



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE REPORT 22-012

**9:30 a.m.
June 16, 2022
Council Chambers
Hamilton City Hall**

Present: Councillors M. Pearson (Chair), B. Clark, L. Ferguson, B. Johnson, R. Powers, A. VanderBeek and M. Wilson

THE AUDIT, FINANCE AND ADMINISTRATION COMMITTEE PRESENTS REPORT 22-012 AND RESPECTFULLY RECOMMENDS:

**1. 2021 City of Hamilton Financial Report and Audited Financial Statements
(FCS22044) (City Wide) (Item 10.1)**

That the 2021 City of Hamilton Financial Report and Audited Financial Statements, attached as Appendix "A" to Audit, Finance and Administration Committee Report 22-012, be approved.

2. Post-Traumatic Stress Disorder (HUR22007) (City Wide) (Item 7.1)

That Report HUR22007, respecting the Post-Traumatic Stress Disorder, be received.

**3. 2022 First Quarter Emergency and Non-competitive Procurement Report
(FCS22046) (City Wide) (Item 7.2)**

That Report FCS22046, respecting the 2022 First Quarter Emergency and Non-competitive Procurement Report, be received.

**4. 2022 First Quarter Non-compliance with the Procurement Policy Report
(FCS22047) (City Wide) (Item 7.3)**

That Report FCS22047, respecting the 2022 First Quarter Non-compliance with the Procurement Policy Report, be received.

**5. 2022 First Quarter Request for Tenders and Proposals Report (FCS22048)
(City Wide) (Item 7.4)**

That Report FCS22048, respecting the 2022 First Quarter Request for Tenders and Proposals Report, be received.

6. Community Benefits Charge Strategy (FCS22015(b)) (City Wide) (Item 8.1)

- (a) That the 2022 City of Hamilton Community Benefits Charge Strategy, attached as Appendix “B” to Audit, Finance and Administration Committee Report 22-012 dated June 2, 2022, be approved;
- (b) That a Community Benefits Charge in the amount of 4% of the market value of land be implemented against for eligible development to pay for capital costs of facilities, services and matters in compliance with the *Planning Act, R.S.O. 1990*;
- (c) That a Reserve Fund entitled “Community Benefits Charge Reserve Fund” be established for all Community Benefits Charge collections, as per Policy included in Appendix “C” to Audit, Finance and Administration Committee Report 22-012;
- (d) That a Reserve Fund entitled “Development Charges - Community Benefits Charge Transition Reserve Fund” be established for previously collected Airport and Parking services, as per Policy included in Appendix “C” to Audit, Finance and Administration Committee Report 22-012; and,
- (e) That Appendix “B” attached to Report FCS22015(b) respecting the 2022 Community Benefits Charge By-law, prepared in a form satisfactory to the City Solicitor, be passed and enacted.

7. Treasurer's Write-off of Taxes under Section 354 of the *Municipal Act, 2001* (FCS22049 / LS22024) (City Wide) (Item 10.2)

That property taxes in the amount of \$144,857.19 for 221 York Boulevard, Hamilton (Roll #2518 020 124 505000 0000) be written off under section 354 of the *Municipal Act, 2001*.

8. Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)) (City Wide) (Item 10.3)

- (a) That the request for the City Development Charges (DC) demolition credits (623,140 square feet in total) for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) to be extended for three years until July 26, 2025 (310,631.39 square feet) and September 6, 2025 (312,508.61 square feet), be denied; and,
- (b) That the subject matter regarding the “Correspondence from Paul Paradis, Ross & McBride LLP, respecting a request for extension of Development Charge Demolition Credits, Hamilton Central Business Park – formerly 440 Victoria Avenue North now Studebaker Place and Ferris Street – DCR Holdings Inc.”, be identified as complete and removed from the Audit, Finance and Administration Committee Outstanding Business List.

9. Standardization of Cloudflare Enterprise Suite of Products for Corporate Information Technology (FCS22051) (City Wide) (Item 10.4)

- (a) That Council approve the standardization of Cloudflare Enterprise Suite of Products manufactured by Cloudflare, pursuant to Procurement Policy #14 – Standardization for a period of five years from the date of Council approval; and,
- (b) That the General Manager, Corporate Services Department be authorized to negotiate, enter-into and execute any required Contract and any ancillary documents required to give effect thereto with Cloudflare approved retailer, in a form satisfactory to the City Solicitor.

10. Liability Insurance Coverage Extension (LS22026) (City Wide) (Item 10.5)

- (a) That the Liability Insurance coverage be extended for the term June 1, 2022 to December 1, 2022 through the City's Broker Arthur J. Gallagher Canada Ltd. and the Insurer Marsh Canada Ltd. at a cost of \$2,190,861 (net of applicable taxes) and be funded through the 2022 Risk Management Services Budget;
- (b) That the General Manager, Finance and Corporate Services, be authorized and directed to execute all associated documents related to the extension of Liability Insurance coverage for the term June 1, 2022 to December 1, 2022, through Arthur J. Gallagher Canada Ltd. And Marsh Canada Ltd., on behalf of the City of Hamilton; and
- (c) That the 2022 budget shortfall of \$686,976.68 be funded from the Tax Stabilization Reserve (110046).

11. City Enrichment Fund Budget Request (Item 11.1) (Revised with the inclusion of a friendly amendment)

WHEREAS, the City Enrichment Fund is the overall name for the City of Hamilton's municipal investment in a wide range of program areas that supports the City's strategic plan;

WHEREAS, the fund comprises 6 Program Areas (Agriculture, Arts, Communities, Culture & Heritage, Community Services, Environment, Sports & Active Lifestyles) with funding streams and categories;

WHEREAS, the last budget increase to the City Enrichment Fund was approved in 2019, to bring total budget allocation to \$6,088,340; and,

WHEREAS, the 2022 request from applicants totalled \$9,858,419; total value of eligible requests based on 2022 applications totalled \$8,110,633; funding allocation was capped at \$6,088,340 or 75% of the total request;

THEREFORE, BE IT RESOLVED:

- (a) That an increase to the City Enrichment Fund be forwarded for consideration to the 2023 Budget submission; and,
- (b) ***That staff include in their report to the 2023 Budget submission, a history of the number of grant recipients that have been removed from the roll, have moved on to other funding, have self-sustained funding, and how many have been continuously receiving funds over the term.***

12. Assessment of 386 Wilcox St, Hamilton for the 2023 Taxation Year (Item 11.2)

WHEREAS, the Municipal Property Assessment Corporation (MPAC) reassessed the property at 386 Wilcox St, Hamilton (Roll Number 25-18-030-272-02600-0000) as a special purpose property, thereby reducing the assessed value from \$86,449,000 to \$44,994,000, effective the 2018 taxation year;

WHEREAS, the reduction in the assessed value from \$86,449,000 to \$44,994,000 solely pertained to the assessment attributed to 411.6 acres of land that form part of the property from an assessed land rate of \$100,805 per acre to \$100 per acre;

WHEREAS, the City of Hamilton appealed MPAC's decision to reduce the assessment of the property to the Assessment Review Board (ARB);

WHEREAS, on May 17, 2022 the ARB issued its decision, ruling in favour of MPAC's land rate of \$100 per acre for the 411.6 acres of land in accordance with the assessment returned by MPAC;

WHEREAS, the property, comprised of 806.2 acres (inclusive of the 411.6 acres that were subject to the ARB appeal), transacted for \$518M on June 1, 2022;

AND WHEREAS, MPAC's keying cut-off for the December 2022 Assessment Roll (to be used for the 2023 taxation year) is October 2022.

THEREFORE, BE IT RESOLVED:

That staff be directed to meet with MPAC before October 2022 to ensure that the assessed value to be returned on the December 2022 Assessment Roll (for the 2023 taxation year) for 386 Wilcox St, Hamilton (Roll Number 25-18-030-272-02600-0000) reflects the June 2022 sales transaction.

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 2)

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

5. COMMUNICATIONS (Item 5)

- 5.1 Correspondence from David Bronskill, Goodmans LLP, respecting Item 8.1 Community Benefits Charge Strategy - 41-61 Wilson Street and 97, 99 and 117 John Street North

Recommendation: Be received and referred to consideration of Item 8.1.

- 5.2 Correspondence from Lou Piriano, Realtors Association of Hamilton-Burlington, respecting Item 8.1 Community Benefits Charge Strategy

Recommendation: Be received and referred to consideration of Item 8.1.

6. DELEGATION REQUESTS (Item 6)

- 6.1 Michelle Diplock and Daryl Keleher, West End Home Builder's Association, respecting Item 8.1 - Community Benefits Charge Strategy (For today's meeting)
- 6.2 Brent Marshall on behalf of Wahed Al-Jabry, Hamilton Downtown Mosque, respecting their support of City staff's recommendations in Item 10.2 (For today's meeting)
- 6.3 Alex Bishop, on behalf of DCR Holdings Inc and Harlo Capital, respecting Item 10.3 (For today's meeting)

CHANGE TO THE ORDER OF ITEMS:

Due to a scheduling conflict, Items 10.1 respecting Report FCS22049 / LS22024, Treasurer's Write-off of Taxes under Section 354 of the *Municipal Act, 2001* and 14.2 respecting FCS20093(a) / LS20029(a), 386 Wilcox Street Assessment Review Board Appeals – ARB Decision and Next Steps are to be moved up on the agenda to be considered immediately following the consideration of the Delegations Requests (Item 6).

The agenda for the June 16, 2022 Audit, Finance and Administration Committee meeting was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)

(i) June 2, 2022 (Item 4.1)

The Minutes of the June 2, 2022 meeting of the Audit, Finance and Administration Committee were approved, as presented.

(d) COMMUNICATIONS (Item 5)

The following Communications Items were received and referred to consideration of Item 8.1 – Community Benefits Charge Strategy (FCS22015(b)):

- (i) Correspondence from David Bronskill, Goodmans LLP, respecting Item 8.1 Community Benefits Charge Strategy - 41-61 Wilson Street and 97, 99 and 117 John Street North (Added Item 5.1)
- (ii) Correspondence from Lou Piriano, Realtors Association of Hamilton-Burlington, respecting Item 8.1 Community Benefits Charge Strategy (Added Item 5.2)

(e) DELEGATION REQUESTS (Item 6)

The following Delegation Requests were approved for today's meeting:

- (i) Michelle Diplock and Daryl Keleher, West End Home Builder's Association, respecting Item 8.1 - Community Benefits Charge Strategy (Added Item 6.1)
- (ii) Brent Marshall on behalf of Wahed Al-Jabry, Hamilton Downtown Mosque, respecting their support of City staff's recommendations in Item 10.2 (For today's meeting) (Added Item 6.2)
- (iii) Alex Bishop, on behalf of DCR Holdings Inc and Harlo Capital, respecting Item 10.3 (Added Item 6.3)

(f) PRIVATE AND CONFIDENTIAL (Item 14)

- (i) 386 Wilcox Street Assessment Review Board Appeals – ARB Decision and Next Steps (FCS20093(a) / LS20029(a)) (City Wide) (Item 14.2)**

Legal Consultant John L. O'Kane was permitted to attend the Closed Session portion of the meeting with respect to Report FCS20093(a) / LS20029(a), 386 Wilcox Street Assessment Review Board Appeals – ARB Decision and Next Steps.

- (ii)** That the Committee move into Closed Session respecting Item 14.2 respecting FCS20093(a) / LS20029(a), 386 Wilcox Street Assessment Review Board Appeals – ARB Decision and Next Steps, pursuant to Section 9.1, Sub-sections (e) and (f) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (e) and (f) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board; and advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

(iii) 386 Wilcox Street Assessment Review Board Appeals – ARB Decision and Next Steps (FCS20093(a) / LS20029(a)) (City Wide) (Item 14.2)

- (a) That the directions to staff in Closed Session, be approved and released publicly following approval by Council;
- (b) That Appendix “A” to Report FCS20093(a)/LS20029(a), be released publicly following approval by Council; and,
- (c) That Report FCS20093(a)/LS20029(a) and Appendix “B”, remain confidential.

This matter was put forward at the Special Council meeting of June 16, 2022 for consideration.

(g) STAFF PRESENTATIONS (Item 8)

(i) Community Benefits Charge Strategy (FCS22015(b)) (City Wide) (Item 8.1)

Brian McMullen, Director - Financial Planning and Administration and Policy, introduced Gary Scanlan, Watson and Associates, who addressed the Committee with a presentation on the Community Benefits Charge Strategy.

The presentation respecting the Community Benefits Charge Strategy, was received.

For further disposition of this matter, refer to Items 6 and (h)(i).

(h) DELEGATIONS (Item 9)

(i) Delegations Respecting Item 8.1, Community Benefits Charge Strategy (FCS22015(b)) (City Wide)

The following delegations addressed Committee respecting Item 8.1, the Community Benefits Charge Strategy (FCS22015(b)) (City Wide):

- (a) Karl Andrus, Hamilton Community Benefits Network (HCBN) (Item 9.1)
- (b) Michelle Diplock and Daryl Keleher, West End Home Builder's Association (Added Item 9.2)

The following Delegations respecting Item 8.1, the Community Benefits Charge Strategy (FCS22015(b)) (City Wide), were received:

- (a) Karl Andrus, Hamilton Community Benefits Network (HCBN) (Item 9.1)
- (b) Michelle Diplock and Daryl Keleher, West End Home Builder's Association (Added Item 9.2)

For further disposition of this matter, refer to Items 6 and (g)(i).

(ii) Brent Marshall on behalf of Wahed Al-Jabry, Hamilton Downtown Mosque, respecting their support of City staff's recommendations in Item 10.2, Treasurer's Write-off of Taxes under Section 354 of the *Municipal Act, 2001* (FCS22049 / LS22024) (Added Item 9.3)

Brent Marshall on behalf of Wahed Al-Jabry, Hamilton Downtown Mosque, addressed the Committee respecting their support of City staff's recommendations in Item 10.2, Treasurer's Write-off of Taxes under Section 354 of the *Municipal Act, 2001* (FCS22049 / LS22024).

The presentation from Brent Marshall on behalf of Wahed Al-Jabry, Hamilton Downtown Mosque, respecting their support of City staff's recommendations in Item 10.2, Treasurer's Write-off of Taxes under Section 354 of the *Municipal Act, 2001* (FCS22049 / LS22024), was received.

For disposition of this matter, refer to Item 7.

(iii) Alex Bishop, on behalf of DCR Holdings Inc and Harlo Capital, respecting Item 10.3, Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (Added Item 9.4)

Alex Bishop, on behalf of DCR Holdings Inc and Harlo Capital, addressed the Committee respecting Item 10.3, Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)).

The presentation from Alex Bishop, on behalf of DCR Holdings Inc and Harlo Capital, respecting Item 10.3, Development Charge Demolition Credit Extension Request for Hamilton Central Business Park (Studebaker Place and Ferrie Street, formerly 440 Victoria Avenue North) (FCS17067(a)), was received.

For disposition of this matter, refer to Item 8.

(i) MOTIONS (Item 11)

(i) Assessment of 386 Wilcox St, Hamilton for the 2023 Taxation Year (Item 11.2)

Councillor Pearson relinquished the Chair to introduce her motion.

For disposition of this matter, refer to Item 12.

Councillor Pearson assumed the Chair.

(j) PRIVATE AND CONFIDENTIAL (Item 14) (Continued)

Committee determined that discussion of Item 14.1 was not required in Closed Session, therefore, the item was addressed in Open Session, as follows:

(i) Closed Minutes – June 2, 2022 (Item 14.1)

- (a) The Closed Session Minutes of the June 2, 2022 Audit, Finance and Administration Committee meeting, were approved as presented; and,
- (b) The Closed Session Minutes of the June 2, 2022 Audit, Finance and Administration Committee meeting, remain confidential.

(k) ADJOURNMENT (Item 15)

There being no further business, the Audit, Finance and Administration Committee adjourned at 12:32 p.m.

Respectfully submitted,

Councillor Pearson, Chair
Audit, Finance and Administration
Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk



Hamilton

FINANCIAL REPORT

2021

**City of Hamilton
71 Main Street West
Hamilton, Ontario
L8P 4Y5**

City of Hamilton Financial Report 2021

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Accommodations for Readers with Disabilities

In accordance with the Ontario Human Rights Code, Ontarians with Disabilities Act, 2001 (ODA) and Accessibility for Ontarians with Disabilities Act, 2005 (AODA), the City of Hamilton will accommodate for readers with a disability upon request.

Section 1

City of Hamilton Five Year Financial and Statistical Review 2021

City of Hamilton

Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Revenue					
Taxation	\$ 985,972	\$ 957,739	\$ 917,126	\$ 888,229	\$ 876,880
Government grants and contributions	536,264	521,305	447,833	454,774	394,785
User charges	344,086	329,316	372,145	347,637	334,974
Development charges and subdivider contributions	68,541	33,693	60,646	119,703	50,313
Donated tangible capital assets	28,812	8,494	21,715	46,862	18,217
Investment and dividend income	37,639	33,545	37,598	31,101	28,070
Net income from Government Business Enterprises	13,097	10,726	11,262	24,285	134,914
Other	131,674	120,526	128,764	137,476	131,383
	<u>2,146,085</u>	<u>2,015,344</u>	<u>1,997,089</u>	<u>2,050,067</u>	<u>1,969,536</u>
Operating Expenses by Function					
General government	\$ 95,277	\$ 68,079	\$ 66,626	\$ 80,025	\$ 70,733
Protection services	357,517	341,243	330,258	324,227	312,564
Transportation services	338,618	322,651	337,719	320,005	326,274
Environmental services	283,556	251,828	252,778	284,271	239,488
Health services	153,396	126,930	106,057	102,868	99,125
Social and family services	342,493	333,523	309,361	316,819	315,218
Social housing	124,830	110,063	97,131	105,893	105,141
Recreation and cultural services	164,238	149,932	176,949	172,965	169,029
Planning and development	63,316	56,382	52,263	56,785	53,455
	<u>1,923,241</u>	<u>1,760,631</u>	<u>1,729,142</u>	<u>1,763,858</u>	<u>1,691,027</u>
Net Operating Revenue or Annual Surplus from Operations	<u>222,844</u>	<u>254,713</u>	<u>267,947</u>	<u>286,209</u>	<u>278,509</u>

Note: Amounts reported may have been restated from previous amounts presented to conform to 2021 Public Sector Accounting Board (PSAB) standards.

City of Hamilton

Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Taxation					
Taxation from real property	\$ 1,164,870	\$ 1,146,798	\$ 1,102,694	\$ 1,071,092	\$ 1,056,723
Taxation from other governments/payments in lieu of taxes	\$ 17,508	\$ 16,900	\$ 16,551	\$ 16,256	17,042
Taxation collected on behalf of school boards	(196,406)	(205,959)	(202,119)	(199,119)	(196,885)
Net taxes available for municipal purposes	985,972	957,739	917,126	888,229	876,880
Tax Levies					
City portion	\$ 954,419	\$ 924,159	\$ 886,787	\$ 857,981	\$ 845,392
School Board portion	193,426	202,808	198,980	196,082	193,714
	1,147,845	1,126,967	1,085,767	1,054,063	1,039,106
Tax arrears					
Taxes receivable	\$ 81,750	\$ 85,023	\$ 86,309	\$ 80,972	\$ 77,918
Taxes receivable per capita	140	147	149	141	138
Taxes receivable as a percentage of current years' levies	7.1%	7.5%	7.9%	7.7%	7.5%
Unweighted Taxable Assessment					
Residential	\$ 71,929,405	\$ 70,762,154	\$ 66,000,132	\$ 61,518,082	\$ 57,306,633
Non-Residential	9,676,235	9,620,270	9,069,880	8,442,007	7,908,588
	81,605,640	80,382,424	75,070,012	69,960,089	65,215,221
Weighted Taxable Assessment					
Residential	\$ 74,704,344	\$ 73,713,509	\$ 69,119,831	\$ 64,745,624	\$ 61,208,842
Non-Residential	20,954,969	20,946,399	19,641,077	18,379,207	17,376,301
	95,659,313	94,659,908	88,760,908	83,124,831	78,585,143
Residential vs Non-Residential Percentage of Total Weighted Taxable Assessment					
Residential	78%	78%	78%	78%	78%
Non-Residential	22%	22%	22%	22%	22%
Taxable Assessment Growth (weighted)	1.2%	1.2%	1.2%	1.6%	1.4%

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City of Hamilton

Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Expenses by Object					
Salaries, wages and employee benefits	\$ 862,369	\$ 819,188	\$ 797,631	\$ 780,052	\$ 755,403
Interest on long term liabilities	11,486	12,416	13,767	12,677	13,442
Materials	245,947	203,045	203,308	207,682	218,037
Contracted services	375,195	282,168	309,634	341,931	275,361
Rents and financial expenses	35,968	36,080	31,084	34,550	42,421
External transfers	176,015	193,667	168,471	190,538	194,241
Amortization of tangible capital assets	216,261	214,067	205,247	196,428	192,122
	<u>1,923,241</u>	<u>1,760,631</u>	<u>1,729,142</u>	<u>1,763,858</u>	<u>1,691,027</u>
Operating Expenses as Percentage of Total					
Salaries, wages and employee benefits	44.8%	46.5%	46.1%	44.2%	44.7%
Interest on long term liabilities	0.6%	0.7%	0.8%	0.7%	0.8%
Materials	12.8%	11.6%	11.8%	11.8%	12.9%
Contracted services	19.5%	16.0%	18.0%	19.5%	16.3%
Rents and financial expenses	1.9%	2.0%	1.8%	2.0%	2.5%
External transfers	9.2%	11.0%	9.7%	10.8%	11.5%
Amortization of tangible capital assets	11.2%	12.2%	11.8%	11.0%	11.3%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Long Term Liabilities					
Long Term Liabilities incurred by the City	\$ 401,143	\$ 436,289	\$ 432,709	\$ 484,891	\$ 418,145
Long Term Debt incurred by the City for which other entities have assumed responsibility	-	-	-	-	-
	<u>401,143</u>	<u>436,289</u>	<u>432,709</u>	<u>484,891</u>	<u>418,145</u>
Long Term Liabilities					
Housing operations	\$ 48,882	\$ 40,991	\$ 46,967	\$ 52,803	\$ 58,508
City operations	352,261	395,298	385,742	432,088	359,637
	<u>401,143</u>	<u>436,289</u>	<u>432,709</u>	<u>484,891</u>	<u>418,145</u>
Long term liabilities as a % of Reserves and Capital Surplus					
	46.80%	49.80%	51.60%	57.30%	58.60%

Note: Amounts reported may have been restated from previous amounts presented to conform to 2021 Public Sector Accounting Board (PSAB) standards.

City of Hamilton

Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tangible Capital Assets					
General					
Land	\$ 442,267	\$ 403,879	\$ 387,321	\$ 357,211	\$ 333,818
Land improvements	202,950	181,506	167,237	157,312	152,325
Buildings	821,383	829,290	815,472	817,598	756,160
Vehicles	140,537	138,937	148,259	137,501	128,600
Computer hardware and software	17,694	18,698	19,499	13,572	11,821
Other	104,261	92,062	93,335	95,871	99,540
Infrastructure					-
Roads	1,307,472	1,315,237	1,310,342	1,293,193	1,261,223
Bridges and structures	177,730	181,098	181,896	184,387	183,422
Water and wastewater facilities	448,041	416,470	395,495	398,743	403,647
Underground and other networks	2,066,026	2,021,641	1,986,865	1,861,011	1,789,334
Net Book Value	5,728,361	5,598,818	5,505,721	5,316,399	5,119,890
Assets under construction	720,255	604,146	425,067	360,182	309,974
	6,448,616	6,202,964	5,930,788	5,676,581	5,429,864
Accumulated Surplus or Municipal Financial Position					
Reserves and reserve funds					
Reserves	\$ 611,750	\$ 623,966	\$ 612,513	\$ 660,380	\$ 697,931
Hamilton Future Fund	63,848	58,466	52,963	48,635	44,322
	675,598	682,432	665,476	709,015	742,253
Capital surplus	\$ 180,850	\$ 193,769	\$ 173,857	\$ 136,894	\$ (28,137)
Operating surplus	74,546	83,987	74,118	88,433	1,498
Investment in Government Business Enterprises	321,183	319,823	323,851	329,237	356,098
Investment in tangible capital assets	5,894,721	5,629,066	5,393,649	5,102,640	4,995,441
Unfunded liabilities - Employee future benefits	(372,130)	(363,419)	(348,328)	(348,832)	(343,679)
Unfunded liabilities - Solid waste landfill sites	(78,272)	(65,148)	(71,420)	(71,559)	(24,174)
Unfunded liabilities - Environmental	(7,308)	(15,400)	-	-	-
	6,689,188	6,465,110	6,211,203	5,945,828	5,699,300

Note: Amounts reported may have been restated from previous amounts presented to conform to 2021 Public Sector Accounting Board (PSAB) standards.

City of Hamilton

Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statistical Information					
Population	584,000	578,000	579,000	572,575	563,480
Households	242,185	237,420	237,200	234,655	227,641
Area in hectares	112,840	112,840	112,775	112,775	112,775
Building Permit Values	\$2,128,166,392	\$1,383,480,564	\$1,408,521,764	\$1,264,757,129	\$1,364,145,419
Housing Starts	1,564	1,406	1,438	1,135	1,340
Residential Units - Building Permits	5,494	4,507	5,012	5,808	6,053
Average Monthly Social Assistance Case Load	9,118	11,034	11,248	11,884	12,807
Continuous Full Time Employees	6,890	6,919	6,841	6,724	6,664

Note: Amounts reported may have been restated from previous amounts presented to conform to 2021 Public Sector Accounting Board (PSAB) standards.

Section 2

City of Hamilton Consolidated Financial Statements 2021

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Independent Auditors' Report

<<NOTE: The Independent Auditors' Report will be inserted after the Financial Report is approved by the Audit, Finance and Administration Committee. >>

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	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents (Note 3)	\$ 473,967	\$ 459,178
Taxes receivable	81,750	85,023
Accounts receivable	144,390	139,157
Other assets	1,421	1,428
Long term receivables (Note 4)	53,405	42,237
Portfolio investments (Note 3)	1,171,734	1,022,899
Investment in Government Business Enterprises (Note 5)	321,183	319,823
Total financial assets	\$ 2,247,850	\$ 2,069,745
Liabilities		
Accounts payable and accrued liabilities	\$ 436,642	\$ 390,003
Deferred revenue - general	105,713	87,143
Deferred revenue - obligatory reserve funds (Note 6 & 7)	617,918	470,579
Long term liabilities – municipal operations (Note 8)	352,261	395,298
Long term liabilities – housing corporation (Note 9)	48,882	40,991
Employee future benefits and other obligations (Note 10 & 11)	396,733	387,950
Solid waste landfill liabilities (Note 12)	78,272	65,148
Total liabilities	2,036,421	1,837,112
Net financial assets	\$ 211,429	\$ 232,633
Non-financial assets		
Tangible capital assets (Note 21)	\$ 6,448,616	\$ 6,202,964
Inventories	19,528	19,394
Prepaid expenses	9,615	10,119
Total non-financial assets	6,477,759	6,232,477
Accumulated surplus (Note 13)	\$ 6,689,188	\$ 6,465,110

Contractual obligations (Note 17)

Contractual rights (Note 18)

Contingent liabilities (Note 20)

COVID-19 (Note 25)

See accompanying notes to the consolidated financial statements.

	Budget <u>2021</u> (Note 24)	Actual <u>2021</u>	Actual <u>2020</u>
Revenue			
Taxation (Note 15)	\$ 984,546	\$ 985,972	\$ 957,739
Government grants and contributions (Note 16)	597,521	536,264	521,305
User charges, licences and fines	363,050	344,086	329,316
Developer contributions earned	72,093	68,541	33,693
Donated tangible capital assets	28,812	28,812	8,494
Investment and dividend income	46,755	37,639	33,545
Net income from Government Business Enterprises (Note 5)	-	13,097	10,726
Other	108,863	131,674	120,526
Total revenue	<u>2,201,640</u>	<u>2,146,085</u>	<u>2,015,344</u>
Expenses			
General government	\$ 74,589	\$ 95,277	\$ 68,079
Protection services	348,768	357,517	341,243
Transportation services	364,611	338,618	322,651
Environmental services	282,979	283,556	251,828
Health services	140,712	153,396	126,930
Social and family services	341,751	342,493	333,523
Social housing	115,235	124,830	110,063
Recreation and cultural services	179,813	164,238	149,932
Planning and development	66,315	63,316	56,382
Total expenses	<u>1,914,773</u>	<u>1,923,241</u>	<u>1,760,631</u>
Annual Surplus	\$ 286,867	\$ 222,844	\$ 254,713
Accumulated surplus			
Beginning of year	\$ 6,465,110	\$ 6,465,110	\$ 6,211,203
Other comprehensive loss and other Government Business Enterprises (Note 5)	-	1,234	(806)
End of year	<u>\$ 6,751,977</u>	<u>\$ 6,689,188</u>	<u>\$ 6,465,110</u>

See accompanying notes to the consolidated financial statements.

	Budget <u>2021</u> (Note 24)	Actual <u>2021</u>	Actual <u>2020</u>
Operating activities			
Annual surplus	\$ 286,867	\$ 222,844	\$ 254,713
Other comprehensive loss of Government Business Enterprises	-	1,234	(806)
Acquisition of tangible capital assets	(692,241)	(447,314)	(487,876)
Loss on disposition of tangible capital assets	14,012	14,212	10,127
Amortization of tangible capital assets	216,262	216,262	214,067
Donated tangible capital assets	(28,811)	(28,812)	(8,494)
Change in inventories	-	(134)	(3,722)
Change in prepaid expenses	-	504	(2,758)
Change in financial assets	<u>(203,911)</u>	<u>(21,204)</u>	<u>(24,749)</u>
Net financial assets			
Beginning of year	<u>232,633</u>	<u>232,633</u>	<u>257,382</u>
 End of year	 <u>\$ 28,722</u>	 <u>\$ 211,429</u>	 <u>\$ 232,633</u>

See accompanying notes to the consolidated financial statements.

	<u>2021</u>	<u>2020</u>
Operating activities		
Annual surplus	\$ 222,844	\$ 254,713
Increase in taxes receivable	3,273	1,286
Increase in accounts receivable	(5,233)	(7,925)
Increase in other assets	7	45
Increase in accounts payable and accrued liabilities	46,639	50,173
Increase in deferred revenue - general	18,570	44,601
Increase in deferred revenue - obligatory reserve fund	147,339	139,301
Increase in inventories	(134)	(3,722)
Decrease in prepaid expenses	504	(2,758)
Non-cash activities		
Amortization of tangible capital assets	216,262	214,067
Donated tangible capital assets	(28,812)	(8,494)
Loss on disposition of tangible capital assets	14,212	10,127
Net income from Government Business Enterprises	(13,097)	(10,726)
Change in employee future benefits and other obligations	8,783	15,255
Change in solid waste landfill liabilities	13,124	(6,272)
	<u>644,281</u>	<u>689,671</u>
Investing activities		
Increase in portfolio investments	(148,835)	47,009
Decrease in long term receivables	(11,168)	5,142
Dividends received from Government Business Enterprises	12,971	51,934
Issuance of share capital	-	(37,986)
	<u>(147,032)</u>	<u>66,099</u>
Financing activities		
Long term debt issued – housing corporation	13,918	51,705
Long term liability – municipal operations	2,678	-
Debt principal repayment – municipal operations	(45,112)	(41,530)
Lease obligation payment – municipal operations	(603)	(619)
Debt principal repayment – housing corporation	(6,027)	(5,976)
	<u>(35,146)</u>	<u>3,580</u>
Capital activities		
Purchase of tangible capital assets	(447,316)	(487,876)
Net increase in cash and cash equivalents	14,789	271,474
Cash and cash equivalents		
Beginning of year	459,178	187,704
End of year	<u>\$ 473,967</u>	<u>\$ 459,178</u>

See accompanying notes to the consolidated financial statements.

1. Significant accounting policies

The Consolidated Financial Statements of the City of Hamilton ("City") are prepared by management in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the City are as follows:

(a) Reporting entity

- (i) The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in accumulated surplus, changes in net financial assets of the reporting entity. The consolidated financial statements include the activities of all committees of Council and the following boards and enterprises which are under the control of and accountable to Council:

Hamilton Police Services Board
The Hamilton Public Library Board
The Hamilton Street Railway Company
CityHousing Hamilton Corporation
Hamilton Business Improvement Areas including Ancaster BIA, Barton Street Village BIA, Concession Street BIA, Downtown Hamilton BIA, Dundas BIA, International Village BIA, Locke Street BIA, Downtown Stoney Creek BIA, Ottawa Street BIA, Waterdown BIA, and Westdale BIA
Flamborough Recreation Sub-Committees
Confederation Park
Hamilton Farmers Market

Interdepartmental and organizational transactions and balances are eliminated.

CityHousing Hamilton Corporation was incorporated as Hamilton Housing Corporation on January 1, 2001 as a result of the provincial legislation, Social Housing Reform Act 2000, which transferred the operation of various local housing authorities to municipalities. The City of Hamilton assumed social housing responsibilities on December 1, 2001. The share capital of CityHousing Hamilton Corporation is 100% owned by the City of Hamilton and a separate Board of Directors has been established to provide oversight responsibilities for the Corporation.

CityHousing Hamilton Corporation has been consolidated on a line-by-line basis after conforming with the City's accounting principles after eliminating inter-organizational transactions and balances.

Hamilton Utilities Corporation ("H.U.C."), Hamilton Enterprises Holdings Corporation ("H.E.H.C.O.") and Hamilton Renewable Power Inc. ("H.R.P.I.") are subsidiary corporations of the City and are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 5). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City and inter-organizational transactions and balances are not eliminated.

City of Hamilton trust fund assets that are administered for the benefit of external parties are excluded from the consolidated financial statements. Separate financial statements have been prepared.

1. Significant accounting policies (continued)

(a) Reporting entity (continued)

Cemetery trust, and general trust funds administered by the City amounting to \$22,668,000 (2020 - \$21,373,000) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations. Homes for the Aged trust funds administered by the City amounting to \$407,000 (2020 - \$413,000) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

- (i) The financial activities of certain entities associated with the City of Hamilton are not consolidated. The City's contributions to these entities are recorded in the Consolidated Statement of Operations. The entities that are not consolidated are as follows:

Hamilton Region Conservation Authority
Disabled and Aged Regional Transit System
The Hamilton Municipal Retirement Fund
The Hamilton-Wentworth Retirement Fund
The Pension Fund of the Employees of the Hamilton Street Railway
Township of Glanbrook Non-Profit Housing Corporation

- (ii) The taxation, other revenues, expenses, assets and liabilities with respect to the operations of various school boards are not reflected in the consolidated financial statements.

(b) Basis of accounting

Revenues are recorded on the accrual basis of accounting, whereby revenues are recognized as they are earned and measurable. Expenses are recognized in the period goods and services are acquired and a liability is incurred.

(c) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating provisions for allowance for doubtful accounts, donated tangible capital assets, solid waste landfill liabilities, liabilities for contaminated sites, and in performing actuarial valuations of employee future benefit obligations.

Where estimation uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Cash, cash equivalents

Cash and cash equivalents include cash on hand, cash held in financial institutions and temporary investments with maturities of 365 days or less. Investments are valued at cost and are written down when there is a decrease in value.

(e) Portfolio investments

Portfolio investments mainly comprise of federal, provincial and municipal government bonds and deposit notes and short-term instruments of financial institutions. Portfolio investments are valued at cost less any amounts written off to reflect an other than temporary decline in value.

1. Significant accounting policies (continued)

(f) Deferred revenue – obligatory reserve funds

Receipts which are restricted by legislation of senior governments or by agreement with external parties are in nature restricted revenues and are reported as deferred revenues. When qualifying expenses are incurred, deferred revenues are recognized into revenue in the fiscal period they are expended.

(g) Employee future benefits and other obligations

Employee future benefits and other obligations for retirement, post employment and pension benefits are reported in the Consolidated Statement of Financial Position. The accrued benefit obligations are determined using management's best estimates of expected investment yields, wage and salary escalation, mortality rates, termination and retirement ages. The actuarial gain or loss is amortized over the expected average remaining life expectancy of the members of the employee groups.

(h) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Donated and/or contributed assets are capitalized and recorded at their estimated fair value upon acquisition and recognized in revenue. Leased tangible capital assets are valued at the present value of the future minimum lease payments. Certain tangible capital assets for which historical cost information is not available have been recorded at current replacement cost deflated by a relevant inflation factor.

Amortization for road linear assets is calculated on a consumption basis using road deterioration curves. All other tangible capital assets are amortized on a straight-line basis over their estimated useful lives. One half of the annual amortization is recorded as amortization expense in the year of acquisition or construction and in the year of disposal. Estimated useful lives range from 2 years to 100 years as follows:

General - Land improvements	20 to 75 years
General - Buildings	20 to 40 years
General - Vehicles	2 to 20 years
General – Computer hardware and software	3 to 5 years
General – Other – Machinery and equipment	2 to 100 years
Infrastructure – Bridges and other structures	40 to 75 years
Infrastructure – Water and wastewater facilities	20 to 40 years
Infrastructure – Water, wastewater, storm and road linear	18 to 100 years

The City has leased tangible capital assets which are amortized over the term of the lease, ranging from 5 to 50 years. The cost, accumulated amortization, net book value and amortization expense have been reported in these consolidated financial statements.

Assets under construction are not amortized until the asset is ready for use. All interest on debt incurred during construction of related tangible capital assets is expensed in operations in the year incurred. Works of art and historic treasures are not recorded as assets in these consolidated financial statements.

(i) Inventories

Inventories held for consumption or use are valued at the lower of cost and net realizable value.

1. Significant accounting policies (continued)

(j) Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met, and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(k) Long term receivables

Long term receivables are valued at cost. Recoverability is assessed annually, and a valuation allowance is recorded when recoverability has been impaired. Long term receivables are written off when they are no longer recoverable. Recoveries of long term receivables previously written off are recognized in the year received. Interest revenue is recognized as it is earned. Long term receivables with significant concessionary terms are reported as an expense on the Consolidated Statement of Operations. Long term receivables are reported in Note 4.

(l) Tax revenue

Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized, and the taxable event has occurred.

(m) Landfill Liability

The Ontario Environmental Protection Act (the "Act") sets out the regulatory requirements for the closure and maintenance of landfill sites. Under the Act, the City is required to provide for closure and post-closure care of solid waste landfill sites. The costs related to these obligations are provided for all inactive landfill sites and active landfill sites based on usage.

(n) Contaminated Sites

Contamination is a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the City is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is estimated based upon information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique.

(o) Related parties disclosure

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has material effect on the consolidated financial statements. As at December 31, 2021, there are no such related party transactions to disclose.

1. Significant accounting policies (continued)

(p) Contingent assets

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty which will be ultimately resolved when one of more future events occur that are not within the government's control. Disclosure of a contingent asset is required under this standard when the occurrence of a confirming future event is likely. As at December 31, 2021, there are no such contingent assets to disclose.

(q) Contractual rights

Contractual rights requires the disclosure of information in regards to future rights to economic resources arising from contracts or agreements that will result in a future economic benefit. Such disclosure includes the nature, extent and timing of contractual rights. The City is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources. Contractual rights are reported in Note 18.

(r) Assets

The assets standard provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions and events and from which future economic benefits are to be obtained. For the year ended December 31, 2021, all material assets have been disclosed and reported within this definition.

(s) Inter-Entity transactions

Inter-entity transactions standard provides guidance on how to account for and report transactions between public sector entities that comprises a governments reporting entity. This section provides guidance for the measurement of these transactions. All City transactions are recorded at the exchange amount, being the amount agreed to by both parties. For the year ended December 31, 2021, there were no material inter-entity transactions to disclose.

2. Adoption of new accounting standards

The following are upcoming standard and amendment changes that will be effective in future periods. They have not been applied to the 2021 consolidated financial statements. Management is still assessing the impact to the City's future financial statements and the extent of the impact is still not known at this point.

(a) PS 1201, Financial Statement Presentation

Introduces a new statement of remeasurement gains and losses. The new statement will report: unrealized foreign exchange gains or losses, fair value remeasurements and other comprehensive income (OCI) from GBEs / GBPs. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end) and must be adopted simultaneously with PS 3450-Financial Instruments and PS2601-Foreign Currency Translation.

(b) PS 2601, Foreign Currency Translation

Requires foreign exchange translation gains and losses to be reported in the statement of remeasurement gains and losses. This standard is effective for fiscal periods beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

2. Adoption of new accounting standards (continued)

(c) PS 3280, Asset Retirement Obligations

Establishes a framework for recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Legally obligated costs associated with the retirement of capital assets will be accounted for over the life of the asset, as opposed to at time the retirement occurs. This section is effective for fiscal years beginning on or after April 1, 2022 (The City's December 31, 2023 year-end).

(d) PS 3400, Revenue

Establishes a framework for recognition, measurement and reporting revenues that arise from transactions that include performance obligations (revenue recognized as performance obligations are satisfied) and transactions that do not have performance obligations (revenue recognized at realizable value). This section is effective for fiscal years beginning on or after April 1, 2023 (The City's December 31, 2024 year-end).

(e) PS 3450, Financial Instruments

Provides guidance on recognition, measurement, presentation and disclosure of financial instruments and introduces fair value measurement for a number of financial instruments including derivatives. This standard is effective for fiscal periods beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(f) PS 3041 Portfolio Investments

Provides guidance on how to account for investments in organizations that do not form part of the government reporting entity. Such investments are normally in equity instruments or debt instruments issued by the investee. This section is effective for fiscal years beginning on or after April 1, 2022 (The City's December 31, 2023 year-end).

(g) Public Sector Guideline 8, Purchased Intangible

Allows public sector entities to recognize intangible purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the City's December 31, 2024 year-end).

(h) PS 3160 Public Private Partnership

This Section establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. This section is effective for fiscal years beginning on or after April 1, 2023 (the City's December 31, 2024 year-end).

3. Cash and cash equivalents and portfolio investments

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents are comprised of:		
Cash on hand	\$ 133	\$ 130
Cash held in banks	467,491	452,713
Temporary investments	6,343	6,335
	<u>\$ 473,967</u>	<u>\$ 459,178</u>
Portfolio investments are comprised of:		
Unrestricted investments	\$ 489,968	\$ 493,854
Designated investments (obligatory reserve funds)	617,918	470,579
Designated investments (Hamilton Future Fund)	63,848	58,466
	<u>\$ 1,171,734</u>	<u>\$ 1,022,899</u>

Portfolio investments have a market value of \$1,151,442,000 (2020 - \$1,094,766,000). The City has purchased \$3,446,000 (2020 - \$6,504,000) of its own debentures which have not been cancelled. This investment in its own debenture is included in portfolio investments on the consolidated statement of financial position. The gross amounts of these debentures is \$348,063,000 (2020 - \$393,175,000)

4. Long term receivables

The City has long-term receivables in the amount of \$53,405,000 (2020 - \$42,237,000). The long-term receivables are comprised of:

	<u>2021</u>	<u>2020</u>
Development charge deferral agreements	\$ 41,575	\$ 26,658
Mortgages receivable:		
Downtown convert to rent program	-	4,784
Hamilton Enterprises Holding Corporation	5,832	6,156
Sheraton Hotel loan	462	610
Other City loan programs	3,898	3,424
Loans to other agencies and organizations	3,547	3,091
Less: Provision for loans with concessionary terms	(1,909)	(2,486)
	<u>\$ 53,405</u>	<u>\$ 42,237</u>

Development charge deferral agreements and mortgage receivables are loans which are secured by property, with interest rates varying from 0% to 5.56% and terms of one year to thirty years.

Loans to other agencies and organizations include loans to Hamilton Conservation Authority, Catholic Children's Aid Society, Winona Peach Festival, Redeemer University College, the Bob Kemp Hospice, Canadian Football Hall of Fame, Rosedale tennis Club with interest rates varying from 0% to 4.92% for terms of up to thirty years.

5. Investment in Government Business Enterprises

Hamilton Utilities Corporation, Hamilton Enterprises Holdings Corporation and Hamilton Renewable Power Inc. are subsidiary corporations of the City and are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises.

In compliance with provincial legislation enacted to restructure the electrical industry in Ontario, the Hamilton Utilities Corporation ("H.U.C.") was incorporated on June 1, 2000. All of the assets and liabilities of the predecessor hydro-electric systems were transferred to H.U.C. During 2004, Hamilton Hydro Energy Inc. was established with the City's acceptance of a dividend in kind in the form of one common share from H.U.C. Effective June 1, 2005, the articles of incorporation reflected the amendment of a name change to Hamilton Renewable Power Inc. ("H.R.P.I."). On December 18, 2017 Hamilton Enterprises Holdings Corporation ("H.E.H.C.O.") was incorporated.

The amounts related to government business enterprises as reported in the Consolidated Statement of Operations for 2021 and 2020 is as reported by the Hamilton Utilities Corporation, Hamilton Enterprises Corporation and Hamilton Renewable Power Inc.

	<u>2021</u>	<u>2020</u>
Net income from H.U.C.	\$ 16,132	\$ 13,473
Net loss from H.E.H.C.O.	(2,770)	(2,681)
Net loss from H.R.P.I.	(265)	(66)
	<u>\$ 13,097</u>	<u>\$ 10,726</u>

The City's investment in Government Business Enterprises is reported in the Consolidated Statement of Financial Position as:

	<u>2021</u>	<u>2020</u>
Investment in H.U.C.	\$ 292,615	\$ 288,242
Investment in H.E.H.C.O.	29,272	32,020
Investment in H.R.P.I.	(704)	(439)
	<u>\$ 321,183</u>	<u>\$ 319,823</u>

The change in investment in Government Business Enterprises is allocated as follows:

	<u>2021</u>	<u>2020</u>
Investment in Government Business Enterprises at January 1	\$ 319,823	\$ 323,851
Net income during the year	13,097	10,726
Other comprehensive loss	1,234	(806)
Dividends	(12,971)	(51,934)
Issuance of capital	-	37,986
Investment in Government Business Enterprises at December 31	<u>\$ 321,183</u>	<u>\$ 319,823</u>

5. Investment in Government Business Enterprises (continued)

The following table provides condensed supplementary financial information for Hamilton Utilities Corporation reported by H.U.C. at December 31, 2021 and December 31, 2020 respectively.

	<u>2021</u>	<u>2020</u>
Financial Position		
Current assets	\$ 49	\$ 72
Notes receivable from Corporation	16,212	13,786
Due from related parties	-	2,426
Future payments in lieu of income taxes	448	473
Investment in Alectra Holdings Inc.	356,107	350,198
Total assets	<u>\$ 372,816</u>	<u>\$ 366,955</u>
Current liabilities		
(including current portion of long term debt)	14	8
Non-current liabilities	69,408	67,926
Total liabilities	<u>69,422</u>	<u>67,934</u>
Change in equity on restructuring	10,779	10,779
Shareholder's equity	<u>\$ 292,615</u>	<u>\$ 288,242</u>
Results of operations		
Revenues	\$ 156	\$ 156
Operating expenses	(184)	(188)
Equity income in Alectra Holdings Inc.	17,668	13,147
Financing expenses	(6)	(5)
Other income	7	12
Equity earnings from operations	17,641	13,122
Recovery of taxes	(1,509)	351
Net income before other comprehensive income	16,132	13,473
Other comprehensive loss	1,212	(693)
Net income	<u>\$ 17,344</u>	<u>\$ 12,780</u>
Dividends paid	12,971	51,792

5. Investment in Government Business Enterprises (continued)

H.U.C. transactions with corporations under common control:

As part of the H.U.C. restructuring in 2018, certain notes receivable were recognized as a result of the sale of shares of the Corporation's previous subsidiaries. During 2020, the Corporation executed the remaining restructuring steps approved by the Ministry of Finance with its sole shareholder. As a result, notes receivable totalling \$37,986 were formally assigned to the City by way of a dividend in-kind. The amounts remaining from the initial notes receivable established on restructuring over and above the fair value for the shares agreed upon at the date of restructuring remain receivable as at December 31, 2020 and 2021.

During the year ended December 31, 2020, long-term receivables related to a loan between the corporation and HCE Energy ("HCE") a corporation under common control relating to HCE's acquisition of the City of Hamilton's Central Utilities Plant ("CUP"). The long-term borrowings were a loan between the City and the Corporation relating to HCE's acquisition of the City's CUP.

Prior to December 31, 2020, the Corporation and the City, along with HCE formally entered into an assignment agreement to transfer both the remaining long-term receivable in the amount of \$6,156 and long-term borrowing in the amount of \$6,156 to the City and HCE respectively. As at December 31, 2020, the Corporation has no further contractual right to cash flows from long-term receivables and no obligation to settle long-term borrowings with the City. The settlement transaction comprised of long-term debt forgiveness and the transfer of long-term receivable with related parties have been recognized.

Amounts owing to and from corporations under common control are non-interest bearing with no fixed terms of repayment.

5. Investment in Government Business Enterprises (continued)

The following table provides condensed supplementary financial information for Hamilton Enterprises Holding Corporation reported by H.E.H.C.O. at December 31, 2021 and December 31, 2020 respectively.

	<u>2021</u>	<u>2020</u>
Financial Position		
Current assets	\$ 8,269	\$ 9,442
Capital assets	47,381	51,618
Other assets	5,159	5,418
Future payments in lieu of income taxes	5,243	5,209
Total assets	<u>66,052</u>	<u>71,687</u>
Current liabilities		
(including current portion of long term debt)	19,235	20,786
Non-current liabilities	28,645	29,962
Total liabilities	<u>47,880</u>	<u>50,748</u>
Shareholder's deficit		
Non-controlling interest	59	78
Opening equity	(11,159)	(11,159)
Total shareholder's deficit	<u>\$ 29,272</u>	<u>\$ 32,020</u>
Results of operations		
Revenues	\$ 18,133	\$ 15,527
Operating expenses	(20,277)	(16,533)
Financing expense	(917)	(1,365)
Other income	24	19
Equity earnings from operations	(3,037)	(2,352)
Payment / recovery of taxes	(248)	334
Loss for the year	(2,789)	(2,686)
Non-controlling interest of a subsidiary	19	5
Net loss before other comprehensive income	(2,770)	(2,681)
Other comprehensive income	22	(113)
Net loss	<u>\$ (2,748)</u>	<u>\$ (2,794)</u>
Issuance of share capital	-	37,986

5. Investment in Government Business Enterprises (continued)

H.E.H.C.O. transactions with corporations under common control

During the prior year, the H.E.H.C.O. settled outstanding notes payable that originated as part of the corporate reorganization in 2018. As part of the settlement, the H.E.H.C.O., H.U.C. and the City agreed to settle the notes in the amount of \$37,986, which represents the value of notes payable in exchange for shares transferred during the reorganization for the H.E.H.C.O. subsidiaries. The remaining amounts of notes payable not settled in 2020 remain outstanding with the related parties as summarized above.

Amounts owing to and from corporations under common control are non-interest bearing and have no fixed terms of repayment.

H.E.H.C.O. amounts owing to corporations under common control:

Amounts owing to corporations under common control totaling \$5,832 (2020 - \$6,156), previously owed to H.U.C. and now owing to the City of Hamilton are due December 31 ,2039, bearing interest as at fixed interest rate of 4.06% throughout the term of the loan. The loan is payable in annual principal repayments of \$324 plus interest. The amounts owing to the City relate to the Corporations' acquisition of the City of Hamilton's' CUP.

During the prior year, the amounts owing to H.U.C. were formally assigned to the City who accepted the assignment of borrowings and the Corporation is now remitting principal and interest payments directly to the City.

The borrowing are secured by the assets of the CUP with a net book value of \$9,034 (2020 - \$9,273) with a cross-company guarantee provided by a corporation under common control.

Interest expense for the long-term borrowings was \$210 (2020 - \$229). Principal payments on the long-term borrowings and receivables are due as follows:

		<u>2021</u>
2022	\$	324
2023		324
2024		324
2025		324
2026		324
Thereafter		4,212
	\$	<u>5,832</u>

5. Investment in Government Business Enterprises (continued)

	<u>2021</u>	<u>2020</u>
Financial Position		
Current assets	\$ 1,503	\$ 1,325
Capital assets	4,542	5,090
Other assets	32	32
Total assets	<u>6,077</u>	<u>6,447</u>
Current liabilities		
(Including current portion of long term debt)	603	642
Future payment in lieu of taxes	178	244
Total liabilities	<u>781</u>	<u>886</u>
Shareholder's equity	6,000	6,000
Net deficit	<u>\$ (704)</u>	<u>\$ (439)</u>
Results of operations		
Revenues	\$ 2,435	\$ 2,900
Expenses	(2,700)	(2,966)
Net Loss	<u>\$ (265)</u>	<u>\$ (66)</u>
Dividends paid	-	142

Government Business Enterprises - related party transactions

The following summarizes the Corporations related party transactions with Government Business Enterprises for the year ended December 31.

	<u>2021</u>	<u>2020</u>
Revenue		
Dividend revenue from H.U.C.	\$ 12,971	\$ 51,792
Dividend revenue from H.R.P.I.	-	142
Property and other taxes received by the City from H.U.C.	537	532
Sale of Methane to H.R.P.I.	734	794
Expenditures		
Hydro purchased by the City from H.E.H.C.O.	36,762	34,224
Thermal Energy purchased from H.R.P.I.	241	274
Assets		
Accounts receivable from H.R.P.I.	446	429
Long term receivable from H.E.H.C.O.	5,508	6,156

6. Deferred revenue – obligatory reserve funds

The deferred revenue – obligatory reserve funds, reported on the consolidated statement of financial position, are made up of the following:

	<u>2021</u>	<u>2020</u>
Development charge reserve funds	\$ 373,591	\$ 285,420
Recreational land dedicated under the Planning Act	70,102	66,934
Gasoline tax revenue: Provincial	20,092	19,220
Canada Community-Building Fund (Federal Gas Tax)	104,319	59,101
Building Permit Revenue	28,048	24,613
Other (Main Street Revitalization)	7	15
Safe Restart Agreement (SRA): Municipal & Transit Funding	21,759	15,276
	<u>\$ 617,918</u>	<u>\$ 470,579</u>

7. Deferred revenue – obligatory reserve funds

The deferred revenue – obligatory reserve funds, reported on the consolidated statement of financial position, are made up of the following:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 470,579	\$ 331,278
Add:		
Developer and other contributions	163,612	183,211
Interest earned	11,051	7,385
Provincial and Federal Funding	125,674	52,770
	<u>300,337</u>	<u>243,366</u>
Less:		
Contributions used in operating and capital funds	152,998	104,065
Balance at December 31	<u>\$ 617,918</u>	<u>\$ 470,579</u>

8. Long term liabilities – municipal operations

- (a) The long term liabilities – municipal operations consists of long term debt for serial debentures and loans that mature in the years 2022 to 2044 with interest rates varying between 0.50% and 5.05% and obligations for leased tangible capital assets with payments from 2022 to 2051 at a discount rate of 5%. The balance of long term liabilities consists of the following:

	<u>2021</u>	<u>2020</u>
Long term liabilities incurred by the City	\$ 348,063	\$ 393,175
Long term liabilities for leased tangible capital assets incurred by the City	4,198	2,123
Net long term liabilities	<u>\$ 352,261</u>	<u>\$ 395,298</u>

8. Long term liabilities – municipal operations (continued)

- (b) Of the \$348,063,000 long term debt incurred by the City (2020 - \$393,175,000) certain principal payments do not represent a burden on general City revenue, as they are to be recovered in future years from other sources.

The total long-term debt is to be recovered from the following:

	<u>2021</u>	<u>2020</u>
General Revenue	\$ 231,779	\$ 263,815
Water & Wastewater user charges	116,284	129,360
	<u>\$ 348,063</u>	<u>\$ 393,175</u>

- (c) The total City principal repayments of long term debt in each of the next five years and thereafter are due as follows:

	General Revenues	Water & Wastewater User Charges	Total <u>2021</u>
2022	\$ 32,454	\$ 13,081	\$ 45,535
2023	27,232	13,028	40,260
2024	25,070	12,971	38,041
2025	25,145	12,971	38,116
2026	20,024	12,971	32,995
2027 and thereafter	101,854	51,262	153,116
Total	<u>\$ 231,778</u>	<u>\$ 116,284</u>	<u>\$ 348,063</u>

- (d) The total City principal repayments of leased tangible capital assets in each of the next five years and thereafter are due as follows:

	<u>2021</u>
2021	\$ 330
2022	330
2023	330
2024	330
2025	330
2026 and thereafter	2,548
Total	<u>\$ 4,198</u>

- (e) Total repayments and interest charges for the year for long term debt are as follows:

	<u>2021</u>	<u>2020</u>
Principal repayments	\$ 45,112	\$ 41,530
Interest expense	10,218	10,958
	<u>\$ 55,330</u>	<u>\$ 52,488</u>

- (f) Total repayments and interest charges for the year for leased tangible capital assets are as follows:

	<u>2021</u>	<u>2020</u>
Principal repayments	\$ 603	\$ 619
Interest expense	240	267
	<u>\$ 843</u>	<u>\$ 886</u>

9. Long term debt – housing corporation

(a) The balance of long term debt – housing corporations reported on the Consolidated Statement of Financial Position represents capital assets of the CityHousing Hamilton that are financed by mortgages. The mortgages mature in the years 2022 to 2040 with interest rates varying between 0% and 5.83%. The mortgage obligations for CityHousing Hamilton are \$48,882,000 (2020 - \$40,991,000).

(b) The principal repayments of these mortgages in each of the next five years and thereafter are as follows:

	<u>2021</u>
2022	\$ 13,545
2023	4,320
2024	8,378
2025	3,403
2026	2,437
2027 and thereafter	16,799
	<u>\$ 48,882</u>

(c) Total repayments and interest charges for the year for long term debt - housing corporations are as follows:

	<u>2021</u>	<u>2020</u>
Principal repayments	\$ 6,027	\$ 5,976
Interest expense	1,029	1,191
	<u>\$ 7,056</u>	<u>\$ 7,167</u>

(d) Other long term debt incurred by the City of Hamilton's housing corporations, representing capital assets financed by debentures issued by the Ontario Housing Corporation of \$3,583,000 (2020 - \$5,966,000), is not included in the Consolidated Statement of Financial Position. The Social Housing Reform Act, 2000 transferred the ownership and responsibility for the administration of Province of Ontario public housing to the City of Hamilton as a local housing corporation. The transfer, effective January 1, 2001, included land and buildings at no cost. The servicing of long term debt remains the obligation of the Province of Ontario.

10. Employee future benefits and other obligations

The City provides certain employee benefits that require funding in future periods. An estimate of these liabilities has been recorded in the Consolidated Statement of Financial Position. These amounts are summarized as follows:

	<u>2021</u>	<u>2020</u>
Accrued Benefit Obligation		
Sick leave benefit plan (a)	\$ 62,692	\$ 60,015
Long term disability (b)	44,975	43,676
Workplace safety and insurance board liabilities (WSIB) (c)	132,478	128,967
Retirement benefits (d)	170,423	168,449
Vacation benefits (e)	27,031	27,212
Pension benefit plans (f)	<u>(40,311)</u>	<u>(34,366)</u>
	397,288	393,953
Net unamortized actuarial loss	(9,596)	(11,803)
Valuation allowance	<u>9,041</u>	<u>5,800</u>
Accrued Liability	\$ 396,733	\$ 387,950

The City has established reserves for some of these liabilities totalling \$82,141,000 (2020 - \$74,278,000) as described in the following notes.

The continuity of employee future benefits and other obligations are summarized as follows:

	<u>2021</u>	<u>2020</u>
Liability for Employee Future Benefits and Other Obligations		
balance at beginning of the year	\$ 387,950	\$ 372,695
Plan amendment per actuarial valuation	3,242	11,930
Benefit expense	38,842	36,920
Interest expense	12,693	12,612
Amortization of actuarial loss on accrued benefit obligations	5,835	5,600
Amortization of actuarial gain on earnings on pension assets	(6,253)	(5,952)
Benefit payments	<u>(45,576)</u>	<u>(45,855)</u>
Liability for Employee Future Benefits and Other Obligations balance at end of the year	\$ 396,733	\$ 387,950

10. Employee future benefits and other obligations (continued)

The expenses related to these employee benefits and other obligations are reported in the Consolidated Statement of Operations. These expenses are summarized as follows:

	<u>2021</u>	<u>2020</u>
Plan amendment per actuarial valuation	\$ 3,242	\$ 11,930
Benefit expense	38,842	36,920
Interest expense	12,693	12,612
Amortization of net actuarial loss	(418)	(351)
	<u>\$ 54,359</u>	<u>\$ 61,111</u>

Actuarial valuations are performed on post employment, retirement benefits and pension benefits to provide estimates of the accrued benefit obligations. These estimates are based on a number of assumptions about future events including interest rates, inflation rates, salary and wage increases, medical and dental cost increases and mortality. The assumptions are determined at the time of the actuarial valuations and are reviewed annually. Consequently, different assumptions may be used as follows:

	Discount	Return	Inflation	Payroll	Dental	Life
	Rate	on Assets	Rate	Increases	Increases	Expectancy (Years)
Vested sick leave	3.25%	NA	2.0%	3.0%	NA	15
Long term disability	3.00%	NA	2.0%	3.0%	NA	8.0
Workplace safety and insurance	3.50%	NA	2.0%	3.0%	NA	10.0
Retirement Benefits Health and Dental	3.50%	NA	2.0%	3.0%	4.0%	12
Pensions Benefits (non-OMERS)	3.70%	3.70%	2.0%	NA (1)	NA	7 to 9

Notes:

(1) There is no estimate for future salary and wage increases in the non-OMERS pension plans as the active employees have been transferred to OMERS.

(a) Liability for sick leave benefit plans

The City provides a sick leave benefit plan for certain employee groups. Under the sick leave benefit plan of the City, unused sick leave can accumulate, and employees may become entitled to a cash payment when they leave the City's employment. An actuarial valuation as at December 31, 2020 has estimated the accrued benefit obligation at \$62,692,000 (2020 - \$60,015,000). Changes in valuation assumptions have resulted in an increase in the liability to \$62,692,000 from the expected liability of \$62,022,000. The actuarial loss as at December 31, 2021 of \$670,000 is being amortized over 15 years, which is the expected average remaining life expectancy of the members of the employee groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$12,111,000 (2020 - \$9,570,000).

(b) Liability for long term disability

The City provides benefits in the event of total disability for certain employee groups. An actuarial valuation of the City's self-insured long-term disability program as at December 31, 2020 has estimated the accrued benefit obligation at \$44,975,000 (2020 - \$43,676,000). Changes in valuation assumptions have resulted in an increase in the liability of \$44,975,000 from the expected liability of \$32,997,000. The actuarial loss as at December 31, 2021 of \$11,978,000 is being amortized over 8.0 years, which is the expected average remaining life expectancy of the members of the employee groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$15,806,000 (2020 - \$15,044,000).

10. Employee future benefits and other obligations (continued)

(c) Liability for workplace safety and insurance

The City is liable for compensation related to workplace injuries as stipulated by the Workplace Safety & Insurance Act. An actuarial valuation as at December 31, 2020 estimated the accrued benefit obligation for workplace safety & insurance existing claims and future pension awards at \$132,478,000 (2020 - \$128,967,000). Changes in valuation assumptions have resulted in an increase in the liability to \$132,478,000 from the expected liability of \$107,708,000. The actuarial loss of \$24,770,000 is being amortized over 10.0 years, which is the expected average remaining life expectancy of the plan members in various groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$41,618,000 (2020 - \$41,329,000).

(d) Liability for retirement benefits

The City provides certain health, dental and life insurance benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS) or the normal retirement age and up to the age of 65 years. An actuarial valuation at December 31, 2020 estimated the accrued benefit obligation at \$170,423,000 (2020 - \$168,449,000). Changes in valuation assumptions have resulted in an increase in liability to \$170,423,000 from the expected liability of \$149,133,000. The actuarial loss of \$21,290,000 is being amortized over 12 years, which is the expected average remaining life expectancy of the plan members in various groups. The City has \$7,993,000 (2020 - \$7,682,000) set aside in the Consolidated Statement of Financial Position to assist with this liability.

(e) Liability for vacation benefits

The City is liable for vacation days earned by its employees as at December 31, 2021 but not taken until a later date. The liability as at December 31, 2021 has been estimated at \$27,031,000 (2020 - \$27,212,000), of which \$16,609,000 is funded by City departments' budgets (2020 - \$16,577,000). Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$641,000 (2020 - \$1,610,000), and the remaining liability of \$9,781,000 is unfunded (2020 - \$9,025,000).

(f) Liability for pensions benefit plans

In addition to the Ontario Municipal Employees Retirement System (OMERS) described in Note 11, the City also provides pension benefits under three other plans. The actuarial valuations for Hamilton-Wentworth Retirement Fund, Hamilton Street Railway Retirement Fund and Hamilton Municipal Retirement Fund at December 31, 2019 estimated the combined accrued benefit asset of the pension plans at \$40,311,000 from \$34,366,000 in 2020. Changes in valuation resulted in an asset of \$40,311,000 from an expected liability of \$17,842,000. The actuarial gain of \$58,153,000 is being amortized over 7.0 to 9.0 years, which is the expected average remaining life expectancy of the plan members. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$11,965,000 (2020 - \$6,725,000).

11. Pension agreements

(a) Ontario Municipal Employees Retirement System

The City makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of approximately 7,316 members of City staff and councillors. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by employees, based on the length of credited service and average earnings.

The latest actuarial valuation as at December 31, 2021 indicates a "going concern" Actuarial Deficit based on the plan's current member and employer contribution rates. Contributions were made in the 2021 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. As a result \$61,070,000 (2020 - \$61,086,000) was contributed to the OMERS plan for current service.

As OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. The OMERS primary pension plan has a deficit of \$3.1 billion as of December 31, 2021 (2020 - \$3.2 billion)

(b) Other pension plans – Hamilton-Wentworth Retirement Fund, Hamilton Municipal Retirement Fund, and Hamilton Street Railway Retirement Fund.

Approximately 296 current employees and 933 former employees of the City are members of three defined benefit plans; Hamilton-Wentworth, Hamilton Municipal and the Hamilton Street Railway Retirement Funds and are current or future beneficiaries under their terms and conditions. Actuarial valuations of the pension plans for funding purposes are required under the Pension Benefits Act every three years. The actuarial valuations of the pension plans for accounting purposes provide different results than the valuations for funding purposes. For funding purposes, one of the pension plans is in a surplus position and the other two plans are in a deficit position.

The actuarial valuations for these pension plans are based on a number of assumptions about future events including mortality, inflation and interest rates. The two plans with deficits are paying a number of amortization schedules that will be completed over a period ranging from two to fifteen years.

The accrued pension liability reported in the Consolidated statement of Financial Position is comprised as follows:

	<u>2021</u>	<u>2020</u>
Accrued pension benefit obligation	\$ 322,674	\$ 309,881
Pension plan assets	<u>(362,985)</u>	<u>(344,247)</u>
Other assets	<u>(40,311)</u>	<u>(34,366)</u>
Unamortized actuarial gain	<u>49,113</u>	<u>55,908</u>
Accrued pension liability	<u>8,802</u>	<u>21,542</u>
Valuation allowance	<u>9,041</u>	<u>5,800</u>
Adjusted accrued pension liability	<u>\$ 17,843</u>	<u>\$ 27,342</u>

11. Pension agreements (continued)

The actuarial gain or loss on pension fund assets and the actuarial gain or loss on accrued pension benefits obligations are comprised as follows:

	<u>2021</u>	<u>2020</u>
Expected pension fund assets at the end of year	\$ 337,259	\$ 331,800
Actual pension fund assets at end of year	<u>362,985</u>	<u>344,247</u>
Actuarial gain on pension fund assets	<u>25,726</u>	<u>12,447</u>
Expected accrued pension benefit obligation at end of year		
Actual accrued pension benefit obligation at end of year	299,572	326,203
Accrued pension benefit obligation	<u>322,674</u>	<u>309,881</u>
Actuarial (loss) gain on accrued pension benefit obligation	<u>\$ (23,102)</u>	<u>\$ 16,322</u>

The expense related to the pension plans are comprised as follows:

	<u>2021</u>	<u>2020</u>
Amortization of net actuarial loss on accrued pension benefit obligation	\$ (2,653)	\$ (162)
Amortization of net actuarial loss on pension plan assets	<u>(6,766)</u>	<u>(5,407)</u>
Net amortization	<u>(9,419)</u>	<u>(5,569)</u>
Interest on average accrued pension benefit obligation	\$ 13,119	\$ 14,455
Expected return on average pension plan assets	<u>(14,670)</u>	<u>(14,608)</u>
Net interest	<u>(1,551)</u>	<u>(153)</u>
Change in valuation allowance	<u>3,241</u>	<u>2,806</u>
Total expenses	<u>\$ (7,729)</u>	<u>\$ (2,916)</u>

Payment of \$1,770,200 (2020 - \$3,555,201) have been applied to reduce the Hamilton - Wentworth and Hamilton Street Railway plans' deficit as actuarially determined for funding purposes. The pension deficit for the pension plans as at December 31, 2021 will be funded by the City with payments as follows:

	<u>2021</u>
2022	\$ 1,890
2023	1,956
2024	1,956
2025	1,956
2026 and thereafter	<u>9,780</u>
Total	<u>\$ 17,538</u>

12. Solid waste landfill liabilities

The City owns and operates one open landfill site and it owns and maintains twelve (12) closed landfill sites.

The active landfill site in the Glanbrook community was opened in 1980 covering 220 hectares over three phases with a capacity of 14,824,000 cubic metres of waste. The total capacity has been broken into three Phases, with Phase 1 having a capacity of 8,403,000, Phase 2 having a capacity of 4,855,000 cubic metres and Phase 3 having a capacity of 1,566,000 cubic metres. As at December 31, 2018 landfilling has ceased in Phase 1 and is occurring in Phase 2. Approximately 295,000 cubic metres of un-utilized or recovered (due to site settlement) capacity had been retained at Phase 1 representing 3.5% of its theoretical approved capacity. This is intended for use in the event of an emergency or extended lack of access into Phase 2. For the purpose of financial considerations Phase 1 should be treated as being "at capacity" although the intent is to eventually utilize the retained air space. Filling was initiated at Phase 2 in mid-December 2018 and therefore as of December 31, 2021 still retained an estimated 4,266,000 cubic meters of capacity. It is estimated Phase 2 will reach its capacity and close in 2046. Construction of Phase 3 has not been initiated. It is estimated that the site will reach full capacity and close in 2055.

In 2021 approximately 43% of waste generated was diverted from landfills (2020 - 42%).

The closure costs for the open Glanbrook landfill site and post closure care costs for the closed sites are based upon management estimates, adjusted by an inflation rate of 2.5%. These costs are then discounted back to December 31, 2021 using a discount factor of 3.5%. Post closure care for the Glanbrook site is estimated to be required for 50 years from the date of closure of each phase. Studies continue to be undertaken to assess the liability associated with the City's closed landfill sites and the estimates will be updated as new information arises.

Estimated expenses for closure and post-closure care are \$86,199,000 (2020 - \$72,676,000). The expenses remaining to be recognized are \$7,927,000 (2020 - \$7,528,000). The liability of \$78,272,000 (2020 - \$65,148,000) for closure of the operational site and post closure care of the closed sites has been reported on the Consolidated Statement of Financial Position. A reserve of \$1,275,000 (2020 - \$1,249,000) was established to finance the future cost for closed landfill sites.

13. Accumulated Surplus

The accumulated surplus balance is comprised of balances in reserves and discretionary reserve funds, operating surplus, capital surplus, unfunded liabilities to be recovered in the future, investment in government business enterprises and investment in tangible capital assets.

	<u>2021</u>	<u>2020</u>
Reserves and discretionary reserve funds set aside for specific purposes by Council are comprised of the following:		
Working funds	116,740	\$ 94,122
Contingencies	1,038	1,017
Replacement of equipment	58,853	53,344
Sick leave (Note 10)	12,111	9,570
Workplace Safety and Insurance Board (WSIB) (Note 10)	41,618	41,329
Pension plans (Note 10)	11,965	6,725
Tax stabilization	41,309	65,917
General government	22,907	21,140
Protection services	1,637	1,332
Transportation services	24,380	25,911
Environmental services	138,908	167,911
Health and social services	10,403	5,846
Recreation and cultural services	24,162	19,868
Planning and development	3,702	7,896
Other unallocated	102,017	102,038
Hamilton Future Fund (Note 14)	63,848	58,466
Total reserves and discretionary reserve funds	\$ 675,598	\$ 682,432
Operating surplus		
Flamborough recreation sub-committees	\$ 280	\$ 251
Business improvement areas	1,354	1,333
Housing operations	72,769	82,203
Confederation Park operations	143	200
Total operating surplus	\$ 74,546	\$ 83,987
Capital surplus		
Municipal operations	\$ 82,795	\$ 119,817
Housing operations	98,055	73,952
Total capital surplus	\$ 180,850	\$ 193,769
Unfunded liabilities		
Employee benefit obligations	\$ (372,130)	\$ (363,419)
Solid Waste landfill liabilities	(78,272)	(65,148)
Environmental liability	(7,308)	(15,400)
Total unfunded liabilities	\$ (457,710)	\$ (443,967)
Investment in Government Business Enterprises (Note 5)	\$ 321,183	\$ 319,823
Investment in tangible capital assets	\$ 5,894,721	\$ 5,629,066
Accumulated surplus	\$ 6,689,188	\$ 6,465,110

14. Hamilton Future Fund

The Hamilton Future Fund was established by the Council of the City of Hamilton in 2002 from the proceeds from Hamilton Utilities Corporation of the net assets owed to the City upon restructuring of the electrical industry. The Hamilton Future Fund is used to create and protect a permanent legacy for current and future generations of Hamiltonians to enjoy economic prosperity and improved quality of life.

The continuity of the Hamilton Future Fund is as follows:

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	\$ 58,466	\$ 52,963
Current operations		
Investment income	1,215	1,213
Repayment of Waste Management Projects	7,923	8,440
Other	(208)	-
	<u>8,930</u>	<u>9,653</u>
Tangible capital assets		
Waste Management Projects	452	-
Parkland	-	(150)
Other	(4,000)	(4,000)
	<u>(3,548)</u>	<u>(4,150)</u>
Balance at the end of the year	<u>\$ 63,848</u>	<u>\$ 58,466</u>

15. Taxation

	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Taxation from real property	\$ 1,161,072	\$ 1,164,870	\$ 1,146,798
Taxation from other governments			
payments in lieu of taxes	16,900	17,508	16,900
	<u>1,177,972</u>	<u>1,182,378</u>	<u>1,163,698</u>
Less: Taxation collected on behalf of			
school boards	(193,426)	(196,406)	(205,959)
Net taxes available for			
municipal purposes	<u>\$ 984,546</u>	<u>\$ 985,972</u>	<u>\$ 957,739</u>

The City is required to levy and collect taxes on behalf of the school boards. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

16. Government transfers

	<u>2021</u>	<u>2020</u>
Government transfers received:		
Policing	\$ 5,825	\$ 4,936
Court security	5,188	5,055
Transit	8,468	14,922
Waste diversion	6,570	5,731
Public Health	65,201	46,171
Ambulance services	34,755	32,885
Social assistance	158,409	171,360
Long term care homes	31,724	27,228
Child care	79,276	66,348
Housing	41,134	24,151
Federal and provincial gas tax	34,670	40,757
Other	25,898	21,202
Infrastructure	39,146	60,559
	<u>\$ 536,264</u>	<u>\$ 521,305</u>
	<u>2021</u>	<u>2020</u>
Government transfers paid:		
Social assistance	\$ 99,917	\$ 121,608
Social housing	58,026	59,166
Grants	39,902	19,401
	<u>\$ 197,845</u>	<u>\$ 200,175</u>

17. Contractual obligations

- (a) The City has outstanding contractual obligations of approximately \$431,428,000 at December 31, 2021 for capital works (2020 - \$441,657,000). City Council has authorized the financing of these obligations.
- (b) The City has agreements with the Ontario Realty Corporation, an agency of the Provincial Government of Ontario, for various capital projects. The outstanding future obligations at December 31, 2021 amounting to \$2,496,000 (2020 - \$2,670,000) are not reflected in the Consolidated Financial Statements. Payments made to the Ontario Realty Corporation amounting to \$174,000 in 2021 (2020 - \$140,000) are reported in the Consolidated Statement of Operations.
- (c) The City is legislated under the Development Charges Act to fund Government of Ontario ("GO") Transit's Growth and Capital Expansion Plan. The obligation at December 31, 2021 of \$3,460,000 (2020 - \$3,460,000) is reported in the Consolidated Statement of Financial Position. Payments are collected through development charges and remitted to Metrolinx, an agency of the Government of the Province of Ontario. Payments made to Metrolinx in the amount of \$522,000 in 2021 (2020 - \$440,000) are reported in the Consolidated Statement of Operations.
- (d) The City has a contract with Waste Connections (formerly known as Progressive Waste Services) for the transfer, hauling and disposal of the City's solid waste, including the operations of the City's Transfer Stations and Community Recycling Centre. The term of the agreement is ten years for the period of March 1, 2020 to February 28, 2030. The contract fees amounting to \$5,767,000 for 2021 (2020 - \$6,783,000) are reported in the Consolidated Statement of Operations.

17. Contractual obligations (continued)

- (e) The City has a contract with GFL Environmental Inc. for the provision of curbside/roadside collection of organics, garbage, leaf and yard, bulk waste for one-half of the City, including curbside/roadside recycling, automated recycling and bin waste collection for the entire City. The agreement ended on March 28, 2020 and the City exercised a one-year option. The new contract came into effect on March 29, 2021 and will end on April 2, 2028 (with a one-year extension option). Contract fees amounting to \$23,061,000 for 2021 (2020 - \$18,608,000) are reported in the Consolidated Statement of Operations.
- (f) The City has lease agreements with Disabled and Aged Regional Transit System (D.A.R.T.S.) for the delivery of specialized transportation services. The agreement is on a month-to-month basis until a new contract is signed or until cancelled on 120 calendar days' notice by either party. The annual contract fees amounting to \$12,999,000 for 2021 (2020 - \$14,368,000) are reported in the Consolidated Statement of Operations.
- (g) The City has executed lease agreements for administrative office space, parking lots and other land leases requiring annual payments in future years as they become due and payable in the amount of \$61,493,000 (2020 - \$67,559,000). The minimum lease payments for these leases over the next five years and thereafter are:

	<u>2021</u>
2022	\$ 6,804
2023	6,829
2024	6,342
2025	4,999
2026	4,692
2027 and thereafter	31,827
Total	<u>\$ 61,493</u>

- (h) The City has a Credit Facility Agreement dated March 14, 2012 with a Canadian chartered bank to borrow up to \$117,740,000, consisting of \$65,000,000 in a revolving demand facility, and two non-revolving term facilities in the amounts of \$38,000,000 and \$14,740,000.

On May 8, 2012, the City took a drawdown of \$38,000,000 and \$14,740,000 from the two non-revolving term facilities, by undertaking two term loans. No other amounts have been drawn from the Credit Facility Agreement and therefore, as at December 31, 2021, the City has \$65,000,000 in a revolving demand facility.

The first term loan of \$14,740,000 was paid in full on May 8, 2017. The second term loan has an original principal of \$38,000,000, a term of 15 years, and an annual principal repayment of \$2,533,000. As at December 31, 2021, the remaining principal balance for the second term loan is \$15,203,000 (2020 - \$17,736,000). The interest cost for the City is based on the 30-day Banker's Acceptance rate. These loans are included in Long term liabilities – "Municipal Operations on the Statement of Financial Position."

18. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City has entered into an agreement with the Ontario Lottery and Gaming Corporation (OLG) whereby quarterly contributions are received based on a percentage of gaming revenues estimated at \$5,200,000 per year.

19. Public liability insurance

The City has undertaken a portion of the risk for public liability, as a means of achieving cost effective risk management. As a result, the City is self-insured for public liability claims up to \$250,000 for any individual claim or for any number of claims arising out of a single occurrence. Outside insurance coverage is in place for claims in excess of \$250,000 to a maximum of \$50,000,000 per claim or occurrence.

The City has reported liabilities for insurance claims on the Consolidated Statement of Financial Position in the amount of \$20,117,000 (2020 - \$19,149,000). Claim expenses for the year in the amount of \$9,780,000 (2020 - \$8,708,000) are reported as expenses in the Consolidated Statement of Operations.

20. Contingent liabilities

The City has outstanding contractual obligations with its unionized employee groups as of December 31, 2021. An estimated liability has been recorded on the Consolidated Statement of Financial Position to fund the three outstanding settlements.

21. Tangible Capital Assets

Details of the tangible capital assets are included in the Schedule of Tangible Capital Assets (pages 2-40 and 2-41). The City has tangible capital assets valued at cost in the amount of \$10,220,429,000 (2020 - \$9,806,138,000) and a net book value of \$6,448,616,000 (2020 - \$6,202,964,000). The net book value of the tangible capital assets valued as at December 31, 2021 is as follows:

	<u>2021</u>	<u>2020</u>
General		
Land	\$ 442,267	\$ 403,879
Land improvements	202,950	181,506
Buildings	821,383	829,290
Vehicles	140,537	138,937
Computer hardware and software	17,694	18,698
Other	104,261	92,062
Infrastructure		
Roads	1,307,472	1,315,237
Bridges and structures	177,730	181,098
Water and wastewater facilities	448,041	416,470
Underground and other networks	<u>2,066,026</u>	<u>2,021,641</u>
Net Book Value	5,728,361	5,598,818
Assets under construction	<u>720,255</u>	<u>604,146</u>
Balance at the end of the year	<u>\$ 6,448,616</u>	<u>\$ 6,202,964</u>

Included are leased tangible capital assets with a net book value of \$4,198,000 (2020 - \$2,123,000). In addition, the City has works of arts and historical treasures including sculptures, fine art, murals, cemetery crosses, cenotaphs, cannons and artillery that are preserved by the City but are not recorded as tangible capital assets.

22. Reporting by Business Segment

The Consolidated Financial Statements provide a summary of the revenues and expenses for all of the services provided to the residents and businesses in the City of Hamilton as defined in the reporting entity (Note 1).

Certain allocation methodologies are employed in the preparation of segmented financial information. Services are funded primarily by taxation and user fees. Taxation revenue is allocated to the general government segment. Certain government grants, user charges and other revenues have been allocated based upon the same allocation as the related expenses. User fees are allocated based upon the segment that generated the fee.

Revenues and expenses are reported by the following functions and services:

- General government: Office of the Mayor and council, corporate administration including fleet and facilities
- Protection services: police, fire, conservation authorities
- Transportation services: roads, winter maintenance, traffic, parking, transit
- Environmental services: water, wastewater, storm water, waste management collection, diversion & disposal
- Health services: public health, cemeteries and emergency medical services/ambulance
- Social and family services: general assistance, hostels, homes for the aged, services to aged persons, child care services
- Social housing: public housing, non-profit housing, rent supplement programs
- Recreation and cultural services: parks, recreation programs, recreation facilities, golf courses, marinas, museums, libraries, and tourism.
- Planning and development: planning, zoning, commercial and industrial development and residential development

Financial information about the City's business segments is included in the Schedule of Operations for Business Segments (pages 2-42 and 2-43).

23. Liability for Contaminated Sites

The City of Hamilton estimates liabilities of \$33,288,000 as at December 31, 2021 for remediation of various lands using a risk-based approach (2020 - \$28,882,000). Total future undiscounted expenditures are estimated at \$39,260,000. The liabilities result from past industrial uses. Future expenditures are based on agreements with third parties, where available, as well as estimates. Future expenditures have been discounted using a 3.5% discount rate. The amount of estimated recoveries is nil (2020 – nil).

24. Budget figures

The 2021 operating budget and capital financing for the housing corporation was approved by the CityHousing Hamilton Board at a meeting on December 15, 2020. The 2021 operating budget and capital financing for municipal operations was approved by City Council at a meeting on March 31, 2021.

The budget figures conform to the accounting standards adopted in CPA Canada Public Sector Accounting Handbook section *PS1200 Financial Statement Presentation*. As such, the budget figures presented in the consolidated financial statements differ from the presentation approved by City Council. A summary reconciliation follows:

24. Budget figures (continued)

	<u>2021</u>
Revenue	
Council Approved Gross Revenue Operating Budget - Municipal	\$ 1,859,636
Council Approved Gross Revenue - Public Health & HSD fully funded programs	35,289
Council Approved Gross Revenue Capital Budget - Municipal	<u>784,303</u>
	2,679,228
Board Approved Gross Revenue Operating Budget - Housing Corporation	58,090
Board Approved Gross Revenue Capital Budget - Housing Corporation	<u>8,856</u>
	66,946
Adjustments to Revenues	
Less: Transfers from reserves and reserve funds Operating Budget Municipal Operations	(71,426)
Less: Transfers from reserves and reserve funds Capital Budget Municipal Operations	(201,967)
Less: Transfers from capital fund to current fund - Municipal Operations	(222,757)
Less: Transfers from capital fund to current fund - Housing Corporation	(8,856)
Less: Long term debt financing Capital Budget	(77,075)
Add: Donated tangible capital assets	28,811
Add: Reserve & reserve funds	25,924
Add: Confederation Park Consolidation	588
Less: Elimination for consolidation of Housing Corporation	<u>(17,776)</u>
	(544,534)
Consolidated	<u>\$ 2,201,640</u>
Expenses	
Council Approved Gross Expenditure Operating Budget - Municipal	\$ 1,859,636
Council Approved Gross Expenditure - Public Health & HSD fully funded program	35,289
Council Approved Gross Expenditure Capital Budget - Municipal	<u>784,303</u>
	2,679,228
Board Approved Gross Expenditure Operating Budget - Housing Corporation	58,090
Board Approved Gross Expenditure Capital Budget - Housing Corporation	<u>8,856</u>
	66,946
Adjustments to Expenditures	
Less: Debt principal repayment - Municipal Operations	(45,112)
Less: Debt principal repayment - Housing Corporation	(6,027)
Less: Transfers to reserves and reserve funds - Municipal Operations	(89,172)
Less: Transfers to capital from current funds - Municipal Operations	(222,757)
Less: Tangible capital assets - Municipal Operations	(692,241)
Less: Tangible capital assets - Housing Corporation	(8,856)
Add: Change in employee future benefits and other obligations	8,711
Add: Change in solid waste landfill liability	13,125
Add: Change in Contaminated Sites and Environmental Liability	4,406
Add: Amortization expense for tangible capital assets	216,262
Add: Confederation Park Consolidation	238
Less: Elimination for consolidation of Housing Corporation	(23,990)
Less: Loss on disposition of tangible capital assets	<u>14,012</u>
	(831,401)
Consolidated	<u>\$ 1,914,773</u>

25. COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

The City of Hamilton continued to take extraordinary measures throughout 2021 to support its residents, including the most vulnerable, in response to the COVID-19 pandemic. The actions taken by the City of Hamilton, with the support of senior levels of government, resulted in significant financial pressures in 2021 estimated at \$98M in additional expenses and \$51M in lost revenues, as well as operational savings of \$56M. The Public Health vaccination and rapid response programs, adaptation and transformation of services for people experiencing homelessness, and lost revenues for public transit and water were the largest contributors to the overall financial pressures faced by the City, but the pandemic has significantly impacted many other programs and services including:

- Public Health Services
- Ontario Works
- Housing Services
- Hamilton Water
- Long-Term Care
- Paramedic Services
- Provincial Offences Act and Red Light Camera Revenues
- Parking Services
- Licensing and By-Law Services
- Transit
- Information Technology
- Ontario Lottery and Gaming Slots
- Shared Airport Revenues
- Police Services
- Fire Services

In response to the pandemic, the City put in place several measures to mitigate the financial impact of the pandemic response including:

- Closure of facilities
- Temporary suspension of scheduling for part-time and casual labour
- Not hiring full complement of student and seasonal positions
- Redeployment of staff to affected program areas
- Restrictions on hiring for non-essential positions
- Strict controls on discretionary spending including training, travel and conferences

Together with the application of various COVID-19 related funding from senior levels of government, including the Safe Restart Agreement – Municipal and Transit streams, Social Services Relief Fund, Reaching Home Initiative, Ministry of Public Health funding, Prevention and Containment funding, the COVID-19 Recovery Funding for Municipalities Program and many others, the City was able to successfully manage the financial pressures related to the COVID-19 pandemic response.

25. COVID-19 (continued)

The current challenging economic climate may lead to adverse changes in cash flows, reduction of service levels and budgetary constraints, which may also have a direct impact on the Corporation's revenues, annual surplus or deficit and reserve and reserve funds in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the Corporation, surrounding economy and services are not known at this time.

2021 Schedule of Tangible Capital Assets

	General						Infrastructure					
	Land	Land Improvements	Buildings	Vehicles	Computer	Other	Roads	Bridges & Other Structures	W/WW Facilities	W/WW/SW Linear Network	Assets Under Construction	TOTAL
Cost												
Balance, Jan 1, 2021	\$ 403,879	\$ 381,381	\$ 1,514,736	\$ 343,559	\$ 35,021	\$ 160,797	\$ 2,568,703	\$ 252,459	\$ 849,535	\$ 2,691,922	\$ 604,146	\$ 9,806,138
Additions, betterments & transfers in 2021	38,451	36,997	40,484	25,402	6,152	27,322	37,530	6	52,065	66,230	116,675	447,314
Disposals & writedowns in 2021	(4,037)	(1,345)	(10,005)	(21,194)	(6,685)	(8,974)	(2,258)	-	(240)	(6,531)	(566)	(61,835)
Donations & contributions in 2021	3,974	-	-	-	-	-	8,552	-	-	16,286	-	28,812
Balance, Dec 31, 2021	\$ 442,267	\$ 417,033	\$ 1,545,215	\$ 347,767	\$ 34,488	\$ 179,145	\$ 2,612,527	\$ 252,465	\$ 901,360	\$ 2,767,907	\$ 720,255	\$10,220,429
Accumulated amortization												
Balance, Jan 1, 2021	\$ -	\$ 199,875	\$ 685,446	\$ 204,622	\$ 16,323	\$ 68,735	\$ 1,253,466	\$ 71,361	\$ 433,065	\$ 670,281	\$ -	\$ 3,603,174
Amortization in 2021	-	14,743	40,204	23,585	7,156	15,123	53,604	3,374	20,494	37,979	-	216,262
Disposals in 2021	-	(535)	(1,818)	(20,977)	(6,685)	(8,974)	(2,015)	-	(240)	(6,379)	-	(47,623)
Balance, Dec 31, 2021	\$ -	\$ 214,083	\$ 723,832	\$ 207,230	\$ 16,794	\$ 74,884	\$ 1,305,055	\$ 74,735	\$ 453,319	\$ 701,881	\$ -	\$ 3,771,813
Net book value Dec 31, 2021	\$ 442,267	\$ 202,950	\$ 821,383	\$ 140,537	\$ 17,694	\$ 104,261	\$ 1,307,472	\$ 177,730	\$ 448,041	\$ 2,066,026	\$ 720,255	\$ 6,448,616
Assets under construction	\$ -	\$ 43,776	\$ 153,820	\$ 844	\$ 4,643	\$ -	\$ 35,744	\$ 9,699	\$ 430,873	\$ 40,856	\$ (720,255)	
Total	\$ 442,267	\$ 246,726	\$ 975,203	\$ 141,381	\$ 22,337	\$ 104,261	\$ 1,343,216	\$ 187,429	\$ 878,914	\$ 2,106,882	\$ -	\$ 6,448,616

2020 Schedule of Tangible Capital Assets

	General						Infrastructure					
	Land	Land Improvements	Buildings	Vehicles	Computer	Other	Roads	Bridges & Other Structures	W/WW Facilities	W/WW/SW Linear Network	Assets Under Construction	TOTAL
Cost												
Balance, Jan 1, 2020	\$ 387,321	\$ 354,095	\$ 1,467,214	\$ 334,807	\$ 35,692	\$ 170,778	\$ 2,512,779	\$ 249,959	\$ 808,438	\$ 2,626,572	\$ 425,067	\$ 9,372,722
Additions, betterments & transfers in 2020	23,708	27,409	52,339	15,144	5,988	11,775	60,501	2,581	41,097	67,137	180,197	487,876
Disposals & writedowns in 2020	(7,380)	(123)	(4,817)	(6,392)	(6,659)	(21,756)	(7,755)	(81)	-	(6,873)	(1,118)	(62,954)
Donations & contributions in 2020	230	-	-	-	-	-	3,178	-	-	5,086	-	8,494
Balance, Dec 31, 2020	\$ 403,879	\$ 381,381	\$ 1,514,736	\$ 343,559	\$ 35,021	\$ 160,797	\$ 2,568,703	\$ 252,459	\$ 849,535	\$ 2,691,922	\$ 604,146	\$ 9,806,138
Accumulated amortization												
Balance, Jan 1, 2020	\$ -	\$ 186,858	\$ 651,742	\$ 186,548	\$ 16,193	\$ 77,443	\$ 1,202,437	\$ 68,063	\$ 412,943	\$ 639,707	\$ -	\$ 3,441,934
Amortization in 2020	-	13,054	37,746	24,331	6,789	13,014	58,735	3,357	20,122	36,919	-	214,067
Disposals in 2020	-	(37)	(4,042)	(6,257)	(6,659)	(21,722)	(7,706)	(59)	-	(6,345)	-	(52,827)
Balance, Dec 31, 2020	\$ -	\$ 199,875	\$ 685,446	\$ 204,622	\$ 16,323	\$ 68,735	\$ 1,253,466	\$ 71,361	\$ 433,065	\$ 670,281	\$ -	\$ 3,603,174
Net book value Dec 31, 2020	\$ 403,879	\$ 181,506	\$ 829,290	\$ 138,937	\$ 18,698	\$ 92,062	\$ 1,315,237	\$ 181,098	\$ 416,470	\$ 2,021,641	\$ 604,146	\$ 6,202,964
Assets under construction	\$ -	\$ 47,048	\$ 110,078	\$ 1,737	\$ 7,525	\$ 3,816	\$ 25,239	\$ 3,452	\$ 377,914	\$ 27,337	\$ (604,146)	
Total	\$ 403,879	\$ 228,554	\$ 939,368	\$ 140,674	\$ 26,223	\$ 95,878	\$ 1,340,476	\$ 184,550	\$ 794,384	\$ 2,048,978	\$ -	\$ 6,202,964

2021 Schedule of Operations for Business Segments

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development	TOTAL 2021
Revenue										
Taxation	\$ 985,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 985,972
Government grants and contributions	7,575	18,288	45,422	34,294	100,305	269,919	50,016	8,901	1,544	536,264
User charges	4,696	5,983	39,973	249,492	4,334	14,777	1,062	10,915	12,854	344,086
Development charges and subdivider contributions	291	1,268	24,830	32,352	263	21	-	510	9,006	68,541
Donations of tangible capital assets	-	-	8,552	16,286	-	-	-	3,974	-	28,812
Investment income	18,000	1,163	4,565	9,902	32	235	627	2,055	1,060	37,639
Income from Government Business Enterprises	13,097	-	-	-	-	-	-	-	-	13,097
Other	23,814	30,523	12,845	909	108	198	44,577	8,153	10,547	131,674
Total	\$ 1,053,445	\$ 57,225	\$ 136,187	\$ 343,235	\$ 105,042	\$ 285,150	\$ 96,282	\$ 34,508	\$ 35,011	\$ 2,146,085
Expenses										
Salaries and benefits	\$ 80,670	\$ 295,927	\$ 116,145	\$ 49,067	\$ 121,598	\$ 86,063	\$ 16,498	\$ 65,384	\$ 31,017	\$ 862,369
Interest on long term debt	220	1,548	2,570	4,337	391	140	1,048	1,169	63	11,486
Materials supplies services	78,467	23,106	39,961	40,533	9,142	10,166	15,529	24,696	4,347	245,947
Contracted services	12,130	4,744	64,512	101,794	5,557	108,644	46,062	16,767	14,985	375,195
Rents and financial expenses	3,688	2,158	6,836	5,872	3,389	2,134	1,356	6,733	3,802	35,968
External transfers	27	7,832	7	1,108	1,176	124,389	35,508	5,260	708	176,015
Amortization	10,150	10,235	80,834	67,834	3,384	2,512	7,891	30,364	3,057	216,261
Interfunctional transfers	(90,075)	11,967	27,753	13,011	8,759	8,445	938	13,865	5,337	-
Total	\$ 95,277	\$ 357,517	\$ 338,618	\$ 283,556	\$ 153,396	\$ 342,493	\$ 124,830	\$ 164,238	\$ 63,316	\$ 1,923,241
Annual surplus (deficit)	\$ 958,168	\$ (300,292)	\$ (202,431)	\$ 59,679	\$ (48,354)	\$ (57,343)	\$ (28,548)	\$ (129,730)	\$ (28,305)	\$ 222,844

2020 Schedule of Operations for Business Segments

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development	TOTAL 2020
Revenue										
Taxation	\$ 957,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 957,739
Government grants and contributions	10,147	15,049	52,090	52,198	79,544	264,936	35,672	9,854	1,815	521,305
User charges	5,326	5,274	37,266	240,856	3,262	14,337	290	11,279	11,426	329,316
Development charges and subdivider contributions	116	1,117	11,384	10,421	-	-	-	9,769	886	33,693
Donations of tangible capital assets	-	-	3,178	5,086	-	-	-	230	-	8,494
Investment income	16,789	1,116	3,309	9,349	39	141	571	1,726	505	33,545
Income from Government Business Enterprises	10,726	-	-	-	-	-	-	-	-	10,726
Other	18,870	25,926	11,366	629	578	245	51,858	8,593	2,461	120,526
Total	\$ 1,019,713	\$ 48,482	\$ 118,593	\$ 318,539	\$ 83,423	\$ 279,659	\$ 88,391	\$ 41,451	\$ 17,093	\$ 2,015,344
Expenses										
Salaries and benefits	\$ 70,150	\$ 287,039	\$ 114,554	\$ 47,076	\$ 100,088	\$ 85,748	\$ 17,139	\$ 66,052	\$ 31,342	\$ 819,188
Interest on long term debt	608	1,310	2,937	4,478	386	230	1,194	1,198	75	12,416
Materials supplies services	47,739	19,196	37,920	41,955	7,737	7,903	15,738	21,005	3,852	203,045
Contracted services	21,549	3,896	48,469	75,270	5,116	84,290	27,823	4,403	11,352	282,168
Rents and financial expenses	2,952	2,163	6,039	5,072	2,256	3,015	4,251	9,995	337	36,080
External transfers	121	9,723	-	1,073	40	141,292	35,661	5,196	561	193,667
Amortization	9,880	9,188	86,598	63,148	3,319	2,406	7,384	29,230	2,914	214,067
Interfunctional transfers	(84,920)	8,728	26,134	13,756	7,988	8,639	873	12,853	5,949	-
Total	\$ 68,079	\$ 341,243	\$ 322,651	\$ 251,828	\$ 126,930	\$ 333,523	\$ 110,063	\$ 149,932	\$ 56,382	\$ 1,760,631
Annual surplus (deficit)	\$ 951,634	\$ (292,761)	\$ (204,058)	\$ 66,711	\$ (43,507)	\$ (53,864)	\$ (21,672)	\$ (108,481)	\$ (39,289)	\$ 254,713

Section 3

City of Hamilton Consolidated Financial Statements for the Trust Funds Cemetery and General Trusts December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
City of Hamilton

Opinion

We have audited the consolidated financial statements of The City of Hamilton Trust Funds – Cemetery and General Trust (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The City of Hamilton Trust Funds – Cemetery and General Trust as at December 31, 2021, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Page 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
May 18, 2022

Statement of Financial Position

As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 1,290,657	\$ 4,268,815
Investments (Note 2)	20,469,229	16,420,085
Due from City of Hamilton - Cemetery (Note 3)	1,211,167	1,227,777
Due from City of Hamilton - Other Trust Funds (Note 3)	36,600	35,571
Total financial assets	\$ 23,007,653	\$ 21,952,248
Liabilities		
Deposits	\$ 339,647	\$ 578,570
Accumulated surplus and net financial assets	\$ 22,668,006	\$ 21,373,678

Statement of Operations

Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Cemetery lots and interments	\$ 1,067,972	\$ 915,158
Investment income	424,652	590,205
Total revenue	\$ 1,492,624	\$ 1,505,363
Expenses		
Transfer to other trust funds	\$ 186,119	\$ 176,423
Other	12,177	15,276
Total expenses	\$ 198,296	\$ 191,699
Annual surplus	\$ 1,294,328	\$ 1,313,664
Accumulated surplus at the beginning of the year	21,373,678	20,060,014
Accumulated surplus at the end of the year (Note 4)	\$ 22,668,006	\$ 21,373,678

See accompanying notes to the financial statements

1. Significant accounting policies

The consolidated financial statements of the City of Hamilton Trust Funds (the "Trust Funds"), including the financial statements of the Cemetery and financial statements of the Other Trusts, are the representation of management prepared in accordance Canadian public sector accounting standards. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

(a) Basis of consolidation

These consolidated statements reflect the revenues, expenditures, assets and liabilities of the following trust funds:

Fieldcote Farmer (Ancaster)
Dundas Knowles Bequest
Hamilton F. Waldon Dundurn Castle
Dundas Ellen Grafton
Ancaster Fieldcote Livingstone-Clarke
Ancaster Fieldcote Shaver
Hamilton Balfour Estate Chedoke
Cemetery Trust Funds
Municipal Election Surplus

(b) Basis of accounting

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable.
- (iii) Revenues on the cemetery lots are recognized upon transfer of title of the deed.

2. Investments

The total investments recorded at the lower of cost or market value in the Statement of Financial Position are \$20,469,229 (2020 - \$16,420,085). These investments have a market value of \$21,820,723 (2020 - \$18,555,153) at the end of the year.

3. Due from City of Hamilton

The amount due from the City of Hamilton is non-interest bearing with no fixed repayment terms.

4. Deposits

Deposits are comprised of cash receipts related to prepayment plan arrangements associated with funeral and other final expenses.

5. Accumulated surplus

	<u>2021</u>	<u>2020</u>
The accumulated surplus consists of:		
Cemeteries	<u>\$ 22,010,072</u>	<u>\$20,722,605</u>
Other		
Fieldcote Farmer (Ancaster)	338,111	332,966
Knowles Bequest (Dundas)	249,443	248,669
F. Walden Dundurn Castle (Hamilton)	6,859	6,742
Ellen Grafton (Dundas)	8,161	8,103
Fieldcote Livingstone-Clarke (Ancaster)	5,155	5,155
Fieldcote Shaver (Ancaster)	5,155	5,155
Municipal Election (Hamilton)	37,506	36,868
Balfour Estate Chedoke (Hamilton)	7,544	7,415
	<u>\$ 657,934</u>	<u>\$ 651,073</u>
	<u>\$ 22,668,006</u>	<u>\$21,373,678</u>

6. COVID-19

During fiscal 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Trust's operating results and financial position in the future. As it relates to fiscal 2021, there have not been adverse changes to the Trust's operating results and financial position due to COVID-19. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on business in the future is not known at this time.

Statement of Financial Position

As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 870,569	\$ 3,904,559
Investments	20,267,983	16,168,839
Due from City of Hamilton	1,211,167	1,227,777
Total financial assets	\$ 22,349,719	\$ 21,301,175
Liabilities		
Deposits	\$ 339,647	\$ 578,570
Accumulated surplus	\$ 22,010,072	\$ 20,722,605

Statement of Operations

Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Cemetery lots and interments	\$ 1,067,972	\$ 915,158
Investment income	415,676	578,117
Total revenue	\$ 1,483,648	\$ 1,493,275
Expenses		
Transfer to other trust funds	\$ 186,119	\$ 168,594
Other	10,062	10,171
Total expenses	\$ 196,181	\$ 178,765
Annual surplus	\$ 1,287,467	\$ 1,314,510
Accumulated surplus at the beginning of the year	20,722,605	19,408,095
Accumulated surplus at the end of the year	\$ 22,010,072	\$ 20,722,605

See accompanying notes to the financial statements

Statement of Financial Position

As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 420,088	\$ 364,256
Investments	201,246	251,246
Due from City of Hamilton	36,600	35,571
Total financial assets	<u>\$ 657,934</u>	<u>\$ 651,073</u>
Accumulated surplus	<u>\$ 657,934</u>	<u>\$ 651,073</u>

Statement of Operations

Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Investment income	\$ 8,976	\$ 12,088
Total revenue	<u>\$ 8,976</u>	<u>\$ 12,088</u>
Expenses		
Transfer to other trust funds	\$ -	\$ 7,829
Other	2,115	5,105
Total expenses	<u>\$ 2,115</u>	<u>\$ 12,934</u>
Annual deficit	<u>\$ 6,861</u>	<u>\$ (846)</u>
Accumulated surplus at the beginning of the year	<u>651,073</u>	<u>651,919</u>
Accumulated surplus at the end of the year	<u>\$ 657,934</u>	<u>\$ 651,073</u>

See accompanying notes to the financial statements

Section 4

City of Hamilton Financial Statements for the Trust Funds – Homes for the Aged December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
City of Hamilton

Opinion

We have audited the financial statements of The City of Hamilton Trust Funds – Homes for the Aged (the 'Trust Fund'), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations and accumulated surplus for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2021, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our report.

We are independent of the Trust Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Fund's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "KPMG LLP" with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
May 13, 2022

Statement of Financial Position

As at December 31, 2021

	Macassa Lodge Resident Trusts	Wentworth Lodge Resident Trusts	Macassa Lodge Other Trusts	Wentworth Lodge Other Trusts	Total 2021	Total 2020
Financial assets						
Cash	\$ 21,036	\$ 23,756	\$ 34,539	\$ 327,740	\$ 407,071	\$ 412,821
Investments	-	-	-	-	-	-
Total financial assets	<u>21,036</u>	<u>23,756</u>	<u>34,539</u>	<u>327,740</u>	407,071	412,821
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated surplus	<u>\$ 21,036</u>	<u>\$ 23,756</u>	<u>\$ 34,539</u>	<u>\$ 327,740</u>	\$ 407,071	<u>\$ 412,821</u>

Statement of Operations

Year ended December 31, 2021

	Macassa Lodge Resident Trusts	Wentworth Lodge Resident Trusts	Macassa Lodge Other Trusts	Wentworth Lodge Other Trusts	Total 2021	Total 2020
Revenue						
Residents' deposits	\$ 79,368	\$ 35,767	\$ -	\$ 17,995	\$ 133,130	\$ 132,250
Investment income	-	-	232	351	583	8,224
Donations	-	-	7,429	-	7,429	2,457
	<u>79,368</u>	<u>35,767</u>	<u>7,661</u>	<u>18,346</u>	141,142	142,931
Expenses						
Maintenance payments	\$ 4,655	\$ -	\$ -	\$ -	\$ 4,655	\$ 13,671
Residents' charges	65,858	40,717	-	20,847	127,422	105,720
Payments to estates	10,175	4,307	-	-	14,482	15,065
Renovation expense	-	-	-	333	333	-
	<u>80,688</u>	<u>45,024</u>	<u>-</u>	<u>21,180</u>	146,892	134,456
Annual surplus (deficit)	(1,320)	(9,257)	7,661	(2,834)	(5,750)	8,475
Accumulated surplus at the beginning of the year	<u>22,356</u>	<u>33,013</u>	<u>26,878</u>	<u>330,574</u>	412,821	404,346
Accumulated surplus at the end of the year	<u>\$ 21,036</u>	<u>\$ 23,756</u>	<u>\$ 34,539</u>	<u>\$ 327,740</u>	\$ 407,071	<u>\$ 412,821</u>

See accompanying notes to the financial statements.

1. Purpose of Trust Funds

The various Trust Funds administered by the City of Hamilton are established for the following purposes:

Macassa and Wentworth Lodge Resident Trusts

These Trust Funds are established for residents to receive their funds and to pay for their various charges including monthly maintenance payments.

Macassa and Wentworth Lodge Other Trusts

These Trust Funds are established for the receipts of funds from donations and fund-raising activities. The funds are to be used for the benefit of lodge residents over and above normal capital and operating expenses of the lodges.

2. Significant accounting policies

The financial statements of the Trust Funds of The City of Hamilton are the representation of management prepared in accordance with Canadian public sector accounting standards.

Basis of accounting

The Trust Funds follow the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as result of receipt of goods and services and/or the creation of a legal obligation to pay.

3. Investments

During 2020, Wentworth Lodge's investments were sold. The fair market value at the time of sale was \$287,978. This was included as part of the Cash balance as at December 31, 2020.

4. COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown.

With respect to the Trust Funds, the safety restrictions were maintained in 2021 which caused many social programs to be cancelled for various periods of time. There were, however, some restrictions lifted resulting in an increase of withdrawals by the residents when there were no outbreaks. The outbreak restrictions also paused the admission of new residents consistent with 2020, resulting in fluctuations in deposits to resident trusts. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Trust Fund's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on business is not fully known at this time.



Community Benefits Charge Strategy

City of Hamilton

This report provides for minor updates to the April 6, 2022 Draft Community Benefits Charge Strategy. Areas of the report which are been refined are as follows:

- Section 4.2 C.B.C. - Eligible Cost Analysis – includes within the discussion, acknowledgement that Table 4-1 has deducted the Development Charge Reserve Fund Balances for Municipal Parking and Airport
- Section 6.2.3 - Exemptions – provides for discretionary exemptions to align with the City's present Development Charge exemptions for Downtown CIPA and for a Residential Facility/Lodging House
- Section 6.2.5 - In-Kind Contributions – provides for clarification as to how potential In-Kind contributions will be considered by the City
- Section 6.2.2 - Maximum Amount of the Community Benefit Charge – provides for clarification of the calculation should multiple buildings be constructed on the land at different times.

The proposed by-law for Council's consideration is also provided in Appendix C to this report.

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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
C.B.C.	Community Benefits Charge
C-I-L	Cash-in-lieu
D.C.	Development Charge
D.C.A.	Development Charges Act, 1997, as amended
G.R.I.D.S.	Growth Related Integrated Development Strategy
N.F.P.O.W.	No fixed place of work
O.L.T.	Ontario Land Tribunal
O. Reg.	Ontario Regulation
P.P.U.	Persons per unit
sq.ft.	square foot
sq.m.	square metre

Report

Chapter 1

Introduction

1. Introduction

1.1 Purpose of this Document

This strategy report has been prepared pursuant to the requirements of the Planning Act, 1990, (section 37) and, accordingly, recommends the imposition of a Community Benefits Charge (C.B.C.) and associated policies for the City of Hamilton (the "City").

The City retained Watson & Associates Economists Ltd. (Watson), to undertake the C.B.C. strategy process in December, 2021. Watson worked with City staff preparing the C.B.C. analysis and policy recommendations contained within this strategy.

The C.B.C. strategy report, containing the proposed C.B.C. by-law, will be distributed to members of the public in order to provide interested parties the background information on the legislation, the recommendations contained herein, and an outline of the basis for these recommendations.

This report has been prepared, in the first instance, to meet the statutory requirements applicable to the City's C.B.C. strategy, as summarized in Chapter 3. It also addresses the requirement for "rules" (contained in Chapter 6) and the proposed by-law to be made available as part of the approval process (included as Appendix C).

In addition, the report is designed to set out sufficient background on the legislation (Chapter 3) and the policies underlying the proposed by-law, to make the exercise understandable to those who are involved.

Finally, the report addresses post-adoption implementation requirements (Chapter 7) which are critical to the successful application of the new policy.

The chapters in the strategy report are supported by Appendices containing the data required to explain and substantiate the calculation of the charge. A full discussion of the statutory requirements for the preparation of a strategy and calculation to support the C.B.C. rate is provided herein.

1.2 Legislative Context

1.2.1 *Bill 197 - COVID-19 Economic Recovery Act, 2020*

The COVID-19 Economic Recovery Act received Royal Assent on July 21, 2020. Schedule 3 of the Act amends the Development Charges Act (D.C.A.) and Schedule 17 amends the Planning Act (including amendments to community benefits and the alternative rate of parkland dedication). These amendments replace those not proclaimed under the More Homes, More Choice Act (Bill 108).

The COVID-19 Economic Recovery Act amendments in Schedules 3 and 17 were proclaimed and came into effect on September 18, 2020. In regard to the C.B.C., eligible municipalities have two years after the date of proclamation (i.e., September 18, 2022) to transition to the new rules and pass a C.B.C. by-law if they wish to continue imposing these charges.

D.C.A. Amendments:

Changes to Eligible Services – the amendments reframe the context of the D.C.A. from a tool to fund services that are not defined as "ineligible," to only include "eligible" services for which development charges (D.C.s) may be imposed. Eligible services applicable to the City include:

- Water supply services, including distribution and treatment services;
- Wastewater services, including sewers and treatment services;
- Storm water drainage and control services;
- Services related to a highway;
- Transit services;
- Waste diversion services;
- Policing services;
- Fire protection services;
- Ambulance services;
- Public library services;
- Long-term care services;
- Parks and recreation services;
- Public health services;

- Child-care services;
- Housing services;
- Services related to proceedings under the Provincial Offences Act; and
- Emergency preparedness services.

C.B.C. Amendments:

As per section 37 (5) of the Planning Act, a C.B.C. may be imposed for services that do not conflict with services or projects provided under a municipality's D.C. by-law or Parkland dedication by-law. Hence, the service provided under the C.B.C. would be defined as follows:

- (a) land for park or other public recreational purposes in excess of lands dedicated or provided cash-in-lieu payments under section 42 or 51 of the Planning Act;
- (b) services not provided under section 2 (4) of the D.C.A. (as noted above);
- (c) capital costs for eligible D.C. services that are not intended to be funded under the City's D.C. by-law.

Single-tier and lower-tier municipalities may impose a C.B.C. against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies. As noted above, there are no restrictions on the services that may be included in the charge, with the exception of capital costs included under a D.C.A. by-law or Cash-in-Lieu (C-I-L) of Parkland by-law. There are, however, restrictions on the application of the charges, i.e., a C.B.C. may not be imposed with respect to:

- development or redevelopment of fewer than 10 residential units, and in respect of buildings or structures with fewer than five storeys;
- a building or structure intended for use as a long-term care home;
- a building or structure intended for use as a retirement home;
- a building or structure intended for use by a university, college, or an Indigenous Institute;
- a building or structure intended for use as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion;
- a building or structure intended for use as a hospice to provide end-of-life care; or

- not-for-profit housing.

O. Reg. 509/20 specifies that a maximum charge of 4% of the value of land at the time of building permit issuance may be imposed. Prior to adopting a C.B.C. by-law the municipality must undertake a C.B.C. strategy report and follow the required public procedure. The C.B.C. by-law is appealable to the Ontario Land Tribunal (O.L.T.).

1.3 Current Policies

Historically, the City has not imposed charges related to community benefits under the prior Planning Act section 37 provisions.

1.4 Summary of the Process

Prior to passing a C.B.C. by-law, the Planning Act, section 37 (10) requires the City to consult with the public and such persons and public bodies as the City considers appropriate. As such, meetings to be undertaken for the City include two with the Development Industry Liaison Group (DILG), two with the Development Charges Stakeholder Sub-Committee, and one with the City's Audit, Finance and Administration (AF&A) Committee. These meetings are being held to present the strategy's purpose, approach, and proposed C.B.C. by-law. The feedback received during the public consultation will be reported back to Council during a meeting scheduled for June 8, 2022 prior to Council's consideration of the by-law on June 22, 2022. In addition, the City has posted an awareness engagement page related to the C.B.C. through the "Engage Hamilton" website (<https://engage.hamilton.ca/community-benefits-charges-strategy>) which provides education materials, a few action items, presentation and videos of sub-committee meetings, so that the public community can follow the progress of the strategy.

Figure 1-1 provides an outline of the schedule to be followed with respect to the C.B.C. strategy and by-law adoption and implementation process.

Figure 1-1
City of Hamilton
Schedule of Key Dates in the C.B.C. Strategy Process

Item	Date
1. Data collection, land valuation analysis, growth forecast development, capital needs assessment, staff review, C.B.C. calculations and policy work.	December 2021 to March 2022
2. D.C. Stakeholder Sub-Committee Meeting/Presentation	February 28, 2022
3. Meeting with Development Industry Liaison Group (DILG)	March 14, 2022
4. Release of C.B.C. Strategy Report and proposed by-law	June 2, 2022
5. D.C. Stakeholder Sub-Committee Meeting/Presentation	April 12, 2022
6. Meeting with Development Industry Liaison Group (DILG)	May 9, 2022
7. Audit, Finance and Administration (AF&A) Committee Public Meeting	May 19, 2022
8. Meeting of Council advertisement placed in newspaper(s)	Last week of May, 2022
9. Meeting of Council to present the C.B.C. Strategy and proposed by-law	June 8, 2022
10. Council considers adoption of C.B.C. strategy and passage of by-law	June 22, 2022
11. Notice given of by-law passage	No later than 20 days after passage
12. Last day for by-law appeal	40 days after passage

Chapter 2

Anticipated Development in the City of Hamilton

2. Anticipated Development

2.1 Requirement of the Act

Chapter 3 provides the methodology for calculating a C.B.C. as per the Planning Act. Figure 3-1 presents this methodology schematically. It is noted in the first box of the schematic that in order to determine the C.B.C. that may be imposed, it is a requirement of section 37 (9) of the Planning Act and O. Reg. 509/20 that “the anticipated amount, type and location of development and redevelopment, for which a C.B.C. can be imposed, must be estimated.”

The growth forecast contained in this chapter (with supplemental tables in Appendix A) provides for the anticipated development for which the City will be required to provide services over a 10-year (mid-2022 to mid-2032) time horizon.

2.2 Basis of Population, Household and Employment Forecast

The C.B.C. growth forecast has been derived by Watson. In preparing the growth forecast, the following information sources were consulted to assess the residential and non-residential development potential for the City over the forecast period, including:

- Growth Related Integrated Development Strategy (G.R.I.D.S.) 2 and Municipal Comprehensive Review – Final Land Needs Assessment and Addendum and Peer Review Results (PED17010(n)) (City Wide), November 9, 2021;
- 2006, 2011, 2016 and 2021 population and household Census data;
- 2006, 2011 and 2016 employment Census data;
- Historical residential building permit data over the 2012 to 2021 period;
- Residential supply opportunities as identified by City staff; and
- Discussions with City staff regarding anticipated residential development in the City.

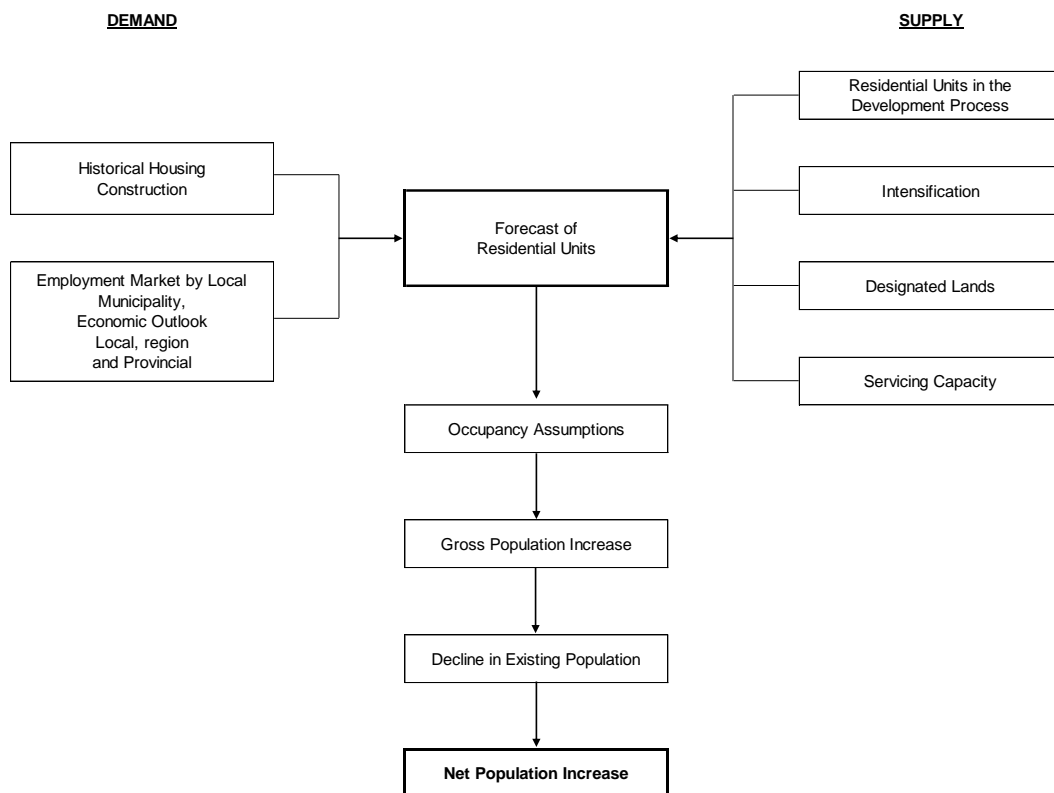
2.3 Summary of Growth Forecast

A detailed analysis of the residential and non-residential growth forecasts is provided in Appendix A and the methodology employed is illustrated in Figure 2-1. The discussion

provided herein summarizes the anticipated growth for the City and describes the basis for the forecast. The results of the residential growth forecast analysis are summarized in Table 2-1 below, and Schedule 1 in Appendix A.

As identified in Table 2-1 and Schedule 1, the City's population is anticipated to reach approximately 641,880 by mid-2032, resulting in an increase of 65,100 persons, over the 10-year forecast period.¹

Figure 2-1
Household Formation-based Population and Household Projection Model



¹ The population figures used in the calculation of the 2022 C.B.C. exclude the net Census undercount, which is estimated at approximately 2.9%.

Table 2-1
City of Hamilton
Residential Growth Forecast Summary

Year		Population (Including Census Undercount) ^[1]	Excluding Census Undercount			Housing Units					Persons Per Unit (P.P.U.): Total Population/ Total Households
			Population	Institutional Population	Population Excluding Institutional Population	Singles & Semi- Detached	Multiple Dwellings ^[2]	Apartments ^[3]	Other	Total Households	
Historical	Mid 2006	518,990	504,559	8,969	495,590	118,020	25,450	50,265	730	194,465	2.595
	Mid 2011	534,820	519,949	10,309	509,640	124,433	27,760	50,800	813	203,806	2.551
	Mid 2016	552,270	536,917	8,982	527,935	127,705	31,405	51,680	810	211,600	2.537
Forecast	Mid 2022	593,270	576,774	10,032	566,742	131,610	37,496	58,063	810	227,979	2.530
	Mid 2032	660,230	641,875	11,197	630,678	137,583	44,308	78,998	810	261,699	2.453
Incremental	Mid 2006 - Mid 2011	15,830	15,390	1,340	14,050	6,413	2,310	535	83	9,341	
	Mid 2011 - Mid 2016	17,450	16,968	-1,327	18,295	3,272	3,645	880	-3	7,794	
	Mid 2016 - Mid 2022	41,000	39,857	1,050	38,807	3,905	6,091	6,383	0	16,379	
	Mid 2022 - Mid 2032	66,960	65,101	1,165	63,936	5,973	6,812	20,935	0	33,720	

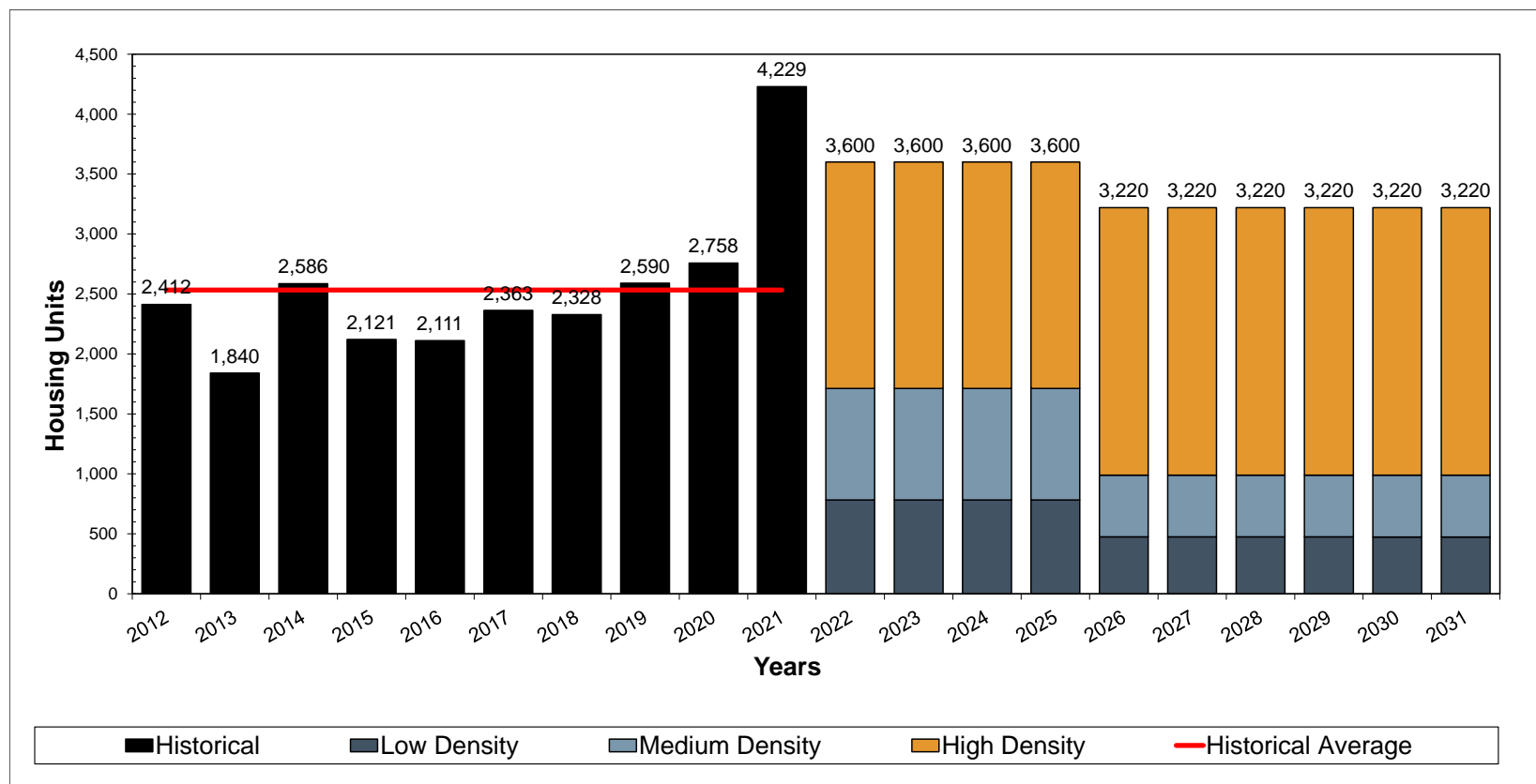
Source: Derived from City of Hamilton No Urban Boundary Expansion Scenario (Septemeber, 2021) forecast for the City of Hamilton and discussions with municipal staff regarding servicing and land supply by Watson & Associates Economists Ltd., 2022.

^[1] Census undercount estimated at approximately 2.9%. Note: Population including the undercount has been rounded.

^[2] Includes townhouses and apartments in duplexes.

^[3] Includes bachelor, 1-bedroom and 2-bedroom+ apartments.

Figure 2-2
City of Hamilton
Annual Housing Forecast^[1]



Source: Historical housing activity derived from City of Hamilton building permit data, 2012 to 2021.

^[1] Growth forecast represents calendar year.

Provided below is a summary of the key assumptions and findings regarding the City C.B.C. growth forecast:

1. Unit Mix (Appendix A – Schedules 1, 5 and 6)

- The housing unit mix for the City was derived from a detailed review of historical development activity (as per Schedule 6), as well as active residential development applications (as per Schedule 5) and discussions with City staff regarding anticipated development trends for Hamilton.
- Based on the above indicators, the 2022 to 2032 household growth forecast for the City is comprised of a unit mix of 18% low density units (single detached and semi-detached), 20% medium density (multiples except apartments) and 62% high density (accessory units, bachelor, 1-bedroom and 2-bedroom apartments) units.

2. C.B.C.-Eligible Units

- Subsection 37 (4) of the Planning Act establishes the criteria for a development to be C.B.C. eligible. A C.B.C. may be imposed if:
 - Development of a proposed building or structure has five or more storeys at or above ground and has 10 or more residential units;
 - Redevelopment of an existing building or structure that will have 5 or more storeys at or above ground after redevelopment and proposes to add 10 or more residential units to an existing building or structure; or
 - Such types of development or redevelopment as prescribed. 2020, c. 18, Sched. 17, section 1.
- The C.B.C.-eligible unit forecast is derived based on the established criteria above and a detailed review of historical Census housing trends, historical development activity (as per Schedule 6), active residential development applications (as per Schedule 5) and discussions with City staff regarding anticipated C.B.C.-eligible developments.
- Based on the above indicators, the City is forecast to accommodate 11,531 C.B.C.-eligible household units over the 10-year forecast period. This translates to 55% of all high-density units, including accessory units, being C.B.C. eligible from 2022 to 2032. Table 2-2 and Schedule 2

summarizes the anticipated amount, type, and location of development for the City by development location.

3. Geographic Location of C.B.C.-Eligible Residential Development (Appendix A – Schedule 2)

- Schedule 2 summarizes the anticipated amount, type, and location of C.B.C.-eligible development by area for the City.
- In accordance with forecast demand and available land supply, the amount and percentage of forecast C.B.C.-eligible housing growth between 2022 and 2032 by development location is summarized in Table 2-2.
- The Lower Hamilton Area has been broken down into the following additional sub-areas: Inside the Downtown Secondary Plan Area and Outside the Downtown Secondary Plan Area (see maps in Appendix B).

Table 2-2
City of Hamilton
Residential High-Density Growth by Development Area

Development Location	Total High-Density Housing Growth, 2022 to 2032 ^[1]	C.B.C.-Eligible Share	C.B.C.-Eligible Housing Growth, 2022 to 2032	C.B.C.-Housing Growth Shares by Location, 2022 to 2032
Ancaster	471	0%	0	0%
Dundas	253	100%	253	2%
Flamborough	2,953	10%	307	3%
Sub-total Ancaster, Dundas, Flamborough	3,677	15%	560	5%
Glanbrook	197	0%	0	0%
Upper Hamilton	5,779	67%	3,889	34%
Stoney Creek	4,371	65%	2,837	25%
Sub-total Glanbrook, Dundas, Flamborough	10,347	65%	6,726	58%
Lower Hamilton (inside Downtown Secondary Plan)	3,249	100%	3,235	28%
Lower Hamilton (outside Downtown Secondary Plan)	3,662	28%	1,010	9%
Sub-Total Lower Hamilton	6,911	61%	4,245	37%
Total City of Hamilton	20,935	55%	11,531	100%

^[1] High density includes accessory apartments, bachelor, 1-bedroom and 2-bedroom+ apartments.
Source: Watson & Associates Economists Ltd.

4. Planning Period

- A 10-year planning horizon has been used based on the City's budgeting forecast period, recognizing that there are a number of planning initiatives underway that will identify growth outside the planning horizon which has not yet been endorsed within an Official Plan.

5. Population in New Units (Appendix A – Schedules 3 and 4)

- The number of housing units to be constructed by 2032 in the City over the forecast period is presented in Figure 2-2. Over the 2022 to 2032 forecast period, the City is anticipated to average 3,372 new housing units per year.
- Institutional population¹ is anticipated to increase by approximately 1,165 people between 2022 to 2032.
- Population in new units is derived from Schedules 3 and 4 which incorporate historical development activity, anticipated units (see unit mix discussion) and average persons per unit (P.P.U.) by dwelling type for new units.
- Schedule 7 summarizes the average P.P.U. assumed for new housing units by age and type of dwelling based on Statistics Canada 2016 custom Census data for the City. The total calculated 15-year adjusted average P.P.U.s by dwelling type are as follows:
 - Low density: 3.381
 - Medium density: 2.334
 - High density:² 1.634

6. Existing Units and Population Change (Appendix A – Schedules 3 and 4)

- Existing households for mid-2022 are based on the 2016 Census households, plus estimated residential units constructed between mid-2016 and end of year 2021, assuming a six-month lag between construction and occupancy (see Schedule 3).

¹ Institutional population largely includes special care facilities such as nursing home or residences for senior citizens. A P.P.U. of 1.100 depicts 1-bedroom and 2-or-more-bedroom units in collective households.

² Includes accessory units, bachelor, 1-bedroom and 2-or-more-bedroom apartments.

- The decline in average occupancy levels for existing housing units is calculated in Schedules 3 and 4, by aging the existing population over the forecast period. The forecast population decline in existing households over the 2022 to 2032 forecast period is approximately 6,370.

7. Employment (Appendix A – Schedule 8)

- The employment projections provided herein are largely based on the activity rate method, which is defined as the number of jobs in the City divided by the number of residents. Key employment sectors include primary, industrial, commercial/population-related, institutional, and work at home, which are considered individually below.
- 2016 employment data¹ (place of work) for the City is outlined in Schedule 8. The 2016 employment base is comprised of the following sectors:
 - 1,845 primary (1%);
 - 15,805 work at home employment (8%);
 - 47,760 industrial (23%);
 - 74,260 commercial/population related (37%); and
 - 63,665 institutional (31%).
- In accordance with the 2016 Statistics Canada Census, the City's 2016 employment base by usual place of work, including work at home, is 203,335. An additional 29,160 employees have been identified for the City in 2016 that have no fixed place of work (N.F.P.O.W.).²
- Total employment, including work at home and N.F.P.O.W. for the City is anticipated to reach approximately 274,420 by mid-2032. This represents an employment increase of approximately 32,620 for the 10-year forecast period.
- Schedule 8, Appendix A, summarizes the employment forecast, excluding work at home employment and N.F.P.O.W. employment, which is the basis for the C.B.C. employment forecast. The impact on municipal

¹ 2016 employment is based on Statistics Canada 2016 Place of Work Employment dataset by Watson & Associates Economists Ltd.

² No fixed place of work is defined by Statistics Canada as "persons who do not go from home to the same workplace location at the beginning of each shift. Such persons include building and landscape contractors, travelling salespersons, independent truck drivers, etc."

services from work at home employees has already been included in the population forecast. The need for municipal services related to N.F.P.O.W. employees has largely been included in the employment forecast by usual place of work (i.e., employment and gross floor area generated from N.F.P.O.W. construction employment).

- Total employment for the City (excluding work at home and N.F.P.O.W. employment) is anticipated to reach approximately 219,340 by mid-2032. This represents an employment increase of approximately 27,500 for the 10-year forecast period.

Based upon the above information, the following summaries are provided for use in the calculations presented in chapter 4, as follows:

- Of the services to be provided, most service costs will be allocated a 70% residential share (Table 2-3).
- Of the residential portion of the costs, 49% of the population is forecast to reside in high-density residential units (Table 2-4).
- Of those who reside in high density residential units, 55% are forecast to reside in units to which the C.B.C. may be imposed (Table 2-5).

Table 2-3
Residential and Non-Residential Growth Share based on Incremental Growth in Population and Employment over the 10-Year Forecast Period

Residential Population and Non-Residential Employment Growth	Population/ Employment Growth	Residential/ Non- Residential Growth %
Residential Net Population Growth	65,101	70%
Employment Growth (net of Work at Home & N.F.P.O.W.)	27,504	30%
Total Population & Employment Growth	92,605	100%

Table 2-4
Low/Medium Density Growth and High-Density Growth Share

Residential Density	Residential Population Growth	% of Gross Population in New Units
Low/Medium Density	36,094	51%
High Density	34,208	49%
Total Residential Growth Forecast	70,302	100%

Table 2-5
Eligible and Ineligible High-Density Growth Share

Residential High Density	Residential Population Growth	% of Gross Population in High Density Units
Eligible High Density Growth	18,842	55%
Ineligible High Density Growth	15,366	45%
Total Residential High Density Growth Forecast	34,208	100%

2.4 Land Valuation

As the C.B.C. rate is applied against the value of land the day before a building permit is issued, average land values are required to be assessed in various locations throughout the City where development and redevelopment is anticipated. These land values assist in calculating the eligible C.B.C. rate (up to a maximum of 4%). As such, the City's Corporate Real Estate Office provided input into the analysis.

Staff from the City's Corporate Real Estate Office undertook land value estimates to assist with the implementation of this C.B.C. strategy. The land valuations were based on high density residential lands in three locations within the City. The high-density

lands were based on lands permitted to be developed into buildings with five storeys or more and a minimum of 10 residential units.

The areas assessed are provided below along with mapping provided in Appendix B:

1. Ancaster/Dundas/Flamborough Area;
2. Glanbrook, Stoney Creek, Upper Hamilton Area; and
3. Lower Hamilton Area which was further broken down into two (2) sub-areas:
 - a. Inside the Downtown Secondary Plan Area; and
 - b. Outside the Downtown Secondary Plan Area.

For the development that is located inside the Downtown Secondary Plan Area, a further breakdown for the high-density was made to account for buildings that are considered "Mid-Rise" (i.e. between 5 and 15 storeys) and "High-Rise" (i.e. over 15 storeys).

Table 2-6 provides the findings of the land valuation assessment for eligible high-density development, by area.

Table 2-6
Summary of Land Valuations by Area

Area	Estimated Median (\$/acre)
Upper Hamilton, Stoney Creek, Glanbrook (Map 1 – Area 2)	\$3,000,000
Ancaster, Dundas, Flamborough, Westdale (Map 1 - Area 1)	\$5,000,000
Lower Hamilton Outside of Downtown Secondary Plan Area (Map 1 – Area 3)	\$8,000,000
Downtown Secondary Plan Area - Low-Rise & Mid-Rise (Map 2)	\$8,000,000
Downtown Secondary Plan Area - High-Rise (Map 2)	\$13,500,000

2.5 Land Analysis

For purposes of calculating the total land value potential for high-density development in the City, the eligible high-density growth forecast was aligned with the average land

valuations based on applications in the planning process and the anticipated growth over the 10-year forecast. Table 2-7 provides for the assumptions on growth by area and the corresponding land valuations.

Table 2-7
Summary of Eligible High-Density Growth in the Planning Process by Area

Area	C.B. C. Eligible Units				Average Land Value Per Acre
	Registered	Draft Approved	Pending	Total	
Ancaster	-	-	-	-	\$5,000,000
Dundas	-	132	121	253	\$5,000,000
Flamborough	-	233	74	307	\$5,000,000
Glanbrook	-	-	-	-	\$3,000,000
Upper Hamilton	-	1,462	2,427	3,889	\$3,000,000
Stoney Creek	1,023	367	1,447	2,837	\$3,000,000
Lower Hamilton (Inside the Downtown Secondary Plan Area):					
Mid-Rise (5-15 Storeys)	-	40	-	40	\$8,000,000
High-Rise (Over 15 Storeys)	-	764	2,431	3,195	\$13,500,000
Lower Hamilton (Outside the Downtown Secondary Plan Area)	-	885	125	1,010	\$8,000,000
Total	1,023	3,883	6,625	11,531	

Based on the average land valuations identified in Table 2-7 and the eligible high-density units anticipated to develop over the forecast period, the total land value is calculated for each area by converting the units to estimated total acres.

To undertake this conversion, the average eligible high-density units per acre have been estimated by area. The high-density growth identified in Dundas provided for an average of 130 units per acre. Currently there are no active applications in the planning process for Ancaster and Glanbrook, therefore, it has been assumed that the high-density growth in the Ancaster area would be similar to that anticipated in Dundas, while the high-density growth in Glanbrook provided for an average of 150 units per acre. Based on current applications in the development process, an average of 130 units per acre are anticipated within the Flamborough Area, 150 units per acre in the Upper Hamilton and Stoney Creek areas. Within the Lower Hamilton (Inside the Downtown Secondary Plan Area) the assumption for high-density growth is 510 units per acre in the mid-rise (5-15 storeys) and 570 units per acre in the high-rise (over 15 storeys) areas. The remaining area of Lower Hamilton (Outside the Downtown Secondary Plan) is generating an average 280 units per acre based on current applications.

Once the eligible units have been converted to acres of land (by area), the acres are multiplied by the land values to determine a total land value which will be used as the denominator in the C.B.C. calculations. Table 2-8 provides for these calculations. An estimated 58.4 acres of eligible high-density growth is anticipated over the 10-year forecast period; with the total land value estimated at approximately \$261 million.

Table 2-8
Summary of Eligible High-Density Growth and Total Land Value by Area

Area	Total C.B.C. Eligible Units	Average Land Value Per Acre	Average Units Per Acre	Estimated Total Acres	Total Land Value
Ancaster	-	\$5,000,000	130	-	\$0
Dundas	253	\$5,000,000	130	2.0	\$9,753,000
Flamborough	307	\$5,000,000	130	2.4	\$11,834,000
Glanbrook	-	\$3,000,000	150	-	\$0
Upper Hamilton	3,889	\$3,000,000	150	25.9	\$77,780,000
Stoney Creek	2,837	\$3,000,000	150	18.9	\$56,740,000
Lower Hamilton (Inside the Downtown Secondary Plan Area):					
Mid-Rise (5-15 Storeys)	40	\$8,000,000	510	0.1	\$628,000
High-Rise (Over 15 Storeys)	3,195	\$13,500,000	570	5.6	\$75,671,000
Lower Hamilton (Outside the Downtown Secondary Plan Area)	1,010	\$8,000,000	280	3.6	\$28,857,000
Total	11,531			58.4	\$261,263,000

Chapter 3

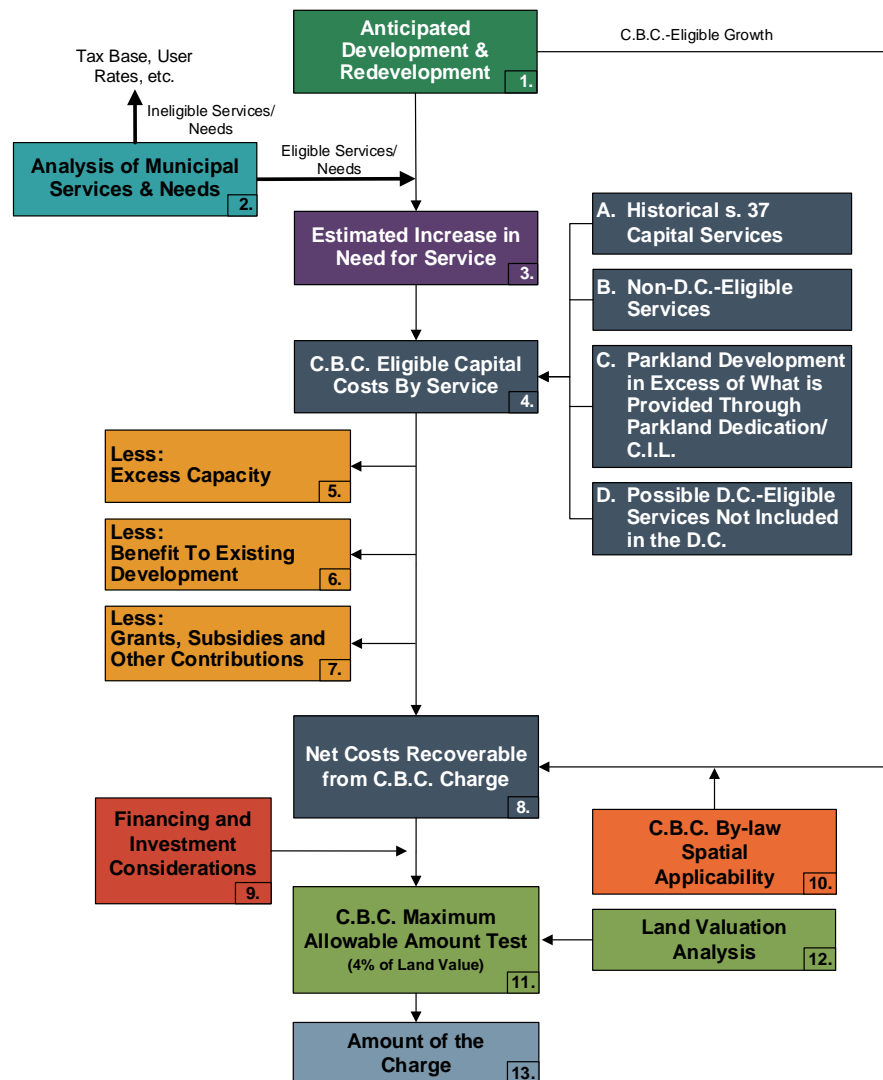
Approach to the Calculation

3. The Approach to the Calculation of the Charge

3.1 Introduction

This chapter addresses the requirements of subsection 37(9) of the Planning Act and sections 2 and 3 of O. Reg. 509/20 with respect to the establishment of the need for service which underpins the C.B.C. calculation. These requirements are illustrated schematically in Figure 3-1.

Figure 3-1
The Process of Calculating a Community Benefits Charge under the Planning Act



3.2 Anticipated Development and Redevelopment

The anticipated development and redevelopment forecast is provided in chapter 2 (with supplemental tables in Appendix A). This chapter provides for the anticipated over all growth within the City over a 10-year (mid-2022 to mid-2032) time horizon and then estimates the residential units eligible to be considered as per section 37 (4) of the Planning Act.

3.3 Services Potentially Involved

As per section 37 (5) of the Planning Act, a C.B.C. may be imposed for services that do not conflict with services or projects provided under a municipality's D.C. by-law or Parkland dedication by-law. Hence, the service provided under the C.B.C. would be defined as follows:

- (a) land for park or other public recreational purposes in excess of lands dedicated or provided cash-in-lieu payments under section 42 or 51 of the Planning Act.
- (b) services not provided under section 2 (4) of the D.C.A.
- (c) capital costs for eligible D.C. services that are not intended to be funded under the City's D.C. by-law.

Examples of services not provided by a D.C. or Parkland by-law include (but are not limited to) capital facilities and equipment for municipal parking, airports, municipal administration building expansions, museums, arts centres, public art, heritage preservation, landfill, public realm improvements, community gardens, space for non-profits, etc.

3.4 Increase in the Need for Service

Similar to a D.C., the C.B.C. calculation commences with an estimate of "the increase in the need for service attributable to the anticipated development," for eligible services to be covered by the by-law. There must be some form of link or attribution between the anticipated development and the estimated increase in the need for service. While the need could potentially be expressed generally in terms of units of capacity, a project-specific expression of need would appear to be most appropriate. This is suggested by

the requirement of section 2 (e) of O. Reg. 509/20 which provides "include estimates of the capital costs necessary to provide the facilities, services and matters referred to in clause 2 (b)." As noted, this is a similar consideration provided when undertaking a D.C. calculation.

3.5 Capital Forecast

Section 37 (2) of the Planning Act provides that, "The council of a local municipality may by by-law impose community benefits charges against land to pay for the capital costs of facilities, services and matters." The Act does not define what capital costs may be included within the charge. As noted in section 3.3 above, the Act provides that the C.B.C. charge could include capital costs for eligible D.C. services that are not intended to be funded under the City's D.C. by-law. This provision suggests that capital costs may be defined in an equivalent manner as the D.C.A. Hence, based on this relationship with the D.C.A., capital costs may include:

- (a) costs to acquire land or an interest therein (including a leasehold interest);
- (b) costs to improve land;
- (c) costs to acquire, lease, construct or improve buildings and structures;
- (d) costs to acquire, lease or improve facilities, including rolling stock (with a useful life of 7 or more years), furniture and equipment (other than computer equipment), materials acquired for library circulation, reference, or information purposes;
- (e) interest on money borrowed to pay for the above-referenced costs;
- (f) costs to undertake studies in connection with the above-referenced matters; and
- (g) costs of the C.B.C. Strategy study.

3.6 Deductions

The section 2 of O. Reg. 509/20 potentially requires that three deductions be made to the capital costs estimates. These relate to:

- excess capacity;
- benefit to existing development; and
- anticipated grants, subsidies, and other contributions.

The requirements behind each of these reductions are addressed below.

3.6.1 Reduction for Excess Capacity

Section 2 (c) of O. Reg. 509/20 requires the identification of the excess capacity that exists in relation to the facilities, services and matters referred to in clause 2(b) suggesting the need for a potential deduction to the capital.

"Excess capacity" is undefined, but in this case, the excess capacity must be able to meet some or all of the increase in need for service, in order to potentially represent a deduction. The deduction of excess capacity from the future increase in the need for the service would normally occur as part of the conceptual planning and feasibility work associated with justifying and sizing new facilities, e.g., if a new landfill site to accommodate increased solid waste generated by the new growth is not required because sufficient excess capacity is already available, then a landfill site expansion would not be included as an increase in need, in the first instance.

3.6.2 Reduction for Benefit to Existing Development

Section 2 (c) of O. Reg. 509/20 of the D.C.A. provides that the capital estimates identify extent to which an increase in a facility, service or matter referred to in clause 2 (b) of the regulation would benefit existing development. The general guidelines used to consider benefit to existing development included:

- the repair or unexpanded replacement of existing assets that are in need of repair;
- the elimination of a chronic servicing problem not created by growth; and
- providing services where none previously existed (for example, extending garbage pickup to the rural area which previously did not receive the municipal service).

Where existing development has an adequate service level which will not be tangibly increased by an increase in service, no benefit would appear to be involved. For example, where expanding existing garbage collection vehicles simply replicates what

existing residents are receiving, they receive very limited (or no) benefit as a result. On the other hand, where a clear existing service problem is to be remedied, a deduction should be made accordingly.

In the case of services such as cultural facilities, the service is typically provided on a municipal-wide system basis. For example, facilities of the same type may provide different services (i.e., art vs. theatre), different programs (i.e., art classes vs. acting classes), and different time availability for the same service (i.e., art classes available on Wednesdays in one facility and Thursdays in another). As a result, residents will travel to different facilities to access the services they want at the times they wish to use them, and facility location generally does not correlate directly with residence location. Even where it does, displacing users from an existing facility to a new facility frees up capacity for use by others and generally results in only a very limited benefit to existing development. Further, where an increase in demand is not met for a number of years, a negative service impact to existing development is involved for a portion of the planning period.

3.6.3 Reduction for Anticipated Grants, Subsidies and Other Contributions

This step involves reducing the capital costs by capital grants, subsidies, and other contributions made or anticipated by Council and in accordance with various rules such as the attribution between the share related to new vs. existing development. That is, some grants and contributions may not specifically be applicable to growth or where Council targets fundraising as a measure to offset impacts on taxes.

Although specific grants, subsidies and/or other contributions may not be currently identified and reduced in the calculations, due diligence will be undertaken by City staff during the annual budget process to net off any future identified funding from these other sources.

3.7 Municipal-wide vs. Area Rating

This step involves determining whether all of the subject costs are to be recovered on a uniform municipal-wide basis or whether some or all are to be recovered on an area-specific basis. Unlike D.C.s, there is no mandatory requirement to consider area rating of services (providing charges for specific areas and services); however, the legislation

does not prohibit area rating. There may be instances where Council may consider varying rates to align with other policies or possible incentives in the development area.

Through the C.B.C. strategy process, discussions with City staff took place related to structuring the charge on a municipal-wide vs. area specific basis. As the services being provided in the strategy are not restricted to one specific area and are anticipated to be used by all residents with a city-wide benefit, the charges have been provided on a municipal-wide basis. For example, cultural facilities are provided in different parts of the City, and they will be accessed by residents from all areas depending on the programming offered within the facilities and personal interests. Although the charges are to be calculated and imposed on a city-wide basis, consideration of location of the projects will take place through the annual budget process.

3.8 Land Valuation Analysis

To facilitate the rate calculation provided in section 3.9, an estimate of the market value of the land related to the anticipated applicable development/redevelopment presented in section 3.2, needs to be undertaken. It is noted that the land values may vary based on a number of factors including location, zoning density, parcel size, etc., however, these values should estimate the land value the day before building permit issuance. This data may be available from municipal staff, or the municipality may consider engaging the assistance of a land appraiser.

3.9 Calculation of the Community Benefit Charge

Section 37(32) of the Planning Act provides that the amount of the Planning Act provides that the maximum charge which can be imposed is prescribed by the regulations. O. Reg 509/20 section 3 provides that the maximum charge is to be 4%.

To calculate the rate, the net capital cost (provided by netting the deductions set out in section 3.6 from the capital presented in section 3.5) divided by the land values related to the anticipated applicable development/redevelopment produces a percentage of the capital cost to the land value. The product of this calculation provides for the eligible rate. As noted above, the maximum rate to be imposed is 4%; hence, the rate can any rate between 0% and 4%.

Chapter 4

C.B.C.-Eligible Cost Analysis

4. C.B.C.-Eligible Cost Analysis

4.1 Introduction

This chapter outlines the basis for calculating eligible costs to be recovered through C.B.C.s which are to be applied on a uniform basis throughout the City. In each case, the required calculation process set out in O. Reg. 509/20 section 2 (a) through (f) to the Planning Act and described in Chapter 3 was followed in determining C.B.C.-eligible costs.

The nature of the capital projects and timing identified in the Chapter reflects City staff's recommendation based on Council policy directions. However, it is recognized that over time, capital projects and Council priorities change; accordingly, Council's intentions may alter, and different capital projects (and timing) may be necessary to meet the need for services required by new growth.

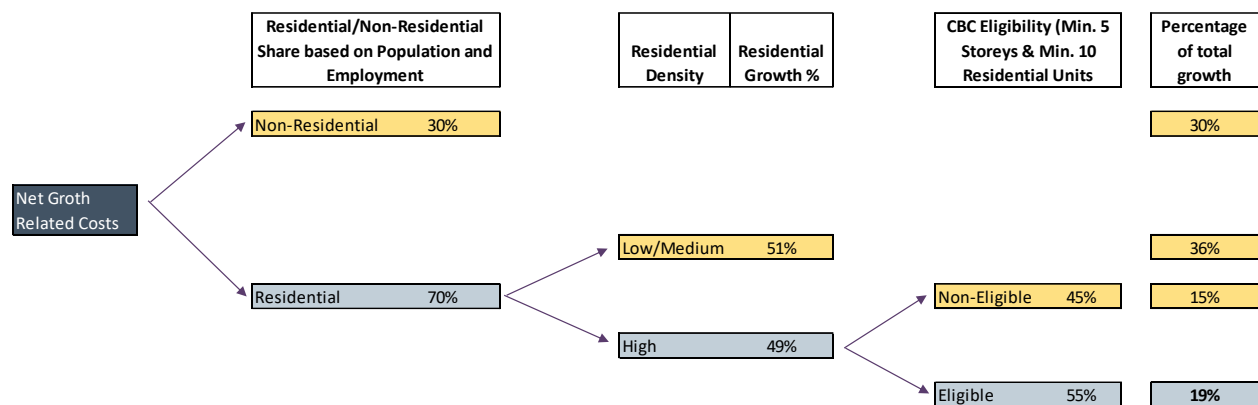
4.2 Allocation of Costs to Eligible High-Density Growth

For capital costs identified for recovery through the C.B.C., a review of the gross costs has been made based on information provided by City staff. Each capital project was assessed to determine if there were deductions required to the gross costs related to excess capacity, benefit to existing development, and grants, subsidies, or other contributions known. The resultant net growth costs were then allocated based on the following:

- Net costs for most services were apportioned between residential and non-residential growth (Table 2-3) based upon the relation between population and employment; however, similar to the City's D.C. background study, parks, recreation, and culture were apportioned 95% residential and 5% non-residential.
- The costs associated with residential growth were then further apportioned between low/medium density growth and total high-density growth anticipated over the forecast (Table 2-4).
- Finally, the costs associated with the total high-density growth were apportioned to eligible growth (i.e., buildings with a minimum of five storeys and a minimum of 10 residential units) and ineligible growth (Table 2-5).

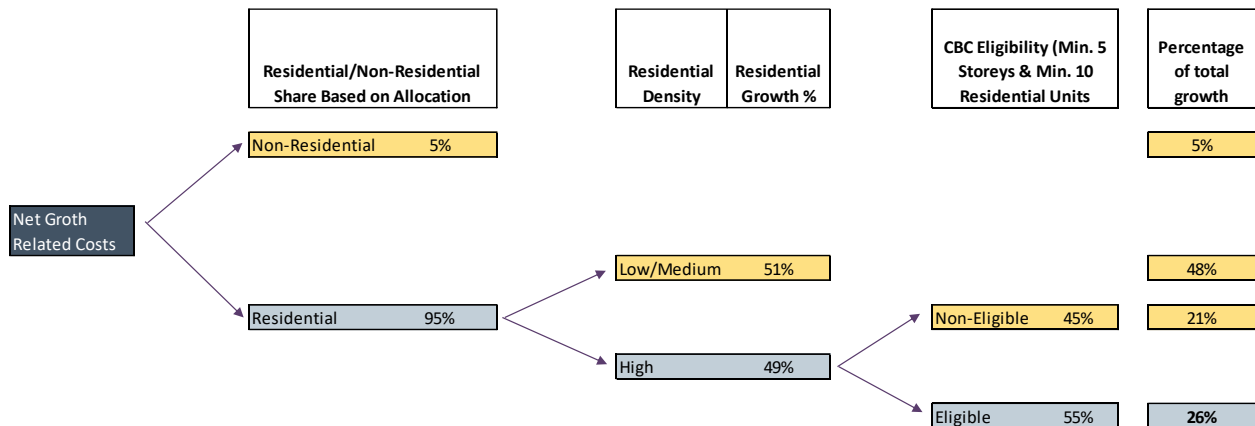
As noted above, similar to the calculations undertaken in the City's D.C. study, some services are shared between residential and non-residential growth based on the incremental population and employment for the forecast period. Based on the C.B.C. 10-year forecast, this would result in an allocation of 70% residential/30% non-residential. Figure 4-1 provides flowchart of the shares that would be assigned to services such as municipal parking, airport services, growth studies, public realm initiatives, corporate initiatives, information technology, and Council initiatives. As noted in Tables 2-3 through 2-5, the allocations between the total growth anticipated over the forecast period would result in 19% of net growth-related costs being eligible for recovery through the C.B.C. (see Table 4-1).

Figure 4-1
Growth Shares for City-Wide Services



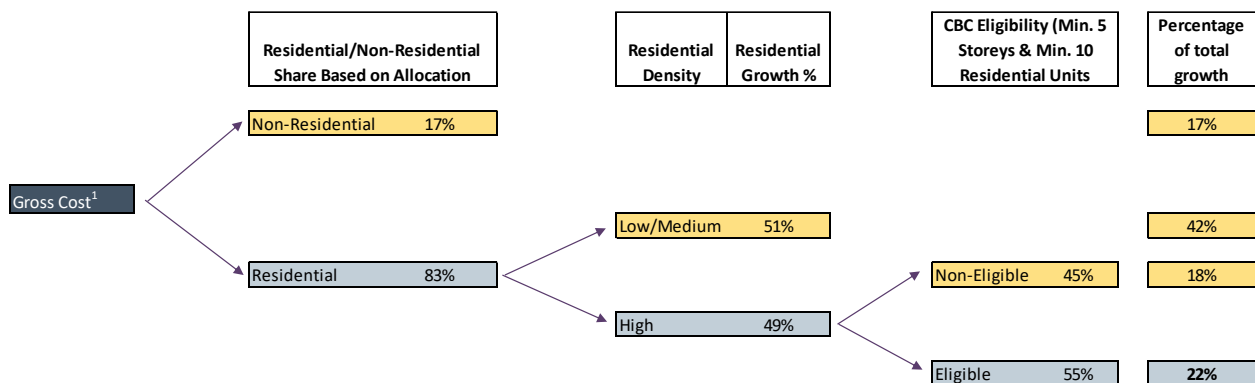
As the predominant users of parks, recreation and culture tend to be residents of the City, the forecast growth-related costs have been allocated 95% to residential and 5% to non-residential, similar to the allocations provided for in the City's D.C. study for these types of services. Figure 4-2 provides flowchart of the shares that would be assigned to cultural services. Therefore, for these services, the total growth anticipated over the forecast period would result in 26% of net growth-related costs being eligible for recovery through the C.B.C. (see Table 4-2).

Figure 4-2
Growth Shares for Cultural Services



For the costs related to landfill services, the forecast growth-related costs have been allocated 83% to residential and 17% to non-residential, similar to the allocations provided for in the City's D.C. study for these types of services. This allocation is based on the average number of residential vs. non-residential properties that waste is collected from. Figure 4-2 provides flowchart of the shares that would be assigned to cultural services. Therefore, for these services, the total growth anticipated over the forecast period would result in 22% of net growth-related costs being eligible for recovery through the C.B.C. (see Table 4-3).

Figure 4-3
Growth Shares for Landfill Services



For the costs related to undertaking the C.B.C. Strategy Study, 100% is attributable to the eligible high-density growth as the C.B.C. is not applicable to other forms of development (see Table 4-4).

4.3 C.B.C. Eligible Cost Analysis

This section provides for the evaluation of development-related capital requirements over a 10-year planning horizon. The projects include growth studies, municipal parking, airport services, C.B.C. strategies, cultural services, landfill services, public realm initiatives, corporate initiatives, information technology, Council initiatives, and collections & program development. As municipal parking and airport services are no longer eligible for recovery through D.C.s, some of the outstanding projects that were included in the City's 2019 D.C. study have been carried forward into the C.B.C. project listing (note also that the Development Charge Reserve balances for both services have been deducted from these projects to provide for a net capital cost to be included within the calculations). In addition, there were a number of growth-related studies that were removed from the D.C. growth studies list during the 2021 D.C. update study, those that have not been undertaken to date, have also been included in the C.B.C. project listing.

The estimated gross cost of each project has been reviewed with staff and where necessary, deductions have been made to recognize the benefit the projects have to the existing community. Further, the projects that have been identified have been reviewed and currently, and where known, anticipated grants, subsidy or other funding anticipated have been deducted. For landfill, a deduction has been made for the portion of projects that related to waste diversion, as that portion is being recovered through D.C.s. Finally, as the projects are associated with future service needs consideration was given to the capacity available for the existing service and projects provided are considered to be incremental costs to service the future growth needs.

Based on the calculations and allocations to eligible high-density growth, the City has identified \$15.52 million in eligible net growth-related costs to be included within the C.B.C. calculations (see Table 5-2 Summary of Growth Related Costs).

Table 4-1
Capital Infrastructure Needs to be Recovered through C.B.C.s for Municipal Parking, Airport Services, Growth Studies, Public Realm Initiatives, Corporate Initiatives, Information Technology, Collections & Program Development, and Council Initiatives

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Less:		Net Growth-Related Cost	Total Non-Residential Share	Total Residential Share	Low/Medium Density Residential	Total High Density Residential	Potential C.B.C. Recoverable Cost	
				Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development						Ineligible High Density Residential	Eligible High Density Residential
	2022-2031						30%	70%				
	Municipal Parking:											
1	Downtown Parking Structure	2023	29,680,000	4,155,200	-	25,524,800	7,657,440	17,867,360	9,112,354	8,755,006	3,939,753	4,815,254
2	West Harbour Development - Parking Structure	2028-2030	34,590,000	25,013,000	-	9,577,000	2,873,100	6,703,900	3,418,989	3,284,911	1,478,210	1,806,701
2	Parking Payment Equipment	2022-2031	877,500	614,300	156,000	107,200	32,160	75,040	38,270	36,770	16,546	20,223
3	License Plate Reading Tech	2022	300,000	270,000	-	30,000	9,000	21,000	10,710	10,290	4,631	5,660
4	D.C. Reserve Fund Adjustment		-	7,840,000	-	(7,840,000)	(2,352,000)	(5,488,000)	(2,798,880)	(2,689,120)	(1,210,104)	(1,479,016)
	Airport Services											
1	Provision for Additional lands needed for runway expansion and cargo road.	2022-2031	27,380,000	-	-	27,380,000	8,214,000	19,166,000	9,774,660	9,391,340	4,226,103	5,165,237
2	D.C. Reserve Fund Adjustment		-	6,020,000	-	(6,020,000)	(1,806,000)	(4,214,000)	(2,149,140)	(2,064,860)	(929,187)	(1,135,673)
	Growth Studies:											
1	Comprehensive Zoning By-Law 05-200 Update	2022	65,300	32,700	-	32,600	9,780	22,820	11,638	11,182	5,032	6,150
2	Site Plan Guidelines Update/Consolidation	2022	229,000	-	-	229,000	68,700	160,300	81,753	78,547	35,346	43,201
3	Natural Areas Inventory Study	2022-2028	343,800	34,400	-	309,400	92,820	216,580	110,456	106,124	47,756	58,368
4	City-wide Employment Survey	2022-2028	1,031,000	-	-	1,031,000	309,300	721,700	368,067	353,633	159,135	194,498
5	Human Services Study	2022-2025	258,000	129,000	-	129,000	38,700	90,300	46,053	44,247	19,911	24,336
6	Ontario Works Review	2022-2025	129,000	96,800	-	32,200	9,660	22,540	11,495	11,045	4,970	6,075
7	Human Services Market Planning Study	2022-2025	258,000	64,500	-	193,500	58,050	135,450	69,080	66,371	29,867	36,504
8	Neighbourhood Community Needs Study	2022-2025	77,400	38,700	-	38,700	11,610	27,090	13,816	13,274	5,973	7,301
9	Provision for Growth Component of Unidentified Studies	2022-2023	2,600,000	-	-	2,600,000	780,000	1,820,000	928,200	891,800	401,310	490,490
10	Public Art Master Plan Review	2022	18,000	9,000	-	9,000	2,700	6,300	3,213	3,087	1,389	1,698
11	Part IV Designation of Properties under the Ontario Heritage Act	2022-2031	1,485,000	1,336,500	-	148,500	44,550	103,950	53,015	50,936	22,921	28,015
12	City Wide Employment Survey	2025	385,000	-	-	385,000	115,500	269,500	137,445	132,055	59,425	72,630
13	Comprehensive Zoning By-Law	2023	1,535,000	767,500	-	767,500	230,250	537,250	273,998	263,253	118,464	144,789
14	Centennial Neighborhood Streetscape and Public Realm Design Study	2023	500,000	-	-	500,000	150,000	350,000	178,500	171,500	77,175	94,325
15	School Crossing Review	2022	100,000	90,000	-	10,000	3,000	7,000	3,570	3,430	1,544	1,887
16	HAAA Feasibility Study	2022	150,000	135,000	-	15,000	4,500	10,500	5,355	5,145	2,315	2,830

Table 4-1
Capital Infrastructure Needs to be Recovered through C.B.C.s for Municipal Parking, Airport Services, Growth Studies, Public Realm Initiatives, Corporate Initiatives, Information Technology, Collections & Program Development, and Council Initiatives

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Less:		Net Growth-Related Cost	Total Non-Residential Share	Total Residential Share	Low/Medium Density Residential	Total High Density Residential	Potential C.B.C. Recoverable Cost	
				Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development						Ineligible High Density Residential	Eligible High Density Residential
	2022-2031						30%	70%				
	Public Realm Initiatives:											
1	King St W Bus Imprv Area Gateway	2022	12,450	11,200	-	1,250	375	875	446	429	193	236
2	Main St W Bus Imprv Area Gateway	2022	150,000	135,000	-	15,000	4,500	10,500	5,355	5,145	2,315	2,830
3	Inter Village BIA Gateway	2022	36,000	32,400	-	3,600	1,080	2,520	1,285	1,235	556	679
	Corporate Initiatives:					-						
1	Digital/Open Data Infrastructure	2022-2024	300,000	270,000	-	30,000	9,000	21,000	10,710	10,290	4,631	5,660
2	Digital Office: Smart City and Digital Transformation Program	2022-2023	200,000	180,000	-	20,000	6,000	14,000	7,140	6,860	3,087	3,773
3	Digital Office: Smart City and Digital Transformation Program	2022-2023	400,000	360,000	-	40,000	12,000	28,000	14,280	13,720	6,174	7,546
	Information Technology:											
1	Business Systems and Services Continuity Plan	2022	150,000	135,000	-	15,000	4,500	10,500	5,355	5,145	2,315	2,830
2	IT Asset Management Program	2022	180,000	162,000	-	18,000	5,400	12,600	6,426	6,174	2,778	3,396
3	IT Strategy Refresh	2022-2024	880,000	792,000	-	88,000	26,400	61,600	31,416	30,184	13,583	16,601
4	Information Security Program	2022-2023	1,300,000	1,170,000	-	130,000	39,000	91,000	46,410	44,590	20,066	24,525
5	EDRMS - Enterprise Data and Records Management System Project	2022-2025	650,000	585,000	-	65,000	19,500	45,500	23,205	22,295	10,033	12,262
	Council Initiatives:											
1	Historical Signs	2022	50,000	45,000	-	5,000	1,500	3,500	1,785	1,715	772	943
2	Chedoke Course Redevelopment	2022	50,000	45,000	-	5,000	1,500	3,500	1,785	1,715	772	943
3	W14 Complete St Enhancement	2022	300,000	270,000	-	30,000	9,000	21,000	10,710	10,290	4,631	5,660
	Total		106,650,450	50,839,200	156,000	55,655,250	16,696,575	38,958,675	19,868,924	19,089,751	8,590,388	10,499,363

Table 4-2
Capital Infrastructure Needs to be Recovered through C.B.C.s for Cultural Services

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Less:		Net Growth- Related Cost	Total Non- Residential Share	Total Residential Share	Low/Medium Density Residential	Total High Density Residential	Potential C.B.C. Recoverable Cost	
				Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development						Ineligible High Density Residential	Eligible High Density Residential
	2022-2031						5%	95%	51%	49%	45%	55%
1	St. Mark's Restoration	2022-2023	452,000	226,000	-	226,000	11,300	214,700	109,497	105,203	47,341	57,862
2	St. Mark's Restoration	2022-2023	1,387,000	693,500	-	693,500	34,675	658,825	336,001	322,824	145,271	177,553
3	ICIP CCR Children's Museum Expansion Phase 2	2022-2024	3,344,000	443,900	1,124,640	1,775,460	88,773	1,686,687	860,210	826,477	371,914	454,562
4	Steam Museum Building Expansion	2023-2026	1,040,000	-	-	1,040,000	52,000	988,000	503,880	484,120	217,854	266,266
5	Auchmar Adaptive Reuse - Stone Walls Phase	2023-2031	540,000	486,000	-	54,000	2,700	51,300	26,163	25,137	11,312	13,825
6	Auchmar Adaptive Reuse - Stone Walls Phase	2023-2031	14,280,000	12,852,000	-	1,428,000	71,400	1,356,600	691,866	664,734	299,130	365,604
7	Fieldcote Museum Expansion	2023	35,000	5,300	-	29,700	1,485	28,215	14,390	13,825	6,221	7,604
8	Fieldcote Museum Expansion	2023	465,000	69,800	-	395,200	19,760	375,440	191,474	183,966	82,785	101,181
9	Local History & Archives Renovation	2026	5,000,000	4,500,000	-	500,000	25,000	475,000	242,250	232,750	104,738	128,013
10	Public Art Master Plan Review	2022	18,000	9,000	-	9,000	450	8,550	4,361	4,190	1,885	2,304
11	Public Art - West Hamilton Rail Trail	2022	25,000	-	-	25,000	1,250	23,750	12,113	11,638	5,237	6,401
12	PublicArt-HamTheElectricCity	2022	225,000	-	-	225,000	11,250	213,750	109,013	104,738	47,132	57,606
13	Public Art Locke Street Marker	2022	100,000	-	-	100,000	5,000	95,000	48,450	46,550	20,948	25,603
14	Ancster Memorial Arts Centre PublicArt	2022	250,000	-	-	250,000	12,500	237,500	121,125	116,375	52,369	64,006
15	Public Art-Cenre Memorial Mural	2022	17,500	-	-	17,500	875	16,625	8,479	8,146	3,666	4,480
16	Public Art -Century St Parkett	2022	150,000	-	-	150,000	7,500	142,500	72,675	69,825	31,421	38,404
	Total		27,328,500	19,285,500	1,124,640	6,918,360	345,918	6,572,442	3,351,945	3,220,497	1,449,223	1,771,273

Table 4-3
Capital Infrastructure Needs to be Recovered through C.B.C.s for Landfill Services

Prj. No.	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Less:		Net Growth-Related Cost	Total Non-Residential Share	Total Residential Share	Low/Medium Density Residential	Total High Density Residential	Potential C.B.C. Recoverable Cost	
				Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development						Ineligible High Density Residential	Eligible High Density Residential
	2022-2031						17%	83%	51%	49%	45%	55%
1	Solid Waste Management Master Plan - Alternative Disposal Facility (Landfill)	2022	200,000	180,000	-	20,000	3,400	16,600	8,466	8,134	3,660	4,474
2	Glanbrook Landfill Stage 3 Development- Cells C, D, & E	2022	5,500,000	4,950,000		550,000	93,500	456,500	232,815	223,685	100,658	123,027
3	Public Space & Special Event Containers (Landfill Portion)	2022-2031	2,250,000	900,000	450,000	900,000	153,000	747,000	380,970	366,030	164,714	201,317
4	Glanbrook Landfill Capital Improvement Program (Landfill Portion)	2022-2029	2,899,000	260,900	289,900	2,348,200	399,194	1,949,006	993,993	955,013	429,756	525,257
5	Transfer Station/CRC Expansion (Landfill Portion)	2024	14,500,000	-	5,800,000	8,700,000	1,479,000	7,221,000	3,682,710	3,538,290	1,592,231	1,946,060
	Total		25,349,000	6,290,900	6,539,900	12,518,200	2,128,094	10,390,106	5,298,954	5,091,152	2,291,018	2,800,134

Table 4-4
Capital Infrastructure Needs to be Recovered through C.B.C.s for the C.B.C. Strategy

Prj. No.	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Less:		Net Growth- Related Cost	Total Non- Residential Share	Total Residential Share	Low/Medium Density Residential	Total High Density Residential	Potential C.B.C. Recoverable Cost	
				Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development						Ineligible High Density Residential	Eligible High Density Residential
	2022-2031						0%	100%				
1	Community Benefits Streatgy	2022	225,000	-	-	225,000	-	225,000	-	225,000	-	225,000
2	Community Benefits Streatgy	2027	225,000	-	-	225,000	-	225,000	-	225,000	-	225,000
	Total		450,000	-	-	450,000	-	450,000	-	450,000	-	450,000

Chapter 5

C.B.C. Calculation

5. C.B.C. Calculation

5.1 Anticipated Funding Recovery

To summarize the calculation of the charge, the following has been undertaken:

- 1) **Anticipated Development:** As presented in Chapter 2, the 10-year growth forecast provides for 11,531 eligible high-density units (i.e., in buildings containing a minimum of five storeys and a minimum of 10 residential units).
- 2) **Land Valuation:** the City's Corporate Real Estate Office provided average land valuations for properties anticipated for eligible high-density development. The land valuations were provided for various locations throughout the City, including inside and outside the downtown secondary plan for the lower Hamilton area, the Ancaster/Dundas/Flamborough area, and the Glanbrook/Stoney Creek/Upper Hamilton area (refer to Chapter 2). Further, inside the downtown secondary plan area, land values were provided for "mid-rise" units (i.e. buildings with 5 to 15 storeys) and "high-rise" units (i.e. buildings with greater than 15 storeys).
- 3) **Identification of Services:** A number of services were identified including municipal parking, airport services, and growth studies which are no longer eligible for recovery through D.C.s. Other services identified also include culture, landfill, public realm, corporate initiatives, council initiatives, information technology, and the C.B.C. strategy itself.
- 4) **C.B.C. Eligible Costs:** Capital needs related to the identified services were provided by City staff. Gross costs of the capital projects were assessed for the portion of the projects that would benefit the existing community vs. the future growth. The growth-costs that were then allocated amongst all types of growth to calculate the amount that is associated with eligible high-density units.
- 5) **Total Land Value:** Based on the growth forecast, density assumptions, and land valuation assessment, the total land value for eligible high density was calculated to equal approximately \$261.26 million.
- 6) **Maximum C.B.C.:** As per the Planning Act, the maximum a municipality can impose for a C.B.C. is equal to 4% of the land value of a property, the day before

building permit issuance. Based on the total land value, the estimated potential C.B.C. recovery for the City equates to just over \$10.45 million for the 10-year forecast period (see Table 5-1).

Table 5-1
Anticipated C.B.C. Funding Recovery

Area	Total C.B.C. Eligible Units	Average Land Value Per Acre	Average Units Per Acre	Estimated Total Acres	Total Land Value	C.B.C. %	Potential C.B.C. Revenue
Ancaster	-	\$5,000,000	130	-	\$0		
Dundas	253	\$5,000,000	130	2.0	\$9,753,000		
Flamborough	307	\$5,000,000	130	2.4	\$11,834,000		
Glanbrook	-	\$3,000,000	150	-	\$0		
Upper Hamilton	3,889	\$3,000,000	150	25.9	\$77,780,000		
Stoney Creek	2,837	\$3,000,000	150	18.9	\$56,740,000		
Lower Hamilton (Inside the Downtown Secondary Plan Area):							
Mid-Rise (5-15 Storeys)	40	\$8,000,000	510	0.1	\$628,000		
High-Rise (Over 15 Storeys)	3,195	\$13,500,000	570	5.6	\$75,671,000		
Lower Hamilton (Outside the Downtown Secondary Plan Area)	1,010	\$8,000,000	280	3.6	\$28,857,000		
Total	11,531			58.4	\$261,263,000	4%	\$10,450,520

The City has identified capital costs attributable to eligible high-density growth in the amount of \$15.52 million (as per Tables 4-1 through 4-4), well in excess of the maximum allowable amount of approximately \$10.45 million. Therefore, the City has provided herein that the maximum C.B.C. of 4% may be considered to be imposed on eligible forms of development. It is noted that available C.B.C. funding will not provide funding for all project on the capital projects list, and hence City Council will have to consider the highest capital priorities to be funded through C.B.C. revenue during the annual budget process. Table 5-2 provides a summary of the growth capital costs by service.

Table 5-2
Summary of Growth Capital Costs

Services	Gross Cost	Benefit to Existing Deduction	Grants, Subsidies & Other Contributions	Net Growth-Related Costs	C.B.C. Eligible Costs
D.C. Services Becoming Ineligible:					
Municipal Parking	65,447,500	37,892,500	156,000	27,399,000	5,168,821
Airport Services	27,380,000	6,020,000	-	21,360,000	4,029,564
Growth Studies	9,164,500	2,734,100	-	6,430,400	1,213,095
Total DC Services Becoming Ineligible	101,992,000	46,646,600	156,000	55,189,400	10,411,480
Other Capital Needs (based on 2022 Capital Plan):					
CBC Strategies	450,000	-	-	450,000	450,000
Landfill Services	25,349,000	6,290,900	6,539,900	12,518,200	2,800,134
Cultural Services	27,328,500	19,285,500	1,124,640	6,918,360	1,771,273
Public Realm Initiatives	198,450	178,600	-	19,850	3,745
Corporate Initiatives	900,000	810,000	-	90,000	16,979
Information Technology	3,160,000	2,844,000	-	316,000	59,613
Council Initiatives	400,000	360,000	-	40,000	7,546
Total Other Potential Capital	57,785,950	29,769,000	7,664,540	20,352,410	5,109,289
Total Potential Capital Program	159,777,950	76,415,600	7,820,540	75,541,810	15,520,770

Chapter 6

C.B.C. Policy

Recommendations and C.B.C. By-law Rules

6. C.B.C. Policy Recommendations and C.B.C. By-law Rules

6.1 C.B.C. Policies

Planning Act section 37 and O. Reg. 509/20 outline the required policies that must be considered when adopting a C.B.C. by-law. The following subsections set out the recommended policies governing the calculation, payment and collection of C.B.C.s in accordance with the legislation.

6.2 C.B.C. By-law Rules

6.2.1 *Payment in any Particular Case*

In accordance with the Planning Act, subsection 37 (3), a C.B.C. may be imposed only with respect to development or redevelopment that requires one of the following:

- (a) “the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
- (b) the approval of a minor variance under section 45 of the *Planning Act*;
- (c) a conveyance of land to which a by-law passed under subsection 50 (7) of the *Planning Act* applies;
- (d) the approval of a plan of subdivision under section 51 of the *Planning Act*;
- (e) a consent under section 53 of the *Planning Act*;
- (f) the approval of a description under section 9 of the *Condominium Act, 1998*; or
- (g) the issuing of a permit under the *Building Code Act, 1992* in relation to a building or structure.”

6.2.2 Maximum Amount of the Community Benefit Charge

Subsection 37 (32) of the Planning Act states that the amount of a C.B.C. payable in any particular case shall not exceed an amount equal to the prescribed percentage of the value of the land as of the valuation date.

Based on section 3 of O. Reg. 509/20, the prescribed percentage is 4%.

If a development or redevelopment consist of two or more above grade buildings, that will not be constructed concurrently, and will be built at different times, each phase will be considered separate development or re-development. The CBC charge for the first building will be calculated at 4% of the land value the day before the building permit is issued. For each subsequent building, the CBC will be charged based on 4% at the land value date less the CBC paid for the first building. If the difference is zero or negative, no CBC will be charged. There will be no credit given to a developer by the City should the difference be less than zero.

6.2.3 Exemptions (full or partial)

The following exemptions are provided under subsection 37 (4) of the Planning Act and section 1 of O. Reg. 509/20:

- Development of a proposed building or structure with fewer than five storeys at or above ground;
- Development of a proposed building or structure with fewer than 10 residential units;
- Redevelopment of an existing building or structure that will have fewer than five storeys at or above ground after the redevelopment;
- Redevelopment that proposes to add fewer than 10 residential units to an existing building or structure;
- Such types of development or redevelopment as are prescribed:
 - Development or redevelopment of a building or structure intended for use as a long-term care home within the meaning of subsection 2 (1) of the Long-Term Care Homes Act, 2007.
 - Development or redevelopment of a building or structure intended for use as a retirement home within the meaning of subsection 2 (1) of the Retirement Homes Act, 2010.

- Development or redevelopment of a building or structure intended for use by any of the following post-secondary institutions for the objects of the institution:
 - i. a university in Ontario that receives direct, regular and ongoing operating funding from the Government of Ontario,
 - ii. a college or university federated or affiliated with a university described in subparagraph i,
 - iii. an Indigenous Institute prescribed for the purposes of section 6 of the Indigenous Institutes Act, 2017.
- Development or redevelopment of a building or structure intended for use as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion.
- Development or redevelopment of a building or structure intended for use as a hospice to provide end of life care.
- Development or redevelopment of a building or structure intended for use as residential premises by any of the following entities:
 - i. a corporation to which the Not-for-Profit Corporations Act, 2010 applies that is in good standing under that Act and whose primary object is to provide housing,
 - ii. a corporation without share capital to which the Canada Not-for-profit Corporations Act applies, that is in good standing under that Act and whose primary object is to provide housing,
 - iii. a non-profit housing co-operative that is in good standing under the Co-operative Corporations Act.

In addition to the exemptions noted above, the C.B.C. will not apply to buildings or structures owned by and used for the purposes of any municipality, local board, or Board of Education.

In addition to the above exemptions, it is recommended that any discretionary exemptions included in the CBC policy and By-law be aligned with the current DC By-law while still in effect (expires June 2024). These include:

- A reduction in the amount of 40% of CBC's payable to the City providing the property is within the boundaries of the Downtown CIPA as illustrated on Schedule "A" to the attached By-law (Attachment B to this report); and

- A reduction in the amount of 50% of CBC's payable to the City for the purpose of creating a Residential Facility or Lodging House within the existing Building envelope

6.2.4 *Timing of Collection*

The C.B.C.s imposed are calculated, payable, and collected upon issuance of a building permit for eligible development or redevelopment.

6.2.5 *In-kind contributions*

A municipality that has passed a C.B.C. by-law may allow the landowner to provide to the municipality: facilities, services, or matters required because of development or redevelopment in the area to which the by-law applies.

Prior to providing these contributions, In-Kind contributions will be considered at the sole discretion of the General Manager, Corporate Services. The value of the contribution must be evaluated by an external party prior to consideration by the city. The cost of the evaluation will be borne solely by the developer. All in-kind contributions must be endorsed by Council.

6.2.6 *The Applicable Areas*

The C.B.C. by-law will apply to all lands within the City.

6.2.7 *Special Account*

All money received by the municipality under a C.B.C. by-law shall be paid into a special account. The money contained within the special account:

- may be invested in securities in which the municipality is permitted to invest under the Municipal Act, 2001, and the earnings derived from the investment of the money shall be paid into a special reserve fund account; and
- must have at least 60 percent of the funds spent or allocated at the beginning of the year.

In addition to the monies collected under a C.B.C. by-law, transitional rules for transferring existing reserve funds are provided in subsection 37 (51) of the Planning Act. These rules apply for any existing reserve funds related to a service that is not

listed in subsection 2 (4) of the D.C.A., as well as reserve funds established under section 37 of the Planning Act prior to Bill 197.

1. If the municipality passes a C.B.C. by-law under this section before the specified date, the municipality shall, on the day it passes the by-law, allocate the money in the special account or reserve fund to the special account referred to in subsection (45) of the Planning Act.
2. If the municipality has not passed a C.B.C. by-law under this section before the specified date, the special account or reserve fund is deemed to be a general capital reserve fund for the same purposes for which the money in the special account or reserve fund was collected.
3. Despite paragraph 2, subsection 417 (4) of the Municipal Act, 2001 (a provision which requires the funds raised for a reserve fund must only be used for the intended purpose) and any equivalent provision of do not apply with respect to the general capital reserve fund referred to in paragraph 2.
4. If paragraph 2 applies and the municipality passes a C.B.C. by-law under this section on or after the specified date, the municipality shall, on the day it passes the by-law, allocate any money remaining in the general capital reserve fund referred to in paragraph 2 to the special account referred to in subsection (45) of the Planning Act.

Based on the above, it is recommended that the D.C. reserve funds for Municipal Parking and Airport services be transferred to the C.B.C. special account.

6.2.8 Credits

Subsection 37 (52) of the Planning Act indicates that any credits that were established under section 38 of the D.C.A. and that are not related to a service that is listed in subsection 2 (4) of the D.C.A., may be used by the holder of the credit with respect to a charge that the holder is required to pay under a C.B.C. by-law.

6.2.9 By-law In-Force Date

A C.B.C. by-law comes into force on the day it is passed, or the day specified in the by-law, whichever is later.

6.3 Recommendations

It is recommended that Council:

"Adopt the C.B.C. approach to calculate the charges on a uniform City-wide basis;"

"Approve the capital project listing set out in Chapter 4 of the C.B.C. Strategy dated June 2, 2022, subject to further annual review during the capital budget process;"

"Create a special reserve fund account which will contain all C.B.C. monies collected;"

"Approve the C.B.C. Strategy dated June 2, 2022, as amended (if applicable);"

"Determine that no further public consultation is required;" and

"Approve the C.B.C. By-law as set out in Appendix C."

Chapter 7

By-law Implementation

7. By-law Implementation

7.1 Introduction

This chapter addresses the public consultation process and by-law implementation requirements for the imposition of a C.B.C. by-law. Figure 7-1 provides an overview of the process.

7.2 Public Consultation Process

7.2.1 *Required Consultation*

In establishing the policy for which a C.B.C. strategy and by-law will be based; section 37 (10) of the Planning Act requires that:

“In preparing the community benefits strategy, the municipality shall consult with such persons and public bodies as the municipality considers appropriate.”

As there is no specific guidance as to which parties the municipality shall consult with, municipalities may establish their own policy for public consultation. The policy for public consultation should be designed to seek the co-operation and participation of those involved, in order to produce the most suitable policy. Municipalities may consider a public meeting, similar to that undertaken for D.C. study processes (however, this is not a mandated requirement). At a minimum, this would include a presentation to Council and the public on the findings of the C.B.C. strategy, advanced notice of the meeting, and consideration for delegations from the public.

7.2.2 *Interested Parties to Consult*

There are three broad groupings of the public who are generally the most concerned with municipal C.B.C. policy.

1. The first grouping is the residential development community, consisting of land developers and builders, who will typically be responsible for generating the majority of the C.B.C. revenues. Others, such as realtors, are directly impacted by C.B.C. policy. They are, therefore, potentially interested in all aspects of the charge, particularly the percentage applicable to their properties, projects to be funded by

the C.B.C. and the timing thereof, and municipal policy with respect to development agreements and in-kind contributions.

2. The second public grouping embraces the public at large and includes taxpayer coalition groups and others interested in public policy.
3. The third grouping is the non-residential mixed-use development sector, consisting of land developers and major owners or organizations with significant construction plans for mixed use developments. Also involved are organizations such as Industry Associations, the Chamber of Commerce, the Board of Trade, and the Economic Development Agencies, who are all potentially interested in municipal C.B.C. policy. Their primary concern is frequently with the percentage charge applicable to their lands, exemptions, and phase-in or capping provisions in order to moderate the impact.

As noted in Section 1.4, through the C.B.C. strategy process, the City's consultation process includes meetings with the Development Industry Liaison Group (DILG), the Development Charges Stakeholder Sub-Committee, the City's Audit, Finance and Administration (AF&A) Committee, and Council. Further, the City has provided a website through "Engage Hamilton" to provide the community with information related to the C.B.C. process.

7.3 Anticipated Impact of the Charge on Development

The establishment of sound C.B.C. policy often requires the achievement of an acceptable balance between two competing realities. The first is that increased residential development fees (such as a C.B.C.) can ultimately be expected to be recovered via higher housing prices and can impact project feasibility in some cases (e.g., rental apartments). Secondly, C.B.C.s or other municipal capital funding sources need to be obtained in order to help ensure that the necessary infrastructure and amenities are installed. The timely installation of such works is a key initiative in providing adequate service levels and in facilitating strong economic growth, investment, and wealth generation.

7.4 Implementation Requirements

7.4.1 Introduction

Once the City has calculated the charge, prepared the complete strategy, carried out the public process, and passed a new by-law, the emphasis shifts to implementation matters.

These include notices, potential appeals and complaints, in-kind contributions, and finally the collection of revenues and funding of projects.

The sections that follow provide an overview of the requirements in each case.

7.4.2 Notice of Passage

In accordance with subsection 37 (13) of the Planning Act, when a C.B.C. by-law is passed, the clerk of the municipality shall give written notice of the passing and of the last day for appealing the by-law (the day that is 40 days after the day it was passed). Such notice must be given no later than 20 days after the day the by-law is passed (i.e., as of the day of newspaper publication or the mailing of the notice).

Section 4 of O. Reg. 509/20 further defines the notice requirements which are summarized as follows:

- notice shall be given by publication in a newspaper which is (in the clerk's opinion) of sufficient circulation to give the public reasonable notice, or by personal service, fax or mail to every owner of land in the area to which the by-law relates;
- subsection 4 (2) lists the persons/organizations who must be given notice; and
- subsection 4 (5) lists the seven items that the notice must cover.

7.4.3 Appeals

Subsections 37 (13) to 37 (31) of the Planning Act set out the requirements relative to making and processing a C.B.C. by-law appeal as well as an OLT hearing in response to an appeal. Any person or organization may appeal a C.B.C. by-law to the OLT by filing a notice of appeal with the clerk of the municipality, setting out the objection to the

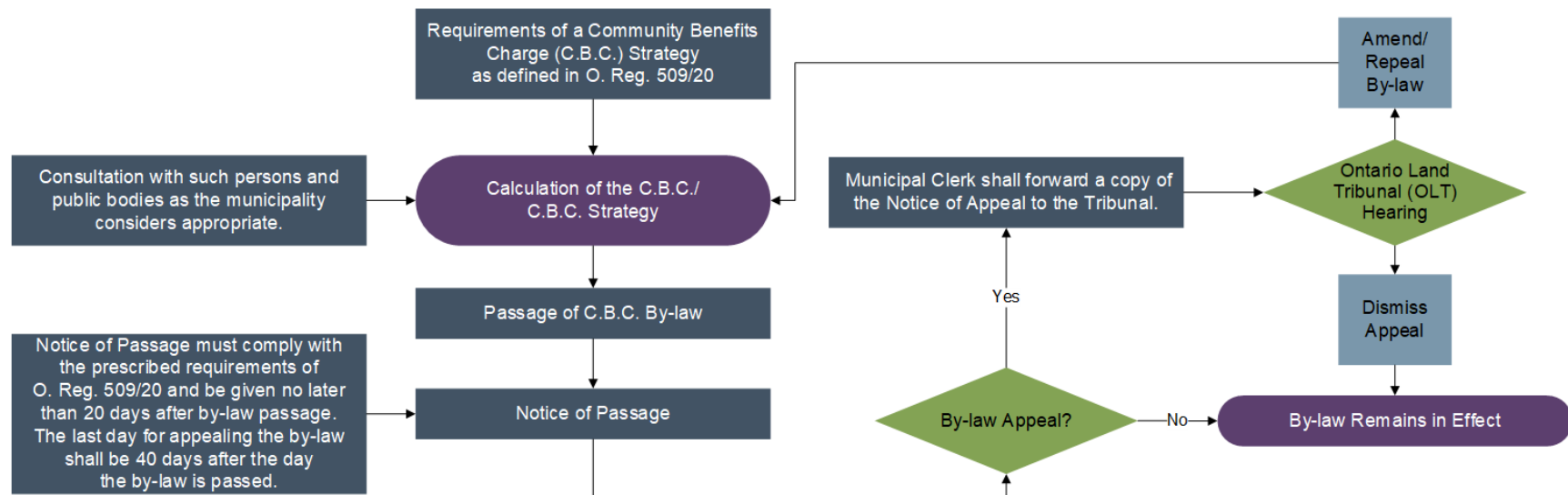
by-law and the reasons supporting the objection. This must be done by the last day for appealing the by-law, which is 40 days after the by-law is passed.

The municipality is carrying out a public consultation process, in order to address the issues that come forward as part of that process, thereby avoiding or reducing the need for an appeal to be made.

7.4.4 In-Kind Contributions

Subsections 37 (6) to 37 (8) provide the rules for in-kind contributions. An owner of land may provide the municipality facilities, services, or matters required because of development or redevelopment in the area to which the by-law applies. Prior to providing these contributions, the municipality shall advise the owner of the land of the value that will be attributed to the contributions. The value of the contributions shall be deducted from the amount the owner of the land would otherwise have to pay under the C.B.C. by-law.

Figure 7-1
The Process of Required for Passing a Community Benefits Charge By-law under the Planning Act



7.5 Ongoing Application and Collection of C.B.C. funds

7.5.1 Introductions

Once the municipality passes a C.B.C. by-law, development or redevelopment that meets the requirements of the C.B.C. by-law will pay a C.B.C. based on the value of their land. The following sections describe the overall process and discusses the approach to appraisals and use of the special account as set out in the Planning Act.

7.5.2 Overview of Process and Appraisals

Figure 7-2 provides an overview of the process for application of the C.B.C. by-law and collection of C.B.C. funds.

Once the C.B.C. by-law is in place, as development or redevelopment that meets the eligibility criteria proceeds (i.e., prior to issuance of a building permit), the municipality collects C.B.C.s based on the calculated percentage (as set out in the by-law and C.B.C. strategy) and the value of the land. The City's Corporate Real Estate Office will review the application based on the location, size of property, and density of the development, and assign an appraised value for use in calculating the C.B.C. charge on each development or redevelopment.

If the owner agrees with the appraised value, they may pay their C.B.C.s to the City which will then be deposited into the special account. If the owner does not agree, they shall pay the charge under protest and provide the City with an appraisal value within 30 days. Note, if no appraisal is received within 30 days, the payment will be deemed to have not been made under protest.

Once the protested appraisal is received by the municipality, the municipality has 45 days to provide the owner of the land with their own appraisal value. Then:

- If no appraisal is provided to the owner within 45 days, the owner's appraisal is deemed accurate and the difference in the amounts shall be refunded to the owner.
- If the City's appraisal is within 5% of the landowner's appraisal, the landowner's appraisal is deemed accurate, and the City shall refund the difference in the amounts to the owner.

- If the appraisal is more than 5% higher than the landowner's appraisal, the City shall request an appraisal be undertaken by an appraiser, selected by the landowner, from the list of approved appraisers provided by the City. This must be undertaken within 60 days. This final appraisal is deemed accurate for the purposes of calculating the applicable C.B.C.
- In regard to the last bullet, subsection 37 (42) and 37 (43) require the municipality to maintain a list of at least three persons who are not employees of the municipality or members of Council and have an agreement with the municipality to perform appraisals for the above. This list is to be maintained until the C.B.C. by-law is repealed or the day on which there is no longer any refund that could be required (whichever is later).

7.5.3 Special Reserve Fund Account

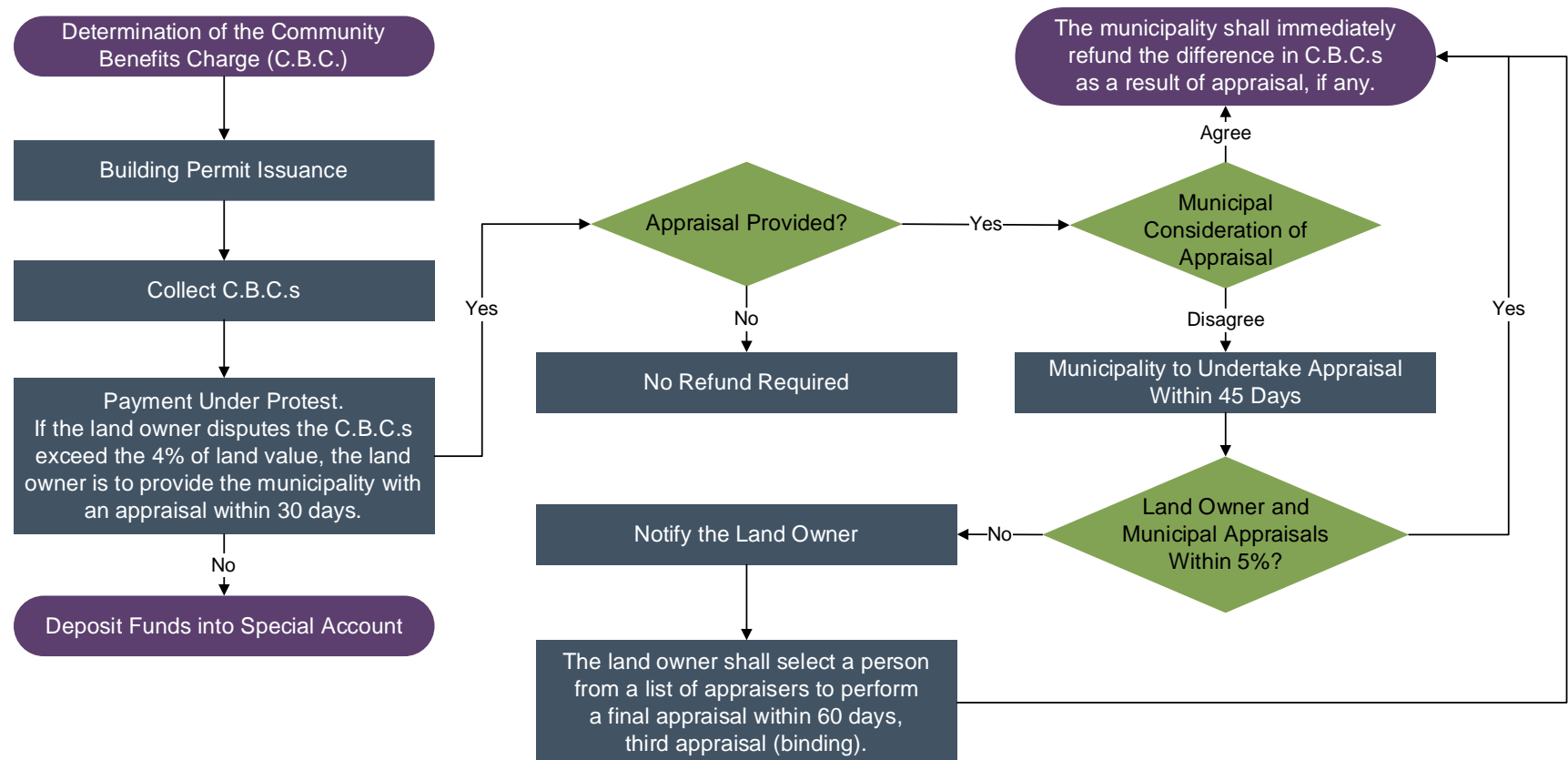
All funds collected under the C.B.C. by-law are to be deposited into a special account. Subsections 37 (45) to 37 (48) of the Planning Act outline the rules with respect to the special reserve fund account. As noted in section 6.2.7, these rules are as follows:

- All money received under a C.B.C. by-law shall be paid into a special account;
- The money in the special account may be invested in securities (as permitted under the Municipal Act) and the interest earnings shall be paid into the special account;
- In each year, a municipality shall spend or allocate at least 60 percent of the monies that are in the special account at the beginning of the year; and
- The municipality shall provide reports and information as set out in section 7 of O. Reg. 509/20
- In regard to the third bullet, it is suggested that the annual capital budget for the City directly list the works which are being undertaken and/or to which monies from this fund are being allocated toward.

As per this C.B.C. strategy, the growth-related services (as outlined in Chapter 4), form the anticipated capital needs required to service growth over the 10-year forecast period. However, other services may be considered by Council in the future and are subject to approval by resolution and inclusion in the annual budget process. Further, any additional services approved and funded from C.B.C. revenue in the future will be reported on through an annual C.B.C. reserve fund statement, which will form part of the City's overall year-end statements.

During the annual budget process, the use of C.B.C. funding will be reviewed, and the capital costs associated with each eligible service and capital project will be confirmed and identified for approval of Council.

Figure 7-2
City of Hamilton
Community Benefits Charge Application and Calculation Process



7.6 Transitional Matters

7.6.1 Existing Reserves and Reserve Funds

The Planning Act, section 37 (49) to section 37 (51) provides transitional provisions for:

1. A special account established under the previous section 37 rules; and
2. D.C. reserve funds for which services are no longer eligible (e.g., municipal parking, airport services, etc.).

If the municipality passes a C.B.C. by-law with an in-force date before September 18, 2022, the municipality shall allocate the money in the D.C. parking and airport reserve funds to the C.B.C. special account.

If the municipality does not pass a C.B.C. by-law before September 18, 2022, the parking and airport D.C. reserve funds are deemed to be general capital reserve funds for the same purpose in which the money was collected (e.g., a parking D.C. reserve fund would become a general capital reserve fund for parking services).

If a C.B.C. by-law is passed after September 18, 2022, the municipality shall allocate the money from the newly created general capital reserve funds described above, to the C.B.C. special account.

7.6.2 Credits under Section 38 of the Development Charges Act

The Planning Act (s.37 (52)) provides that, if a municipality passes a C.B.C. by-law before September 18, 2022, any credits held for services that are no longer D.C. eligible (e.g., parking services), may be used against payment of a C.B.C. by the landowner. The City does not currently hold credits related to the services which are no longer D.C. eligible, therefore, there are no adjustment against future payments of a C.B.C. to apply.

7.6.3 Continued Application of Previous Section 37 Rules

Section 37.1 of the Planning Act provides for transitional matters regarding previous section 37 rules. Any charges that are currently in place under the previous rules, may remain in place until the municipality passes a C.B.C. by-law or September 18, 2022, whichever comes first. As noted previously, the City did not impose charges under the previous rules, therefore, this section does not apply.

Appendices

Appendix A

Background Information on Residential and Non- Residential Growth Forecast

Schedule 1 City of Hamilton Residential Growth Forecast Summary

Year		Population (Including Census Undercount) ^[1]	Excluding Census Undercount			Housing Units					Persons Per Unit (P.P.U.): Total Population/ Total Households
			Population	Institutional Population	Population Excluding Institutional Population	Singles & Semi- Detached	Multiple Dwellings ^[2]	Apartments ^[3]	Other	Total Households	
Historical	Mid 2006	518,990	504,559	8,969	495,590	118,020	25,450	50,265	730	194,465	2.595
	Mid 2011	534,820	519,949	10,309	509,640	124,433	27,760	50,800	813	203,806	2.551
	Mid 2016	552,270	536,917	8,982	527,935	127,705	31,405	51,680	810	211,600	2.537
Forecast	Mid 2022	593,270	576,774	10,032	566,742	131,610	37,496	58,063	810	227,979	2.530
	Mid 2032	660,230	641,875	11,197	630,678	137,583	44,308	78,998	810	261,699	2.453
Incremental	Mid 2006 - Mid 2011	15,830	15,390	1,340	14,050	6,413	2,310	535	83	9,341	
	Mid 2011 - Mid 2016	17,450	16,968	-1,327	18,295	3,272	3,645	880	-3	7,794	
	Mid 2016 - Mid 2022	41,000	39,857	1,050	38,807	3,905	6,091	6,383	0	16,379	
	Mid 2022 - Mid 2032	66,960	65,101	1,165	63,936	5,973	6,812	20,935	0	33,720	

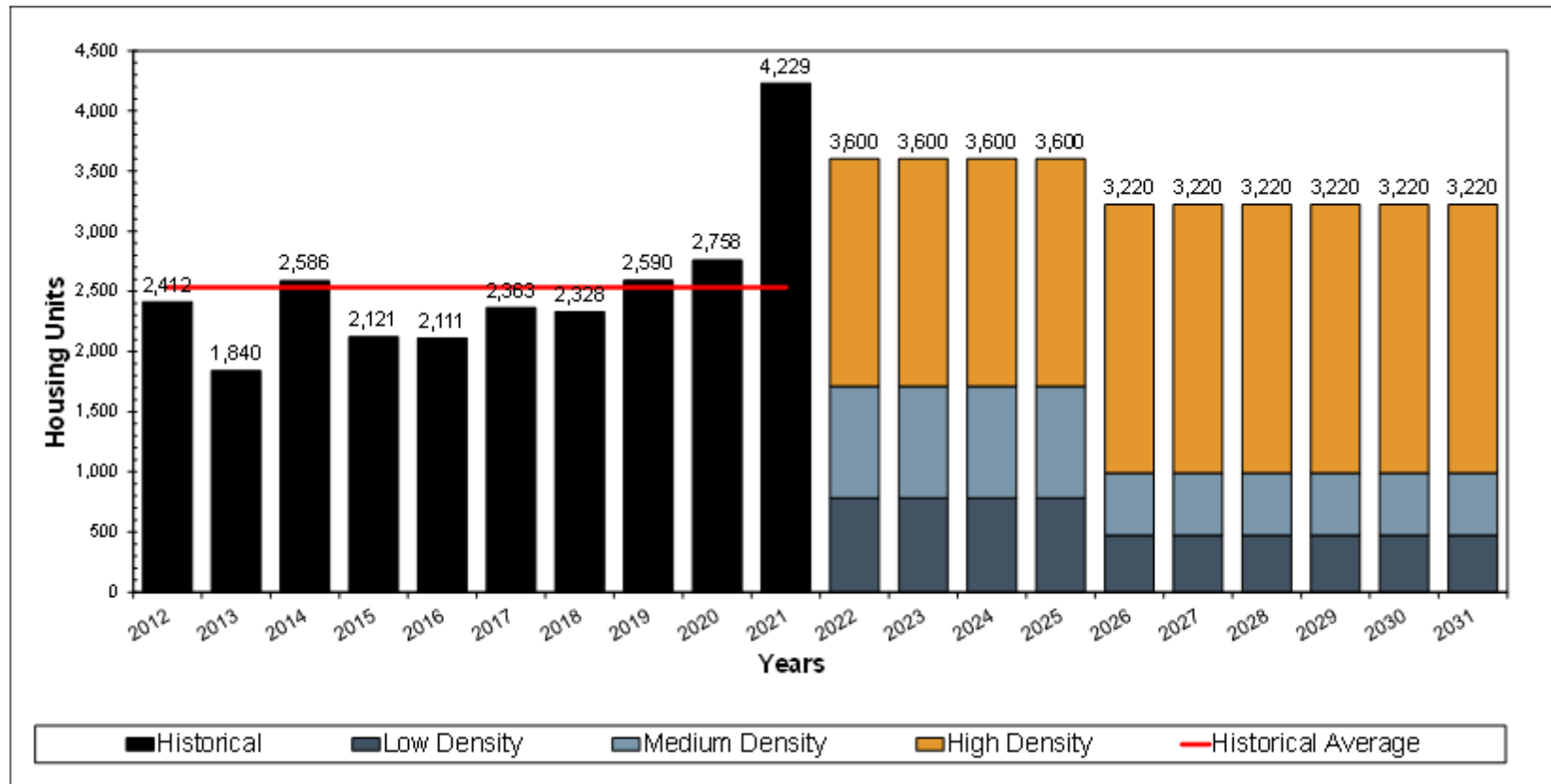
Source: Derived from City of Hamilton No Urban Boundary Expansion Scenario (Septemeber, 2021) forecast for the City of Hamilton and discussions with municipal staff regarding servicing and land supply by Watson & Associates Economists Ltd., 2022.

^[1] Census undercount estimated at approximately 2.9%. Note: Population including the undercount has been rounded.

^[2] Includes townhouses and apartments in duplexes.

^[3] Includes bachelor, 1-bedroom and 2-bedroom+ apartments.

Figure A-1
City of Hamilton
Annual Housing Forecast ^[1]



Source: Historical housing activity derived from City of Hamilton building permit data, 2012 to 2021.

^[1] Growth forecast represents calendar year.

Schedule 2
City of Hamilton
Estimate of the Anticipated Amount, Type and Location of
Residential Development for Which Community Benefits Charges Can Be Imposed

Development Location	Timing	Single & Semi-Detached	Multiples ^[1]	Apartments ^[2]			Total Residential Units	Gross Population In New Units	Existing Unit Population Change	Net Population Increase, Excluding Institutional	Institutional Population	Net Population Including Institutional
				Units in C.B.C. Ineligible	Units in C.B.C. Eligible	Total Apartment Units						
Ancaster	2022 - 2032	656	566	471	0	471	1,693	4,309	(481)	3,828	88	3,916
Dundas	2022 - 2032	46	61	0	253	253	360	711	(288)	423	53	476
Flamborough	2022 - 2032	854	975	2,646	307	2,953	4,782	9,988	(506)	9,482	93	9,575
Sub-Total Ancaster, Dundas & Flamborough	2022 - 2037	1,556	1,602	3,117	560	3,677	6,835	15,008	(1,275)	13,733	234	13,967
Glanbrook	2022 - 2032	2,030	1,749	197	0	197	3,976	11,267	(354)	10,913	65	10,978
Stoney Creek	2022 - 2032	843	1,658	1,534	2,837	4,371	6,872	13,862	(824)	13,038	151	13,189
Upper Hamilton	2022 - 2032	1,230	1,188	1,890	3,889	5,779	8,197	16,375	(1,817)	14,558	332	14,890
Sub-Total Glanbrook, Stoney Creek, & Upper Hamilton	2022 - 2032	4,103	4,595	3,621	6,726	10,347	19,045	41,504	(2,995)	38,509	548	39,057
Lower Hamilton (inside Downtown Secondary Plan)	2022 - 2032	2	3	14	3,235	3,249	3,254	5,323	(577)	4,746	23	4,769
Lower Hamilton (Outside Downtown Secondary Plan)	2022 - 2032	312	612	2,652	1,010	3,662	4,586	8,467	(1,519)	6,948	360	7,308
Sub-Total Lower Hamilton	2022 - 2032	314	615	2,666	4,245	6,911	7,840	13,790	(2,096)	11,694	383	12,077
City of Hamilton	2022 - 2032	5,973	6,812	9,404	11,531	20,935	33,720	70,302	-6,366	63,936	1,165	65,101

Source: Derived from City of Hamilton No Urban Boundary Expansion Scenario (Septemeber, 2021) forecast for the City of Hamilton and discussions with municipal staff regarding servicing and land supply by Watson & Associates Economists Ltd., 2022.

^[1] Includes townhouses and apartments in duplexes.

^[2] Includes accessory apartments, bachelor, 1-bedroom and 2-bedroom+ apartments.

Note: Numbers may not add to totals due to rounding.

Schedule 3
City of Hamilton
Current Year Growth Forecast
Mid 2016 to Mid 2022

		Population
Mid 2016 Population		536,917
Occupants of New Housing Units, Mid 2016 to Mid 2022	<i>Units (2)</i>	16,379
	<i>multiplied by P.P.U. (3)</i>	2.385
	<i>gross population increase</i>	39,061
Occupants of New Equivalent Institutional Units, Mid 2016 to Mid 2022	<i>Units</i>	955
	<i>multiplied by P.P.U. (3)</i>	1.100
	<i>gross population increase</i>	1,050
Decline in Housing Unit Occupancy, Mid 2016 to Mid 2022	<i>Units (4)</i>	211,600
	<i>multiplied by P.P.U. decline rate (5)</i>	-0.001
	<i>total decline in population</i>	-254
Population Estimate to Mid 2022		576,774
Net Population Increase, Mid 2016 to Mid 2022		39,857

- (1) 2016 population based on Statistics Canada Census unadjusted for Census undercount.
- (2) Estimated residential units constructed, Mid-2016 to the beginning of the growth period assuming a six-month lag between construction and occupancy.
- (3) Average number of persons per unit (P.P.U.) is assumed to be:

Structural Type	Persons Per Unit ¹ (P.P.U.)	% Distribution of Estimated Units ²	Weighted Persons Per Unit Average
<i>Singles & Semi Detached</i>	3.455	24%	0.824
<i>Multiples (6)</i>	2.518	37%	0.936
<i>Apartments (7)</i>	1.604	39%	0.625
Total		100%	2.385

¹ Based on 2016 Census custom database

² Based on Building permit/completion activity

- (4) 2016 households taken from Statistics Canada Census.
- (5) Decline occurs due to aging of the population and family life cycle changes, lower fertility rates and changing economic conditions.
- (6) Includes townhouses and apartments in duplexes.
- (7) Includes bachelor, 1-bedroom and 2-bedroom+ apartments.

Note: Numbers may not add to totals due to rounding.

Schedule 4 City of Hamilton Ten Year Growth Forecast Mid 2022 to Mid 2032

			Population
Mid 2022 Population			576,774
Occupants of New Housing Units, Mid 2022 to Mid 2032	<i>Units (2)</i>	33,720	
	<i>multiplied by P.P.U. (3)</i>	2.085	
	<i>gross population increase</i>	70,302	70,302
Occupants of New Equivalent Institutional Units, Mid 2022 to Mid 2032	<i>Units</i>	1,059	
	<i>multiplied by P.P.U. (3)</i>	1.100	
	<i>gross population increase</i>	1,165	1,165
Decline in Housing Unit Occupancy, Mid 2022 to Mid 2032	<i>Units (4)</i>	227,979	
	<i>multiplied by P.P.U. decline rate (5)</i>	-0.028	
	<i>total decline in population</i>	-6,366	-6,366
Population Estimate to Mid 2032			641,875
Net Population Increase, Mid 2022 to Mid 2032			65,101

(1) Mid 2022 Population based on:

2016 Population (536,917) + Mid 2016 to Mid 2022 estimated housing units to beginning of forecast period (16,379 x 2.385 = 39,061) + (955 x 1.1 = 1,050) + (211,600 x -0.001 = -254) = 576,774

(2) Based upon forecast building permits/completions assuming a lag between construction and occupancy.

(3) Average number of persons per unit (P.P.U.) is assumed to be:

Structural Type	Persons Per Unit ¹ (P.P.U.)	% Distribution of Estimated Units ²	Weighted Persons Per Unit Average
<i>Singles & Semi Detached</i>	3.381	18%	0.599
<i>Multiples (6)</i>	2.334	20%	0.472
<i>Apartments (7)</i>	1.634	62%	1.014
<i>one bedroom or less</i> 1.294			
<i>two bedrooms or more</i> 1.914			
Total		100%	2.085

¹ Persons per unit based on adjusted Statistics Canada Custom 2016 Census database.

² Forecast unit mix based upon historical trends and housing units in the development process.

(4) Mid 2022 households based upon 2016 Census (211,600 units) + Mid 2016 to Mid 2022 unit estimate (16,379 units) = 227,979 units.

(5) Decline occurs due to aging of the population and family life cycle changes, lower fertility rates and changing economic conditions.

(6) Includes townhouses and apartments in duplexes.

(7) Includes bachelor, 1-bedroom and 2-bedroom+ apartments.

Note: Numbers may not add to totals due to rounding.

Schedule 5
City of Hamilton
Summary of C.B.C Eligible Units in the Development Approvals Process

Development Location	Stage of Development Approvals Process			
	Registered	Draft Approved	Pending	Total
Ancaster	0	0	0	0
Dundas	0	132	121	253
Flamborough	0	233	74	307
Sub-Total Ancaster, Dundas & Flamborough	0	365	195	560
% Breakdown	0%	65%	35%	100%
Glanbrook	0	0	0	0
Stoney Creek	1,023	367	2,240	3,630
Upper Hamilton	0	1,462	2,427	3,889
Sub-Total Glanbrook, Stoney Creek, & Upper Ha	1,023	1,829	4,667	7,519
% Breakdown	14%	24%	62%	100%
Lower Hamilton	0	1,689	2,556	4,245
% Breakdown	0%	40%	60%	100%
City of Hamilton Total	1,023	3,883	7,418	12,324
% Breakdown	8%	32%	60%	100%

Source: Derived from data provided by the City of Hamilton by Watson & Associates Economists Ltd.

Schedule 6
City of Hamilton
Historical Residential Building Permits
Years 2012 to 2021

Year	Residential Building Permits			
	Singles & Semi Detached	Multiples ¹	Apartments ²	Total
2012	1,329	704	379	2,412
2013	1,102	532	206	1,840
2014	933	767	886	2,586
2015	1,037	548	536	2,121
2016	895	930	286	2,111
Sub-total	5,296	3,481	2,293	11,070
Average (2012 - 2016)	1,059	696	459	2,214
% Breakdown	47.8%	31.4%	20.7%	100.0%
2017	621	990	752	2,363
2018	515	880	933	2,328
2019	723	960	907	2,590
2020	618	928	1,212	2,758
2021	533	1,403	2,293	4,229
Sub-total	3,010	5,161	6,097	14,268
Average (2017 - 2021)	602	1,032	1,219	2,854
% Breakdown	21.1%	36.2%	42.7%	100.0%
2012 - 2021				
Total	8,306	8,642	8,390	25,338
Average	831	864	839	2,534
% Breakdown	32.8%	34.1%	33.1%	100.0%

Source: Historical housing activity derived from City of Hamilton building permit data, 2012 to 2021.

¹ Includes townhouses and apartments in duplexes.

² Includes bachelor, 1 bedroom and 2 bedroom+ apartments.

Schedule 7
City of Hamilton
Person Per Unit by Age and Type of Dwelling
(2016 Census)

Dwelling	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total	15 Year Average	15 Year Average Adjusted ³
1-5	-	-	1.980	3.439	5.103	3.455		
6-10	-	-	1.973	3.424	4.983	3.474		
11-15	-	-	1.800	3.345	4.601	3.403	3.444	3.381
16-20	-	-	1.833	3.247	4.695	3.288		
20-25	-	-	2.017	3.275	4.426	3.328		
25-35	-	1.571	1.907	2.939	4.087	3.009		
35+	-	1.508	1.874	2.663	3.724	2.572		
Total	2.000	1.549	1.878	2.876	4.082	2.821		

Age of Dwelling	Multiples ¹						15 Year Average	15 Year Average Adjusted ³
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total		
1-5	-	1.459	1.954	2.682	-	2.518		
6-10	-	1.364	1.818	2.682	-	2.497		
11-15	-	1.870	1.841	2.615	-	2.366	2.460	2.334
16-20	-	1.500	1.808	2.723	-	2.370		
20-25	-	1.647	1.779	2.908	-	2.648		
25-35	-	1.314	1.874	2.916	4.053	2.686		
35+	-	1.288	2.020	2.847	4.045	2.527		
Total	1.143	1.361	1.921	2.795	4.059	2.526		

Age of Dwelling	Apartments ²						15 Year Average	15 Year Average Adjusted ³
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total		
1-5	-	1.244	1.725	-	-	1.604		
6-10	-	1.210	1.710	-	-	1.512		
11-15	-	1.406	1.837	-	-	1.744	1.620	1.634
16-20	-	1.350	1.964	3.037	-	1.790		
20-25	-	1.401	2.052	3.960	-	1.838		
25-35	1.056	1.268	1.962	2.793	-	1.688		
35+	1.068	1.234	1.982	2.927	3.000	1.672		
Total	1.143	1.249	1.969	2.952	2.816	1.681		

Age of Dwelling	All Density Types					
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total
1-5	-	1.288	1.907	3.177	4.951	2.951
6-10	-	1.274	1.824	3.187	4.857	3.017
11-15	-	1.535	1.837	3.171	4.619	2.988
16-20	-	1.403	1.880	3.127	4.678	2.844
20-25	-	1.438	1.970	3.179	4.370	2.881
25-35	1.333	1.280	1.932	2.931	4.082	2.680
35+	1.113	1.259	1.939	2.696	3.733	2.297
Total	1.254	1.278	1.929	2.864	4.056	2.495

¹ Includes townhouses and apartments in duplexes.

² Includes bachelor, 1 bedroom and 2 bedroom+ apartments.

³ Adjusted based on 2001-2016 historical trends.

Note: Does not include Statistics Canada data classified as 'Other'

P.P.U. Not calculated for samples less than or equal to 50 dwelling units, and does not include institutional population.

Schedule 8 City of Hamilton Employment Forecast, Mid-2022 to Mid-2032

Period	Population	Activity Rate								Employment								
		Primary	Work at Home	Industrial	Commercial/ Population Related	Institutional	Total	N.F.P.O.W. ¹	Total Including N.F.P.O.W. .	Primary	Work at Home	Industrial	Commercial/ Population Related	Institutional	Total	N.F.P.O.W. ¹	Total Employment (Including N.F.P.O.W.)	Total (Excluding Work at Home and N.F.P.O.W.)
Mid 2016	536,917	0.3%	2.9%	8.9%	13.8%	11.9%	37.9%	5.4%	43.3%	1,845	15,805	47,760	74,260	63,665	203,335	29,160	232,495	187,530
Mid 2022	576,774	0.3%	3.0%	8.7%	13.1%	11.1%	36.2%	5.7%	41.9%	1,845	17,058	50,319	75,600	64,070	208,892	32,913	241,805	191,834
Mid 2032	641,875	0.3%	2.9%	8.9%	14.0%	11.0%	37.1%	5.7%	42.8%	1,868	18,585	57,189	89,888	70,393	237,923	36,499	274,422	219,338
Incremental Change																		
Mid 2016 - Mid 2022	39,857	0.0%	0.0%	-0.2%	-0.7%	-0.7%	-1.7%	0.3%	-1.4%	0	1,253	2,559	1,340	405	5,557	3,753	9,310	4,304
Mid 2022 - Mid 2032	65,101	0.0%	-0.1%	0.2%	0.9%	-0.1%	0.8%	0.0%	0.8%	23	1,527	6,870	14,288	6,323	29,031	3,586	32,617	27,504
Annual Average																		
Mid 2016 - Mid 2022	6,643	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.3%	0.0%	-0.2%	0	209	427	223	68	926	626	1,552	717
Mid 2022 - Mid 2032	6,510	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	2	153	687	1,429	632	2,903	359	3,262	2,750

Source: Derived from City of Hamilton No Urban Boundary Expansion Scenario (Septemeber, 2021) forecast for the City of Hamilton and discussions with municipal staff regarding servicing and land supply by Watson & Associates Economists Ltd., 2022.

¹ Statistics Canada defines no fixed place of work (N.F.P.O.W.) employees as "persons who do not go from home to the same work place location at the beginning of each shift". Such persons include building and landscape contractors, travelling salespersons, independent truck drivers, etc.

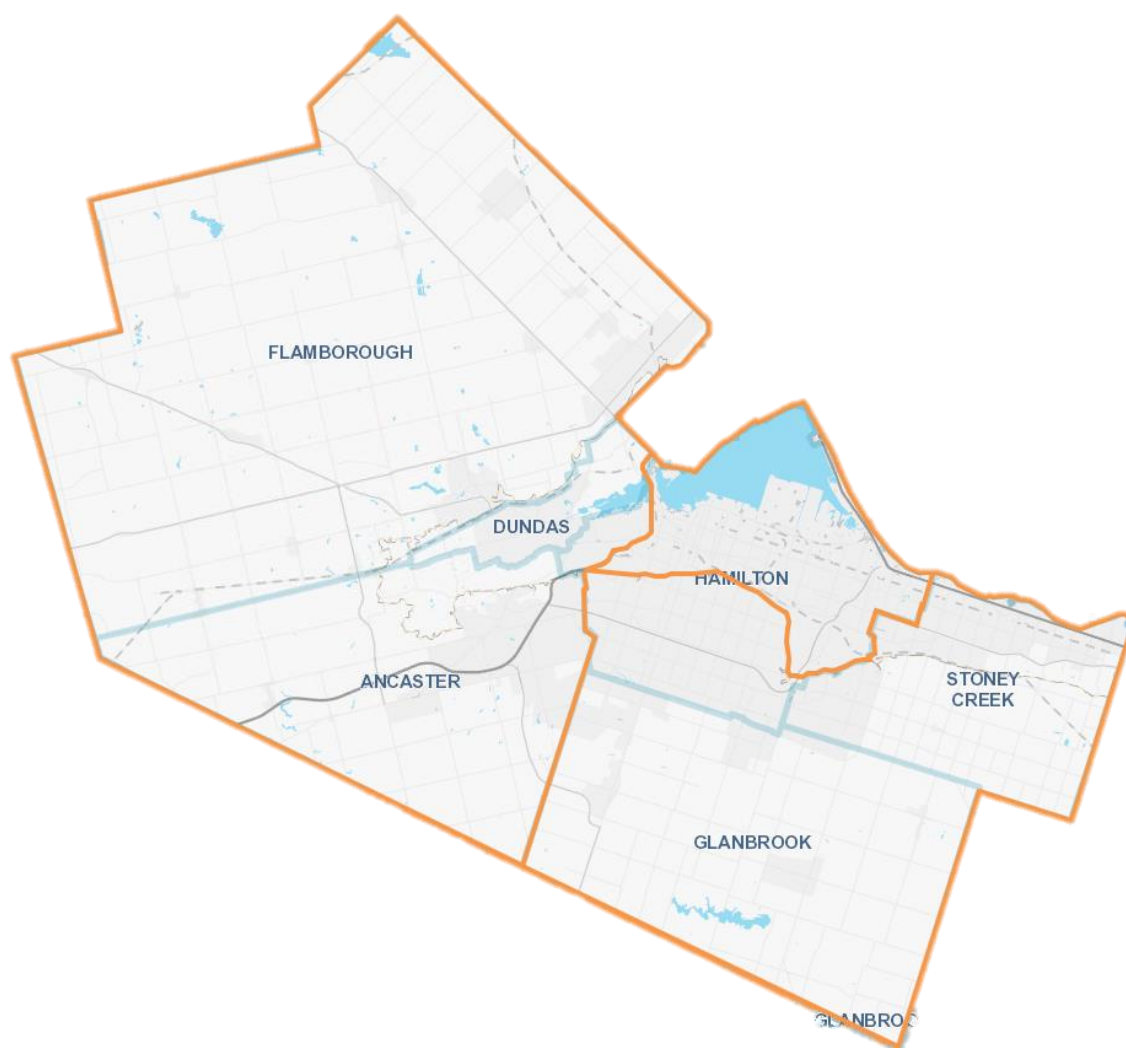
Appendix B

Land Valuation Mapping

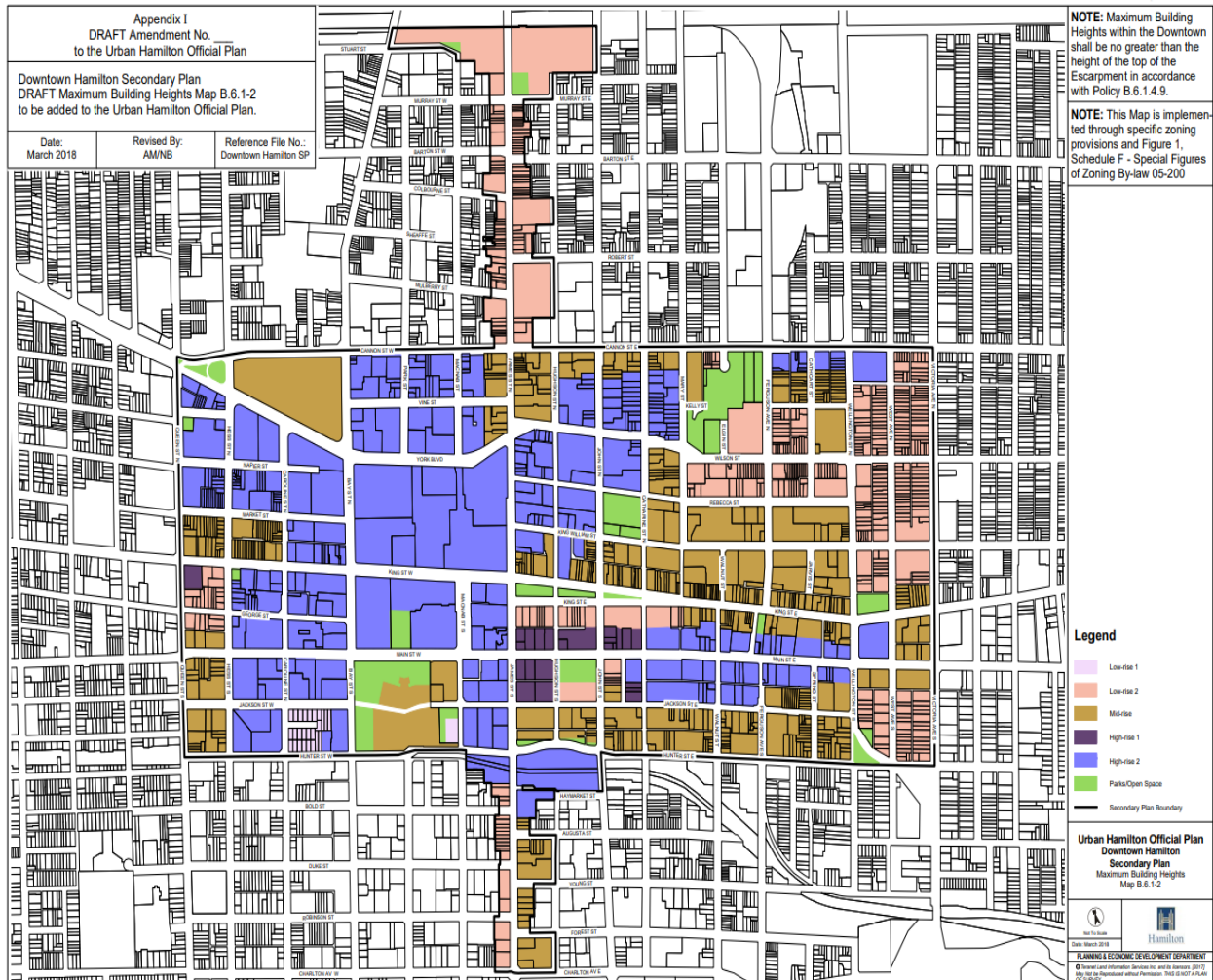
Appendix B: Land Valuation Mapping

The land valuation analysis undertaken by the City's Corporate Real Estate Office, has established areas and sub-areas which provide similar land values. This information was detailed in Chapter 2. The following maps provide a visual representation of the areas defined by the land appraiser.

Map B-1
Land Valuation Areas



Map B-2 Downtown Secondary Plan Area



Appendix C

Proposed C.B.C. By-law

To be Provided Under Separate Cover

**CITY OF HAMILTON
RESERVE POLICIES**

DEPARTMENT/DIV. RESPONSIBLE: CORPORATE SERVICES – FPAP		POLICY NO: RESCAP-XXXX
DATE APPROVED:	LAST REVISION DATE:	REVIEW DATE:
SUBJECT: CONSOLIDATED RESERVE POLICY BY RESERVE		RESERVE: Community Benefits Charge Reserve Fund

Purpose:

The Community Benefits Charge Reserve Fund (CBC Reserve Fund) - All funds collected under the CBC By-law are to be deposited into a special Reserve Fund and used solely for growth capital projects eligible under the CBC Strategy. Reports and information as set out in section 7 of O. Reg. 509/20 outlining balances and use of funds must be adhered to.

Authorization:

That all transfers from the CBC Reserve Fund be approved by City Council either by a budget submission by a separate Council report or by a Council motion.

Source of Funding:

CBCs are collected from developers undertaking eligible development and redevelopment in the city of Hamilton based on a percentage of land value the day before a building permit is issued in accordance with the CBC Bylaw and Strategy.

Application of Funds:

Funds and interest collected in the CBC Reserve Fund are to be used solely for growth capital projects eligible under the CBC Strategy. A municipality must spend or allocate at least 60% of the monies that are in the special account at the beginning of the year.

Target Reserve Level and Ceiling: N/A

Borrowing from Reserve: N/A

Duration: Ongoing

Interest Bearing: Yes

Separate Bank Account: No

**CITY OF HAMILTON
RESERVE POLICIES**

DEPARTMENT/DIV. RESPONSIBLE: CORPORATE SERVICES – FPAP		POLICY NO: RESCAP-XXXX
DATE APPROVED:	LAST REVISION DATE:	REVIEW DATE:
SUBJECT: CONSOLIDATED RESERVE POLICY BY RESERVE		RESERVE: Development Charges – Community Benefits Charge Transition Reserve Fund

Purpose:

As of September 18, 2022, changes to the *Development Charges Act* have disallowed a municipality from collecting Development Charges for Airport or Parking Services. Funds currently in these respective DC Reserve Funds will be transferred to the Development Charges-Community Benefits Charge Transition Reserve Fund to be used for these services in future capital projects.

Authorization:

That all transfers from the CBC Reserve Fund be approved by City Council either by a budget submission by a separate Council report or by a Council motion.

Source of Funding:

Funds transferred from the Airport and Parking DC Reserve Funds will be transferred to this new Reserve Fund.

Application of Funds:

Funds and interest collected in the CBC Reserve Fund are to be used solely for eligible Airport and Parking growth projects no longer eligible for DC's.

Target Reserve Level and Ceiling: N/A

Borrowing from Reserve: N/A

Duration: Once the Reserve Funds reach a zero balance, it must be closed.

Interest Bearing: Yes

Separate Bank Account: No