



## **Audit, Finance and Administration Committee MINUTES**

9:35 a.m.

Tuesday, February 17, 2011

Council Chambers

City Hall

71 Main Street West

Hamilton, Ontario

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**Present:** Councillors B. Clark (Chair), B. Johnson (Vice Chair)  
B. Morelli, M. Pearson, R. Powers

**Also Present:** Councillors C. Collins, T. Whitehead  
C. Murray, City Manager  
R. Rossini, General Manager, Finance & Corporate Services  
T. Tollis, Treasurer  
A. Pekaruk, Internal Auditor  
P. Barkwell, City Solicitor  
E. Filippone, Solicitor  
D. Ciardullo, Senior Procurement Analyst  
E. Brimley, Special Supports Program Manager  
R. Male, Director, Financial Services  
S. Paparella, Legislative Assistant, Office of the City Clerk

### **THE FOLLOWING ITEMS WERE REPORTED TO COUNCIL FOR CONSIDERATION:**

- 1. Reserve/Revenue Funds and Trust Accounts Statement of Investment Policies and Procedures Review (FCS11008) (City Wide) (Item 5.1)**

**(Pearson/Morelli)**

That Report FCS11008, respecting Reserve/Revenue Funds and Trust Accounts Statement of Investment Policies and Procedures Review, be received.

**CARRIED**

- 2. Delegated Authority to Award Corporate Contracts (FCS10085(a)) (City Wide) (Item 5.2)**

**(Morelli/Pearson)**

That Report FCS10085(a), respecting Delegated Authority to Award Corporate Contracts, be received.

**CARRIED**

**3. Restructured Master Asset Vehicle (MAV) Notes and Asset Backed Commercial Paper (ABCP) (FCS11006) (City Wide) (Item 5.3)**

**(Morelli/Pearson)**

That Report FCS11006, respecting Restructured Master Asset Vehicle (MAV) Notes and Asset Backed Commercial Paper, be received.

**CARRIED**

**4. Monthly Status Report of Tenders and Requests for Proposals for September 11, 2010 to December 31, 2010 (FCS10017(g)) (City Wide) (Item 5.4)**

**(Morelli/Pearson)**

That Report FCS10017(g), respecting Monthly Status Report of Tenders and Requests for Proposals for September 11, 2010 to December 31, 2010, be received.

**CARRIED**

**5. Replacement of Green Bins that have not been Removed from the Hopper of the Waste Packing Trucks (6.1)**

**(Powers/Pearson)**

That the matter, respecting the replacement of green bins that have not been removed from the hopper of the waste packing trucks, be referred to the Public Works Committee for further review.

**CARRIED**

**6. Grant Thornton, Report to the Audit, Finance & Administration Committee respecting the Initial Communication on Audit Planning, for the year ended December 31, 2010 (item 7.1)**

**(Powers/Pearson)**

That the Grant Thornton report, respecting the Initial Communication on Audit Planning, for the year ended December 31, 2010, be received.

**CARRIED**

**7. 2010 External Audit Plan and Fees (FCS11019) (City Wide) (Item 8.1)**

**(Morelli/Pearson)**

That the changes to the scope of audit work in the City of Hamilton 2010 External Audit Plan by Grant Thornton, as listed below, be approved:

- (i) Audits of Ancaster and Locke Street Business Improvement Areas;
- (ii) Audits of Province of Ontario programs - Child Care and Homelessness;
- (iii) Audits of Ontario Bus Replacement Program and Canada Strategic Infrastructure Fund Agreements;
- (iv) Audit work for changes to tangible capital assets; and,

- (v) Audit of a new municipal financial reporting model that incorporates full accrual accounting.

**CARRIED**

**8. Hamilton Police Services Board – Theft of Gas Drive Offs (PSB10-101) (City Wide) (Item 8.2)**

**(Morelli/Johnson)**

That the Hamilton Police Services Board Report PSB10-101, respecting Theft of Gas Drive Offs, be referred to staff for a report back to the Planning Committee.

**CARRIED**

**9. Audit Report 2010-09 - Facilities Maintenance and Administrative Controls (AUD11010) (City Wide) (Item 8.3)**

**(Powers/Pearson)**

(a) That Report AUD11010 respecting Audit Report 2010-09, Facilities Maintenance and Administrative Controls, be received; and,

(b) That the management action plans as detailed in Appendix “A” of Report AUD11010 be approved and the General Managers of Public Works and Community Services direct the appropriate staff under their responsibility to have the plans implemented.

**CARRIED**

**10. Citizen Appointments to the Hamilton Status of Women’s Advisory Committee (Item 9.2)**

**(Johnson/Pearson)**

That the following applicants be appointed to the Hamilton Status of Women Committee for the 2010-2014 term of Council or until such time as successors are appointed by Council:

- |                      |                           |
|----------------------|---------------------------|
| 1. Adele Alfano      | 8. Debbie Sanche          |
| 2. Shirley Molinaro  | 9. Michelle Poirier       |
| 3. Heather Judson    | 10. Liliana Maria Cardona |
| 4. Amirah Hassan     | 11. Baldeep Virk          |
| 5. Denise Spoelstra  | 12. Denise Doyle          |
| 6. Catherine Hughes  | 13. Patti McNaney         |
| 7. Catherine M. Pead | 14. Myra James            |

**CARRIED**

**11. Citizen Appointments to the Lesbian, Gay, Bisexual, Transgender and Queer Advisory Committee (Item 9.3)**

**(Pearson/Powers)**

That the following applicants be appointed to the Lesbian, Gay, Bisexual, Transgender and Queer Advisory Committee for the 2010-2014 term of Council or until such time as successors are appointed by Council:

- |                      |                     |
|----------------------|---------------------|
| 1. Kristen Sprague   | 8. Marlon Picken    |
| 2. Debbie Wooldridge | 9. Renee Wetselaar  |
| 3. Ryan McComb       | 10. Deirdre Dixon   |
| 4. Rob Brown         | 11. Lisa Morris     |
| 5. Lillian Elliott   | 12. Kerry Cranston  |
| 6. Gord Jackson      | 13. David A. Gunton |
| 7. Michelle Poirier  |                     |

**AMENDMENT CARRIED  
MOTION AS AMENDED CARRIED**

**12. Citizen Appointments to the Committee Against Racism (Item 9.4)**

**(Johnson/Morelli)**

That the following applicants be appointed to the Committee Against Racism for the 2010-2014 term of Council or until such time as successors are appointed by Council:

- |                     |                         |
|---------------------|-------------------------|
| 1. Wael Chuneim     | 9. Nerene Virgin        |
| 2. Mimoza Kajtazi   | 10. Baldeep Virk        |
| 3. Tyrone Childs    | 11. Jovaune Rhodes      |
| 4. Jessica Brennan  | 12. Winston Morrison    |
| 5. Yim Chung        | 13. Ashok Kumar         |
| 6. Ismail Baris Oz  | 14. Taimur Qasim        |
| 7. Michelle Poirier | 15. Roger-Wayne Cameron |
| 8. Amirah Hassan    |                         |

**CARRIED**

**13. Commercial Relationship between the City of Hamilton and 1389797 Ontario Inc. o/a Medical Centre Optical (FCS11020/LS11001) (City Wide) (Item 12.1)**

**(Pearson/Powers)**

- (a) That, to protect the best interest of the City of Hamilton and due to the impairment of the commercial relationship between the City of Hamilton and 1389797 Ontario Inc. o/a Medical Centre Optical, staff be directed to reject any current and future bids, proposals or quotations received from 1389797 Ontario Inc. o/a Medical Centre Optical or any of its related corporate or individual entities, until December 31, 2020;

- (b) That staff be directed to review the operations of 1389797 Ontario Inc. o/a Medical Centre Optical or any of its related corporate or individual entities, in the 10<sup>th</sup> year of the bid, proposal and quotation ban, and report back to the Audit, Finance & Administration Committee.
- (c) That the contents of Report FCS11020/LS11001 remain confidential.

**CARRIED**

**FOR THE INFORMATION OF COMMITTEE:**

**(a) CHANGES TO THE AGENDA (Item 1)**

The Clerk advised of the following changes to the agenda:

- (i) Added as Item 4.2 – a Delegation Request, submitted by David McLean, of 1389797 Ontario Inc., operating as Medical Centre Optical, respecting Contract #C5-02-10, Provision of Ophthalmic Services for the Special Supports Program, as and when needed, between the City of Hamilton and 1389797 Ontario Inc., operating as Medical Centre Optical.
- (ii) Item 9.1 – Citizen Appointments to the Seniors Advisory Committee, has been withdrawn from this agenda, and has been appropriately placed on the February 2, 2011 (moved to February 17, 2011) Emergency & Community Services Committee agenda.
- (iii) Item 9.3 requires a correction – the applicant name listed under number 10 should be changed from Michelle Poirier to Deirdre Dixon.

**(Pearson/Morelli)**

That the agenda for the February 2, 2011 meeting of the Audit, Finance & Administration Committee be approved, as amended.

**CARRIED**

**(b) DECLARATIONS OF INTEREST (Item 2)**

There were no declarations of interest.

**(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)**

**(i) January 19, 2011**

**(Pearson/Morelli)**

That the January 19, 2011 Minutes of the Audit, Finance & Administration Committee meeting, be approved, as presented.

**CARRIED**

**(d) DELEGATION REQUESTS (Item 4)**

- (i) Delegation Request, submitted by Keith Beck, KB Consulting, respecting a Proposal to Reduce the Fees Paid by the Municipality to the Fund Managers of the City's Reserves (Item 4.1)**

**(Morelli/Pearson)**

That the delegation request, submitted by Keith Beck, KB Consulting, respecting a Proposal to Reduce the Fees Paid by the Municipality to the Fund Managers of the City's Reserves, be approved.

**CARRIED**

- (ii) Delegation Request, submitted by David McLean, of 1389797 Ontario Inc., operating as Medical Centre Optical, respecting Contract #C5-02-10, Provision of Ophthalmic Services for the Special Supports Program, as and when needed, between the City of Hamilton and 1389797 Ontario Inc., operating as Medical Centre Optical (Item 4.2)**

**(Pearson/Morelli)**

That the delegation request, submitted by David McLean, of 1389797 Ontario Inc., operating as Medical Centre Optical, respecting Contract #C5-02-10, Provision of Ophthalmic Services for the Special Supports Program, as and when needed, between the City of Hamilton and 1389797 Ontario Inc., operating as Medical Centre Optical, be approved.

**CARRIED**

**(e) ADVISORY COMMITTEE MINUTES**

**(Morelli/Pearson)**

That the following Advisory Committee Minutes, be received:

- (i) Committee Against Racism Meeting Minutes, dated September 28, 2010 (Item 5.5)**

**CARRIED**

**(f) DELEGATIONS (Item 6)**

- (i) Sergio De Feo, of De Feo's Auto Service, respecting the award of two tenders: Tender C12-05-10, Provision of Various Heavy Duty Truck and Equipment Services for Fleet Services; and, Tender C12-06-09, Provision of Various Car and Light Duty Truck Auto Services for Central Fleet and Transit Services (Item 6.1)**

Mr. De Feo's comments included, but were not limited to, the following:

- Mr. De Feo had sent an e-mail to staff on May 6, 2010 regarding his concerns and suggestions respecting the tender process.

- Subsequently, a delegation request to appear before the Audit, Finance & Administration Committee was submitted by Mr. De Feo.
- Mr. De Feo received an e-mail response advising him of the meeting date and process; and, also advising him that, pursuant to the Purchasing By-law he should first attempt to meet with staff to try to resolve his concerns.
- On January 21, 2011, Mr. De Feo met with staff to discuss his concerns and suggestions; and, at that time Mr. De Feo felt that he and staff were in agreement with respect to his concerns and how they would be addressed.
- Some of the concerns were:
  - Prequalification: prequalification was done for car and light duty, but not for the heavy truck duty and equipment tender. From a vendor's perspective, the prequalification method is preferred to ensure that any mandatory requirements set out by the City are in place at the time of tender.
  - One Ton Trucks: There is confusion with respect to which contract the one (1) ton trucks belong to. The car and light duty or the heavy duty and equipment tender.
  - The City currently does not have a standard for welding requirements; and, as there were two different departments that developed the specifications, there were differences in the welding requirements.
  - Subcontracting: The ability/acceptability of sub-contracting is not clearly defined in the tender documents.
  - Car and Light Duty Vehicle Tender: Mr. De Feo was confused as to how the tender was awarded. This matter has since been resolved.
  - Heavy Duty Truck and Equipment: Concerns that the successful bidders did not meet the mandatory requirements.

Copies of Mr. De Feo's handouts (4) were provided to the Committee for their reference.

Mr. De Feo also advised Committee that he been told that City staff were replacing green bins, which had been caught in the hoppers of the waste packing trucks. Mr. De Feo stated that he did his own investigation and followed a City Waste truck where he observed a City vehicle following behind a City waste packing truck. Many of the green carts were getting

caught in the hopper of the waste trucks, and rather than removing them or adjusting the valves, staff from the vehicle that was following the truck was just replacing the stuck green bins with new ones as they went along the route.

Mr. De Feo agreed to provide his comments regarding the green bins, in writing, to Councillor Powers who, in turn, will ensure that the document goes before the Public Works Committee for review.

**(Pearson/Morelli)**

- (a) That the presentation by Sergio De Feo, of De Feo's Auto Service, respecting the award of two tenders: Tender C12-05-01, Provision of Various Heavy Duty Truck and Equipment Services for Fleet Services; and, Tender C12-06-09, Provision of Various Car and Light Duty Truck Auto Services for Central Fleet and Transit Services, be received.
- (b) That staff be directed to review the concerns and suggestions raised by Mr. Sergio De Feo, respecting the City's tender process and report back to the Audit, Finance & Administration Committee.

**CARRIED**

- (ii) **Delegation Request, submitted by David McLean, of 1389797 Ontario Inc., operating as Medical Centre Optical, respecting Contract #C5-02-10, Provision of Ophthalmic Services for the Special Supports Program, as and when needed, between the City of Hamilton and 1389797 Ontario Inc., operating as Medical Centre Optical (Item 6.2)**

Mr. McLean's comments included, but were not limited to, the following:

- He is the President of Medical Centre Optical.
- Mr. McLean alleged that the City wants him to dispense glasses, including sunglasses without U.V., glare or scratch protection.
- He had bid on the contract in 2006, but was disqualified because he "fixed" the contract. Mr. McLean stated that he was told that changes to the tender documents would be done for 2007, but were not complete until 2010.
- Mr. McLean stated that he believes he should not be disqualified, as he believes that the contract makes no sense.

**(Johnson/Pearson)**

That the presentation by, submitted by David McLean, of 1389797 Ontario Inc., operating as Medical Centre Optical, respecting Contract #C5-02-10, Provision of Ophthalmic Services for the Special Supports Program, as



and when needed, between the City of Hamilton and 1389797 Ontario Inc., operating as Medical Centre Optical, be received.

**CARRIED**

**(g) Grant Thornton, Report to the Audit, Finance & Administration Committee respecting the Initial Communication on Audit Planning, for the year ended December 31, 2010 (Item 7.1)**

Melanie Dugard, of Grant Thornton, addressed Committee and provided a brief overview of the Grant Thornton report to the Audit, Finance and Administration Committee respecting the Initial Communication on Audit Planning, for the year ended December 31, 2010.

**(Powers/Pearson)**

That the presentation, provided by Melanie Dugard of Grant Thornton, respecting the Grant Thornton report - Initial Communication on Audit Planning, for the year ended December 31, 2010, be received.

**CARRIED**

**(h) Citizen Appointments to the Seniors Advisory Committee (Item 9.1)**

This Item was removed from the February 17, 2011 Audit, Finance and Administration Committee agenda and appropriately placed on the February 17, 2011 Emergency and Community Services Committee Agenda (E&CS), as the Seniors Advisory Committee reports up to the E&CS Committee.

**(i) PRIVATE AND CONFIDENTIAL (Item 12)**

**(i) Commercial Relationship between the City of Hamilton and 1389797 Ontario Inc. o/a Medical Centre Optical (FCS11020/LS11001) (City Wide) (Item 12.1)**

**(Johnson/Powers)**

That the Audit, Finance & Administration Committee move into Closed Session, at 10:37 a.m., to discuss Report FCS11020/LS11001, respecting the Commercial Relationship between the City of Hamilton and 1389797 Ontario Inc. o/a Medical Centre Optical, pursuant to Section 8.1, Sub-sections (e) and (f) of the City's Procedural By-law 03-301, and Section 239, Sub-sections (e) and (f) of the Ontario Municipal Act, 2001, as amended, as the subject matters pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the City; and, the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

**CARRIED**

The Audit, Finance & Administration Committee reconvened in Open Session at 11:52 a.m., and provided its recommendation, shown as Item 13 above.

**(j) AJOURNMENT (Item 13)**

**(Pearson/Morelli)**

There being no further business, the Audit, Finance & Administration Committee adjourned at 11:18 a.m.

**CARRIED**

Respectfully submitted,

Councillor Brad Clark, Chair  
Audit, Finance and Administration Committee

Stephanie Paparella  
Legislative Assistant  
February 17, 2011