



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE REPORT 11-012

Wednesday, October 19, 2011

9:30 a.m.

Council Chambers

City Hall

71 Main Street West

Hamilton, Ontario

Present: Councillors B. Johnson (Vice Chair), B. Morelli and M. Pearson

**Absent with
Regrets:** Councillors B. Clark and R. Powers – Other City Business

Also Present: Councillor C. Collins
C. Murray, City Manager
R. Rossini, General Manager, Finance & Corporate Services
T. Tollis, City Treasurer
L. Friday, Director of Taxation
R. Male, Director of Financial Services
A. Pekaruk, Director of Audit Services
P. Barkwell, City Solicitor
S. Paparella Legislative Assistant, Office of the City Clerk

THE AUDIT FINANCE & ADMINISTRATION COMMITTEE PRESENTS REPORT 11-012 AND RESPECTFULLY RECOMMENDS:

1. Monthly Status Report of Tenders and Requests for Proposals for August 13, 2011 to September 9, 2011 (FCS11004(e)) (City Wide) (Item 5.1)

That Report FCS11004(e), respecting the Monthly Status Report of Tenders and Requests for Proposals for August 13, 2011 to September 9, 2011, be received.

2. Award of Contract (C12-07-11) Transmission Services (FCS11080) (City Wide) (Item 5.2)

That the Request for Tenders C12-07-11 for Transmission Services for City of Hamilton vehicles be awarded to the lowest compliant bid Ron's Transmission Services Inc., with an estimated expenditure of \$65,000 for a three year period.

3. Award of Contract (C12-06-11) Inventory Management & Supply of Windshield Washer Fluid (FCS11081) (City Wide) (Item 5.3)

That Request for Tenders C12-06-11 for Inventory Management & Supply of Windshield Washer Fluid be awarded to the lowest compliant bid Vulsay Industries Ltd., with an estimated annual expenditure of \$25,700.

4. Award of Contract (C12-08-11) Inventory Management & Supply of Engine Antifreeze (FCS11086) (City Wide) (Item 5.4)

That Request for Tenders C12-08-11 Inventory Management & Supply of Engine Antifreeze be awarded to the lowest compliant bid Barton Auto Parts Ltd., with an estimated annual expenditure of \$50,240.

5. Tile Drainage Loan (McIntyre) (FCS11082) (Ward 14) (Item 5.5)

That the Tile Drainage Loan Application submitted by Alex McIntyre, 1876 5th Concession Road West, (part of Lots 17 and 18, Concession 4, former Town of Flamborough), in the amount of \$12,000.00 be approved, subject to the availability of Provincial funding and an Inspection Completion Certificate being filed with the City by the Drainage Inspector.

6. Award of Contract (C12-03-11) Emergency Roof Repairs, as Required (FCS11089) (City Wide) (Item 5.6)

That Request for Tenders C12-03-11 for Emergency Roof Repairs, as required, for City of Hamilton facilities be awarded to the lowest compliant bid, A.M. Roofing Systems Inc., with an estimated total expenditure of \$351,600 for a five year period.

7. 2010 Audited Financial Statements for the City of Hamilton Business Improvement Areas (FCS11090) (City Wide) (Item 5.7)

That Report FCS11090, respecting the 2010 Audited Financial Statements for the City of Hamilton Business Improvement Areas, be received.

8. Amended Water Leak Adjustment Policy (FCS11071) (City Wide) (Referred from Council on September 14, 2011) (Item 8.1)

(a) That the amended Water Leak Adjustment Policy, attached as Appendix "A" to Report 11-012, be approved.

- (b) That the limit on accessibility for claims to the Water Leak Adjustment Policy be limited to one claim per owner.
- 9. Treasurer's Write-Off of Taxes under Section 354 of the Municipal Act, 2011 (FCS11085) (Wards 3 and 10) (Item 8.2)**
- (a) That the Treasurer, under Section 354(4) (b) of the Municipal Act, 2001, write off taxes as uncollectible on two properties known as 0 Orr Crescent and one property known as O Adriatic Boulevard (Tax Roll Numbers 003.310.59201, 59250 and 75065) (Ward 10) in the amount of \$35,591, as set out in Appendix B to Report 11-012, as conducting a tax sale would not be ineffective and not in the best interest of the municipality;
 - (b) That the Treasurer, under Section 354(3) of the Municipal Act, 2001, write-off taxes as uncollectible due to a failed tax sale on two properties known as 0 Douglas Street (Tax Roll Number 030.221.09220 and 09210) (Ward 3) in the amount of \$48,934, as set out in Appendix C to Report 11-012.
- 10. Development Charges Exemption – Lodging Residence Addition (25 additional bedrooms) for Ronald McDonald House Hamilton, 1510 Main St. West, Hamilton (FCS11078) (City Wide) (Item 8.3)**
- (a) That the Municipal Development Charge Liability of \$194,750 for a Lodging Residence Addition (25 additional bedrooms) for Ronald McDonald House, 1510 Main Street West, Hamilton, be exempted;
 - (b) That the Parkland Dedication Fees in the amount of \$16,558 be exempted;
 - (c) That Development Charge Deferral Agreement #128 between the City of Hamilton and Kids Care Oncology Central West Ontario (Ronald McDonald House Hamilton) be amended as per recommendation (a).
- 11. Accounts Receivable Write-offs for September 2011 (FCS11092) (City Wide) (Item 8.4)**
- (a) That the General Manager of Finance and Corporate Services be authorized to write-off uncollectible accounts receivables in the amount of \$159,130.83, attached as Appendix 'D' to Report 11-012;
 - (b) That the Schedule of Accounts Receivable Write-offs (under \$1,000), attached as Appendix 'B' to Report FCS11092, be received for information.

**12. Annual Follow Up of Outstanding Audit Recommendations (AUD11030)
(City Wide) (Item 8.5)**

That Report AUD11030, respecting the Annual Follow Up of Outstanding Audit Recommendations, be received.

13. Governance Review Sub-Committee Report 11-004 (Item 8.6)

(i) Council Meeting Start Times (Item 4.1)

- (a) That Council commence a pilot program in January 2012 for a 4-month period where Council meetings start at 5:00 pm;
- (b) That Council meetings, which begin at 5:00 pm, will be tape delayed and broadcasted on Cable 14 at 7:00 pm; and,
- (c) That public consultation take place in the fourth month of the pilot program.

14. Hamilton Waterfront Trust – Liability Claim Litigation Update and Insurance Information (FCS11093) (City Wide) (Item 12.1)

That Report FCS11093, respecting the Hamilton Waterfront Trust – Liability Claim Litigation Update and Insurance Information, be referred to the General Issues Committee for consideration.

15. Employer Paid Parking (FCS11040/LS11012) (City Wide) (Item 12.2)

That Report FCS11040/LS11012, respecting Employer Paid Parking, be referred to the General Issues Committee for consideration.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

There were no changes to the agenda.

The agenda for the October 19, 2011 Audit, Finance & Administration Committee meeting was approved, as presented.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

(i) September 21, 2011 (Item 3.1)

The Minutes of the September 21, 2011 meeting of the Audit, Finance and Administration Committee were approved, as presented.

(d) Amended Water Leak Adjustment Policy (FCS11071) (City Wide) (Referred from Council on September 14, 2011) (Item 8.1)

Councillor B. Johnson wished to be recorded as OPPOSED to Item 8.1, as amended.

(e) GENERAL INFORMATION/OTHER BUSINESS (Item 11)

(i) Outstanding Business List Items – Proposed New Due Dates (Item 11.1)

The proposed new due dates for the following Outstanding Business List Items, were approved:

- (a) Item D: Strategy to Deal with Areas that are Chronically Under-Funded
Current Due Date: October 5, 2011
Proposed New Due Date: Fourth Quarter of 2011
- (b) Item S: Vacant Lots – 119 Young Street and 121 Young Street, Hamilton – Request for Extension of the Development Charge Demolition Credit
Current Due Date: October 19, 2011
Proposed New Due Date: November 9, 2011

(ii) Outstanding Business List Items – Completed Items (11.2)

Item “T” on the Audit, Finance and Administration Committee Outstanding Business List, respecting Matrix – Outstanding Audit Report Recommendations, was considered complete and removed from the Audit, Finance and Administration Committee Outstanding Business List.

(f) PRIVATE AND CONFIDENTIAL (Item 12)

(i) Employer Paid Parking (FCS11040/LS11012) (City Wide) (Item 12.2)

Committee moved into Closed Session, at 10:10 a.m., respecting Report FCS11040/LS11012, Employer Paid Parking, pursuant to Section 8.1, Sub-sections (e) and (f) of the City's Procedural By-law 03-301, and Section 239, Sub-sections (e) and (f) of the Ontario Municipal Act, 2001, as amended, as the subject matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board; and, the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

Committee reconvened in Open Session at 10:20 a.m. and provided its recommendation, as shown in Item 15 of the Audit, Finance & Administration Committee Report 11-012.

(g) ADJOURNMENT (Item 13)

There being no further business, the Audit, Finance and Administration Committee adjourned at 10:22 a.m.

Respectfully submitted,

Councillor B. Johnson, Vice Chair
Audit, Finance and Administration Committee

Stephanie Paparella
Legislative Assistant
October 19, 2011

POLICY TITLE: City of Hamilton Water Leak Adjustment Policy

POSITION RESPONSIBLE FOR TASK: Senior Policy Advisor, Financial Planning and Policy

POLICY NO: PP-0005

LAST REVISION DATE: 12/12/2007

EFFECTIVE DATE: 09/14/2011

MANAGER REVIEWED: Mike Zegarac

TO BE REVIEWED: 09/1/2016

MAINTENANCE RESPONSIBILITY: Financial Planning and Policy Section

I GENERAL

The City of Hamilton’s Water Leak Adjustment Policy (“Policy”) provides residential, not-for-profits and institutional customers who utilize City water services financial assistance in regard to the repair of water leaks on private property, excluding any water leaks in the water service pipe. A “water service pipe” is defined as the pipe on the private property which conveys potable water from a City watermain to the inside of the building on the property. The Policy affords an opportunity for customers to request adjustments to water and wastewater use charges where such leak has been repaired by completing the *Water Leak Adjustment Request Form*.

II BACKGROUND

The City’s Water Leak Adjustment Policy (Policy), in effect since November 2007, provides limited financial relief to customers to address abnormally high water and wastewater bills associated with plumbing failures.

The Policy allows for staff to address those instances when an eligible metered water customer receives an abnormally high bill as a result of a plumbing failure. Though the customer is responsible to repair leaks on service plumbing, it was recognized that a high water/wastewater bill resulting from an unintentional water leak can present financial hardship to a customer.

The Policy provides the opportunity to educate the consumer about the impact of water leaks while ensuring the financial impact of the increased water consumption is partially mitigated.

III POLICY

PURPOSE

To provide an opportunity for customers to request adjustments to water and wastewater use charges where a Leak has been repaired in the water system on the customer's side of the water meter in a reasonable timeframe.

DEFINITIONS

Horizon: Horizon Utilities Corporation.

Leak: An unintentional water loss caused by broken and/or malfunctioning plumbing fixtures and/or pipes within a residence or building. A leak occurs when there is a failure of the plumbing system to do what it was designed to do.

Not-for-profit: Not-for-profit corporations are incorporated under the Ontario *Corporations Act* as organizations that carry on activities without the purpose of gain for its members and any profits to the corporation.

Unoccupied: An unoccupied dwelling and/or building is a dwelling and/or building in which occupants are absent from the property for a time period of seventy-two (72) hours or more, due to such matters as vacations or prolonged illness.

Vacant: Regardless of the presence of furnishings, a vacant dwelling and/or building means the occupants have moved out with no intent to return. A newly constructed dwelling and/or building is also considered to be vacant after it is completed and before the occupants move in. A dwelling and/or building is also vacant when the occupants move out and before any new occupant moves in.

REQUIREMENTS

- An adjustment may occur only after all leaks have been repaired and verified with an actual water meter read by the City's agent, currently Horizon Utilities Corporation. Obtaining an actual meter reading may be necessary, within a minimum of two weeks, to verify whether Leaks have been repaired and usage has returned to normal.
- Reasonable efforts (including hiring a plumber) to locate the Leak and initiate repairs must be taken by or on behalf of the customer within 120 calendar days after of the initial notification of increased water usage provided to the customer by Horizon. Notification may include, but is not limited to: water billing with higher than historical average consumption, a written notice delivered to the owner or occupant or a courtesy phone call. Exceptions may be considered for extraordinary circumstances.
- The customer must complete in full the *Water Leak Adjustment Request Form* and provide documentation of repairs made prior to being approved for an adjustment within 120 calendar days after the date of final repair(s).

- There is no extension of the due date or the time for paying water and/or wastewater bills because of a pending adjustment request. Customers are advised to pay the entire amount due with the normal payment period or enter into payment arrangements for the excessive amount in order to remain in good standing on all current billings. Reimbursements will only occur when an adjustment request is granted.

WATER/WASTEWATER BILLING ADJUSTMENT

Leak adjustments are discretionary and will only be granted as follows:

- Each metered service shall only be allowed one adjustment during a 12 consecutive month period following a prior water/wastewater billing adjustment with the number of leak adjustments per account limited to 2 allowances in any ten-year period.
- Adjustments will only be for a maximum adjustment period of 240 calendar days (120 calendar days prior and 120 calendar days after the initial notification of the increased water usage provided to the customer by Horizon).
- Water usage MUST EXCEED 2 TIMES (200%) the AVERAGE of the similar period from the previous year. If no history is available, meter readings will be obtained to project normal usage. If projection is not possible, actual consumption of similar customers will be used to determine normal usage for the adjustment calculation.
- Adjustments will be based on 50% of the water consumption amount exceeding the AVERAGE of the similar period from the previous year.
- Adjustments for not-for-profits and institutional customers will be capped at \$5,000 (maximum combined water and wastewater adjustment). There is no adjustment cap for residential customers.
- No adjustments will be granted where:
 - a) usage above the customer's average monthly consumption is due to seasonal usage such as watering of sod, gardening, filling swimming pools or whirlpools, washing vehicles, etc. as this describes water services knowingly used by the customer;
 - b) water loss is due to theft, vandalism or construction damage as the responsibility to resolve these issues lies with the customer;
 - c) Leak was caused by a third party from whom the customer is able to recover

their costs;

- d) dwelling and/or building is Unoccupied and/or Vacant for 72 hours or more. Customers have the responsibility to arrange for a competent person to enter their dwelling regularly to monitor the dwelling’s condition eg. ensure that heating has been maintained. For extended absences, customers should consider shutting off the water supply (except where water is used for heating) and draining all the pipes and appliances;
- e) where high water usage is identified from a “catch-up” billing following a minimum of 2 consecutively estimated billings. Actual meter readings are necessary for bills to reflect actual higher water usage to trigger the associated leak detection and subsequent any leak repairs. Customers are advised on their water bill if the billing is based on an estimated read. Furthermore, the water meter readers leave a meter read request door hanger for the customer to call in and/or return the read card, with an actual consumption read from their water meter. Additionally, the City and HUC undertake a number of actions to address the issue of consecutively estimated accounts that ultimately requires the timely response and cooperation of the customer to ensure ongoing actual meter readings may take place. Customers need to provide timely response and/or access to the property to allow for maintenance to metering equipment to eliminate estimated readings. The associated delay in obtaining an actual reading, occasionally results in unbilled consumption once an actual read is eventually obtained.

The following example illustrates how the adjustment is calculated based on rates in effect as of January 27, 2011:

For this example, the normal monthly average water consumption is 30 cubic metres per month.

	Water Consumption	Dollar Amount
1 Water Bill	350 c.m.	\$ 394.10
2 Wastewater Bill *		394.10
Total water and wastewater bill		<u>\$ 788.20</u>
3 Prior 12 month average	30 c.m.	\$ 33.78
4 Consumption eligible for adjustment [1 - 3]	320 c.m.	\$ 360.32
Leak adjustment 50% allowance [4 * 50%]		\$ 180.16
Wastewater adjustment *		180.16
Total water and wastewater bill adjustment		<u>\$ 360.32</u>

* Wastewater surcharge = 100% of water consumption

CITY OF HAMILTON
BREAKDOWN OF CURRENT & REVISED TAXES LEVIED
FOR 0 ORR CRESCENT & 0 ADRIATIC BOULEVARD

	<u>Tax</u>	<u>P&I</u>	<u>Other</u>	<u>Total Outstanding</u>	<u>Revised Taxes</u>
<u>003.310.75065.0000</u>					
2005	3,346.97	2,890.05	-	6,237.02	334.70
2006	3,378.92	2,416.38	5.00	5,800.30	337.89
2007	3,491.06	1,969.74	5.00	5,465.80	349.11
2008	3,578.49	1,482.10	5.00	5,065.59	357.85
2009	3,616.42	1,169.74	902.50	5,688.66	413.11
2010	3,683.51	541.86	-	4,225.37	400.23
2011	3,766.79	111.36	-	3,878.15	390.24
	<u>24,862.16</u>	<u>10,581.23</u>	<u>917.50</u>	<u>36,360.89</u>	<u>2,583.12</u>
<u>003.310.59201.0000</u>					
2005	2,339.78	2,020.46	-	4,360.24	78.15
2006	2,082.51	1,498.35	5.00	3,585.86	69.56
2007	2,151.64	1,215.17	5.00	3,371.81	71.86
2008	2,205.52	914.44	5.00	3,124.96	73.66
2009	76.73	330.06	797.35	1,204.14	76.73
2010	78.96	11.57	-	90.53	78.96
2011	81.48	2.38	-	83.86	81.49
	<u>9,016.62</u>	<u>5,992.43</u>	<u>812.35</u>	<u>15,821.40</u>	<u>530.41</u>
<u>003.310.59250.0000</u>					
2005	1,286.10	1,110.60	-	2,396.70	-
2006	1,144.69	825.21	5.00	1,974.90	-
2007	1,182.69	669.21	5.00	1,856.90	-
2008	1,212.30	503.35	5.00	1,720.65	-
2009	-	198.81	902.50	1,101.31	-
2010	-	-	-	-	-
2011	-	-	-	-	-
	<u>4,825.78</u>	<u>3,307.18</u>	<u>917.50</u>	<u>9,050.46</u>	<u>-</u>
Totals	<u><u>38,704.56</u></u>	<u><u>19,880.84</u></u>	<u><u>2,647.35</u></u>	<u><u>61,232.75</u></u>	<u><u>3,113.53</u></u>

CITY OF HAMILTON
ANALYSIS OF TAXES OWED FOR 0 DOUGLAS STREET PROPERTIES
AS AT AUGUST 31, 2011

	FULL WRITE-OFF BREAKDOWN				WRITE-OFF BREAKDOWN TAX LEVY ONLY	
	Tax	P&I	Other	Total	Education	Municipal
030.221.09220.0000						
2006	2,022.47	1,387.14	5.00	3,414.61	626.98	1,395.49
2007	2,229.08	1,165.56	5.00	3,399.64	626.98	1,602.10
2008	2,260.51	847.22	5.00	3,112.73	625.67	1,634.84
2009	2,540.07	781.37	900.00	4,221.44	694.03	1,846.04
2010	2,001.85	451.99	2,847.60	5,301.44	538.45	1,463.40
2011	-	13.18	-	13.18	-	-
	<u>11,053.98</u>	<u>4,646.46</u>	<u>3,762.60</u>	<u>19,463.04</u>	<u>3,112.11</u>	<u>7,941.87</u>
030.221.09210.0000						
2006	2,022.47	2,563.87	1,804.70	6,391.04	626.98	1,395.49
2007	2,229.08	2,044.87	1,755.00	6,028.95	626.98	1,602.10
2008	2,260.51	2,423.50	4,591.40	9,275.41	625.67	1,634.84
2009	2,540.07	781.37	900.00	4,221.44	694.03	1,846.04
2010	2,001.85	363.63	1,175.00	3,540.48	538.45	1,463.40
2011	-	13.18	-	13.18	-	-
	<u>11,053.98</u>	<u>8,190.42</u>	<u>10,226.10</u>	<u>29,470.50</u>	<u>3,112.11</u>	<u>7,941.87</u>
Total Taxes owed	22,107.96	12,836.88	13,988.70	48,933.54	6,224.22	15,883.74

A/R Write-Offs over \$1,000 September 2011

TOTAL	CUSTOMER NAME	DESCRIPTION
<i>Bankrupt/Received Final Settlement</i>		
\$ 1,476.47	Riverside Landscaping	Repairs top culvert damages
\$ 9,490.95	Terrasan Environmental	Pavement cuts/street closure
\$ 6,586.11	****	Payroll overpayment of LTD bridging
\$ 3,220.81	Crème Glace Lambert	Overstrength Agmt
<i>Unable to Locate/Sent to Collection</i>		
\$ 1,254.43	****	Payroll Overpayed Vacation
\$ 1,102.25	****	Payroll Computer Loan
\$ 9,221.39	Avondale	HSR - irreconcilable differences prior to 08
\$ 14,208.17	Vasotech Corp	Unit rental @ Innovation Dr-Legal settlement for p/o rental
\$ 27,385.25	Dansway	Unpaid taxes re rental-per legal advisement
\$ 3,381.14	City Mart	HSR - company changed ownership-old owner left country
<i>Deceased/ No Estate/ No Funds</i>		
\$ 2,122.47	****	Maintenance Charge - Lodges
\$ 1,294.90	****	Maintenance Charge - Lodges
\$ 39,382.88	****	Maintenance Charge - Lodges
\$ 20,535.14	****	Maintenance Charge - Lodges
\$ 3,397.62	****	Maintenance Charge - Lodges
\$ 2,002.86	****	Maintenance Charge - Lodges
\$ 2,981.01	****	Maintenance Charge - Lodges
\$ 2,283.37	****	Maintenance Charge - Lodges
\$ 2,558.53	****	Maintenance Charge - Lodges
\$ 1,285.66	****	Maintenance Charge - Lodges
\$ 1,136.36	****	Maintenance Charge - Lodges
\$ 2,823.06	****	Maintenance Charge - Lodges
<hr/>		
<u>\$ 159,130.83</u>		

** Write off to be funded from HSR Tickets in Public Hands Account

**** Identifiable Individual. Name left off at request of Council

Note: amounts listed have been allowed for in the December 2010 year end figures. Write-offs will not affect the 2011 budget.