From: Shekar Chandrashekar  
Date: Sun, Jul 8, 2018 at 11:35 AM  
Subject: Re: Request to present as a public delegation Regarding Development Charges approved by A&A Committe today  
To: "McRae, Angela" <Angela.McRae@hamilton.ca>  
Cc: "Charles.Brown@hamilton.ca" <Charles.Brown@hamilton.ca>,

Ms. McRae  
Please circulate this email to all A & A committee members. I am concerned that the City is prematurely recognizing revenue from Development Charges.  
I am not interested in the method of financial and accounting for development charges practiced by other Municipalities but I am interested in how our City is recording financial information. I brought my concern to the attention of Ward 5 Councilor, Chad Collins, that the City is premature recording revenue from Development Charges. I was referred by Councilor Collins to the Manager of Capital Budgeting with the assurance that he is the key person and that the City is recording financial charges correctly. I contacted the Manager of Capital Budgeting. His response, which in my opinion is questionable, is attached. He refers to the Development Charges Act. I am not questioning the Development Charges Act nor the Police Services Act. It is imperative that the committee and Council know that the Municipal Act and Public Sector Accounting rules (PSAS) for recording of financial transactions and accounting records override such Acts. Copies of the relevant sections are attached. PSAS clearly states that Development Charges must not be recognised before they are expended. Ms.Bonnie Lysyk, Auditor General of Ontario, issued The Fair Hydro Plan in October 2017. At that time she stated that, "A promise or commitment to raise revenue in the future is not an asset today". The Provincial Government argued against this representation by Ms.Lysyk but Ms. Lysyk would not back down from her application of PSAS. In the end, increased criticism from opposition leaders forced the Government to acknowledge it. Copies are attached. In my opinion, the City of Hamilton is no exception.

In the "Investigative Services Division (ISD) Financing Plan" summary of funding sources (copy attached) provided by the City of Hamilton Finance Department, potential development charge receipts in the amount of $3,000,000 have been netted against the estimated cost of the project. Why is staff not showing the true expenditure for the Forensic Building before adjusting for Development Charges? Has public been provided with transparency and accountability?

Conclusion:  
As a concerned Private Citizen, I appeal to you, Madam Chair, and Members of the A&A Committee to take action. I appeal to you all to forward my concern to the Internal Auditor for his research in order that he report back to the A & A Committee with his opinion so that taxpayers of Hamilton will be protected.

Respectfully submitted by a Concerned Private Citizen.

PS: City clerk Rose Caterini retired months ago.  
City Solicitor is not knowledgeable about PSAS.
Re: Request to put my name to public delegation Regarding Development Charges as approved by A &A Committe to
today

Mr. Chandrashekar,

Please note I have added your Delegation regarding the industrial DC by-law amendment to the speaker’s list for July 11th, 2018 Audit, Finance & Administration Committee meeting.

Sincerely,

Angela McRae
Legislative Coordinator
City of Hamilton, Office of the City Clerk
71 Main Street West, 1st Floor
Hamilton, ON L8P 4Y5
Ph. (905) 546-2424 ext. 5987
Fax. (905) 546-2095
RE: Development Charges

Spiler, Joseph <Joe.Spiler@hamilton.ca>

Reply
Fri 05-04, 3:07 PM

You replied on 2018-05-04 3:12 PM.
This project’s DC funding is debt funded whereby the growth (new development units) will pay for the $3M plus interest through till 2031 (The City has been collecting this since 2014). When the project is completed, the DC Debt will be issued. This methodology has been used for the Linc/ Redhill expressway, the wastewater plant, any DC funded project where the funds are not collected up front but are eligible in the DC Background Study. If we meet our growth targets, the project will be paid off by 2031. If not, the dc revenue not collected will be added to the next eligible DC background study until the growth is realized. Our DC consultants and their legal team would not have allowed this if this methodology did not conform to the Province’s DC Act. All other municipalities in Ontario use this method of financing. If they didn’t, no piece of growth infrastructure would get built until after the growth occurred. How do you plan for major water pipes, sewer pipes, increased lanes for roadways if you cannot finance this and show the funding prior to all of the revenue being collected. If there is one major developer you can have a front-ending agreement but that is not always possible or practical.

If you have a ruling from PSAB, I suggest that they talk to CN Watson.

From: Shekar Chandrashekar
Sent: May 3, 2018 8:51 PM
To: Joseph Spiler
Subject: Development Charges

Mr. Spiler
Regardless our differences, I still follow my principals.
I am ready to address Development Charges.
I know you are solely in charge of Development charges.
I have read complete Development Act. I have complete understanding of Development Charges.

- I am not questioning Development Charges related to Forensic Building.
- What I am questioning $3,000,000 Million allocated to Forensic building.
- I have obtained ruling from PSAB.
- Copy of ISD funding table provided by Hamilton’s Finance Dept. Attached
- It has many incorrect information provided to Public. However, I am only focusing Development Charges $3,000,000 Million
- Mr. Spiler  My question is, Isn't a future revenue?
• By showing future Revenue $3,000,000 are you not showing reduction in Actual expenditure?
• Ruling from PSAB and Act say that you must not Recognize "Future Revenue" just to show reduction actual cost to make politicians happy.
• Mr. Spiler you are following your directions from higher up.

With that, Mr. Spiler please, let know if you want me to hold off until you retire. I will be happy to oblige.
Letter from the Honourable Bill Mauro, Minister of Municipal Affairs

Minister MMA <CSC_Minister.mma@ontario.ca>

Reply:
Fri 2017-08-18, 2:59 PM
You
You forwarded this message on 2017-09-11 5:30 PM

MMA17-71802-Chandrashekar- SIGNED.pdf
221 KB

Please see attached letter from Minister Mauro
Dear Mr. Chandrashekar:

Thank you for your email regarding your concerns about the accounting transactions of Police Services.

As Minister of Municipal Affairs, I understand the importance of financial accountability on open and transparent governments.

Section 294.1 of the Municipal Act, 2001, stipulates that municipalities “prepare annual financial statements for the municipality in accordance with generally accepted accounting principles for local government as recommended, from time to time, by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.”

Section 296 requires a licensed auditor under the Public Accounting Act, 2004, to audit the accounts and transactions of the municipality and its local boards. Furthermore, the ministry collects municipal financial information through the Financial Information Return (FIR) on a yearly basis as mandated by section 294(1). To ensure public confidence in public sector entities, legislation is in place to facilitate independently established accounting and assurance standards.

I encourage you to have a discussion and share your concerns with PSAB and/or the City of Hamilton.

Thank you for bringing your concerns to the attention of the government. Please accept my best wishes.

Sincerely,

Bill Mauro
Minister
Hello Mr. Shekar,

I would confirm that Public Sector Accounting Board (PSAB) issues standards and guidance with respect to matters of accounting in public sector. Public sector refers to government, government components, government organizations and government partnerships.

These standards apply to all public sector entities that issue general purpose financial statements unless:

(a) Specifically directed or permitted to use alternative standards by PSAB, or
(b) Limited in applicability as outlined in the individual sections.

Kind Regards

Ali Ahmed, CPA, CGA, FCCA (UK)
Principal/Directeur de projets
Public Sector Accounting Board / Conseil sur la comptabilité dans le secteur public
Tel/Tél.: 416.204.3315
aahmed@psabcanada.ca
(www.frascanada.ca | LinkedIn | @FRASCanada)
Office of the Auditor General of Ontario

The Fair Hydro Plan

October 2017
Key Issue: Sound Fiscal Transparency, Accountability and Value for Money

Why We Are Issuing This Special Report

1.0 Government Legislated an Accounting/Financing Structure to Improperly Avoid Showing a Deficit and an Increase in Net Debt

2.0 The Additional Cost to Ontarians

3.0 Historical Ontario Precedent in Proper Accounting For Electricity Costs Not Yet Being Billed to Ratepayers

4.0 Inappropriate Legislated Accounting Not Allowed Under Canadian Public Sector Accounting Standards

5.0 Government Anticipated and Accepted Risk of Audit Qualification

Table of Contents
similar in that both stem from government policy decisions and did not result from an independent regulatory process. As well, the payments were/will be made much later, “after the fact.” However, in the 1999/2000 fiscal year, the government followed Canadian Public Sector Accounting Standards properly, and included the debt and the expenses related to it in the Province’s consolidated financial statements. When the debt retirement charge was added to electricity bills, the charge to ratepayers was taken in as revenue in the Province’s consolidated financial statements. This treatment allowed the government to track ratepayer costs and taxpayer costs separately, helping to ensure that only ratepayers, not taxpayers, pay for electricity services.

The same accounting should be applied to the Fair Hydro Plan rate reduction: include the debt being accumulated through the 10 years of the reduction as Provincial debt, and record interest expense on this debt as an expense in the Province’s consolidated financial statements. When the clean energy adjustment is added to electricity bills, the amount charged to ratepayers can then be taken in as revenue in the consolidated financial statements, as well as be tracked separately from taxpayer expenses/revenue.

4.1 Overview of Canadian Public Sector Accounting Standards

The accounting profession follows generally accepted accounting principles (GAAP) in private- and public-sector accounting for several reasons, key of which is that financial statements prepared under GAAP should be fairly presented, should be reliable and should be comparable to past years.

In Canada, GAAP for the consolidated financial statements of federal, provincial and municipal governments (and for certain other government organizations) is referred to as Canadian Public Sector Accounting Standards (PSAS). While public-sector accounting standards are, for the most part, similar to private-sector standards, they do differ in several significant areas. The government of Ontario has historically chosen to follow Canadian PSAS as the basis of accounting for the preparation of the consolidated financial statements of the Province of Ontario.

Canadian PSAS can be found in the Public Sector Accounting Handbook of CPA Canada, Canada’s national organization for Chartered Professional Accountants.

4.2 The Complex Accounting Design Fails the Canadian PSAS Substance Test

Canadian PSAS enshrine a no-nonsense approach to accounting that follows the principle of “substance over form.” That is, an organization’s financial statements must show the economic impact of its transactions, not just their legal form. No transaction should be recorded to hide its financial impact and thereby mislead the reader of the financial statements.

Following this principle of “substance over form”:

- When a government spends more than it takes in, it incurs a deficit.
- When a government needs to borrow to cover that deficit, net debt increases, and it incurs interest expense.
Interest expense adds to the annual deficit and the net debt. A promise or commitment to raise revenue in the future is not an asset today. The complex accounting design of Figure 2 fails the above substance test under Canadian PSAS. As explained in Section 1.3, the lowering of hydro bills is being accomplished, in substance, by the Province borrowing money. Whether the Province borrows all the money directly or directs organizations that it controls to do so on its behalf, in substance, it is still the Province requiring money to be borrowed. That borrowed money must be reflected in the net debt balance of the Province’s consolidated financial statements under Canadian PSAS. Also, future revenue raised to pay off the debt should be recorded when it is earned—that is, when electricity is consumed by ratepayers.

4.3 The Complex Accounting Design Fails Because Legislation is Used to Inappropriately Create an Asset and There Is No Independent Regulator

The “asset” being legislated into existence does not meet the accounting requirements for an asset on the Province’s consolidated financial statements, which are prepared following Canadian Public Sector Accounting Standards.

As introduced in Section 1.3.2, the asset that the Fair Hydro Act creates is referred to as a “regulatory” or “rate-regulated” asset. In reviewing emails and correspondence, we noted that senior officials and their advisers looked to U.S. accounting standards for private enterprises as a means to justify moving to regulatory accounting for Ontario’s consolidated financial statements. One of the requirements for recording a regulatory asset in the U.S. is that the entity’s rates for regulated services or products provided to its customers are established by or subject to approval by an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.

The regulator of the electricity sector in Ontario is the Ontario Energy Board (OEB). However, the Province has the power, through legislation, regulations and Ministerial directions, to dictate the activities of the OEB. In fact, the OEB has been legislated in the Fair Hydro Act to follow a course of action [see Appendix 2, the Ontario Fair Hydro Plan Act, 2017, Sections 7, 9, 11 and 15(4)]. This reinforces the OEB’s lack of independence over this transaction. If there is no independent regulator establishing electricity rates for consumers, neither can there be a rate-regulated asset. Moreover, the power supply contracts whose guaranteed payments are incorporated into the electricity rates that are affected by the Fair Hydro Plan have never been subject to any rate-regulatory process.

Furthermore, the Province’s financial statements are “consolidated,” meaning that the assets, liabilities, income, expenses and cash flows of all the entities that the Province owns or controls are presented as those of a single economic reporting entity: the Province of Ontario. As shown in Figure 2’s shaded box (titled “Consolidated Entities/Operations Controlled by the Province”), the OEB, along with the IESO, OPG and the proposed OPG Trust, is included in the consolidation.

4.4 Proper Accounting for the Policy Decision As Designed

As stated in Section 4.1, the government of Ontario has historically chosen to use Canadian PSAS as the basis of accounting for its preparation of the Province’s consolidated financial statements. So by legislating an accounting design contrary to Canadian PSAS, the government is also going against its own accounting policies.

As described in Section 1.3.1, recording the Fair Hydro Act’s rate reduction in accordance with Canadian PSAS entails the following:

- All related debt, including that of OPG and OPG Trust, would become debt on the Province’s financial statements.
TO: Mayor and Members
General Issues Committee

COMMITTEE DATE: June 21, 2017

SUBJECT/REPORT NO: Development Charges Reserves Status Report as of December 31, 2016 (FCS17058) (City Wide)

WARD(S) AFFECTED: City Wide

PREPARED BY: Lindsay Gillies (905) 546-2424 Ext. 2790

SUBMITTED BY: Mike Zegarae
General Manager
Finance and Corporate Services Department

SIGNATURE:

RECOMMENDATIONS

(a) That Report FCS17058 "Development Charges Reserves Status Report as of December 31, 2016" be received;

(b) That Report FCS17058 "Development Charges Reserves Status Report as of December 31, 2016" be forwarded, if requested, to the Ministry of Municipal Affairs and Housing.

EXECUTIVE SUMMARY

As per the requirements of the Development Charges Act, 1997, as amended, an annual report of Development Charge (DC) reserves activity must be provided to Council. The DC Reserves Status Report is the "Treasurer's Statement" as outlined in the Development Charges Act, 1997, as amended, which must be made available to the public and forwarded to the Ministry of Municipal Affairs and Housing at their request.

The overall 2016 DC Reserves balances have decreased $3.57 M since 2015 to an overall balance of $127.96 M. The decrease is due to direct capital funding exceeding collections and other inflows. The balance of $127.96 M reflects Public Sector Accounting Board (PSAB) standards which requires that any DC funds remain in (or are returned to) the DC reserves until the eligible capital project has expended the funds.

OUR Vision: To be the best place to raise a child and age successfully.
OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.
OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.
Appendix "A", "B" and "C" to Report FCS17058 contain the financial information required to meet the disclosure requirements as set out in Section 43 of the Development Charges Act, 1997, as amended.

In addition to disclosing financial information, a municipality is required to confirm compliance with s.s. 59.1(1) of the Development Charges Act, 1997, as amended, which states that a "municipality shall not impose, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by this Act or another Act". The City of Hamilton is in compliance with this requirement.

This Report summarizes the changes in the DC reserves for the year ended December 31, 2016. The consolidated DC reserves balance as of December 31, 2016 was $127.96 M. The decrease in the DC reserves balance of $3.57 M is due to actual DC funding of capital projects exceeding collections and other inflows, as reported in Table 3. The DC outflows have been controlled by delaying the issuance of DC debt until the project is substantially completed and delaying projects where the required draw on DC Reserves would jeopardize the sustainability of the future balance. Table 2 shows the required debt issuance based on approved DC projects spending the funding approved. The calculated deficit has increased $48 M to $189 M since the 2015 report due to additional DC debt being approved and only a negligible amount of DC debt having been issued with the 2016 debt issuance (Report FCS16048).

The DC reserves balance as at December 31, 2016 reflects the application of Public Sector Accounting Board (PSAB) reporting requirements for obligatory reserve funds.

The PSAB reporting requirements require the City to only recognize DC revenue in capital projects once the expenses have been incurred. Therefore, the DC reserve balances are based on actual expenses to date and not the Council approved budgeted amounts. Table 2 shows the adjusted DC reserve balances if all Council approved budgeted amounts were to be cash funded.

Since project funding from DC reserves can only be allocated to capital projects after the expenses have been incurred there is often a timing difference between when current budget contribution, other source funding and DC funding are allocated to the projects. For this reason, the current year funding to each project often does not reflect the funding ratios identified in the DC background study. Staff included Appendix "D" to Report FCS17058 to show the DC funded projects closed in the year and their final revenue funding from all sources.
Of note, the funding commitments (including debt) are only included in the Capital Budgets to the extent that current (and future) DC collections can be expected to fund the commitments. Should development activity vary from the existing development forecasts, staff would ensure that future years’ collections can meet existing commitments or undertake a review to determine which growth projects can be delayed or cancelled.

### TABLE 2

<table>
<thead>
<tr>
<th>DC Service</th>
<th>Dec 31/18 Balance ($)</th>
<th>Direct Capital Funding ($)</th>
<th>DC Debt ($)</th>
<th>Adjusted Balance ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Services</td>
<td>27,545,665</td>
<td>(11,094,871)</td>
<td>(39,031,123)</td>
<td>(22,575,328)</td>
</tr>
<tr>
<td>Wastewater Services</td>
<td>52,179,866</td>
<td>-</td>
<td>(2,913,030)</td>
<td>49,266,836</td>
</tr>
<tr>
<td>Linear Wastewater</td>
<td>29,251,577</td>
<td>(5,240,237)</td>
<td>(115,538,100)</td>
<td>(91,526,765)</td>
</tr>
<tr>
<td>Storm Water Drainage</td>
<td>15,807,616</td>
<td>(10,809,975)</td>
<td>(34,469,002)</td>
<td>(29,271,061)</td>
</tr>
<tr>
<td>Roads</td>
<td>(3,609,161)</td>
<td>(33,022,199)</td>
<td>(33,022,319)</td>
<td>(69,833,000)</td>
</tr>
<tr>
<td>Public Works &amp; Roads Stock</td>
<td>1,695,203</td>
<td>(645,994)</td>
<td>-</td>
<td>1,049,209</td>
</tr>
<tr>
<td>Transit Services</td>
<td>62,717</td>
<td>(9,432)</td>
<td>-</td>
<td>53,285</td>
</tr>
<tr>
<td>Airport</td>
<td>247,763</td>
<td>-</td>
<td>-</td>
<td>247,763</td>
</tr>
<tr>
<td>Parks Protection</td>
<td>1,094,823</td>
<td>(999,000)</td>
<td>-</td>
<td>95,823</td>
</tr>
<tr>
<td>Police Services</td>
<td>(331,985)</td>
<td>-</td>
<td>(3,000,000)</td>
<td>(3,331,985)</td>
</tr>
<tr>
<td>Ambulance Services</td>
<td>(461,634)</td>
<td>-</td>
<td>-</td>
<td>(461,634)</td>
</tr>
<tr>
<td>Outdoor Recreation</td>
<td>(2,131,026)</td>
<td>(5,015,901)</td>
<td>-</td>
<td>(7,146,927)</td>
</tr>
<tr>
<td>Indoor Recreation</td>
<td>(906,686)</td>
<td>(3,739,652)</td>
<td>-</td>
<td>(4,646,338)</td>
</tr>
<tr>
<td>Library Services</td>
<td>(2,314,276)</td>
<td>-</td>
<td>(2,016,500)</td>
<td>(4,330,776)</td>
</tr>
<tr>
<td>Admin Studies</td>
<td>(3,473,270)</td>
<td>(6,484,282)</td>
<td>-</td>
<td>(9,957,563)</td>
</tr>
<tr>
<td>CPA 28 Fee</td>
<td>2,897,100</td>
<td>(5,850,000)</td>
<td>-</td>
<td>(2,952,900)</td>
</tr>
<tr>
<td>Burlington roads SAC</td>
<td>1,879,946</td>
<td>(116,002)</td>
<td>-</td>
<td>1,763,944</td>
</tr>
<tr>
<td>Homes for Aged</td>
<td>855,003</td>
<td>-</td>
<td>-</td>
<td>855,003</td>
</tr>
<tr>
<td>Health</td>
<td>359,186</td>
<td>(691,830)</td>
<td>-</td>
<td>(332,644)</td>
</tr>
<tr>
<td>Social &amp; Child</td>
<td>480,280</td>
<td>(1,045,800)</td>
<td>-</td>
<td>(565,414)</td>
</tr>
<tr>
<td>Housing</td>
<td>5,546,302</td>
<td>-</td>
<td>-</td>
<td>5,546,302</td>
</tr>
<tr>
<td>Parking</td>
<td>1,384,458</td>
<td>-</td>
<td>-</td>
<td>1,384,458</td>
</tr>
<tr>
<td>Provincial Offences Act</td>
<td>91,023</td>
<td>(2,233,000)</td>
<td>-</td>
<td>(2,324,023)</td>
</tr>
<tr>
<td>Hamilton Conservation Auth.</td>
<td>99,149</td>
<td>-</td>
<td>-</td>
<td>99,149</td>
</tr>
<tr>
<td>Binbrook SAC</td>
<td>(212,738)</td>
<td>-</td>
<td>-</td>
<td>(212,738)</td>
</tr>
<tr>
<td>Dundas/Waterdown SAC</td>
<td>210,310</td>
<td>-</td>
<td>-</td>
<td>210,310</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>127,583,855</strong></td>
<td><strong>(84,847,146)</strong></td>
<td><strong>(232,193,055)</strong></td>
<td><strong>(189,081,334)</strong></td>
</tr>
</tbody>
</table>

**Note:** The DC Reserve Policy (Report FCS13015) permits the General Manager of Finance & Corporate Services to change approved DC funding from debt funded to reserve funded or from reserve funded to be funded in order to maintain the sustainability of the DC reserves. Table 2 reflects current estimates under this authority by showing some reserve funding from the rates (water, linear wastewater, storm water) reserve and showing some debt funding from the roads, police, library and P&CA DC reserves.

**Staffing:** None.

**Legal:** None.

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**OUR Culture:** Collective Ownership, Sustained Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.
| **TO:** | Chair and Members  
Audit, Finance and Administration Committee |
| **COMMITTEE DATE:** | July 11, 2018 |
| **SUBJECT/REPORT NO:** | City of Hamilton Development Charges By-law 14-153 - Industrial Development Expansion Policy Amendment (FCS18053(a)) (City Wide) |
| **WARD(S) AFFECTED:** | City Wide |
| **PREPARED BY:** | Joe Spiler (905) 546-2424 Ext. 4519 |
| **SUBMITTED BY:** | Mike Zegarac  
General Manager  
Finance and Corporate Services |
| **SIGNATURE:** | [Signature] |

**RECOMMENDATIONS**

(a) That no further Public Meeting is required with respect to the By-law attached hereto as Appendix "A";

(b) That the By-law, attached hereto as Appendix "A" to Report FCS18053(a), prepared in a form satisfactory to the City Solicitor, be passed and enacted.

**EXECUTIVE SUMMARY**

On May 9, 2018, Council received and made public, Report FCS18053 which served as a Background Study under the Development Charges Act, 1997, as amended, (DC Act) through the approval of Item 6.5, Audit Finance and Administration Committee Report 18-006.

Report FCS18053 proposed an amendment to the existing definitions and policy in the City's Development Charges (DC) By-law 14-153. The proposed amendments would permit existing industrial developments to utilize the 50% expansion exemption on an unrestricted basis compared to the one-time restriction currently written into the By-law.

The DC Act requires that a background study be made public a minimum of 60 days before Council can enact the By-law. Report FCS18053(a) provides the direction to enact the By-law. The amendments to the current DC By-law, through the approval of Recommendation (b), will be effective July 16, 2018.
Compared to the draft By-law attached to Report FCS18053, Appendix "A" to Report FCS18053(a) contains additional wording to provide clarity around attached and unattached industrial development expansions and that the 50% expansion exemption is limited to additional buildings on parcels as they exist at July 15, 2018.

Alternatives for Consideration – See Pages 4-5

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The financial implications of the proposed changes will depend on the amount of industrial expansion that occurs. Any funds that are not collected through the DC By-law will need to be offset either directly or indirectly from another source (effectively, the property tax levy or water, wastewater and storm rates).

Through Report FCS18053, staff was directed to add estimates to the 2019 Tax and Rate Budgets. Staff will add the amount of any exemptions experienced in 2018 as a result of the policy change, as well as a provision to cover 2019 permit estimates into the 2019 Tax and Rate Budgets.

A review of the industrial permit activity over the past two years indicates that the annual impact of the drafted policy change would have been approximately $500K annually. Considering the relevant split between tax supported and rate supported DCs estimated at $235K and $285K, respectively, this increase would translate into a 0.03% tax levy increase ($1 per average residential property valued at $337,100) and a 0.13% water, wastewater and storm rate increase. The actual impact will vary depending on the amount of industrial activity and the success of the incentive in increasing the volume of industrial expansion activity.

Staffing: None.

Legal: The proposed By-law has been reviewed by Legal Services. Once approved, the By-law is subject to a 40-day appeal period. Any appeals to the By-laws will require further involvement from Legal Services staff.

HISTORICAL BACKGROUND

DC By-law 14-153 came into effect on July 6, 2014. As per the DC Act, DC By-laws can be in effect for a maximum period of five years before a new background study and By-law are required to be enacted. However, municipalities may elect to enact a new By-law or amend their By-laws before the five-year period expires.
Being a By-law to amend By-law 14-153
"City of Hamilton Development Charges By-law, 2014"
To Revise Definitions and Policy Regarding Industrial Development Expansions

(b) lands are merged or otherwise added to a lot or parcel of land after July 16, 2018, the exemption in 17 (b) shall only be available to development on the lot or parcel of land as it existed as of July 16, 2018 and the exemption in subsection 17(b) shall not apply to any development on lands that were merged with or added to a lot or parcel of land after July 16, 2018.

3. The City Clerk is hereby authorized and directed to consolidate this and any other duly enacted amendments to By-law 14-153 into the main body of the said By-law, and to make any necessary and incidental changes to numbering and nomenclature thereof arising from the said consolidation.

4. This By-law shall come into force and take effect at 12.01 a.m. on July 16, 2018.

PASSED this ____________________.

______________________________  ______________________________
Fred Eisenberger               Rose Caterini
Mayor                         City Clerk