



**GENERAL ISSUES COMMITTEE
2017 RATE BUDGET
REPORT 16-030**

9:30 a.m.

Friday, November 18, 2016

Council Chambers

Hamilton City Hall

71 Main Street West

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

**Absent with
Regrets:** Councillors A. Johnson, D. Conley - Personal

**THE GENERAL ISSUES COMMITTEE PRESENTS REPORT 16-030 AND
RESPECTFULLY RECOMMENDS:**

**1. Horizon Utilities Water and Wastewater 2017 Service Activity Report
(FCS16078) (City Wide) (Item 5.1)**

That Report FCS16078, respecting the Horizon Utilities Water and Wastewater 2017 Service Activity Report, be received.

**2. 2017 Recommended Water, Wastewater and Stormwater Budget
(FCS16079) (City Wide) (Item 5.3)**

(a) That the metered water consumption charges for residential properties in the City of Hamilton be imposed at the following rates, as of January 1, 2017:

Monthly Water Consumption (m3)	Rate (\$/m3)
0 – 10	0.72
10 +	1.43

- (b) That the metered water consumption charge for commercial, industrial, institutional, and multi-residential (bulk meter) properties in the City of Hamilton be imposed at the rate of \$1.43 per cubic metre, as of January 1, 2017;
- (c) That daily water fixed charges for all properties in the City of Hamilton be imposed at the following rates, as of January 1, 2017:

Meter Size	Daily Water Rate
15 mm	\$ 0.33
16 mm	\$ 0.33
20 mm	\$ 0.33
25 mm	\$ 0.83
38 mm	\$ 1.65
50 mm	\$ 2.64
75 mm	\$ 5.28
100 mm	\$ 8.25
150 mm	\$ 16.50
200 mm	\$ 26.40
250 mm	\$ 37.95
300 mm	\$ 56.10

- (d) That the wastewater / storm treatment charges for residential properties in the City of Hamilton be imposed at the following rates, effective January 1, 2017:

Monthly Water Consumption (m3)	Rate (\$/m3)
0 – 10	0.77
10 +	1.54

- (e) That the wastewater / storm treatment charge for all commercial, industrial, institutional, and multi-residential (bulk meter) properties in the City of Hamilton be imposed at the rate of \$1.54 per cubic metre, effective January 1, 2017;

- (f) That daily wastewater / storm fixed charges for all properties in the City of Hamilton be imposed at the following rates, effective January 1, 2017:

Meter Size	Daily Wastewater / Storm Rate
15 mm	\$ 0.34
16 mm	\$ 0.34
20 mm	\$ 0.34
25 mm	\$ 0.85
38 mm	\$ 1.70
50 mm	\$ 2.72
75 mm	\$ 5.44
100 mm	\$ 8.50
150 mm	\$ 17.00
200 mm	\$ 27.20
250 mm	\$ 39.10
300 mm	\$ 57.80

- (g) That the residential non-metered annual water rate be imposed at the flat rate of \$521.95 per annum, effective January 1, 2017;
- (h) That the residential non-metered annual wastewater / storm rate be imposed at the flat rate of \$562.10 per annum, effective January 1, 2017;
- (i) That the residential combined non-metered annual water and wastewater / storm rate be imposed at the flat rate of \$1,084.05 per annum, effective January 1, 2017;
- (j) That the Private Fire Line rates be imposed at the following rates, effective January 1, 2017:

Connection Size		Monthly Rate
mm	inches	
25	1.0	\$ 3.15
38	1.5	\$ 7.25
50	2.0	\$ 12.60
75	3.0	\$ 28.35
100	4.0	\$ 50.40
150	6.0	\$ 113.40
200	8.0	\$ 201.60
250	10.0	\$ 201.60
300	12.0	\$ 201.60

- (k) That the 2017 Water, Wastewater & Storm Proposed User Fees and Charges be imposed as per Appendix "A" to Report 16-030, effective January 1, 2017;
- (l) That the 2017 Water, Wastewater and Stormwater Rate Supported Operating Budget in the amount of \$200,669,620 be approved as per Appendix "B" to Report 16-030;
- (m) That the long-term financing plan for the Water, Wastewater and Stormwater programs and related rate increases required to meet sustainable financing, as identified in the 2017-2026 Water, Wastewater and Stormwater Rate Supported Operating Budget forecast (Appendix "B" to Report 16-030) be approved in principle;
- (n) That the 2017 Water, Wastewater and Stormwater Rate Supported Capital Budget and Financing Plan in the amount of \$186,700,000 be approved as per Appendices "C", "D", "E" and "F" to Report FCS16079;
- (o) That the 2017-2026 Water, Wastewater and Stormwater Rate Supported Capital Budget forecast and financing plan (Appendix "G" to Report FCS16079) be approved in principle;
- (p) That, subject to final audit, the Disposition of 2016 Year-End Rate Supported Operating Budget Surplus, if realized, be approved for transfer to the Wastewater Reserve (108005);
- (q) That the City Solicitor be authorized and directed to prepare, for Council approval, all necessary by-laws respecting the 2017 water and wastewater / storm user fees, charges and rates set out in recommendations (a) through (k) of Report FCS16079.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

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

1. PRESENTATIONS

An additional presentation, respecting the 2017 Tax and Rate Budget Overview, has been added and will be placed on the agenda as the new Item 5.2; renumbering the existing 5.2 to 5.3.

2. DISCUSSION ITEMS

- 6.1 Sewer Lateral Cross Connection Program Extension (PW14028(a)) (City Wide) (Referred from the November 14, 2016 Public Works Committee meeting)

3. NOTICES OF MOTION

- 7.1 Options and Alternatives to Address the City's Current Fiscal Challenge

The agenda for the November 18, 2016 General Issues Committee Budget meeting was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) PRESENTATIONS (Item 5)

(i) Horizon Utilities Water and Wastewater 2017 Service Activity Report (FCS16078) (City Wide) (Item 5.1)

Eileen Campbell, Vice President of Customer Services, Horizon Utilities, addressed Committee respecting the Horizon Utilities Water and Wastewater 2017 Service Activity Report. Ms. Campbell's presentation included, but was not limited to, the following:

- o Continuous Improvement Highlights
 - To enhance internal processes, Horizon Utilities assisted the City with the following activities:
 - Horizon Utilities worked with the City to develop an Extraordinary Circumstance Bill Adjustment Policy;
 - Horizon Utilities supplied incremental water billing data for 2014, 2015 and 2016, which was utilized to perform revenue validation;

- Horizon Utilities worked with the City to create a new Meter Testing Request Form and enhanced / streamlined process for customers;
 - 17% reduction in the number of estimated accounts due to efforts of Horizon Utilities and Hamilton Water;
 - Continued emphasis on customer education and holistic, proactive service while resolving customer concerns; and,
 - Horizon Utilities' continues to evolve its website with dedicated water/wastewater services section to best serve its online viewers.
- o Customer Service and Accessibility
 - Continued focus on accessibility for customers at peak times of the day, month, and year through enhanced agent scheduling.
 - 82% service level achieved while answering 5% more calls from customer due to high consumption / bills from unusually hot summer.
 - 91% Call Quality Score
 - o Looking Ahead
 - Potential optimization / automation of service orders between Hamilton.
 - Water and Horizon Utilities
 - Investigation / Work Estimate is in Progress
 - Implementation of Electric Monthly Billing
 - Continued Excellent Customer Care through Transition to MergeCo

The presentation, respecting Horizon Utilities Water and Wastewater 2017 Service Activity Report, was received.

Council – November 23, 2016

A copy of the presentation is available on the City's website at www.hamilton.ca or through the Office of the City Clerk.

For disposition of this matter, please refer to Item 1.

(ii) 2017 Tax and Rate Budget Overview (Item 5.2)

Mike Zegarac, General Manager of Finance & Corporate Services, addressed Committee respecting the 2017 Tax and Rate Budget Overview. Mr. Zegarac's presentation included, but was not limited to, the following:

- o Rate Budget
 - 2017 Preliminary Rate Operating Budget – Average Residential Impact

- o Tax Budget
 - 2017 Preliminary Rate Operating Budget – Average Residential Impact Before Growth and Reassessment
 - Tax Impact
 - Tax Impact with Growth and Reassessment
 - Potential Municipal Impact by Ward
 - Tax Levy Increase
 - Budget Schedule

The presentation, respecting the 2017 Tax and Rate Budget Overview, was received.

A copy of the presentation is available on the City's website at www.hamilton.ca or through the Office of the City Clerk.

Staff was directed to compile a list that illustrates the City of Hamilton's provincially mandated, non-discretionary budget obligations and the City's discretionary budget items and report to the General Issues Committee through the 2017 budget process.

(iii) 2017 Recommended Water, Wastewater and Stormwater Budget (FCS16079) (City Wide) (Item 5.3)

Dan McKinnon, General Manager of Public Works, addressed Committee respecting the 2017 Recommended Water, Wastewater and Stormwater Budget, and introduced the presentation. Mark Bainbridge, Acting Director of Hamilton Water; and, Andrew Grice, Director, Water & Wastewater Operations continued with the presentation. The presentation included, but was not limited to, the following:

- o Program Overview
- o Planning and Capital Review
- o Operations Review
- o Compliance and Regulations Review
- o Woodward Upgrades and Biosolids Update
- o Director's Overview
- o Staffing and Resources
- o Cost Categories, Revenues and Reserves

The presentation, respecting the 2017 Recommended Water, Wastewater and Stormwater Budget, was received.

A copy of the presentation is available on the City's website at www.hamilton.ca or through the Office of the City Clerk.

For disposition of the matter above, please refer to Item 2.

Committee waived the PowerPoint presentation respecting the 2017 Recommended Water, Wastewater and Stormwater Budget: 2017 Water, Wastewater and Stormwater Budget Rate Budget.

A copy of the presentation is available on the City's website at www.hamilton.ca or through the Office of the City Clerk.

Sub-section (p) to Report FCS16019, respecting the 2017 Recommended, Wastewater and Stormwater Budget, which reads as follows, was referred back to staff for preparation of a justification report respecting the 6.0 FTEs requested, with that report being brought back to the General Issues Committee 2017 Operating Budget process:

- (p) That the additional 6.0 Full Time Equivalent Rate Supported Staffing be approved as per Appendix "F" to Report FCS16079;

For further disposition of this matter, please refer to Item 2.

(d) MOTIONS (Item 7)

(i) Options and Alternatives to Address the City's Current Fiscal Challenge (Item 7.1)

WHEREAS, the City of Hamilton has experienced one of Ontario's lowest tax increases over the last eight years;

WHEREAS, the Preliminary 2017 Budget reflects an outlook that is approximately \$33M over and above Council's target of 1.8%;

WHEREAS, the reassessment shifts will impact affected residential properties over the current assessment period of 2017-2020;

WHEREAS, opportunities may exist to consolidate service delivery and find sustainable savings through measures such as eliminating long term vacancies, and attrition; and

WHEREAS, other revenue generating and/or tax savings opportunities having little or no adverse impact on service delivery should also be considered;

THEREFORE BE IT RESOLVED:

Staff was directed to investigate financially appropriate methods to address the City's current fiscal challenge and opportunities for savings and/or revenue generation; wherein it is operationally feasible and can be achieved with minimal adverse service level impacts, and report back to a

Council – November 23, 2016

General Issues Committee Budget meeting in January 2017 with a list of proposed options and alternatives.

(e) NOTICES OF MOTION (Item 8)

Councillor C. Collins introduced the following Notice of Motion:

(i) Options and Alternatives to Address the City's Current Fiscal Challenge (Item 8.1)

WHEREAS, the City of Hamilton has experienced one of Ontario's lowest tax increases over the last eight years;

WHEREAS, the Preliminary 2017 Budget reflects an outlook that is approximately \$33M over and above Council's target of 1.8%;

WHEREAS, the reassessment shifts will impact affected residential properties over the current assessment period of 2017-2020;

WHEREAS, opportunities may exist to consolidate service delivery and find sustainable savings through measures such as eliminating long term vacancies, and attrition; and

WHEREAS, other revenue generating and/or tax savings opportunities having little or no adverse impact on service delivery should also be considered;

THEREFORE BE IT RESOLVED:

That the City Manager be directed to investigate financially appropriate methods to address the City's current fiscal challenge and opportunities for savings and/or revenue generation; wherein it is operationally feasible and can be achieved with minimal adverse service level impacts, and report back to a General Issues Committee Budget meeting in January 2017 with a list of proposed options and alternatives.

The Rules of Order were waived to allow for the introduction of Motion respecting Options and Alternatives to Address the City's Current Fiscal Challenge.

(f) ADJOURNMENT (Item 9)

There being no further business, the General Issues Committee (2017 Rate Budget) adjourned at 1:46 p.m.

Respectfully submitted,

B. Johnson, Deputy Mayor
Chair, General Issues Committee

Stephanie Paparella
Legislative Coordinator
Office of the City Clerk