



General Issues Committee

REPORT 11-021

9:30 a.m.

Monday, June 27, 2011

Council Chambers

Hamilton City Hall

71 Main Street West

Present: Deputy Mayor B. Johnson (Chair)
Mayor B. Bratina
Councillors B. Clark, C. Collins, S. Duvall, J. Farr,
L. Ferguson, T. Jackson, 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
T. McCabe, General Manager, Planning & Economic
Development
N. Everson, Director, Economic Development & Real Estate
M. Zegarac, Director, Financial Planning and Policy
T. Sergi, Senior Director, Growth Management
D. Fisher, Senior Solicitor
G. Scandlan Watson & Associates
R. Doumani, Aird & Berlis (Outside Legal Counsel)
C. Biggs, Co-ordinator, Committee Services/Council/Budgets
C. Newman, Legislative Assistant

THE GENERAL ISSUES COMMITTEE PRESENTS REPORT 11-021 AND RESPECTFULLY RECOMMENDS:

1. McMaster University Delegation

That the presentation provided by the McMaster delegation with respect to a McMaster Health Campus proposal, be received.

2. McMaster Health Campus Proposal – McMaster University (CM11008) (Ward 2) (Item 12.1)

- (a) That Report CM11008 respecting McMaster Health Campus Proposal – McMaster University, be received;
- (b) That the General Managers of Planning and Economic Development, and Finance and Corporate Services, and the Medical Officer of Health, be authorized and directed to analyze and report back on the terms and conditions of the proposal from a public policy, economic development, and financial basis, attached as Appendix “A” to Report (CM11008);
- (c) That the General Managers of Planning and Economic Development and Finance and Corporate Services, and the Medical Officer of Health, be directed to analyze and report back on the accommodation requirements of Public Health Services, and determine the impacts of the leasing proposal;
- (d) That the staff Report be scheduled for consideration at the July 4, 2011 General Issues Committee;
- (e) That the contents of Report CM11008 remain confidential.

3. Additional Written Information submitted by Jack Restive

That the additional written information submitted by Jack Restivo, including correspondence from Aldo DeSantis, President, Multi-Area Development Inc., respecting 2011 Development Charges-Special Area Charges, be received.

4. Presentation respecting Industrial Site Selection and Development Charges

That the presentation from Neil Everson respecting Industrial Site Selection and Development Charges, be received.

5. Appeal by Losani Homes – City of Hamilton Development Charge By-laws 09-143 and 09-144

That the verbal update provided by Mr. R. Doumani, Outside Legal Counsel, and Robert Rossini, General Manager of Finance and Corporate Services, be received.

6. **2011 Development Charge Background Study for Water, Wastewater, Storm Water and GO-Transit Services – Watson & Associates (Added Item 8.1)**
- (a) That the City-wide residential development charge rate for a single detached unit increase to \$27,148 (excludes Board of Education DC). All residential classes to increase per Appendices “B”, “C” and “D” of report FCS11053(a), effective July 6, 2011;
- (b) That, should the City receive Federal Infrastructure Funding for the Woodward Wastewater Treatment Plant (WWTP) for the requested amount of \$100 million, the City would then amend the new Wastewater, Water, Stormwater Development Charges (DC) By-law, subject to the conditions of an agreement;
- (c)(i) That the Industrial development charge rate be set at \$10.58 per square foot, covering the non-residential service components in the following manner:
- 100% of the wastewater
 - 100% of the stormwater
 - 75% of the roads
- (c)(ii) That these rates be implemented in order to remove the burden on Hamilton rate payers and to begin recovering the industrial infrastructure deficit.
- (d)(i) That the following mitigating options for the proposed increase in Industrial Development Charges to \$10.58 per sq. ft. be approved:
1. Phase-in of the proposed rate increase as follows:
 - July 6, 2011 - July 5, 2012, Industrial DC = \$6.65 square foot.
 - July 6, 2012 – January 5, 2013, Industrial DC = \$7.75 square foot.
 - January 6, 2013, Industrial DC = \$10.58 square foot.
 - Base rate and subsequent increases subject to City’s policies regarding annual DC construction cost inflation.
 2. Stepped Rate for New Industrial Developments less than 10,000 square feet. The rate would equal 75% of the Council approved Industrial DC rate or \$6.65 sq. ft., whichever is greater.

- (d)(ii) That the January 6, 2013 development charge for industrial in the amount of \$10.58 be subject to the Senior Management Team and Economic Development staff reporting back to the General Issues Committee before the end of December 2012 on the impact of the increased development charge on the industrial sector.
- (e) That the non-residential development charge rate for new commercial, institutional and office developments be set, as follows, effective July 6, 2011:
 - 1. For developments up to 5,000 sq. ft. at 50% of the rate in effect (\$7.62 sq. ft.).
 - 2. For developments, 5,001 to 10,000 sq. ft. at 75% of the rate in effect (\$11.43 sq. ft.).
 - 3. For developments 10,001 sq. ft. and greater at 100% of the rate in effect (\$15.24 sq. ft.).
- (f) That the 2011 City of Hamilton Development Charge Background Study for Water, Wastewater, Stormwater and GO Transit Services prepared by CN Watson & Associates, dated May 20, 2011 and the associated Addendum dated June 21 be adopted;
- (g) That the City continue its practice to index its Development Charges (per the *Development Charges Act* prescribed Statistics Canada Construction Cost Index) and that the next anniversary date for the development charges listed in Appendices "C" and "D" of report FCS11053(a) would be July 6, 2012;
- (h) That the non-residential development charge no longer include Centralized stormwater facilities. This will be considered a local servicing component (site-specific). The non-residential development charge will include the site-specific stormwater growth costs associated with non-pond related infrastructure (culverts, sewer over-sizing, etc). The developer's obligations and responsibilities are outlined in the DC Background Study Addendum dated June 21, 2011, entitled "City of Hamilton – Local Servicing Policy" and within the City of Hamilton's Engineering Guidelines;
- (i) That, for industrial development activity, the development charge revenue collected go first towards payment of 100% of the wastewater DC service, 100% of the stormwater services and the balance of the revenue collected to the non-residential roads DC services;
- (j) That, where public stormwater management facilities have been provided at the cost of a developer, as a condition of development approval, and the said facilities are deemed to be permanent and part of an ultimate solution, "credits for services in-lieu" for the related stormwater component of the DC charge will be applied for any unbuilt units upon the

said facilities being included in the DC background study and related amendments. Should external future development lands take benefit of said stormwater management facilities and, where a best efforts provision has been included within the development agreement under which the facility was built, the City will collect the full DC from the external developer and reimburse the original developer (constructor of storm pond) only the original value of the proportionate share of the best effort;

- (k) That the maximum dollar value the city will contribute to any stormwater management facility be fixed to the value identified in the DC background study and related amendments for both land and construction costs plus indexing as appropriate;
- (l) That “credits for services in lieu” for a portion of the related stormwater component of the DC charge be applied for unidentified centralized stormwater management facilities that are deemed to be an appropriate and permanent enhancement/improvement to the approved downstream solution(s) within the budgeted provision contained in the 2011 DC background study and addendum;
- (m) That all of the growth capital projects listed in the City of Hamilton Development Charge Background Studies dated May 20, 2011, and related amendments be approved;
- (n) That the transition policy be continued as follows:

That the development charge rates payable are the rates in effect on the date a completed building permit application is received and accepted by the City, provided that the permit is issued within 6 months of the effective date of a rate increase. Where the building permit is revoked by the Chief Building Official on or after the date of the rate increase, any subsequent application for a building permit on the lands or site will be subject to the rates in effect on the date of permit issuance;
- (o) That, whenever appropriate, the City request donors to clearly designate grants, subsidies and other contributions as being for the benefit of existing development (or new development as applicable);
- (p) That draft By-laws be enacted substantially in the form attached to report FCS11053(a) as Appendices B, C and D;
- (q) That Council determine that no further public meeting is required.

**7. Independent External Review of HECFI Operations (CM11013) (Ward 2)
(Added Item 8.2)**

- (a) That the Board of Directors of HECFI be, and the same is hereby, stood down;
- (b) That the City extends its thanks to citizen members of the Board for their community service while members of the Board;
- (c) That the Shareholder Direction Relating to Hamilton Entertainment and Convention Facilities, Inc, approved by Council on March 31st, 2010 as Item 9 of Report 10-004 of the Audit and Administration Committee, be, and the same is hereby, revoked;
- (d) That pursuant to Section 9 of the *City of Hamilton Act, 1985*, as amended (the Act) the number of Directors of HECFI be set at five on an interim basis.
- (e) That the following Members of Council be appointed to be Directors of HECFI on an interim basis:

Mayor R. Bratina (mandatory Director pursuant to the Act)
Councillor Jason Farr
Councillor Chad Collins
Councillor Sam Merulla
Councillor Judi Partridge

- (f) That the interim Directors, sitting as the Board of Directors of HECFI, shall:
 - (i) ensure that HECFI is well-managed; and
 - (ii) work to reduce, to the extent possible, the subsidy required from the City by increasing revenues where ever possible, and decreasing expenses wherever prudent; and
 - (iii) work to maximize the potential value of the HECFI operations in the event that the City moves to sell all, or part, of the operations, or otherwise to involve the private sector in management of all, or part of the facilities;
- (g) That the now former citizen members of the HECFI Board of Directors be at liberty to re-apply for appointment to the Board, if, after the review is completed the City elects to continue having HECFI manage the facilities on its behalf;

- (h) That the City Manager be authorized and directed to proceed with Phase 2 of the HECFI Review Terms of Reference, utilizing the services of KPMG, as follows:
 - (i) Prepare and issue a Request for interest (RFI) or Expression of interest for the purchase, lease, or management, of all or parts of HECFI facilities;
 - (ii) Summarize options in a report to GIC;
- (i) That the City Manager be authorized and directed to negotiate the scope and cost of the Review with KPMG;
- (j) That the City Manager report back to the General Issues Committee with the results of Phase 2 by December 31, 2011;
- (k) That the cost of Phase 2 be funded from the HECFI Reserve.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

The Clerk advised of the following changes:

ADDED DELEGATION REQUESTS

- (i) Jack Restivo, Yachetti, Lanza & Restivo, respecting 2011 Development Charges Special Area Charges (Added as Item 4.1) – **WITHDRAWN**
- (ii) Cindy Jennings and Brian Pincombe respecting outstanding issue of HECFI (Added as Item 4.2)

WRITTEN SUBMISSION

- (iii) Correspondence from Jack Restivo, Yachetti, Lanza & Restivo, respecting additional new information respecting Special Area Charges (Added as Item 6.1.1)

ADDED DISCUSSION ITEMS

The following reports were deferred from the June 23, 2011 meeting of the General Issues Committee:

- (iv) 2011 Development Charge Background Study for Water, Wastewater, Storm Water and GO-Transit Services – Watson & Associates (FCS11053(a)) (City Wide) (Added as Item 8.1)
- (v) External Independent Review of HECFI Operations (CM11013) (City Wide) (Added as Item 8.2)

On a motion, the agenda was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

None

(c) DELEGATION REQUESTS

On a motion, the delegation request from Cindy Jennings and Brian Pincombe respecting outstanding issue of HECFI was approved. The rules of order were suspended to allow the delegation to address the Committee at today's meeting.

(d) DELEGATIONS

- (i) Cindy Jennings and Brian Pincombe respecting outstanding issue of HECFI (Added as Item 4.2)

Cindy Jennings and Brian Pincombe, employees of HECFI, appeared before the Committee to present and discuss the past history and importance of cultural institutes such as Hamilton Place, Copps Coliseum and the Hamilton Convention Centre.

A copy of their written comments was submitted to the Clerk for the public record.

(e) PRESENTATIONS

- (i) **McMaster Health Campus Proposal – McMaster University (CM11008) (Ward 2) (Item 12.1)**

A delegation from McMaster University provided a presentation with respect to the McMaster Health Campus proposal.

- (ii) **2011 Development Charge Background Study for Water, Wastewater, Storm Water and GO-Transit Services – Watson & Associates (Added Item 8.1)**

In response to Committee's request at the previous General Issues Committee, Neil Everson, Director, Economic Development Division, provided information with respect to the site selection process for industrial development.

A copy of the presentation was distributed to the Committee and to the Clerk for the public record.

Comments of the Committee included, but were not limited to, the following:

- Will the City lose jobs with the increase to the industrial development charge
- Are industrial taxes above the Provincial average
- With a million square feet or potential development, would it be prudent to cap the development charge based on square footage
- How high can the development charge go and still remain competitive
- Need to know what reserves of other municipalities look like to see if they are in the same situation as Hamilton; how are ratepayers assisting development charges

The Motion to receive the presentation from Neil Everson **CARRIED** on the following vote:

Yeas:	Bratina, Clark, Collins, Duvall, Farr, Jackson, Johnson, McHattie, Merulla, Morelli, Partridge, Pearson, Powers, Whitehead
Total Yeas:	14
Nays:	Ferguson
Total Nays:	1
Absent:	Pasuta
Total Absent:	1

On a motion, Report FCS11053(a) respecting 2011 City of Hamilton Water, Wastewater, Stormwater, GO-Transit Development Charge By-law and Amendment for Development Charge By-law 09-143, was amended by deleting sub-section (c) in its entirety and replacing it with the following in lieu thereof:

(c)(i) That the Industrial development charge rate be set at \$10.58 per square foot, covering the non-residential service components in the following manner:

- 100% of the wastewater
- 100% of the stormwater
- 75% of the roads

(c)(ii) That these rates be implemented in order to remove the burden on Hamilton rate payers and to begin recovering the industrial infrastructure deficit.

Sub-section (d) was amended by replacing the amount of \$8.85 to \$10.58, to read as follows:

- (d) That the following mitigating options for the proposed increase in Industrial Development Charges to \$10.58 per square foot be approved:
1. Phase-in of the proposed rate increase as follows:
 - July 6, 2011–July 5, 2012, Industrial DC = \$6.65 per square foot
 - July 6, 2012–January 5, 2013, Industrial DC = \$7.75 per square foot
 - January 6, 2013, Industrial DC = \$10.58 per square foot
 - Base rate and subsequent increases subject to City’s policies regarding annual DC construction cost inflation.
 2. Stepped Rate for New Industrial Developments less than 10,000 square feet. The rate would equal 75% of the Council-approved industrial DC rate or \$6.65 per square foot, whichever is greater.

The Amendment **CARRIED**.

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

- (d)(ii) That the January 6, 2013 development charge for industrial in the amount of \$10.58 be subject to the Senior Management Team and Economic Development staff reporting back to the General Issues Committee before the end of December, 2012 on the impact of the increased development charge on the industrial sector.

The Amendment **CARRIED**.

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

Yeas:	Bratina, Collins, Duvall, Farr, Jackson, Johnson, McHattie, Merulla, Morelli, Partridge
Total Yeas:	10
Nays:	Clark, Whitehead
Total Nays:	2
Absent:	Ferguson, Pasuta, Pearson, Powers
Total Absent:	4

- (f) **EXTERNAL INDEPENDENT REVIEW OF HECFI OPERATIONS (CM11013) (WARD 2) (ADDED ITEM 8.2)**

On a motion, sub-section (b) was amended by the addition of the following four Councillors to the Directors of HECFI on an interim basis:

- (i) Councillor Jason Farr
- (ii) Councillor Chad Collins
- (iii) Councillor Sam Merulla
- (iv) Councillor Judi Partridge.

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

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

(g) PRIVATE & CONFIDENTIAL

(i) McMaster Health Campus Proposal – McMaster University (CM11008) (Ward 2) (Item 12.1)

On a motion, the Committee moved into Closed Session at 11:12 a.m. pursuant to Section 8.1(c) of the City's Procedural By-law and the Municipal Act as the subject matter pertained to a proposed or pending acquisition or disposition of land for City purposes.

On a motion, the Committee reconvened in Open Session at 1:37 p.m.

- (ii) 2011 Development Charge Background Study for Water, Wastewater, Storm Water and GO-Transit Services – Watson & Associates (Item 8.1)**
- (iii) Independent External Audit Review of HECFI Operations (CM11013) (City wide) (Item 8.2)**

On a motion, the Committee moved into Closed Session at 2:55 p.m. pursuant to Sections 8.1(b), (e) and (f) of the City's Procedural By-law and the Municipal Act as the subject matters pertained to the following:

- (aa) litigation or potential litigation, including matters before administrative tribunals, affecting the City and the receiving of legal advice that is subject to solicitor-client privilege, including communications necessary for that purpose, respecting the appeals of the 2009 Development Charge By-law;
- (bb) personal matters about an identifiable individual, including City employees, with respect to the Independent External Audit Review of HECFI Operations.

On a motion, the Committee reconvened in Open Session at 4:14 p.m.

There being no further business, the Committee adjourned at 5:45 p.m.

Respectfully submitted

Councillor B. Johnson, Deputy Mayor
General Issues Committee

Carolyn Biggs, Co-ordinator
Committee Services/Council/Budgets
June 27, 2011