certain business processes (control activity component) • Evaluate D&I of general IT controls • Provide update on audit progress 	<ul style="list-style-type: none"> • Perform process walkthroughs for remaining business processes • Identify process risk points for remaining business processes • Evaluate D&I of controls for remaining business processes (control activity component) • Perform Test of Operating Effectiveness (TOE) of control activities • Perform interim substantive audit procedures • Provide update on audit progress 	<ul style="list-style-type: none"> • Complete year-end data extraction and processing activities • Complete TOE for remaining controls • Perform remaining substantive audit procedures • Evaluate results of audit procedures, including control deficiencies and audit misstatements identified • Review financial statement disclosures • Present audit results to the Audit, Finance and Administration Committee and perform required communications • Issue audit report on financial statements • Closing meeting with management • Filing date: Issue audit reports on financial statements

New IESBA requirements

The International Ethics Standards Board for Accountants (IESBA) is an independent standard-setting board that develops, in the public interest, independence and ethics standards for professional accountants worldwide. IESBA has issued revisions to the non-assurance services (NAS) provisions of the IESBA Code of Ethics for Professional Accountants, effective for audits of financial statements for periods beginning on or after December 15, 2022.

Key changes to the IESBA code of ethics



The revisions create new requirements for public interest entities (PIEs), which includes Canadian listed and non-listed reporting issuer audit clients.

Before accepting a NAS, the auditor is required to:

- Inform Those Charged with Governance (referred to as the “audit committee” hereafter) of the firm’s determination that the service is not prohibited and that the service will not create a threat to the firm’s independence; and
- Provide information to enable the audit committee to make an informed assessment about the impact of the provision of each service on the firm's independence.

Impact for Canadian reporting issuer audit clients



The IESBA NAS standard creates certain requirements that are incremental to Canadian reporting issuer pre-approval rules:

- The requirements apply for NAS engagements provided to the PIE, including entities that control the PIE or entities the PIE controls regardless of consolidation.
- The auditor is required to obtain concurrence from the audit committee in relation to the provision of the service and the firm's conclusion that the service will not create an unacceptable threat to independence.
- The IESBA rules provide flexibility in the methods used to meet these requirements, including allowing the audit committee to adopt a general pre-determined concurrence protocol that identifies services that they concur would be permissible under independence rules in lieu of providing specific approval.

Independence: Request for pre-approval of services



We are submitting the following service(s) for pre-approval by the Audit, Finance and Administration Committee.

The services are not prohibited, and threats to our independence, if any, resulting from the provision of the services will be eliminated or reduced to an acceptable level. We are independent and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow Audit, Finance and Administration Committee approved protocols.

Audit services	Country	Fee structure
Separate financial statement audits of the following: <ul style="list-style-type: none"> - City of Hamilton Consolidated Operations - Hamilton Public Library Board - CityHousing Hamilton Corporation - Hamilton Renewable Power Incorporated - Hamilton Farmers Market - Hamilton Business Improvement Areas 	Canada	Fixed – As per Engagement Letter

Audit adjustments and misstatements require additional documentation and in certain instances additional audit procedures. Time incurred in relation to such matters including additional requested services and reports will be billed at discounted hourly rates based on the most recent contract and engagement letter. Such matters to be discussed and agreed to with management as they arise.

Appendices



A Engagement letter



B Use of technology



C Audit quality



D New accounting standards



E New auditing standards



F Insights



G Environmental, social and governance (ESG)



H Continuous evolution



Appendix A: Engagement letter

Engagement letter is available and is updated periodically.

Appendix B: KPMG Clara



Streamlined client experience

And deeper insights into your business, translating to a better audit experience.



Secure

A secure client portal provides centralized, efficient coordination with your audit team.



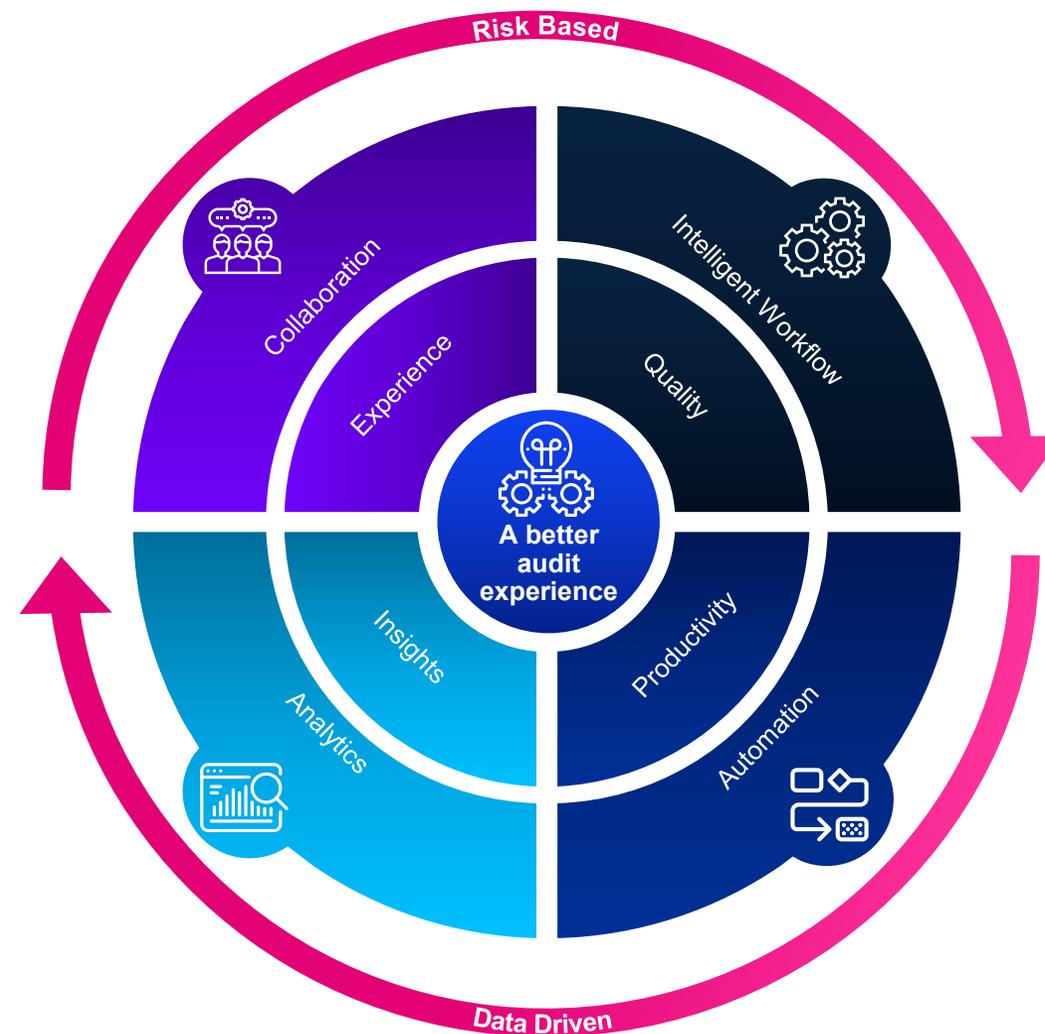
Intelligent workflow

An intelligent workflow guides audit teams through the audit.



Increased precision

Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.



Appendix C: Audit quality: How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

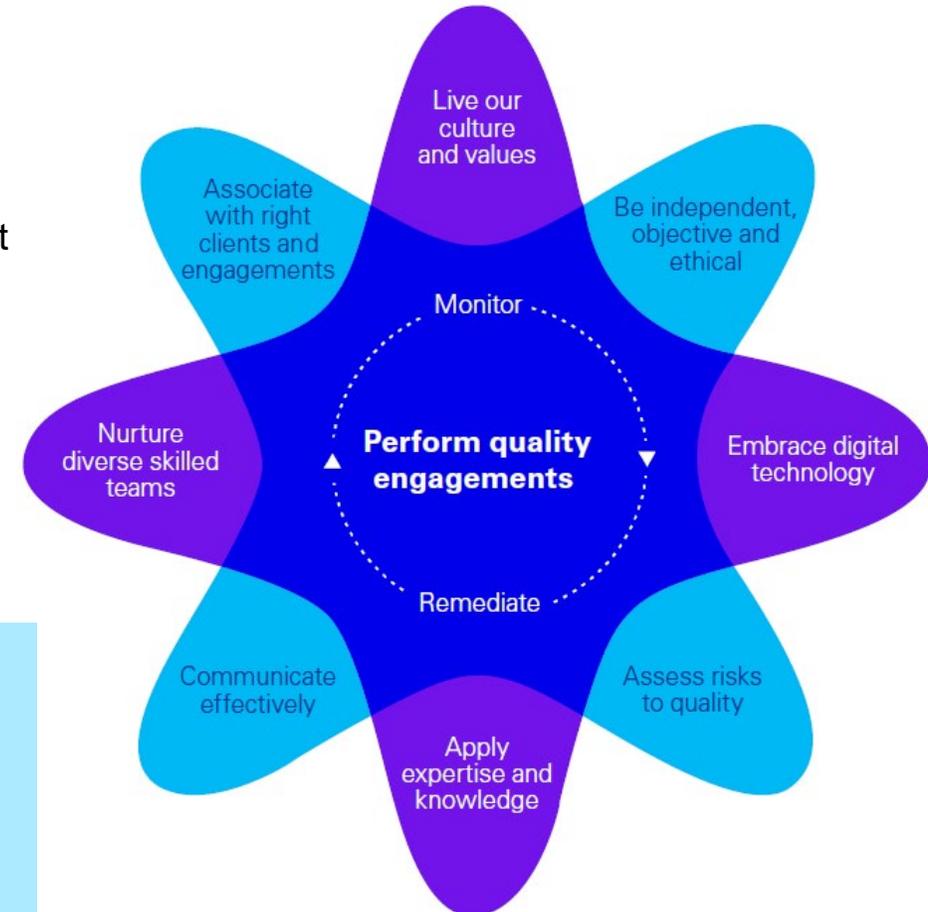
Perform quality engagement sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

[!\[\]\(4b597c71b8e6ed3354d5949ef3e2a7e4_img.jpg\) **KPMG 2022 Audit Quality and Transparency Report**](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Appendix D: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications
<p>PS 3400 Revenue</p>	<ul style="list-style-type: none"> - <i>What's new?</i> <ul style="list-style-type: none"> • The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. • The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. • The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue. - <i>Application:</i> The new standard is effective beginning on or after April 1, 2023.
<p>Purchased Intangibles</p>	<ul style="list-style-type: none"> - <i>What's new?</i> <ul style="list-style-type: none"> • The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles. • Narrow scope amendments were made to PS 1000 Financial statement concepts to remove the prohibition to recognize purchased intangibles and to PS 1201 Financial statement presentation to remove the requirement to disclose purchased intangibles not recognized. - <i>Application:</i> The new guideline is effective beginning on or after April 1, 2023 and can be applied retroactively or prospectively.

Appendix D: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications
PS 3160 Public Private Partnerships	<ul style="list-style-type: none"> - What's new? <ul style="list-style-type: none"> • The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. • The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends. • The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. • The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project. - Application: The new standard is effective beginning on or after April 1, 2023 and can be applied retroactively or prospectively.
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> - What's new? <ul style="list-style-type: none"> • The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. • The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced. - Application: The new Guideline is effective beginning on or after April 1, 2026 with earlier adoption permitted.

Appendix D: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications
PS 1202 Financial Statement Presentation	<ul style="list-style-type: none"> - <i>What's new?</i> <ul style="list-style-type: none"> • The proposed section PS 1202 Financial statement presentation will replace the current section PS 1201 Financial statement presentation. • The proposed section includes the following: <ul style="list-style-type: none"> • Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. • Separating liabilities into financial liabilities and non-financial liabilities. • Restructuring the statement of financial position to present total assets followed by total liabilities. • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). • Removal of the statement of rereasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called "accumulated other". • A new provision whereby an entity can use an amended budget in certain circumstances. • Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position. • The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model. • The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends. • The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. • The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project. - <i>Application:</i> PS 1202 Financial statement presentation will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.

Appendix D: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications
Employee Benefits	<ul style="list-style-type: none"> - What's new? <ul style="list-style-type: none"> • The Public Sector Accounting Board has initiated a review of sections PS 3250 Retirement benefits and PS 3255 Post-employment benefits, compensated absences and termination benefits. • The intention is to use principles from International Public Sector Accounting Standard 39 Employee benefits as a starting point to develop the Canadian standard. • Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. • The proposed section PS 3251 Employee benefits will replace the current sections PS 3250 Retirement benefits and PS 3255 Post-employment benefits, compensated absences and termination benefits. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively. • This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations. - Application: The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.

Appendix E: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards - see Current Developments 

Effective for periods beginning on or after December 15, 2022

ISA/CAS 220

.....
(Revised) Quality management for an audit of financial statements

ISQM1/CSQM1

.....
Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

ISQM2/CSQM2

.....
Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

.....
Revised special considerations – Audits of group financial statements

Appendix F: Insights to enhance your business

We have the unique opportunity as your auditors to perform a deeper dive to better understand your business processes that are relevant to financial reporting.

Lean in Audit		
Lean in Audit		
<p>Lean in Audit™ is KPMG’s award-winning methodology that offers a new way of looking at processes and engaging people within your finance function and organization through the audit.</p> <p>By incorporating Lean process analysis techniques into our audit procedures, we can enhance our understanding of your business processes that are relevant to financial reporting and provide you with new and pragmatic insights to improve your processes and controls.</p> <p>Clients like you have seen immediate benefits such as improved quality, reduced rework, shorter processing times and increased employee engagement.</p> <p>We look forward to working with you to incorporate this approach in your audit.</p>		
How it works		
Standard Audit	Typical process and how it's audited	
Lean in Audit™	Applying a Lean lens to perform walkthroughs and improve Audit quality while identifying opportunities to minimize risks and redundant steps	
How Lean in Audit helps improve businesses processes	Make the process more streamlined and efficient for all	
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> ● Value: what customers want (maximize) </div> <div style="text-align: center;"> ● Necessary: required activities (minimize) </div> <div style="text-align: center;"> ● Redundant: non-essential activities (remove) </div> </div> <div style="display: flex; justify-content: center; margin-top: 10px;"> <div style="text-align: center; margin-right: 20px;"> 🔒 Process controls </div> <div style="text-align: center;"> ✔ Key controls tested </div> </div>		

Appendix F: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Accelerate 2023

The key issues driving the audit committee agenda in 2023.

Momentum

A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.

Appendix G: Climate risk in the financial statements

All entities are facing climate-related risks and opportunities – and are making strategic decisions in response. The impacts of climate-related risks in the financial statements are broad, potentially complex and will depend on industry-specific risks.

How might climate-related risks impact the financial statements?

01

Assets

Consider the useful lives and residual values of PP&E and intangible assets, cash flow projections used for impairment testing of non-financial assets, and the potential impacts on inventories.

02

Liabilities

Consider the recognition of environmental and decommissioning obligations, accounting for emissions or 'green' schemes, impact on employee-benefit arrangements, and restructuring provisions.

03

Borrowers

Consider the accounting for different forms of government assistance, potential for embedded derivatives in green bonds, lease of green technology, impacts of leasing polluting assets.

04

Lenders

Consider how climate-related risks impact operating and financing leases, the potential impact on expected credit losses, and whether green loans meet the solely payments of principal and interest (SPPI) criterion.

05

Disclosures

Consider the impact on the going concern assessment and related disclosures and whether the impacts of climate-related matters have been disclosed clearly.

[See here for more information](#)

Appendix H: Continuous evolution

Our investment: \$5B

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience

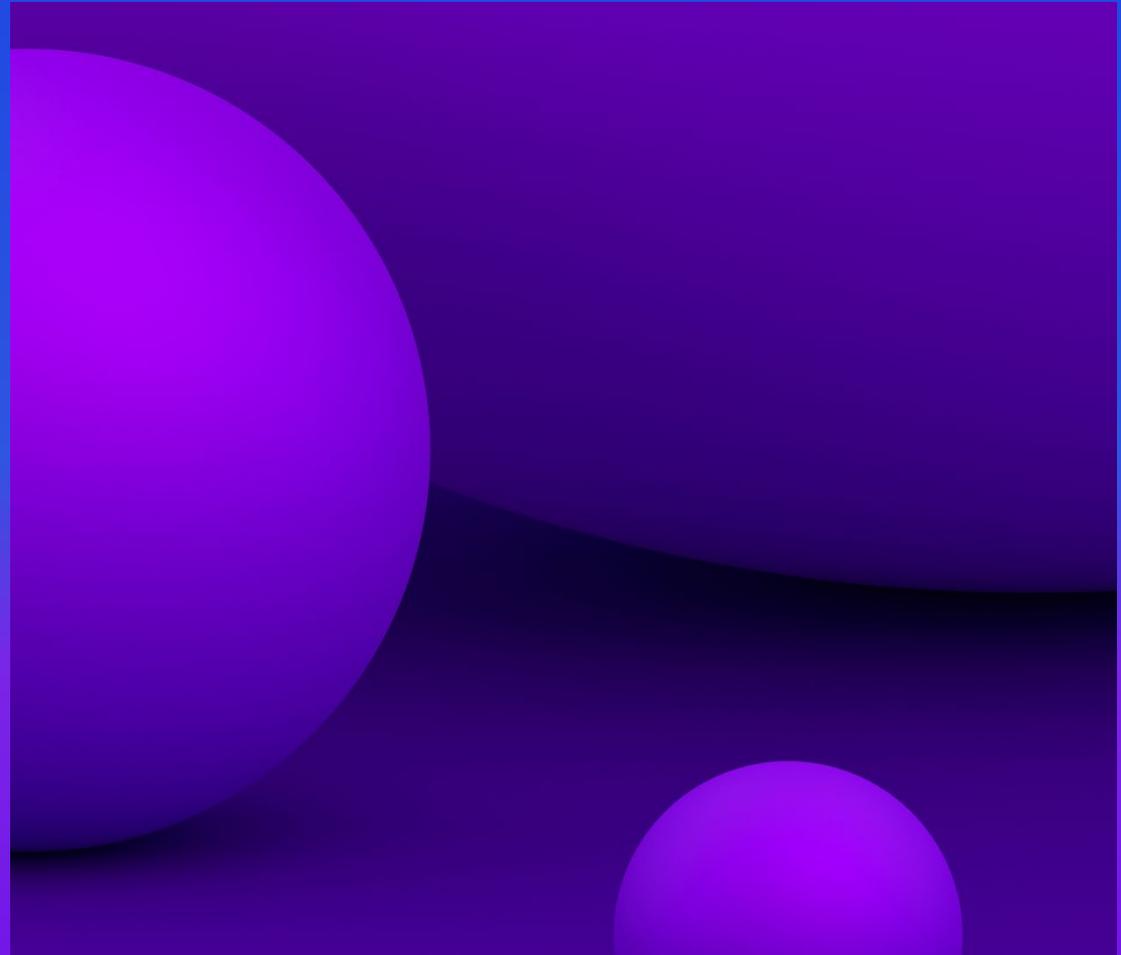
Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.





[kpmg.ca](https://www.kpmg.ca)

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The Corporation of the City of Hamilton

**Audit Planning Report Summary
for the year ending
December 31, 2023**



Prepared as of December 14, 2023 for presentation to the Audit,
Finance and Administrative Committee on February 8, 2024

kpmg.ca/audit



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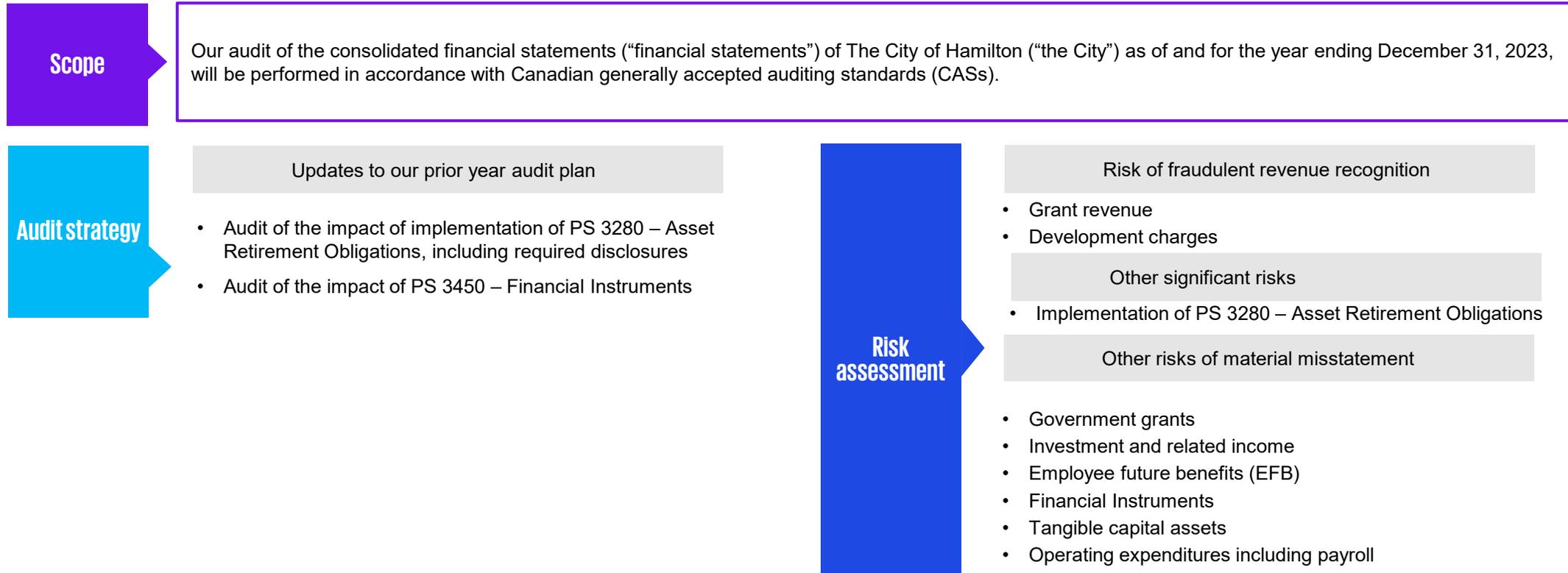
Rajdeep Dhillon

Audit Manager

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rajdeepdhillon@kpmg.ca

Audit highlights



Updates to our prior year audit plan

New significant risks



New Significant Risks



For the year-ended December 31, 2023, the City will be required to implement PS 3280 – Asset Retirement Obligations. This replaces PS 3270 - Solid Waste Landfill Closure & Post-closure Liability which oversaw the accounting treatment of obligations expected to be settled at a future date, which was much smaller in scope than the new standards. Accordingly, this will be an area of audit focus.

PS 3280 Asset Retirement Obligations (“PS 3280”) is a new accounting standard effective for the Entity’s 2023 fiscal year. The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of certain controlled tangible capital assets (“TCA”). The standard required the Entity to record a liability related to future costs of any legal obligations incurred upon retirement of controlled TCA. The amount of the initial liability will be added to the historical cost of any in-service TCA and amortized over the asset’s useful life.

Other significant changes



Other Significant Changes



No significant changes to the audit plan.



Newly Effective Accounting Standards



The new standards PS 3450 Financial instruments, PS 2601 Foreign currency translation, PS 1201 Financial statement presentation and PS 3041 Portfolio investments are effective for fiscal years beginning on or after April 1, 2022 (Fiscal year 2023).

- Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity’s choice and this choice must be made on initial recognition of the financial instrument and is irrevocable.
- Hedge accounting is not permitted.
- A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the Statement of Operations.



Newly Effective Auditing Standards



Effective for periods beginning on or after December 15, 2022

- ISA/CAS 220 – (Revised) Quality management for an audit of financial statements
- ISQM1/CSQM1 – Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements
- ISQM2/CSQM2 – Engagement quality reviews

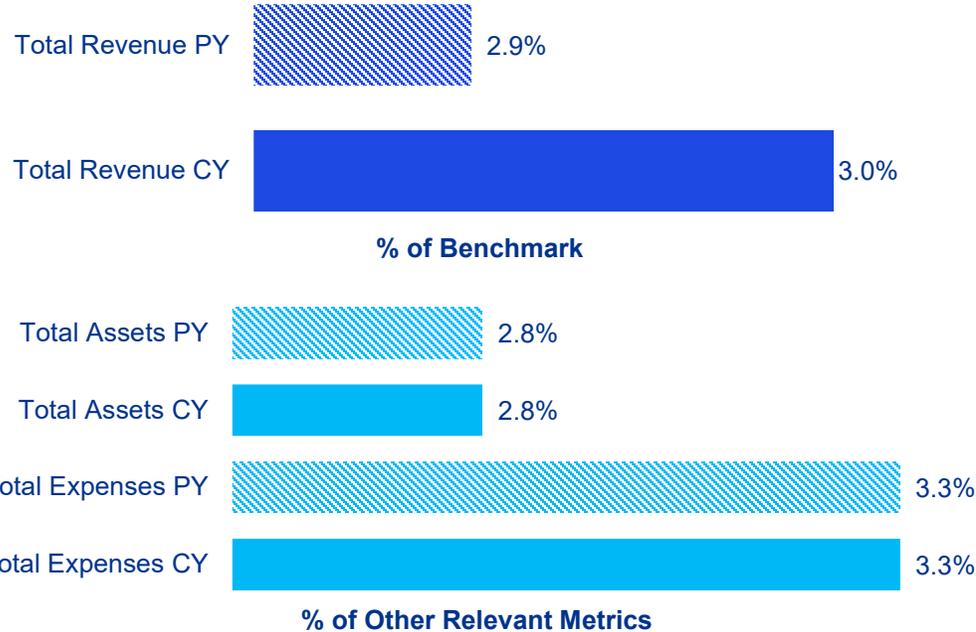
Effective for periods beginning on or after December 15, 2023

- ISA 600/CAS 600 – Revised special considerations – Audits of group financial statements

Materiality – Consolidated Financial Statements



Materiality
Current Year (CY) \$66 million
 (Prior year (PY) 2022: \$62.5 million)



Total Revenue
2022 - \$2,201 million
 (2021: \$2,146 million)
 2023 estimated on actual consolidated 2022 City of Hamilton financial statements

Total Expenses
2022 - \$2,017 million
 (2021: \$1,923 million)
 2023 estimated on actual consolidated 2022 City of Hamilton financial statements

Total Assets
2022 - \$2,397 million
 (2021: \$2,248 million)
 2023 estimated on actual consolidated 2022 City of Hamilton financial statements

Group audit - Scoping

Entity Name	Change in Scope?	Full-Scope Standalone Audit?
The Corporation of the City of Hamilton	Consistent with Prior Period	Yes
Hamilton Utilities Corporation	Consistent with Prior Period	Yes
Hamilton Enterprises Holdings Corporation	Consistent with Prior Period	Yes
Hamilton Renewable Power Inc.	Consistent with Prior Period	Yes
CityHousing Hamilton Corporation	Consistent with Prior Period	Yes
The Hamilton Public Library Board	Consistent with Prior Period	Yes
Hamilton Farmers Market	Consistent with Prior Period	Yes
Hamilton Business Improvement Areas	Consistent with Prior Period	Yes
Confederation Park	Consistent with Prior Period	Yes
Hamilton Police Services Board	Consistent with Prior Period	No
The Hamilton Street Railway Company	Consistent with Prior Period	No
Flamborough Recreation Sub-Committees	Consistent with Prior Period	No

Key milestones and deliverables



Appendix: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications
PS 3400 Revenue	<ul style="list-style-type: none"> - What's new? <ul style="list-style-type: none"> • The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. • The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. • The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue. - Application: The new standard is effective beginning on or after April 1, 2023.
Purchased Intangibles	<ul style="list-style-type: none"> - What's new? <ul style="list-style-type: none"> • The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles. • Narrow scope amendments were made to PS 1000 Financial statement concepts to remove the prohibition to recognize purchased intangibles and to PS 1201 Financial statement presentation to remove the requirement to disclose purchased intangibles not recognized. - Application: The new guideline is effective beginning on or after April 1, 2023 and can be applied retroactively or prospectively.

Appendix: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications
PS 3160 Public Private Partnerships	<ul style="list-style-type: none"> <li data-bbox="644 401 886 429">- <i>What's new?</i> <li data-bbox="644 449 2354 506">• The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. <li data-bbox="644 521 2257 606">• The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends. <li data-bbox="644 621 2237 678">• The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. <li data-bbox="644 692 2359 778">• The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project. <li data-bbox="644 806 2206 835">- <i>Application:</i> The new standard is effective beginning on or after April 1, 2023 and can be applied retroactively or prospectively.
Standard	Summary and implications
Employee Benefits	<ul style="list-style-type: none"> <li data-bbox="644 909 886 938">- <i>What's new?</i> <li data-bbox="644 958 2323 1015">• The Public Sector Accounting Board has initiated a review of sections PS 3250 Retirement benefits and PS 3255 Post-employment benefits, compensated absences and termination benefits. <li data-bbox="644 1029 2344 1086">• The intention is to use principles from International Public Sector Accounting Standard 39 Employee benefits as a starting point to develop the Canadian standard. <li data-bbox="644 1100 2364 1186">• This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations. <li data-bbox="644 1200 2379 1229">- <i>Application:</i> The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.

Appendix: Newly effective and upcoming changes to accounting standards

Standard	Summary and implications
PS 1202 Financial Statement Presentation	<p data-bbox="644 401 886 429">- <i>What's new?</i></p> <ul data-bbox="644 449 2346 889" style="list-style-type: none"> <li data-bbox="644 449 2308 478">• The proposed section PS 1202 Financial statement presentation will replace the current section PS 1201 Financial statement presentation. <li data-bbox="644 489 1207 518">• The proposed section includes the following: <li data-bbox="644 529 2321 586">• Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. <li data-bbox="644 598 1505 626">• Separating liabilities into financial liabilities and non-financial liabilities. <li data-bbox="644 638 1819 666">• Restructuring the statement of financial position to present total assets followed by total liabilities. <li data-bbox="644 678 2328 706">• Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). <li data-bbox="644 718 2346 809">• Removal of the statement of rereasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. <li data-bbox="644 821 1727 849">• A new provision whereby an entity can use an amended budget in certain circumstances. <li data-bbox="644 861 1882 889">• Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position. <p data-bbox="644 901 2364 958">Application: PS 1202 Financial statement presentation will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.</p>

Nature-Related Disclosure and Natural Asset Management Guidance to Public Sector Financial Reporters

Nature-Related Disclosures

- Guidance and frameworks are emerging, but are still under development.
- Practicality and level of effort in implementing frameworks is still to be determined.
- Ambition and reporting capacity go hand-in-hand.

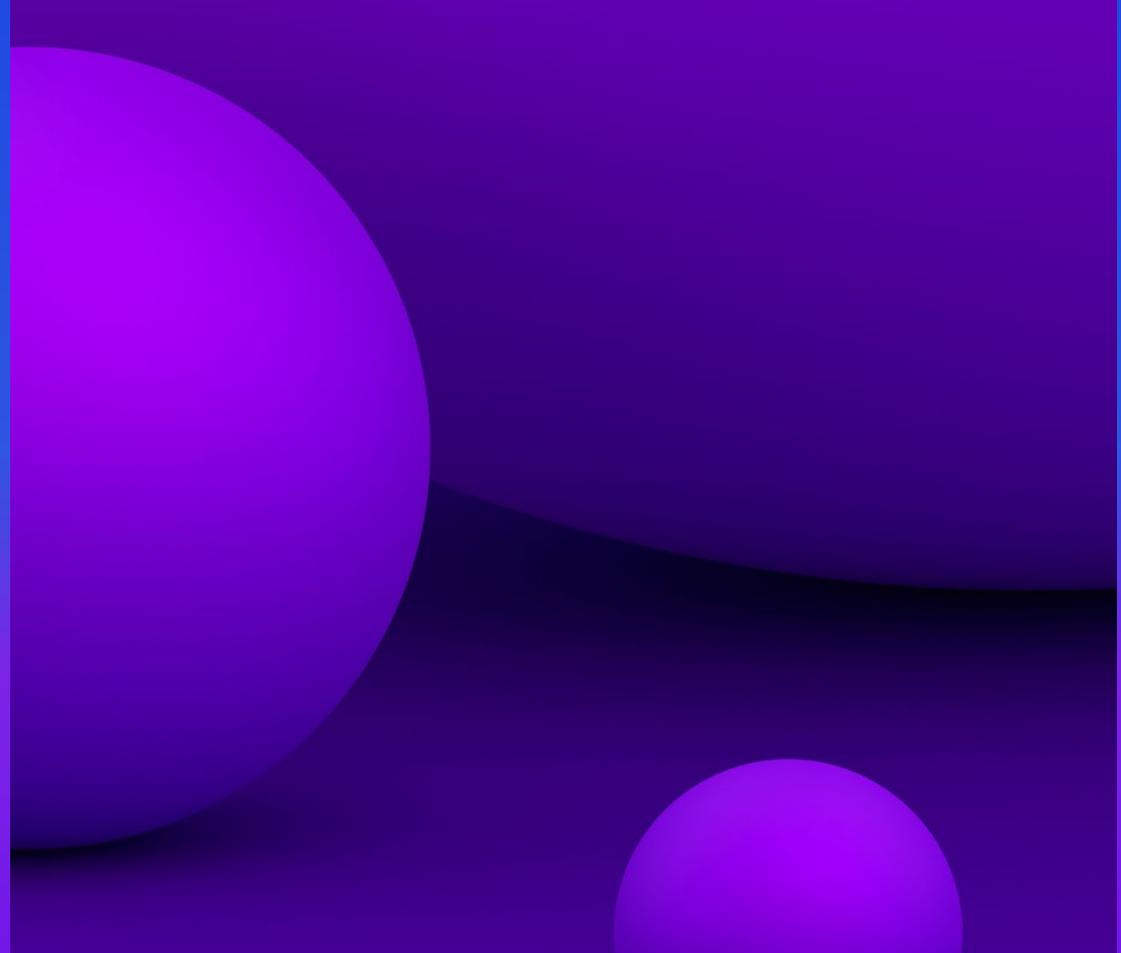
Municipal Natural Assets Challenges:

- Ecosystem Services are not accounted for in public sector investment decisions, asset management, and accounting.
- There is a lack of clear guidance and national standards for inventory, management, and valuation of local government natural assets.
- Currently, natural assets are not allowed to be included in public sector financial statements.



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INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 8, 2024
SUBJECT/REPORT NO:	2023 Third Quarter Non-compliance with the Procurement Policy Report (FCS23020(b)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Sherri Ward (905) 546-2424 Ext. 3988
SIGNATURE:	Shelley Hesmer, Acting Director Financial Services and Taxation & Corporate Controller Corporate Services Department <i>Shelley Hesmer</i>

COUNCIL DIRECTION

N/A

INFORMATION

Procurement Policy, Section 4.19, Item (3) requires a quarterly report be prepared and presented to Council to report the use of all Procurement Policy Non-Compliance Forms. This report is issued quarterly in accordance with the Procurement Policy. Report FCS23020(b) details the use of all Procurement Policy Non-Compliance Forms for the third quarter of 2023.

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

OUR Vision: To be the best place to raise a child and age successfully.

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

SUBJECT: 2023 Third Quarter Non-compliance with the Procurement Policy Report (FCS23020(b)) (City Wide) – Page 2 of 2

During the third quarter of 2023, there were thirteen (13) instances relating to the use of Policy 19, totalling \$182,546.08. The instances are summarized in Appendix “A” to Report FCS23020(b).

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS23020(b) – 2023 Third Quarter Non-compliance with the Procurement Policy Report

SW/dt

2023 Third Quarter Non-compliance with the Procurement Policy Report

PO No.	Amount	Name	Division	Ward	Comments
City Council					
P-Card	\$118.01	Amazon Canada	City Council Office	Ward 5	<p><u>Description of Goods/Services:</u> iPad hardware accessories (charging cables, multiport adapter) iPad accessories (carry case sleeve, webcam cover, privacy screen protector)</p> <p><u>Rational for non-compliance:</u> Employees are required to process requests for IT hardware accessories through the IT Division for review and approval. This purchase was not submitted to IT for review/approval. In addition, purchase of general office supplies (i.e. carry case sleeve, webcam cover and privacy screen protector), per the Procurement Policy, requires client departments utilize all applicable City Contracts. Corporate Contract C17-07-19 - Office and School Supplies was not used to procure these goods.</p> <p>Note: Non-compliance occurred in first quarter of 2023; final approval of non-compliance forms completed in third quarter of 2023.</p>
Corporate Services					
No PO	\$883.46	Access Alliance Language Services	Customer Service & POA	All Wards	<p><u>Description of Goods/Services:</u> Translation, interpretation and ASL services (American sign language interpreter)</p> <p><u>Rational for non-compliance:</u> Per the Procurement Policy, client departments shall utilize all applicable City Contracts. Corporate Contract C12-02-23 - RFT Translation, Interpretation and American Sign Language (ASL) Interpretation was not used to procure these goods.</p>
City Manager's Office					
101201	\$73,080.00	Homewood Health Inc.	Human Resources	All Wards	<p><u>Description of Goods/Services:</u> City of Hamilton Employee & Family Assistance Program (EFAP)</p> <p><u>Rational for non-compliance:</u> Contract C1-02-15 - Provider Required to Deliver the Employee and Family Assistance Program to City Employees ended on July 1, 2023. The new Request for Proposals (C1-01-23) was awarded on September 8, 2023. General Manager approval of a Policy 11 - Non-competitive Procurements was required to bridge the gap in services and was not obtained.</p>

PO No.	Amount	Name	Division	Ward	Comments
Healthy & Safe Communities					
P-Card	\$22.59	Adobe Inc.	Paramedics	Ward 6	<u>Description of Goods/Services:</u> Adobe software <u>Rational for non-compliance:</u> Per the Procurement Policy, client departments shall utilize all applicable City Contracts. Corporate Contract C17-03-20 - Computer Software License Products and Related Services – Other Software and non EA Microsoft Licenses was not used to procure these goods. Employees are required to process requests for IT related equipment through IT for review and approval. This purchase was not submitted to IT for review/approval.
P-Card	\$309.98	Best Buy	Paramedics	Ward 6	<u>Description of Goods/Services:</u> Computer monitors (2 x 24") <u>Rational for non-compliance:</u> Per the Procurement Policy, client departments shall utilize all applicable City Contracts. Corporate Contract C17-01-17 - End-User Computing Devices and Services was not used to procure these goods. Employees are required to process requests for IT related equipment through IT for review and approval. This purchase was not submitted to IT for review/approval.
No PO	\$565.28	Canadian Hearing Services	Ontario Works	Ward 2	<u>Description of Goods/Services:</u> Translation, interpretation and ASL services (American sign language interpreter) <u>Rational for non-compliance:</u> Per the Procurement Policy, client departments shall utilize all applicable City Contracts. Corporate Contract C12-02-23 - Translation, Interpretation and American Sign Language (ASL) Interpretation was not used to procure these goods.
Planning & Economic Development					
95202	\$2,400.00	Davey Tree Expert Co. of Canada Ltd.	Licensing and By-law Services	All Wards	<u>Description of Goods/Services:</u> Tree cutting services <u>Rational for non-compliance:</u> General Manager approval to proceed with a Policy 11 Non-competitive Procurements was not obtained prior to provision of these services.
1011157	\$9,500.00	Acceo Solutions Inc.	Transportation Planning and Parking	All Wards	<u>Description of Goods/Services:</u> 10 handheld licences for parking penalty issuance <u>Rational for non-compliance:</u> General Manager approval to proceed with a Policy 11 Non-competitive Procurements was not obtained prior to provision of these goods.

PO No.	Amount	Name	Division	Ward	Comments
102952	\$29,500.00	1000032876 Ontario Inc. Mike Monson	Tourism and Culture	All Wards	<u>Description of Goods/Services:</u> Video production services for 2024 Summer Campaign <u>Rational for non-compliance:</u> These services were incorrectly purchased under Schedule B Exemptions. Purchase of these services required a competitive process or General Manager approval of a Policy 11 - Non-competitive Procurements which was not obtained.
Police					
102967	\$6,500.00	Niagara/Hamilton Fitness Solutions Inc.	Police	Ward 2	<u>Description of Goods/Services:</u> Fitness equipment <u>Rational for non-compliance:</u> These goods required a competitive process or General Manager approval of a Policy 11 - Non-competitive Procurements which was not obtained.
102966	\$19,620.00	Dotmar Fitness Equipment Inc.	Police	Ward 2	<u>Description of Goods/Services:</u> Fitness equipment <u>Rational for non-compliance:</u> These goods required a competitive process or General Manager approval of a Policy 11 - Non-competitive Procurements which was not obtained.
Public Works					
P-Card	\$46.76	United Parcel Service Canada Ltd.	Hamilton Water	All Wards	<u>Description of Goods/Services:</u> Brokerage services <u>Rational for non-compliance:</u> Per the Procurement Policy, client departments shall utilize all applicable City Contracts. Corporate Contract C17-03-23 - RFP Customs Brokerage and Related Services was not used to procure these goods.
102875	\$40,000.00	Sanda Enterprises Ltd. o/a Natural Insect Control	Forestry & Horticulture	Ward 3	<u>Description of Goods/Services:</u> Supply and delivery of biological Insects for the greenhouses to eliminate unwanted/detrimental pests. <u>Rational for non-compliance:</u> Additional goods were provided in contravention to the Request for Quotations issued for the supply and delivery of biological insects. General Manager approval to proceed with a Policy 11- Non-competitive Procurements was not obtained prior to provision of these goods.



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 8, 2024
SUBJECT/REPORT NO:	2023 Third Quarter Request for Tenders and Proposals Report (FCS23021(b)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Sherri Ward (905) 546-2424 Ext. 3988
SUBMITTED BY:	Shelley Hesmer, Acting Director Financial Services and Taxation & Corporate Controller, Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

N/A

INFORMATION

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

Report FCS23021(b) provides an update on the status of active Request for Tenders and Request for Proposals and Cooperative Procurements for the third quarter of 2023.

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

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**SUBJECT: 2023 Third Quarter Request for Tenders and Proposals Report
(FCS23021(b)) (City Wide) - Page 2 of 2**

Appendix "A" to Report FCS23021(b) details all Request for Tenders and Request for Proposals documents issued by the City or entered by the City through a cooperative procurement. Award information is current as of October 1, 2023.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS23021(b) – 2023 Third Quarter Request for Tenders and Proposals Report

SW/dt

CITY OF HAMILTON
 Summary of Tenders and Proposals Issued – July, 1, 2023 to September 30, 2023

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C18-10-23	Revenue Generating Proposal for the Supply, Installation & Maintenance of Pay-For-Use Laundry Equipment, Related Card Dispensing & Card Loading Devices	04/20/2023	Coinamatic Canada Inc.	7 year term & 3 – 1 year renewals terms	\$344,789.00 (revenue)	All Wards
C11-41-23	Proposal for Prime Consultant Services for CF Limeridge Mall Transit Hub	04/27/2023	Arcadis Architects (Canada) Inc.	Project Specific	\$337,965.00	Ward 7
C1-01-23	Proposal for Employee & Family Assistance Program for City Employees	04/28/2023	Homewood Health Inc.	2 year term & 3 – 1 year renewal terms	\$1,774,500.00	All Wards
C15-44-23 (SL)	Tender for Stoney Creek Metal Street Lighting Pole Replacements	04/28/2023	Ducon Utilities Ltd.	Project Specific	\$229,653.00	Wards 5 & 10
C12-05-23	Tender for the Supply & Delivery of Various Fleet Parts	05/03/2023	Hamilton Discount Auto Parts & Supplies Inc.	1 year term & 4 – 1 year renewal terms	\$833,014.22	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C15-45-23 (TR)	Tender for Construction of New Traffic Control Infrastructure at 17 Locations	05/05/2023	Decew Construction Inc.	Project Specific	\$1,390,700.00	Wards 1, 2, 3, 6, 8, 9,12, 13, 15
C11-03-23	Proposal for Prime Consultant Services for Mountain Drive Park: Detailed Design of Phase 1 & Phase 2, Contract Administration & Warranty Inspection of Phase 1	05/11/2023	The MBTW Group Inc.	Project Specific	\$189,585.00	Wards 3, 6, 7
C3-01-23	Proposal for Develop Power Pages Applications for Microsoft Power Platform	05/12/2023	Slater Hill Inc.	Project Specific	\$395,715.00	All Wards
C5-03-23	Proposal for Physiotherapy Services at Macassa Lodge & Wentworth Lodge	05/23/2023	Prominent Physio Inc. o/a Hamilton Physiotherapy Clinic	1 year term & 4 – 1 year renewal terms	Unit Price Contract	Wards 7 &13
C15-57-23 (P)	Tender for Eastwood Park - Spray Pad Replacement	05/25/2023	Stonecast Contracting Ltd.	Project Specific	\$384,052.75	Ward 2
C13-18-23	Proposal for Supply & Installation of Commercial In Duct Air Treatment Systems in Various City of Hamilton Buildings	06/01/2023	Nerva Energy Group Inc.	Project Specific	\$1,859,665.00	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C13-19-23	Tender for the Supply & Delivery of Pool Drain Heat Recovery System & Controls at Bennetto Recreation Centre, Ryerson Recreation Centre & Jimmy Thompson Pool	06/01/2023	Glenn Richardson Plumbing & Heating Ltd.	Project Specific	\$154,750.00	Wards 1, 2, 3
C5-08-23	Tender for Safe Sex Supplies	06/07/2023	Silver Fox Pharmacy Inc.	1 year term & 4 - 1 year renewal terms	\$252,200.00	All Wards
C13-10-23	Tender for Prequalified General Contractors for the Gymnasium Addition to Sir Wilfrid Laurier Recreation Centre at 60 Albright Road in Hamilton	06/07/2023	GS Wark Ltd.	Project Specific	\$8,117,697.00	Ward 5
C5-10-23	Tender for Mosquito Trapping, Identification & Testing for West Nile Virus	06/08/2023	Entomogen Inc.	1 year term & 4 – 1 year renewal terms	\$273,600.00	All Wards
C11-40-23	Proposal for Provision of Consulting Services Required to Develop a Fleet Management Strategy	06/08/2023	MCG Consulting Solutions Inc.	Project Specific	\$132,850.00	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C18-14-23	Tender for Contractor for Emergency Generator Replacement at 185 Jackson Street East	06/08/2023	Supply Point Inc.	Project Specific	\$623,250.00	Ward 2
C11-30-23	Tender for Phase 3 - Supply, Installation & Maintenance of Large Caliper Trees at the Lincoln Alexander Parkway	06/13/2023	Rodsan Landscaping & Services Ltd.	Project Specific	\$397,752.00	Wards 6, 7, 8, 14
C9-03-23	Tender for the Supply & Delivery of Emergency Equipment for the Build of New Vehicles for the Hamilton Police Service (HPS)	06/20/2023	Lightning Equipment Sales Inc.	Project Specific	\$36,818.00	All Wards
C15-03-23 (HSW)	Tender for Morden Street - Road & Sidewalk Reconstruction Including Watermain Replacement	06/21/2023	Wesroc Construction Ltd.	Project Specific	\$691,493.00	Ward 1
C15-67-23 (H)	Tender for Brampton Street - Centre Island & Boulevard Restoration	06/22/2023	Royal Ready Construction Ltd.	Project Specific	\$282,390.00	Ward 4
C11-48-23	Tender for the Supply & Delivery of Hydraulic Hoses & Fittings As & When Required	06/26/2023	Canadian Bearings Ltd.	1 year term & 4 – 1 year renewal terms	\$235,112.13	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C13-17-23	Tender for Contractor Required for the Removal & Replacement of Playgrounds at Dundurn Park & Macassa Park in Hamilton Ontario	06/26/2023	Three Seasons Landscape Group Inc.	Project Specific	\$581,811.00	Wards 1 & 6
C15-05-23 (BR)	Tender for Bridge 342 on Westover Road - Rehabilitation	06/27/2023	Urbanlink Civil Ltd.	Project Specific	\$779,000.00	Ward 13
C15-68-23 (M)	Tender for Contractor Required to Seal Cracks in Surface Course Asphalt	06/28/2023	Fine Line Markings Inc.	Project Specific	\$214,620.00	All Wards
C13-20-23	Tender for Enhancements to Customer Service Counters – Construction of Protective Barriers at City Hall, Lister Block & Glanbrook Municipal Service Centre	06/29/2023	Alpeza General Contracting Inc.	Project Specific	\$292,000.00	Wards 2 & 11
C11-50-23	Tender for Supply & Delivery of Traffic Cable & Wire	07/06/2023	NCS International Co.	1 year term	\$220,093.01	All Wards
C13-22-23	Tender for General Contractor Required to Renovate Four Serveries at the City of Hamilton’s Long Term Care Facility, Wentworth Lodge	07/12/2023	Newfore Inc.	Project Specific	\$186,000.00	Ward 5

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C18-16-23	Tender for Contractor Required for Balcony Repairs at 5 Maple Avenue, Stoney Creek for CityHousing Hamilton	07/13/2023	TorGlaze Building Restoration Ltd.	Project Specific	\$82,245.00	Ward 5
C15-13-23 (H)	Tender for Battlefield Neighbourhood - Road Resurfacing & Concrete Sidewalk	07/20/2023	Associated Paving & Materials Ltd.	Project Specific	\$1,067,979.30	Ward 10
C15-30-23 (HW)	Tender for East Street North - Hunter to York Reconstruction	07/21/2023	Briduco Enterprises Inc.	Project Specific	\$1,595,000.00	Ward 13
C11-13-23	Tender for Supply, Installation & Maintenance of Large Caliper Trees in New Subdivisions	07/24/2023	The Gordon Company Inc.	Project Specific	\$617,390.00	All Wards
C15-59-23 (HS)	Tender for Scenic Drive - Road Reconstruction	08/02/2023	GIP Paving Inc.	Project Specific	\$3,878,000.00	Ward 14
C18-13-23	Tender for Contractor Required for Fire Pump Replacement & Electrical Upgrades at 30 Sanford Avenue South in Hamilton for CityHousing Hamilton	08/09/2023	Niacon Ltd.	Project Specific	\$456,418.00	Ward 3
C15-16-23 (S)	Tender for Osler Drive - Outfall & Storm Sewer Replacements	08/14/2023	Gedco Excavating Ltd.	Project Specific	\$588,497.88	Ward 13

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C15-32-23 (HW)	Tender for Sherman & Dunsmure Watermain Installation & Road Resurfacing	08/15/2023	DESO Construction Ltd.	Project Specific	\$4,198,900.00	Ward 3
C18-05-23	Tender for Contractor Required for EIFS Cladding Repair at 226 Rebecca St. Hamilton for CityHousing Hamilton	08/29/2023	1927639 Ontario Inc. o/a Adem's Restoration	Project Specific	\$539,000.00	Ward 2
C18-15-23	Tender for Contractor Required to Replace Parking Garage Exhaust Fans at 350 King St. E. Hamilton for CityHousing	08/30/2023	Bagli Brothers Ltd. o/a B&B Mechanical Services	Project Specific	\$212,758.45	Ward 3

Contracts Cancelled

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Reason for Cancellation	Ward
C9-01-23	Tender for Vehicle Maintenance & Repair Services Required for the Hamilton Police Services (HPS) Fleet	04/25/2023	The Request for Tenders (RFT) was cancelled due to errors in the document. RFT was reissued as C9-04-23 with revised specifications.	All Wards
C5-04-23	Tender for Supply, Delivery, Installation & Repairs Homecare Beds & Mattresses	05/19/2023	No compliant bids received. Client department to issue a Policy # 11 Non-competitive Procurements to single source to Essential Home Care Products for 2023 & 2024 goods & services, Department is completing further review of this project to determine if the City moves forward with the reissuance of the Request for Tenders or possibly taking advantage of government funding initiative which would allow for Ontario Works clients to purchase these goods themselves.	All Wards
C11-07-23	Proposal for Provision of Waterfowl Management Services	06/15/2023	Two proposals received. No proposals passed technical evaluations. Request for Proposals will not be reissued at this time. Client department will issue a Request for Quotations and continue to research these services in order to revisit issuance of a RFP.	Wards 1, 2, 3, 4, 5, 10
C15-65-23 (P)	Tender for Construction of a Spray Pad at Woodlands Park	07/14/2023	The RFT was cancelled to review site security requirements due to encampments in the park. RFT reissued as C15-76-23 (P) with encampment protocol.	Ward 3

Contracts Cancelled

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Reason for Cancellation	Ward
C18-04-23	Tender for Contractor for Make-Up Air Replacement with Energy Recovery Ventilators at 200 Jackson Street West	07/20/2023	All bids received were over budget. RFT will be retendered in quarter four of 2023 with revised specifications to include a roof replacement project.	Ward 2
C5-11-23	Tender for Supply & Delivery of Nicotine Replacement Therapy Products for its Smoking & Vaping Cessation Programs for City of Hamilton & Halton Region	09/06/2023	No bids received. Policy # 11 – Non-competitive Procurements was approved to single source to McKesson Canada for 2023 goods & services. Department reviewing options to re-issue Request for Tenders or request Council approval to single source the procurement for 2024.	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-46-22	Proposal for Supply & Installation of a Computer-Aided Dispatch / Automatic Vehicle Location (CAD/AVL) System	01/24/2023	Closed & Under Review	All Wards
C11-19-23	Proposal for Prime Consultant Services Required for the Rockcliffe (DC015) Wastewater Pumping Station Upgrades	04/13/2023	Closed & Under Review	Ward 15
C2-03-23	Proposal for Acquisition of Utility Billing Software Solution including Integration, Maintenance & Support Services	05/19/2023	Closed & Under Review	All Wards
C11-29-23	Proposal for Prime Consultant Services Required for the Woodward Avenue Wastewater Treatment Plant (WWTP) Phase 2 Expansion & North Secondary Treatment Plant Rehabilitation	05/26/2023	Closed & Under Review	Ward 4
C11-43-23	Proposal for Prime Consultant Services Required for the Environmental Laboratory HVAC System & Associated Upgrades at the Woodward Avenue Wastewater Treatment Plant	05/29/2023	Closed & Under Review	Ward 4
C13-02-23	Proposal for General Contractor Required for Construction of Hamilton Transit Maintenance & Storage Facility – Phase Two	06/15/2023	Closed & Under Review	Ward 3

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-37-23	Proposal for Combined Sewer Overflow (CSO) Outfall Flow Monitoring Program	06/19/2023	Closed & Under Review	All Wards
C11-18-23	Proposal for Prime Consultant Services Required for the Woodley Lane (HDR11) Reservoir Upgrades	06/27/2023	Closed & Under Review	Ward 13
C2-01-23	Proposal for Outsourced Chief Investment Officer Services	07/04/2023	Closed & Under Review	All Wards
C11-17-23	Proposal for Provision of Upfitting Services for Light Duty Vehicles As & When Required	07/06/2023	Closed & Under Review	All Wards
C15-43-23 (P)	Tender for Alexander Park - Construction of a Skatepark Facility (Prequalified Bidders Only)	07/10/2023	Closed & Under Review	Ward 1
C1-05-23	Proposal for Review of the City of Hamilton’s Departmental Organization Structure	07/12/2023	Closed & Under Review	All Wards
C5-07-23	Proposal for Air Quality Improvement Projects & Programs in the City of Hamilton	07/13/2023	Closed & Under Review	All Wards
C1-02-23	Proposal for Media Training Services for the City of Hamilton	07/17/2023	Closed & Under Review	All Wards
C2-09-23	Proposal for Provision of Services of an Integrity Commissioner & Lobbyist Registrar for the City of Hamilton	07/24/2023	Closed & Under Review	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C5-05-23	Proposal for Consulting Services to Develop Housing with Related Supports Modernization Project	07/27/2023	Closed & Under Review	All Wards
C1-03-23	Proposal for Facilitation Services at the City of Hamilton	07/31/2023	Closed & Under Review	All Wards
C5-12-23	Proposal for Vision Screening Services to Fulfill the Ontario Public Health Standards Child Visual Health & Child Vision Screening Requirements	08/02/2023	Closed & Under Review	All Wards
C5-09-23	Tender for Supply & Delivery of Rural Pumper Fire Apparatus	08/17/2023	Closed & Under Review	All Wards
C13-21-23	Tender for Prequalified Contractor Required for the Low Lift Pumping Station Intake Pipelines Rehabilitation	08/18/2023	Closed & Under Review	All Wards
C12-08-23	Proposal for External Audit Services for the City of Hamilton & its Consolidated Entities	08/21/2023	Closed & Under Review	All Wards
C11-51-23	Proposal for Engineering Consultant Required to Perform Barton Street Functional Design Review	08/28/2023	Closed & Under Review	Wards 2, 3, 4
C1-04-23	Proposal for Benefit Consulting Services for the City of Hamilton	08/29/2023	Closed & Under Review	All Wards
C15-14-23 (PCE)	Tender for Baldwin & Cootes Drive Installation of Multi-Use Paths	08/29/2023	Closed & Under Review	Ward 13

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C5-15-23	Tender for Supply & Delivery of Dental Equipment, Supplies & Maintenance	09/06/2023	Closed & Under Review	All Wards
C11-47-23	Proposal for Design, Supply & Delivery of Play Structures Required at Eight City of Hamilton Parks	09/06/2023	Closed & Under Review	Wards 7, 8, 10, 12, 15
C11-63-23	Tender for Utility Locating Service Provider Required for Transportation Operations	09/06/2023	Closed & Under Review	All Wards
C13-25-23	Tender for Ancaster Seniors Achievement Centre Roof Replacement	09/06/2023	Closed & Under Review	Ward 12
C2-02-23	Proposal for Credit & Debit Card Processing Devices & Services	09/11/2023	Closed & Under Review	All Wards
C13-23-23	Proposal for Construction Manager for the Macassa Lodge, Long Term Care Home – B Wing Expansion	09/12/2023	Closed & Under Review	Ward 6
C15-46-23 (TR)	Tender for Installation of Traffic Signal Underground Infrastructure at 12 Locations	09/12/2023	Closed & Under Review	Wards 2, 5, 6, 9, 11, 15
C11-39-23	Proposal for Provision of Bus Shelter Advertising, Maintenance & Cleaning Services for the City of Hamilton	09/14/2023	Closed & Under Review	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-45-23	Tender for Operation, Maintenance, Removal & Disposal Services for Three City of Hamilton Household Hazardous Waste (HHW) Depots	09/14/2023	Closed & Under Review	All Wards
C11-62-23	Tender for Snow Removal Services for Various City of Hamilton Facilities	09/14/2023	Closed & Under Review	All Wards
C11-27-23	Tender for the Supply & Maintenance of Feminine Hygiene Sanitary Disposal Bins	09/15/2023	Closed & Under Review	All Wards
C18-03-23	Tender for Contractor Required for Roof Rehabilitation & Roof Anchor Upgrades at 555 Queenston Road, Hamilton for CityHousing Hamilton	09/20/2023	Closed & Under Review	Ward 5
C11-68-23	Tender for Supply & Delivery of Waterborne Traffic Paint	09/25/2023	Closed & Under Review	All Wards
C11-31-23	Proposal for Professional Consultant Services for the Citywide Wastewater / Combined Flow Monitoring Program Implementation – Phase 1	09/26/2023	Closed & Under Review	All Wards
C11-61-23	Proposal for Supply, Install, & Design of Next Generation 911 (NG911) Console Furniture	09/29/2023	Closed & Under Review	Ward 7
C5-14-23	Tender for Breathing Air Compressors	10/03/2023	Not closed as of October 1, 2023	Wards 3 & 15

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C15-27-23 (HSW)	Tender for Large Valve Replacements - Nash Road at King Street & Queenston Road	10/10/2023	Not closed as of October 1, 2023	Ward 5
C15-49-23 (H)	Tender for Weirs Lane Retaining Wall Rehabilitation	10/11/2023	Not closed as of October 1, 2023	Ward 13
C18-19-23	Tender for Exterior Lighting Improvements at 280 Fiddlers Green Road, Hamilton	10/11/2023	Not closed as of October 1, 2023	Ward 12
C11-33-23	Tender for Maintenance & Repairs of High & Low Voltage Electrical Equipment & Systems for Various City of Hamilton Facilities	10/12/2023	Not closed as of October 1, 2023	All Wards
C11-35-23	Proposal for Prime Consultant Services for Lower Centennial Parkway Trunked Sanitary Sewer	10/12/2023	Not closed as of October 1, 2023	Wards 4, 5, 9
C13-24-23	Tender for Electrical Infrastructure Installation for Electric Fleet Vehicle Charging Stations	10/12/2023	Not closed as of October 1, 2023	Ward 2
C11-20-23	Tender for Overhead Crane/Hoist & Lifting Device Services at Water & Wastewater Facilities	10/13/2023	Not closed as of October 1, 2023	All Wards
C11-49-23	Tender for Encampment Clean-up at Various Locations As & When Required	10/16/2023	Not closed as of October 1, 2023	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C15-64-23 (SL)	Tender for Nicola Tesla Blvd East - Underdeck Lighting LED Retrofit	10/18/2023	Not closed as of October 1, 2023	Ward 4
C11-65-23	Tender for the Supply & Delivery of One-Ton Aluminum Dump Bodies with Options	10/24/2023	Not closed as of October 1, 2023	All Wards
C13-28-23	Tender for General Contractor Required for Mountain Dental Clinic Renovation	10/24/2023	Not closed as of October 1, 2023	Ward 8

Cooperative Procurements

City Contract Reference	Contract Title	Cooperative Group	Effective Date (mm/dd/yyyy)	Vendor	Term	Estimated City Spend	Ward
C17-07-23	Paging & Mobile Devices & Services (VOR OSS-00415819)	Minister of Government & Consumer Services	09/15/2023	Bell Mobility Inc. Rogers Communications Canada Inc. Telus Communications Co.	1 year & 2 – 1 year renewal terms	\$200,000.00	All Wards
C17-08-23	Workplace Print and Services	Ministry of Government and Consumer Services	09/26/2023	Ricoh Canada Inc	Project Specific	\$4,500,000.00	All wards



Hamilton

CITY OF HAMILTON

LEAK PROTECTION PROGRAM



SERVLINE
by HomeServe®

LEAKS HAPPEN

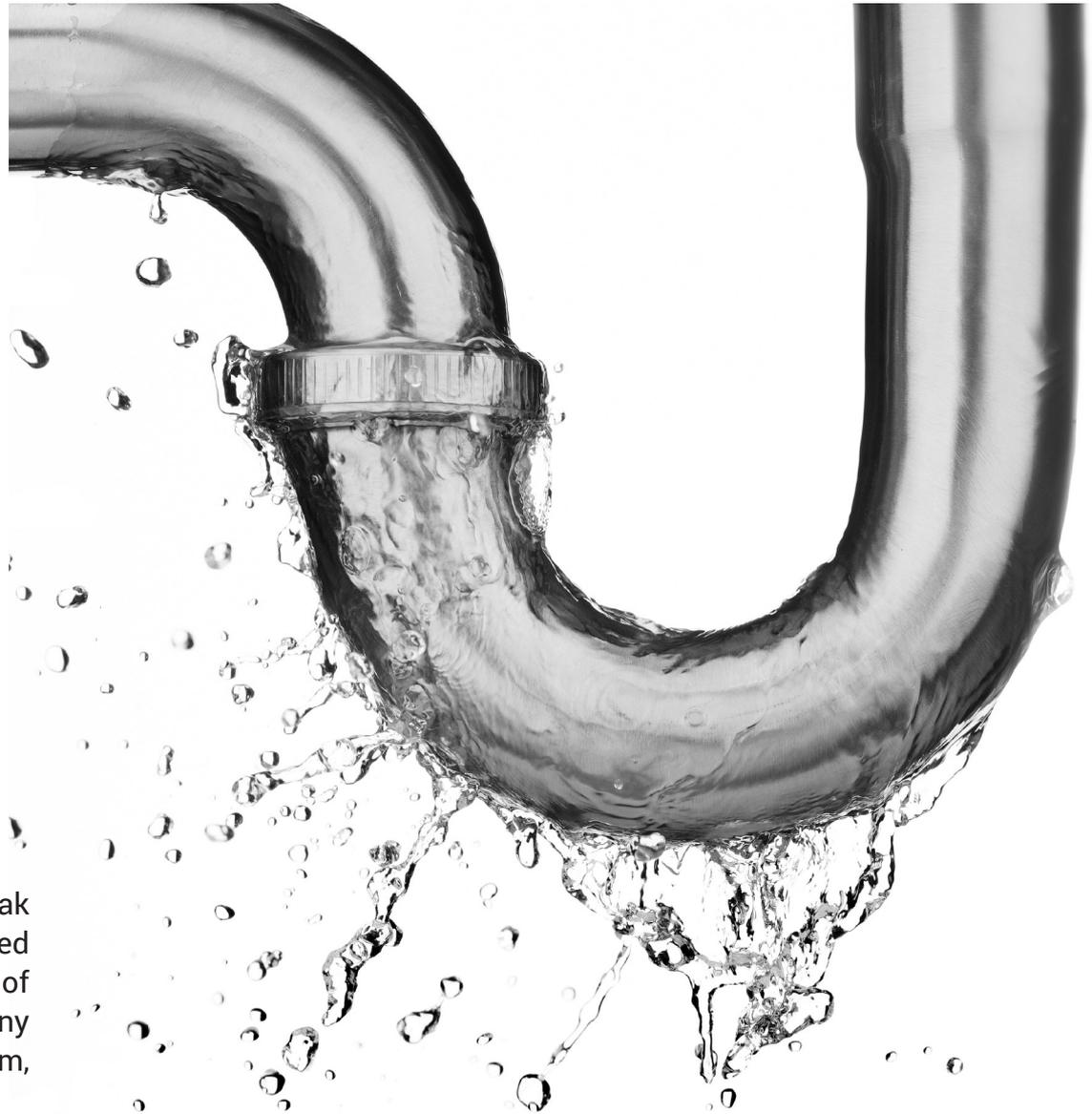
A leaky pipe can cause a very high water bill

The City of Hamilton has a Leak Protection Program administered by ServLine which provides protection from a high water bill caused by a qualifying internal leak.

WATER and WASTEWATER LEAK PROTECTION*

**Up to \$3,000/Leak
One occurrence per
24-month period**

The City of Hamilton's Leak Protection Program administered by ServLine is included as part of your water services. If you have any questions or need to file a claim, please call the number below.



FOR MORE INFO CALL SERVLIN: 1-888-977-7471

www.hamilton.ca/leaks

* Please refer to City of Hamilton's Leak Protection Program guidelines and qualifications.



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 8, 2024
SUBJECT/REPORT NO:	Water Leak Protection Program Update (FCS21087(b)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	John Savoia (905) 546-2424 Ext. 7298
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Not Applicable

INFORMATION

Water Leak Protection Program Overview

In October 2021, Council approved an enhanced residential Water Leak Adjustment Policy (Policy) effective as of January 1, 2022. Report FCS21087(b) provides an update regarding the implementation of the changed Policy.

The Policy provides limited financial relief to eligible residential customers to address abnormally high water and wastewater / storm bills associated with plumbing failures. The Policy has allowed staff to address those instances when an eligible metered water customer receives an abnormally high bill as a result of a plumbing failure and provides widespread assistance that helps address housing affordability challenges particularly for low / fixed income customers.

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**SUBJECT: Water Leak Protection Program Update (FCS21087(b)) (City Wide) –
Page 2 of 5**

The Policy Enhancements included:

	Pre 2022 WLA Policy	January 2022 WLA Policy
Benefit Frequency	One lifetime per account occurrence	One claim every 24 months
Benefit Overview	City covers 50% of the excess charges	Covers 100% of excess charges up to \$2,500
Customer Eligibility	Homeowners only with owner occupancy	All homeowners including rental residential properties

Furthermore, the Policy is no longer administered by Alectra Utilities as program administration has been assumed by a new service provider named ServLine. ServLine is an affiliate company of Service Line Warranties of Canada (SLWC). Further information and details of the enhanced Policy can be found in Report FCS21087 / LS21037.

Over the past two years, Hamilton's combined water and wastewater / storm rates have been increased by 11.5% and as of January 2024 by an additional 10.04%. In light of increasing rates, in July 2023, staff requested the insurance underwriter to consider increasing the maximum adjustment to \$3,000 as of January 2024. As of August 2023, there had been 17 approved claims that had received the \$2,500 maximum reimbursement with only five of these claims exceeding \$3,000. The underwriter approved the City's request (with no change in premiums) such that, as of January 1 2024, the maximum leak adjustment is \$3,000.

Program Assistance Experience

Water leaks had to commence on or after January 1, 2022 to be eligible under the enhanced Policy. The enhancements, coupled with efforts to promote awareness of the Policy, have resulted in a significant increase in the number of water leak adjustment claims and associated financial assistance being provided in 2022 and 2023. During the first two full years with the enhanced Policy, there has been 472 approved claims amounting to total reimbursement to residents of approximately \$380 K. The financial assistance provided over the past two years represents the highest levels of assistance provided by the Policy (refer to Table 1 of Report FCS21087(b)). The average cost per claim has increased significantly reflecting the enhanced coverage of 100% of excess charges (up to a maximum of \$2,500).

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**SUBJECT: Water Leak Protection Program Update (FCS21087(b)) (City Wide) –
Page 3 of 5**

**TABLE 1
Water Leak Adjustment Policy Cost Summary**

	Number of Claims	Total Cost	Total Avg Cost/Claim
2012	226	\$ 76,016	\$ 336
2013	181	\$ 45,097	\$ 252
2014	241	\$ 72,882	\$ 302
2015	169	\$ 55,196	\$ 327
2016	165	\$ 49,726	\$ 301
2017	150	\$ 55,564	\$ 370
2018	142	\$ 51,540	\$ 363
2019	93	\$ 34,790	\$ 374
2020	75	\$ 25,950	\$ 346
2021	69	\$ 25,258	\$ 366
2022	171	\$ 123,780	\$ 724
2023	301	\$ 255,118	\$ 848

ServLine conducts customer satisfaction surveys of Hamilton customers who received water leak bill adjustments and as reflected in Table 2 of Report FCS21087(b). Overall satisfaction with the leak adjustment claims process is quite positive.

**TABLE 2
ServLine Customer Satisfaction Survey Results**

	Increased	Neutral	Decreased
Satisfaction with City of Hamilton increased or decreased?	85%	15%	0%
	Extremely	Somewhat	Neutral
How Satisfied overall with ServLine?	90%	10%	0%
How satisfied claims communication process?	80%	20%	0%
How satisfied re interaction with ServLine claims agents?	85%	15%	0%
Did ServLine communicate in a timely fashion?	100%	0%	0%

The COVID-19 pandemic highlighted the importance of ensuring the affordability of drinking water, wastewater and stormwater services for customers. This objective prompted the Canadian Water Network to embark on a deeper exploration of affordability, including the opportunities and challenges associated with the implementation of affordability programs. The Canadian Water Network is a non-profit organization that helps decision-makers in the water sector address complex challenges. Its mission is to advance, accelerate and improve water management decisions in Canada.

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**SUBJECT: Water Leak Protection Program Update (FCS21087(b)) (City Wide) –
Page 4 of 5**

In April 2022, staff participated in an initial affordability workshop that involved staff from Canadian municipalities from across the nation. Hamilton's unique insurance-backed leak protection program is gaining attention from other municipalities as the program is being seen as a sustainable and tangible means to support residential customers when faced with unexpected high water bills resulting from untimely leaks.

Background

The City has offered a water leak adjustment policy in some form since 1997. From 2002 to 2021, the Policy provided nearly \$2 M in water leak related bill adjustments associated with approximately 3,800 approved water leak bill adjustment requests. Over that timeframe, administration of the Policy had been primarily provided by Alectra (and predecessors Horizon Utilities and Hamilton Hydro) with oversight provided by the City's Financial Planning, Administration and Policy Division.

In 2021, the Policy was reviewed extensively to address the Policy's limitations and the continued hardships that remained for many customers. In October 2021, Council approved an enhanced Policy that resulted in the previous cost-sharing model changed to an insurance-based, cost recovery model administered by ServLine. The City's water revenue receivables are insured by an insurance policy issued from an underwriter (currently the underwriter is Assurant Canada which is an "A" Rated, highly regulated, insurance company). ServLine administers all aspects of the program on behalf of both parties.

The enhanced Policy became effective for leaks commencing on or after January 1, 2022. Currently, there are over 147,000 active residential water accounts that are covered by the program administered by ServLine. It should be noted, newly constructed residential accounts are also covered once a water meter has been installed. The Program is intended to be cost-neutral for the City and, as such, the premium fees charged to the City are recovered from the fixed charges applied to residential water accounts (fixed water rates were increased by \$0.01 per day as of January 1, 2022). Premium and administrative fees have not changed since Program inception and, as such, there has been no further related impact to fixed charges.

Key benefits of the Leak Protection Program include:

- Ability to submit one claim every 24 months
- Coverage of 100 per cent of excess charges up to \$3,000 (cap increased as of January 2024)
- Eligibility for all homeowners, including residential rental properties who have their own water meter
- Qualifying leaks adjusted back to resident's average bill over the previous 12 months

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**SUBJECT: Water Leak Protection Program Update (FCS21087(b)) (City Wide) –
Page 5 of 5**

Information on the new Leak Protection Program guidelines and qualifications is available at www.hamilton.ca/leaks. Residents who have questions or wish to file a claim should call ServLine at 1-888-977-7471.

Program Communications

There has been a concerted effort to promote awareness of the enhanced Policy with a number of communication channels employed:

- A bill insert (funded by ServLine) accompanied December 2021 residential water bills advising of the leak protection program.
- The City’s “water leaks” webpage (www.hamilton.ca/leaks) has been updated to provide information regarding the Program and a link to the Water Leak Adjustment Request Form.
- In January 2022 and 2023, newspaper ads advising of the new Program ran in the Hamilton Spectator and Hamilton Community News.
- On January 12, 2022, a City news release was issued to support the launch of the Program.
- City social media and digital ads have been utilized to support the Program.
- The annual Hamilton Water newsletters provided each fall as a bill insert to residential customers, have included information regarding the leak protection program.
- In January 2024, a newspaper ad advising of the Program ran in the Hamilton Spectator.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS21087(b) – Leak Protection Program Hamilton Spectator Advertisement January 2024

JS/dt



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 8, 2024
SUBJECT/REPORT NO:	Hamilton Street Railway Pension Plan Valuation at January 1, 2023 (FCS24010) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Barb Howe (905) 546-2424 Ext. 5599
SUBMITTED BY:	Shelley Hesmer, Acting Director Financial Services and Taxation & Corporate Controller Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

N/A

INFORMATION

Under current legislation, an actuarial valuation is required at a minimum every three years for Hamilton Street Railway Pension Plan (the "Plan"). Since the last valuation was completed as at January 1, 2020, a new valuation is required and included as Appendix "B" to Report FCS24010.

Under the *Pension Benefit Act* of Ontario, each valuation requires the Plan to be valued using three different methods: (i) going concern basis; (ii) solvency basis; and (iii) wind-up basis:

- (i) **Going Concern Basis** – This valuation assumes that the Plan will continue indefinitely. Consequently, to calculate funding requirements, an actuary selects an interest rate for the pension fund based on an assumed long-term average return. Any funding deficiencies must be eliminated through payments made over a period of 10 years. Under current legislation, a going concern valuation must include the cost of post-retirement indexation, as well as, a Provision for Adverse Deviation (PfAD).

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**SUBJECT: Hamilton Street Railway Pension Plan Valuation at January 1, 2023
(FCS24010) (City Wide) – Page 2 of 5**

Provision for Adverse Deviation (PfAD) - Under the current regulations, a going concern valuation must add this additional buffer to its funding requirements. The PfAD is a formula that is applied to the going concern liabilities and is the sum of three percentages:

- (a) a fixed percentage depending on whether the Plan is a closed plan;
- (b) a percentage depending on the asset mix of the Plan, as allocated between fixed and non-fixed income in accordance with the Plan's Statement of Investment Policies and Procedures (SIPP);
- (c) a percentage reflecting the excess of the pension Plan's going concern discount rate over a benchmark discount rate.

Although the cost of indexation must be included in the going concern liabilities, it may be excluded when determining the value of the PfAD.

- (ii) Solvency basis – This is intended to calculate the funding required to pay for all benefits if the Plan were to wind-up on the valuation date. To determine solvency funding requirements, an actuary selects a rate that approximates the annuity purchase rate. On a solvency basis, the Plan must be at least 85% funded. If the funded status falls below this level, then solvency special payments are required for the unfunded portion below 85%. The unfunded portion can be eliminated through payments made over a period of five years. In addition, these payments must begin one year after the date of the valuation report. Under current legislation, post-retirement indexation can be excluded from the solvency valuation.
- (iii) Wind-up Basis – Similar to the solvency basis, this valuation assumes that the Plan would be wound up at the valuation date, but includes all benefit obligations, such as post-retirement indexing.

The current valuation was filed on October 31, 2023. The following chart provides a synopsis of the Plan position and membership as of January 1, 2023, compared to January 1, 2020.

**SUBJECT: Hamilton Street Railway Pension Plan Valuation at January 1, 2023
(FCS24010) (City Wide) – Page 3 of 5**

SYNOPSIS OF PLAN

	(\$ in Millions)	
	2023	2020
Going Concern Basis		
Value of Assets	\$193.70	\$211.20
Less: Accrued Liabilities	<u>177.10</u>	<u>211.60</u>
Financial Position	<u>\$ 16.60</u>	<u>(\$ 0.40)</u>
Less: Provision for Adverse Deviation (PfAD)	14.00	17.10
Less: Prior Year Credit Balance (PYCB)	<u>2.00</u>	<u>N/A</u>
Surplus / (Deficit)	<u>\$ 0.60</u>	<u>(\$17.50)</u>
Solvency Basis		
Value of Assets ¹	\$193.50	\$211.00
Less: Solvency Liabilities	<u>167.80</u>	<u>216.30</u>
Financial Position	<u>\$ 25.70</u>	<u>(\$ 5.30)</u>
Plus: Present Value (PV) of Special Payments	N/A	11.20
Less: PYCB	<u>2.00</u>	<u>N/A</u>
Surplus / (Deficit)	<u>\$ 23.70</u>	<u>\$ 5.90</u>
Solvency Ratio	1.15	0.98
Wind-up Basis		
Value of Assets ¹	\$193.50	\$211.00
Less: Wind-up Liabilities	<u>249.70</u>	<u>315.50</u>
Surplus / (Deficit)	<u>(\$ 56.20)</u>	<u>(\$104.50)</u>
Number of Active Members	229	315
Number of Retired or Deferred Members	649	639

¹ Includes Wind-up Expenses of \$200 K

The current valuation, as at January 1, 2023, showed significant improvements since the last valuation. The funded status on a going concern basis is a \$0.6 M surplus compared to the previous deficit of \$17.5 M. Although the Plan experienced a \$14.9 M loss in investment earnings, this was offset by decreases in the Plan's liabilities due to increases in the discount rate and changes to the mortality assumptions.

On a solvency basis, the Plan has a \$23.7 M surplus compared to the previous surplus of \$5.9 M. On a wind-up basis the Plan has a \$56.2 M deficit compared to the previous deficit of \$104.5 M.

**SUBJECT: Hamilton Street Railway Pension Plan Valuation at January 1, 2023
(FCS24010) (City Wide) – Page 4 of 5**

Since both the going concern and solvency valuations currently have a surplus, there are no funding requirements for the valuation period of 2023-2025. Although the current valuation indicates that no special payments are required for the period 2023-2025, as of October 2023, an amount of \$1.8 M to fund the going concern had already been paid based on the requirements of the previous valuation (2020-2022). This excess contribution was unavoidable since current legislation does not allow plan administrators to suspend special payments while awaiting the outcome of a current valuation.

In addition, excess contributions cannot be refunded nor applied to the required special payments of the remaining two years of the current valuation period. Therefore, this excess contribution, referred to as a Prior Year Credit Balance (PYCB), along with the \$2 M PYCB of the previous valuation for a total of \$3.8 M, will be applied against future special payments that may arise as a result of a subsequent valuation.

The discount rate in the current valuation increased to 5.8% (2020 4.5%) which is the main reason the Plan reflects a surplus. It is anticipated that the discount rate will decrease by the next valuation as interest rates are expected to decrease, thus, eroding the surplus unless investment earning gains are able to offset this impact.

Since the solvency ratio is greater than 0.85, the next valuation will not be required until January 1, 2026.

As a result of a court ordered settlement approved on December 22, 2008, between the Amalgamated Transit Union (ATU) 107 and the City, all members of the Hamilton Street Railway Pension Plan were enrolled in the OMERS plan effective January 1, 2009 with future service accruing in the OMERS plan and past service remaining in the Hamilton Street Railway Pension Plan. All new employees hired on or after January 1, 2009, became members of the OMERS plan. As a result, the Hamilton Street Railway Pension Plan has become a closed plan.

The Settlement Agreement, subsection 11(d), also provided a future spousal benefit enhancement from 50% to 66-2/3% conditional upon the Plan showing no going concern unfunded liability, no solvency deficiency or no windup unfunded liability. This future provision was detailed in Article 13.06 of the Plan text but its impact is not reflected in the current valuation. For reference, Article 13.06 of the Plan text has been included in Appendix "A". The Plan text was approved by ATU counsel on October 30, 2013, and City Council on December 11, 2013.

**SUBJECT: Hamilton Street Railway Pension Plan Valuation at January 1, 2023
(FCS24010) (City Wide) – Page 5 of 5**

This is the first valuation filed, following the Settlement date, that has triggered this spousal benefit enhancement. The approximate cost of the enhancement is estimated to be \$10 M. Upon filing a Plan text amendment and costing certificate, with the regulatory authorities, the City will be required to fund the enhancement. Since the Plan is currently funded at more than 80% on both a solvency and going concern basis, the improvement can be funded over eight years.

Once the costing certificate is filed, the cost of the spousal benefit enhancement will be funded first from the \$3.8 M PYCB, then by the current year budgeted amount of \$6.87 M and consequently will have no impact to the current budget.

Over the next several months, staff will begin planning for the implementation of the spousal benefit enhancement and report back to Committee with further information.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS24010 – Plan Text Article 13.06

Appendix “B” to Report FCS24010 – HSR Actuarial Valuation as at January 1, 2023

BH/dt

Plan Text for The Hamilton Street Railway Pension Plan (1994)

Revised and Restated as at January 1, 2009

Article 13.06

- (a) Effective on the date of filing with the Financial Services Commission of Ontario an actuarial report in respect of the Plan which in the case of an ongoing report, shows no going concern unfunded liability or solvency deficiency, or in the case of a wind up report, shows no unfunded liability or other deficit or that no payment is required to be made by the Company to the Plan (the "Filing Date"), certain adjustments shall be made to Pensions of Recipients who on December 31, 2008 were,
- i) entitled to payment of a Pension from the Plan, and
 - ii) an Employee and a Member of the Plan or the Spouse of a person who was an Employee and Member of the Plan,
- and who,
- iii) were not deceased prior to the Filing Date, or
 - iv) did not exercise a portability option prior to the Filing Date.
- b) The adjustment shall be to deem the normal form of Pension upon which the Recipient's entitlement is based to be the benefit described in Article 18, but with the reference to 50% in subsection 18.02 being deemed to be 66 2/3%.
- c) In the case of a Spouse of a Recipient who has pre-deceased such Spouse since December 31, 2008, the adjustment provided herein shall be retroactive to the date of death of such Recipient.
- d) For greater certainty, the Administrator shall re-determine the amount of the Pension payable to the Recipient on the basis that the revised Pension shall be adjusted, taking into account all benefits and entitlements provided under the Settlement Agreement (including without limitation recognition of earnings after 2008 and indexing as contemplated in subparagraphs 11(c)(i) and (ii) of the Settlement Agreement), and shall otherwise make such calculation as at the Member's Retirement Date in such manner in accordance with accepted actuarial practice as may be recommended by the Actuary.
- e) For greater certainty, no benefit adjustment shall be made if the Member and the Member's Spouse are deceased prior to the Filing Date, or if the Member entitled to the Pension exercised a portability option prior to the Filing Date.
- f) This provision is subject to, and shall be governed by subsection 11(d) of the Settlement Agreement.

Actuarial Valuation as at January 1, 2023 for The Hamilton Street Railway Company Pension Plan (1994)

Canada Revenue Agency Registration Number: 0253344

October 2023





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Executive Summary

An actuarial valuation has been prepared for The Hamilton Street Railway Company Pension Plan (1994) (the "Plan") as at January 1, 2023 for the primary purpose of establishing a funding range in accordance with legislative requirements for the Plan until the next actuarial valuation is performed. This section provides an overview of the important results and the key valuation assumptions which have had a bearing on these results. The next actuarial valuation for the purposes of developing funding requirements should be performed no later than as at January 1, 2026.

Summary of Principal Results

Financial Position

	January 1, 2023	January 1, 2020
Going Concern		
Assets	\$ 193,674,200	\$ 211,167,500
Liabilities	<u>177,067,300</u>	<u>211,592,100</u>
Financial Position	\$ 16,606,900	\$ (424,600)
Adjustments ¹	<u>(15,973,500)</u>	<u>(17,103,300)</u>
Surplus/(Unfunded Liability)	\$ 633,400	\$ (17,527,900)
Solvency		
Assets ²	\$ 193,474,200	\$ 210,967,500
Liabilities	<u>167,759,500</u>	<u>216,314,100</u>
Financial Position	\$ 25,714,700	\$ (5,346,600)
Adjustments ¹	<u>(2,043,900)</u>	<u>11,281,800</u>
Surplus/(Unfunded Liability)	\$ 23,670,800	\$ 5,935,200
Hypothetical Wind Up		
Assets ³	\$ 193,474,200	\$ 210,967,500
Liabilities	<u>249,694,900</u>	<u>315,487,000</u>
Surplus/(Unfunded Liability)	\$ (56,220,700)	\$ (104,519,500)

¹ Adjustments include Provision for Adverse Deviation, prior year credit balance, and all solvency liability and solvency asset adjustments, where applicable

² Net of estimated wind up expenses

³ Net of estimated wind up expenses



Legislative Ratios

	January 1, 2023	January 1, 2020
Funded ratio (Before PfAD)	1.09	1.00
Solvency ratio	1.15	0.98
Transfer ratio	0.78	0.67

Minimum Contribution Requirements

Considering the funding and solvency status of the Plan, the minimum City contributions for the period from January 1, 2023 to January 1, 2026 in accordance with legislative requirements, are as follows:

	Jan 1, 2023 to Dec 31, 2023	Jan 1, 2024 to Dec 31, 2024	Jan 1, 2025 to Dec 31, 2025
City normal cost	\$ -	\$ -	\$ -
Special payments toward amortizing unfunded liability	-	-	-
Adjustments	-	-	-
Minimum Required City Contribution	\$ -	\$ -	\$ -

Membership Data

	January 1, 2023	January 1, 2020
Active Members	229	315
Deferred Vested Members	22	29
Retired Members and Beneficiaries	627	610



Key Assumptions

The principal assumptions to which the valuation results are most sensitive are outlined in the following table.

	January 1, 2023	January 1, 2020
Going Concern		
Discount rate	5.80% per year	4.50% per year
Provision for adverse deviation	9.50%	9.80%
Inflation rate	2.00% per year	2.00% per year
Pensionable earnings	2.00% per year	2.00% per year
Mortality table	120% of 2014 Public Canadian Pensioners' Mortality Table ("CPM2014Publ") with generational improvements using CPM Scale B2D ("CPM-B")	110% of 2014 Public Canadian Pensioners' Mortality Table ("CPM2014Publ") with generational improvements using CPM Scale B2D ("CPM-B")
Retirement rates	50% of members retire at the earliest unreduced retirement age and 50% at age 65	Same
Solvency/ Hypothetical Wind Up		
Discount rate - Solvency	Annuity purchases: 4.91% per year Transfers: 4.30% per year for 10 years, 4.70% per year thereafter	Annuity purchases: 2.93% per year Transfers: 2.50% per year for 10 years, 2.60% per year thereafter
Discount rate - Hypothetical Wind Up	Annuity purchases: 0.99% per year Transfers: 2.20% per year for 10 years, 2.60% per year thereafter	Annuity purchases: -0.29% per year Transfers: 1.20% per year for 10 years, 1.20% per year thereafter
Pensionable earnings increase	Not applicable	Not applicable
Mortality table	2014 Canadian Pensioners' Mortality Table ("CPM2014") with generational improvement using CPM Scale B	Same
Retirement rates	50% Age that produces the highest lump-sum value, 50% Earliest Unreduced Retirement Date	Age that produces the highest lump-sum value



Section 1: Introduction

Purpose and Terms of Engagement

We have been engaged by Corporation of the City of Hamilton, and hereafter referred to as the City, to conduct an actuarial valuation of the Plan, registered in Ontario, as at January 1, 2023 for the general purpose of determining the minimum and maximum funding contributions required by pension standards, based on the actuarial assumptions and methods summarized herein. Specifically, the purposes of the valuation are to:

- Determine the financial position of the Plan on a going concern basis as at January 1, 2023;
- Determine the financial position of the Plan as at January 1, 2023 on a solvency and hypothetical wind up basis; and
- Provide the necessary actuarial certification required under the *Pension Benefits Act (Ontario)* (the "Act") and the *Income Tax Act*.

In accordance with Regulation, the City has elected to defer all new special payments established as at January 1, 2023 by 12 months.

The results of this report may not be appropriate for accounting purposes or any other purposes not listed above.

The next required valuation will be as at January 1, 2026.

Summary of Changes Since the Last Valuation

The last such actuarial valuation in respect of the Plan was performed as at January 1, 2020. Since the time of the last valuation, we note that the following events have occurred:

- There were post-retirement pension increases of 0.94% effective January 1, 2021, 2.74% effective January 1, 2022, and 6.00% effective January 1, 2023. These increases have been reflected in the results presented in this valuation report.
- In March 2020, the World Health Organization (WHO) declared a state of global pandemic linked to the 2019 coronavirus disease (COVID-19). So far, the COVID-19 pandemic in Canada has been accompanied by 2 successive waves of disease-related deaths. The net effect on short- and long-term mortality from COVID-19 remains uncertain at this time. However, given the trend of mortality experience observed at the prior valuation and the heavier experience over the last 3 years, we have made the decision to adjust the mortality table directionally. The impact of COVID-19 for the valuation period is included in the gain and loss analysis of this valuation report; the impact for future years will be recognized in the next valuations as actual deaths will be different from that expected under our assumptions.
- The Canadian Institute of Actuaries has amended the Standards of Practice related to the determination of commuted values effective December 1, 2020. Among other things, the changes impact the interest rates and the retirement age assumption used in the determination of commuted values. These changes are reflected in this report.



- The Canadian Institute of Actuaries Practice Specific Standards for Pension Plans were amended effective December 1, 2022. The most significant changes relate to the discount rate, plausible adverse scenarios, hypothetical wind-up valuations, and target benefit plans. The changes to the standards have been reflected in this report where applicable.

City Information and Inputs

In order to prepare our valuation, we have relied upon the following information:

- A copy of the previous valuation report as at January 1, 2020;
- A copy of the Statement of Investment Policies and Procedures ("SIPP") for the Plan;
- A copy of the funding policy for the City;
- Membership data compiled as at January 1, 2023 by the City;
- Asset data taken from the Plan's audited financial statements; and
- A copy of the latest Plan text and amendments up to and including January 1, 2023.

Furthermore, our actuarial assumptions and methods have been chosen to reflect our understanding of the City's desired funding objectives with due respect to accepted actuarial practice and regulatory constraints.

As a result of a Settlement Agreement dated March 12, 2009, the Plan was amended to include a conditional increase to the joint and survivor normal form of pension to 66 2/3% from 50%. The benefit improvement is conditional upon an actuarial report being filed that discloses a plan surplus on either a going concern, solvency or wind-up basis. All HSR Plan members who were employees on December 31, 2008 would be entitled to this benefit improvement when it comes into effect, if they continue to be entitled to a pension from the plan. For the purposes of this report, the conditional benefit improvement has not been reflected in the results that have been reported.



Subsequent Events

As of the date of this report, we have not been made aware of any subsequent events which would have an effect on the results of this valuation. However, the following points should be noted in this regard:

- Following the filing of the valuation, the Plan will be in a surplus position on a going concern and solvency basis. The surplus position triggers a settlement agreement made effective December 31, 2008 which will require amending the Plan's normal form from a joint and survivor 50% to a joint and survivor 66.67%. The impact of this amendment will be reflected in a future actuarial report.
- Actual experience deviating from expected after January 1, 2023 will result in gains or losses which will be reflected in the next actuarial valuation report.
- To the best of our knowledge, the results contained in this report are based on the regulatory and legal environment in effect at the date of this report and do not take into consideration any potential changes that may be currently under review. To the extent that actual changes in the regulatory and legal environment transpire, any financial impact on the Plan as a result of such changes will be reflected in future valuations.



Section 2: Going Concern Valuation Results

Going Concern Financial Position of the Plan

The going concern valuation provides an assessment of the Plan's financial position at the valuation date on the premise that the Plan continues on into the future indefinitely.

The selection of the applicable actuarial assumptions and methods reflect the Plan's funding objectives, as communicated by the City, actuarial standards of practice, and pension standards.

On the basis of the Plan provisions, membership data, going concern assumptions and methods, and asset information described in the Appendices, the going concern financial position of the Plan as at January 1, 2023 is shown in the following table. The results as at January 1, 2020 are also shown for comparison purposes.

Going Concern Financial Position

	January 1, 2023	January 1, 2020
Actuarial Value of Assets	\$ 193,674,200	\$ 211,167,500
Going Concern Liabilities		
Active Members	\$ 24,577,300	\$ 51,900,100
Deferred Vested Members	877,700	1,204,000
Retired Members and Beneficiaries	151,429,800	158,317,300
Pending Payouts	<u>182,500</u>	<u>170,700</u>
Total Liabilities	\$ 177,067,300	\$ 211,592,100
Going Concern Position	\$ 16,606,900	\$ (424,600)
Additional liabilities due to PfAD	<u>13,929,600</u>	<u>17,103,300</u>
Surplus/(Unfunded Liability) (before prior year credit balance)	\$ 2,677,300	\$ (17,527,900)
Prior year credit balance	<u>2,043,900</u>	<u>-</u>
Surplus/(Unfunded Liability)	\$ 633,400	\$ (17,527,900)

The PfAD is not required to be applied to the liabilities in respect of post retirement indexation of \$30,439,800 as at January 1, 2023 and \$37,068,600 as at January 1, 2020.

Change in Financial Position

The major components of the change in the Surplus/(Unfunded Liability)¹ for the period from January 1, 2020 to January 1, 2023 are summarized in the following table.

Surplus/(Unfunded Liability) as at January 1, 2020	\$ (17,527,900)
Expected interest on Surplus/(Unfunded Liability)	(2,474,300)
City special payments in inter-valuation period with interest	7,379,500
Surplus/(Unfunded Liability) as at January 1, 2023	\$ (12,622,700)
Change in financial position due to experience gains/(losses)	
Gain/(loss) from investment earnings greater/lower than expected	\$ (14,909,700)
Gain/(loss) due to salary increases lower/greater than expected	449,800
Gain/(loss) due to indexation experience	(5,698,300)
Gain/(loss) due to retirement experience	(669,300)
Gain/(loss) due to mortality experience	4,979,300
Gain/(loss) due to termination experience	47,900
Gain/(loss) on data correction	34,900
Gain/(loss) on YMPE/Maximum pension	349,300
Net gain/(loss) due to other experience and miscellaneous items	(77,300)
Surplus/(Unfunded Liability) After Experience Gains/(Losses) as at January 1, 2023	\$ (28,116,100)
Change due to indexation assumption	\$ (4,375,500)
Change due to the Provision for Adverse Deviation	5,588,100
Change due to change in mortality assumption	4,857,900
Change due to discount rate assumption	24,722,900
Surplus/(Unfunded Liability) as at January 1, 2023	\$ 2,677,300

¹ Prior to the application of the Prior Year Credit Balance

Discussion of Changes in Assumptions

Effective January 1, 2023 the following assumptions have been changed:

- A one-year select post-retirement indexation rate in of 4.75% has been adopted to reflect higher short-term inflation expectations. This change increased the going concern liabilities by \$4,375,500.
- The going concern discount rate has been changed from 4.50% per year to 5.80% per year. This change decreased the going concern liabilities by \$24,722,900.
- The mortality assumption has been changed from 110% of 2014 Public Canadian Pensioners' Mortality Table to 120% of 2014 Public Canadian Pensioners' Mortality Table. This change decreased the going concern liabilities by \$4,857,900.

Going Concern Valuation Sensitivity Results

In accordance with the CIA Standards of Practice specific to pension plans, the table below presents the sensitivity of the going concern liabilities and the total normal cost (prior to the application of the Provision for Adverse Deviation) of using a discount rate 1% lower and 1% higher than that used for the going concern valuation.

January 1, 2023	Effect			
			\$	%
Going concern liabilities	\$	177,067,300		
Going concern liabilities (discount rate - 1%)	\$	195,574,500	18,507,200	10.5%
Going concern liabilities (discount rate + 1%)	\$	161,429,500	(15,637,800)	-8.8%
Normal cost	\$	-		
Normal cost (discount rate - 1%)	\$	-	-	N/A
Normal cost (discount rate + 1%)	\$	-	-	N/A



Plausible Adverse Scenarios

In accordance with the Canadian Institute of Actuaries Standards of Practice specific to pension plans, below is summarized scenarios of adverse but plausible assumptions, relative to the best estimate assumptions otherwise selected for the valuation. In consultation with Corporation of the City of Hamilton, we have chosen to present these scenarios under the Going Concern basis.

As there is no ongoing accrual of benefits, we are not showing plausible adverse scenarios for the normal cost.

Interest Rate Sensitivity

The table below presents the sensitivity of the going concern position of using interest rates 1% lower than the current level. Equity risk premiums are assumed to remain unchanged, so the future return on all asset classes and the going concern discount rate both decrease by 1%. In order to calculate the impact on the Actuarial Value of Assets, the decrease in interest rates only impacts fixed income assets (assumed to be 56.3% of total assets) and a duration of 14.92 (based on relevant fixed income benchmarks) was considered.

	Base Scenario	Adverse Scenario	Impact (\$)
Actuarial value of assets	\$ 193,674,200	\$ 209,589,800	\$ 15,915,600
Going concern liabilities	<u>177,067,300</u>	<u>195,574,500</u>	<u>18,507,200</u>
Going concern position	\$ 16,606,900	\$ 14,015,300	\$ (2,591,600)
Additional liabilities due to PfAD	<u>13,929,600</u>	<u>15,219,100</u>	<u>1,289,500</u>
Surplus/(Unfunded Liability)¹	\$ 2,677,300	\$ (1,203,800)	\$ (3,881,100)

Deterioration in Asset Value

In assessing the risk related to the deterioration in asset value we have chosen an adverse scenario equal to a 15% reduction in the non-fixed income asset values and assume no change in future return expectations.

The table below presents the sensitivity of the going concern position of using the assets with a 15% reduction in non-fixed income asset values.

	Base Scenario	Adverse Scenario	Impact (\$)
Actuarial value of assets	\$ 193,674,200	\$ 180,988,700	\$ (12,685,500)
Going concern liabilities	<u>177,067,300</u>	<u>177,067,300</u>	<u>-</u>
Going concern position	\$ 16,606,900	\$ (3,921,400)	\$ (12,685,500)
Additional liabilities due to PfAD	<u>13,929,600</u>	<u>13,929,600</u>	<u>-</u>
Surplus/(Unfunded Liability)²	\$ 2,677,300	\$ (10,008,200)	\$ (12,685,500)

¹ Before application of PYCB

² Before application of PYCB



Mortality Sensitivity

The table below presents the sensitivity of the going concern position of the Plan to using a mortality assumption with a 10% improvement to the base mortality rates. For the purposes of this analysis, we have used 90% of the rates of the base table used in the going concern valuation.

	Base Scenario	Adverse Scenario	Impact (\$)
Actuarial value of assets	\$ 193,674,200	\$ 193,674,200	\$ -
Going concern liabilities	<u>177,067,300</u>	<u>181,719,400</u>	<u>4,652,100</u>
Going concern position	\$ 16,606,900	\$ 11,954,800	\$ (4,652,100)
Additional liabilities due to PfAD	<u>13,929,600</u>	<u>14,751,100</u>	<u>309,700</u>
Surplus/(Unfunded Liability)¹	\$ 2,677,300	\$ (10,158,000)	\$ (4,961,800)



Section 3: Solvency Valuation Results

Solvency Financial Position of the Plan

The solvency valuation is a financial assessment of the Plan that is required by the *Act* and is performed in accordance with requirements prescribed by that legislation. It is intended to provide an assessment of the Plan's financial position at the valuation date on the premise that certain obligations as prescribed by the *Act* are settled on the valuation date for all members. The liabilities must be calculated based on a postulated scenario that maximizes liabilities on wind up of the Plan. Contingent benefits are included in the liabilities that would be payable under the postulated scenario, unless permitted to be omitted under the definition of solvency liabilities under the Regulations to the *Act*. All assumptions for the solvency valuation are listed in Appendix D.

On the basis of the Plan provisions, membership data, solvency assumptions and methods and asset information described in the Appendices, as well as the requirements of the *Act*, the solvency financial position of the Plan as at January 1, 2023 is shown in the following table. The solvency financial position of the Plan as at January 1, 2020 is shown for comparison purposes.

Solvency Financial Position

	January 1, 2023	January 1, 2020
Assets		
Solvency assets	\$ 193,674,200	\$ 211,167,500
Estimated wind up expenses	(200,000)	(200,000)
Total Assets	\$ 193,474,200	\$ 210,967,500
Solvency Liabilities		
Active Members	\$ 26,906,800	\$ 59,759,600
Deferred Vested Members	840,200	1,348,500
Retired Members and Beneficiaries	139,830,000	155,035,300
Pending Payouts	182,500	170,700
Total Liabilities	\$ 167,759,500	\$ 216,314,100
Solvency Position	\$ 25,714,700	\$ (5,346,600)
Prior year credit balance	2,043,900	-
Present value of special payments	-	11,281,800
Solvency liability adjustment	-	-
Solvency Surplus/(Deficiency)	\$ 23,670,800	\$ 5,935,200
Solvency Ratio¹	1.15	0.98

¹ Solvency Assets divided by Solvency Liabilities

Statutory Solvency Financial Position

The minimum funding requirements under the Regulation are based on the statutory solvency financial position as at the valuation date. In calculating the statutory solvency financial position, various adjustments can be made including solvency funding of a reduced solvency. The reduced solvency deficiency is based upon 0.85 of the solvency liabilities and 0.85 of the solvency liability adjustment.

	January 1, 2023	January 1, 2020
The amount by which the sum of:		
85% of solvency liabilities	\$ 142,595,600	\$ 183,867,000
85% of solvency liability adjustment	-	-
Prior year credit balance	<u>2,043,900</u>	<u>-</u>
	\$ 144,639,500	\$ 183,867,000
Exceeds the sum of:		
Solvency assets net of wind-up expenses	\$ 193,474,200	\$ 210,967,500
Solvency asset adjustment	<u>-</u>	<u>11,281,800</u>
	\$ 193,474,200	\$ 222,249,300
Reduced Solvency Deficiency	\$ -	\$ -



Solvency Concerns

A report indicates solvency concerns under the Act if the ratio of the solvency assets to solvency liabilities is less than 0.85.

Where a report indicates solvency concerns, the effective date of the next valuation that needs to be filed under the Act is one year from the valuation date of the valuation that gave rise to the solvency concerns.

Since the ratio of solvency assets to solvency liabilities is equal to 1.15, this report does not indicate solvency concerns.

Solvency Valuation Sensitivity Results

In accordance with the CIA Standards of Practice specific to pension plans, the table below presents the sensitivity of the solvency liabilities to using a discount rate of 1% lower and 1% higher than that used for the solvency valuation.

January 1, 2023	Effect		
		\$	%
Solvency liabilities	\$ 167,759,500		
Solvency liabilities (discount rate - 1%)	\$ 184,430,900	\$ 16,671,400	9.9%
Solvency liabilities (discount rate + 1%)	\$ 153,681,800	\$ (14,077,700)	-8.4%

Incremental Cost on a Solvency Basis

The incremental cost on a solvency basis represents the present value at January 1, 2023 of the expected aggregate change in the solvency liabilities between January 1, 2023 and the next calculation date, that is January 1, 2026. Appendix D gives more details on the calculation methodology and on assumptions.

Based on this methodology and on these assumptions, the incremental cost on a solvency basis can be found in the following table.

	Jan 1, 2023 to Dec 31, 2023	Jan 1, 2024 to Dec 31, 2024	Jan 1, 2025 to Dec 31, 2025
Incremental cost on a solvency basis	\$ 5,345,400	\$ 1,844,400	\$ 1,896,300

Pension Benefits Guarantee Fund ("PBGF")

A PBGF assessment is not required under Article 47(1) of Regulation 909 of the Act.



Section 4: Hypothetical Wind Up Valuation Results

Hypothetical Wind Up Financial Position of the Plan

A hypothetical wind up valuation is performed to determine the financial position of the Plan as at the valuation date on a wind up basis, reflecting market settlement rates as of the valuation date. Unlike the solvency valuation, all benefits are included that would be payable under the postulated scenario that would maximize benefits. The hypothetical wind up valuation is determined using benefit entitlements on the assumption that the Plan has neither a surplus nor a deficit. Contingent benefits are included in the liabilities that would be payable under the postulated scenario. Assets are set equal to market value net of estimated wind up expenses. All assumptions for the hypothetical wind up valuation are listed in Appendix D.

On the basis of Plan provisions, membership data, hypothetical wind up assumptions and methods, and asset information described in the Appendices, as well as the requirements of the Act, the hypothetical wind up financial position of the Plan as at January 1, 2023 is shown in the following table. The hypothetical wind up financial position of the Plan as at January 1, 2020 is shown for comparison purposes.

Hypothetical Wind Up Financial Position

	January 1, 2023	January 1, 2020
Assets		
Hypothetical wind up assets	\$ 193,674,200	\$ 211,167,500
Estimated wind up expenses	<u>(200,000)</u>	<u>(200,000)</u>
Total Assets	\$ 193,474,200	\$ 210,967,500
Hypothetical Wind Up Liabilities		
Active Members	\$ 44,015,800	\$ 91,710,400
Deferred Vested Members	1,495,200	2,311,900
Retired Members and Beneficiaries	204,001,400	221,294,000
Pending Payouts	<u>182,500</u>	<u>170,700</u>
Total Liabilities	\$ 249,694,900	\$ 315,487,000
Hypothetical Wind Up Surplus/(Deficiency)	\$ (56,220,700)	\$ (104,519,500)

Transfer Ratio

The transfer ratio is determined as follows:

	January 1, 2023	January 1, 2020
(1) Hypothetical wind up assets	\$ 193,674,200	\$ 211,167,500
Prior year credit balance (A)	\$ 2,043,900	\$ -
Total city normal cost and required special payments until next mandated valuation (B)	\$ -	\$ 6,382,800
(2) Asset adjustment Lesser of (A) and (B)	\$ -	\$ -
(3) Hypothetical wind up liabilities	\$ 249,694,900	\$ 315,487,000
Transfer Ratio [(1)-(2)] / (3)	0.78	0.67

Section 5: Contribution Requirements

Contribution Requirements in Respect of the Normal Cost

Active members no longer accrue further credited service, and as such, there are no current service contributions required.

Development of Special Payments

Since the Plan is in surplus on a going concern basis and is above 85% funded on a solvency basis, there are no special payments required.

Prior Year Credit Balance ("PYCB")

The table below reconciles changes in the PYCB from January 1, 2020 to January 1, 2023.

	Jan 1, 2020 to Dec 31, 2020	Jan 1, 2021 to Dec 31, 2021	Jan 1, 2022 to Dec 31, 2022
Prior year credit balance, beginning of plan year	\$ -	\$ 2,043,900	\$ 2,043,900
Actual contributions during plan year	3,186,300	1,770,200	1,889,500
Minimum required City contributions during plan year ¹	(1,142,400)	(1,770,200)	(1,889,500)
Prior Year Credit Balance, End of Plan Year	\$ 2,043,900	\$ 2,043,900	\$ 2,043,900

Since the PYCB is greater than zero, the City may apply the PYCB to reduce the future special payments.

¹ Before application of PYCB

Available Actuarial Surplus

As at January 1, 2023 the Available Actuarial Surplus is calculated as follows:

Going Concern Basis		
(A)	Total assets	\$ 193,674,200
(B)	Total liabilities	177,067,300
(C)	Additional liabilities due to PfAD	13,929,600
(D)	Prior year credit balance	2,043,900
(E)	Available Surplus: Maximum (A - B - C - D); 0)	\$ 633,400
Hypothetical Wind-Up Basis		
(F)	Assets in excess of a transfer ratio of 105%	\$ -
(G)	Available Actuarial Surplus: Minimum (E; F)	\$ -

Under Regulations 7.0.3(1), 7.0.3(3) and 7.0.3(4) of the *Pension Benefits Act (Ontario)*, a contribution holiday may be permissible if an actuarial cost certificate is filed within the first 90 days of the fiscal year and the amount of the contribution holiday is less than the amount of the Available Actuarial Surplus.

Excess Surplus

The *Income Tax Act* requires that any excess surplus first be applied to reduce or eliminate the City contribution requirements. Excess surplus is defined in Section 147.2(2)(d) of the *Income Tax Act*, as the portion of surplus (if any) that exceeds 25% of the going concern liabilities. Since the surplus is less than 25% of the going concern liabilities plus the Provision for Adverse Deviation, there is no excess surplus and therefore it does not impact the development of the City contribution requirements.

Development of Minimum Required City Contribution

The table below presents the development of the minimum required City contribution for each of the plan years covered by this report.

	Jan 1, 2023 to Dec 31, 2023	Jan 1, 2024 to Dec 31, 2024	Jan 1, 2025 to Dec 31, 2025
City normal cost	\$ -	\$ -	\$ -
Special payments toward amortizing unfunded liability	-	-	-
Special payments toward amortizing solvency deficiency	-	-	-
Required application of excess surplus	-	-	-
Permitted application of available actuarial surplus	-	-	-
Minimum Required City Contribution, Prior to Application of Prior Year Credit Balance	\$ -	\$ -	\$ -
Permitted application of prior year credit balance	-	-	-
Minimum Required City Contribution	\$ -	\$ -	\$ -

Development of Maximum Deductible City Contribution

The table below presents the development of the maximum deductible City contribution for each of the plan years covered by this report.

The maximum deductible City contribution presented in the table below for a given plan year is calculated assuming that the City makes the maximum deductible company contribution in the first plan year covered by this report.

	Jan 1, 2023 to Dec 31, 2023	Jan 1, 2024 to Dec 31, 2024	Jan 1, 2025 to Dec 31, 2025
City normal cost	\$ -	\$ -	\$ -
Greater of the Unfunded liability and the Hypothetical Wind Up Deficiency	56,220,700	-	-
Required application of excess surplus	-	-	-
Maximum Deductible City Contribution	\$ 56,220,700	\$ -	\$ -

If the City wishes to make the maximum deductible City contribution, it is advisable to contact the Plan's actuary before making such contribution to ensure that the contribution will be permissible and deductible and that any regulatory requirements are considered.

Section 6: Actuarial Certificate

Actuarial Opinion, Advice and Certification for The Hamilton Street Railway Company Pension Plan (1994)

Canada Revenue Agency Registration Number: 0253344

Opinion

This actuarial certification forms an integral part of the actuarial valuation report for the Plan as at January 1, 2023. I confirm that I have prepared an actuarial valuation of the Plan as at January 1, 2023 for the purposes outlined in the Introduction section to this report and consequently:

My advice on funding is the following:

- The City should contribute the amounts within the range of minimum and maximum contribution amounts as outlined in Section 5 of this report, in accordance with legislative requirements.
- The next actuarial valuation for the purpose of developing funding requirements should be performed no later than as at January 1, 2026.

I hereby certify that, in my/our opinion:

- The contribution range as outlined in this report is expected to be sufficient to satisfy the Plan's funding requirements.
- The City contribution range outlined in this report qualifies as eligible contributions under Section 147.2(2) of the Income Tax Act.
- The pre-1990 maximum pension restrictions in Subsection 8504(6) of the Regulations to the *Income Tax Act* do not apply to any members of the Plan.
- For the purposes of the valuation:
 - The data on which this valuation is based are sufficient and reliable;
 - The assumptions used are appropriate; and
 - The actuarial cost methods and the asset valuation methods used are appropriate.



- This report and its associated work have been prepared, and my opinion given, in accordance with accepted actuarial practice in Canada and in compliance with the requirements outlined in subparagraphs 147.2(2)(a)(iii) and (iv) of the *Income Tax Act*.
- Notwithstanding the above certifications, emerging experience differing from the assumptions will result in gains or losses that will be revealed in subsequent valuations.

A handwritten signature in black ink, appearing to read 'M Pearson', is written over a solid horizontal line.

Mark Pearson, FCIA, FSA
Associate Partner

Aon
20 Bay Street, Suite 2300
Toronto, ON M5J 2N9

October 2023



Appendix A: Assets

Asset Data

The Plan's assets are combined in a pooled fund under a Master Trust agreement administered by RBC Investor Services Trust and are managed by a number of different investment managers. This type of arrangement governs only the investment of the assets deposited into the trust fund in no way "guarantees" the benefits provided under the Plan or the costs of providing such benefits. The asset information presented in this report is based on the financial statements of the pension fund prepared by KPMG LLP.

Tests of the sufficiency and reliability of the asset data were performed and the results were satisfactory. The tests included:

- A reconciliation of actual cash flow with expected cash flow from the previous actuarial report; and
- A reconciliation of any anticipated benefit payments (for retirees, terminated, or deceased members) against the financial statements of the pension fund for confirmation of payments.

Market Value of Assets

The following is a summary of the composition of the Plan's assets by asset type as reported by RBC Investor Services Trust as at January 1, 2023. For comparison purposes, the composition at the previous valuation date of January 1, 2020 is also shown.

	January 1, 2023		January 1, 2020	
	\$	%	\$	%
Cash and short term	2,431,200	1.2%	2,757,900	1.3%
Canadian fixed income	106,673,200	55.1%	100,829,200	47.7%
Canadian equities	55,747,900	28.8%	67,764,800	32.1%
Foreign equities	<u>28,821,900</u>	<u>14.9%</u>	<u>39,815,600</u>	<u>18.9%</u>
Total Invested Assets	193,674,200	100.0%	211,167,500	100.0%



Target Asset Mix

The target asset mix of the Plan is contained in the Plan's Statement of Investment Policies and Procedures. The Plan is currently on a glide path based on the funded ratio on a wind-up basis. As the funded ratio increases, the target mix changes in increments with an increase to fixed income and a corresponding decrease to return seeking equities. The below is the current target asset mix based on the wind-up results of the combined City defined benefit pension plans held in the Master Trust:

	Minimum	Target	Maximum
Short term	0.0%	0.0%	0.0%
Fixed income (including Real Return Bonds)	50.0%	55.0%	60.0%
Canadian equities	18.0%	23.0%	28.0%
Foreign equities	17.0%	<u>22.0%</u>	27.0%
		100.0%	

Based on the glide path, the ultimate target asset mix is as follows:

	Minimum	Target	Maximum
Short term	0.0%	0.0%	0.0%
Fixed income (including Real Return Bonds)	75.0%	85.0%	95.0%
Canadian equities	3.0%	8.0%	13.0%
Foreign equities	2.0%	<u>7.0%</u>	12.0%
		100.0%	

Reconciliation of Changes in Market Value of Assets

The table below reconciles changes in the market value of assets between January 1, 2020 and January 1, 2023.

	Jan 1, 2020 to Dec 31, 2020	Jan 1, 2021 to Dec 31, 2021	Jan 1, 2022 to Dec 31, 2022
Market Value of Assets, Beginning of Plan Year	\$ 211,167,500	\$ 219,366,200	\$ 234,445,900
Contributions During Plan Year			
Member	\$ -	\$ -	\$ -
City normal cost	-	-	-
City special payments	-	-	-
City transfer deficiency payments	-	-	-
City ongoing expenses	-	-	-
Interest on contributions	<u>3,186,300</u>	<u>1,770,200</u>	<u>1,889,500</u>
Total	\$ 3,186,300	\$ 1,770,200	\$ 1,889,500
Benefit Payments During Plan Year			
Non-retired members ¹	\$ 692,200	\$ 998,400	\$ 224,800
Retired members	<u>11,589,500</u>	<u>11,636,600</u>	<u>12,066,700</u>
Total	\$ 12,281,700	\$ 12,635,000	\$ 12,291,500
Transfers During Plan Year			
Into plan	\$ -	\$ -	\$ -
Out of plan	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ -	\$ -	\$ -
Fees/Expenses			
Investment fees/expenses	\$ 329,800	\$ 535,600	\$ 318,900
Non-investment fees/expenses	<u>236,800</u>	<u>237,900</u>	<u>253,400</u>
Total	\$ 566,600	\$ 773,500	\$ 572,300
Investment Income	\$ 17,860,700	\$ 26,718,000	\$ (29,797,400)
Market Value of Assets, End of Plan Year	\$ 219,366,200	\$ 234,445,900	\$ 193,674,200
Rate of Return, Net of Fees/Expenses	8.4%	12.1%	-13.2%

¹ Includes members who have terminated employment or died

Development of Actuarial Value of Assets

The actuarial value of assets is equal to the adjusted market value of assets.

Appendix B: Membership Data

Source of Data

This valuation was based on member data provided by the City as of January 1, 2023. Tests of the sufficiency and reliability of the member data were performed and the results were satisfactory. The tests included:

- A reconciliation of membership status against the membership status at the last valuation. This test was performed to ensure that all members were accounted for. A summary of this reconciliation follows on the next page;
- A reconciliation of birth, hire, and participation dates against the corresponding dates provided for the last valuation to ensure consistency of data;
- A reconciliation of credited service against the corresponding amount provided for the last valuation to ensure that no member accrued any credited service from January 1, 2020;
- A reconciliation of pensionable earnings against the corresponding amounts provided for the last valuation to identify any unusual increases or decreases;
- A reconciliation of accrued benefits against the corresponding amounts provided for the last valuation to identify any unusual benefit accruals;
- A reconciliation of any stated benefit payments since January 1, 2020 (for retired, terminated, or deceased members) against the financial statements of the pension fund for confirmation of the payments; and
- A reconciliation of inactive member benefit amounts against the corresponding amounts provided for the last valuation to ensure consistency of data.

There was no information missing from the data, so no assumptions were required with respect to such data.

A copy of the administrator certification certifying the accuracy and completeness of the member data (and the Plan provisions summarized in this report) is included in Appendix H of this report.

Membership Summary

The table below reconciles the number of members as of January 1, 2023 with the number of members as of January 1, 2020 and the changes due to experience in the period.

	Active and Disabled Members	Deferred Vested	Retired members and Beneficiaries	Total
Members, January 1, 2020	315	29	610	954
Changes due to:				
Termination				
Non-vested	0	0	0	0
Deferred vested	0	0	0	0
Lump sum	(11)	(3)	0	(14)
Death				
No further benefits	0	0	(59)	(59)
Lump sum	(2)	(1)	0	(3)
Surviving beneficiary	(1)	0	(39)	(40)
New beneficiary	0	0	40	40
Retirement	(72)	(3)	75	0
Disability	0	0	0	0
Transfer	0	0	0	0
Data correction	(0)	(0)	(0)	(0)
Net change	(86)	(7)	17	(76)
Members, January 1, 2023	229	22	627	878



Active Members

	January 1, 2023	January 1, 2020
Number	229	315
Average age	55.6	54.3
Average pensionable service	7.3	9.3
Average pensionable earnings	\$ 73,586	\$ 70,474
Proportion female	23.1%	23.8%

Deferred Vested Members

	January 1, 2023	January 1, 2020
Number	22	29
Average age	58.3	55.8
Average deferred pension	\$ 3,436	\$ 3,317
Proportion female	36.4%	41.4%

Retired Members and Beneficiaries

	January 1, 2023	January 1, 2020
Number	627	610
Number with Bridge	75	65
Average age	75.4	75.3
Average annual lifetime pension	\$ 19,928	\$ 18,587
Average annual bridge pension	\$ 4,259	\$ 5,135
Proportion female	35.1%	33.0%

Active/Disabled Membership Distribution

The following table provides a detailed summary of the active/disabled membership at the valuation date by years of credited service and by age group. For privacy reasons, average pensionable earnings is not shown for groups with two or less members.

Age	< 5	5-10	10-15	15-20	20-25	25-30	>=30	Total
< 35								0
35-40	2							2
	\$ *							\$ *
40-45	12							12
	\$ 76,040							\$ 76,040
45-50	16	13						29
	\$ 73,428	\$ 76,344						\$ 74,735
50-55	25	26	1	1				53
	\$ 73,819	\$ 72,670	\$ *	\$ *				\$ 73,503
55-60	36	20	6	7	5			74
	\$ 73,018	\$ 73,898	\$ 83,075	\$ 69,315	\$ 74,403			\$ 73,815
60-65	11	21	1	9	4	1		47
	\$ 69,111	\$ 71,655	\$ *	\$ 77,847	\$ 80,522	\$ *		\$ 73,237
>=65	3	3	2	3			1	12
	\$70,325	\$72,382	\$ *	\$ *			\$ *	\$ 69,814
<hr/>								
Total								
Count	105	83	10	20	9	2	0	229
Average Salary	\$ 73,012	\$ 73,274	\$ 80,206	\$ 73,356	\$ 77,123	\$ *		\$ 73,586

Deferred Vested/Retired Membership Distribution

The following table provides a detailed summary of the deferred vested/retired membership at the valuation date by age group. For privacy reasons, average pensions are not shown for groups with two or less members.

Age	Deferred Vested Members	Retired Members and Beneficiaries
< 50	4 \$ 1,676	1 \$ *
50-55	2 \$ *	\$
55-60	5 \$ 3,569	24 \$ 16,018
60-65	10 \$ 4,082	61 \$ 20,507
65 ¹ -70	1 \$ *	88 \$ 21,958
70-75	\$	134 \$ 23,714
75-80	\$	123 \$ 21,684
>=80	\$	196 \$ 15,706
Total Count	22	627
Average Lifetime Pension	\$ 3,436	\$ 19,928

¹ Includes all deferred vested members over age 65



Appendix C: Going Concern Assumptions and Methods

Assumptions and Methods

A member's entitlements under a pension plan are generally funded during the period over which service is accrued by the member. The cost of each member's benefits is allocated in some fashion over the member's service. An actuarial valuation provides an assessment of the extent to which allocations relating to periods prior to a valuation date (often referred to as the actuarial liabilities) are covered by the plan's assets.

The going concern valuation provides an assessment of a pension plan on the premise that the plan continues on into the future indefinitely based on assumptions in respect of future events upon which a plan's benefits are contingent and methods that effectively determine the way in which a plan's costs will be allocated over the members' service. The true cost of a plan, however, will emerge only as experience develops, investment earnings are received, and benefit payments are made.

This appendix summarizes the going concern assumptions and methods that have been used for the going concern valuation of the Plan at the valuation date. The going concern assumptions and methods have been chosen to reflect our understanding of the Plan's funding objectives with due respect to accepted actuarial practice and regulatory constraints. For purposes of this valuation, the going concern methods and assumptions were reviewed and changes as indicated were made.

The actuarial assumptions and methods used in the current and previous valuations are summarized below and described on the following pages.

	January 1, 2023	January 1, 2020
Economic Assumptions		
Discount rate	5.80% per year	4.50% per year
Inflation rate	2.00% per year	Same
Post-retirement indexation rate	4.75% in 2023; 2.00% per year thereafter	2.00% per year
Increases in pensionable earnings	2.00% per year	Same
Increases in year's maximum pensionable earnings ("YMPE")	2.50% per year	Same
Increases in maximum pension limit	\$3,506.67 in 2023; then 2.50% per year	\$3,092.22 in 2020; then 2.50% per year
Investment expenses	0.20% per year (taken into account in the discount rate assumption)	Same
Non-investment expenses	0.20% per year (taken into account in the discount rate assumption)	Same
Provision for adverse deviation	9.50% of non-indexed liabilities	9.80% of non-indexed liabilities
Margin for adverse deviation	Not applicable	Same



	January 1, 2023	January 1, 2020
Demographic Assumptions		
Mortality table	120% of 2014 Public Canadian Pensioners' Mortality Table ("CPM2014Publ") with generational improvements using CPM-B Scale ¹	110% of 2014 Public Canadian Pensioners' Mortality Table ("CPM2014Publ") with generational improvements using CPM-B Scale ²
Retirement rates	50% of members retired at the earliest unreduced retirement age and 50% at age 65	Same
Termination rates	Not applicable	Same
Disability rates	Not applicable	Same
Proportion married		
Non-retired proportion with spouse	85% with opposite-sex spouse	Same
Non-retired spousal age differential	Males three years older	Same
Retired members	Actual marital status and ages are used	Same
Margin for adverse deviation	Not applicable	Same
Methods		
Actuarial cost method	Projected unit credit	Same
Asset valuation method	Market value of assets adjusted to reflect contributions, benefit payments, transfers and fees/expenses in transit as of the valuation date	Same

¹ No preretirement mortality was applied

² No preretirement mortality was applied

Justification of Actuarial Assumptions and Methods

Margins for Adverse Deviations

The actuary has discussed the Plan's experience with the City and compared it to the expected experience. This review indicates that the use of the PfAD achieves the City's desire to maintain safety cushions; therefore the decision was made to not to include any additional margins for conservatism. The Provisions for PfAD that is required by Ontario Regulation is discussed later in this section.

Economic Assumptions

Discount Rate

The overall expected return was developed using best-estimate returns for each major asset class in which the pension fund is invested. A Monte Carlo simulation is performed where the portfolio returns are projected assuming annual rebalancing. Expected plan cash flows are projected for a maximum of 30 years reflecting the plan's time horizon and discounted using the simulated returns. The internal rate of return is then calculated for each scenario and the results are used to develop an overall best-estimate rate of return for the entire pension fund. Gains from rebalancing and diversification are implicit to this return.

In determining the expected return, we have used the current target asset mix and not taken into account the City's policy of intending to increase the investment in bonds and decrease the investment in equities as the funded position of the plan improves.

The overall expected return has been established based on the City's investment policy and its funding policy (whether formal or informal) and objectives. There may be some barriers to achieving this return such as inflation higher than expected, asset returns lower than expected, and assets and liabilities that are mismatched.

The following table lays out the adjustments that have been made to the overall expected rate of return in order to arrive at our going concern discount rate assumption:

Development of Discount Rate				
Overall expected return				6.04%
Non-investment expenses				(0.20)%
Investment expenses				
Passive	(1)	(0.04)%		
Actively managed	(2)	<u>(0.16)%</u>		
			(1)+(2)	(0.20)%
Additional returns due to active management				<u>0.16%</u>
Discount Rate				5.80%

Inflation Rate

The inflation rate assumption reflects our best estimate of future inflation considering current economic and financial market conditions. Consensus economics and market implied inflation both suggest that a long-term inflation assumption of 2.00% is reasonable.

Post-Retirement Indexation Rate

To reflect high short-term inflation, we have assumed that indexation granted in 2023 will be 4.75%. Thereafter, indexation will be reflective of the inflation assumption.

Increases in Pensionable Earnings

The assumption for increases in pensionable earnings of 2.00% reflects the assumed rate of inflation, plus allowances for the effect of productivity growth.

Increases in YMPE

As the benefits paid to a member from the Plan are dependent on the future YMPE, it is necessary to make an assumption regarding the future increases in the YMPE.

The assumed increase in the YMPE reflects the assumed rate of inflation plus the productivity increase assumption.

Increases in the Maximum Pension Limit

Pensions are limited to the maximum limits under the *Income Tax Act*. The *Income Tax Act* specifies both a dollar limit, and in addition pensions cannot exceed 2% of indexed highest average compensation per year of credited service. The assumed increase in the dollar limit reflects the assumed rate of inflation plus the productivity increase assumption.

Expenses

Since the discount rate has been established net of all expenses, no explicit assumption is required for all expenses.



Provision for Adverse Deviation

For the purpose of this valuation, the PfAD is established based on the target asset allocation for each category of investments set out in the Plan's Statement of Investment Policies and Procedures (SIPP) in effect at the date of this report.

Asset Mix Component	Investment Categorization under Regulation 76 (12)	Categorization under Regulation 11.2 (8) ¹	Target Asset Allocation (%)
Cash and short term	4	Fixed Income ("L")	0.0%
Fixed-income	15	Fixed Income ("L")	55.0%
Canadian equities	13	Non-Fixed Income	23.0%
Foreign equities	14	Non-Fixed Income	<u>22.0%</u>
			100.0%
Fixed income ("L")			55.0%
Alternative Investment ("M")			0.0%
(a) Percentage of fixed income for PfAD ["L" + 50% * "M"]			55.00%
(b) Percentage of non-fixed income for PfAD [100%-(a)]			45.00%
(c) Asset mix component (see table below) ²			4.50%

Percent of Non-Fixed Income Assets	PfAD for Closed Plans	PfAD for Open Plans
0%	0%	0%
20%	2%	1%
40%	4%	2%
50%	5%	3%
60%	7%	4%
70%	11%	6%
80%	15%	8%
100%	23%	12%

¹ The fixed income investments satisfy the minimum credit rating requirements prescribed by the Regulation.

² Based on linear interpolation.

Benchmark Discount Rate (BDR)	
(d) V39056 rate at the valuation date	3.28%
(e) BDR [(d)+1.5%*(a)+5.0%*(b)+0.5%]	6.86%
(f) Best estimate discount rate ¹	6.04%
(g) Plan duration	9.26
PfAD is Determined as Follows:	
Fixed component (open 4% or closed 5%)	5.00%
Asset mix component	4.50%
BDR component [Max [0, (g)*((f)-(e))]]	0.00%
Total	9.50%

¹ Gross of non-investment expenses and passive investment management fees.

Demographic Assumptions

Mortality

At the last valuation, we were using the 2014 Public Canadian Pensioners' Mortality Table and with generational improvement with CPM-B. We had adjusted the base rates of the table by 110% to account for the size of the pensions members were receiving.

The January 1, 2020 actuarial valuation revealed mortality gains. This valuation has similarly revealed high levels of mortality gains. Whilst we recognize that the impact of COVID-19 during the last 3 years would likely have contributed to this experience, we believe that there is sufficient support to adjust the mortality table weighting higher. At the current valuation, we are using the 2014 Public Canadian Pensioners' Mortality Table and with generational improvement with CPM-B. We have adjusted the base rates of the table by 120% to account for the size of the pensions members are receiving and Plan experience. We also note that the impact of Covid 19 during 2020 to 2022 will also make a mortality analysis challenging over the foreseeable future.

In 2017, the CIA released a research paper introducing a new Mortality Improvement Scale (MI-2017) and subsequently published an Education Note stating that both the MI-2017 and CPM-B Scales "constitute broad and relevant mortality improvement studies for the Canadian population." The continued use of the CPM-B projection scale is considered reasonable.

Retirement

Retirement rates are typically developed taking into account the past experience of the Plan. Accordingly, the rates of retirement have been developed as our expectation of the best-estimate rates of retirement based on the Plan provisions and our experience with other similar plans.

Termination of Employment

No allowance has been made for termination of employment prior to retirement on the basis that the impact of including such an assumption would not have a material impact on the valuation results.

Proportion of Members with Spouses and Spousal Age Differential

These assumptions are relevant to the valuation of benefits since there is a subsidized joint and survivor benefit available for members with a spouse. The proportion of members who will have a spouse is based on broad population statistics. The spousal age difference was based on broad population statistics.



Other

Actuarial Cost Method

An actuarial cost method is a technique used to allocate in a systematic and consistent manner the expected cost of a pension plan over the years of service during which Plan members earn benefits under the Plan. By funding the cost of a pension plan in an orderly and rational manner, the security of benefits provided under the terms of the Plan in respect of service that has already been rendered is significantly enhanced.

The projected unit credit actuarial cost method has been used for this valuation. Under this method, the actuarial present value of benefits in respect of service prior to the valuation date, but based on pensionable earnings projected to retirement, is compared with the actuarial asset value, revealing either a surplus or an unfunded actuarial liability.

With respect to service after the valuation date, the expected value of benefits for service in the year following the valuation date (i.e., the normal cost) net of any required employee contributions is expressed as a percentage of the expected value of participating payroll for that year. The employer normal cost contributions are determined each year by applying this percentage to the actual participating payroll for the year.

When calculating the actuarial present value of benefits at the valuation date, the present value of all retirement, withdrawal and preretirement death benefits are included. For each member, the retirement, withdrawal and preretirement death benefits for a particular period of service are first projected each year into the future taking into account future vesting, early retirement entitlements and minimum pension/value entitlements. These projected benefits for each future year are then capitalized, multiplied by the probability of the member leaving the Plan in that year and discounted with interest and survivorship to the valuation date. The actuarial present value of benefits for the particular period of service is then determined by summing the present values of these projected benefits.

The pattern of future contributions necessary to pre fund future benefit accruals for any one particular individual will increase gradually as a percentage of their pensionable earnings as the individual approaches retirement. For a stable population (i.e., one where the demographics of the group remain constant from year to year), the normal cost will remain relatively level as a percentage of payroll. The projected unit credit actuarial cost method therefore allocates contributions among different periods in an orderly and rational manner for a stable population group.

In the event of future adverse experience, contributions in addition to the normal cost calculated under the projected unit credit actuarial cost method may be required to ensure that the Plan's assets are adequate to provide the benefits. Conversely, favourable experience may generate surplus which may serve to reduce future contribution requirements.

Asset Valuation Method

Market value, adjusted by in-transit cash flows was used as the actuarial value of assets for this valuation.

Appendix D: Solvency and Hypothetical Wind Up Assumptions and Methods

Valuation Assumptions

	January 1, 2023	January 1, 2020
Economic Assumptions		
Discount rate		
Transfer value basis	4.30% per year for 10 years;	2.50% per year for 10 years;
– <i>Without indexation</i>	4.70% per year thereafter	2.60% per year thereafter
Annuity purchase basis	4.91% per year	2.93% per year
– <i>Without indexation</i>		
Duration used to determine annuity purchase basis	8.72	10.51
Transfer value basis	2.20% per year for 10 years;	1.20% per year for 10 years;
– <i>With indexation</i>	2.60% per year thereafter	1.20% per year thereafter
Annuity purchase basis	0.99% per year	-0.29% per year
– <i>With indexation</i>		
<i>Income Tax Act</i> dollar limit	\$3,506.67 per year	\$3,092.22 per year
Weighted solvency discount rate	4.88% per year	2.89% per year

	January 1, 2023	January 1, 2020
Demographic Assumptions		
Mortality table	2014 Canadian Pensioners' Mortality Table ("CPM2014") with generational improvement using CPM-B ¹ Scale (sex-distinct rates)	Same
Withdrawal rates	Not applicable	Same
Retirement age		
Active and deferred vested members	50% age that produces the highest value, 50% at earliest unreduced age	Age that produces the highest value
Retired members and beneficiaries	Not applicable	Same
Termination of employment	Terminate with full vesting	Same
Marital status		
Non-retired spousal proportion	85% with spouses	Same
Non-retired spousal age differential	Males three years older	Same
Retired members	Actual marital status and ages are used	Same
Other		
Wind up expenses	\$200,000	Same
Actuarial cost method	Unit credit	Same
Asset valuation method	Market value of assets adjusted to reflect contributions, benefit payments, transfers and fees/expenses in transit as of the valuation date	Same
Incremental Cost		
The assumptions for the expected benefit payments and decrement probabilities, service accruals, and projected changes in benefits and/or pensionable earnings	Same as going concern	Same

¹ No preretirement mortality was applied



Based on the CIA's Guidance and information such as pension legislation, Plan provisions and Plan experience, we have made the following assumptions regarding how the Plan's benefits would be settled on Plan wind up:

	Percent of Liability Assumed to be Settled By Purchase of Annuities	Percent of Liability Assumed to be Settled By Lump-Sum Transfer
Active Members		
Not retirement eligible	0%	100%
Retirement eligible	100%	0%
Deferred Vested Members		
Not retirement eligible	0%	100%
Retirement eligible	100%	0%
Retired Members and Beneficiaries		
	100%	0%

Postulated Scenario

The postulated scenario is the assumption of immediate termination of employment for the active group at the valuation date. Therefore, no allowance for future salary increases or demographic experience are reflected.

Benefits Valued

	Solvency Valuation	Hypothetical Wind Up Valuation
Vesting	We have treated all accrued benefits as vested on Plan wind up.	We have treated all accrued benefits as vested on Plan wind up.
Grow-in Benefits	Grow-in to early retirement and other benefits were included	Grow-in to early retirement and other benefits were included
Exclusions	Post-retirement indexing was excluded from the valuation	No Plan benefits were excluded from the valuation
Post-valuation Date Benefit Increases	None were assumed	None were assumed
Indexing	Excluded from the valuation	Included from the valuation

Justification for Valuation Assumptions

We have set the aforementioned assumptions based on guidance prepared by the CIA Committee on Pension Plan Financial Reporting ("PPFRC") in Educational Note – Assumptions for Hypothetical Wind-Up and Solvency Valuations with Effective Dates on or after December 31, 2022 and No Later Than June 29, 2024 ("CIA Guidance") issued in March 2023.

For benefit entitlements that are expected to be settled by lump-sum transfer, we based the assumptions on Section 3500 (Pension Commuted Values) of the CIA Standards of Practice, using rates corresponding to a valuation date of January 1, 2023.

For benefit entitlements that are expected to be settled by purchase of annuities, we based the assumptions on information compiled by the PPFRC from insurance companies active in the group annuity market as described in the educational note.

Development of Discount Rates

The development of the discount rates is shown below.

Solvency lump-sum discount rate for 10 years	$= V122542^1 + \text{Mid-term bond yield spread adjustment}$ $= 3.26\% + 1.07\%$ $= \mathbf{4.33\% \text{ (rounded to 4.30\%) per year}}$
Solvency lump-sum discount rate thereafter	$= V122544^1 + 0.5 \times (V122544^1 - V122542^1)$ $+ \text{Long-term bond yield spread adjustment}$ $= 3.31\% + 0.5 \times (3.31\% - 3.26\%) + 1.37\%$ $= \mathbf{4.70\% per year}$
Solvency annuity purchase discount rate	$= V39062 + \text{Duration Adjustment}$ $= 3.31\% + 1.60\%$ $= \mathbf{4.91\% per year}$

Mortality Table

In accordance with the CIA Guidance, the derivation of the discount rate above is in conjunction with the 2014 Canadian Pension Mortality Table with generational improvements using CPM Scale B.

Preretirement Mortality

We have made no allowance for preretirement mortality. The impact of including such an assumption would not have a material impact on the valuation, since the value of the death benefit is approximately equal to the value of the accrued pension.

Pensionable Earnings

To estimate active and disabled members' best average earnings, we have used actual historical member earnings.

¹ CANSIM Series (annualized)



Assumptions Not Needed

The following are not relevant to the solvency or hypothetical wind up valuation:

- Increases in pensionable earnings;
- Termination of employment rates;
- Increases in CPP and OAS benefits;
- Increases in *Income Tax Act* maximum pension limit; and
- Disability rates.

Estimated Wind Up Expenses

Plan wind up expenses would normally include such items as fees related to preparation of the actuarial wind up report, fees imposed by a pension supervisory authority, legal fees, administration, custodial and investment management expenses. We have assumed these fees would be \$200,000.

Calculation of Special Solvency Payments

To calculate the special payments necessary to liquidate the Solvency deficiency we used a weighted average of the solvency discount rates based on the relative proportions of benefit entitlements that are expected to be settled by purchase of annuities and lump-sum transfer.

Unisex Assumption

The liabilities are valued on a sex-distinct basis. The determination of the unisex percentage used in the payment of commuted values to non-Quebec members eligible for portability is based on the proportion of non-Quebec active and deferred vested liabilities for males and females. As such, the determination of commuted value liabilities on a sex-distinct basis in the solvency/hypothetical wind-up valuation is appropriate.

Actuarial Cost Methods

Unit credit (accrued benefit) cost method as prescribed.

Asset Valuation Method Considerations

Assets for solvency purposes have been determined using market value.



Incremental Cost

The incremental cost represents the present value, at the calculation date (time 0), of the expected aggregate change in the liabilities between time 0 and the next calculation date (time t), adjusted upwards for expected benefit payments between time 0 and time t.

An educational note was published in December 2010 by the CIA Committee on PFRRC to provide guidance for actuaries on the calculation of this new information.

The calculation methodology can be summarized as follows:

- The present value at time 0 of expected benefit payments between time 0 and time t, discounted to time 0,
- plus
- Projected liabilities at time t, discounted to time 0, allowing for, if applicable to the pension plan being valued:
 - expected decrements and related changes in membership status between time 0 and time t,
 - accrual of service to time t,
 - expected changes in benefits to time t,
 - a projection of pensionable earnings to time t,
- minus
- The liabilities at time 0.

The projection calculations take into account the following assumptions and additional considerations:

- The assumptions for the expected benefit payments and decrement probabilities, service accruals, and projected changes in benefits and/or pensionable earnings would be consistent with the assumptions used in the pension plan's going concern valuation.
- The assumptions used to calculate the projected liability at time t are consistent with the assumptions for the liabilities at time 0, assuming that interest rates remain at the levels applicable at time 0, that the select period is reset at time t for interest rate assumptions that are select and ultimate and that the Standards of Practice for the calculation of commuted values and the guidance for estimated annuity purchase costs in effect at time 0 remain in effect at time t.
 - Active and inactive Plan members as of time 0 are considered in calculating the incremental cost.

Appendix E: Summary of Plan Provisions

This Funding valuation was based on Plan design information provided by the City as of January 1, 2020. The following is a summary of the main provisions of the Plan.

Effective Date

July 1, 1980 (Prior plans, running continuously, applied before this date).

Eligibility

Prior to January 1, 2009, full time employees must join on completion of six months of continuous service.

Part time employees are eligible to join after two years of service, provided, they have either:

- Earnings of at least 35% of the Canada Pension Plan (CPP) Year's Maximum Pensionable Earnings (YMPE), or
- 700 hours of employment

in each of two consecutive calendar years immediately prior to joining the Pension Plan.

Effective January 1, 2009, the Plan has been closed to new members.

Retirement

Normal Retirement Date

Age 65.

Unreduced Retirement Date

Members may retire with no reduction in accrued pension following attainment of age plus service (including OMERS service) totalling 85 years, but not earlier than age 55.

Early Retirement Date

Members may retire after their 55th birthday. In this case, the pension will be reduced as per the table below:

Age at Retirement	Adjustment Between Age Reached and Initial Date of Unreduced Retirement
Active member	<p>1/2% for each month (up to 60 months) preceding the earlier of the date the member's age reaches 65, or the member's age plus service* reaches 85.</p> <p>Plus</p> <p>1/3% for each month (greater than 60 but less than 120 months) preceding the earlier of the date the member's age reaches 65, or the member's age plus service* reaches 85.</p>
Member entitled to a deferred pension	Actuarial equivalent of the deferred pension payable at age 65

* including OMERS service



Credited Pension

Normal Retirement Pension

Members receive a pension equal to 1.5% of average pensionable earnings up to the average Year's Maximum Pensionable Earnings (YMPE) as established under the Canada Pension Plan, plus 2% of the excess, multiplied by years of credited service. The "average pensionable earnings" are defined as the average of best five years' earnings. The average YMPE is the average of the YMPE for the last thirty-six months of the Plan membership.

In the event that pensions accrued under the prior plan exceed the pension accrued under this Plan for service prior to July 1, 1980, then the pension is increased accordingly.

Credited service includes an additional six months of past service for all active members as at January 1, 2009, subject to satisfying certain employment continuation requirements.

Active members accrue no credited service under this Plan with respect to service on and after January 1, 2009.

Bridge Benefit

A bridge benefit is payable on early retirement in the amount of \$18.00 per month per year of employment service up to January 1, 2009 to a maximum of 30 years of employment service, reduced by the early retirement reduction as described above. The bridge benefit stops at age 65 or death, if earlier, and is fully indexed.

Normal Form of Pension

The normal form of Pension Benefit is payable for life with a five year guarantee. A 50% continuation is provided to a surviving spouse. The spouse is defined to be the spouse as of the date of death or retirement subject to only one spouse having entitlements and the spouse at retirement taking precedence if more than one spouse would otherwise exist. If the age difference between the member and the spouse is greater than five years, the pension is actuarially reduced.

In the event that an actuarial report is filed with FSRA reporting a surplus on either a going concern, solvency or hypothetical windup basis, the normal form will be improved to 66 2/3% for certain members of the Plan.

Indexing

Effective January 1, 2009, pension benefits payable following retirement and surviving spouse pensions are to be increased at the same rate provided under OMERS (100% of inflation up to a maximum of 6% each year) for both lifetime and bridge pensions in payment on and after January 1, 2009.

Benefits Paid Following Termination of Employment

The member may elect to receive a cash settlement as specified in the Plan rules, or a deferred pension (subject to provincial legislation regarding locking-in requirements).

For current active members, all pre-1987 entitlements are 100% vested. For members with at least 2 years of membership, all entitlements are 100% vested.

Death Benefits Prior to Retirement

In the event of death in service, a member's beneficiary will receive a return of contributions according to the description in the Plan rules, or a spousal pension equal to 50% of the member's accrued entitlement. The "50% rule" for post 1986 accruals applies.

Death Benefits After Retirement

Optional forms of pension are available on an actuarially equivalent basis to the normal form of pension.

50% Rule (Excess Contributions)

Upon a member's termination of service or death after two years of membership in the Plan, or retirement, the employer must fund at least 50% of the value of any benefits resulting from years of credited service after January 1, 1987.

Contributions

Prior to 2003, a member contributed 7.5% of earnings less contributions which are made to the Canada Pension Plan. However, for calendar years 1999-2002 the employees were not required to contribute because by Plan terms employee contributions cannot occur without equal City contributions. Effective January 1, 2009, members are neither required nor permitted to make contributions to the Plan.

A copy of a letter from the City certifying the accuracy and completeness of the Plan provisions summarized in this report is included in Appendix H of this report.



Appendix F: History of Plan

Predecessor plans were established with effect from July 1, 1980, which succeeded plans originally established in the mid-to-late 1940s. The current Plan dates from January 1, 1994 when two predecessor plans were merged.

Prior to July 1, 1980, pension benefits were provided through group annuity policies with the Prudential Assurance Company Limited. Benefits with respect to service during this period together with these group annuity policies were transferred to this Plan. These annuities were placed on a paid-up basis. Most of the insured benefits were provided through participating annuities; the rest were provided through non-participating annuities. The participating annuities were credited with bonuses as established by Prudential from time to time.

In September 1986, except for pensions in the course of payment and certain deferred vested members, these group annuities were cashed out, with the proceeds being added to the invested assets of the Plan.

At the prior plan's inception, annuity contracts were purchased by the Plan when a member retired. Assets and liabilities in respect of such purchased annuities are excluded from this report. With effect from June 1986, new retirees were paid out of the fund on a monthly basis. For administrative reasons, since January 1988 pension payments are now made by the City of Hamilton (and were formerly made by the Region of Hamilton-Wentworth) subject to reimbursement by the Plan. Such actions are merely flow-through transactions, with no financial consequences whatsoever to the Plan. In fact, such actions save the Plan any costs of cheque issuance, etc., and as such, have a beneficial effect on the Plan.

Early Retirement windows have been effected at several dates under predecessor plans between 1991 and 1993 inclusive.

Effective January 1, 1999 the Plan was amended as follows:

- A. The early retirement reduction is equal to
 - a. the lesser of
 - i. $\frac{1}{2}$ % for each month (up to 60 months) by which age is less than age 65, and
 - ii. $\frac{1}{2}$ % for each month (up to 60 months) by which age plus service is less than 85 years,
 plus
 - b. the lesser of
 - i. $\frac{1}{3}$ % for each month (in excess of 60 months, but not in excess of 120 months) by which age is less than age 65, and
 - ii. $\frac{1}{3}$ % for each month (in excess of 60 months, but not in excess of 120 months) by which age plus service is less than 85 years.



- B. A bridging benefit is payable on early retirement in the amount of \$18.00 per month per year of employment service, to a maximum of 30 years of employment service (accrued to December 31, 2008), reduced by the early retirement reduction as described above.
- C. Indexing on May 1, 1999, May 1, 2000 and May 1, 2001 will be based on the greater of the current formula or 1% for all pensioners and beneficiaries who are paid from the Plan.
- D. During 1999 and 2000 members are not required to contribute. During 2001 members were scheduled to contribute 1% of pensionable earnings with a minimum equal employer contribution. Employer contributions during 1999-2001 will equal member contributions, contingent upon the amounts being within amount required and permitted by applicable authorities. Since Employer contributions cannot occur due to restrictions in the *Income Tax Act*, no employee contributions will occur in 2001, with further review scheduled thereafter.

Effective May 1, 2002 the Plan was amended to provide that indexing on May 1, 2002 will be based on the greater of the current formula or 1% for all pensioners and beneficiaries who are paid from the Plan.

Effective January 1, 2003, the Plan was amended to reflect agreement (as per the current Collective Bargaining Agreement, effective April 1, 1998) which provides that contributions by members and the City shall be equal annually, unless member contributions are constrained by the Income Tax Act.

Effective January 1, 2009, the Plan was amended to provide the following:

- Post-retirement indexation that mirrors the indexation provided under OMERS (100% of inflation up to a maximum of 6% each year);
- No future service accruals;
- Six months additional credited service, subject to certain employment continuation requirements;
- OMERS service used for eligibility for certain benefits;
- An increase in the joint and survivor normal form of pension to 66 2/3% from 50%; conditional upon an actuarial report being filed that discloses a plan surplus. All HSR Plan members who were employees on December 31, 2008 would be entitled to this benefit improvement when it comes into effect if they continue to draw a pension from the plan.



Appendix G: Glossary of Terms

- The **actuarial value of assets** is the asset value used for going concern valuation purposes. Smoothing methods are sometimes used to smooth investment gains and losses over a certain period.
- The **estimated wind up expenses** is an estimate of the administrative and other expenses expected to be charged against the pension fund if the Plan were to terminate on the valuation date.
- The **going concern excess/(unfunded liability)** is the difference between the actuarial value of assets and sum of the going concern liabilities, the amount equal to the provision for adverse deviations in respect of the going concern liabilities of the pension plan, and the prior year credit balance of the pension plan.
- The **going concern funded ratio** compares the value of the assets of the pension plan determined on the basis of a going concern valuation, including accrued and receivable income but excluding the amount of any letter of credit held in trust for the pension plan, exceeds the prior year credit balance to the total amount of the going concern liabilities of the pension plan.
- The **going concern liabilities** are the actuarial present value of benefits earned in respect of service prior to the valuation date. The going concern liabilities are calculated using the going concern assumptions and methods summarized in Appendix C of this report.
- The **going concern position** is the difference between the actuarial value of assets and the going concern liabilities.
- The **maximum deductible company contribution** refers to an eligible contribution pursuant to Section 147.2(2) of the *Income Tax Act*. Under Subsection 8502(b) of the Regulations to the *Income Tax Act*, each Company contribution made after January 1, 1991 in respect of a defined benefit provision of a registered pension plan must be such eligible contribution.

In a company's fiscal year, the following contributions are eligible under Section 147.2(2) of the *Income Tax Act*.

- The company normal cost, eligible under Section 147.2(2) subject to certification by the actuary and approval by the Canada Revenue Agency; plus
- Special payments eligible under Section 147.2(2) up to the amount of the unfunded liability, the solvency deficiency, or the hypothetical wind up deficiency, whichever is greater, subject to certification by the actuary and approval by the Canada Revenue Agency; less
- Required application of excess surplus.

The company normal cost and special payments for this Plan will be deductible under Section 147.2(2) of the *Income Tax Act*, subject to the approval of the Canada Revenue Agency.

Note that contributions to a plan are still permissible and deductible if there is an excess surplus, providing there is simultaneously a solvency or hypothetical wind up deficiency in the Plan or the contributions are required as minimum contributions under provincial or federal *Act* legislation, pursuant to Subsections 8516(2) and (3) of the Regulations to the *Income Tax Act*.



One restriction under the *Income Tax Act* is that if there is an excess surplus, and a solvency or hypothetical wind up deficiency, the maximum deductible contribution is restricted to the full amount of the deficiency without allowance for interest or any other contributions such as company normal cost and/or transfer deficiency payments.

In order to be deductible in a given fiscal year, company contributions must be made not later than 120 days after the end of the fiscal year.

- The **minimum required company contribution** for each plan year is equal to:
 - The company normal cost; plus
 - Special payments toward amortizing any unfunded liability over ten (10) years beginning one year from the date on which the unfunded liability was established; plus
 - Special payments toward amortizing any solvency deficiency over five years beginning no later than 12 months from the date on which the solvency deficiency was established; less
 - Required application of excess surplus; less
 - Permitted application of surplus; less
 - Permitted application of PYCB.

In order to satisfy the requirements of the *Act* and its Regulations, contributions to the fund must be made in accordance with the following rules:

- Required member contributions (if any) must be remitted to the pension fund within 30 days following the month in which the contributions were received from the member or deducted from his or her remuneration.
- Company normal cost contributions must be remitted to the pension fund within 30 days after the end of the month for which the contributions are payable.
- Special payments must be remitted to the pension fund in the month for which they are payable.
- The **prior year credit balance** is
 - The PYCB stated in the last report in respect of the Plan under the Regulation; plus
 - The total amount of contributions made to the Plan by the Company after the valuation date of the last report in respect of the Plan and before the valuation date for the report being prepared; less
 - The total minimum amount of contributions required to have been made after the valuation date of the last report in respect of the Plan and before the valuation date for the report being prepared, if the contributions had been calculated without reference to any PYCB.

The Company may choose to set the PYCB between nil and the amount as calculated above, but may not recapture the amount forfeited at any time.

- **Reduced solvency deficiency** the difference between the sum of 85 % of the solvency liability, 85 % of solvency liability adjustment and the PYCB to the sum of the solvency asset and solvency asset adjustment.

- **Solvency/Hypothetical wind up assets** are the market value of pension fund assets adjusted to reflect contributions, benefit payments, transfers and fees/expenses in-transit at the valuation date.
- The **solvency asset adjustment** is an adjustment that may be made to the solvency assets to reflect:
 - The impact of using an averaging method that stabilizes short-term fluctuations in the market value of the Plan's assets calculated over a period of not more than five years; plus
 - The present value of any remaining special payments required to liquidate any unfunded liability (for service not previously recognized for benefit determination purposes) established after December 31, 1987; plus
 - The present value of any remaining special payments other than those above that are scheduled for payment within six years after the valuation date.
- The **solvency liabilities** are the actuarial present value of benefits earned in respect of service prior to the valuation date determined as if the Plan were wound up on the valuation date and taking into account Section 74 of the *Act* (i.e., grow-in). In calculating the solvency liabilities, which includes plant closure benefits or permanent layoff benefits that would be immediately payable if the Plan sponsor's business was discontinued on the valuation date, the *Act* and its Regulations permit the exclusion of the following benefits:
 - Any escalated adjustments;
 - "Excluded plant closure benefits" that the City elected on November 26, 1992 to exclude;
 - "Excluded permanent layoff benefits" that the City elected on November 26, 1992 to exclude;
 - Special allowances other than those where the member has met all age and service eligibility requirements;
 - Consent benefits other than those where the member has met all eligibility requirements except the consent of the employer, or in the case of a jointly sponsored pension plan, the consent of the employer or the administrator;
 - Prospective benefit increases;
 - Potential early retirement window benefit values; and
 - Pension and ancillary benefits payable under a qualifying annuity contract.

The solvency liabilities are determined using benefit entitlements on the assumption that the Plan has neither a surplus nor a deficit. The solvency liabilities are calculated using the solvency valuation assumptions summarized in Appendix D of this report.

- The **solvency liability adjustment** is an adjustment that may be made to the solvency liabilities to reflect the impact of using a solvency valuation discount rate for discounting the liability that is the average of market discount rates calculated over the same period of time as that used in the calculation of the solvency asset adjustment.

- The **solvency position** is the difference between the solvency assets (net of estimated wind up expenses) and the solvency liabilities.
- The **solvency ratio** compares the solvency assets (plus any letters of credit held in trust exceeding the prior year credit balance) to the solvency liabilities for purposes of Subsections 14(2) and (3) of the Regulations of the *Act* to determine the latest effective date of the next required valuation.
- The **solvency excess/(deficiency)** is the solvency position, increased by the solvency asset adjustment and the solvency liability adjustment, then decreased by the PYCB.
- The **special payments** are payments required to liquidate the unfunded liability and/or reduced solvency deficiency:
 - The going concern special payments are payments required to liquidate the unfunded liability, with interest at the going concern valuation discount rate, by equal monthly instalments over a period of ten (10) years beginning one year from the valuation date of the report in which the going concern unfunded liability was determined.
 - The solvency special payments are payments required to liquidate the reduced solvency deficiency, with interest at the solvency valuation discount rate, by equal monthly instalments over a period of five years beginning no later than 12 months from the valuation date of the report in which the solvency deficiency was determined.
- The **total normal cost** is the actuarial present value of benefits expected to be earned in respect of service for each year starting on the valuation date. Required member contributions (if any) are deducted from the total normal cost to determine the company normal cost. The total normal cost is calculated using the going concern valuation assumptions and methods summarized in Appendix C of this report.
- The **transfer ratio** compares the solvency assets, minus the lesser of the PYCB and the required company contributions until the next required valuation (before application of the PYCB), to the solvency liabilities plus the liability of any excluded benefits (except for pension benefits and ancillary benefits payable under a qualifying annuity contract). If the transfer ratio is less than 1.00, lump-sum transfers from the pension fund under Section 42 of the *Act* are limited to the commuted value of the member's pension multiplied by the transfer ratio. The administrator may transfer the entire commuted value if:
 - The administrator is satisfied that an amount equal to the transfer deficiency has been remitted to the pension fund; or
 - The aggregate of transfer deficiencies for all transfers made since the last valuation date does not exceed 5% of the Plan's assets at that time.

In June 2009, Subsection 19 of the Regulations of the *Act* was amended and Policy T800-402 was released. The Policy imposes additional restrictions for payment of commuted values under certain circumstances.

Appendix H: Administrator Certification

With respect to The Hamilton Street Railway Company Pension Plan (1994), forming part of the actuarial report as at January 1, 2023, I hereby certify that, to the best of my knowledge and belief:

- The asset data provided or made available to the actuary is complete and accurate;
- The membership data and subsequent query answers provided or made available to the actuary are complete and accurate for all persons who are entitled to benefits under the terms of the Plan in respect of service up to the date of the valuation;
- The Plan provisions provided or made available to the actuary are complete and accurate up to and including the latest Amendment;
- The actuary has been notified of all relevant events subsequent to the valuation measurement date; and
- The terms of engagement contained in Section 1 of this report are accurate and reflect the plan administrator's direction.

Name (print) of Authorized Signatory

Title

Signature

Date



About

Aon plc (NYSE: AON) exists to shape decisions for the better—to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

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CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Information Technology Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 8, 2024
SUBJECT/REPORT NO:	Single Source Procurement of Gartner Canada Co. Technology Services Data Leaders Module (FCS24013) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Fred Snelling (905) 546-2424 Ext. 6059 Matt Pietryszyn (905) 546-2424 Ext. 7096
SUBMITTED BY:	Doug Kay Director, Information Technology (Interim) Corporate Services
SIGNATURE:	

RECOMMENDATION

That the General Manager of Corporate Services or designate be directed to negotiate a single year Single Source Agreement; prepare the necessary documents satisfactory to the City of Hamilton (City) Solicitor; and enter into an Agreement for subscription services for the Data Leader modules from Gartner Canada Co. (Gartner).

EXECUTIVE SUMMARY

The City Information Technology (IT) Division has used Gartner off and on for several years to assist with various projects. The Procurement authority used for these engagements has been a Single Source Policy 11 form. In 2023 the IT Division engaged Gartner for the Technology Executive module appropriate for the Director of Information Technology. Gartner has proved to be a very valuable resource to staff and has positively impacted the implementation of many significant IT initiatives over the past 12 months.

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: Procurement of Gartner Technology Services (FCS24013) (City Wide)
- Page 2 of 5

Gartner is an industry leader in the Information Technology field providing actionable, objective insights to Information Technology executives and their teams. Gartner is not the only company that can provide research services however they are the most influential resource for Information Technology professionals in aiding purchasing and business technology decisions. Gartner has a large, dedicated research team which in turn provides access to more qualitative and quantitative research. Staff have used products that compete with Gartner in the past with less than satisfactory results.

In 2023 IT created a new Data Services section which is comprised of two teams, Enterprise Data & Analytics and Spatial Solutions. With the creation of this new section within IT, dealing specifically with Data Services, there is an increased need to access the Gartner subscription for Data Leaders.

The request to subscribe to Gartner's Data Analytics entitlements is rooted in the imperative need for informed decision-making in our ever-increasing data-centric landscape.

The role of data and analytics is to equip businesses, their employees, and leaders to make better decisions and improve decision outcomes. This applies to all types of decisions, including macro, micro, real-time, cyclical, strategic, tactical, and operational. At the same time, Data & Analytics can unearth new questions, as well as innovative solutions and opportunities that business leaders had not yet considered.

Progressive organizations use data in many ways and must often rely on data from outside their boundary of control for making smarter business decisions.

Data and analytics are also a catalyst for digital transformation as it enables faster, more accurate and more relevant decisions in complex and fast-changing business contexts. Both individuals and organizational teams make decisions, for example, when a person considers whether to buy a product or service, or when a business function determines how best to serve a client or citizen. Data-driven decision-making means using data to work out how to improve decision making processes.

Alternatives for Consideration – Not Applicable**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The annual cost of the Data Leaders entitlement subscription from Gartner is approximately \$90K.

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SUBJECT: Procurement of Gartner Technology Services (FCS24013) (City Wide)
- Page 3 of 5

Staffing: N/A

Legal: Legal staff will be involved in the creation of the necessary Agreements

HISTORICAL BACKGROUND

Gartner Inc. is an industry leader in the Information Technology (IT) field providing actionable, objective insights to Information Technology executives and their teams.

The City's Information Technology Division has used Gartner Inc. off and on for several years to assist with various projects. The Procurement authority used for these engagements has been a Single Source Policy 11 form. In 2023 the IT Division engaged Gartner Inc. for the module appropriate for the Director of Information Technology. This engagement assisted staff with projects such as:

- 1) Enterprise Data Management analysis and execution
- 2) Customer Relationship Management strategy development
- 3) Artificial Intelligence / ChatGPT research and analysis
- 4) Enterprise Architecture research and analysis

With the creation of a Data Services section within IT there is a need to access the Gartner Subscription for Data Leaders. The Data Services section of Information Technology is comprised of two teams, Enterprise Data & Analytics, and Spatial Solutions. These teams collectively, support the implementation of Enterprise Data Management (EDM) policies, processes, and technology, and improve access and availability to authoritative internal data, Open Data and Business Intelligence (BI) and Location Intelligence (LI) tools for decision support. The Data Services section is also responsible for developing and delivering Data Literacy content through the organization's Learning Management System.

By subscribing to these Gartner services, staff will gain access to a wealth of expert advice, innovative content, and analyst perspectives. This strategic move ensures that our City is not just keeping up with the pace of change but actively shaping the future of IT and data analytics to better serve our community. This expert advice and access to industry leading content will help the City of Hamilton to continue to deliver actions out of the Enterprise Data roadmap, supporting the IT Strategy as we strive to modernize our data management, analytics and reporting practices across the entire organization.

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SUBJECT: Procurement of Gartner Technology Services (FCS24013) (City Wide)
- Page 4 of 5

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

City of Hamilton By-Law No. 20-255 – Procurement Policy – Policy # 11 – Non-competitive Procurements Section 4.11

RELEVANT CONSULTATION

Procurement Division Manager has reviewed this report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The decision to subscribe to Gartner's CIO and Data Leader entitlements is rooted in the imperative need for informed decision-making in our data-centric landscape. Gartner is globally recognized for its ability to provide actionable insights, market trends, and expert guidance. The analysts associated with these entitlements are leaders in their respective fields, offering a direct line to the latest developments and best practices.

Moreover, the wealth of content available, ranging from research reports to case studies, empowers our teams with the knowledge needed to make strategic decisions. In an environment where technology and data analytics are catalysts for progress, having this level of expert support ensures that our City's initiatives are not just current but visionary.

Without strong data governance, Hamilton's investments in data and analytics will fail to meet key modern municipal and organizational demands such as improving citizen services, enhanced internal and external customer experience, and organizational cost optimization. Access to global data governance best practices will maximize the City's potential for success with practical steps to create an effective foundation for data and analytics to deliver on the promise of AI.

Gartner provides thought leadership to public sector organizations around the world, which are rooted in clear benchmarks for best practices in key governance areas. This includes aligning data and analytics governance with business and citizen outcomes; maintaining a model of accountability and decision rights; implementing trust-based governance; valuing digital ethics and transparency; considering risk management and information security; deploying governance training and education; and encouraging cultural change and collaboration.

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: Procurement of Gartner Technology Services (FCS24013) (City Wide)
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In summary, the benefits of data analytics for the organization include:

- Improved decision making;
- Increased efficiency and productivity;
- Enhanced customer experience;
- Improved risk management;
- Competitive advantage; and
- Increased data security and governance policies and practices.

This subscription is an investment in our City's competitive edge. It goes beyond a mere information service; it is a strategic partnership that equips staff with the tools and insights necessary to navigate the complexities of modern IT and data analytics. The long-term benefits of informed decision-making, reduced risk, and optimized strategies make the case for subscribing to Gartner's CIO and Data Leader entitlements compelling and indispensable for the future success of our City.

ALTERNATIVES FOR CONSIDERATION

N/A

APPENDICES AND SCHEDULES ATTACHED

N/A

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