TO: Chair and Members of Emergency and Community Services

WARD(S) AFFECTED: CITY WIDE

COMMITTEE DATE: October 6, 2010

SUBJECT/REPORT NO: Vital Services Administrative Costs (PD05057(e)) (City Wide)

SUBMITTED BY:
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SIGNATURE:

RECOMMENDATION

(a) That staff be authorized to continue to use the Tax Stabilization Reserve for staff support to the Vital Services By-Law until March 2012, with an upset limit of $300,000, for costs incurred by the City of Hamilton for payment of:

(i) Utilities and reconnection fees,
(ii) The continuation of a Municipal Law Enforcement Officer and Administrator/Clerk position; and,
(iii) Evacuation costs for large buildings.

(b) That the Audit and Administration Committee be requested to remove Item “D” from their Outstanding Business List.

EXECUTIVE SUMMARY

The Vital Services By-law 05-322 was enacted on November 1, 2005, originally as an 18 month pilot, but which has subsequently been extended by City Council, funded from the Tax Stabilization Reserve, pending the completion of the comprehensive investigation into the need to license rental housing in the City.
On September 16, 2009, Council directed staff to “…investigate different ways of funding the administrative costs, associated with the Vital Services By-law, and report back to Audit and Administration Committee.”

This report responds to the aforementioned directive with staff concluding that there are no alternative means of funding the administrative costs related to the Vital Services By-law because the Residential Tenancies Act (2006) only allows the City to charge a 10% administration fee on the cost of the utility paid, and therefore the program can never be cost-recovery.

This report also recommends a further 18 month extension funded from the Tax Stabilization Reserve, pending the completion of the 18 month proactive enforcement Pilot and the investigation into licensing rental housing.

Alternatives for Consideration – See Page 4

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: On September 16, 2009 Council authorized staff to continue to utilize the Tax Stabilization Reserve, with an upset limit of $175,000, for costs incurred by the City of Hamilton for payment of utilities and reconnection fees; the funding for a Municipal Law Enforcement Officer position; and, evacuation costs for large buildings.

Staff is recommending the continued use of the Tax Stabilization Reserve to extend the temporary funding until the end of the first quarter of 2012, with an upset limit of $300,000, for costs incurred by the City of Hamilton for payment of utilities and/or reconnection fees; the funding for two part time positions (a Municipal Law Enforcement Officer and an administrative/clerk); and, evacuation costs for large buildings. As noted in the Analysis Section of this Report this is due to the potential to license rental housing which will impact how the Vital Services program is administered. Once this is decided, a permanent source of funding will need to be established for Vital Services Program (if required).

Staffing: A portion of the funding allotted to this program has been used to fund an equivalent of one FTE for enforcement purposes. However, experience shows that there is an almost equal demand for administrative support to the Vital Services By-Law. Therefore, the staffing efforts will be adjusted accordingly, and there will be some cost reduction associated with this adjustment.

Legal: N/A
HISTORICAL BACKGROUND  (Chronology of events)

The Vital Services By-law 05-322 was enacted on November 1, 2005, originally as an 18 month pilot, but which has subsequently been extended by City Council, funded from the Tax Stabilization Reserve, pending the completion of the comprehensive investigation into the need to license rental housing in the City.

Further, on September 16, 2009, Council repealed and replaced the Vital Services By-law to correct deficiencies in the By-law, and to address process issues in administering the By-law. At that time, staff were also directed “… to investigate different ways of funding the administrative costs, associated with the Vital Services By-law, and report back to Audit and Administration Committee.”

POLICY IMPLICATIONS

N/A

RELEVANT CONSULTATION

Finance, City Clerks (with respect to Committee process)

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

Administrative Costs for Vital Services

In September 2009, staff were directed to investigate different ways of funding the administrative costs, associated with the Vital Services By-law, and report back to the Audit and Administration Committee. Issues pertaining to the Vital Services By-law have been dealt with by Emergency and Community Services since the inception of the By-law. Therefore, staff is recommending that the Emergency and Community Services Committee deal with the matter, and request that item “D” be removed from Audit and Administration Committee’s Outstanding Business List.

Unlike some of the City’s other by-laws, such as Property Standards or Yard Maintenance, which allows the City to apply progressive fees for service which allows the City to recoup its enforcement costs, the Vital Services By-law only allows the City to charge a 10% administration fee on the cost of the utility paid in accordance with Residential Tenancies Act (2006).

Therefore, there is no means to further offset the administrative costs associated with the Vital Services By-law by creating or adding fees for service. The 10% administrative
fee provides some revenue; however, it is barely sufficient to fund the administrative costs. The Vital Services By-law allows the City to issue tickets and lay charges as a means to enforce and to seek compliance from the landlords but there has been very little revenue generated from enforcement.

Continued Funding for Vital Services

On September 16, 2009 Council authorized staff to continue to utilize the Tax Stabilization Reserve, with an upset limit of $175,000, for costs incurred by the City of Hamilton for payment of utilities and reconnection fees; the funding for a Municipal Law Enforcement Officer position; and, evacuation costs for large buildings. Staff recommended this because of a comprehensive review that was being undertaken, as directed by Council, into the potential regulation of rental housing.

Also in April 2010, Council approved a pilot proactive enforcement effort (Project Compliance) for Wards 1 to 8 with a key objective to assess whether or not the City should create a rental housing licensing by-law. This pilot will run until December 2011.

The Vital Services By-law and processes could be significantly affected should the City decide to license rental housing, therefore, staff is recommending the continued use of the Tax Stabilization Reserve to extend the temporary funding until the end of the first quarter of 2012, with an upset limit of $300,000, for costs incurred by the City of Hamilton for payment of utilities and/or reconnection fees; the funding for two part time positions (a Municipal Law Enforcement Officer and administrative/clerk; and, evacuation costs for large buildings.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Council could withdraw the funding for enforcement/support to the Vital Services By-Law but the by-law would not be effectively administered without adjusting other enforcement priorities.
CORPORATE STRATEGIC PLAN  (Linkage to Desired End Results)


Financial Sustainability

• Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

Healthy Community

• Adequate access to food, water, shelter and income, safety, work, recreation and support for all (Human Services)

APPENDICES / SCHEDULES

JX/CV/dt