Public Works Committee
MINUTES
(as amended at Public Works Committee on January 30, 2009)
9:30 a.m.
Friday, January 16, 2009
Hamilton Convention Centre
One Summer’s Lane
Albion Rooms A, B and C

Present:
Chair B. Bratina
Vice Chair C. Collins
Councillors L. Ferguson, T. Jackson, M. McCarthy,
S. Merulla, R. Powers

Absent with Regrets:
Councillor D. Mitchell – Personal

Also Present:
C. Murray – City Manager
G. Davis – A/General Manager, Public Works
T. Tollis – A/General Manager, Finance and
Corporate Services
J. Stephen – Temp. Director, Capital Planning and
Implementation
B. Shynal – Director, Operations and Maintenance
D. Hull – Director, Transit Operations
J. Mater – Director, Energy, Fleet and Facilities
B. Goodger – Director, Waste Management
J. Harnum – Sr. Director, Water and Wastewater
C. Ippolito – Business Administrator, Public Works
C. Biggs – Legislative Assistant, City Clerk’s

1. CHANGES TO THE AGENDA

None

(Ferguson/Powers)
That the agenda be approved, as presented. CARRIED

2. DECLARATIONS OF INTEREST

None
3. ADOPTION OF MINUTES

None.

4. PRESENTATIONS

4.1 2009 Tax Supported Operating Budget – Budget Summary Report (FCS09007) (City Wide)

The Committee agreed that it was not necessary for staff to present the 2009 Tax Supported Operating Budget – Budget Summary Report, as members had previously been presented with the same at other Standing Committees.

(Ferguson/McCarthy)
That Report FCS09007 respecting the 2009 Tax Supported Operating Budget – Budget Summary Report, be received. CARRIED

4.2 2009 Tax Supported Operating Budget – Public Works (FCS09007(h))

Gerry Davis provided the Committee with a power point presentation on the 2009 Tax Supported Operating Budget for the Public Works Department, which included an overview, the 2009 net operating budget by division, the 2009 requested vs budget guideline, 2009 gross expenditures, 2008 budget vs 2009 requested budget and the Council guideline.

The Committee was then provided information respecting purpose/function, services provided, challenges influencing service outcomes, 2008 accomplishments, organizational structure for each of the divisions within the Public Works Department, which includes:

- Capital Planning and Implementation
- Energy, Fleet and Facilities
- Operations and Maintenance
- Transit
- Waste Management.

The presentation also outlined the 2009 net operating budget by program and the 2009 major cost drivers in each of the divisions.

Also included in the presentation were the Public Works Department 2009 Council-referred items.
In conclusion, the Committee was advised that the first draft of the 2009 operating budget represents an increase of $8.6 million, which is 5.2 per cent.

As a result of the presentation, members of the Committee provided the following comments and requested the following information:

- **Fuel costs, what price is the City currently paying**

  Staff responded $1.05 for diesel and .97 cents for unleaded; still may be movement within those prices and may be lowered via hedging; comparison municipalities are higher than the City; .01 cent savings in fuel amounts to $100,000 savings to the budget/levy.

  Staff are currently working with suppliers, who are to come back with a response; expect to be able to come back with information before the end of the budget process; numbers presented today are considered “place holders”.

- **Recyclables – how is the City faring in this regard**

  Staff responded that the recycling markets have taken a nose dive e.g., aluminum cans – high point was $2,282 per tonne in April of 2008, and $1,082 per tonne in December, 2008; newspaper was $169 per tonne in August, 2008 and $39 per tonne in December, 2008; 70% of the commodity of what we ship is fibre; therefore, this is having a significant impact on the budget; staff are working through the numbers within the market to determine impacts based on current market prices; approximately $2 million impact for 2009; approximately $6.2 million accounted for in revenues in the budget submitted; $2 million revenue loss is not incorporated in this budget; at some point in time, a figure will have to be incorporated in the budget based on assumptions and information available; the difference between 2008 and 2009 is the $2 million of reduced revenue sources; need to keep an eye on the market and work with colleagues across the Province – this is not a Hamilton situation, but overall

  Staff to come back with best guesstimate for numbers.

With respect to using money from the reserves ($640,000), staff advised that the use of reserves for this purpose is common practice. If there was an indication that the price of commodities would increase, then the use of reserves would not be necessary; however, there is anticipation that prices will stabilize.
- Tree Trimming – Committee requested clarification with respect to tree trimming costs

- Energy Installation at Glanbrook – what is the revenue generated

  Staff responded that $440,000 is included in the budget, which represents an increase of $290,000 from previously budgeted amount; revenues for 208 quite minor, given the December commissioning.

  Committee requested staff to prepare a one-page report showing comparator between the Woodward Water/Wastewater and Glanbrook, using numbers approved, showing net benefit and how this will flow through to the 2009 budget.

- Fuel – City pays better than retail; price in January for diesel was .78 cents and .64 for unleaded; because of volatility in the market, discussing hedging with suppliers; City uses 10 to 11 million litres of fuel combined per year.

- Commodities – asphalt and cement as a commodity – not addressed in presentation; is there a cost saving?

  Staff responded that contractors use MTO rate; contracts are currently issued based on current prices; savings go back into capital; staff to take another look at allocation of savings.

  Salt prices – has not changed significantly; currently paying $64 per tonne.

- FTE’s – confirm that 3 FTE’s are all on HSR; what is overall employee cost for Public Works staff

  The Committee received clarification from staff with respect to the $2 million which is the City’s contribution to OMERS for HSR employees.

- Utility cost – still showing an increase of $56,000 – puzzled why prices are up.

  Staff responded that an 8% increase for natural gas has been projected for 2009, which is about par or better than 2007; natural gas is purchased on a forward basis to maintain cost stability; approximately $90,000 savings from the central utilities plant has been included in the budget; any additional savings from the overall district cooling project will go back to pay the money borrowed from the reserves.
Councillor Ferguson requested when the next KPI report can be expected; staff responded that the report will be presented to the Committee prior to completion of the budget process.

- Ability of bulk purchases – is there any advantage to purchasing partnerships with neighbouring municipalities with respect to purchasing fuel

- Cost of asphalt – differential between concrete construction and asphalt – now that prices have decreased, the differential has widened. Is this still under consideration.

   Staff responded that a tender is being issued for work on Cannon Street which requests bids for both materials to allow the construction industry to indicate which is cheaper.

   Staff will return with additional information as necessary.

(McCarthy/Ferguson)

(a) That the presentation respecting the 2009 Tax Supported Operating Budget – Public Works (FCS09007(h)), be received;

(b) That Report FCS09007(h) be tabled pending receipt of additional information/reports.  

CARRIED.

5. ADJOURNMENT

There being no further business, the Committee adjourned at 10:55 a.m.

Respectfully submitted

Councillor B. Bratina, Chair
Public Works Committee

Carolyn Biggs
Legislative Assistant
January 16, 2009