



Hamilton

INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 15, 2019
SUBJECT/REPORT NO:	Savings Generated from Funded Projects (FCS19007) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Lucia Chen (905) 546-2424 Ext. 4169
SUBMITTED BY:	Cindy Mercanti Director, Customer Service and POA Acting Director, Financial Planning and Policy Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Council has requested information regarding the status of projects that have been approved on the basis of generating savings for the City.

INFORMATION

Executive Summary

Report FCS19007 updates Council on the savings generated from a number of projects that have been previously approved with the expectation that these savings be used to pay back the funds invested and subsequently, direct the savings to increase the reserves or to reduce the operating levy. These projects are funded from a combination of City reserves, the capital budget and various incentive programs.

Report FCS19007 identifies 28 projects approved since 2011 which required investment and had an expected return. In total, the group of projects listed in Appendix "A" to Report FCS19007 "Savings Generated from Funded Projects" have a repayment requirement of about \$19.2 M, returning annual savings of about \$4.8 M (\$4.2 M in operating savings and \$613 K in reserve contribution) when completed.

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.

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The projects completed, to date, have generated savings of approximately \$3.5 M of which \$3.0 M has been used to reduce the levy, \$400 K has been used to offset expenditures in the Rate Budget and \$65 K has been reinvested in the energy reserve.

Other benefits are also derived from many of the projects. For example, many of these projects are part of the Corporate Energy Program and the Climate Change Action Plan that result in reduced energy usage as well as greenhouse emissions reduction. The use of new, efficient technology also brings benefits such as reduced maintenance and operating costs, service improvements, longer lifespan of the City's assets, water usage reduction and the possibility of taking advantage of provincial incentive programs such as "Save on Energy" and the "Demand Response Program" from the Ontario Power Authority.

In addition to the savings generated through the funded projects, the City has realized savings of approximately \$9.6 M through contracts negotiated and managed by the IT Division (network printers, cellular and desktops). Details of these savings can be found in Report FCS18026 "Annual Performance Reporting – Savings Generated from the Management of Information Technology Contracts".

Funded Projects

Appendix "A" to Report FCS19007 "Savings Generated from Funded Projects" lists the details of 28 efficiency projects that are currently being tracked. The approximate investment in all these projects is \$28.6 M. After incentives and rebates, the initial repayment required was \$19.2 M of which \$12.1 M has already been paid back. The balance will be paid within the next six years (2019 to 2024).

The chart below identifies the seven projects that have been completed to date. These projects required \$9.4 M in one-time funding and have generated about \$3.5 M in annual savings, \$3.0 M in operating savings, \$400 K in rate budget savings and \$65 K reinvested in reserves.

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Savings Generated from Completed Projects

Department	Project	Repayment Required	Savings After Repayment (annual)	Year Savings Begin
Savings to Tax Operating Budget				
Public Works	Energy Retrofit Pilot Program	\$3,335,000	(\$297,040)	2011
CMO/ Corporate Services	Appointment of Managers for former HECFI Facilities	\$2,400,000	(\$1,065,000)	2014
Public Works	Traffic Signal LED Replacement - System Efficiency	\$2,375,500	(\$294,585)	2016
Public Works	LED Street Light Retrofit - Phase I	\$1,144,000	(\$750,000)	2018
Public Works	LED Street Light Retrofit - Phase II	\$0	(\$600,000)	2019
Total Reductions to Tax Operating Budget			(\$3,006,625)	
Savings to Rate Budget				
Public Works	High Lift Pumping Station at Woodward Treatment Plant	\$2,518,000	(\$400,000)	2018
Total Reductions to Rate Budget			(\$400,000)	
Savings Invested in Energy Reserve				
Public Works	Macassa Lodge Water Conservation	\$85,400	(\$28,000)	2016
Public Works	Arena Lighting & Controls	\$137,943	(\$37,152)	2017
Total Investments in Reserves			(\$65,152)	
Total Savings After Repayment (Annual)			(\$3,471,777)	

As repayment progresses, additional savings are expected. These are highlighted by projected total savings of \$88 K in 2020 and \$958 K ranging from years 2021 to 2029.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” – Savings Generated From Funded Projects

LC/dt