



CITY OF HAMILTON

PUBLIC WORKS DEPARTMENT
Environment & Sustainable Infrastructure Division

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: November 14, 2011	
SUBJECT/REPORT NO: Sewer Use By-law No. 04-150 Parameters and Compliance Agreements - U.S. Steel (PW11034b) - (City Wide)	
SUBMITTED BY: Gerry Davis, CMA General Manager Public Works Department	PREPARED BY: Dan McKinnon (905) 546-2424, Extension 5941 Cari Vanderperk (905) 546-2424, Extension 3250
SIGNATURE:	

RECOMMENDATION

That the City of Hamilton enter into a Compliance Agreement with U.S. Steel Canada Inc., to take all necessary steps to bring their effluent from the Hamilton Works Operations into compliance with the City of Hamilton’s current Sewer Use By-law by May 31st, 2012, be approved.

EXECUTIVE SUMMARY

The purpose of this report is to update members of Committee and Council on the status of the proposed Compliance Agreement to be entered into pursuant to the City of Hamilton’s Sewer Use By-law No. 04-150 ("By-law") with U.S. Steel Canada Inc. and to seek support for the proposed action to be taken by Public Works staff.

At its meeting of October 12, 2011, City Council received an item for information contained in General Issues Committee (“GIC”) Report 11-029 which stated in part:

“In light of the recent developments between U.S. Steel and Steelworkers Union Local 1005, the issue of the Compliance Agreement was deferred pending the outcome of the ratification vote.”

The tentative agreement reached between U.S. Steel Canada Inc. (“U.S. Steel”) and USW Local 1005 (“Local 1005”) was ratified by the Local 1005 membership. The lock-out ended on October 15th, 2011 and as of November 1st, most of the unionized workers have returned to work.

**SUBJECT: Sewer Use By-law No. 04-150 Parameters and Compliance Agreements
- U.S. Steel - (PW11034b) - (City Wide) - Page 2 of 4**

U.S. Steel has since structured a new timeline for the completion of the water treatment plant in conjunction with their consulting engineers and contractors, and is proposing a compliance deadline of May 31st, 2012 which would allow for both the completion of the construction as well as the commissioning of the new plant. Public Works staff are of the opinion that this proposed timeframe is reasonable from a technical perspective and are prepared to approve a new Compliance Agreement until May 31, 2012. Committee and Council support for this action is being requested.

Alternatives for Consideration - Not Applicable

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial: Not Applicable

Staffing: Not Applicable

Legal: If the recommendation is approved, a Compliance Agreement would be prepared and signed by U.S. Steel. Pursuant to the By-law, upon the approval of the Compliance Agreement by the General Manager of Public Works, the Mayor and Clerk for the City are authorized and directed to execute the Compliance Agreement on behalf of the City.

HISTORICAL BACKGROUND

Prior to November, 2010 - U.S. Steel entered a Compliance Agreement with the City in order to construct a water treatment plant that would bring their effluent into compliance with the By-law. The deadline for this Agreement was December 31st, 2010. Major progress was made and the plant was approx 8 weeks from completion.

November, 2010 - Contract negotiations between U.S. Steel and Local 1005 ceased and U.S. Steel locked out its unionized workers. All construction to the water treatment plant ceased.

November, 2010 - Public Works granted U.S. Steel a written extension to the Compliance Agreement - 4 months post lock-out up to April 30th, 2011.

April 18th, 2011 - Legal Services and Public Works staff submitted a confidential report to GIC with respect to the By-law parameters and compliance agreements. Legal advice was provided in camera at the GIC meeting (Report #LS11005/PW11034).

August, 2011 - U.S. Steel made a presentation at the August 9th GIC meeting. Legal Services and Public Works staff submitted a further confidential report to GIC with respect to the By-law parameters and compliance agreements. Legal advice was provided in-camera at the August 9th GIC meeting (Report #LS11005a/PW11034a). It was directed by Council on August 11th that U.S. Steel would be provided a 30 day period to have dialogue with all stakeholders and unions and to provide, in detail, the response of those individuals that U.S. Steel claims were preventing them from crossing the picket line. U.S. Steel was also asked to detail all actions taken to date to be in compliance with the By-law and to advise what steps were to be taken in the immediate

**SUBJECT: Sewer Use By-law No. 04-150 Parameters and Compliance Agreements
- U.S. Steel - (PW11034b) - (City Wide) - Page 3 of 4**

future to correct the problem, in order to be in compliance with the By-law. U.S. Steel was asked to attend at the September 12, 2011 GIC meeting to respond to the above noted issues.

September 12th, 2011 - U.S. Steel and Local 1005 confirmed to GIC that Local 1005 was not willing to allow contractors to cross their picket line to complete work on the water treatment plant. It was also announced that a mediated meeting between U.S. Steel and Local 1005 was scheduled for September 13th. GIC tabled the issue of the U.S. Steel Compliance Agreement to the October 11th GIC meeting for further discussion.

October 10th, 2011 - a tentative collective agreement was reached between U.S. Steel and the Union.

October 11th, 2011 - GIC deferred the issue of the Compliance Agreement pending the outcome of the ratification vote.

October 15th, 2011 - the tentative agreement was ratified.

October 31st, 2011 - U.S. Steel provided Public Works with a new proposed deadline of May 31st, 2012 for coming into compliance with the City's current Sewer Use By-law.

November 1st, 2011 - most of the unionized workforce has returned to work.

POLICY IMPLICATIONS

Not Applicable

RELEVANT CONSULTATION

Not Applicable

ANALYSIS / RATIONALE FOR RECOMMENDATION

Since the lock-out ended, U.S. Steel has met with their consulting engineers and contractors to establish a new timeline to complete the water treatment plant. It was determined during these meetings that more time will be required than the 4 months post lock-out that was originally proposed. According to U.S. Steel, many of the tradespeople who were originally involved in the construction last year have moved on to other projects and are no longer available. Also, other major projects that are currently taking place in the City (i.e. Hamilton Health Science upgrades, the Canada Bread facility and the Woodward Ave. Treatment Plant expansion) are causing labour shortages. They are also concerned about delays due to severe weather during the upcoming winter months. With that in mind, U.S. Steel is expecting the construction to be completed by March 31st, 2012, with full commissioning completed by May 31st, 2012.

Public Works staff accept the above timeline to be reasonable from a technical perspective and support the proposed deadline of May 31st, 2012.

**SUBJECT: Sewer Use By-law No. 04-150 Parameters and Compliance Agreements
- U.S. Steel - (PW11034b) - (City Wide) - Page 4 of 4**

Staff will continue to monitor and enforce the Sewer Use By-law and the Compliance Agreement to ensure that the By-law is complied with and that progress is made throughout the course of the project to completion.

ALTERNATIVES FOR CONSIDERATION

Not Applicable

CORPORATE STRATEGIC PLAN

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Environmental Stewardship

- ◆ Natural resources are protected and enhanced
- ◆ Remove Hamilton Harbour from Great Lakes area of concern list by 2015
- ◆ Reduce the impact of Hamilton's industrial, commercial Private and Public operations on the environment
- ◆ Aspiring to the highest environmental standards

APPENDICES / SCHEDULES

None