



**GENERAL ISSUES COMMITTEE
2016 RATE BUDGET WORKSHOP
MINUTES 15-021**

1:30 p.m.

Monday, November 2, 2015

Council Chambers

Hamilton City Hall

71 Main Street West

Present: Mayor F. Eisenberger, Deputy Mayor D. Conley (Chair)
Councillors A. Johnson, M. Green, S. Merulla, C. Collins, T. Jackson, M. Pearson, B. Johnson, A. VanderBeek, R. Pasuta, R. Partridge

**Absent
with Regrets:** Councillors J. Farr, L. Ferguson – Personal
Councillor T. Whitehead – Other City Business

FOR THE INFORMATION OF COMMITTEE:

(a) CHANGES TO THE AGENDA (Item 1)

There were no changes to the agenda.

(A. Johnson/A. VanderBeek)

That the agenda for the November 2, 2015 General Issues Committee Rate Budget Workshop meeting be approved, as presented.

CARRIED

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING (ITEM 3)

(i) October 16, 2015

(B. Johnson/A. Johnson)

That the Minutes of the October 16, 2015 meeting be approved, as presented.

CARRIED

(d) **PRESENTATIONS (Item 3)**

(i) **Overview of the 2016 Rate Budget (Item 3.1)**

Gerry Davis, General Manager, Public Works Department, provided a high level introduction of the 2016 Rate Budget overview.

Dan McKinnon, Director, Hamilton Water, provided the first portion of the PowerPoint presentation, respecting the Wastewater/Storm Rate Budget that included, but was not limited to, the following:

Wastewater/Storm Rate Budget

Overview

- Consumption:
 - Industrial/Commercial/Institutional and Multi-Residential Water Consumption
 - Residential Water Consumption
 - Annual Actual Consumption per Average Household
 - Factors Driving the Consumption Decline:
 - High Efficiency plumbing fixtures and indoor appliances
 - Customer conservation ethic and awareness
 - Water metering programs
 - Changes in regulations i.e. building codes
 - Decreasing average household size
 - Benefits of Reduced Consumption:
 - Provides opportunity to optimize existing treatment facilities:
 - Wastewater Treatment Plant expansion not required this decade relieving significant rates pressure to existing customers
 - Reduced power consumption & chemical usage not only lowers operating costs but also provides environmental benefits such as reduced carbon footprint & waste streams

- Rate Budget History: 2001 to 2015
- Senior Government Grants: 1990 to 2015
- Rate Revenues: 2007 to 2016
- Average Household Cost: 2007 to 2016
- Financial Challenges:
 - Unsustainable Funding for Storm Capital Program.
 - Sustainability of grant programs (Protective Plumbing, Compassionate Grants for flooding and frozen services).
 - Council priority road projects that may lead to rate supported coordinated works occurring years before pipelines would otherwise require replacement per related asset management plans.
 - Maintaining high level of senior government grants to support increasing capital needs.
 - Reduced consumption creates revenue declines with nearly 90% of utility's costs fixed in nature and continuing to rise.
 - Need to meet the challenge of reduced demand by incorporating expected decline into long-term financial plan.
 - Rate budget currently being developed incorporates approximately 1% decline in annual residential consumption.
- Next Steps:
 - Nov 27, 2015: GIC - 2016 Rate Budget Approval
 - Dec 4, 2015: GIC - 2016 Rate Budget Approval (if required)
 - Jan 1, 2016: Effective date of 2016 Rates and Fees

Brian McMullen, Director, Financial Planning & Policy, provided the balance of PowerPoint presentation respecting the Overview of the 2016 Rate Budget. The presentation included, but was not limited to, the following:

- Hamilton Water Operates and Maintains (Inventory Assets 2013 values):
 - Water (\$2.771 Billion)
 - 1 water treatment plant
 - 21 storage facilities
 - 2,013 km of mains
 - 25 water pumping stations
 - 4 communal systems
 - 2 surge tanks
 - 12,118 hydrants
 - 19,885 valves and chambers
 - 143,826 water meters
 - Wastewater (\$4.419 Billion)
 - 2 wastewater treatment plants
 - 9 CSO tanks
 - 72 pumping stations
 - 20 wastewater control gates
 - 22,177 maintenance holes
 - 1,270 km of sewer lines
 - 488 km of interceptors + trunk
 - 139,588 sewer laterals
 - Stormwater Minor/Major Systems (\$1.996 Billion)
 - 1,113 km of storm sewers
 - 16,665 manholes
 - Capital planning
 - Storm water major systems managed by Operations Division
 - Hamilton Water Leadership Team
 - Priority Projects and Budget Highlights
 - Woodward Upgrade
 - Biosolids Management (P3 Canada)
 - Randle Reef
 - Hamilton Harbour Remedial Action Plan (RAP)
 - Production/Consumption/Wastewater Plant Flows
 - Complement Outlook
 - 2016 Complement Request
 - Pressures/Alerts

(Pearson/VanderBeek)

That the presentation respecting the 2016 Rate Budget, be received.

CARRIED

A full copy of the presentation is available on the City's web site or through the Office of the City Clerk.

(d) ADJOURNMENT (Item 5)

(Pearson/B. Johnson)

That, there being no further business, the General Issues Committee, be adjourned at 3:27 p.m.

CARRIED

Respectfully submitted,

Deputy Mayor C. Conley
Chair, General Issues Committee

Stephanie Paparella
Legislative Coordinator
Office of the City Clerk