



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE

REPORT 12-004

Tuesday, April 10, 2012

9:30 a.m.

Council Chambers

City Hall

71 Main Street West

Hamilton, Ontario

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

Also Present: Councillors T. Jackson, T. Whitehead
C. Murray, City Manager
R. Rossini, General Manager, Finance & Corporate Services
A. Zuidema, Director, Corporate Initiatives
G. Moore, Director, Engineering Services
B. Shynal, Director of Operations, Operations & Waste Management
D. McKinnon, Director, Water & Wastewater Operations
R. Male, Director, Financial Services (Treasury)
A. Pekaruk, Director, Audit Services
S. Robichaud, Manager, Development Planning
R. Morello, Project Manager, Operations & Waste Management
S. Harding-Cruz, Program Manager, Vector Borne Disease
S. Paparella, Legislative Coordinator, Office of the City Clerk

THE AUDIT, FINANCE & ADMINISTRATION COMMITTEE PRESENTS REPORT 12-004 AND RESPECTFULLY RECOMMENDS:

- 1. Monthly Status Report of Tenders and Requests for Proposals for February 18, 2012 to March 9, 2012 (FCS12018(a)) (City Wide) (Item 5.1)**

That Report FCS12018(a), respecting the Monthly Status Report of Tenders and Requests for Proposals for February 18, 2012 to March 9, 2012, be received.

- 2. Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Needs Assessment Quarterly Status Update (FCS11104(a)) (City Wide) (Item 5.2)**

That Report FCS11104(a), respecting the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Needs Assessment Quarterly Status Update, be received.

Council – April 25, 2012

3. Tax Appeals under Section 357 and 358 of the Municipal Act (2001) (FCS12007(c)) (City Wide) (Item 5.3)

- (a) That Appendix "A" attached to Report 12-004, respecting the "Tax Write-Offs processed under Section 357 of the Municipal Act, 2001", in the amount of \$143,530, be approved;
- (b) That Appendix "B" attached to Report 12-004, respecting the "Tax Appeals due to a Gross or Manifest Clerical Error, Pursuant to Section 358 of the Municipal Act, 2001", in the amount of \$9,512, be approved.

4. Follow Up of Audit Report 2009-04 - Telecommunication Services (AUD12004) (City Wide) (Item 5.4)

That Report AUD12004, respecting the Follow up of Audit Report 2009-04 - Telecommunication Services, be received.

5. Treasurer's Investment Report 2011 Fiscal Year by AON Hewitt (FCS12034) (City Wide) (Item 5.5)

- (a) That the City of Hamilton's Reserve Funds Treasurer's Investment Report 2011 Fiscal Year (attached as Appendix "A" to Report FCS12034), be received;
- (b) That Report FCS12034 "Treasurer's Investment Report 2011 Fiscal Year by AON Hewitt" and the City of Hamilton's Reserve Funds Treasurer's Investment Report 2011 Fiscal Year (attached as Appendix "A" to Report FCS12034), be forwarded to the Hamilton Future Fund Board of Governors for information.

6. Correspondence referred by Council, respecting Municipal Property Assessment Corporation's (MPAC) Classification of Condominiums as Residential Properties (Item 6.1(b))

That the correspondence received by Laurel Fenton and David and Linda Faulkner, respecting MPAC's Classification of Condominiums as Residential Properties, be received.

7. Written submission, containing 26 signatures, respecting Municipal Services and Property Taxation on Condominium Properties (Item 6.1(c))

That the written submission, containing 26 signatures, respecting Municipal Services and Property Taxation on Condominium Properties, be received.

8. Municipal Services and Property Taxation on Condominium Properties (FCS12020/PW12011) (Item 7.1)

- (a) That Report FCS12020/PW12011 “Municipal Services and Property Taxation on Condominium Properties” be received for information;
- (b) That, in an effort to mitigate the cost of services undertaken by Condominium Corporations, City staff provide the Condominium Corporations with a list of the City’s current contractors and their respective pricing;
- (c) That staff be directed to work with the Chairs of the Board of Health and the Standing Committees, to develop a report outlining the costs involved with maintaining condominium catch basins, fire hydrants, larviciding within common areas of the condominium corporations’ properties, and street lighting, and report back to the Audit, Finance & Administration Committee;
- (d) That staff be directed to evaluate the feasibility of reviewing the Guidelines for Site Plan Reviews with the Condominium Corporation Institute and report to the Planning Committee; and,
- (e) That the Solid Waste Management Committee, with the appropriate staff, be directed to further review the condominium properties where the City currently does not provide waste collection services to determine if waste collection services can be provided to these sites on a go forward basis, and report back to the Public Works Committee.

9. Audit Report 2011-10 - Human Resources (HR) - Grievance Processes (AUD12007) (City Wide) (Item 8.1)

- (a) That Report AUD12007, respecting Audit Report 2011-10, Human Resources (HR) – Grievance Processes, be received;
- (b) That the Management Action Plans, as detailed in Appendix “C” of Report 12-004 be approved; and,
- (c) That the City Manager be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix “C” to Report 12-004) implemented.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

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

- (i) Added as Item 4.1 – a delegation request submitted by Joe Monkley, Wentworth Condominium Corporation #6, respecting Pick-up of Garbage at Condominium Properties by the City of Hamilton
- (ii) Added as Item 4.2 – a delegation request submitted by Ron Evans, President, Wentworth Condominium Corporation #375, respecting Waste Water Management for Condominium Properties
- (iii) Added as Item 4.3 – a delegation request submitted by Bryon Brown, President, Wentworth Condominium Corporation #236, respecting a Solution to Upgrade Parking / Signage to the Network of Condominium Properties
- (iv) Added as Item 6.1(c) – a Written Submission, containing 26 signatures, respecting Municipal Services and Property Taxation on Condominium Properties
- (v) Item 8.1 has been renumbered as Item 7.1, as a presentation has been added to Report FCS12020/PW12011, respecting Municipal Services and Property Taxation on Condominium Properties, and the other Discussion Items have been renumbered accordingly.
- (vi) Added as Item 10.1, a Notice of Motion respecting Employee Absenteeism Performance Measures

The agenda for the April 10, 2012 Audit, Finance & Administration Committee meeting was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

Councillor B. Morelli declared an interest to the Items respecting Municipal Services and Property Taxation on Condominium Properties, as he is a condominium owner.

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

(i) March 19, 2012 (Item 3.1)

The Minutes of the March 19, 2012 meeting of the Audit, Finance and Administration Committee were approved, as presented.

(d) DELEGATION REQUESTS (Item 4)

(i) Joe Monkley, Wentworth Condominium Corporation #6, respecting Pick-up of Garbage at Condominium Properties by the City of Hamilton (Item 4.1)

The delegation request submitted by Joe Monkley, Wentworth Condominium Corporation #6, respecting pick up of garbage at condominium properties by the City of Hamilton, was approved.

(ii) Ron Evans, President, Wentworth Condominium Corporation #375, respecting Waste Water Management for Condominium Properties (Item 4.2)

The delegation request submitted by Ron Evans, President, Wentworth Condominium Corporation #375, respecting Waste Water Management for Condominium Properties, was approved.

(iii) Bryon Brown, President, Wentworth Condominium Corporation #236, respecting a solution to upgrade parking / signage to the network of Condominium Properties (Item 4.3)

The delegation request submitted by Bryon Brown, President, Wentworth Condominium Corporation #236, respecting a solution to upgrade parking / signage to the network of Condominium Properties, was approved.

The Rules of Order were waived to allow the delegations of Joe Monkley, Rob Evans and Bryon Brown, of the Wentworth Condominium Corporation (6, 375 and 236 respectively), to appear before Committee today, regarding the Condominium Corporation matters.

(e) Various Advisory Committee Minutes (Items 5.6 – 5.8)

The following Advisory Committee meeting minutes were received:

- (i) Hamilton Status of Women Committee Meeting Minutes, dated January 26, 2012 (Item 5.6)
- (ii) Lesbian, Gay, Bisexual, Transgender and Queer Advisory Committee Meeting Minutes, dated January 19, 2012 (Item 5.7)
- (iii) Hamilton Mundialization Committee Meeting Minutes, dated January 18, 2012 (Item 5.8)

(f) DELEGATIONS (Item 6)

- (i) **Ian Rowe, President, Wentworth Condominium Corporation 236, respecting the Hamilton Fair Tax Campaign for the Canadian Condominium Corporation Institute, Golden Horseshoe Chapter (Item 6.1(a))**

Mr. Rowe addressed Committee. Mr. Rowe's comments included, but were not limited to, the following:

- The Canadian Condominium Institute (CCI) is a Canada-wide, independent, non-profit organization, which was formed in 1982, and deals exclusively with condominium issues. CCI acts as a collective voice of condominiums with all levels of government, and assists its members in establishing and operating successful condominium corporations through publications, education programs and technical assistance.
- One in three homes built today are condominiums. In Hamilton, there are more than 36,000 condominium residents in almost 500 condominium settings.
- CCI has and will continue to lead the way in promoting and improving condominium living. That includes CCI providing leadership and coordination to the Condominiums' Fair Tax Campaign across Ontario.
- Condominium Corporations accumulate reserve funds for major infrastructure maintenance and replacement without current or future costs to the City.

- The condominium setting provides support and security to older citizens, relieving them of looking after their outside premises, lessening the burden on the City's social services.
- Larger scale condominium corporations provide extensive social and recreational services; thereby, reducing the load on the City's services.
- On a per hectare basis, condominiums contribute significantly more taxes than freehold residences.
- Condominiums carry a burden of double taxation. Condominiums are taxed identically to freehold urban residents, based on Current Value Assessment. Typical condominium fee costs per household, provided without cost to freehold private dwellings:
 - Some high-rise garbage and recyclables removal \$180
 - West Nile Control - Larviciding 8
 - Hydrant Inspections and Repairs 7
 - Catch Basin Cleaning and Maintenance 5
 - Waste Water Management 10
 - Street Lighting 39
- Not asking the City to larvicide the privately-owned catch basins.
- Condo developments do not automatically receive municipal services such as fire hydrant testing and repairs, street-lighting, sewer maintenance, larviciding for West Nile virus, snow plowing, city road signage, road maintenance, etc.
- Condominium corporations are forced to outsource for many municipal-type services through condo fees.
- CCI's Recommends that the City make a political commitment to reduce costs for condominium owners by initially: larviciding for West Nile control, hydrant inspections and repairs, catch basin cleaning and maintenance, and solutions for garbage and recyclables where it is not now in effect.

A full copy of CCI's presentation is available on-line at www.hamilton.ca, or through the Office of the City Clerk.

The presentation by Ian Rowe, President, Wentworth Condominium Corporation #236, respecting Fair Taxation for Condominium Corporations, was received.

(ii) Joe Monkley, Wentworth Condominium Corporation #6, respecting Pick-up of Garbage at Condominium Properties by the City of Hamilton (Item 6.2)

Mr. Monkley addressed Committee. Mr. Monkley's comments included, but were not limited to, the following:

- Mr. Monkley worked for the City of Hamilton for 32 years and is now retired and lives in a condo on Queenston Road (built around 1960).
- When Mr. Monkley originally moved into the condo (2003), the Superintendent had garbage bags in grey garbage bins. Once the garbage bags were full, they were removed from the bins and kept in a shed until it was time to put the garbage at the curbside. However, the animals were getting into the garbage bags before it could put out for pick up.
- The Superintendent brought in a bin to contain the garbage and a contractor now comes to pick it up.
- The blue bins (carts) are kept beside the garbage bin. The City currently comes to pick up the blue bins, which sit directly beside the garbage bin that is picked up by the contractor.
- The condominium corporation currently pays a contractor to come in and pick up the garbage bins.
- Compacting would be an ideal situation that would address the current garbage pick up issue.

The presentation provided by Joe Monkley, Wentworth Condominium Corporation #6, respecting pick up of garbage at condominium properties by the City of Hamilton, was received.

(iii) Ron Evans, President, Wentworth Condominium Corporation #375, respecting Waste Water Management for Condominium Properties (Item 6.3)

Mr. Evans addressed Committee. Mr. Evans' comments included, but were not limited to, the following:

- Garth Trails has a storm water retention pond. It is an important addition to any community, as it prevents flooding from excess storm water.
- It significantly benefits the residential homes to the south and west of the Garth Trails community.
- Prevents City's drainage system from overflowing.
- The pond needs to be inspected and monitored.

- Who is going to pay for the Garth Trails community storm water retention pond, which is approximately \$62,000 per year?
- Be fair to Garth Trails, whose owners are paying for the maintenance of other area retention ponds as well as their own.

This full presentation may be viewed on-line at www.hamilton.ca.

The presentation provided by Ron Evans, President, Wentworth Condominium Corporation #375, respecting Waste Water Management for Condominium Properties, was received.

(iv) Bryon Brown, President, Wentworth Condominium Corporation #236, respecting a Solution to Upgrade Parking / Signage to the Network of Condominium Properties (Item 6.4)

Mr. Brown addressed Committee. Mr. Brown's comments included, but were not limited to, the following:

- Chairman of the Board of Management for Twenty Place.
- The Twenty Place condominium corporation has worked with City of Hamilton before, and were very well received and treated fairly by the City.
- Last year Twenty Place ran into a problem with signage, and through Municipal Law Enforcement and Emergency Services, the matters were resolved and everyone's concerns were satisfied.
- Not looking for special treatment, just good government fairness.

The presentation provided by Bryon Brown, President, Wentworth Condominium Corporation #236, respecting a solution to upgrade parking / signage on the network of Condominium Properties, was received.

(g) Municipal Services and Property Taxation on Condominium Properties (FCS12020/PW12011) (Item 7.1)

Rob Rossini, General Manager, Finance & Corporate Services, provided a PowerPoint presentation respecting Report FCS12020/PW12011. The presentation outlined, but was not limited to, the following points:

Condominium's Claim:

- Condos are taxed the same as single family homes, but do not receive the same services.

- Condos pay twice for certain services (through property taxes and condo fees) = double taxation.
- Unfair treatment – compared to traditional non-condo housing, condos provide greater tax revenue to the City, with less cost to the City.

Condominium's Concerns:

- Services in question:
 - Garbage / Recycling Collection
 - Storm Sewer (catch basin) Cleaning
 - Fire Hydrant Testing
 - Parking / Signage
 - West Nile Control
 - Street Lighting

Condominium's Request:

1. Municipalities to provide condos the same services as non-condo homes; or,
2. Municipality to provide condos with rebates for services not provided; or,
3. Allow the City's contract prices for delivery of services to be used by condos; or,
4. Request that the Province establish a new property class for condos, with a lower tax rate than non-condos.

Background:

- Infrastructure within condominium complex is private property.
 - Some advantages in Planning process, when compared to non-condo homes.
 - Ability to increase density.
 - Buyer awareness of condo fees and service requirements.
1. Municipalities to Provide Condos the Same Services as Non-Condo Homes

Response:

- City provides services on public property.
- City does not provide services on private property, regardless if condo or non-condo.

- Responsibility lies with the property owner for maintenance within their private property.
- Implications for other property classes (i.e.: Multi-Residential, Commercial, and Industrial).

2. Municipalities to Provide Condos with Rebates for Services Not Provided

Response:

- Property taxes are not a fee-for-service, instead are a method of distributing the cost of public services/programs throughout the municipality.
- Property taxes paid by both condo and non-condo properties go towards public services / programs.
- Both condo and non-condo taxpayers benefit from municipal services.

3. Allow City's Contract Prices for Delivery of Services to be Used by Condos

Response:

- Staff are recommending: "That, in an effort to mitigate the cost of services undertaken by Condominium Corporations, City staff provide Condominium Corporations with a list of the City's current contractors and their respective pricing."
- Assists condos in their negotiations with contractors.
- CCI could also assist individual condos in their negotiations as additional leverage.

4. Request Province to Establish a New Property Class for Condos, with a Lower Tax Rate than Non-Condos

Response:

- According to the Association of Municipalities of Ontario (AMO), the Province has no appetite for establishing any new property classes.
- Marcel Beaubien recommended that condos remain in the residential property class: "The fundamental premise of our property tax system is that properties should be taxed on the basis of their market value, not on the basis of the relative use that property owners make of local services".

Summary:

- It is the responsibility of the property owner (both condo and non-condo) for maintenance within their private property.
- Property taxes are not a fee-for-service – fund public services / programs that both condo and non-condo benefit from.
- Significant liability issues (if assume responsibility for maintenance of private property).
- Equity issues as it pertains to other types of private property (i.e. multi-residential, commercial and industrial).
- Would set a potential expensive precedent and much higher costs – to be borne by all taxpayers.
- Buyers know their cost responsibilities before they buy their condo.

Example of Equitable Treatment:

- Two identical high-rise buildings:
 1. High-rise condo
 2. High-rise rental apartment
- Assuming no physical constraints, both receive the same waste collection.
- Both are responsible for snow removal, catch basin cleaning, fire hydrant testing, fire route signage, etc. on their private property.
- The City is responsible for snow removal, catch basin cleaning, fire hydrant testing, fire route signage, etc. on the public property surrounding both properties – which both benefit from.
- High-rise condo pays the lower Residential tax rate (however, may potentially have a higher assessed value) while high-rise rental apartment pays higher Multi-Residential tax rate (however, may potentially have a lower assessed value).

The staff presentation, respecting Report FCS12020/PW12011 – Municipal Services and Property Taxation on Condominium Properties, was received.

Councillor B. Clark wished to be recorded as OPPOSED to receipt of the staff presentation.

(h) Employee Absenteeism Performance Measures (Item 10.1)

Staff had requested that the matter, respecting the Employee Absenteeism Performance Measures, be referred to the May 16, 2012 General Issues Committee meeting for consideration, as the Executive Director of Human Resources was going

to be absent for the May 14, 2012 Audit, Finance & Administration Committee. The Committee was not in agreement with the request and directed staff to bring the report forward to an Audit, Finance & Administration Committee rather than the General Issues Committee.

The matter, respecting the Employee Absenteeism Performance Measures, was deferred to the June 11, 2012 Audit, Finance & Administration Committee.

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

11.1 Amendments to the Outstanding Business List

(a) The proposed new due dates for the following items, were approved:

- (i) Item "A" – Process of Appointment of Citizens to the Purchasing Review Sub-committee
Current Due Date: April 10, 2012
Proposed New Due Date: May 14, 2012
- (ii) Item "L" - Procurement Policy Stakeholder Consultation
Current Due Date: April 10, 2012
Proposed New Due Date: May 14, 2012

(j) ADJOURNMENT (Item 13)

There being no further business, the Audit, Finance and Administration Committee adjourned at 12:57 p.m.

Respectfully submitted,

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

Stephanie Paparella
Legislative Coordinator
April 10, 2012

City of Hamilton
Corporate Services Department
Taxation Division
Section "357" Appeals of the Municipal Act, 2001

Appeal No.	Property Address	Roll Number	Explanation	YEAR	Amount
357-11-186	322 Millen Rd	003130102000000	Demolition of free standing garage	2011	-71.38
357-11-187	260 Margaret St	003250274000000	Demolition of original structure new house under construction	2011	-909.59
357-11-223	23 Glengarry	003320314000000	Gross or Manifest Error in ground pool removed years ago	2011	-138.30
357-11-204	733 Green Mountain Rd	003510212000000	Tax Class Conversion all residential owner closed business after accident	2011	-1,284.60
357-11-106	Longwood Rd N	010056002300000	Exempt landlocked City property next to 403 is unusable	2011	-519.32
357-11-165	411 Wilson St	030213051900000	Demolition request denied house boarded up but still standing	2011	0.00
357-11-230	664-666 Main St E	030245061800000	Tax Class Conversion building used for day programs for developmentally disabled adults	2011	-4,263.03
357-11-259	150 Hillyard St	031247000710000	Gross or Manifest Error incorrect value on supp	2011	-37,080.71
357-11-229	385 Burlington St E	031789001000000	Demolition of structures on premises	2011	-56,560.86
357-11-044	155 Ottawa St N	040283087300000	Exempt Laidlaw church no longer leasing out their parking lot	2011	-2,560.63
357-11-208	145 Weir St N	040332521400000	Gross or Manifest Error detached garage has not existed for years	2011	-18.60
357-11-230	10 Elaine Ct	050362096200000	Demolition of in ground pool in October 2011	2011	-53.12
357-11-089	516 Parkdale Ave n	050401005200000	Demolition of buildings now vacant industrial lands	2011	-5,143.55
357-11-126	330 Nash Rd N	050481042400000	Demolition of buildings now vacant industrial lands	2011	-11,751.49
357-11-192	473 Melvin Ave	050492049400000	Tax Class Conversion now used as 100% residential	2011	-2,191.95
357-11-235	561 Quebec St	050501060700000	Demolition of original house and garage	2011	-675.63
357-11-181	368 Beach Blvd	050511026800000	Major Renovations house ripped out down to the studs	2011	-835.93
357-11-239	158 Stone Church Rd E	070861075300000	Gross or Manifest Error house in salvage condition	2011	-480.84
357-11-183	41 Eric Burke Ct	070871011900000	Demolition after house fire	2011	-1,310.80
357-11-194	366 Rymal Rd W	080961000500000	Demolition of in ground pool in 2009	2011	-170.44
357-11-210	0 Governors Rd	140110425500000	Exemption denied City property still being farmed	2011	0.00
357-11-211	3618 Governors Rd	140110428000000	Exemption denied City property still being farmed	2011	0.00
357-11-212	1180 Wilson St W	140220364000000	Demolition of old gas station in 2010	2011	-8,916.14
351.11-213	1180 Wilson St W	140220364000000	Demolition of Emma's in November of 2011	2011	-1,021.08
357-11-214	177 Lloyminn Ave	140230038000000	Gross or Manifest Error original house still showing on roll	2011	-2,475.87
357-11-240	177 Central Dr	140320206000000	Demolition of house and garage in November 2011	2011	-187.14
357-11-200	1208 Glancaster Rd	140420498000000	Exemption denied City property still being farmed	2011	0.00
357-11-179	25 Princess St	260180036000000	Demolition of original house and garage	2011	-875.50
357-11-177	67 Alma St	260180336000000	Demolition of original house and garage	2011	-2,494.99
357-11-216	1406 Gore Rd	301910626000000	Tax Class Conversion no longer running a home based business	2011	-1,538.69
				Total	-143,530.18

City of Hamilton
 Corporate Services Department
 Taxation Division
 Section "358" Appeals of the Municipal Act, 2001
 Realty Tax Applications for overcharges

B- overcharge (Assessment Roll)
 B1 -overcharged-application denied
 E - Exempt

Appeal No.	Property Address	Roll Number	Reason	Explanation	Year	Amount
358-11-126	23 Glengarry	003320314000000	B	The in ground pool was removed previous to current owners	2010	-134.44
358-11-127	23 Glengarry	003320314000000	B	purchase they were now aware it was on the roll	2009	-131.12
358-11-120	733 Green Mountain Rd	003510212000000	B	Business closed in 09 due to accident still on the roll as CT	2010	-1283.60
358-11-074	Longwood Rd N	010056002300000	E	Unusable lands abutting the 403 owned by the City	2010	-533.98
358-11-121	64-66 Blake St	030251006000000	B1	Appeals denied sale in 1990 owners have not submitted income	2010	0.00
358-11-122	64-66 Blake St	030251006000000	B1	information to MPAC therefore cannot determine if error occurred	2009	0.00
358-11-118	473 Melvin Ave	050492049400000	B	New owners using property as their residence no longer any CT	2010	-2161.24
358-11-128	561 Quebec St	050501060700000	B	Renovations turned into demolition new home under construction	2010	-802.20
358-11-112	368 Beach Blvd	050511026800000	B	The house was gutted in 08 due to financial set back house still	2010	-800.15
358-11-113	368 Beach Blvd	050511026800000	B	unliveable	2009	-754.61
358-11-114	41 Eric Burke Ct	070871011900000	B	Fire in 09 the house demolished still on the roll new house built	2010	-1941.14
358-11-119	366 Rymal Rd W	080961000500000	B	In ground pool removed in 09 still on the roll	2010	-169.86
358-11-123	177 Lloyminn Ave	140230038000000	B	New owners discovered original house still on the roll	2010	-799.11
				TOTAL		-9,511.45

**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2011-10
HUMAN RESOURCES (HR) - GRIEVANCE PROCESSES**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
1.	<p><u>Grievance Deadlines</u></p> <p>Collective agreements outline timelines and deadlines which govern the grievance process. For instance, grievances must be filed within a specific number of days from the incident date giving rise to the issue for the grievance to be valid. Several deadlines may be associated with a single grievance depending on how far the grievance proceeds through the process.</p> <p>Deadlines were surpassed by both the Unions and City in 12 of 34 (35%) and 15 of 24 (44%) grievances tested, respectively. In several instances, the Union and City both surpassed deadlines for the same grievance. In all cases, no agreed upon extensions were documented in the files.</p> <p>Internal Audit could not assess actual timelines in 19 of 34 (56%) grievances tested due to not knowing the incident date or when correspondence was received from the Union as Labour Relations did not stamp or note the receipt date on the correspondence.</p> <p>In instances where the grievance date was noted by Labour Relations, it was the date on which the Union representative signed the grievance form rather than the receipt date. This skews the timeline monitoring.</p> <p>By not accurately monitoring deadlines, the City may incur settlement, legal, mediation and arbitration costs for grievances that should not have been entertained. Also, surpassed deadlines cannot be used as a defense in denying grievances in mediation and arbitration hearings.</p>	<p>That Labour Relations staff create union-specific forms for grievance files to monitor deadlines. This information can be used to assess the Section's performance in handling grievances.</p> <p>That Labour Relations staff record in the grievance file the date on which correspondence is received from Unions.</p>	<p>Agreed. Effective immediately, timeline extensions agreed to by the parties will be formalized, in writing, with a copy of such agreement to be included in the grievance and/or file.</p> <p>Agreed. Effective immediately, all grievance forms will be date stamped by Human Resources/Labour Relations (HR/LR) upon receipt. A copy of the date stamped documentation shall be kept in the grievance and/or arbitration file.</p> <p>While it is unlikely that the City would be at risk for incurring legal, mediation or arbitration costs as a result of surpassed timelines, it is agreed that tracking timelines would provide for a more efficient and tighter process.</p>

HUMAN RESOURCES (HR) - GRIEVANCE PROCESSES
JANUARY 2012

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
2.	<p><u>Inadequate Documentation</u></p> <p>Grievance documentation is not consistent, complete or sufficient in many cases.</p> <p>In 14 of 17 (82%) grievances tested that were heard or settled at the department level, files did not contain the department response, minutes or supporting documentation. Three of ten (30%) settled cases did not document the settlement terms. Three of five (60%) withdrawn grievances tested were not accompanied by a formal written withdrawal from the Union.</p> <p>Other examples of inadequate documentation were observed in selected files, the more pervasive ones being lack of:</p> <ul style="list-style-type: none"> • Witness and management statements and other evidence to support Labour Relations' position and prove adequate due diligence occurred; • Meeting minutes in the paper file; and • Requests from the Union to escalate the grievance through the process. 	<p>That Labour Relations create and distribute a form to all department staff which summarizes required information in regard to grievances settled at the department level. Labour Relations Officers should review and initial these forms before grievances are closed in the database.</p> <p>That Labour Relations determine necessary documentation that is required in a grievance file and communicate this as part of a procedure, guideline or checklist. Staff should then be trained in this regard.</p>	<p>Agreed. Effective Sept. 1, 2012, any grievances heard at Step 1 must be formally recorded on a form issued through Labour Relations (LR). Such forms will be developed and distributed to operating departments for completion at the Step 1 Level. The form will require the Manager to provide full details of the matter, including settlement details and associated costs (if any). These forms will be returned to Labour Relations for recording purposes only.</p> <p>Agreed. Effective Sept. 1, 2012, a "check-list" form will be implemented for all grievance files. This "check-list" will itemize all particulars to be included for proper completion of a grievance file. This form will also include entry of settlement related costs for said grievance and/or arbitration. Once reviewed and completed, the appropriate Labour Relations Officer (LRO) will sign-off on the grievance / arbitration file.</p>

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2.	<p><u>Inadequate Documentation (Cont'd.)</u> Lack of monitoring at the department level increases the risk that grievances are not resolved in a consistent manner and unfavorable precedents are set which may result in higher settlement costs. Labour Relations may not identify training opportunities to assist departments in handling complaints and grievances.</p> <p>Documentation must be complete to support the City's defense should the grievance proceed to mediation or arbitration. It provides reference for future grievances and proves the City's compliance with collective agreement provisions.</p>		

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3.	<p><u>Inaccurate Database Information</u></p> <p>Grievance information compiled in the Labour Relations Information System (LRIS) database is not accurate.</p> <p>The level (i.e. department, Labour Relations, mediation, arbitration) or status (i.e. active, closed, settled, withdrawn) of grievances reported in LRIS was not accurate for 11 of 34 (32%) grievance files tested.</p> <p>In several instances, legal, mediation and arbitration costs were incorrectly classified as settlement costs, assigned to the wrong grievance file, inaccurately allocated between groups of grievances or not captured in LRIS, at all.</p> <p>LRIS automatically assigns the next sequential grievance number when a grievance is entered in the database. This application control provides assurance that information in the database is complete. Internal Audit discovered one sequential grievance number that was deleted in its entirety from the database. Although Labour Relations staff identified the grievance as a duplicate entry, circumventing application controls increases the risk that grievances in the database are not complete.</p> <p>Currently, information from LRIS is used to compile data reported to the General Issues Committee (GIC) on an annual basis. As a result, data contained within LRIS must be accurate to aid in strategic, operating and budgeting decision-making.</p>	<p>That Labour Relations develop a better process for entering and reviewing grievance information in LRIS. For example, Labour Relations Officers may be trained to enter information in LRIS which is reviewed by the Labour Relations Analyst when the grievance file is compiled.</p> <p>That Labour Relations work with PeopleSoft programmers to create a specific grievance category, level or status to capture erroneous or duplicate grievances rather than deleting the entire record from the database.</p>	<p>Agreed, in part. Effective immediately, all grievance files shall be housed in the "corporate" LR office. This will help avoid lag time in recording data into LRIS. Having the LROs enter information into LRIS is not recommended as this process may lead to inaccuracies and inconsistencies that will ultimately have an adverse impact on LR Reporting.</p> <p>Agreed. Effective immediately, a PeopleSoft program has been implemented that flags an "error" in the event there is an entry for the same grievance into LRIS. Consequently, there will no longer be any duplication of entries. As well, there will no longer be a need to delete (inaccurate) entries from the system.</p>

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4.	<p><u>Training Workshop Availability</u></p> <p>The Labour Relations training initiative, <i>Essentials of Managing in a Unionized Workplace</i> was offered to non-unionized managers. This training program consists of the following five workshops:</p> <ul style="list-style-type: none"> • Introduction to Labour Relations (prerequisite for all other workshops); • Grievance Handling; • Investigations; • Performance Management and Progressive Discipline; and • Labour Management Meetings, Relationship Building and Negotiations. <p>Close to two years after the launch, training has yet to be extended to unionized managers.</p> <p>Fourteen workshops were held in 2010, consisting of nine introductory and five grievance handling sessions. The number of workshops decreased to one grievance handling and four performance management sessions in 2011. The introductory workshop was not offered in 2011. The investigations and negotiations courses are yet to be provided.</p> <p>There is no indication in Labour Relations' strategic or operational plans of an action plan to roll out training to all staff.</p> <p>Lack of training increases the risks of grievances not being handled correctly, resolved in a consistent manner and setting unfavorable precedents which may result in a higher number of grievances and settlement costs.</p>	<p>That Labour Relations develop a realistically achievable action plan to roll out <i>Essentials of Managing in a Unionized Workplace</i> training to all non-union and unionized supervisors and managers. The action plan should outline responsibility for accomplishing tasks, related timelines, performance measures and required resources.</p>	<p>Agreed. Implementation of final module of <i>Essentials of Managing in a Unionized Workplace</i> (Collective Bargaining and Attendance Management) will be introduced by Sept. 30, 2012. Effective Jan. 1, 2013, LR will offer a modified version of the Training Program (geared towards unionized managerial staff within C1041 union group). Overall completion of the secondary training program for all four modules is expected to be finalized by Dec.31, 2015. LR will continue with on-going delivery of the training program for all non-union management employees.</p>

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5.	<p><u>Completeness and Accuracy of Reported Costs</u> The <i>Labour Relations Grievance Activity Reporting & Analysis</i> report presented to the GIC on August 9, 2011 reported costs incurred for mediators, arbitrators and legal counsel. However, in Internal Audit's testing, it was noted that grievance settlements paid to the grievor were not included as costs.</p> <p>The Labour Relations (LR) Cost Spreadsheet is used to accumulate legal, mediation and arbitration costs to be reported in the GIC report. Expenses of \$645,167 have been incurred for 2011. Approximately 48% of these costs do not specifically pertain to grievance activity. The more significant unrelated costs include fees associated with the Carpenters' litigation against and collective bargaining with the City and non-union termination fees. Only costs associated directly with grievance activity should be included in the GIC report.</p>	<p>That Labour Relations track all settlement costs in LRIS. This information should be included in the annual grievance activity reported to GIC.</p> <p>That Labour Relations include only costs associated with grievances in their annual GIC report.</p>	<p>Agreed. Once Step 1 forms are introduced by Sept. 1, 2012, all settlement costs will be included in the LRIS database. Such information will also be reported in an annual Grievance Activity Report to the General Issues Committee (GIC). As well, all settlement costs arising from grievances and/or arbitration activity shall be recorded and reported on an annual Grievance Activity Report to GIC.</p> <p>Agreed. All non-grievance and non-union related costs (e.g. legal expenses related to Carpenters' litigation and non-union terminations) will be recorded and reported on separately in an annual report to GIC.</p>

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5.	<p><u>Completeness and Accuracy of Reported Costs (Cont'd.)</u></p> <p>Internal Audit also identified formula and calculation errors as well as invoices that were not captured in the LR Cost Spreadsheet. Even though these errors would be identified as part of the annual reconciliation with PeopleSoft, the identification and correction of errors is not timely.</p> <p>Cost information must be accurate and complete in order for management and Council to make informed strategic, operating and budgeting decisions throughout the year.</p>	<p>That Labour Relations reconcile grievance-related costs to those reported in PeopleSoft on at least a quarterly basis.</p>	<p>Agreed. However, the effort required to reconcile these two systems will be very time consuming and onerous. Changes are required to methods used in recording these costs in the PeopleSoft system in order to facilitate the reconciliation. Staff will design a system going forward that will reconcile the LRIS with the PeopleSoft system. Anticipated to be implemented by January, 2013.</p>
6.	<p><u>Inefficient Use of Resources</u></p> <p>Legal, mediation and arbitration costs are recorded in both LRIS and the LR Cost Spreadsheet by two different staff members. Information pertaining to the grievance, which is already inputted in LRIS, is manually entered again in the LR Cost Spreadsheet. LRIS has the ability to capture the same invoice details and notes which are manually entered into the LR Cost Spreadsheet.</p> <p>Recording all information in LRIS and building reports to extract this information for reporting and reconciliation purposes will eliminate duplication of effort and make more efficient use of human and technological resources.</p>	<p>That Labour Relations record all legal, mediation and arbitration cost information in LRIS and discontinue use of the LR Cost Spreadsheet.</p> <p>That Labour Relations work with Information Systems to develop an LRIS report to extract grievance and cost information required for reporting and reconciliation purposes.</p>	<p>Agreed. Effective immediately, use of the Excel spreadsheet recording for legal and arbitration expenses will be eliminated. Also see Management Action Plan #5 above.</p> <p>Agreed. Staff will immediately undertake a review of grievance and cost information to be included in the LRIS Report. All previously recorded grievance related costs on Excel spreadsheets will now be incorporated into LRIS.</p>

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#	<u>OBSERVATIONS OF EXISTING SYSTEM</u>	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
7.	<p><u>Goals and Performance Measures</u></p> <p>Labour Relations' overall objectives are to reduce grievances, improve labour relations and control costs. Labour Relations' strategic and operational plans do not contain a statement of objectives, specific goals, action plans or performance measures.</p> <p>In the <i>Labour Relations Grievance Activity Reporting & Analysis</i> report presented to the GIC on August 9, 2011, Labour Relations committed to working closely with operating departments as well as other human resources areas to determine effective strategies for better managing matters related to promotion, over-time and discipline, some of the major reasons for grievances. Although this goal was not explicitly communicated to staff, Labour Relations Officers provided evidence of activities throughout the year to try managing grievances within specific departments. These initiatives are not formally tracked or monitored. The ability to achieve and report on goals may be difficult if management does not track results.</p> <p>Goals, performance measures, monitoring and feedback are required to ensure Labour Relations initiatives are constructive and in line with the Corporate Strategic Plan.</p>	<p>That Labour Relations create specific strategic and operational goals to guide activities in the department. Goals should be supported by an action plan outlining responsibilities for accomplishing more specific tasks, related timelines, performance measures and required resources.</p> <p>That Labour Relations adopt additional performance measures that assess the effectiveness and efficiency of complaint and grievance handling. Measures that may be considered include:</p> <ul style="list-style-type: none"> • Number of active, withdrawn, settled and closed grievances as a percentage of grievances received; • Number of grievances settled by a department, Labour Relations, mediation and arbitration as a percentage of settled grievances; • Average length of time and legal / settlement costs incurred to settle grievances; • Number and percentage of employees trained in grievance processes; and • Percentage of participants who were satisfied with the quality of training provided. 	<p>Agreed. Operational specific recommendations and associated action plans from the LR Activity Report shall be included as a standing item on all monthly LR team meetings.</p> <p>Agreed, in part. Performance measures such as average time for closed files, settlement costs, training satisfaction ratings, percentage of training activity, etc. shall be incorporated, effective immediately.</p> <p>However, in many cases, grievances remain "dormant" since there has not been any request for further activity or action by the Union on a file. To draw attention for purposes of reporting settled and closed grievances may be ill advised as it may provoke unnecessary and costly litigation.</p>