



General Issues Committee

REPORT 12-004

9:30 a.m.

Wednesday, February 15, 2012

Council Chambers

Hamilton City Hall

71 Main Street West

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

Absent with Regrets: Councillor B. Clark, Personal Business

Also Present: C. Murray, City Manager
R. Rossini, General Manager, Finance and Corporate
Services
G. Davis, General Manager, Public Works
T. McCabe, General Manager, Planning and Economic
Development
J. A., Priel, General Manager, Community Services
P. Barkwell, City Solicitor
C. Biggs, Co-ordinator, Committee Services/Council/Budgets
A. Grozelle, Legislative Coordinator
S. Paparella, Legislative Coordinator

THE GENERAL ISSUES COMMITTEE PRESENTS REPORT 12-004 AND RESPECTFULLY RECOMMENDS:

1. Hamilton Police Services Board Monthly Reports (PSB 11-123 and PSB 12-006) (Item 5.1)

That Hamilton Police Services Board Monthly Reports PSB 11-123 and PSB 12-006 be received.

2. Concession Street Business Improvement Area (B.I.A.) Revised Board of Management (PED 10250(a)) (Wards 6 and 7) (Item 5.2)

That the following individual be appointed to the Concession Street B.I.A. Board of Management:

Deb Kitchen.

3. Amended Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application (ERG-06-07) – 1649626 Ontario Inc., 801 and 803 King Street West, 80, 86 and 90 Carling Street, Hamilton (PED07078(a)) (Ward 1) (Item 5.3)

- (a) That Environmental Remediation and Site Enhancement (ERASE) Redevelopment Grant Application (ERG-06-07), as amended, submitted by 1649626 Ontario Inc., owner of the property at 801 and 803 King Street West, 80, 86, and 90 Carling Street, for an ERASE Redevelopment Grant not to exceed \$2,224,875.00 (which includes \$525,000 previously approved by Council on February 28, 2007 in approving Item 4 of Economic Development & Planning Committee Report 07-004), payable to 1649626 Ontario Inc. over a maximum of ten (10) years, be authorized and approved in accordance with the terms and conditions of the ERASE Redevelopment Agreement;
- (b) That the Mayor and City Clerk be authorized and directed to execute, on behalf of the City, the associated amended ERASE Redevelopment Grant Agreement with 1649626 Ontario Inc., referred to in subsection (a) with respect to the redevelopment of 801 and 803 King Street West, 80, 86, and 90 Carling Street and all necessary associated documents, all in a form satisfactory to the City Solicitor.

4. Neighbourhood Development Strategy (CM11007(b)) (City Wide) (Outstanding Business List) (Item 5.4)

That Report CM11007(b) respecting Neighbourhood Development Strategy, be received

- 5. Development Charge Exemption Policies for the Expanded Downtown Hamilton Community Improvement Project Area and Protected Heritage Across the City and Demolition Credit Extension for 85 Robinson Street (FCS12015) (City Wide) (Item 6.1)**
- (a) That developments in the new expanded Downtown Hamilton Community Improvement Project Area (CIPA) (refer to Appendix “A” of report FCS12015), as per the expanded boundary approved by Council November 16, 2011, be exempted 90% from Development Charges (DC’s), with the exemption being applied after any and all other credits and exemptions have been applied;
 - (b) That subject to the approval of recommendation (a) of report FCS12015, the remaining DC Liability be exempted Dollar for Dollar based on the development’s voluntary contribution to a Downtown Public Art Reserve;
 - (c) That subject to the approval of recommendation (b) of report FCS12015, staff of the Planning and Economic Development Department report back to the General Issues Committee on the terms and conditions for the use of a Downtown Public Art Reserve;
 - (d) That a Development Charges (DC) Exemption Policy of 100% be applied to the Adaptive Reuse of Protected Heritage Properties within the existing building envelope, across the City of Hamilton;
 - (e) That the expired Municipal Development Charges Demolition Credit in the amount of \$291,342 for 85 Robinson Street (formerly Hamilton Thistle Club) be extended to December 31, 2012;
 - (f) That the amending Development Charges By-law, attached hereto as Appendix B of report FCS12015, being an amendment to Development Charges By-laws 09-143, 11-174 and 11-175, be passed and enacted;
 - (g) That staff of the Corporate Services Department and the Planning & Economic Development Department be directed to undertake and report back to the General Issues Committee on a comprehensive review of City Development Charges and their impact on intensification;
 - (h) That staff be directed to investigate the feasibility of including the area on the west side of Emerald Street North to Barton Street East, and the east side of Victoria Avenue North below Barton Street to the CNR tracks, in the Downtown Hamilton Community Improvement Project Area and bring a report back to the General Issues Committee.
 - (i) That Council determine that no further public meeting is required.

6. Correspondence from Don McLean respecting Report FCS12015 Development Charge Exemption Policies for the Expanded Downtown Hamilton Community Improvement Project Area and Protected Heritage Across the City and Demolition Credit Extension for 85 Robinson Street (Added Item 6.1.1)

That the written submission provided by Don McLean, attached hereto as Appendix "A", be received.

7. Golden Horseshoe Agriculture & Agri-Food Strategy – Food and Farming: An Action Plan 2021 (PED12020) (Item 7.1)

- (a) That Appendix "A", attached to Report PED12020 respecting *Golden Horseshoe Agriculture & Agri-Food Strategy - Food & Farming: An Action Plan 2021*, be received;
- (b) That the formation of a Golden Horseshoe Food and Farming Alliance (GHFFA) be endorsed;
- (c) That City of Hamilton staff be directed to commence working with its partners and community stakeholders to implement specific actions under the *Golden Horseshoe Agriculture & Agri-Food Strategy - Food & Farming: An Action Plan 2021*;
- (d) That the Mayor, on behalf of City of Hamilton, submit a funding request to the Province's Ministry of Agriculture of Food & Rural Affairs and the Ministry of Municipal Affairs and Housing for the *Golden Horseshoe Agriculture & Agri-Food Strategy - Food & Farming: An Action Plan 2021*; and,
- (e) That a copy of the subject report the *Golden Horseshoe Agriculture & Agri-Food Strategy - Food & Farming: An Action Plan 2021*, be sent to the following local and Provincial Farming Organizations: the Hamilton Wentworth Federation of Agriculture, Ontario Federation of Agriculture, Brant Wentworth Christian Farmers Federation and members of the City of Hamilton Agricultural & Rural Affairs Advisory Committee and Community Food Security Stakeholders Committee.

8. Independent External Audit Review of HECFI Operations – Phase II (RFP) (CM11013(b)) (City Wide) (Item 7.2)

That the City Manager (through KPMG) be authorized to meet with all proponents as outlined in report CM11013b to further explore the proposals and report back to the General Issues Committee on April 4th with recommendations to proceed to the negotiations stage with one or more of the proponents.

9. Hamilton Police Service Forensic Building (FCS12023) (City Wide) (Outstanding Business List) (Item 8.4)

- (a) That for the 2012 Capital Budget, design work in the amount of \$1.5 million for the proposed Police Investigative Services Division Headquarters, be approved;
- (b) That subject to the approval of Recommendation (a) of FCS12023, that the \$1.5 million be funded as follows, \$750,000 from the City's 2012 Capital Budget vision and \$750,000 from the Police Capital Reserve (#110065);
- (c) That staff be directed to report back to the General Issues Committee on a financing plan to incorporate the next phase of this project into the 10-year capital budget process.

10. Stimulus Funding Update (FCS09052(I)) (City Wide) (Item 8.1)

That Report FCS09052(I) respecting Stimulus Funding Update, be received.

11. Budget Control Policy (FCS12010(a)) (City Wide) (Item 8.2)

That the Budget Control Policy (revised), attached hereto as Appendix "B", be approved.

12. Budgeted Complement Control Policy (FCS12011(a)) (City Wide) (Item 8.3)

That the Budgeted Complement Control Policy (revised), attached hereto as Appendix "C", be approved.

12. Area Rating Special Capital Re-Investment (FCS12024) (City Wide) (Item 8.5)

- (a) That the proposed Area Rating Special Capital Re-Investment Policy, attached hereto as Appendix "D", be approved;
- (b) That the annual Special Capital Re-Investment be allocated equally across the 8 Ward Special Capital Re-Investment Reserves (Wards 1-8);
- (c) That a capital project be created for, and funded by, each of the 8 Ward Special Capital Re-Investment Reserves, in the amount of \$100,000, to be used in the respective Ward to fund in-year infrastructure priorities;

- (d) That, subject to the approval of Recommendation (c) of Report FCS12024, that any unspent or uncommitted funding in the capital projects be closed at year-end and the unspent and uncommitted proceeds be transferred to the Ward Reserve;
- (e) That, subject to the approval of Recommendation (c) of Report FCS12024, the 8 capital projects be set-up annually in conjunction with the approved City of Hamilton Capital Budget.

**13. Ministry of the Environment Direction to Waste Diversion Ontario
– February 9, 2012**

- (a) That the directions of the Minister of the Environment to Waste Diversion Ontario, as outlined in his letter of February 9, 2012 to Waste Diversion Ontario, and attached hereto as Appendix “E”, be supported;
- (b) That staff be directed staff to work with the Association of Municipalities of Ontario (AMO), Regional Public Works Commissioners of Ontario (RPWCO), Municipal Waste Association (MWA) and Ontario Waste Management Association (OWMA) to respond to the proposals from Waste Diversion Ontario; and to provide updates to the General Issues Committee when necessary;
- (c) That copies of this resolution be forwarded to the Minister of the Environment, all area M.P.P.’s, AMO, RPWCO, MWA and OWMA.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

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

ADDED DELEGATION REQUESTS

- (i) Request to Appear from Irene Hubar respecting clarification of rental rate at 201-35 King Street West, Hamilton (Added as Item 4.1)
- (ii) Request to Appear respecting the Hamilton Farmers’ Market from:
 - (a) Tilly Johnson – on the behaviour and conditions as a vendor at the Hamilton Farmers’ Market. Stall member for 41 years (Added as Item 4.2)

- (b) Judy MacDonald-Musitano, respecting Farmers' Market issues and resolve (Added as Item 4.3)
- (c) Shane Coleman, on behalf of Hamilton Farmers' Market Stallholders Association, respecting Farmers' Market issues and resolve (Added as Item 4.4)

ADDED CORRESPONDENCE

- (iii) Submission from Don MacLean respecting Development Charges (Cross Reference to Item 6.1) (Added as Item 6.1.1)

ADDED DISCUSSION ITEMS

- (iv) Auditor General Model (CM11006) (City Wide) (Added as Item 8.6(a))
- (v) Implementation of the Hybrid Auditor General Model (AUD11028) (City Wide) (Added as Item 8.6(b))

NOTE: The above-noted items were referred back to staff by the General Issues Committee at their meeting on February 1, 2012.

- (vi) Ward Boundary Review (CL11004(a)) (City Wide) (Added as Item 8.7)

NOTE: The above-noted issue was referred to the General Issues Committee by the Audit, Finance & Administration Committee on February 13, 2012.

ADDED NOTICE OF MOTION

- (vi) Ministry of the Environment Direction to Waste Diversion Ontario – February 9, 2012 (Added as Item 10.1)

On a motion, the agenda, amended as follows, was approved:

ADDED DELEGATION REQUEST

- (i) **Delegation Request from Irene Hubar respecting clarification of rental rate at 201-35 King Street West, Hamilton (Added Item 4.1)**

On a motion, the delegation request from Irene Hubar was approved. Ms. Hubar will be invited to attend the February 27, 2012 meeting of the General Issues Committee.

(ii) Requests to Appear respecting the Hamilton Farmers' Market from:

- (a) Tilly Johnson – on the behaviour and conditions as a vendor at the Hamilton Farmers' Market. Stall member for 41 years (Added as Item 4.2)
- (b) Judy MacDonald-Musitano, respecting Farmers' Market issues and resolve (Added as Item 4.3)
- (c) Shane Coleman, on behalf of Hamilton Farmers' Market Stallholders Association, respecting Farmers' Market issues and resolve (Added as Item 4.4)

On a motion, the delegation requests from Tilly Johnson, Judy MacDonald-Musitano and Shane Coleman, were denied.

ADDED DISCUSSION ITEMS**(iii) Auditor General Model (CM11006) (City Wide) (Added Item 8.6(a))****(iv) Implementation of the Hybrid Auditor General Model (AUD11028) (City Wide) (Added Item 8.6(b))**

On a motion, Reports CM11006 and AUD11028 respecting Auditor General Model and Implementation of the Hybrid Auditor General Model were referred to the March 21, 2012 meeting of the General Issues Committee.

(v) Ward Boundary Review (CL11004(a)) (City Wide) (Added as Item 8.7)

On a motion, Report CL11004(a) respecting Ward Boundary Review was referred to the special General Issues Committee meeting scheduled on February 27, 2012.

(b) DECLARATIONS OF INTEREST (Item 2)

None

(c) APPROVAL OF PREVIOUS MINUTES (Item 3)

On a motion, the Minutes of the February 1, 2012 meeting of the General Issues Committee were approved as presented.

(d) DELEGATION REQUESTS (Item 4)

See Recommendations under "Changes to the Agenda".

(e) PUBLIC HEARINGS/DELEGATIONS (Item 6)**(i) Development Charge Exemption Policies for the Expanded Downtown Hamilton Community Improvement Project Area and Protected Heritage Across the City and Demolition Credit Extension for 85 Robinson Street (FCS12015) (City Wide) (Item 6.1)**

Chair Whitehead advised that pursuant to the Development Charges Act, notice of the public meeting was advertised in the Spectator on January 26, 2012, indicating that all interested parties are invited to attend this meeting and any person who attends the meeting may make representations relating to the proposed Amendment to By-laws 09-143, 11-1784 and 11-175 to amend and expand the Downtown Hamilton Community Improvement Plan Area Exemption, as well as add an exemption for the Adaptive Reuse of Protected Heritage Properties.

The Chair advised that no requests were received in writing from anyone wishing to address the Committee on this matter.

The Chair asked if there was anyone present who wished to speak to this issue. No one came forward.

Committee members discussed the benefits and disadvantages of expanding the Development Charge Exemption area. Committee members debated the focus on Hamilton's core downtown area in comparison to the other downtown areas within the municipality.

On a motion, Item 5 was amended by adding the following as sub-section (h) and the balance of the sections re-numbered accordingly:

- (h) That staff be directed to investigate the feasibility of including the area on the west side of Emerald Street North to Barton Street East, and the east side of Victoria Avenue North below Barton Street to the CNR tracks, in the Downtown Hamilton Community Improvement Project Area and bring a report back to the General Issues Committee.

The Amendment **CARRIED** on the following vote:

Yeas: Bratina, Whitehead, McHattie, Farr, Morelli, Merulla, Collins,
Jackson, Duvall, Partridge, Pasuta, Powers
Total Yeas: 12
Nays: Pearson, Johnson, Ferguson
Total Nays: 3
Absent: Clark
Total Absent: 1

The Main Motion, as amended, **CARRIED** on the following recorded vote:

Yeas: Bratina, Whitehead, McHattie, Farr, Morelli, Merulla, Collins,
Jackson, Duvall, Partridge, Pasuta, Powers, Pearson

Total Yeas: 13

Nays: Johnson, Ferguson

Total Nays: 2

Absent: Clark

Total Absent: 1

See Item 5 for the disposition of this item.

(g) PRESENTATION

(i) Golden Horseshoe Agriculture & Agri-Food Strategy – Food and Farming: An Action Plan 2021 (PED12020) (Item 7.1)

Tim McCabe introduced Margaret Walton, PLANSCAPE, and Peter Lambrick, Chair of the Study Plan, to provide their presentation on the Food & Farming: An Action Plan 2021 and thanked them for the work that they put into the report

Margaret Walton provided a power point presentation which included the following:

- Official public launch March 2, 2012 in Vineland.
- Benefits of the Plan are to work as a unit to attract new investment and growth in Hamilton; coordinate economic development, planning and public health, nutrition and educational programs; promote municipal priorities based on the Action Plan while cooperating with other municipal partners; and, leverage funding from all levels of government and private foundations for projects.
- Five Opportunities/Actions: Grow the cluster; link, food, farming and health; foster innovation; enable the cluster; and, cultivate new approaches.
- Assistance required from the City: Access to staff resources; support of a Golden Horseshoe Food and Farming Alliance; cooperation and coordination of programming; and, support for funding applications.

A full copy of the presentation is available on-line or through the Office of the City Clerk.

On a motion, the presentation, respecting the Golden Horseshoe Agriculture and Agri-Food Strategy – Food and Farming: An Action Plan 2021, was received.

(ii) Independent External Audit Review of HECFI Operations – Phase II (RFP) (CM11013(b)) (City Wide) (Item 7.2)

Tony Tollis introduced the report and provided the following comments:

- Acknowledge that process is being driven by consultants
- Outlined four objectives
- Because this is still in RFP process, the objective is not to discuss financial details of proposal, but rather to update Committee on what proposals were received and background of the proponents
- Will be entering into clarification process of the RFP's to understand what is being presented
- In summary, no one has come forward to purchase or lease facilities outright; no one is prepared to make significant capital improvements on on-going basis without direct involvement; looking at management contracts and all proponents require a level of subsidy for the first few years
- In the end, the process may come down to which proponent is in the best position to maximize savings from the City's standpoint
- To that point, staff will come back on March 21 with shortlist of one or few; staff will be bringing forward two options, one being status quo; second option is the strategic plan that has been put together by HECFI and reasonably moved forward by the Board

Mr. John Rockx of KPMG provided a power point presentation respecting HECFI Phase Two: Alternative Service Delivery Options for HECFI Facilities – Search Process, which outlined the following:

- Background, including financial analysis of historical summary of City subsidies; analysis by facility; capital expenditures; observations, overview and objectives of the RFP process
- RFP Results, which include AEG Facilities/Katz Group; Carmen's Group; Global Spectrum/Live Nation; SMG/Forum Equity; Sonic Unyon; Vrancor Group
- NHL Interest
- Operating realities
- Overall observations from proposals received
- Analysis of arena subsidies and performing arts centres/theatres
- Project timetable/next steps

On a motion, the presentation, respecting Report CM11013(b) – Independent External Audit Review of HECFI Operations – Phase II (RFP), was received.

**Independent External Audit Review of HECFI Operations – Phase II (RFP)
(CM11013(b)) (City Wide) (Item 7.2)**

On a motion, the recommendation was amended by deleting March 21st and replacing it with April 4th in lieu thereof.

The Amendment subsequently **CARRIED**.

(h) DISCUSSION AGENDA

On a motion, Item 8.4 respecting the Hamilton Police Service Forensic Building (FCS12023) was moved up on the agenda.

**(i) Hamilton Police Service Forensic Building (FCS12023) (City Wide)
(Outstanding Business List) (Item 8.4)**

Superintendent Mike Shea from the Hamilton Police Service was in attendance to speak to the details of the report and respond to questions of the Committee.

On a motion, the following was added as sub-section (c):

- (c) That staff be directed to report back to the General Issues Committee on a financing plan to incorporate the next phase of this project into the 10-year capital budget process.

The Main Motion, as amended, **CARRIED** on the following recorded vote:

Yeas:	Bratina, Pearson, Johnson Ferguson, Pasuta, Partridge, Duvall, Jackson, Collins, Merulla, Morelli, Farr, McHattie
Total Yeas:	13
Nays:	Whitehead
Total Nays:	1
Absent:	Clark, Powers
Total Absent:	2

(i) PROCEDURAL MOTIONS

On a motion, the General Issues Committee recessed for lunch until 1:00 p.m.

On a motion, the regular meeting of the General Issues Committee recessed from 2:40 p.m. to 3:00 p.m., at which time the Committee convened a special General Issues Committee meeting to receive public delegations respecting the 2012 City of Hamilton budget.

On a motion, the regular meeting of the General Issues Committee reconvened at 4:40 p.m.

(j) NOTICES OF MOTION (Item 10)

Councillor M. Pearson introduced the following Notice of Motion:

**Ministry of the Environment Direction to Waste Diversion Ontario
– February 9, 2012**

Whereas the Waste Diversion Act was enacted in 2002 to foster Extended Producer Responsibility and compensate municipalities for waste diversion programs;

And Whereas, regulations have been approved for producer responsibility programs for the blue box program, used tires, waste electronics and municipal hazardous and special waste;

And Whereas, the Minister of the Environment has given direction to Waste Diversion Ontario (WDO) to improve oversight of Ontario's waste diversion programs in his letter to the WDO of February 9, 2012, through a review of WDO governance; full cost recovery from stewards; methods to ensure effective program delivery; policies and procedures on Industry Stewardship Plans; and review of incentive plans for service providers.

And Whereas, the funding approach for producers of municipal hazardous and special waste (MHSW) has not been successful:

And Whereas, the Minister of the Environment has issued a new regulation respecting MHSW to:

- (i) ensure producers pay actual cost of waste disposal,
- (ii) protect consumers,
- (iii) control municipal costs, and
- (iv) keep more waste out of landfills and waterways;

And Whereas the Minister has directed Waste Diversion Ontario to undertake program changes that implement the regulation; and

And Whereas, the Minister has issued extremely tight timeframes for Waste Diversion Ontario to respond to the directions, including consultation with municipalities:

Therefore Be It Resolved:

- (a) That the directions of the Minister of the Environment to Waste Diversion Ontario, as outlined in his letter of February 9, 2012 to Waste Diversion Ontario, be supported;

- (b) That staff be directed staff to work with the Association of Municipalities of Ontario (AMO), Regional Public Works Commissioners of Ontario (RPWCO), Municipal Waste Association (MWA) and Ontario Waste Management Association (OWMA) to respond to the proposals from Waste Diversion Ontario; and to provide updates to the General Issues Committee when necessary;
- (c) That copies of this resolution be forwarded to the Minister of the Environment, all area M.P.P.s, AMO, RPWCO, MWA and OWMA.

On a motion, the rules of order be waived in order to allow the opportunity to introduce a motion respecting Ministry of the Environment Direction to Waste Diversion Ontario – February 9, 2012.

The Motion to waive the rules of order **CARRIED** on the following recorded vote:

Yeas: Pearson, Johnson Ferguson, Pasuta, Partridge, Duvall, Jackson, Collins, Merulla, Morelli, Farr, McHattie
Total Yeas: 12
Nays: Whitehead
Total Nays: 1
Absent: Bratina, Clark, Powers
Total Absent: 3

The Motion respecting the Ministry of the Environment Direction to Waste Diversion Ontario – February 9, 2012, **CARRIED** on the following recorded vote:

Yeas: Pearson, Johnson Ferguson, Pasuta, Partridge, Duvall, Jackson, Collins, Merulla, Morelli, Farr, McHattie
Total Yeas: 12
Nays: Whitehead
Total Nays: 1
Absent: Bratina, Clark, Powers
Total Absent: 3

(ii) OTHER BUSINESS/GENERAL INFORMATION

(i) Drummond's Commission on the Reform of Ontario's Public Service

On a motion, staff was directed to report back on the implications of the recommendations contained in the Drummond Report released on February 15, 2012.

(ii) Removal of Items from the Outstanding Business List

On a motion, the following items were removed from the Outstanding Business List of the General Issues Committee:

- (aa) Neighbourhood Development Strategy (Item 5.4)
- (bb) Budget Control Policy (Item 8.2)
- (cc) Budget Complement Control Policy (Item 8.3)

There being no further business, the Committee adjourned at 6:10 p.m.

Respectfully submitted

Councillor T. Whitehead
Deputy Mayor

Carolyn Biggs, Co-ordinator
Committee Services/Council/Budgets
February 15, 2012

Double development subsidies are not fiscally responsible

(re item 6.1 GIC February 15, 2012)

Appendix "A" to Item 6 of
General Issues Committee
Report 12-004

The staff proposals to expand the downtown area exempted from development charges (with some tweaking for adaptive re-use of heritage buildings and a public art fund) continue a wrong-headed policy to use taxes to subsidize growth costs instead of establishing accurate development fees. It also arbitrarily penalizes many other parts of the city that are just as deserving of fairer development fees.

The push to revitalize downtown neighbourhoods is positive, and it correctly recognizes that growth costs in built-up areas are far lower than on greenfield sites and therefore should have lower development charges. But it ignores the obvious corollary that fees for greenfield sites are too low and need to be increased. Instead we have the absurd situation where taxpayers subsidize growth in both inner city and greenfield sites.

There is a simple solution – charge fees based on actual growth costs. That would end unnecessary taxpayer subsidies currently exceeding \$10 million per year, encourage revitalization of ALL older neighbourhoods, and collect growth fees that reflect as much as possible the actual servicing costs of that growth.

The staff report explains that “much of the development which occurs within the Downtown CIPA is actually redevelopment ... which means the impact on the infrastructure is relatively limited, especially when compared to development in a Greenfield.” That’s correct. But development charges are calculated on the TOTAL growth costs. So if the actual growth costs in older areas like the downtown are lower than average, then actual growth costs for greenfield sites are higher than average.

The logic is inescapable. Current DCs are too high for older areas like the downtown, and therefore they are also too low for greenfield development sites. We subsidize both.

Why do we do this? Is council afraid of the reaction from suburban sprawl developers who certainly would oppose the implementation of fair and equitable development fees? So instead, we force taxpayers to subsidize them. This is neither fair, nor fiscally responsible.

The simple solution is using a multiple zone approach to DCs where the DC rate is determined by the actual growth costs in each zone. This can be as rudimentary as a two zone policy (such as is used in Ottawa) where the built-up area is one zone, and greenfield areas are the second zone. Or it can be enhanced with multiple zones that take account of the fact that infrastructure costs vary by location as well. For example, providing water and sewer service to far distant sites is obviously more costly than to close in ones, even when both are greenfields or both are within the built-up area.

A zone DC policy eliminates the need to subsidize redevelopment areas – or if there is still a public policy reason to do so, it drastically lowers the subsidy cost to the taxpayer. For the downtown CIP only, that subsidy has been over \$5.2 million in the last seven years – and that’s using the existing boundaries not the expanded ones being proposed. That subsidy means taxpayers are paying for growth costs. That money should have been collected from the development sites where costs are actually higher than the DCs being collected.

Financial arguments made by staff are misleading

In the report, staff argue that DC exemptions “could” lead to more development that would generate increased property taxes, and therefore “pay for” the DC exemptions. This is faulty reasoning and an apples to oranges comparison.

DCs can only legally be used for the capital costs of new infrastructure (including some soft infrastructure costs). DCs are designed to relieve property taxpayers of at least some of the costs of new growth. Once that

growth occurs, the new property taxes are required for the city's operational expenses and the longer-term maintenance and rehabilitation of infrastructure.

It is incorrectly suggested that the property taxes constitute some sort of "profit" for the municipality. If that were the case, then the property taxes being charged are too high, and the taxpayer has good reason to demand they be lowered. Reality suggests taxes are too low, if anything, because our infrastructure maintenance deficit is growing by \$195 million a year and now exceeds \$2 billion.

Comparing lost DC revenues to "found" property taxes is an inappropriate comparison. The two revenue streams have different purposes, and one can't be used to offset the other. If cutting DCs are a way to improve the city's revenues, then we should get rid of development charges entirely.

In fact, cutting DCs in one part of the city may also mean fewer DCs collected in other parts because development shifts to the lower cost location. This has no effect on total property taxes – because it's just a shift – except perhaps to lower them because the downtown development at this point in time will likely generate lower cost housing than the suburban variety. But this is not an argument for more sprawl either. We are getting financially murdered by the subsidies currently provided to that type of growth.

But at the bottom of the "profit" argument is an assumption – unproven and likely faulty – that cutting DCs will increase the total number of houses built rather than just shifting their location. I would suggest the market for new housing is the most important factor in how many new houses are built.


Recommendation: Ask staff to report back with a redesign of development charges that uses a multiple zone approach and more closely allocates actual growth costs to each zone.

Don McLean

February 14, 2012

Corporate Budget Policy		Appendix “B” to Item 11 of General Issues Committee Report 12-004
Policy No: CBP - 2		
Page 1 of 3		Approval: YEAR-MM-DD

<i>Budget Control Policy</i>	
POLICY STATEMENT	Council allocates resources to programs and services based on the annual approved budget. During the year, or when preparing for the next year, there may be a need to change how the budget was allocated. A Budget Control Policy is required to govern these changes.
PURPOSE	The purpose of this policy is to ensure that City staff have appropriate authority to manage budget resources to ensure programs and services are delivered in an effective and efficient manner. Council also requires assurance that budget resources are used for the purpose intended through the approval of the annual budget.
SCOPE	This policy applies to all City employees that manage budget resources. It excludes the City’s external Boards & Agencies.
DEFINITIONS	The following terms referenced in this Policy are defined as:
“Budget Amendment”	The reallocation of budget resources from one cost centre to another or one cost category to another changing the current year’s Council approved budget. The amended budget is used for variance reporting purposes. A budget amendment must be net zero; can not increase or decrease the overall budget.
“Budget Restatement”	The reallocation of budget resources from one cost centre to another or one cost category to another for the purpose of providing comparable data for the next year’s budget reports. The restated budget is not used for variance performance. A budget restatement must be net zero; can not increase or decrease the overall budget.
“Budget Resources”	Means the approved operating expenditures and revenues for a given year.
“Cost Category”	A grouping of similar cost accounts for the purpose of identifying the type of cost or revenue. Examples include, “Employee Related”, “Materials and Supplies”, “Contractual”, “Fees & General”.
“Council Approval”	Can be gained through motion, staff report or the budget process.
“Departments”	Component of the organizational structure within the scope of responsibility of a General Manager or the Office of the City Manager.
“Divisions”	Component of the organizational structure within the scope of responsibility of a Director/ Senior Director/ Senior Administrator.

Corporate Budget Policy	 Hamilton	Appendix "B" to Item 11 of
		General Issues Committee Report 12-004
Policy No: CBP - 2		
Page 2 of 3		Approval: YEAR-MM-DD
PRINCIPLES	<p>The following principles apply to this Policy:</p> <ol style="list-style-type: none"> 1) Budget resources allocated to various programs by Council are used for that purpose unless otherwise authorized through application of the budget restatement policy. 2) Program managers are provided adequate flexibility to manage their budget resources to ensure efficient and effective delivery of programs/services. 3) The budget restatement policy supports the direction outlined in the City's complement policy. 	
TERMS & CONDITIONS	<p>Budget Amendments – Changing the Approved Budget</p> <p>For the current year, after the budget has been approved, the reallocation of budget resources is periodically required. Generally this is due to corporate re-organization. Adjustments that are material in nature and significantly impact the in-year variance reporting may require that the approved budget is changed. Budget Amendments can not have a levy impact.</p> <ol style="list-style-type: none"> 1) Council approval is required for any change to the current year approved budget. <p>Budget Restatements -</p> <p>The restated budget is identified for the development of the next year's budget so that analysis of budget changes will be comparable. A budget restatement allows the program area(s) to reassign budget resources within policy guidelines. Budget Restatements can not have a net levy impact.</p> <ol style="list-style-type: none"> 2) Transferring budget from one area of the organization to another: <ol style="list-style-type: none"> (i) Transfer of budget resources between departments requires Council approval. (ii) Transfer of budget resources between divisions within a department requires Council approval. (iii) Transfer of budget resources within a division is at the discretion of the Director, subject to paragraph 3). 	



HISTORY

- 3) Transferring budget resources from one cost category to another requires Council approval.
- 4) Exclusions :
 - (i) Transfer of budget resources from Corporate Financials to departmental budgets for the purpose of distributing contingencies (eg. after a negotiated wage settlement), does not require Council approval.
- 5) Staff prepare a minimum of three operating budget variances reports for Council's information and consideration each fiscal year.

This policy was drafted by Financial Planning and Policy, Corporate Services; SMT reviewed and approved policy on 2011-12-08. On 2012-01-09 General Issues Committee referred policy back to staff. Council approval pending.

Corporate Budget Policy	 Hamilton	Appendix “C” to Item 12 of General Issues Committee Report 12-004
Policy No: CBP - 1		
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Budgeted Complement Control Policy

POLICY STATEMENT	Staff resources are the largest investment the City of Hamilton makes in delivering programs and services. In order to manage the budget impact of these resources in an effective and efficient manner, a corporate budgeted complement control policy is required.
PURPOSE	The purpose of this policy is to ensure that the City’s staff complement are managed in an effective and efficient manner.
SCOPE	This policy applies to all City employees that manage staff resources. It excludes the City’s external Boards & Agencies.
DEFINITIONS	The following terms referenced in this Policy are defined as:
“Budgeted Complement”	The number of employee full time or part time hours measured in FTE (full time equivalent) included in the annual budget.
“Council Approval”	Can be gained through motion, staff report or the budget process.
“Departments”	Component of the organizational structure within the scope of responsibility of a General Manager or the Office of the City Manager.
“Divisions”	Component of the organizational structure within the scope of responsibility of a Director/Senior Director/Senior Administrator.
“Full Time Equivalent (FTE)”	The employee hours divided by the hours for a normal work year. For example, the standard non-union position works 1,827 hours per year. Budgeting for 1,827 hours, would equal 1.0 FTE. Budgeting for 1370 hours would equal 0.75 FTE.
“Temporary Complement”	Full time or part time complement planned for a finite period.
PRINCIPLES	<p>The following principles apply to this Policy:</p> <ol style="list-style-type: none"> 1) Approved staff complement are allocated to departments and divisions by Council for the purpose of delivering programs and services at desired levels. 2) Approved complement levels (Full Time Equivalent; FTE) can not change unless otherwise authorized through application of the Budgeted Complement Control Policy outlined herein. 3) Program managers are provided adequate flexibility to manage their complement to ensure efficient and effective delivery of



programs/services.

- 4) The Budgeted Complement Control Policy supports the principles outlined in the City's Budget Control Policy.

TERMS & CONDITIONS

Changes to the Approved Staff Complement

The following outlines various change scenarios and the applicable approval process required:

- 1) Transferring Budgeted Complement –
 - (i) From one department to another requires Council approval.
 - (ii) From one division to another within a department requires Council approval.
 - (iii) Within a division, is at the discretion of the Director of that division.
- 2) Increasing Budgeted Complement –
 - (i) Of Permanent complement requires Council approval.
 - (ii) Of Temporary complement for a duration of eighteen months or longer, requires Council approval.
 - (iii) Of Temporary complement for a duration of less than eighteen months, is at the discretion of the General Manager providing that adequate financial resources are available (can not create an unfavourable budget variance).
- 3) Decreasing Budgeted Complement –
 - (i) Where no impact to program / service levels will occur is at the discretion of the General Manager subject to collective agreements.
 - (ii) Where an impact to program / service levels is expected, must be approved by Council.
- 4) Changing Budgeted Complement Type –
 - (i) From Temporary to Permanent requires Council approval.
 - (ii) From Temporary, less than 18 month duration, to Temporary longer than 18 month duration, requires Council approval.
 - (iii) Deleting one position and adding a new position which would be expected to change the pay band for the new position by more than one band, requires Council approval.

Corporate Budget Policy



**Appendix "C" to Item 12 of
General Issues Committee Report 12-004**

Policy No: CBP - 1

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Hamilton

Approval: YEAR-MM-DD

HISTORY

This policy was drafted by Financial Planning and Policy, Corporate Services; SMT reviewed and approved policy on 2011-12-08. On 2012-01-09 General Issues Committee referred policy back to staff. Council approval pending.

Area Rating Special Capital Re-Investment Policy	 Hamilton	Appendix "D" to Item 12 of General Issues Committee Report 12-004 Page 2 of 2
Policy No: XXX - X		Approval: YEAR-MM-DD
Page 1 of 3		

<i>Area Rating Special Capital Re-Investment Policy</i>	
POLICY STATEMENT	The City of Hamilton annual capital deficit is projected at \$195 million (2011\$). The Area Rating Special Capital Re-Investment will aid in addressing the required infrastructure investments within the former City of Hamilton which has some of the oldest infrastructure.
PURPOSE	The purpose of this policy is to ensure that the Area Rating Special Capital Re-Investment is managed in a transparent and effective manner.
SCOPE	This policy applies to the tax shifts that result as a direct result of the phased-in approach to amending the area rating methodology to an "Urban/Rural" model.
DEFINITIONS "Area Rating Special Capital Re-Investment" "Council Approval" "Infrastructure" "Affected Wards" "Phase-in"	<p>The following terms referenced in this Policy are defined as:</p> <p>The tax capacity that will be directed in the former City of Hamilton to infrastructure investments as a result of the shift in area rating methodology.</p> <p>Can be gained through motion, staff report or the budget approval process.</p> <p>Is basic physical and organizational structures needed for the operation of a service and facility. The term typically refers to the technical structures that support a society, such as roads, water supply, sewer supply, facilities and so forth, and are deemed essential to enable, sustain, or enhance societal living conditions.</p> <p>Former City of Hamilton Wards 1 through 8.</p> <p>The period of 2011-2014, represents the period the tax shift variance will be implemented.</p>
PRINCIPLES	<p>The following principles apply to this Policy:</p> <ol style="list-style-type: none"> 1) Approved Special Capital Re-Investment will be allocated to affected Wards by Council for the purpose of investment in infrastructure projects and/or one-time funding of a principally capital nature to address the infrastructure deficit/shortfall. 2) Ward Councillors, within the affected wards, are provided



- adequate flexibility to identify infrastructure priorities within their wards for consideration and approval of Council to ensure efficient and effective delivery of programs/services.
- 3) Funding through the Special Capital Re-Investment should not replace the Tax Supported Capital Budget, although consideration can be made to accelerate projects which may otherwise be deemed unaffordable.
 - 4) Projects must be approved by Council and all potential operating and financial impacts should be identified.
 - 5) Funding can be banked for the purpose of providing funding in whole, or in part, towards a financially significant infrastructure/one-time investment.

TERMS & CONDITIONS

Approval Process

The following outlines various change scenarios and the applicable approval process required:

- 1) The Special Capital Re-Investment will be allocated equally across the 8 affected Wards (1-8).
- 2) Projects funded in full or part through the Special Capital Re-Investment must be approved by Council and follow the City of Hamilton's Procurement Policy.
- 3) Projects being considered for funding through the Special Capital Re-Investment must include a completed Capital Detail Sheet (see Appendix B of FCS12024) prior to deliberation by Council; and
- 4) Beyond 2012, projects should be brought forward in conjunction with the annual capital budget process.

This policy was drafted by Financial Planning and Policy, Corporate Services; Council approval pending.

**Area Rating Special Capital Re-
Investment Policy**



Hamilton

**Appendix "D" to Item 12 of
General Issues Committee Report 12-004
Page 2 of 2**

Policy No: XXX - X

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Approval: YEAR-MM-DD

Ministry of
the Environment

Office of the Minister

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Bureau du ministre

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February 9, 2012

Chair of Waste Diversion Ontario
c/o Michael Scott, Chief Executive Officer
Waste Diversion Ontario
4711 Yonge Street, Suite 1102
Toronto, ON M2N 6K8

Dear Chair:

Ontario's waste diversion programs play an important role in keeping waste out of our land and waterways. The government is committed to ensuring programs maximize diversion, are sustainable and are fair for everyone. But more needs to be done. The government wants to renew and refocus attention on our waste diversion goals. This letter outlines our plan to get back on track. One of the first steps is effective oversight which is essential to ensuring that these objectives are met and producers remain responsible for the recycling and safe disposal of the waste their products create.

To strengthen the oversight and accountability of waste diversion programs under the *Waste Diversion Act*, 2002 (the Act) I am writing pursuant to my authority under the Act on two matters: 1) Board governance; and 2) policies applicable to Waste Diversion Ontario under Section 7.

Board Governance

I am writing to inform you that I have accepted in principle the proposal submitted by the Board on May 27, 2011 in respect of a new Waste Diversion Ontario (WDO) governance structure. The move to a skills-based board reflects modern governance practices and will assist in improving the oversight of programs established under the Waste Diversion Act.

My staff will be sending you shortly the proposed amendment to the operating agreement that would implement this new WDO governance structure. I expect ministry staff and WDO to finalize the agreement for my approval in the next few weeks. This will allow transition to a new board and its members being appointed at the Board's annual general meeting in April 2012. To meet these timelines, I would encourage WDO and its Board to begin the process to identify candidates for nomination to the new Board. I have similarly asked my staff to begin the process to identify potential appointments to the Board consistent with the proposed governance structure.

Policy Direction under Section 7

I am also writing pursuant to my authority under section 7 of the Act, allowing for the establishment of policies applicable to Waste Diversion Ontario and its Board of Directors and in accordance with my authority under clause 5 (i) of the Act to require Waste Diversion Ontario WDO to advise and report to me.

I am writing to provide Waste Diversion Ontario with direction on a) the development and implementation of full cost recovery and accumulated deficit/surplus recovery of Industry Funding Organizations; b) improved oversight of the financial and program performance of Industry Funding Organizations and enhanced reporting to the Ministry to ensure the effectiveness of program delivery; c) the review and approval of Industry Stewardship Plans; and d) review of incentive programs.

Full Cost Recovery

As you are aware, industry-funded programs need industry-funded solutions to recover the necessary costs to meet the programs' targets for waste diversion. To achieve this outcome, on February 9, 2012 a regulation was made under the Act that implements a new fee setting methodology enabling Stewardship Ontario to recover from stewards its full costs related to the operation of the Municipal Hazardous or Special Waste Program.

This new methodology should ensure that Stewardship Ontario fully recovers the costs incurred on the delivery of the program and avoids the creation of surpluses or deficits that could affect the sustainability of the program.

The new methodology also requires Stewardship Ontario to address accumulated deficits for waste categories in the program.

I am directing Waste Diversion Ontario, in accordance with section 7 of the Act, to review Stewardship Ontario's plan to implement the Regulation and recover its operating and deficit costs, and to work with Stewardship Ontario on a plan to address its accumulated surpluses, in a manner that ensures the financial sustainability of the program. I am also directing Waste Diversion Ontario to provide me with a report on the status of Stewardship Ontario's accumulated deficit/surplus recovery plan by March 23, 2012.

In addition, to address full cost recovery for other waste diversion programs and their financial sustainability (including deficits and surpluses), I am directing Waste Diversion Ontario, in accordance with section 7 of the Act, to work with Ontario Tire Stewardship and Ontario Electronic Stewardship to develop plans to implement a similar cost recovery and accumulated deficit/surplus recovery approach. I am also directing Waste Diversion Ontario that it shall provide me the plans by March 23, 2012 for Ontario Tire Stewardship and by April 30, 2012 for Ontario Electronic Stewardship.

Effective Program Delivery

To support implementation of the new cost recovery model, in accordance with section 7 of the Act, I am directing Waste Diversion Ontario to undertake a detailed review and analysis of all proposed Industry Funding Organizations budgets and to regularly monitor actual expenditures to ensure that there are realistic and cost effective plans to achieve Industry Funding Organizations performance targets, proper management of operating costs to ensure the financial sustainability of the organizations and to amend program agreements as necessary to achieve this. Waste Diversion Ontario will report to the Ministry on budgetary performance of all Industry Funding Organizations quarterly.

In accordance with section 7 of the Act, I am also directing that Waste Diversion Ontario implement an effective monitoring and audit program to review Industry Funding Organizations' annual program performance and the achievement of plan targets, to promptly take corrective action when required and to report quarterly to the Ministry. Waste Diversion Ontario shall amend program agreements as necessary to achieve this.

Industry Stewardship Plans

In accordance with section 7 of the Act, I am directing that Waste Diversion Ontario review its policy and procedures on Industry Stewardship Plans and consider the following matters when the Board reviews an application or approves an Industry Stewardship Plan:

- Whether the plan achieves waste diversion targets that are similar or better than the associated waste diversion program;
- The fair operation of the plan in the marketplace;
- Whether the plan ensures accessibility for consumers through its delivery of services.

As part of the monitoring of the plan's effectiveness, Waste Diversion Ontario will require regular monitoring, auditing and reporting of Industry Stewardship Plans, the costs of which shall be paid by the plan.

In addition, in accordance with section 7 of the Act, I am directing that Waste Diversion Ontario consult with the public on any Industry Stewardship Plan that it reviews prior to Waste Diversion Ontario's approval of the plan.

Finally, in accordance with clause 5 (i) of the Act, I am directing that Waste Diversion Ontario, following the aforementioned review, submit to the Ministry a report on the review, and its proposed policy and procedures on Industry Stewardship Plans. The review and this report shall be completed and submitted to the Ministry no later than June 1, 2012.

Review of Incentive Programs

In accordance with section 7 of the Act, I am directing that Waste Diversion Ontario undertake separate reviews on the development and implementation of financial incentives that are paid to service providers by Stewardship Ontario under the MHSW program, Ontario Electronic Stewardship under the WEEE program, and Ontario Tire Stewardship under the Used Tires program.

I am also directing that these reviews be carried out in consultation with municipalities and other stakeholders.

As part of these reviews, I am directing that Waste Diversion Ontario address whether the development and implementation of these financial incentives affect Ontario's marketplace in a fair manner; whether these financial incentives are effective in supporting the achievement of waste diversion targets and program objectives; an assessment on the impact of the incentive programs on municipalities and waste diversion services, including accessibility across Ontario; and other alternatives that industry funding organizations might consider.

I am also directing that Waste Diversion Ontario shall provide me the findings and recommendations from these reviews by the following dates:

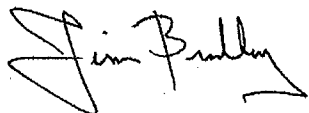
- Review of Stewardship Ontario incentives by March 23, 2012
- Review of Ontario Electronic Stewardship incentives by April 30, 2012
- Review of Ontario Tire Stewardship incentives by June 1, 2012.

If you have any questions, please feel free to contact Greg Sones, Director of Waste Management Policy Branch.

I am confident that these initiatives will provide effective and efficient oversight of waste diversion programs established under the Act, and enable these programs to meet their targets for waste diversion and protect Ontario's environment.

Thank you for your continued commitment to promoting waste diversion in Ontario.

Sincerely,



Jim Bradley
Minister of the Environment