Audit and Administration Committee
AS AMENDED BY COUNCIL ON MARCH 31, 2010
REPORT 10-003
9:30 a.m.
Wednesday, March 3, 2010
Room 207
Hamilton Convention Centre
One Summer’s Lane

Present: Councillors R. Powers (Chair), B. Morelli (Vice Chair), B. Clark, C. Collins, M. Pearson and T. Whitehead

Absent with Regrets: Councillor B. Bratina – Other City Business

Also Present: C. Murray, City Manager
R. Rossini, General Manager, Finance & Corporate Services
P. Barkwell, City Solicitor
J. Priel, General Manager, Community Services
G. Davis, General Manager, Public Works
T. Tollis, City Treasurer
M. Zegarac, Director, Financial Planning & Policy
T. Fallis, Coordinator, Elections & Freedom of Information
S. Paparella, Legislative Assistant, Office of the City Clerk

THE AUDIT AND ADMINISTRATION COMMITTEE PRESENTS REPORT 10-003 AND RESPECTFULLY RECOMMENDS:

1. Freedom of Information Quarterly Report (October 1 to December 31, 2009) (CL09003(c)) (City Wide) (Item 5.1)

   That Report CL9009(c) – Freedom of Information Report (October 1 to December 31, 2009), be received.

2. Monthly Status Report of Tenders and Requests for Proposals for January 1, 2010 to February 5, 2010 (FCS10017) (City Wide) (Item 5.2)


Council – March 10, 2010
3. **Delegation request, submitted by Mr. Ted Valeri and Mr. Rudi Spallacci, respecting RFP C5-37-09, Canada-Ontario Affordable Housing Program 2009 Extension – New Rental Housing Component (Items 4.1 and Item 6.1)**

That the presentation, by Mr. Ted Valeri, respecting RFP C5-37-09, Canada-Ontario Affordable Housing Program 2009 Extension – New Rental Housing Component, be received and no further action be taken.

4. **Award of Proposal C11-19-09 - Office Furniture (FCS10005) (City Wide) (Item 8.1)**

   (a) That the Request for Proposals C11-19-09 – Office Furniture, be awarded on an as is and when needed basis to Teknion Furniture Systems Co. Limited using the discounted pricing structure offered in their financial proposal; being the lowest base submission price.

   (b) That all furniture acquisitions are coordinated through and administered by the Corporate Facilities Management (CFM) Section of the Public Works Department;

   (c) That the Teknion product line offered in response to the Request for Proposals C11-19-09, as detailed in Appendix 'A' to Report 10-003, be approved as the standard for the City’s furniture requirements and is to be single sourced through the manufacturer’s designated dealer, who is currently Lordly Jones Limited;

   (d) That the current Teknion product, TOS, remain the standard for existing workstations and continue to be utilized for reconfigurations, as per Item 1 of the Public Works Committee Report 09-004, approved by Council on March 11, 2009, respecting Supply of Furniture; and,

   (e) That the General Manager of Public Works be authorized and directed to negotiate and execute all appropriate contracts and agreements in a form satisfactory to the City Solicitor.

   (f) That staff be directed to not to exceed the 2010 approved budget amount for the purchase of furniture for City facilities.

   (g) That a Sub-committee to the Audit & Administration Committee; to be called the Furniture Review Sub-committee, be established to review the budget and process for the purchasing of furniture for City of Hamilton facilities.

   (h) That the Furniture Review Sub-committee be comprised of three (3) members of the Audit & Administration Committee.

*Council – March 10, 2010*
(i) That the following three (3) members, of the Audit & Administration Committee, be appointed to the Furniture Review Sub-committee:

(a) Councillor C. Collins  
(b) Councillor T. Whitehead  
(c) Councillor B. Morelli

5. Corporate Desktop and Mobile Computer Contract Extension (FCS09068(a)) (Item 8.2)

That the existing Contract with Audcomp Computer Systems for the purchase and maintenance of Desktop and Mobile Computers be extended until July 1, 2010, while responses to RFP contract number C12-02-10 for Desktop and Mobile Computing Services are evaluated and a report to Council recommending the successful proponent is prepared. The new Contract will be awarded with an effective date on or before July 1, 2010.

6. Request for Proposal (RFP) for Banking Services (FCS10018) (City Wide) (Item 8.3)

That a Request for Proposal for Banking Services be issued for a term of ten years.

7. City of Hamilton/Horizon Utilities Corporation Metered Water Reading and Billing Contract Amending Agreement (FCS10014) (City Wide) (Item 8.4)

(a) That Appendix “B” to Report 10-003, respecting the Amending Agreement between the City of Hamilton and Horizon Utilities Corporation be approved; and,

(b) That the General Manager of Finance and Corporate Services and City Clerk be authorized and directed to execute, on behalf of the City of Hamilton, the Amending Agreement (attached as Appendix “B” to Report 10-003) and all necessary associated documents, in a form satisfactory to the City Solicitor.

8. Purchasing Sub-committee Report 10-001 (Item 8.5)

(a) Amendment to Tender Documents (Items 3.1, 3.2 and 3.3)

(i) That the following procedure be reflected in the instructions to vendors contained in the City’s procurement documents:
“That where the lowest compliant submission contains a legible change such as an erasure, strike out, white out, cross out or overwriting, the vendor be required to initial such change within one business day of the City’s request.

Failure by the vendor to do so will result in the disqualification of the submission and the banning of the vendor (as defined in Section 4.1(3) of Purchasing Policy #1 – Policy for Vendor Eligibility) for a period of one (1) year from entering into or bidding on any contracts with the City.”

(ii) That Purchasing Policy #18 – Policy for Vendor Complaint Resolution, be amended to permit a vendor to challenge only the one year ban described in sub-section (a) to the appropriate Standing Committee of Council (currently Audit and Administration) where there are extenuating circumstances respecting why the initialing was not done within one (1) business day of the City’s request. The Standing Committee will provide to Council a recommendation with respect to the vendor’s complaint.

9. Appointment of New Citizen Members of the HECFI Board of Directors (HEC10002) (City Wide) (Item 8.6)

That Marcel Mongeon and Eugene Stodolak be appointed to the HECFI Board of Directors, for a three year term ending March 31, 2013, or until such time as successors are approved by Council.

FOR THE INFORMATION OF COMMITTEE:

(a) CHANGES TO THE AGENDA (Item 1)

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

(i) Item 8.5 – Purchasing Sub-committee Report 10-001 (listed on the agenda as to be distributed)

(ii) Added as Item 4.1 – Delegation request, submitted by Mr. Ted Valeri, and Mr. Rudi Spallacci, respecting RFP C5-37-09, Canada-Ontario Affordable Housing Program 2009 Extension – New Rental Housing Component

(iii) Added as Item 8.6 – HECFI Board Report HEC10002, respecting Appointments to the HECFI Board of Directors

Council – March 10, 2010
The agenda for the March 3, 2010 meeting of the Audit & Administration Committee was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) MINUTES (Item 3)

3.1 February 17, 2010

The Minutes of the February 17, 2010 meeting of the Audit & Administration Committee were approved, as presented.

(d) Delegation request, submitted by Mr. Ted Valeri and Mr. Rudi Spallacci, respecting RFP C5-37-09, Canada-Ontario Affordable Housing Program 2009 Extension – New Rental Housing Component (Items 4.1 and Item 6.1)

The delegation request, submitted by Mr. Ted Valeri and Mr. Rudi Spallacci, respecting RFP C5-37-09, Canada-Ontario Affordable Housing Program 2009 Extension – New Rental Housing Component was approved.

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

- Mr. Valeri's, T. Valeri Construction, application for RFP C5-37-09, Canada-Ontario Affordable Housing Program 2009 Extension – New Rental Housing Component was denied by the City of Hamilton.
- Mr. Valeri had met with City staff the last week of February to discuss the reasons for denial; and, does not believe that the reasons for denial are appropriate.
- Mr. Valeri is seeking Provincial funding for the project – not City funding.
- Application was accepted the first time. However, was not accepted the second time, and the RFP for both were virtually identical.
- Mr. Valeri would like the Committee to consider further discussion and consideration respecting this matter and the RFP process.

The Committee moved into Closed Session, at 11:50 a.m., respecting Item 6.1 – RFP C5-37-09, Canada-Ontario Affordable Housing Program 2009 Extension – New Housing Rental Component, in regard to Mr. Valeri’s, T.Valery Construction, request for review of the RFP process in respect to his application, pursuant to Section 8.1, Sub-section (f) of the City's Procedural By-law 03-301, and Section 239, Sub-section (f) of the Ontario Municipal Act, 2001, as amended, for the
receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

As shown in the Closed Session Minutes, the Audit & Administration Committee reconvened in Open Session at 11:57 a.m., and provided its recommendation, as shown in Item 3 above.

(e) **Additional Information respecting Award of Proposal C11-19-09 – Office Furniture (Item 7.1)**

Rob Rossini, General Manager of Finance and Corporate Services, provided the presentation respecting Report FCS10005 – Award of Proposal C11-19-09, Office Furniture.

The main points included, but were not limited to, the following:

- Report FCS10005 – Award of proposal C11-19-09 to lowest base submission price – Teknion Furniture Systems Co. Ltd.
- Award of contract is based on lowest packaged price.
- Approves workstation standard.

- Contract allows the City to realize the following benefits:
  - Durable design and construction of the furniture;
  - Improve product sustainability – environmental accountability;
  - Ergonomics and health and safety standards;
  - Lifecycle replacement costs reduced with quality product;
  - Warranties – minimum 10 years; and,
  - Service, installation, quality assurance.

- In 2002 Council approved the negotiation of house account agreements – additional 17% price discount on workstations.
- Latest contract (FCS10005).
- further 10% price discount .
- Since 2002 - combined 27% price discount.
- Moving forward, furniture purchases will be tracked corporately through Corporate Facilities ARCHIBUS.
- Oversight and control of budgets are responsibility of departmental management.

- Based on 5-year furniture/fixture/equipment activity review:

  **On average:**
  - 70% of activity is product related
  - 30% is labour related (i.e. design, delivery, setup, take down, relocation, etc.)
Purchasing Policy #16 – Policy for Disposal of Surplus Goods

- Manager of Purchasing responsible for disposal
- Disposal is documented and filed in Purchasing for audit
- Policy prohibits sale to employees, elected officials or their families unless under Public Auction

- Consolidation of staff downtown (e.g. Planning - $280K)
- City Hall renovation ($1.5M actual - $3M budget)
- Reconfiguration of workstations to maximize use of space – avoid higher lease costs (e.g. Public Health – $585K epidemiology 42 stations, Dundas 48 stations)
- Redevelopment/expansion of facilities – (e.g. W/WW lab $200K, Wentworth Lodge $580K)
- Relocation of program – (e.g. ATS $170K)

The presentation, respecting the Additional Information respecting Report FCS10005, Award of Proposal C11-19-09 – Office Furniture, was received.

(f) Purchasing Sub-committee Report 10-001, Item 2 (Item 8.5)

Item 2 of the Purchasing Sub-committee Report 10-002 (shown below) was referred to staff for clarification, and a report back to the next appropriate Audit & Administration Committee.

“2. Process of Appointment of Citizens to the Purchasing Sub-Committee respecting Provision of Goods and Services to the City of Hamilton

(a) That staff be directed to correspond with the Chambers of Commerce requesting that a representative be appointed to participate on the Purchasing Sub-Committee for the purpose of reviewing policies, procedures and processes related to the provision of goods and services to the City;

(b) That staff be authorized and directed to publish a Notice to Citizens to solicit interested stakeholders to participate on the Purchasing Sub-Committee.”
(g) ADJOURNMENT (Item 13)

There being no further business, the Audit and Administration Committee adjourned at 11:59 a.m.

Respectfully submitted,

Councillor Russ Powers, Chair
Audit and Administration Committee

Stephanie Paparella
Legislative Assistant
March 3, 2010
Furniture Standards – Teknion

<table>
<thead>
<tr>
<th>Category</th>
<th>Product Description</th>
<th>Teknion’s Product Line</th>
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<tbody>
<tr>
<td>1.0 Systems Furniture</td>
<td>As per details included within the Request for Proposals</td>
<td>Leverage</td>
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<tr>
<td>2.0 Seating</td>
<td>Mid back task chair, carpet casters</td>
<td>Savera</td>
</tr>
<tr>
<td></td>
<td>High Back task chair, carpet casters</td>
<td>Savera</td>
</tr>
<tr>
<td></td>
<td>Guest Chair, fixed arms</td>
<td>Amicus</td>
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<tr>
<td></td>
<td>Meeting Room chair, fixed arms, carpet casters</td>
<td>Savera</td>
</tr>
<tr>
<td></td>
<td>Stacking lunchroom chair</td>
<td>Volume</td>
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<tr>
<td></td>
<td>Club Chair</td>
<td>Vasari</td>
</tr>
<tr>
<td></td>
<td>Two-seat sofa</td>
<td>Vasari</td>
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<tr>
<td>3.0 Casegoods, Storage, Other Furniture</td>
<td>Private office furniture</td>
<td>Expansion Casegoods</td>
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<tr>
<td></td>
<td>Lateral file cabinets</td>
<td>Ledger</td>
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<td>Meeting table</td>
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<td></td>
<td>Folding training tables</td>
<td>Training Tables</td>
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<tr>
<td></td>
<td>Coffee tables</td>
<td>Expansion Casegoods</td>
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<td></td>
<td>Side tables</td>
<td>Expansion Casegoods</td>
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<tr>
<td></td>
<td>Square lunch tables</td>
<td>Expansion Casegoods</td>
</tr>
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</table>
AMENDING AGREEMENT

BETWEEN:

HORIZON UTILITIES CORPORATION
(hereinafter referred to as the "Corporation")

-and-

CITY OF HAMILTON
(hereinafter referred to as the "City")

WHEREAS the Corporation and the City entered into a service agreement dated as of the 16th day of May 2005 (the "Service Agreement");

AND WHEREAS by notice dated the 8th day of December 2009, the Corporation exercised its right to renew the Term of the Service Agreement and thereby renewed the Term for an additional five (5) years with an expiration date of December 31, 2014;

AND WHEREAS the parties have agreed to amend the Service Agreement in accordance with the terms and conditions hereinafter set forth;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The parties hereby confirm that the Term of the Service Agreement is renewed for the period (the "Renewal Term") of five (5) years from January 1, 2010 to December 31, 2014, unless terminated early in accordance with the terms of the Service Agreement, as amended herein.

2. Effective as of the day this agreement is executed by the parties, the parties agree that Schedule "A" to the Service Agreement is amended as follows:

(a) Meter Reading, Item 2, is amended by adding the following at the end of the provision: "The Corporation will provide notification to the City prior to any meter reading cycle changes."

(b) Billing, Item 8, is amended by deleting the last sentence and replacing it with the following:

"In the case of a billing adjustment as per Section 12, the City will be notified via email of all adjustments in excess of $5,000, but no greater than $50,000, within three (3) working days of the billing adjustment, a record of the adjustment with supporting notes and documents will be included in the email to the City; and where the adjustment is in excess of $50,000, the same procedure will apply and in addition, the City’s approval to the billing adjustment will be required."

3. Effective as of the first day of the Renewal Term, the parties agree that Schedule "B" to the Service Agreement is deleted and replaced with Schedule "B" attached
hereto, and accordingly, Section 4.2 of the Service Agreement is deleted and replaced with the following:

"4.2. Adjustment of Fees. The Fees specified in Schedule B shall be increased by 3.5% for year 1 of the Renewal Term and by 3.0% for each of years 2, 3, 4 and 5 of the Renewal Term."

4. Effective as of the day this agreement is executed by the parties, the parties agree that Schedule "C" to the Service Agreement is deleted and replaced with Schedule "C" attached hereto, and accordingly, Section 1.4 of the Service Agreement is amended by deleting reference to "Schedule "C" – Meter Installation Procedures" and replacing it with "Schedule "C" – Additional Items Request".

5. Effective as of the day this agreement is executed by the parties, the parties agree that Article V of the Service Agreement (entitled Covenants) is amended by adding new sections after section 5.3 as follows:

"5.4. Joint Meter Reading. Upon request by the City and at no additional cost to the City, the Corporation will initiate discussions with its subcontractor, namely Olameter Inc., together with the City, to investigate the potential for joint meter reading with Union Gas and will assist the City to pursue a cost-sharing arrangement. Should the results of these discussions lead to a recommendation to implement joint meter reading with Union Gas, a project plan will be developed and implementation costs and ongoing meter reading costs will require the approval of both the Corporation and the City prior to implementation. Should meter reading costs increase or decrease during the Renewal Term, Schedule "B" will be amended accordingly."

"5.5. Advanced Metering Infrastructure. The Corporation will commit to providing thirty-five (35) hours of assistance to the City, at no additional cost to the City, to develop the City's business case for Advanced Metering Infrastructure (AMI). Should meter reading costs increase or decrease during the Renewal Term, Schedule "B" will be amended accordingly."

"5.6. Key Performance Indicators. The Corporation will commit to providing thirty-five (35) hours of assistance to the City, at no additional cost to the City, to develop reporting requirements and identify reporting needs and the development of Key Performance Indicators (KPIs) in 2010. Schedule "C" identifies the additional requirements as requested by the City and the timelines for completion as mutually agreed to between the City and the Corporation. Any implementation and additional programming costs will require the City's written approval prior to implementation. As well, the Corporation will investigate, the potential of implementing an electronic work-order management system for all meter movement activities in 2011. Implementation and programming costs for reporting requirements and/or an electronic work-order management system will require the City's written approval prior to implementation."
6. In the event that the City requires access to Horizon's customer water account information and in order to protect the personal information of Horizon Customers (the "Personal Information"), the parties agree as follows:

   a. The City shall make reasonable efforts in order to protect the Personal Information, and
   b. To the extent possible from time to time, limit the access of the Personal Information to data only related to the water accounts.

7. This agreement shall be read together with the Service Agreement and the parties confirm that, except as modified herein, all covenants and conditions in the Service Agreement remain unchanged, unmodified and in full force and effect, including the option to further renew the Term for an additional five (5) years beyond the Renewal Term, and the provisions of Section 3.2 will apply, mutatis mutandis.

8. Any capitalized word or term not otherwise defined herein shall have the meaning given thereto in the Service Agreement.

9. A reference to any act, by-law, rule or regulation or to a provision thereof shall be deemed to include a reference to any act, by-law, rule or regulation or provision enacted in substitution therefor or amendment thereof.

10. The parties agree to do or cause to be done, from time to time, all such things, and shall execute and deliver all such documents, agreements and instruments reasonably requested by another party, as may be necessary or desirable to carry out the provisions and intention of this agreement.

11. This agreement shall endure to the benefit of and be binding upon the parties and their successors and permitted assigns, as the case may be.

IN WITNESS WHEREOF the parties hereto have executed this agreement.

HORIZON UTILITIES CORPORATION

Per: Per:

Max Cananzi John G. Basilio
President and CEO Senior Vice President and
Chief Financial Officer

I/we have authority to bind the Corporation.

Date
CITY OF HAMILTON

Per: ___________________________ Per: ___________________________

Roberto Rossini
General Manager of
Finance and Corporate Services

Kevin Christenson
City Clerk

Date
SCHEDULE "B"

1. In the case of Non-Conforming Meters: such price per meter as the Parties may agree to in writing with respect to each Non-Conforming Meter which price shall be no less than the fair market value of the service in accordance with the provisions of the Affiliate Relationships Code if applicable at the time.

2. City bank account for remittance by Corporation:

   Bank ID 003 Transit 01822 Account# 000 002 6

3. Email address of General Manager of Finance and Corporate Services for the City as required by Section 4.6: Rob Rossini: rob.rossini@hamilton.ca

The Parties agree that the bank accounts and email addresses in this Schedule B may be amended by the applicable Party upon ten (10) Business Days prior written notice to the other Party.

Water Billing Rates

<table>
<thead>
<tr>
<th>Bill Type</th>
<th>Per Service Level Agreement</th>
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<tr>
<td>Approved Percent Increase</td>
<td>3.50%</td>
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<tr>
<td>Monthly Metered</td>
<td>2.1724</td>
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<tr>
<td>Bi-Monthly Metered</td>
<td>4.2877</td>
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<tr>
<td>Monthly Unmetered – Water only</td>
<td>1.6219</td>
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<tr>
<td>Bi-Monthly – Water only</td>
<td>3.7373</td>
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<tr>
<td>Monthly Unmetered – With Hydro</td>
<td>0.9746</td>
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<tr>
<td>Bi-Monthly Unmetered – With Hydro</td>
<td>1.8921</td>
</tr>
</tbody>
</table>

* Meter reading costs are based on negotiated to April 30, 2012. Any changes in future meter reading rates beyond April 30, 2011 will be reflected in meter reading costs.

**All future increases are subject to correction per the postage increase clause (Article IV – Fees and Payments 4.3), and the approved percent increase as laid out in Schedule B in the renewed Service Level Agreement dated May 16, 2005.
Schedule “C”

Additional Items Request

1. Notification to Purchaser’s Lawyer – current notification does not indicate if property is non-metered or whether a metered property reading is from an estimate.
   - Horizon target delivery date of February 28, 2010
   - City of Hamilton target sign-off date March 14, 2010
   - Estimated implementation Date: March 31, 2010

2. Estimated Water Meter Reading Automated Messaging – using Horizon Utilities’ IVR system to provide customers with estimated water meter readings with an automated call informing the customer that their latest billing was based on an estimated reads. This process was implemented however; IVR customer notification was stopped at the request of City Staff. Process requires re-evaluation and messaging enhanced to enable customers and staff to confirm addresses as required. Implementation of this project is subject to legal review of the PIPEDA regulations.

3. Access Communications for Landlord/Tenant Accounts – amend current communication protocols so that both Landlord and Tenant are both provided with notification when access is required for meter reads.
   - Horizon target delivery date estimate & specification: March 14, 2010
   - City of Hamilton target sign-off date March 28, 2010
   - Estimate implementation date: April 12, 2010

4. Meter Pad Relocation Work-Orders: Report on issuance of meter pad relocation work-orders to City staff to resolve estimated reads caused by locked gates/dogs, etc.
   - Horizon target delivery date of estimate & specification: February 28, 2010
   - City of Hamilton target sign-off date March 14, 2010
   - Estimate implementation date: April 30, 2010

5. Automation for Account and Meter Activation of New Residential Construction:
   - Horizon availability to draft initial specification commences December 28, 2010
   - City of Hamilton target sign-off of specification date January 28, 2011
   - Target date for delivery of programming: July 1, 2011
   - Target Implementation date of September 30, 2011
   - Completion of project and timeline is dependent on a mutually agreed to project plan and estimate cost acceptance complete with resource availability from both Horizon and the City of Hamilton.
6. Review of water billing invoice: Review if Minimum Charge portion could be broken out from the total charges.
   - Horizon recommends that further discussion be held prior to the implementation of this project as it may increase call centre labour costs as a result of increased in customer calls. NOTE: Any additional labour costs experienced by the implementation of this change will be transferred to the City of Hamilton for payment.

7. Account information to be added to data provided to City of Hamilton on monthly basis. There is one Horizon account number for both the water and electric accounts. Often customers will call in with their account number as a reference. The City currently does not have access to that information. Implementation of this project is subject to legal review of the PIPEDA regulations.
   - Horizon target delivery date of estimate & specification: March 31st, 2010
   - City of Hamilton target sign-off date April 14, 2010
   - Estimate implementation date: April 30, 2010

8. Storm Water Rate Fee: Specification to be developed by the City of Hamilton for new proposed Storm Water Rate Fee.
   - Horizon availability to draft initial specification commences on July 1, 2010
   - City of Hamilton target sign-off of specification date August 1, 2010
   - Target date for delivery of programming: November 1, 2010 (estimated)
   - Target testing & implementation into Production date: December 31, 2010

9. Monthly Billing: Should Horizon elect or be obligated by regulation to provide customers with monthly billing, Horizon and the City of Hamilton will investigate potential opportunities to minimize potential cost increases to the City of Hamilton.

NOTE: Delivery and completion of projects within the identified timelines are subject to; mutually agreed to project plans and acceptance of estimated cost, complete/with resource availability from both Horizon and the City of Hamilton.