

INFORMATION REPORT

то:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 5, 2020
SUBJECT/REPORT NO:	Comprehensive Legal Services Report 2018/2019 (LS20002) (City Wide)
WARD(S) AFFECTED:	City Wide
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SIGNATURE:	

COUNCIL DIRECTION

INFORMATION

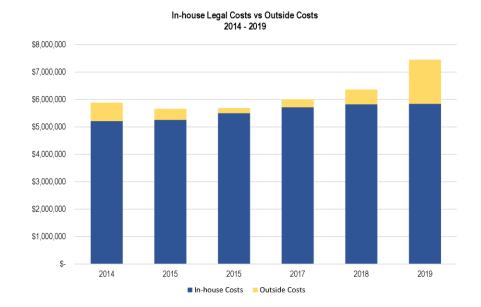
The City's Legal and Risk Management Services Division (LRMS) provides a full range of legal services to the City. Subject matter expertise includes municipal law, planning and development law, litigation, real estate law, public health law, administrative law, human rights, privacy law, procurement law, construction law, and corporate and commercial law. The Legal and Risk Management Services Division advises and represents the City and Council, as well as City departments and agencies.

LRMS Works to Effectively Control the City's Legal Costs

Although there will occasionally be a need to retain outside legal counsel from time to time, to provide specific expertise or handle sudden surges in demand experienced by the client departments due to specific large projects, Legal and Risk Management Services has developed capacity to handle the majority of the work in-house. The goal is to continue to develop this capacity over time which helps control overall legal costs to the City.

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Overall, the internal legal costs of the Legal Services Division are stable at approximately \$6 M annually. In 2019 the increase in external legal costs was due primarily to three files associated with Waterfront development for which council had specifically approved retaining outside legal resources.



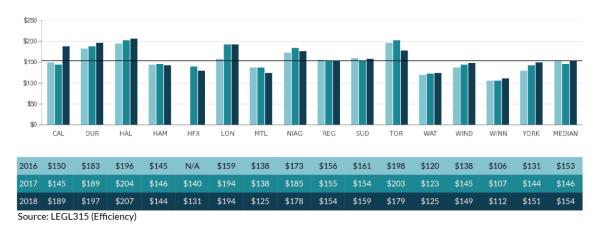
The following chart shows the internal and outside legal costs for 2014-2019.

According to Municipal Benchmarking Network Canada (MBNC) reported data, the operating cost to provide the City with in-house legal services has dropped from \$146/hour in 2017 to \$144/hour in 2018. In 2018, Hamilton's in-house legal operating costs per in-house lawyer hour was \$144/hour while the median of Municipalities polled was \$156/hour.

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Figure 17.2 In-House Legal Operating Cost per In-House Lawyer Hour

This measure represents the operating cost to provide in-house legal services. The in-house lawyer hours include standard work week and overtime hours only. Vacation and sick time are not included in the total number of in-house lawyer hours.



In addition, the in-house legal operating cost per \$1000 total municipal operating and capital operating expenditures has also decreased from \$2.46 to \$2.13 and Hamilton is below the median amount of \$2.54.

Figure 17.1 In-House Legal Operating Cost per \$1,000 Municipal Operating and Capital Expenditures

This measure represents the operating cost to provide in-house legal services. Council direction on budgets, tax rates, collective bargaining, etc., will impact the total municipal spend, which in turn will impact the reported total municipal operating and capital expenditures. This can cause fluctuations in year-over-year results, even if total in-house costs remain stable.



Dispute Resolution Section

The Dispute Resolution Section provides a range of legal services, primarily in civil and administrative litigation and related negotiations, mediations and court proceedings, to advance and defend City's interests. Staff provide advice to limit the City's claims exposure and take actions to defend or bring most claims in civil litigation, insurance defence, contract, debt and damage recovery, and in a range of tribunal matters related to workplace safety insurance claims, human rights, taxation and other matters. It is also common for Dispute Resolution staff to work with counterparts in the Commercial, Policy and Development Section and assist the Legal Division's client groups on overlapping issues. Dispute Resolution staff frequently provide advice and guidance in both litigation and non-litigation matters to the full range of City departments, based on legal staff expertise. This includes legal support for prosecutors under the Provincial Offences Act, various airport matters, and the application of by-laws and statutes involved in City operations. Dispute Resolution staff are the primary legal support for Risk Management Services in its management of claims and risks, including claims which have not reached the point of legal action. The focus of Dispute Resolution in all areas is to provide quality advice for City decision makers and assist them in limiting the expense, time and other City resources involved in providing representation for the City in courts and tribunals.

Disputes and litigation can originate through many circumstances, linked to legislative requirements, operations and varied situations involving the City. Municipal liability for roads, sidewalks and their winter maintenance, municipal water/wastewater, water infrastructure, transit and City vehicle use, police liability, and occupiers' liability for publicly owned properties and facilities are the major sources of litigation in all municipalities, which are also the main sources of claims made to Risk Management Services. Litigation also arises in the context of City contracts, construction projects, construction liens, human rights, workplace safety, and debt collections. The City engages in other administrative litigation to carry out its statutory duties and to protect municipal rights in administrative proceedings, and in responding to challenges to the use of City authority or its consequences. Exceptions to Dispute Resolution involvement are: (a) litigation assumed by the City's various insurers under terms of insurance policies; (b) staff in the Commercial, Development and Policy section who are involved in an extended range of tribunal matters including planning and other issues that proceed before the Local Planning Appeals Tribunal; and (c) the bulk of labour and employment disputes dealt with directly by the Human Resources Department.

Litigation Activity in the Dispute Resolution Section 2018/2019

In 2018, Dispute Resolution staff resolved 138 litigation matters. These included 20 tribunal matters varying from human rights, fire safety, and municipal taxes, but most of which were matters under the Workplace Safety Insurance Act in employment-related

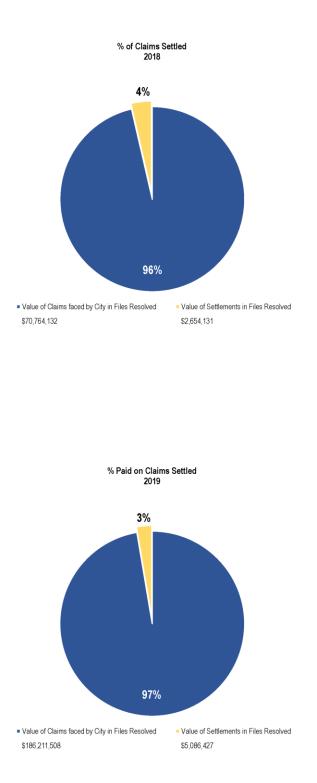
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claims. The other 118 resolved matters were civil litigation matters before the courts started by claims and applications. Litigation is most often resolved through agreement arrived at in negotiations or mediations, but also may be completed through trials, hearings, appeals and summary judgment motions. The City was normally a defendant in civil claims for various claims including personal injury, but the City was also a claimant in 19 (16%) of the 118 civil matters. In 2018, the outcome of this work (not including tribunals) was that the City paid approximately \$2.65M (or 3.8%) on monetary claims against the City totalling \$70.76M.

Claims initiated by the City included recovery of debts under bankruptcy/insolvency proceedings, other debt collection, and damage claims to City property. On claims made by the City, Dispute Resolution staff assisted in collections of awards of \$3.02 M inclusive of legal costs. Some of those awards of damages and costs involve the City receiving payments over time and a few requiring the City to pursue debt enforcement, but the actual payments received are close to the \$3 M total. Funds recovered are returned to departments involved in the proceedings, which mainly are directed back into specific operations and projects. The Risk Management dollar figures vary from Dispute Resolution metrics due to Risk Management including claims resolved without litigation and Dispute Resolution figures including litigation on uninsurable matters outside the scope of work in Risk Management Services such as in contract disputes.

In 2019, Dispute Resolution staff resolved 147 litigation matters, 8 being tribunal matters. Tribunal matters were again mostly raised through the Human Resource employment matters, but also involved tax re-assessment and social benefits. The 139 civil actions and applications included monetary claims against the City totalling \$186 M, and the payments made by the City in those matters were approximately \$5.09 M (2.7%).

The City was the claimant in 15 (11%) of the remaining civil matters, mostly for debt collection and recovery of City billings in bankruptcy and insolvency, and for property damages. The City's claims against others resulted in awards and costs to the City totalling approximately \$2.4 M, and again the large majority of this amount has been paid and funds returned to the City departments and operations involved.



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City litigation files were resolved primarily through negotiated settlements, as is most common in litigation, but also in alternative dispute resolution such as by mediation, and in motions, hearings and trials. The outcome of any litigation matter is very fact dependant, so results will often vary from claim to claim. Negotiated settlement achieves certainty of results without the risks and costs involved in taking a matter to trial or hearing, due to the potential risk a court or tribunal may make findings different from facts relied upon by the City. Many claims have no need to proceed to a trial as the City is able to resolve litigation with little or no financial contribution based on lack of liability or the indemnities included in many City contracts. Dispute Resolution staff also seek to shorten litigation and limit resources involved, more frequently through motions for summary judgement as the usefulness of these motions have expanded over time. Until a litigation file is concluded there can be extensive input of time and expense, multiple court or other attendances adding risks or complications to a claim, so the effort to shorten litigation of claims is ongoing. Faster resolution of claims may affect the number of files and settlement payments in a given year, these efforts are aimed to control overall costs for the City and to add capacity in Dispute Resolution and other Departments whose staff time or other resources would otherwise be required. Feedback on outcomes and issues involved in litigation and claims are provided to client groups directly and through work with Risk Management Services in a combined effort towards continuous improvement and efficient resource use.

Provincial Offences Act (POA) Prosecution Activity

The City's prosecution team is involved primarily in meeting obligations under a Memorandum of Agreement (MOU) with the Province that covers most prosecution work, and the MOU results in fine-payment revenues to the City. Prosecutors conduct meetings with the public under Early Resolution processes and prepare for and conduct the prosecution of charges at trial for a variety of provincial offences and by-law matters. The bulk of Provincial Offences Act (POA) charges are under the Highway Traffic Act as ticketable offences, but a significant amount of work is put into the large variety of by-law and municipally enforced statutory charges. While numerous by-law charges are available, many have moved to initial enforcement in Administrative Penalty processes which do not bring charges to court.

The prosecution team is involved in extensive public contact and services with witnesses, victims, outside enforcement agencies (mainly police services) and persons accused of provincial offences, in addition to court attendances. Public contact in 2019 included over 11,000 meetings on Early Resolution matters and most of the over 61,000 court appearances that occur in Hamilton's POA courtrooms. Each meeting or appearance requires advance preparation and extensive knowledge of court procedures, law and statutes, which is aided by support from the Deputy City Solicitor in Dispute Resolution and through annual training. Team effectiveness ensures proper use of scarce court resources and payment of fines in provincial offences. Staff assist in

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continuous operation of three full-time trial courts and one part-time court booked for longer trials, plus Early Resolution meetings, appeals, and related office duties that include review of municipal charges. The prosecution team provides feedback to enforcement agencies on charges to help them understand court needs and decisions with an aim of improving enforcement outcomes. Prosecutors provided five larger training sessions to various City enforcement groups in 2018/2019 and periodic training and Q&A's to other City staff or non-staff agencies. Effective management of limited court resources helps the City meet obligations and maintain POA revenues provided under the Memorandum of Understanding with the Province.

In addition to the Highway Traffic Act and related provincial statutes, charges also arise under the *Building Code Act, Fire Protection and Prevention Act, Health Promotion and Protection Act, Smoke Free Ontario Act* and a large variety of municipal by-laws. The work of prosecutors supports continuous improvement, consistency and efficiencies of process with the POA court system and for enforcement agencies and officers including City enforcement units and Police Services.

	2013	2014	2015	2016	2017	2018	2019
CHARGES:							
# Charges All Enforcement Agencies	99,266	94,647	84,747	83,435	78,971	81,033	84,673
# Police Charges	82,498	78,229	68,574	66,568	56,771	56,280	58,499
#Red Light Camera	15,569	14,133	14,410	14,167	16,134	18,435	20,289
DISPOSITION:							
# Trial Requests	6,648	7,272	7,899	5,846	6,252	5,190	6,431
# Early Resolution	13,673	13,512	12,590	12,146	8,842	10,885	11,287
# Disclosure Requests	5,888	5,874	8,257	8,127	3,826	2,823	2,543
# Summons to Witness	1,358	1,562	1,615	1,629	1,086	957	721
# Applications for Adjournment	749	737	621	566	424	237	281
# Title Searches	247	255	245	313	388	113	45
# Property Standards Order	20	17	9	10	10	5	*
# Property Standards Discharges	11	24	14	13	11	2	*
# Corporate/Business Name Searches	105	110	182	162	171	79	71
# Charter Motions (includes 11(b))	81	157	167	194	35	7	10
# Training Events	4	5	6	6	5	4	1
# Court Events	65,875	64,057	64,647	63,873	58,079	60,299	61,642
Average Crt. Apprs. To Disposition	3	3	3	2	3	3.6	3.1
FINE REVENUE (GROSS):	\$11.0 M	\$11.2 M	\$10 M	\$10.8 M	\$12.1M	\$12.35M	\$13.6M

The following two tables represent the volume and disposition of POA charges and related Municipal Prosecutions activity in 2018 and 2019.

The figures for 2019 activity rely on metrics in the period of December 1, 2018 to the end of November 2019, as year-end numbers are not yet available. Trends identified in 2019 include more than 4% growth in charge activity mainly due to Police and red light camera charges. Particularly noteworthy for the prosecution team is the significant jump in trial and Early Resolution activity. Also notable for red light camera is that charges

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increased mainly due to the addition of new cameras and intersection locations, but the average number of charges coming from each camera has dropped below 1,000/year. Compared to initial years of red light camera installations when the City's two to four cameras had offence rates considerably above 1000/year, the current lower average gives some support that the red light camera systems and fines are a deterrence. The other notable trend is significant improvement in the main measures of trial delay, even in the face of growing charge activity. This success is the result of combined efforts of the Judiciary, City POA court administration, prosecution team and others involved in control of trial delay in our POA courts, with the number of disposed charges increasing by over 4,000 (+5.6%), 'average court events to disposition of charges' falling from 3.6 to 3.1 (-14.1%), and the 'average days to disposition of charges' falling from 300 to 230 days (-23.5%) which standard is well below the ceiling set by Canadian Courts of 540 days (18 months). The POA court system still has potential capacity issues shown in other measurements mainly due to the increase in charges filed, which suggests that court operation and delay could be adversely affected by increases in charge activity or reduced court scheduling.

Risk Management Services

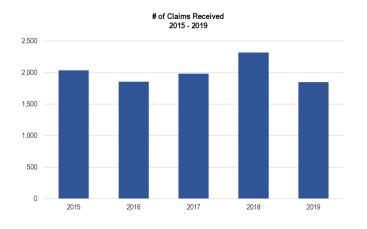
Risk Management Services staff carry out a number of related functions and public services including procuring and managing direct insurance coverages for City operations and assets, and assisting in claims/recoveries under those policies of insurance; assisting in determining appropriate insurance and indemnity from third parties included in City contracts, and arranging for application of indemnities and insurance to claims arising out of these third party contracts; receiving damage or injury claims from the public as may relate to City operations; conducting prompt and thorough claims investigations; financially reserving in accordance with general accounting and insurance principles, assessing legal liability; resolving claims based on the findings and analyses, arranging and coordinating the assistance of Dispute Resolution legal staff to defend claims filed in court and for other municipal staff who investigate, supply information or serve as witnesses in proceedings; and, applying their skills, knowledge, and best practices throughout the corporation for the purpose of enhanced risk awareness and favourable claim outcomes. Services have expanded in recent years to include public service announcements and corporate bulletins to assist residents and staff to manage their own personal risk exposures with home ownership, driving, severe weather, etc. This public service work can serve the City in reducing claims exposure and in assisting the public to protect themselves from property damage or injury in many situations where the City would not be involved or have any liability.

Receipt of claims from the public in high volumes requires extensive public contact, so staff in Risk Management have a large degree of public engagement similar to other City service departments. One possible difference is that public contact is often initiated by situations where a member of the public believes the City is responsible for their

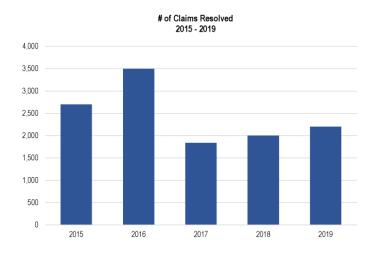
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losses. Upon receipt of a claim, staff in Risk Management operate similarly to insurance industry adjusting professionals to assess legal liability and determine claim values. In times of high volume claim events or for citizen-aid programs approved by Council, staff may be supplemented by external claims adjusters or call handling services.

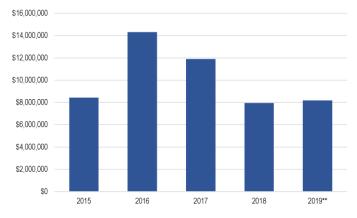
With the volume of public claims, it is necessary to apply consistent and defensible standards to determine payments and denials. Most of the City's insurable interests and statutory obligations apply liability for loss and damages using municipal liability and negligence standards. Using a standard negligence approach ensures that the City does not volunteer payments without a legal obligation to do so. This approach assists in withstanding scrutiny where staff decisions face independent review or court challenge. The approach to compensate claimants based on legal obligation is the fairest claims handling method to the tax base as a whole. It serves to limit public frustration and confusion by providing a clear basis and framework for claims handling and, as such, further dispute resolution expenses are minimized. For these reasons, Claim staff in Risk Management strictly apply principles under negligence standards to determine the City's response to claims. Where payment is warranted, staff will collect all available and appropriate information to quantify claim values. To further serve efforts at consistency, controlling insurance premiums and appropriate resource use, Risk Management staff collect information, advice, and relevant updates from a network of legal and insurance professionals, and the exchange of industry best practices with other risk managers and municipalities. Risk Management staff convey this knowledge to municipal departments, through various methods, in a best effort to create risk awareness, manage loss exposure, and minimize the overall cost of risk to the City.



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Net claims Expenditure* 2015 - 2019



includes insurance deductibles, claims verification/adjusting/litigation/mediation expenses
2019 value is approximate as it has not been finally adjusted for year end

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Commercial/Development/Policy Section ("CDP")

Legal Services' other major practice group—the Commercial/Development/Policy (CDP) Section—provides broad and diverse core legal services to support day-to-day operations as well as City priorities in such areas as planning and development, real estate transactions, economic development initiatives, water and wastewater, waste management, roads, public works and infrastructure, facilities, energy, affordable housing, fire, emergency response services, transit and transportation, clerks, finance and taxation. Staff in this section also provide legal support and advice to the Healthy and Safe Communities Department and Public Health Services with regard to the implementation of various programs and projects including independent initiatives and those in collaboration with agencies such as local school boards, universities, colleges and not-for-profit organizations. This section advises, negotiates and drafts a wide variety of agreements related to public-private partnerships, third party agreements, commercial and industrial re-development ventures, purchasing and procurement, environmental issues, construction contracts, and hiring agreements, among other matters.

In 2019, CDP staff were engaged in a variety of significant City initiatives including the Pier 8 Waterfront Development, the L3 Wescam HQ development and the 2019 DC Bylaw as well as issues related to NPCA board membership, City Hall Forecourt demonstrations, developments at the Hamilton International Airport and new provincial legislation affecting the *Construction Act*, the *Planning Act* and the *Development Charges Act*.

Procurement represents a significant body of work which the CDP Section supports through drafting, interpretations, advice and legal opinions. Such services occur at various stages of the procurement process as well as when disputes arise after the contract is in place. The following table reflects the volume and value of construction-related contracts drafted, reviewed and concluded over the past several years.

Procurement Contracts				
Year	# of Contracts		Value	
2012	81	\$	81,786,204	
2013	94	\$	70,824,535	
2014	68	\$	50,763,077	
2015	72	\$	57,903,593	
2016	66	\$	77,188,822	
2017*	75	\$	291,891,463	
2018	52	\$	91,600,874	
2019	46	\$	233,889,703	
*includes Meadword Lingrades and D2 Dissolids Management				

*includes Woodward Upgrades and P3 Biosolids Management

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CDP lawyers also handle and respond to construction liens that are generally registered by dissatisfied sub-contractors against City lands as security for payments on construction-related contracts. Most construction liens are resolved without the City having to become actively involved in court proceedings.

	Construction Liens				
Year	# of Liens		Value		
2015	8	\$	1,793,035		
2016	9	\$	2,690,453		
2017	16	\$	2,638,316		
2018	4	\$	361,248		
2019	8	\$	886,484		

In addition, CDP staff also provide services for most other contractual matters involving the City, including the negotiation and drafting of IT software/hardware agreements, data sharing agreements and revenue generating agreements. The CDP section provides similar services for loan agreements arising out of various City loan programs and for lease and licence agreements, the volume and value of such agreements is set out in the following charts:

2019 Loan Metrics		
Type of Loan	Number of Loans	Total \$ of Loans
Urban Renewal Loans	7	\$586,165
DC Deferral	5	\$3,371,372

Leases and Licence Agreements	2018	2019
Leases:	8	10
Licence Agreements:	15	8

CDP staff also draft, interpret and advise on City by-laws including their administration and enforcement. These by-laws are related to a wide array of City operations and include such diverse issues as fees and charges, lobbyist registry, property standards, licensing, development charges, sale of land and sewer use.

The CDP Section also supports the diverse needs of the Planning and Economic Development Department on a variety of real estate transactions including acquisitions of property for such projects as community centres, road construction and repair, municipal redevelopment of surplus properties and public-private partnerships. They are also involved in the sale or disposal of surplus City properties. In addition, this section negotiates and drafts easements, encroachments, covenants, leases, offers to lease and similar agreements and facilitates the expropriation of properties as directed by Council.

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Files and Values of Real Estate					
Year	2015	2016	2017	2018	2019
Acquisitions:	20	12	12	24	18
Total Purchase Price:	\$ 8,111,433	\$ 4,871,798	\$ 4,871,798	\$ 12,344,003	\$ 8,583,271
Disposition:	30	25	25	25	18
Total Sale Price:	\$ 6,082,972	\$ 7,362,808	\$ 7,362,808	\$ 7,903,395	\$ 16,764,105
Tax Sales:	4	6	6	4	4
Active Expropriations:	3	2	2	0	3
Encroachments/Patio Agreements:	26	41	41	46	37

This section further supports the Planning and Economic Development Department through the interpretation of the legislation, by-laws, and a wide variety of planningrelated matters including official plan and zoning documents, draft plans of subdivision and condominium, site plan applications, disputes involving cash-in-lieu of parkland, development charges and other fees and tariffs.

The following table indicates new subdivisions and condominium matters which arose over the past few years. Those numbers do not include any ongoing matters which originated in previous years for developments that are still in progress.

	Subdivision Matters	Condominium Matters
2014	15	8
2015	15	12
2016	11	15
2017	8	10
2018	25	27

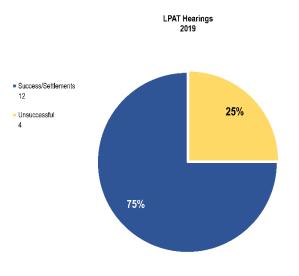
CDP Lawyers represent the City before the LPAT or other tribunals and courts including contested development applications, zoning by-law and official plan appeals, committee of adjustment application appeals, expropriations, and any other land-use related disputes. Appeals may be made by landowners seeking development approvals which have been refused by Council or where Council has not made any decision within the prescribed time provided under the *Planning Act*. Appeals may also be filed by individuals and public bodies and heritage districts. These matters frequently extend over a period of many months involving the extensive preparation of witnesses, mediations and pre-hearings and negotiations, in advance of presentation of evidence and arguments at the LPAT or other tribunals.

CDP lawyers were involved in a number of important planning and development-related matters in 2019 including LPAT appeals related to Piers 6, 7 (OPA 233) and 8 (Industrial and Residential), the Downtown Secondary Plan and the Commercial and Mixed Zoning By-law, as well as several site-specific appeals. In total, of 16 planning

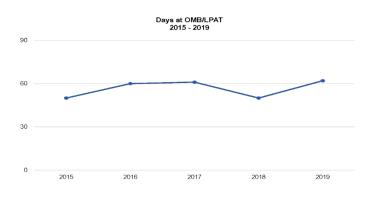
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appeal files before the LPAT, 12 matters were successfully argued and/or settled, and four matters unsuccessfully argued.

Staff also successfully argued the LPAT Stated Case appeal and continued to provide advice, guidance and interpretations regarding the recent changes to the provincial legislation underpinning land use planning in Ontario.



These statistics include attendance before the LPAT where a final Order was rendered.



APPENDICES AND SCHEDULES ATTACHED

N/A