



General Issues Committee

REPORT 11-001

9:30 a.m.

Tuesday, January 11, 2011

Council Chambers

Hamilton City Hall

71 Main Street West

Present: Deputy Mayor C. Collins (Chair)
Mayor B. Bratina
Councillors B. Clark S. Duvall, J. Farr, L. Ferguson, T. Jackson,
B. Johnson, B. McHattie, S. Merulla, B. Morelli, J. Partridge,
R. Pasuta, M. Pearson, R. Powers, T. Whitehead

Also Present: C. Murray, City Manager
R. Rossini, General Manager, Finance and Corporate Services
G. Davis, General Manager, Public Works
T. McCabe, General Manager, Economic Development & Planning
C. Biggs, Co-ordinator, Committee Services/Council/Budgets

THE GENERAL ISSUES COMMITTEE PRESENTS REPORT 11-001 AND RESPECTFULLY RECOMMENDS:

1. Investigations directed into the Allegations of A. Khan (LS10007(a)) (City Wide)

That Report LS10007(a) respecting Investigations directed into the Allegations of A. Khan be received and that Appendices A to F of Report LS10007(a) be released to the public.

2. Investigations directed into the Allegations of A. Khan (LS10007(B)) (City Wide)

(a) That Report LS10007(b) respecting Investigations directed into the Allegations of A. Khan be received;

(b) That Appendix "A", being the report of Cunningham Swan, Lawyers, respecting the investigations of matters related to the Lynden Water System to Report LS10007(b), be released to the public;

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- (c) That appropriate staff be requested to respond to the General Issues Committee on the various elements of the Appendices attached to Reports LS10007(a) and LS10007(b);
- (d) That an invitation be extended to Leo Gohier to attend the meeting at which the report requested in sub-section (c) is presented.

**3. 2011 Recommended Water, Wastewater and Storm Budget
(FCS11009/ PW11004) (City Wide (Item 7.1))**

- (a) That the metered water rate effective January 13, 2011, be increased by 4.25% from \$1.080 to \$1.126 per cubic meter;
- (b) That the monthly and bi-monthly water basic charge effective January 13, 2011 be increased by 4.25%;
- (c) That the metered sanitary sewer rates effective January 13, 2011, remain 100% of the water charge;
- (d) That the combined “non-metered” water and wastewater services charge effective January 13, 2011 be increased by 4.25% from the fixed rate of \$788.59 to \$822.11 per annum;
- (e) That the 2011 Water and Wastewater Proposed User Fees and Charges be approved as per Appendix “E” to FCS11009/PW11004;
- (f) That the 2011 Water, Wastewater and Stormwater Management Rate Supported Operating Budget in the amount of \$159,267,671 be approved as per Appendix “A” to FCS11009/PW11004;
- (g) That the long-term financing plan for the Water, Wastewater and Stormwater programs and related rate increases required to meet sustainable financing, as identified in the 2011-2020 Water, Wastewater and Stormwater Management Rate Supported Operating Budget forecast (Appendix “C”) to FCS11009/PW11004 be approved in principle;
- (h) That the 2011 Water, Wastewater and Stormwater Management Rate Supported Capital Budget and Financing Plan in the amount of \$210,075,000 be approved as per Appendix “F” to FCS11009/PW11004;
- (i) That the 2011-2020 Water, Wastewater and Stormwater Management Rate Supported Capital Budget forecast and financing plan (Appendix “G”) to FCS11009/PW11004 be approved in principle;

- (j) That the City Solicitor and Corporate Counsel be authorized and directed to prepare all necessary by-laws, for Council approval, respecting the 2011 water and wastewater user fees and charges set out in the recommendations (a) through (e) of Report FCS11009/PW11004.

4. 2011-2020 Water, Wastewater Storm Independent Financial Review (FCS11010) (City Wide) (Item 7.2)

That Report FCS11010 respecting the 2011-2020 Water, Wastewater Storm Independent Financial Review, be received.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

The Clerk advised that correspondence has been received from Jim Hudson, Executive Director, Bay Area Restoration Council, respecting the proposed water and sewer rates.

(Pearson/Johnson)

On a motion (Pearson/Johnson) the agenda was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

None

(c) CORRESPONDENCE FROM THE BAY AREA RESTORATION COUNCIL

On a motion (Pearson/Johnson) the correspondence submitted by Jim Hudson, Executive Director of the Bay Area Restoration Council, respecting the proposed water and sewer rates, be received.

(d) PRIVATE AND CONFIDENTIAL

On a motion (Pearson/Johnson) the Committee moved In Camera at 9:40 a.m. pursuant to the following Sections of the City's Procedural By-law and the Municipal Act with respect to the Investigation directed into the allegations of A. Khan:

- 8.1(b) personal matters about an identifiable individual, including City employees;
- 8.1(e) litigation or potential litigation, including matters before administrative tribunals, affecting the City;
- 8.1(f) the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

On a motion (Pearson/Johnson) the Committee reconvened in Open Session at 11:10 a.m.

See Items 1 and 2 above for the disposition of this item.

(Pearson/Johnson)

That the Committee recess and reconvene at 11:40 a.m.

(e) PRESENTATIONS

(i) 2011 Recommended Water, Wastewater and Storm Budget (FCS11009/ PW11004) (City Wide (Item 7.1))

The Committee received an overview of the 2011 water/wastewater storm rate budget which included the following:

- Changing demand for water
- Planning issues
- Program delivery
- Operating forecast
- Capital forecast
- Independent third-party review of financial sustainability.

Information presented by Mike Zegarac included:

- Metered water consumption by Sector (m3)
- 3-year actual vs budget revenue variance
- Residential water consumption (m3)
- Residential water consumption per household (m3)
- Impact on a typical residential water bill
- Average annual cost per household (\$)
- Annual billing comparison per household (\$)
- Observed consumption changes
- Industrial, commercial, institutional consumption (m3)
- Industrial conservation.

Information presented by Tony Sergi included:

- Historical absorption rates: residential units by dwelling type; equivalent residential single family units; industrial/commercial/institutional (sq. ft. and total sq. ft.); new industrial vs industrial expansion (total sq. ft.)
- Factors influencing Development Charge revenues
- How these issues are being addressed
- Draft development evaluation criteria.

Information presented by Geoff Rae included:

- Rate supported capital program
- Woodward Wastewater Treatment Plant (WWTP): expansion; base plan – cost estimate; estimated project cash flow – base plan; factors creating a direct impact on key program drivers
- Woodward WWTP monthly average flows (ml/d) for 2005-2010
- Woodward demand projects – Residential and Industrial/Commercial/Institutional
- Woodward capacity projections expansion timeline
- Woodward WWTP revised construction program; estimated project cash flow – revised plan; key dates; strategy; risks
- Other capital initiatives – Storm Emergency Response Group (SERG): key projects/assessments completed; ongoing work (design, tendering and construction), (investigation, assessments and recommendations); key future work; budget summary
- Storm water rate study Phase II timelines
- Rate supported program: environment and sustainable infrastructure (compliance and regulations, strategic pricing, water and wastewater operations)
- Going forward: 2011 initiatives (protect public health; mitigate flooding to the extent possible; minimize impact on the environment; ensure sustainability of critical infrastructure; be “Open for Business”).

Mike Zegarac concluded the presentation with the following:

- 2011 Operating highlights
- Operating summary
- 2011 Capital program
- 2011 Capital funding
- 2011-2020 Capital by program
- 2011-2020 Capital funding
- Capital Budget forecast
- 10-year Capital Forecast comparison

- Debt comparison and forecast
- Projected debt charges
- Reserve forecast
- Capital financing costs
- Financial sustainability risks.

Mr. Zegarac thanked and acknowledged the efforts, input and work of all staff involved in providing information into this report and presentation.

A copy of the presentation was distributed to the Committee and has been retained in the Office of the City Clerk for the public record.

On a motion (Jackson/Clark) the Committee recessed and reconvened at 1:30 p.m.

Upon resumption of the meeting, the Committee asked questions of staff and requested responses/additional information to the following:

- Definition of “average year”
- Comparison of Places to Grow and Vision 20/20 with respect to population growth/projection
- Graphing of previous years operating costs and expenditures; increase in capital funding and where investments have been applied
- Report back on phenols
- Is there an analysis between amount of increase in water rates vs had water conservation not be encouraged
- Need to find a way to bring rates down, closer to the rate of inflation
- Citizens should not be penalized because of reductions in the industrial/commercial/institutional area
- Staff to meet with HUC to determine implications of changing to monthly billing
- What is the amount paid to HUC for contracting out; staff responded that the annual cost of the contract is \$4 million for a 5-year contract from 2010.

Dan Chauvin, Dan MacKinnon and Rosa Gonzalez were in attendance to respond to questions of the Committee.

On a motion (McHattie/Whitehead) the question was called.

The motion respecting the 2011 Recommended Water, Wastewater and Stormwater **CARRIED** on the following vote:

Yeas: Collins, Clark, Duvall, Farr, Ferguson, McHattie, Merulla, Partridge, Pasuta, Pearson, Powers, Whitehead
 Total Yeas: 12
 Nays: Jackson, Johnson
 Total Nays 2
 Absent: Bratina, Morelli
 Total Absent: 2

The Committee requested that staff report back on all steps taken respecting flood remediation program. Staff responded that a full detailed report inclusive of the entire City will be brought forward to the General Issues Committee.

Staff advised the Committee Clerk of the following amendments in the 2011 Rate Budget book:

2011 Proposed User Fees and Charges Rate Supported

	2010	2011	%	Reference
Fee Added:				
Meter Open By-Pass Charge	2 X Average Daily Consumption	2 X Average Daily Consumption		Appendix E-4
Fees Changed:				
Hydrant Adaptor Fees - Usage Cost (Metered Hauled Water Rate/m3)	\$1.6214	\$1.689	4.2%	Appendix E-3
Partial Sewer Lateral Cleaning - Regular Hours	\$418.00	\$426.40	2.0%	Appendix E-6
Partial Sewer Lateral Cleaning - After Hours	\$506.00	\$516.10	2.0%	Appendix E-6

These amendments will be incorporated in the by-law to be passed by Council

(ii) 2011-2020 Water, Wastewater Storm Independent Financial Review (FCS11010) (City Wide) (Item 7.2)

Gary Scandlan, Watson & Associates Economists Ltd., provided a power point presentation on their findings from their review of the City of Hamilton Water, Wastewater and Stormwater Rate. The presentation included:

- Review purpose
- Watson & Associate approach
- Areas of discussion

- Legislation for water, wastewater and stormwater
- Water Opportunities Act, 2010 (Bill 72)
- Present rate structure (2010)
- Existing Customer Profile (2010)
- Forecast users and billable volumes
- Capital infrastructure
- Water, wastewater, stormwater and combined capital budget
- Capital financing options
- Proposed capital financing programs (inflated \$)
- Funding of growth-related capital
- Combined development charge reserve fund- water, wastewater and stormwater
- Operating budgets
- Water, wastewater, stormwater and combined operating budgets – impact on future budgets
- Calculated volume rate forecast
- Comparison of calculated rates and city recommended rates
- Conclusions and observations

A copy of the presentation was distributed to the Committee and has been retained in the Office of the City Clerk for the public record.

(e) NEW BUSINESS – BOB YOUNG, OWNER, HAMILTON TIGER-CATS

On a motion (Clark/Ferguson) the rules of order were waived to extend an invitation to Bob Young, owner of the Hamilton Tiger-Cats, to address the General Issues Committee.

The presentation on the 2011 Water/Wastewater Storm Rate Budget was recessed to accommodate Mr. Young's attendance.

An invitation was extended to Bob Young, owner of the Hamilton Tiger-Cats, to respond to questions from members of the General Issues Committee.

Mr. Young outlined the process and parameters as set out by Hostco with respect to the stadium issue.

Mr. Young thanked the Committee for this opportunity and for the City's continued support to achieving a mutually-agreeable resolution.

Committee members requested that all financial information be provided to them prior to any decision(s) being approved.

There being no further business, the Committee adjourned at 4:15 p.m.

Respectfully submitted

Councillor C. Collins, Deputy Mayor
General Issues Committee

Carolyn Biggs, Co-ordinator
Committee Services/Council/Budgets
January 11, 2011