Audit and Administration Committee

MINUTES

9:30 a.m.

Wednesday, September 22, 2010

Council Chambers

Hamilton City Hall

71 Main Street West

Present: Councillor R. Powers (Chair) B. Morelli (Vice-Chair), T. Whitehead, B. Bratina, C. Collins and B. Clark

Regrets: Councillor M. Pearson Illness

Also Present: Councillor L. Ferguson
C. Murray, City Manager
R. Rossini, G. Boychuck R. Male, M. Zegarac, A. Mastandrea, L. Friday, Finance & Corporate Services
T. Tollis, City Treasurer
G. Davis, General Manger, Public Works
T. McCabe, General Manager, Economic Development and Planning
J. Kay, General Manager Emergency Services
R. Caterini, L. Barroso, A. Grozelle, Office of the City Clerk
G. Boydchuck, Chief Investment Officer
S. Dickson, Solicitor
A. Bradford, P. Hoad, Culture
L. Keermaa, L. Tattrie, R. D’Angelo, Transportation, Energy and Facilities
C. Herstek, Recreation

THE FOLLOWING ITEMS WERE REPORTED TO COUNCIL FOR CONSIDERATION:

1. Reserve/Revenue Fund Investment Performance Report - June 30, 2010 (FCS10075) (Item 5.1)

(Clark/Morelli)

CARRIED
2. Hamilton Future Fund Investment Performance Report - June 30, 2010 (FCS10076) (Item 5.2)

(Clark/Morelli)

CARRIED

3. Cemetery Accounts Investment Performance Report - June 30, 2010 (FCS10077) (Item 5.3)

(Clark/Morelli)
That Report FCS10077 respecting Cemetery Accounts Investment Performance Report - June 30, 2010 be received.

CARRIED

4. 2009 Insurance Claims Review (FCS10067) (Item 5.4)

(Clark/Morelli)
That Report FCS10067 respecting 2009 Insurance Claims Review be received.

CARRIED

5. Follow Up of Audit Report 2008-02 - Use of Standby, Call In/Out & Overtime (Public Works) (AUD10021) (Item 5.5)

(Clark/Morelli)
That Report AUD10021 respecting the follow up of Audit Report 2008-02, Use of Standby, Call In/Out & Overtime (Public Works), be received.

CARRIED

6. FOI Quarterly Report (April 1 to June 30, 2010) (CL10001(a)) (Item 5.6)

(Clark/Morelli)
That Report CL10001 (a) respecting FOI Quarterly Report (April to June 20, 2010) be received.

CARRIED
7. Treasurer's Apportionment of Land Taxes for Various Properties in Hamilton and Stoney Creek (FCS10011(c)) (Wards 8 and 11) (Item 5.7)

(Morelli/Bratina)
(a) That the 2010 property taxes in the amount of $5,071 for 310 Rymal Rd. W., Hamilton (Roll #2518 080 961 00100 0000) be apportioned and split amongst the three newly created parcels as set out in Appendix A to report FCS10011(c); and

(b) That the 2010 property taxes in the amount of $3,181 for 1198 Barton St., Stoney Creek (Roll #2518 003 220 03600 0000) be apportioned and split amongst the two newly created parcels as set out in Appendix A to report FCS10011(c).

CARRIED

8. Lesbian, Gay, Bisexual, Transgender and Queer Advisory Committee for the City Of Hamilton – Vision, Mission, Guiding Principles and Terms of Reference - Report LGBTQ10001 (Item 7.1)

(Bratina/Morelli)
(a) That report LGBTQ10001 Lesbian, Gay, Bisexual, Transgender and Queer Advisory Committee for the City Of Hamilton – Vision, Mission, Guiding Principles and Terms of Reference and the presentation by Simon Lebrun be received.

(Bratina/Whitehead)
(b) That the Vision, Mission, Guiding Principles and Terms of Reference for the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee be amended as is outlined in attached Appendix A to report LGBTQ10001.

CARRIED

9. Re-establishment of Sub-Committees Reporting to the Audit, Finance and Administration Committee formerly known as Audit & Administration Committee (CL10007) (Item 8.1)

(Collins/Whitehead)
(a) That the Sub-Committees, as outlined in Appendix “A” attached to Report CL10007, be re-established to report to the Audit, Finance and Administration Committee, formerly known as Audit & Administration Committee, for the 2010-2014 term of Council;

(b) That the Sub-Committees, as outlined in Appendix “B” attached to Report CL10007, not be re-established;
(c) That the required Council appointments for each Sub-Committee, in accordance with the composition as shown, be determined at the Nominating Committee meeting of the new Council;

(d) That the citizen composition of the following Sub-Committees, be re-affirmed:

(i) Development Charges Stakeholders Sub-Committee:
   1 representative from the Hamilton-Halton Homebuilders Association
   1 representative from the Hamilton-Burlington Real Estate Board
   1 representative from the Hamilton and District Chamber of Commerce 2 citizens-at-large

(ii) HMRF/HWRF Pension Administration Sub-Committee:
    3 HMRF Plan Members
    3 HWRF Plan Members

(iii) Joint City/School Boards Relations Sub-Committee:
     3 representatives from the Hamilton-Wentworth District School Board
     3 representatives from the Hamilton-Wentworth Catholic Separate School Board;

(e) That the terms for the citizen members be for the term of the 2010-2014 Council, or until such time as their respective mandates have been completed, or successors appointed.

(Whitehead/Clark)
That the following be added as sub-section (f) to the motion;

(f) That Appendices of Report CL10-007 be amended to re-establish the Copps Coliseum Proposal Sub-Committee in the next term of Council.

AMMENDMENT CARRIED
MOTION AS AMENDED CARRIED

10. Award of Corporate Tender C12-08-10 Supply, Delivery and/or Pick-up of Light Bulbs to Various Departments in the City of Hamilton (City Wide) (FCS10080) (Item 8.2)

(Collins/Whitehead)
That the Corporate Tender C12-08-10 for the Supply, Delivery and/or Pick-up of Light Bulbs to Various City Departments in the City of Hamilton be awarded to the lowest compliant bidder, HD Supply Litemor, for an estimated annual total of $54,605.35.

CARRIED
11. **Award of Contract C12-09-10 Supply and/or Delivery and Fitting of Various Safety Footwear for City of Hamilton Employees (FCS10074) (Item 8.3)**

(Collins/Morelli)
That Tender C12-09-10 for the Supply and/or Delivery and Fitting of Various Safety Footwear for the City of Hamilton Employees be awarded to the lowest compliant bid for:

Option “A” – Mobile Service to Work Authority with an estimated expenditure of $198,800 for a three year period.

Option “B” – In-Store Service to Lawlor Safety with an estimated expenditure of $345,200 for a three year period.

**CARRIED**

12. **Award of Corporate Tender C12-01-10 Janitorial Cleaning Services required at Various Facilities (FCS10083) (Item 8.4)**

(Bratina/Collins)
That the Corporate Tender C12-01-10 for the Janitorial Cleaning Services required at Various Facilities be awarded to the lowest compliant bidder per package, as per the terms and conditions of the Request for Tenders, as follows:

- Package ‘A’ – Sunshine Building Maintenance Inc. with a 5 year total of $2,140,428
- Package ‘B’ – Service Master Contract Services with a 5 year total of $653,100
- Package ‘C’ – Omni Facility Services with a 5 year total of $822,292
- Package ‘D’ – Sunshine Building Maintenance Inc. with a 5 year total of $1,705,160
- Package ‘E’ – Service Master Contract Services with a 5 year total of $2,001,960
- Package ‘F’ – Service Master Contract Services with a 5 year total of $705,216

**CARRIED**

13. **Audit Report 2010-05 - Procurement Card Usage (AUD10022) (Item 8.5)**

(Clark/Bratina)
(a) That the Procurement Card program be cancelled effective October 31, 2010;

(b) That a new policy on Procurement Cards be presented to the Audit and Administration Committee within six months restricting the use, numbers, etc, of Procurement Cards;

(c) That the new Procurement Card policy articulates penalties for abuse or misuse;
(d) That staff provide a financial comparison of Corporate Discounts versus Procurement Card Rebates;

(e) That staff report to Council with options to meet the intentions of this motion;

(f) That Report AUD10022 respecting Audit Report 2010-05, Procurement Card Usage, be received.

CARRIED

14. 2009 Reserve Report (FCS10068) (Item 8.6)

(Clark/Collins)

a) That the 2009 Reserve Report and the 2009 Reserves Detail Report, with 2008 Comparative figures and 2010 Projections, attached as Appendix A to report FCS10068 be received;

b) That Appendix B to report FCS10068 listing the Non-Sustainable Reserves be received; and

c) That the reserves listed in Appendix C to report FCS10068, totaling approximately $495,370 be closed and the outstanding balances be transferred as outlined in Appendix C to report FCS10068.

CARRIED

15. Atria Networks LP Contract Extension (FCS05021(a)) (8.7)

(Clark/Collins)

That the General Manager of Finance and Corporate Services be authorized to exercise the five year extension option available in the existing Atria Networks LP contract, with revised pricing.

CARRIED

16. Commercial Relationship between the City of Hamilton and Ottavio Ciccarelli & Son Contracting Ltd. and Corporate Construction Inc. (FCS10082/LS10012) (Item 12.1)

(Collins/Clark)

(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 Ottavio Ciccarelli & Son Contracting Ltd. and Corporate Construction Inc., staff be directed to reject any current and future bids, proposals or quotations received from Ottavio Ciccarelli & Son Contracting Ltd. and Corporate Construction Inc., or any of their related corporate or individual entities, until October 1, 2011 or upon completion of all current work and
deficiencies to the satisfaction of the General Manager of the appropriate department, whichever is later (hereinafter referred to as the “Freeze Period”);

(b) That, upon the expiration of the Freeze Period, defined in Recommendation (a) of Report FCS10082/LS10012, staff be directed to limit any future bids, proposals or quotations received from Ottavio Ciccarelli & Son Contracting Ltd. and Corporate Construction Inc., or any of their related corporate or individual entities, to a collective maximum of four projects but no more than 2 projects per any entity, and with a maximum aggregate value not to exceed $1M based on the Base Bid Price until 1 year after the Freeze Period;

(c) That the contents of Report FCS10082/LS100012 remain confidential, as it contains information pertaining to potential litigation and advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and

(d) That Jagen Construction Ltd. be awarded the contract for Request for Tenders C13-42-10 (Tender for the Sackville Seniors Recreation Centre Windows and Doors Replacement).

CARRIED

FOR THE INFORMATION OF COMMITTEE:

(a) CHANGES TO THE AGENDA (Item 1)

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

(i) That Appendix “A” to Report CL10007 be replaced with an amended Appendix “A” to correct the omission of the Purchasing Sub-Committee

(ii) That the delegation request from Tom Ryan and John Ciccarelli respecting agenda Item 12.1 Commercial Relationship between the City of Hamilton and Ottavio Ciccarelli & Son Contracting Ltd. And Corporate Construction Inc. (FCS10082/LS10012) be added to the Agenda as Item 4.1.

(iii) That the delegation Request from Steve Miazga on behalf of the Hamilton Conservation Authority Board of Directors regarding a loan request for a site located at 154 King St. East Dundas, be added to the Agenda as item 4.2.

(Whitehead/Bratina)

That the agenda for the September 22, 2010 meeting of the Audit & Administration Committee be approved, as amended.

CARRIED
(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) MINUTES (Item 3)

3.1 September 8, 2010

(Morelli/Collins)
That the Minutes of the September 8, 2010 meeting of the Audit & Administration Committee meeting be approved as presented. CARRIED

(d) DELEGATION REQUESTS (Item 4)

(i) Delegation request from Tom Ryan and John Ciccarelli respecting agenda Item 12.1 Commercial Relationship between the City of Hamilton and Ottavio Ciccarelli & Son Contracting Ltd. And Corporate Construction Inc. (FCS10082/LS10012) (Added Item 4.1)

(Clarck/Collins)
That the Delegation request from Tom Ryan and John Ciccarelli respecting agenda Item 12.1 Commercial Relationship between the City of Hamilton and Ottavio Ciccarelli & Son Contracting Ltd. And Corporate Construction Inc. (FCS10082/LS10012) be approved. CARRIED

(Clarck/Collins)
That the rules of order be waived to allow the delegation from Tom Ryan and John Ciccarelli respecting agenda Item 12.1 Commercial Relationship between the City of Hamilton and Ottavio Ciccarelli & Son Contracting Ltd. And Corporate Construction Inc. (FCS10082/LS10012) to be heard today. CARRIED

(ii) Delegation Request from Steve Miazga on behalf of the Hamilton Conservation Authority Board of Directors regarding a loan request for a site located at 154 King St. East Dundas. (Added Item 4.2)

(Collins/Morelli)
That the Delegation Request from Steve Miazga on behalf of the Hamilton Conservation Authority Board of Directors regarding a loan request for a site located at 154 King St. East Dundas be approved. CARRIED
(e) PUBLIC HEARINGS/DELEGATIONS (Item 6)

(i) Delegation from Tom Ryan and John Ciccarelli respecting agenda Item 12.1 Commercial Relationship between the City of Hamilton and Ottavio Ciccarelli & Son Contracting Ltd. and Corporate Construction Inc. (FCS10082/LS10012) (Added Item 6.1)

Tom Ryan and John Ciccarelli provided the Committee members with a submission. Mr. Ryan then addressed the Committee his comments included but were not limited to the following;

- Indicated they were afraid the City was considering a ban on taking bids from Ottavio Ciccarelli & Son Contracting Ltd. and Corporate Construction Inc.
- Described how the companies had encountered growing pains which had contributed to the problems around some of the work they were tendered to do for the City
- Stressed that only a few projects encountered these difficulties and that overall the work being done by the companies for the City was on time and done to a high standard
- Indicated a commitment of the companies to continue to improve and work with the City
- Discussed the civic minded nature of the longstanding companies and the cost savings enjoyed by the City for through tendering with them
- Mentioned that City’s late awarding of some tenders had been a contributing factor to some of the problems encountered
- Mentioned that projects where they have encountered difficulties have a large number of change work orders on them

Committee members posed questions to the delegates, many of them relating to specific projects. Notable amongst these questions was the discussion of etching on the ground at Gore Park. The delegates indicated that they had received approval from City Staff on the work they had done on the etching.

- The delegates indicated that if the City was looking to place a ban on them that it be for a one year period and after this that a two million dollar limit be place on their bids for the specified freeze period.

Chair Powers thanked the delegates for their presentation

(Collins/Morelli)

That the Delegation from Tom Ryan and John Ciccarelli respecting agenda Item 12.1 Commercial Relationship between the City of Hamilton and Ottavio Ciccarelli & Son Contracting Ltd. and Corporate Construction Inc. (FCS10082/LS10012) be received.

CARRIED
(f) **Award of Corporate Tender C12-08-10 Supply, Delivery and/or Pick-up of Light Bulbs to Various Departments in the City of Hamilton (City Wide) (FCS10080)** (Above item 10)

Staff were requested to provide Committee members with an update on the use of energy efficient light bulbs within the City.

(g) **Audit Report 2010-05 - Procurement Card Usage (AUD10022)** (Above item 13)

(Clark/Bratina)

(a) That the Procurement card program be cancelled effective immediately for nine months.

(b) That a new policy on Procurement Cards be presented to the Audit and Administration Committee within six months restricting use, numbers, etc.

(c) That the new Procurement Card policy articulates penalties for abuse or misuse.

(d) That staff provide a financial comparison of Corporate Discounts versus Procurement Card Rebates.

The following AMENDMENTS put forth by the Mover and Seconder of the MAIN MOTION CARRIED.

(Clark/Bratina)

That sub-section (a) of the Motion be amended to read as follows;

(a) That the Procurement card program be cancelled effective October 31, 2010

That a sub-section (e) be added to the motion to read as follows;

(e) That staff report to Council with options to meet the intentions of the motion

That sub-section (a) of the Motion be amended to read as follows;

(a) That the Procurement card program be cancelled effective October 31, 2010

That a sub-section (e) be added to the motion to read as follows;
(e) That staff report to Council on options to meet the intentions of the motion

AMMENDMENT CARRIED
MOTION AS AMENDED CARRIED

(Morelli/Clark)
That Report AUD10022 respecting Audit Report 2010-05, Procurement Card Usage, be received. CARRIED

(h) NOTICE OF MOTIONS (Item 10)

(i) GENERAL INFORMATION/OTHER BUSINESS (Item 11)

(i) Councillor Whitehead raised questions relating to a delay in paving project in his Ward as well as concerns raised by whose lawns were not replaced properly after construction has taken place. Staff indicated to the Councillor they would investigate the concerns raised.

(ii) Councillor Collins spoke to a Rosedale project where residents have had a drainage issue and are looking to have a cost sharing agreement with the City. Staff indicated to the Councillor they would investigate options with the residents.

(j) PRIVATE AND CONFIDENTIAL (Item 12)

(i) Commercial Relationship between the City of Hamilton and Ottavio Ciccarelli & Son Contracting Ltd. and Corporate Construction Inc. (FCS10082/LS10012) (Item 12.1)

(Collins/Morelli)
That the Audit & Administration Committee move into Closed Session, at 11:39 a.m., to hear Item 12.1 pursuant to Section 8.1, Sub-section (b) of the City's Procedural By-law 03-301, and Section 239, Sub-section (b) 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 Advice that is subject to solicitor-client privilege, including communications necessary for that purpose. CARRIED

As shown in the Closed Session Minutes, the Audit & Administration Committee reconvened in Open Session at 12:24 p.m.
Having reviewed the report, consulted with staff and considered the submissions of the earlier delegation, the Audit & Administration Committee provided its recommendation as shown above in Item 16.

(i) **AJOURNMENT (Item 13)**

(Collins/Clark)
There being no further business, the Audit and Administration Committee adjourned at 12:27 p.m.

CARRIED

Respectfully submitted,

Councillor Russ Powers, Chair
Audit and Administration Committee

Andy Grozelle
Legislative Assistant
September 22, 2010