

Pilon, Janet

Subject: AFA Oct 5th Request for Special Levy Audit - correspondence please.

From: Gabriel Nicholson

Sent: October-03-17 7:39 PM

To: Skelly, Donna

Cc: Stevenson, Kirsten; Murray, Chris; Brown, Charles; Farr, Jason; Office of the Mayor

Subject: AFA Oct 5th Request for Special Levy Audit - correspondence please.

RE:

Area Rating Special Capital Re-Investment Special Levy and Policy

Hello,

I would like to request that the City of Hamilton fully audit the expenditures and processes of the monies provided by the Special Levy applied to Wards 1-8 annually from 2011 to today, in time for the 2018 budget process.

What happened to the \$54 million dollars?

The intention of a Special Levy is to provide an additional service or special benefit which only a particular area receives. In Hamilton's case, this was added due to a change in taxation using a rural/urban model as well as removal of some services from area rating when Wards 1-8 taxes needed to be artificially inflated because of disparities with the other communities.

In 2012, council adopted the Area Rating Special Capital Re-investment Policy (report FCS12024) to address these monies and determined pooling the money amongst Wards 1-8 evenly was the best course of action. The purpose of this policy is to ensure that the Area Rating Special Capital Re-Investment is managed in a transparent and effective manner.

In the Tax Bylaw 17-101, the Special Levy is identified as "Infrastructure Renewal". Everyone in Hamilton knows that we have a \$2-3 Billion dollar deficit when it comes to our crumbling infrastructure.

Every year, Wards 1-8 pay almost 14 million dollars into this Special Levy to address these needs, ward by ward.

Is this effective?

An audit will determine this, and provide the information required to assess whether this Special Levy should be continued past 2017.

Staff recommended in report FCS12024 that "beyond 2012, projects should be brought forward in conjunction with the annual capital budget process".

This is not happening today. Councillors submit ideas to GIC or council which are just rubberstamped, with no discussion.

In my correspondence to council for September 13th 2017, I asked that the Ward 3 Councillor's motion for \$300,000 to be diverted to the school board be referred to the capital budget process. The clerk recommended my correspondence to be referred to the item, but on the Councillor's seconding that was changed to received, with no discussion.

As part of the policy that council adopted, Special Levy projects are supposed to go to the capital budget process with an attached Capital Detail Sheet (Appendix B of FCS12024).

Time and time again this does not happen.

On October 21st 2016, the ward 1 Councillor submitted a list for for Area Rated Expenditures that included \$65,000 to a third party charity. There were no Capital Detail Sheets attached to the motion for any of the listed projects and subsequently the charity donation was dropped that day until it resurfaced at council where it passed on January 25th 2017.

A motion was recently approved to use Ward 1 funds to address a 'shortfall' at the Locke Library extension project. No Captial Detail Sheet was submitted and the shortfall of \$100,000 according to someone familiar with the project is

"The funds approved at GIC is to ensure that the added scope of a barrier free washroom could be included and the Councilor agreed to make additional ward funds available. The additional costs are based on the construction costing estimate that is prepared in the latter part of the design phase and prior to tendering."

Adding onto the project is not "a shortfall". Yet the Councillor's motion, approved by council, stated exactly that.

A notice of motion is on the agenda of the Oct 4th GIC to give money to a private, not-for profit corporation to fix up their building. This has absolutely nothing to do with city owned infrastructure.

I can tell you today that in my opinion the Area Rating Policy should be revoked until an alternative can be devised.

The idea that Ward 7 pays almost \$2.4 million dollars and Ward 8 pays almost \$1.9 million into a fund they only get 'benefit' of \$1.7 million dollars, with no checks or balances or transparency is not what this city deserves.

I would like for you to authorize an audit.

What happened to the \$54 million dollars?

Regards,
Gabriel Nicholson

PS. I understand this may be inflammatory. The inner ward councillors don't want to rock their 1.7 million dollar cash dingies, and the Wards 9-15 don't want to get dragged into a transit discussion regarding area rating.

Transit as a topic is outside of the scope of this request.

The request is simply a forensic audit on where the Special Levy funds were spent, were they spent in keeping with the Municipal Act (or on health programs and services which are ineligible) and were they in keeping with the special policy approved by Council in 2012.