



## City of Hamilton

# AUDIT, FINANCE AND ADMINISTRATION COMMITTEE REVISED

**Meeting #:** 24-011  
**Date:** June 6, 2024  
**Time:** 9:30 a.m.  
**Location:** Council Chambers  
Hamilton City Hall  
71 Main Street West

Tamara Bates, Legislative Coordinator (905) 546-2424 ext. 4102

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**1. CEREMONIAL ACTIVITIES**

**2. APPROVAL OF AGENDA**

(Added Items, if applicable, will be noted with \*)

**3. DECLARATIONS OF INTEREST**

**4. APPROVAL OF MINUTES OF PREVIOUS MEETING**

4.1 May 16, 2024

**5. COMMUNICATIONS**

**6. DELEGATION REQUESTS**

**7. DELEGATIONS**

**8. STAFF PRESENTATIONS**

8.1 Tax and Rate Operating Budgets Variance Report as at December 31, 2023 –  
Budget Control Policy Transfers (FCS22063(b))

\*8.1.a Tax and Rate Operating Budgets Variance Report as at December 31, 2023  
– Budget Control Policy Transfers (FCS22063(b)) - PRESENTATION

**9. CONSENT ITEMS**

Members of the public can contact the Clerk's Office to acquire the documents considered at this meeting, in an alternative format.

## 10. DISCUSSION ITEMS

- 10.1 Treasurer's Investment Report 2023 Fiscal Year by Aon (FCS24030) (City Wide)
- 10.2 Constituent Relationship Management Solution (FCS24036) (City Wide)  
Outstanding Business List

## 11. MOTIONS

## 12. NOTICES OF MOTION

## 13. GENERAL INFORMATION / OTHER BUSINESS

## 14. PRIVATE AND CONFIDENTIAL

- 14.1 Auditor General Reporting of Serious Matters to Council (Case #74254)  
(AUD24004) (City Wide)

Pursuant to Section 9.3, Sub-sections (a) and (d) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (a) and (d) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to the security of the property of the City or a local board and labour relations or employee negotiations.

- 14.2 Commercial Relationship Between the City of Hamilton and Walgo Environmental Controls Inc. (PW24027/FCS24001) (City Wide)

Pursuant to Section 9.3, Sub-sections (e) and (k) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (e) and (k) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the City or a local board and a position, plan, procedure, criteria, or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

## 15. ADJOURNMENT



## AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 24-010

9:30 a.m.

May 16, 2024

Council Chambers  
Hamilton City Hall

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**Present:** Councillors T. Hwang (Chair), J. Beattie, C. Kroetsch, M. Tadeson, and M. Wilson

**Absent with**

**Regrets:** Councillor B. Clark – Personal; Councillors M. Spadafora and A. Wilson – City Business

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**THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:**

**1. Salam Hamilton Anti-Islamophobia Campaign Update (CM21015(c)) (City Wide) (Item 8.1)**

**(Kroetsch/Tadeson)**

That Report CM21015(c), respecting Salam Hamilton Anti-Islamophobia Campaign Update, be received.

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

**2. CONSENT ITEMS (Items 9.1 and 9.2)**

**(Tadeson/Kroetsch)**

That the following Consent Items, be received:

- (a) Utility Billing Transition Program Update Spring 2024 (FCS21082(g)) City Wide (Item 9.1)

- (b) Grightmire Arena Lessons Learned Audit (AUD22004) – Management Responses Status Report (PW23007(b)/FCS23011(b)) (Item 9.2)

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

**3. City Enrichment Fund Repayment Procedure (CM24003) (Outstanding Business List Item) (Item 10.1)**

**(Kroetsch/M. Wilson)**

That the current procedure for City Enrichment Fund grantees with funds owing to the City remain unchanged, due to existing policies having been updated prior to the in-take of the most recent grant cycle.

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

**4. Compound Water Meter Billing Issues (FCS23110(a)) (City Wide) (Added Item 10.2)**

**(Beattie/M. Wilson)**

That the General Manager, Finance and Corporate Services, be authorized to enter into a deferred payment arrangement with a 24-month repayment period pertaining to water and wastewater / storm charges for a total amount of \$163,789.12 regarding Alectra Utilities (Alectra) account number 2481481300 and service address of 50 Governor's Road, Dundas.

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie

YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

**5. Grants Sub-Committee Report 24-002 (May 13, 2024) (Added Item 10.3)**

**(Beattie/Kroetsch)**

(a) 2024 City Enrichment Funding Recommendations (GRA24002) (City Wide)  
- REVISED (Item 7.1)

- (i) That the 2024 City Enrichment Fund (CEF) recommended funding allocation, in the amount of \$7,195,440 (as outlined in Appendix "A" to Grants Sub-Committee Report 24-002), be approved;
- (ii) That staff be directed to assign payments to the applicants' legal names, as listed in Confidential Appendix "B" to Report GRA24002, Legal Names of Individual Applicants;
- (iii) That Confidential Appendix "B" to Report GRA24002, Legal Names of Individual Applicants, be received and remain confidential;
- (iv) That Appendices "C", "E", and "F" to GRA24002, 2024 City Enrichment Funding Recommendations be received;
- (v) That the following grants be approved, and funding be withheld, pending the submission of additional information, by July 20, 2024:
  - (1) AGR - A16 Wentworth District Women's Institute
  - (2) ART - B3 Festival of Friends
  - (3) ART - D20 THB
  - (4) CCH - A32 Winona Peach Festival
  - (5) ENV - A9 Sustainability Leadership (Sustainable Hamilton)
  - (6) SAL - A1 Binbrook Minor Baseball Association
  - (7) SAL - D21 Wesley Urban Ministries
  - (8) SAL - F16 Hamilton Senior Pickleball Association
  - (9) CS - H16 Scientists in School
  - (10) CS - C16 Safe Families Hamilton Halton (Safe Families Canada)
- (vi) That the Grants for the following applicants with outstanding arrears with the City Enrichment Fund, be approved and funding be withheld (if applicable) pending the full settlement of such arrears:
  - (1) AGR - A10 Crown Point Farms Market of Ottawa St
  - (2) ART - A13 Immigrant Culture and Art Association
  - (3) CCH - A4 Pride Hamilton
  - (4) CCH - A32 Winona Peach Festival
  - (5) ENV - A9 Sustainability Leadership (Sustainable Hamilton)

- (6) SAL - D1 African Canadian Youth Sports Network
- (7) SAL - E2 Royal Hamilton Yacht Club
- (8) DIG - E9 Immigrant Culture and Art Association

- (vii) That Appendix "B" to Grants Sub-Committee Report 24-002, Payment Plan be approved;
- (viii) That the returning program CS - D14 The Living Rock Ministries Housing Supports, as listed in Appendix "A" to GRA24002 be funded one-time from the City Enrichment Fund Reserve #112230; and,
- (ix) That staff be directed to report back with a recommended appeals process for the City Enrichment Fund and additional funding that may be required to the July 3, 2024 Grants Sub-Committee meeting.

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

- YES - Ward 1 Councillor Maureen Wilson
- YES - Ward 2 Councillor Cameron Kroetsch
- YES - CHAIR - Ward 4 Councillor Tammy Hwang
- ABSENT - Ward 9 Councillor Brad Clark
- YES - Ward 10 Councillor Jeff Beattie
- YES - Ward 11 Councillor Mark Tadeson
- ABSENT - Ward 13 Councillor Alex Wilson
- ABSENT - Ward 14 Councillor Mike Spadafora

**FOR INFORMATION:**

**(a) CHANGES TO THE AGENDA (Item 2)**

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

**5. COMMUNICATIONS**

- 5.1 Christopher Stanton, Hamilton Festival Theatre Company, respecting City Enrichment Fund

Recommendation: Be received and referred to consideration of Item 10.3, Grants Sub-Committee Report

**6. DELEGATION REQUESTS**

- 6.1 Kelly Straughan, Theatre Aquarius, respecting City Enrichment Fund (for today's meeting)

**10. DISCUSSION ITEMS**

- 10.2 Compound Water Meter Billing Issues (FCS23110(a)) (City Wide)

10.3 Grants Sub-Committee Report 24-002 (May 13, 2024)

**(Beattie/Kroetsch)**

That the agenda for the May 16, 2024 Audit, Finance and Administration Committee meeting, be approved, as amended.

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

**(b) DECLARATIONS OF INTEREST (Item 3)**

There were no declarations of interest.

**(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)**

**(i) Approval of Minute of Previous Meetings (Items 4.1-4.3)**

**(M. Wilson/Tadeson)**

That the following Minutes be approved, as presented:

- (1) April 22, 2024 - Special Development Charges Hearing (Item 4.1)
- (2) April 23, 2024 - Special Development Charges Hearing (Item 4.2)
- (3) May 2, 2024 (Item 4.3)

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

**(d) COMMUNICATIONS (Item 5)**

**(i) (Tadeson/Beattie)**

That the correspondence from Christopher Stanton, Hamilton Festival Theatre Company, respecting City Enrichment Fund, be received and referred to consideration of Item 1 of the Grants Sub-Committee Report 24-002 (May 13, 2024) (Added Item 10.3)

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

For further disposition of this matter, refer to Item 5.

**(e) DELEGATION REQUESTS (Item 6)**

**(i) Kelly Straughan, Theatre Aquarius, respecting City Enrichment Fund (for today's meeting) (Added Item 6.1)**

**(Tadeson/Beattie)**

That the Delegation Request from Kelly Straughan, Theatre Aquarius, respecting City Enrichment Fund be approved, for today's meeting.

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

**(f) DELEGATIONS (Item 7)**

**(i) Kelly Straughan, Theatre Aquarius, respecting City Enrichment Fund (Added Item 7.1)**

Kelly Straughan addressed the Committee respecting the City Enrichment Fund.

**(Beattie/Tadeson)**

That the Delegation from Kelly Straughan, Theatre Aquarius, respecting City Enrichment Fund, be received and referred to the consideration of Item 1 of the Grants Sub-Committee Report 24-002 (May 13, 2024) (Added Item 10.3)

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**



YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

For further disposition of this matter, refer to Item 5.

**(g) STAFF PRESENTATIONS (Item 8)**

**(i) Salam Hamilton Anti-Islamophobia Campaign Update (CM21015(c))  
(City Wide) (Item 8.1)**

Greg Tedesco, Senior Project Manager, Community Engagement, addressed Committee respecting Salam Hamilton Anti-Islamophobia Campaign Update, with the aid of a presentation.

**(Tadeson/Kroetsch)**

That the presentation from Greg Tedesco, Senior Project Manager, Community Engagement, respecting the Salam Hamilton Anti-Islamophobia Campaign Update, be received.

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

For further disposition of this matter, refer to Item 1.

**(h) GENERAL INFORMATION / OTHER BUSINESS (Item 13)**

**(i) Amendments to the Outstanding Business List (Item 13.1)**

**(Tadeson/Beattie)**

That the following amendments to the Outstanding Business List, be approved:

**(1) Items Requiring a New Due Date**

**(a) Stormwater Asset Management – Investigation of Recent Sewage Leaks**

Added November 16, 2023  
Original Due Date: May 2024  
Proposed New Due Date: November 7, 2024

- (b) Water Meter Program Audit and Water Billing Service Transition Project

Added January 19, 2023  
Original Due Date: July 2023  
Proposed New Due Date: November 7, 2024

- (2) Items Considered Completed and To Be Removed

- (a) Grants Sub-Committee Report 23-002 (May 16, 2023) - 2023 City Enrichment Funding Recommendations

Added May 18, 2024  
Addressed as Item 10.1 on today's agenda

- (b) 2024 Development Charges Background Study and By-law Update - Open House Feedback

Added: April 4, 2024  
Addressed as Item 8.1(a) on the May 2, 2024 agenda

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

- (i) **PRIVATE AND CONFIDENTIAL (Item 14)**

- (i) **Closed Session Minutes - April 22, 2024 - Special Development Charges Hearing**

**(Tadeson/Beattie)**

- (a) That the Closed Session Minutes of the April 22, 2024 - Special Development Charges Hearing be approved, as presented; and
- (b) That the Closed Session Minutes of the April 22, 2024 - Special Development Charges Hearing remain confidential.

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

**(j) ADJOURNMENT (Item 15)**

**(Beattie/Kroetsch)**

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 11:09 a.m.

**Result: Motion CARRIED by a vote of 5 to 0, as follows:**

YES - Ward 1 Councillor Maureen Wilson  
YES - Ward 2 Councillor Cameron Kroetsch  
YES - CHAIR - Ward 4 Councillor Tammy Hwang  
ABSENT - Ward 9 Councillor Brad Clark  
YES - Ward 10 Councillor Jeff Beattie  
YES - Ward 11 Councillor Mark Tadeson  
ABSENT - Ward 13 Councillor Alex Wilson  
ABSENT - Ward 14 Councillor Mike Spadafora

Respectfully submitted,


Councillor Tammy Hwang, Chair  
Audit, Finance and Administration  
Committee

Tamara Bates  
Legislative Coordinator  
Office of the City Clerk





**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning, Administration and Policy Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 6, 2024
<b>SUBJECT/REPORT NO:</b>	Tax and Rate Operating Budget Variance Report as at December 31, 2023 – Budget Control Policy Transfers (FCS23063(b)) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Kayla Petrovsky Fleming (905) 546-2424 Ext. 1310
<b>SUBMITTED BY:</b>	Kirk Weaver Acting Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION(S)**

- (a) That the Tax Operating Budget Variance Report as at December 31, 2023, attached as Appendix “A” to Report FCS23063(b), be received;
- (b) That the City of Hamilton Combined Water, Wastewater and Storm Operating Budget Macro as at December 31, 2023, attached as Appendix “B” to Report FCS239063(b), be received;
- (c) That, in accordance with the “Budget Complement Control Policy”, the 2023 extensions of temporary positions with 24-month terms or greater, with no impact on the levy, as outlined in Appendix “C” to Report FCS23063(b), be approved;
- (d) That, in accordance with the “Budgeted Complement Control Policy”, the 2023 complement transfers from one department / division to another or a change in complement type, with no impact on the levy, as outlined in Appendix “D” to Report FCS23063(b), be approved;
- (e) That, subject to finalization of the 2023 audited financial statements, the disposition of the 2023 year-end operating budget surplus be approved as detailed in Table 1.

**SUBJECT: Tax and Rate Operating Budget Variance Report as at  
December 31, 2023 – Budget Control Policy Transfers (FCS23063(b))  
(City Wide) – Page 2 of 16**

Table 1

<b>DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)</b>		
<b>Corporate Surplus from Tax Supported Operations</b>		<b>\$ 7,440,069</b>
<b>Disposition to/from Self-Supporting Programs &amp; Agencies</b>		<b>\$ (1,598,974)</b>
Less: Police (Transfer to Police Reserve)	\$ (2,840,220)	
Add: Library (Transfer from Library Reserve)	\$ 1,299,228	
Less: Farmers Market (Transfer to Farmers Market Reserve)	\$ (57,982)	
<b>Balance of Corporate Surplus</b>		<b>\$ 5,841,095</b>
Less: To transfer Ward Office Budget surpluses to Ward Minor Maintenance Accounts		\$ (216,275)
Less: Transfer to fund shortfall in Development Charge Exemptions		\$ (596,810)
Less: Transfer to Flamborough Capital Reserve		\$ (1,160,967)
Less: Transfer to Tax Stabilization Reserve		\$ (3,867,043)
<b>Balance of Tax Supported Operations</b>		<b>\$ 0</b>
<b>Corporate Surplus from Rate Supported Operations</b>		<b>\$ 3,341,776</b>
Less: Transfer to the Rate Supported Water Reserve		\$ (2,921,351)
Less: Transfer to the Rate Supported Wastewater/Stormwater Reserve		\$ (420,425)
<b>Balance of Rate Supported Operations</b>		<b>\$ 0</b>

## EXECUTIVE SUMMARY

Staff has committed to provide Council with three variance reports for the Tax and Rate Supported Operating Budgets during the fiscal year (Spring / Fall / Year-End). This is the final submission for 2023 based on the operating results as of December 31, 2023 (unaudited). Appendix "A" to Report FCS23063(b) summarizes the Tax Supported Operating Budget year-end variances by department and division while Appendix "B" to Report FCS23063(b) summarizes the year-end variances of the Rate Supported Operating Budget by program.

Tax supported operations ended the year in a surplus position of \$7.4 M and rate supported operations ended the year with a surplus of \$3.3 M. Details on the driving factors for the year-end surplus are provided in the Analysis and Rationale for Recommendation(s) section beginning on Page 5 of Report FCS23063(b).

The Tax Supported Operating Budget surplus of \$7.4 M is broken down by surpluses of \$1.6 M for Boards and Agencies, \$0.6 M for Capital Financing and \$5.2 M for City Departments and other Tax Supported Programs. For the Rate Supported Operating Budget, the surplus of \$3.3 M is related to favourable Capital Financing of \$3.0 M and a favourable revenue variance of \$1.7 M offset by unfavourable operating expenditures of \$1.4 M.

The year-end consolidated operating budget surplus of \$10.8 M is summarized in Table 2 and the disposition is detailed in Recommendation (e) (Table 1) of Report FCS23063(b).

Table 2

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OUR Vision: To be the best place to raise a child and age successfully.  
 OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.  
 OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Tax and Rate Operating Budget Variance Report as at  
December 31, 2023 – Budget Control Policy Transfers (FCS23063(b))  
(City Wide) – Page 3 of 16**

<b>CONSOLIDATED CORPORATE SURPLUS/ (DEFICIT)</b>	<b>\$</b>
<b>Tax Supported Programs</b>	
Police	\$ 2,840,220
Library	\$ (1,299,228)
Capital Financing	\$ 596,818
Other Tax Supported Programs	\$ 5,302,259
<b>Total Tax Supported Surplus</b>	<b>\$ 7,440,069</b>
<b>Rate Supported Programs</b>	<b>\$ 3,341,776</b>
<b>Consolidated Corporate Surplus/ (Deficit)</b>	<b>\$ 10,781,845</b>

The City of Hamilton has policies, obligations, future requirements and past practices that guide decisions around the disposition of the year-end operating budget surplus. Details on the proposed disposition of the 2023 surplus is provided in the Analysis and Rationale for Recommendation(s) section.

### **2023 Budget Transfers and Extensions**

In accordance with the “Budget Control Policy” and “Budgeted Complement Control Policy”, staff is submitting ten recommended items. Staff is recommending four items where temporary positions with 24-month terms or greater are being extended as identified in Appendix “C” to Report FCS23063(b) with no impact on the tax levy.

Four complement transfers, identified in Appendix “D” to Report FCS23063(b), moves budgeted complement from one department / division to another to accurately reflect where the staff complement is allocated within the department / division, without impacting the tax levy or rate. Two of the complement changes are complement type changes from temporary unbudgeted positions to permanent positions, identified in Appendix “D” to Report FCS23063(b) with no impact on the levy. Funding for these positions is recommended from budget transfers from non-employee related accounts.

**Alternatives for Consideration – See Page 16**

### **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** The financial information is provided in the Analysis and Rationale for Recommendation(s) section of Report FCS23063(b) beginning on page 4.

**Staffing:** Staffing implications of Report FCS23063(b) are detailed in Appendices “C” and “D”, which outline extensions of temporary positions and 2023 staff

**SUBJECT: Tax and Rate Operating Budget Variance Report as at  
December 31, 2023 – Budget Control Policy Transfers (FCS23063(b))  
(City Wide) – Page 4 of 16**

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complement transfers from one department / division to another or a change in complement type with no impact on the levy and extensions of temporary positions.

Legal: Not Applicable

## **HISTORICAL BACKGROUND**

Staff has committed to provide Council with three variance reports for the Tax Supported and Rate Supported Operating Budgets during the fiscal year. This is the final submission for 2023 based on the operating results as of December 31, 2023.

In Report FCS23063(a), City staff projected a surplus of \$10.5 M (\$5.8 M deficit for City Departments, surplus of \$0.2 M for Boards and Agencies and a \$16.1 M surplus for Capital Financing). At that time, rate supported operations were also forecasted to be in a deficit of \$2.6 M.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Budget Control Policy (Appendix 1 to FCS12010, CBP – 2). The purpose of this Policy is to ensure that City staff have appropriate authority to manage budget resources to ensure programs and services are delivered in an effective and efficient manner. Council also requires assurance that budget resources are used for the purpose intended through the approval of the annual budget.

Budget Complement Control Policy (Appendix “A” to FCS16024, CBP – 1). The purpose of this Policy is to ensure that the City’s staff complement is managed in an effective and efficient manner. The Policy provides guidance on transferring complement, increasing, or decreasing complement and changing complement type.

## **RELEVANT CONSULTATION**

Staff in all City of Hamilton departments and boards provided the information in Report FCS23063(b).

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

The following provides an overview of the more significant issues affecting the 2023 Tax and Rate Operating Budget Surpluses. Appendix “A” to Report FCS23063(b) summarizes the Tax Supported Operating Budget year-end variances by department and division and Appendix “B” to Report FCS23063(b) summarizes the Rate Supported Operating Budget results by program.



**SUBJECT: Tax and Rate Operating Budget Variance Report as at  
December 31, 2023 – Budget Control Policy Transfers (FCS23063(b))  
(City Wide) – Page 5 of 16**

Table 3 provides a summary of the departmental results as at December 31, 2023. The total operating budget surplus (tax and rate supported) is at \$10.8 M (unaudited), or approximately 1.0%.

**Table 3**

	2023 Approved Budget	2023 Year-End Actuals	2023 Variance (Actuals vs Budget)	
			\$	%
<b>TAX SUPPORTED</b>				
Planning & Economic Development	34,087	33,270	817	2.4%
Healthy and Safe Communities	301,426	292,004	9,422	3.1%
Public Works	294,461	309,455	(14,994)	(5.1)%
Legislative	5,596	5,517	80	1.4%
City Manager	15,423	15,150	273	1.8%
Corporate Services	45,548	43,806	1,741	3.8%
Corporate Financials / Non Program Revenues	(33,204)	(41,165)	7,961	24.0%
Hamilton Entertainment Facilities	150	207	(57)	(38.3)%
<b>TOTAL CITY EXPENDITURES</b>	<b>663,487</b>	<b>658,244</b>	<b>5,244</b>	<b>0.8%</b>
Hamilton Police Services	192,361	189,521	2,840	1.5%
Library	33,956	35,255	(1,299)	(3.8)%
Other Boards & Agencies	16,818	16,760	58	0.3%
City Enrichment Fund	6,575	6,575	0	0.0%
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>249,710</b>	<b>248,111</b>	<b>1,599</b>	<b>0.6%</b>
<b>CAPITAL FINANCING</b>	<b>156,410</b>	<b>155,813</b>	<b>597</b>	<b>0.4%</b>
<b>TOTAL OTHER NON-DEPARTMENTAL</b>	<b>406,120</b>	<b>403,924</b>	<b>2,196</b>	<b>0.5%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>1,069,608</b>	<b>1,062,168</b>	<b>7,440</b>	<b>0.7%</b>
<b>RATE SUPPORTED</b>	<b>0</b>	<b>(3,342)</b>	<b>3,342</b>	<b>100.0%</b>
<b>TOTAL</b>	<b>1,069,608</b>	<b>1,058,826</b>	<b>10,782</b>	<b>1.0%</b>

### COVID-19 Funding

During the COVID-19 pandemic, there were numerous announcements from the Federal and Provincial governments regarding funding opportunities to address financial pressures for individuals and organizations. All of the City's allocation of COVID-19 Recovery Funding for Municipalities Program (CRFMP) was utilized in 2022. For 2023, COVID-19 related pressures are estimated at \$23.7 M. Of this amount, \$14.4 M was funded from the following sources:

- Ministry of Health – one-time funding approvals of \$11.0 M;
- Other Ministry Funding – Long-term Care allocations of \$3.3 M;
- COVID-19 Emergency Reserve – approved funding of \$3.1 M.

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The remaining pressure of \$6.3 M shows as a negative variance against the respective program's operating budget and netted against the City's final year-end position.

### **Tax Supported Operating Budget**

Appendix "A" to Report FCS23063(b) summarizes the Tax Supported Operating Budget variances by department and division.

Through the 2023 Tax Supported Operating Budget process, Council approved a one-time gapping adjustment to be made in Corporate Financials to Fund 50% of the Hamilton Paramedic Service Business Cases in the amount of \$2,155,200 from gapping savings. This increased the 2023 gapping target from the previous \$5.1 M target for the year to \$7.3 M. Corporate-wide gapping is detailed in Table 4 and totalled \$9.3 M in 2023, in comparison to the Council approved target of \$7.3 M, resulting in a surplus of \$2.0 M.

**Table 4**

<b>NET GAPPING BY DEPARTMENT</b>	<b>GAPPING TARGET (\$000's)</b>	<b>2023 ACTUAL GAPPING (\$000's)</b>	<b>VARIANCE (\$000's)</b>
Planning & Economic Development	\$ 866	\$ 2,247	\$ 1,381
Healthy and Safe Communities	\$ 1,050	\$ (161)	\$ (1,211)
Public Works	\$ 2,247	\$ 2,663	\$ 416
Legislative	\$ 85	\$ (788)	\$ (873)
City Manager	\$ 229	\$ 242	\$ 13
Corporate Services	\$ 643	\$ 5,122	\$ 4,479
Corporate Financials (One-Time)	\$ 2,155	\$ -	\$ (2,155)
<b>Consolidated Corporate Savings</b>	<b>\$ 7,275</b>	<b>\$ 9,325</b>	<b>\$ 2,050</b>

Each department's gapping variance (target versus projection) is detailed in the following sections, along with other departmental highlights.

### **Planning and Economic Development Department**

The overall Planning and Economic Development surplus is \$817 K.

The favourable variance of \$536 K in the Transportation Planning and Parking Division is attributed to savings of \$722 K in gapping and \$344 K in higher revenues (net of planned COVID-19 funding), partially offset by \$530 K pressures in contractual costs associated with higher parking revenue.

The Building and General Manager Divisions had a combined deficit of \$18 K mainly as a result of staffing costs and temporary acting role increases.

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The Growth Management Division had a surplus of \$156 K mainly as a result of gapping savings of \$146 K.

The Licensing and By-Law Services Division had a surplus of \$138 K mainly attributed to \$637 K gapping savings which was used to reduce pressure on reserves originally planned to fund initiatives.

The Planning Division had a favourable variance of \$172 K attributable to savings of \$135 K in gapping and \$43 K in Memberships.

The deficit of \$175 K in Tourism and Culture Division is mainly caused by \$610 K in additional Security costs partially offset by \$435 K total savings in Contractual, Maintenance and Repairs and additional museum revenues.

The Planning and Economic Development departmental gapping target, included in the explanations above, is \$0.9 M for the year of 2023. As at December 31, 2023, the actual year-end net gapping amount is \$2.2 M, resulting in favourable gapping of \$1.3 M.

### **Healthy and Safe Communities Department**

The Healthy and Safe Communities (HSC) year-end surplus is \$9.4 M.

The HSC Administration had an unfavourable variance of \$738 K in 2023 primarily due to contribution to Emergency Food Share Program (Report HSC23072), additional temporary positions, material and supplies, offset by backfilling vacant positions and increase in grants and subsidies.

The Children's and Community Services had a favourable variance of \$4.0 M due to maximizing Provincial funding opportunities, including the utilization of one-time transitional grant funding to cover off 2023 municipal levy contributions.

The Ontario Works division had a favourable variance of \$957 K in 2023 a result of gapping, higher than anticipated recoveries, maximization of Provincial funding and other program cost savings partially offset by reallocated spending related to Ministry approved initiatives and pressures related to Special Supports benefits.

The Housing Services had a favourable variance of \$3.5 M in 2023 due to additional in year funding received (Reaching Home for winter response and Interim Housing Assistance Program (IHAP)), Social Housing Provider annual reconciliation recoveries along with other program savings, offset by pressures related to housing supports for Dorothy Day, shelters and emergency hotel costs.

Housing Secretariat had an unfavourable variance of \$78 K due to unbudgeted program costs. However, these were offset in the Housing Services division.

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Indigenous Relations had a favourable variance of \$176 K primarily due to employee related costs as a result of gapping that occurred while recruiting for management positions.

Long Term Care had a favourable variance of \$79 K due to revenue received greater than anticipated including increased level of care funding offset by staffing costs, overtime, long-term disability (LTD), sick pay, as well as, food and supply and contracted costs. Recreation had a favourable variance of \$2.9 M due to gapping as a residual impact of COVID-19 related staffing issues and program delivery and increased revenues in summer programming.

The Hamilton Fire Department had an unfavourable variance of \$2.5 M attributable to differential of accrued and budgeted unionized wage contingency and higher than budgeted overtime due to parental leaves and unfunded COVID-19 costs. Additional pressures due to increased costs for vehicle parts and fuel. Offset slightly by higher than budgeted revenues for user fees.

The Hamilton Paramedic Service had a favourable variance of \$888 K due to additional Land Ambulance Service Grant subsidy, savings in contractual employee related costs and higher than budgeted revenues for user fees, offset partially by significant increases in costs for operating expenses including uniforms and clothing and medical supplies.

Public Health Services had a favourable variance of \$213 K. This is primarily related to additional funding received from the province and savings in levy funded programs. The additional funds were applied against Board of Health (BOH) approved allocations to Hamilton Opioid Action plan equipment (\$100 K) and Health Babies Healthy Children's operating pressure (\$205 K).

The Healthy and Safe Communities departmental gapping target is \$1.0 M for the 2023 year. The actual year-end gapping amount is (\$161 K), resulting in a deficit of \$1.2 M.

### **Public Works Department**

The Public Works Department realized a deficit of \$15.0 M in 2023.

The Corporate Asset Management Division had an unfavourable variance of \$1.1 M. This is largely due to new permanent and temporary positions which resulted in a negative impact of \$762 K. As a result of the Enterprise Asset Management Software system implementation being delayed, the City continues to pay for the old system licenses concurrently with the new system licenses causing an unfavourable amount of \$336 K.

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The Corporate Facilities and Energy Management Division had an unfavourable variance of \$2.5 M resulting from three main drivers. The Corporate Security Office received approval for additional temporary staff to meet the level of demand across the City. Additionally, the security outside contract increased in costs (\$870 K combined unfavourable variance). The second driver was unbudgeted security costs at leased / rented Civic properties in the City resulting in a \$857 K unfavourable variance. Lastly, Tim Horton's Field Stadium had a variance of \$485 K due to the increased contractual costs, unbudgeted winter events and higher than expected Grey Cup costs.

The Engineering Services Division had a favourable surplus of \$867 K attributed to revenues and fees realized in the Corridor Management Program.

The Environmental Services realized a deficit of \$2.3 M. The Division incurred \$757 K in security costs for 24/7 washroom security in parks. As in previous years, the recoveries from Capital for the Street Tree Planting and the Emerald Ash Borer programs were not booked resulting in an unfavourable variance of \$796 K. The plan is to eventually eliminate this funding source from the operating budget through phasing out of these recovery budgets. Council-approved emergency work of \$363 K was required to fix the escarpment stairs and replace the lighting. Increased costs of \$709 K were also significantly higher due to supply chain issues and inflation.

Hamilton Transit (HSR) realized a deficit of \$6.4 M. Farebox revenue continued to slowly recover and is \$4.5 M unfavourable to budget. Also contributing to the deficit is a shortfall of \$2.1 M for revenue budgeted to be drawn from Safe Restart funding that was not realized due to the Province requiring all advanced amounts to be returned. Employee Related costs were also unfavourable by \$1.7 M. While vehicle parts were \$1.6 M unfavourable, fuel was favourable by \$853 K, as well as, tires and tubes at \$104 K favourable. Contractual services also showed an overall favourable balance at year-end of \$2.9 M. This was driven by the savings in the DARTS contract and savings in Taxi Scrip and TransCab contracts totaling \$857 K.

The Transportation Division realized an unfavourable variance of \$29 K in 2023. This is mainly due to favourable employee related costs due to net gapping savings realized from staff vacancies. In addition, favourable variances in building and ground, relating to hydro and propane and vehicle expenses existed. Offsetting some of these favorable variances was increased winter control hired equipment \$466 K due to the severe winter events and excess soil costs due to new legislative regulations (O. Reg. 406/19). Both items were increased in the 2024 budget process.

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The Waste Management Division realized a deficit of \$3.4 M for 2023. The volatility in the commodity market impacted the division with year-end revenues totaling \$1.3 M below budget. Escalation factors on waste contracts were again higher than budgeted resulting in a net overage of \$725 K. Issues with the Transfer Stations and the insolvency of the contractor resulted in additional money being spent on security due to break-ins and vandalism (\$371 K) and contract and retendering costs of \$215 K.

The Public Works departmental gapping target, included in the explanations above, was \$2.2 M for the 2023 year. The actual year-end gapping amount is \$2.6 M, resulting in an annual surplus of \$0.4 M.

### **Legislative**

The overall Legislative departmental surplus is \$80 K.

The surplus is due savings in contractual, consulting and contingency budgets, slightly offset by temporary staffing costs, unmet gapping targets, facilities expenses and Council training and orientation costs.

The deficit in the General Legislative division of \$191 K is largely due to the gapping target, employee related expenses, as well as, orientation and training fees.

The Mayor's Office temporary staffing costs were offset by savings in their consulting and contractual budgets.

There is an operating surplus for the Advisory Committees due to the pause on operations to review their structure and the surplus in the Ward Budgets due to unspent budgets in some Wards.

The Legislative departmental gapping target was \$85 K for the year of 2023. The actual year-end gapping amount is (\$788 K), resulting in a deficit of \$873 K.

### **City Manager's Office (CMO)**

The overall CMO departmental surplus is \$273 K.

The surplus is due to unspent leadership development allocations and Government Relations contractual budgets as well as savings in mediation / arbitration and legal costs. These were partially offset by strategic spend in temporary staffing costs, unmet gapping targets, consulting and recruitment related expenses.

The surplus in the Office of the Auditor General of \$84 K is due to temporary vacancies, offset by legal fees.

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The deficit in the CMO Administration Division and Communications and Strategic Initiatives of \$80 K is largely due to temporary staffing costs, increased one-time recruitment expenses and subscriptions.

The surplus in Government and Community Relations of \$154 K is the result of unspent funds in the contractual budget for government relations where deliverables were in-sourced, as well as, temporary staffing vacancies.

The Human Resources surplus of \$197 K is due to savings in leadership development costs and lower mediation / arbitration and legal expenses offset by gapping target and consulting costs.

The City Manager's Office departmental gapping target, included in the explanations above, was \$229 K for the 2023 year. The actual year-end gapping amount is \$242 K, resulting in a surplus of \$13 K.

### **Corporate Services Department**

Corporate Services ended 2023 with a surplus of \$1.7 M.

The overall departmental surplus was mainly the result of favourable variances of \$0.8 M in the Customer Service, POA and Financial Integration Division, \$0.8 M in the Financial Services, Taxation and Corporate Controller Division, \$0.4 M in the Information Technology Division, partially offset by a deficit of \$0.3 M in the City Clerk's Office.

The deficit of \$246 K in the City Clerk's Office was due to unbudgeted expenditures in the Elections section of \$318 K and higher than anticipated facilities costs of \$145 K, partially offset by savings in employee related gapping of \$204 K.

The favourable variance in Customer Service, POA and Financial Integration Division of \$814 K was mainly due to gapping of \$782 K.

The Financial Services, Taxation and Corporate Controller Division surplus of \$776 K is mainly a result of gapping \$425 K, higher than budgeted revenues in tax transfer and arrears processing fees \$314 K and savings in computer software of \$99 K.

The favourable variance in Information Technology Division of \$393 K is primarily due to employee related savings from gapping of \$1.2 M, partially offset by budgeted contribution from the Motorola Trunk Radio reserve not completed of \$512 K and unbudgeted office renovations of \$266 K.

The remaining divisions were primarily on budget and had a combined surplus of \$4 K.

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The Corporate Services departmental gapping target, included in the explanations above, was \$0.6 M for the 2023 year. The actual year-end gapping amount is \$5.1 M, resulting in a surplus of \$4.5 M.

### **Corporate Financials / Non-Program Revenues**

Corporate Financials / Non-Program Revenues show a \$8.0 M combined favourable variance for the 2023 year. Contributing factors are identified as follows:

- Corporate Pensions, Benefits and Contingency: \$1.1 M deficit due higher insurance costs.
- Corporate Initiatives: \$0.5 M deficit from unbudgeted COVID-19 expenditures for personal protective equipment.
- Non-Program Revenues: Shared revenues from the Ontario Lottery and Gaming Corporation were higher than anticipated, resulting in a surplus of \$1.2 M.
- Non-Program Revenues: Dividends from Hamilton Utilities Corporation and Alectra Dividends net of administration costs were lower than anticipated resulting in a deficit of \$110 K.
- Non-Program Revenues: Tax remissions and write-offs resulted in a \$1.5 M surplus based on appeals processed.
- Non-Program Revenues: Supplementary taxes exceeded budget by \$5.3 M based on Assessment Roll update by MPAC.
- Non-Program Revenues: POA revenues were lower than expected (\$1.9 M) due to higher victim surcharge paid by City and higher transfers to Transportation Reserve.
- Non-Program Revenues: Higher than anticipated Payment in Lieu and Penalties and Interest Revenues of \$0.9 M and \$2.7 M, respectively.

### **Capital Financing**

Capital financing had an overall positive variance of \$597 K as a result of timing differences in cash flow assumptions for completion of capital projects and related timing in the issuance of debt.

### **Boards and Agencies**

Boards and Agencies had a surplus of \$1.6 M.



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The main surplus is attributable to Hamilton Police Service in the amount of \$2.8 M. The Hamilton Police Board will be presenting its year-end 2023 operating budget variance report in June 2024. The Police surplus is recommended to be transferred to its own reserve.

Library had an unfavourable variance of \$1.3 M as a result of higher than budgeted staffing costs along with increased security contract costs due to increased hours used and higher rates under the current emergency contract the Library has been operating under since the previous provider filed for receivership in 2023. The deficit is recommended to be funded from its own reserve.

The Hamilton Farmers' Market had a surplus of \$58 K. The surplus is recommended to be transferred to its own reserve.

### **Disposition of Tax Supported Operating Budget Surplus**

The City of Hamilton has policies, obligations, future requirements and past practice that guide decisions around the disposition of the year-end operating budget surplus. As outlined in Recommendation (e) of Report FCS23063(b), staff recommends that the Tax Supported Operating Budget Surplus of \$7.8 M be distributed to various reserves as per the following paragraphs.

This proposed disposition of the 2023 surplus is highlighted below:

- Year-end variances for Police and Farmers Market to be allocated to their own reserves as per their policies.
- Library deficit to be funded from its own reserve as per past practice.
- Ward Surpluses – At its General Issues Committee meeting on May 1, 2024, Council approved that any surplus operating funds at 2023 year-end in the ward office budgets be transferred to the corresponding ward minor maintenance account. Staff recommends \$216.3 K be transferred to the Ward Reserves to fund the Ward Minor Maintenance Projects.
- Development Charge (DC) Exemptions – Staff recommends that \$0.6 M be transferred to fund the 2023 shortfall in budgeted discretionary tax supported development charge exemptions. Tax supported development charge exemptions (Project ID #2052180510), statutory and discretionary, were \$42.8 M in 2023 as outlined in Appendix “E” to Report FCS22042(b). The total tax supported budget for 2022 was \$13.2 M, leaving a funding shortfall of \$29.6 M.

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The recommended transfer of \$0.6 M funds a portion of the 2022 shortfall and represents the total capital financing surplus for 2023. The funding shortfall in discretionary exemptions was driven by development related exemptions in a variety of sectors. At the Audit, Finance and Administration Committee on May 2, 2024, Council recently adopted a new DC By-Law (part of Report FCS23103(b)) which includes further changes to discretionary exemption policies, which will be incorporated by Staff into future financing planning.

- Slot Revenues – Slot revenue surplus of \$1.2 M to be transferred to the Flamborough Capital Reserve Fund per Council approval of Report FCS12031 on April 25, 2012.
- Tax Stabilization Reserve #110046 – The remainder of the tax supported operating budget surplus of \$3.9 M is proposed to be transferred to the Tax Stabilization Reserve.

### **Rate Supported Operating Budget**

The Hamilton Water Division Rate supported operating budget had a favourable 2023 year-end variance of \$3.3 M due to unfavourable operating expenditures of \$1.4 M, offset by favourable Capital Financing of \$3.0 M and a favourable revenue variance of \$1.7 M.

#### Revenues

Total year-end rate revenues are \$1.7 M (0.6%) favourable to the budget.

An overall favourable variance is attributed to surpluses in the residential sector of \$0.6 M and \$0.8M in the Industrial, Commercial and Institutional (ICI) sector. Staff continues to monitor consumption patterns and post-pandemic related impacts, as well as, changes in water consumption trends as some customers' consumption has not returned to pre-pandemic levels as anticipated, particularly in the ICI sector.

Raw water saw a deficit of \$64 K in 2023 due to a broken line which cut off the raw water supply for ArcelorMittal Long Products. The surplus in the ICI sector is partially due to the deficit in raw water sales. The line has now been repaired and usage levels have returned to normal in 2024.

As of December 31, 2023, there is a deficit \$925 K in Sewer Surcharge and Overstrength Agreements, offset by surpluses of \$348 K from hauled water and sewage, \$320 K in private fire lines, as well as, \$680 K from Halton and Haldimand, whose residential customer base continues to increase resulting in a continued trend of favourable revenues.

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## Expenditures

Overall program spending for 2023 had a favourable variance of \$1.6 M. The driving factors behind this are shown in Table 5.

**Table 5**

<b>City of Hamilton - Rate Budget Operating Expenditures Variance Drivers</b>	
<b>Expenditure Types</b>	<b>Variance (\$000's)</b>
Capital Financing	3,500
Employee Related Costs	809
Buildings and Grounds	416
Contractual and Consulting	391
Agencies and Support Payments	257
Materials and Supplies/Other	240
Reserves/Recoveries	(472)
Financial	(3,500)
<b>Total Operating Expenditures</b>	<b>1,641</b>

Note: () Denotes unfavourable variance

Capital Financing had a favourable variance of \$3.5 M mainly due to timing in the issuance of debt. This positive variance is partially offset by the higher than anticipated reserve transfers of \$0.5 M.

Employee related costs had a favourable variance of \$809 K mainly due to net gapping savings realized from staff vacancies.

Buildings and Grounds also realized a surplus of \$416 K mainly due to decreased hydro consumption, offset by increased natural gas consumption at the Biosolids Facility due to the temporary closure and repair of a digester used in wastewater treatment at the Woodward Treatment Plant.

A favourable variance of \$391 K due to savings in Storm Water program, offset by increased utility locates contractual obligations associated with the Bill 93 existed within Contractual and Consulting.

Agencies and Support Payments had a favourable variance of \$257 K mainly due to the Protective Plumbing Program (3P) has also been realized. Less adverse weather in early 2023 has resulted in lower-than-expected uptake in the 3P program.

Materials and Supplies / Other had a favourable variance of \$240 K for 2023 as a result of a lower than expected inflationary impact on operating supply usage.

Reserves / Recoveries had an unfavourable variance of \$471 K as a result of unbudgeted Water, Wastewater and Storm Reserve Transfers.

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Financial expenses had an unfavourable variance of \$3.5 M mainly due to the Ministry order and fine related to the Chedoke Creek sewage spill.

Appendix “B” to Report FCS23063(b) summarizes the Rate Budget results by program.

**Disposition of Rate Supported Operating Budget Surplus**

The City of Hamilton has policies, obligations, future requirements and past practice that guide decisions around the disposition of the year-end operating budget surplus.

Staff recommends that the Rate Supported Operating Budget Net Surplus of \$3.3 M be transferred as follows:

- Surplus in wastewater / stormwater operations of \$0.4 M to be transferred to Wastewater Reserve (#108005).
- Surplus in water operations of \$2.9 M to be transferred to Water Reserve (#108015).

**ALTERNATIVES FOR CONSIDERATION**

Table 1 in the Recommendation(s) section of Report FCS23063(b) identifies the recommended disposition of the surplus / deficit. Council may provide alternative direction to staff for the disposition of the surplus / deficit.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report FCS23063(b) – City of Hamilton Tax Operating Budget Variance Report as at December 31, 2023

Appendix “B” to Report FCS23063(b) – City of Hamilton Combined Water, Wastewater and Storm Operating Budget Macro as at December 31, 2023

Appendix “C” to Report FCS23063(b) – City of Hamilton Budgeted Complement Temporary Extension Schedule

Appendix “D” to Report FCS23063(b) – City of Hamilton Budgeted Complement Transfer Schedule

Appendix “E” to Report FCS23063(b) – City of Hamilton 2023 Development Charges Exemption Summary

KP/dt

**CITY OF HAMILTON**  
**TAX OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023**  
**(\$ 000's)**

	2023 Approved Budget	2023 Actuals December	2023 Actuals vs Approved Budget	
			\$	%
<b><u>PLANNING &amp; ECONOMIC DEVELOPMENT</u></b>				
General Manager	1,627	1,666	(38)	(2.4)%
Transportation, Planning and Parking	3,234	2,698	536	16.6%
Building	1,203	1,182	21	1.7%
Economic Development	5,615	5,607	8	0.1%
Growth Management	932	776	156	16.7%
Licensing & By-Law Services	7,227	7,089	138	1.9%
Planning	3,788	3,616	172	4.5%
Tourism & Culture	10,460	10,635	(175)	(1.7)%
<b>TOTAL PLANNING &amp; ECONOMIC DEVELOPMENT</b>	<b>34,087</b>	<b>33,270</b>	<b>817</b>	<b>2.4%</b>
<b><u>HEALTHY AND SAFE COMMUNITIES</u></b>				
HSC Administration	3,074	3,812	(738)	(24.0)%
Children's Services & Neighbourhood Dev.	10,421	6,412	4,009	38.5%
Ontario Works	13,539	12,581	957	1.4%
Housing Services	70,135	66,658	3,476	0.0%
Housing Secretariat	6	84	(78)	(1415.7)%
Indigenous Relations	857	681	176	20.5%
Long Term Care	12,972	12,892	79	0.6%
Recreation	37,935	34,998	2,938	7.7%
Hamilton Fire Department	101,180	103,680	(2,500)	(2.5)%
Hamilton Paramedic Service	35,874	34,985	888	2.5%
Public Health Services	15,434	15,221	213	1.4%
<b>TOTAL HEALTHY AND SAFE COMMUNITIES</b>	<b>301,426</b>	<b>292,004</b>	<b>9,422</b>	<b>3.1%</b>
<b><u>PUBLIC WORKS</u></b>				
PW-General Administration	(222)	3	(225)	101.4%
Corporate Asset Management	2,379	3,471	(1,092)	(45.9)%
Corporate Facilities & Energy Management	14,685	17,144	(2,459)	(16.7)%
Engineering Services	0	(867)	867	100%
Environmental Services	48,205	50,486	(2,281)	(4.7)%
Transit	93,597	99,948	(6,351)	(6.8)%
Transportation	87,167	87,196	(29)	(0.0)%
Waste Management	48,650	52,075	(3,425)	(7.0)%
<b>TOTAL PUBLIC WORKS</b>	<b>294,461</b>	<b>309,455</b>	<b>(14,994)</b>	<b>(5.1)%</b>
<b><u>LEGISLATIVE</u></b>				
Legislative General	(282)	(91)	(191)	67.7%
Mayors Office	1,271	1,254	17	1.3%
Volunteer Committee	121	84	38	31.0%
Ward Budgets	4,486	4,270	216	4.8%
<b>TOTAL LEGISLATIVE</b>	<b>5,596</b>	<b>5,517</b>	<b>80</b>	<b>1.4%</b>
<b><u>CITY MANAGER</u></b>				
Auditor General	1,275	1,192	84	6.6%
CMO - Admin	276	356	(80)	(29.1)%
Communications & Strategic Initiatives	2,946	3,029	(83)	(2.8)%
Digital & Innovation Office	486	484	2	0.4%
Government & Community Relations	1,367	1,213	154	11.3%
Human Resources	9,075	8,877	197	2.2%
<b>TOTAL CITY MANAGER</b>	<b>15,423</b>	<b>15,150</b>	<b>273</b>	<b>1.8%</b>

- ( ) Denotes unfavourable variance.

- Variances include eligible COVID related funding

**CITY OF HAMILTON**  
**TAX OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023**  
 (\$ 000's)

	2023 Approved Budget	2023 Actuals December	2023 Actuals vs Approved Budget	
			\$	%
<b><u>CORPORATE SERVICES</u></b>				
City Clerk's Office	3,697	3,942	(246)	(6.7)%
Customer Service, POA and Fin'l Integration	6,416	5,602	814	12.7%
Financial Serv, Taxation and Corp Controller	4,668	3,892	776	16.6%
Legal Services and Risk Management	4,950	4,939	12	0.2%
Corporate Services - Administration	347	344	3	0.8%
Financial Planning, Admin & Policy	5,826	5,837	(10)	(0.2)%
Information Technology	19,643	19,250	393	2.0%
<b>TOTAL CORPORATE SERVICES</b>	<b>45,548</b>	<b>43,806</b>	<b>1,741</b>	<b>3.8%</b>
<b><u>CORPORATE FINANCIALS</u></b>				
Corporate Pensions, Benefits & Contingency	15,637	16,743	(1,106)	(7.1)%
Corporate Initiatives	3,946	4,407	(461)	(11.7)%
<b>TOTAL CORPORATE FINANCIALS</b>	<b>19,583</b>	<b>21,150</b>	<b>(1,568)</b>	<b>(8.0)%</b>
<b><u>HAMILTON ENTERTAINMENT FACILITIES</u></b>				
Operating	150	207	(57)	(38.3)%
<b>TOTAL HAMILTON ENTERTAINMENT FACILITIES</b>	<b>150</b>	<b>207</b>	<b>(57)</b>	<b>(38.3)%</b>
<b>TOTAL CITY EXPENDITURES</b>	<b>716,274</b>	<b>720,559</b>	<b>(4,285)</b>	<b>(0.6)%</b>
<b><u>CAPITAL FINANCING</u></b>				
Debt-Healthy and Safe Communities	1,169	238	930	79.6%
Debt-Planning & Economic Development	1,304	25	1,279	98.1%
Debt-Public Works	33,165	24,433	8,731	26.3%
Debt-Corporate Financials	105,911	116,255	(10,344)	(9.8)%
Infrastructure Renewal Levy	13,429	13,429	0	0.0%
<b>TOTAL CAPITAL FINANCING</b>	<b>154,977</b>	<b>154,380</b>	<b>597</b>	<b>0.4%</b>
<b><u>BOARDS &amp; AGENCIES</u></b>				
<b><u>Police Services</u></b>				
Operating	192,361	189,521	2,840	1.5%
Capital Financing	1,235	1,235	0	0.0%
<b>Total Police Services</b>	<b>193,596</b>	<b>190,756</b>	<b>2,840</b>	<b>1.5%</b>
<b><u>Other Boards &amp; Agencies</u></b>				
Library	33,956	35,255	(1,299)	(3.8)%
Conservation Authorities	8,930	8,930	0	0.0%
Hamilton Beach Rescue Unit	143	143	(0)	(0.0)%
Royal Botanical Gardens	660	660	(0)	(0.0)%
MPAC	6,833	6,833	0	0.0%
Farmers Market	251	193	58	23.1%
<b>Total Other Boards &amp; Agencies</b>	<b>50,774</b>	<b>52,015</b>	<b>(1,241)</b>	<b>(2.4)%</b>
<b>Capital Financing - Other Boards &amp; Agencies</b>	<b>198</b>	<b>198</b>	<b>(0)</b>	<b>(0.0)%</b>
<b>City Enrichment Fund</b>	<b>6,575</b>	<b>6,575</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>251,143</b>	<b>249,543</b>	<b>1,599</b>	<b>0.6%</b>
<b>TOTAL EXPENDITURES</b>	<b>1,122,394</b>	<b>1,124,484</b>	<b>(2,089)</b>	<b>(0.2)%</b>

- ( ) Denotes unfavourable variance.  
 - Variances include eligible COVID related funding

**CITY OF HAMILTON**  
**TAX OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023**  
 (\$ 000's)

	2023 Approved Budget	2023 Actuals December	2023 Actuals .vs Approved Budget	
			\$	%
<b>NON PROGRAM REVENUES</b>				
Slot Revenues	(5,695)	(6,856)	1,161	(20.4)%
Investment Income	(4,800)	(4,827)	27	(0.6)%
Hydro Dividend & Other Interest	(6,568)	(6,458)	(110)	1.7%
Tax Remissions & Write Offs	8,818	7,310	1,508	17.1%
Payment In Lieu	(17,519)	(18,486)	968	0.0%
Penalties and Interest	(11,500)	(14,161)	2,661	(23.1)%
Right of Way	(3,230)	(3,229)	0	0.0%
Senior Tax Credit	534	542	(8)	(1.4)%
Supplementary Taxes	(10,130)	(15,413)	5,283	(52.1)%
POA Revenues	(2,698)	(737)	(1,961)	0.0%
<b>TOTAL NON PROGRAM REVENUES</b>	<b>(52,787)</b>	<b>(62,316)</b>	<b>9,529</b>	<b>0.0%</b>
<b>TOTAL LEVY REQUIREMENT</b>	<b>1,069,608</b>	<b>1,062,168</b>	<b>7,440</b>	<b>0.7%</b>

- ( ) Denotes unfavourable variance.  
 - Variances include eligible COVID related funding





**CITY OF HAMILTON**  
**COMBINED WATER, WASTEWATER AND STORM OPERATING BUDGET MACRO AS AT DECEMBER 31, 2023**  
**(\$ 000's)**

	2023 Approved Budget	2023 Actuals December	2023 Actuals vs. Approved Budget	
			\$	%
<b><u>OPERATING EXPENDITURES:</u></b>				
Divisional Administration & Support	11,498,313	14,714,645	(3,216,332)	(28.0%)
Woodward Upgrades	1,953,429	1,758,180	195,249	10.0%
Customer Service & Community Outreach	6,923,785	7,032,602	(108,817)	(1.6%)
Compliance & Regulations	7,843,466	7,607,286	236,179	3.0%
Water Distribution & Wastewater Collection	24,239,426	22,183,043	2,056,383	8.5%
Plant Operations	35,866,472	35,682,915	183,556	0.5%
Plant Maintenance	12,563,094	13,137,834	(574,739)	(4.6%)
Capital Planning & Delivery	5,306,737	4,637,215	669,522	12.6%
Watershed Management	1,642,718	1,275,601	367,118	22.3%
Wastewater Abatement Program	1,142,465	1,732,922	(590,457)	(51.7%)
Alectra Utilities Service Contract	6,010,198	6,106,487	(96,290)	(1.6%)
Utilities Arrears Program	500,328	490,123	10,206	2.0%
Sewer Lateral Management Program	325,000	320,535	4,465	1.4%
Hamilton Harbour Remedial Action Plan	604,011	481,094	122,917	20.4%
Protective Plumbing Program (3P)	752,938	540,448	212,490	28.2%
Financial Charges	86,118	466,473	(380,354)	(441.7%)
Sub-total	117,258,498	118,167,402	(908,904)	(0.8%)
Capital and Reserve Recoveries	(8,746,180)	(8,253,492)	(492,688)	5.6%
<b>Operating Expenditures Sub-Total</b>	<b>108,512,318</b>	<b>109,913,910</b>	<b>(1,401,592)</b>	<b>(1.3%)</b>
<b><u>Capital and Reserve Impacts on Operating</u></b>				
<b><u>Contributions to Capital</u></b>				
Water Quality Initiatives	64,300,080	62,960,080	1,340,000	2.1%
Wastewater	54,231,042	54,901,042	(670,000)	(1.2%)
Stormwater	14,822,000	15,492,000	(670,000)	(4.5%)
<b>Sub-Total Contributions to Capital</b>	<b>133,353,122</b>	<b>133,353,122</b>	<b>(0)</b>	<b>(0.0%)</b>
<b><u>Contributions for DC Exemptions</u></b>				
Water Quality Initiatives	2,520,000	1,513,779	1,006,221	39.9%
Wastewater	4,590,000	4,692,748	(102,748)	(2.2%)
Stormwater	1,890,000	2,793,472	(903,472)	(47.8%)
<b>Sub-Total Contributions for DC Exemptions</b>	<b>9,000,000</b>	<b>9,000,000</b>	<b>-</b>	<b>0.0%</b>
<b><u>Capital Debt Charges</u></b>				
Water Quality Initiatives	11,694,759	7,926,195	3,768,564	32.2%
Wastewater	13,229,466	7,687,225	5,542,241	41.9%
Stormwater	3,780,708	2,909,616	871,092	23.0%
DC Debt Charges Recoveries	(7,123,627)	(457,127)	(6,666,500)	93.6%
<b>Sub-Total Debt Charges</b>	<b>21,581,306</b>	<b>18,065,909</b>	<b>3,515,397</b>	<b>16.3%</b>
<b>Sub-Total Capital Financing</b>	<b>163,934,428</b>	<b>160,419,031</b>	<b>3,515,397</b>	<b>2.1%</b>
<b>Reserve Transfers</b>	<b>-</b>	<b>471,915</b>	<b>(471,915)</b>	<b>0.0%</b>
<b>Sub-Total Capital and Reserve Impacts on Operating</b>	<b>163,934,428</b>	<b>160,890,946</b>	<b>3,043,482</b>	<b>1.9%</b>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>272,446,747</b>	<b>270,804,856</b>	<b>1,641,890</b>	<b>0.6%</b>

**CITY OF HAMILTON**  
**COMBINED WATER, WASTEWATER AND STORM OPERATING BUDGET MACRO AS AT DECEMBER 31, 2023**  
**(\$ 000's)**

	2023 Approved Budget	2023 Actuals December	2023 Actuals vs. Approved Budget	
			\$	%
<b>REVENUES:</b>				
<b>Rate Revenue</b>				
Residential	121,736,239	122,310,063	573,824	0.5%
Industrial/Commercial/Institutional/Multi-res	128,334,602	129,156,416	821,814	0.6%
Haldimand	3,606,687	4,211,881	605,194	16.8%
Halton	310,553	385,516	74,964	24.1%
Raw Water	190,100	126,352	(63,748)	(33.5%)
Non-Metered	1,100,000	1,023,749	(76,252)	(6.9%)
Private Fire Lines	1,800,000	2,119,947	319,947	17.8%
Hauler / 3rd Party Sales	1,892,800	2,240,774	347,974	18.4%
Overstrength Agreements	3,439,098	2,790,281	(648,817)	(18.9%)
Sewer Surcharge Agreements	7,005,322	6,729,171	(276,152)	(3.9%)
<b>Sub-Total Utility Rates</b>	<b>269,415,402</b>	<b>271,094,149</b>	<b>1,678,748</b>	<b>0.6%</b>
<b>Non-Rate Revenue</b>				
Local Improvement Recoveries	275,850	163,143	(112,707)	(40.9%)
Permits / Leases / Agreements	1,151,958	1,066,521	(85,437)	(7.4%)
Investment Income	450,000	450,000	-	0.0%
General Fees and Recoveries	1,153,537	1,372,818	219,281	19.0%
<b>Sub-Total Non-Rate Revenue</b>	<b>3,031,345</b>	<b>3,052,482</b>	<b>21,137</b>	<b>0.7%</b>
<b>TOTAL REVENUES</b>	<b>272,446,747</b>	<b>274,146,632</b>	<b>1,699,885</b>	<b>0.6%</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>(0)</b>	<b>3,341,775</b>	<b>3,341,775</b>	

**CITY OF HAMILTON  
 BUDGETED COMPLEMENT TEMPORARY EXTENSION SCHEDULE**

**TEMPORARY POSITION EXTENSIONS**

**Extensions to temporary positions with terms of 24 months or greater as per the Budgeted Complement Control Policy**

ITEM #	TRANSFER FROM				TRANSFER TO			
	Department	Division	Position Title	FTE	Department	Division	Position Title	FTE
1	Public Works	Corporate Asset Management	Sr. Proj Mgr 6 - IC	-	Public Works	Corporate Asset Management	Sr. Proj Mgr 6 - IC	-
	<b>Explanation:</b> Temporary position with a 24 month term is expiring, requesting approval for additional 24 months extension. The additional costs will be funded by gapping. Zero net levy impact.							
2	Public Works	Corporate Asset Management	Quality Mgmt Coord Strat Int	-	Public Works	Corporate Asset Management	Quality Mgmt Coord Strat Int	-
	<b>Explanation:</b> Temporary position with a 24 month term is expiring, requesting approval for additional 24 months extension. The additional costs will be funded by gapping. Zero net levy impact.							
3	Public Works	Waste Management	SPM - Continuous Improvement Waste Management	-	Public Works	Waste Management	SPM - Continuous Improvement Waste Management	-
	<b>Explanation:</b> Temporary position with a 24 month term is expiring, requesting approval for additional 24 months extension. The additional costs will be funded by gapping. Zero net levy impact.							
4	Public Works	General Manager's Office	SPM - Continous Improvement - GM Admin	0.30	Public Works	General Manager's Office	SPM - Continous Improvement - GM Admin	0.30
	<b>Explanation:</b> Temporary position with a 24 month term is expiring, requesting approval for additional 24 months extension. The additional costs will be funded by gapping. Zero net levy impact. Approved complement of 0.30 FTE, requesting extension for 0.7 FTE temporary.							



## CITY OF HAMILTON BUDGETED COMPLEMENT TRANSFER SCHEDULE

### STAFF COMPLEMENT CHANGE

#### Complement Transfer to another division or department <sup>(1)</sup>

ITEM #	TRANSFER FROM				TRANSFER TO			
	Department	Division	Position Title (2)	FTE	Department	Division	Position Title (2)	FTE
1	Corporate Services	Legal & Risk Management	Solicitor	1.00	Corporate Services	Legal & Risk Management	TBD - Deputy City Solicitor	1.00
	<b>Explanation:</b> Rationale is to create a Deputy City Solicitor position directly supporting the Planning & Economic Development department.							
2	Corporate Services	Financial Policy, Administration & Planning	Financial Asst II	1.00	Corporate Services	Financial Policy, Administration & Planning	TBD - Financial Asst I	1.00
	<b>Explanation:</b> Converting this position will better align with the workload by streamlining transactional tasks and addressing the increased need for analytical work in financial planning and analysis.							
3	Public Works	Transportation	Operations Technician	1.00	Public Works	Transportation	Supervisor Inventory Management	1.00
	<b>Explanation:</b> To approve the conversion of an Operations Technician (CUPE 5167 Grade J) to a Inventory Management Supervisor (Non-union Grade 5). Budget variance will be absorbed within the current operating budget to result in no net levy increase.							
4	Healthy and Safe Communities	Hamilton Paramedic Service	EMS Staff Scheduler	0.00	Healthy and Safe Communities	Hamilton Paramedic Service	EMS Staff Scheduler	2.00
	<b>Explanation:</b> This request is to convert two (2) Temporary Full Time (TFT) into two (2) Permanent Full Time FTE positions. These two (2) scheduler positions have been in Temporary Full Time (TFT) positions through the pandemic as authorized by the EOC. Before these positions were put into place, there was substantial overtime being worked by the two (2) full time, permanent schedulers, with challenges meeting all the scheduling demands. The addition of the two (2) temporary full time positions alleviated the pressures of the pandemic, allowing better management of the addition of shifts and time off activities. The schedulers are relied on heavily to ensure all shifts are filled as well as to minimize the impact of any short notice book offs. The base budget for these positions was funded by MOH Pandemic funding which has since been annualized as part of the MOH funding for 2024 and has been built into the 2024 Council Approved Budget.							
5	Healthy and Safe Communities	Long Term Care	Administrator	1.00	Healthy and Safe Communities	Long Term Care	Administrator	1.00
	<b>Explanation:</b> This request is to convert the Temporary Full time 1.00 FTE Administrator position to a Permanent Full Time 1.00 FTE Administrator position. This temporary Administrator position supported the day-to-day operational oversight of Macassa Lodge (270 beds) and provided the capacity for the Senior Administrator of Long-Term Care to focus on strategic leadership for the Homes, the Seniors Strategy (Hamilton's Age Friendly Plan, Kick off event, Senior Advisory Committee, Seniors at Risk Community Collaborative) and also to represent City Senior Leadership on critical tables for older adults in Hamilton, across our Greater Hamilton Health Network and provincially. Base budget for this position will be funded by the removal of a part-time temp budgeted 0.4 FTE Registered Nurse position and realignment of existing budgeted expenses in employee related cost category.							
6	Healthy and Safe Communities	Public Health Services	Social Media & Mktg Coord	1.00	City Manager's Office	Communications	Social Media & Mktg Coord	1.00
	<b>Explanation:</b> This request is to transfer the Permanent Full time 1.00 FTE Social Media & Mktg Coord from Public Health Service to the Communications division. This position was approved as part of the 2024 budget. Public Health Services identified a need to have a dedicated Social Media & Mktg Coord for their division. For Human Resources and reporting purpose the position will be moved to the communication division but the cost will remain with Public Health Services and there will be no levy impact in either department.							

(1) - All other budgeted complement changes that require Council approval per Budgeted Complement Control Policy, must be done through either separate report or the budget process (i.e. Increasing/decreasing budgeted complement)

(2) - If a position is changing, the impact of the change is within 1 pay band unless specified



**CITY OF HAMILTON**  
**2023 Development Charges Exemption Summary**  
**One Year History**

	<b>2023</b>
<b>DC Exemptions By Area</b>	
Hamilton	\$ 48,404,120
Stoney Creek	12,552,491
Flamborough	6,197,032
Ancaster	2,822,227
Glanbrook	8,109,051
Dundas	184,801
<b>Total Exemptions By Area</b>	<b>\$ 78,269,721</b>

<b>DC Act Statutory Exemptions</b>	
Residential Intensification	\$ 20,036,283
50% Industrial Expansion - Attached	1,639,326
Rental	4,213,812
Non-Profit Housing	4,572,028
Public University	8,284,328
<b>Subtotal DC Act Statutory Exemptions</b>	<b>\$ 38,745,777</b>
<b>Council Authorized</b>	
<b>Residential Exemptions</b>	
Affordable Housing	\$ 250,292
Farm Help Houses <sup>[2]</sup>	-
Student Residence <sup>[2]</sup>	-
Redevelopment for residential facility	42,817
Laneway House / Garden Suite <sup>[2]</sup>	-
<b>Non-Residential Exemptions</b>	
Industrial rate reduced from max	10,871,812
Stepped non-industrial rates	- 132,573
Non-industrial expansion	826,984
Academic <sup>[2]</sup>	-
Public Hospital <sup>[2]</sup>	-
Agricultural Use	3,108,732
Place of Worship	- 346,987
Parking Structure <sup>[2]</sup>	-
Covered Sports Field <sup>[2]</sup>	-
50% Industrial Expansion - Detached	4,767,100
<b>Residential &amp; Non-residential Exemptions</b>	
Downtown Hamilton CIPA	18,555,751
Downtown Public Art	37,277
Heritage Building	63,899
Transition Policy	1,478,841
Council Granted	-
ERASE <sup>[1]</sup>	-
<b>Subtotal Council Authorized Exemptions</b>	<b>\$ 39,523,944</b>
<b>Total Exemptions By Development Type</b>	<b>\$ 78,269,721</b>

<b>Funding Source</b>	
<b>Rates</b>	<b>Tax</b>
18,396,096	20,349,682
17,069,336	22,454,608
35,465,431	42,804,290
9,000,000	13,201,292
26,465,431	29,602,998

<b>DC Exemption Funding</b>	
Exemptions funded from Rates Budget	\$ 9,000,000
Exemptions funded from Tax Budget <sup>[3]</sup>	13,201,292
<b>Total DC Exemption Funding</b>	<b>\$ 22,201,292</b>
<b>Net total unfunded Exemptions</b>	<b>\$ 56,068,429</b>

Unfunded Statutory	18,396,096	20,349,682
Unfunded Discretionary	8,069,336	9,253,316

**Notes:**

[1] ERASE used to be grouped with other exemptions, now funding recovered through the future ERASE grant/future taxes.

[2] These exemptions are no longer in effect.

[3] Exemptions funded from Tax Budget includes exemptions funded from affordable housing funds.





# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023



FCS23063(b)

*Audit, Finance, and Administration Committee*

# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Agenda

1. Summary of Tax and Rate Operating Budget Variances (Unaudited)
2. Recommendations
  - Surplus Disposition
  - Complement and Budget Control Policy



## 2023 Tax and Rate Budget Breakdown

### Tax Budget

- 2023 Gross Budget = \$1.829B
- 2023 Net Levy = \$1.070B
- Surplus for Tax = \$7.4M
  - 0.4% of Gross Budget
  - 0.7% of Net Levy

### Rate Budget

- 2023 Gross Budget = \$272.5M
- Surplus for Rate = \$3.3M (1.3%)



# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Contributing Factors

### 1. Inflation

- Materials
- Fuel
- Contractual
- Collective bargaining

### 2. Vacant Positions (Gapping)

### 3. Unbudgeted Revenues



## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

**Contributing Factors continued...****4. Development Charge Exemptions**

- Historical year in development activity
  - Construction Value of \$2.6B as of December 2023
  - 120% Housing Target achieved in 2023
- Total value DC exemptions tax and rate in 2023 of \$78.3M
- Total budgeted DC exemptions tax and rate in 2023 of \$22.2M
- Budget shortfall of (\$56.1M)
- Amendments to DC policies and exemptions funding will be incorporated into multi-year financing planning (2025 Budget)

# Tax Operating Budget Variance



## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

**Tax Budget 2023 Year-End Variance**

	2023 Approved Budget	2023 Year-End Actuals	2023 Variance (Actuals vs Budget)	
			\$	%
<b>TOTAL CITY EXPENDITURES</b>	<b>663,487</b>	<b>658,244</b>	<b>5,244</b>	<b>0.8%</b>
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>249,710</b>	<b>248,111</b>	<b>1,599</b>	<b>0.6%</b>
<b>CAPITAL FINANCING</b>	<b>156,410</b>	<b>155,813</b>	<b>597</b>	<b>0.4%</b>
<b>TOTAL OTHER NON-DEPARTMENTAL</b>	<b>406,120</b>	<b>403,924</b>	<b>2,196</b>	<b>0.5%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>1,069,608</b>	<b>1,062,168</b>	<b>7,440</b>	<b>0.7%</b>

See Appendix "A" to Report FCS23063(b) for detailed schedule

## Tax Variance - Revenues

- **Key highlights:**
  - Parking Revenues – return to Pre-COVID levels
  - Transit Revenues:
    - Slow recovery of farebox revenue
    - Claw back of Safe Restart Funding
  - Additional Grant Funding (Land Ambulance and Childrens Services Mitigation Grants)
  - Non-Program Revenues:
    - Slot revenues surplus of \$1.2M
    - Supplementary tax surplus of \$5.3M





## Tax Variance - Expenditures

- **Key highlights:**
  - Net gapping savings of \$2.05M
  - Employee Related Costs – Agreements
  - Tax write-offs favourable variance of \$1.5M
  - Contractual:
    - Transit - DARTS, Taxi Scrip and TransCab contract savings of \$857K
    - Additional security costs at civic facilities (\$857K), park washrooms (\$757K) and museums (\$610K)
  - Materials/Supplies/Fuel
    - Continued supply chain and inflation issues for parks maintenance (\$709K deficit) and transit vehicle maintenance (\$1.6M unfavourable variance)
    - Positive variance in Transit fuel of \$853K

## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

**Gapping (\$000's)**

<b>Net Gapping by Department</b>	<b>Gapping Target (\$000's)</b>	<b>Actual Gapping (\$000's)</b>	<b>Variance (\$000's)</b>
Planning & Economic Development	\$ 866	\$ 2,247	\$ 1,381
Healthy and Safe Communities	\$ 1,050	\$ (161)	\$ (1,211)
Public Works	\$ 2,247	\$ 2,663	\$ 416
Legislative	\$ 85	\$ (788)	\$ (873)
City Manager	\$ 229	\$ 242	\$ 13
Corporate Services	\$ 643	\$ 5,122	\$ 4,479
Corporate Financials (One-Time)	\$ 2,155	\$ -	\$ (2,155)
<b>Consolidated Corporate Savings</b>	<b>\$ 7,275</b>	<b>\$ 9,325</b>	<b>\$ 2,050</b>

# Rate Operating Budget Variance



## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

# 2023 Rate Operating Budget Forecasted Year-End Variance

(\$000's)

	2023 Approved Budget	2023 Year-End Actuals	2023 Year-End Variance	
			\$	%
TOTAL EXPENDITURES	272,447	270,805	1,642	0.6%
TOTAL REVENUES	(272,447)	(274,147)	1,700	(0.6%)
NET	-	(3,342)	3,342	1.2%

## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

# Rate Revenues

- Surplus in total rate revenues of **\$1.7M**:
  - Surpluses in the residential sector of \$0.6M and \$0.8M in the Industrial, Commercial, and Institutional (ICI) sector



## TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Rate Expenditures

- Overall program spending and capital financing for 2023 favourable variance of **\$1.6M:**
  - Capital Financing favourable variance of \$3.5M due to timing in the issuance of debt
  - Financial expenses – Unfavourable variance of \$3.5 M mainly due to the Ministry order and fine related to the Chedoke Creek sewage spill
  - Gapping surplus of \$809K
  - Building & Ground – surplus of \$416K due to decreased hydro consumption
  - Materials and supplies favourable variance of \$240K for 2023 due to inflationary impact on operating supply usage

# Recommendations



# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Year-End Surplus Recommendation

DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)		
<b>Corporate Surplus from Tax Supported Operations</b>		<b>\$ 7,440,069</b>
<b>Disposition to/from Self-Supporting Programs &amp; Agencies</b>		<b>\$ (1,598,974)</b>
Less: Police (Transfer to Police Reserve)	\$ (2,840,220)	
Add: Library (Transfer from Library Reserve)	\$ 1,299,228	
Less: Farmers Market (Transfer to Farmers Market Reserve)	\$ (57,982)	
<b>Balance of Corporate Surplus</b>		<b>\$ 5,841,095</b>
Less: To transfer Ward Office Budget surpluses to Ward Minor Maintenance Accounts		\$ (216,275)
Less: Transfer to fund shortfall in Development Charge Exemptions		\$ (596,810)
Less: Transfer to Flamborough Capital Reserve		\$ (1,160,967)
Less: Transfer to Tax Stabilization Reserve		\$ (3,867,043)
<b>Balance of Tax Supported Operations</b>		<b>\$ 0</b>
<b>Corporate Surplus from Rate Supported Operations</b>		<b>\$ 3,341,776</b>
Less: Transfer to the Rate Supported Water Reserve		\$ (2,921,351)
Less: Transfer to the Rate Supported Wastewater/Stormwater Reserve		\$ (420,425)
<b>Balance of Rate Supported Operations</b>		<b>\$ 0</b>



# TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2023

## Other Recommendations

- Staff complement extensions (Appendix “C”)
- Staff complement transfers (Appendix “D”)




# THANK YOU





**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Services and Taxation Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 6, 2024
<b>SUBJECT/REPORT NO:</b>	Treasurer's Investment Report 2023 Fiscal Year by Aon (FCS24030) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Rosaria Morelli (905) 546-2424 Ext. 1390
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
<b>SIGNATURE:</b>	

## RECOMMENDATION

That Report FCS24030 "Treasurer's Investment Report 2023 Fiscal Year by Aon", as provided to Council, be forwarded to the Hamilton Future Fund Board of Governors for information.

## EXECUTIVE SUMMARY

In accordance with the *Municipal Act, 2001*, the regulations thereunder and the City of Hamilton's Statement of Investment Policies and Procedures (the "City's SIPP"), the Treasurer of the City of Hamilton (General Manager, Corporate Services) is presenting to Council the City of Hamilton Reserve Funds Treasurer's Investment Report 2023 Fiscal Year (the "Treasurer's Report"), attached as Appendix "A" to Report FCS24030.

The Treasurer's Report is an investment report for the City of Hamilton Reserve Fund and the Hamilton Future Fund (the "Funds") for the City's fiscal year ending on December 31, 2023 and is prepared by Aon on behalf of the Treasurer of the City of Hamilton. Market value as of December 31, 2023 for the City Reserve Fund was \$1.15 B and Hamilton Future Fund was \$53.3 M.

All investments met the eligibility requirements as prescribed by Ontario Regulation 438/97 ("O. Reg. 438/97") and were made in accordance with the investment policies and goals, the City's SIPP, adopted by the City of Hamilton.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Treasurer’s Investment Report 2023 Fiscal Year by Aon (FCS24030) (City Wide) – Page 2 of 8**

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**Investment Performance of the Funds**

The market rates of return for the 12-month period ending December 31, 2023 were 6.60% for the Reserve Fund and 6.03% for the Hamilton Future Fund. The Reserve Fund outperformed the benchmark rate of return of 4.80% by 1.80%, attributed mostly to its position in longer-maturity bonds, which outperformed bonds with shorter maturities over the year 2023 and especially in the fourth quarter of 2023. The Hamilton Future Fund outperformed the benchmark rate of return of 4.80% by 1.23%, attributed mostly to its greater position in longer maturity bonds versus shorter maturity bonds.

Market rate of return is based on security market value and includes net unrealized gains and losses, net realized gains and losses and income. The market rate of return is provided by RBC Investor & Treasury Services (“RBCITS”), which is also the City’s custodian.

**Investment in City of Hamilton Securities**

During the fiscal year 2023, the City was invested in its own long-term securities, which had a market value of \$2.8 M or a proportion of 0.25% of the total market value of the Reserve Fund as of December 31, 2023. As of December 31, 2022, the proportion was 0.25%.

Other than this transaction, the City had no other transactions in or disposals of its own securities during the fiscal year 2023 and the City was not invested in its own short-term securities, as was the case during fiscal year 2022.

**Alternatives for Consideration – Not Applicable**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Not Applicable.

Staffing: Not Applicable.

Legal: Not Applicable.

**HISTORICAL BACKGROUND**

In accordance with O. Reg. 438/97 and the City’s SIPP, the Treasurer of the City shall prepare and present to Council each year, an investment report on the management of the City’s Funds during the prior fiscal year that complies with section 8 (Investment report) of O. Reg. 438/97 and shall contain, but not be limited to, the following information:

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OUR Vision: To be the best place to raise a child and age successfully.  
 OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.  
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**SUBJECT: Treasurer’s Investment Report 2023 Fiscal Year by Aon (FCS24030) (City Wide) – Page 3 of 8**

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- a statement about the performance of the investments for the Funds;
- a listing of the types of securities in which the portfolio invested during the period covered by the report;
- a listing of the securities and their credit ratings held by the portfolio at the date of the report;
- a description of the estimated proportion of the total investments of the City that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year’s report;
- a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale of each security;
- a statement by the Treasurer as to whether or not, in his opinion, all investments are consistent with the investment policies and goals (the City’s SIPP) adopted by the City;
- a statement by the Chief Investments Officer as to whether or not, in his or her opinion all investments are consistent with the investment policies and goals (the City’s SIPP) adopted by the City;
- such other information that Council may require or that, in the opinion of the Treasurer, should be included.

The investment report, prepared by Aon on behalf of the Treasurer, is the Treasurer’s Report and is attached as Appendix “A” to Report FCS24030.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

In accordance with the *Municipal Act, 2001* and the City’s SIPP, the Treasurer shall prepare and present to Council each year an investment report on the management of the City’s Funds during the prior fiscal year.

**RELEVANT CONSULTATION**

On behalf of the Treasurer, Aon prepared the Treasurer’s Report, attached as Appendix “A” to Report FCS24030.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

**Funds’ Performance (Page 4 of the Treasurer’s Report)**

The market rates of return for the Reserve Fund and the Hamilton Future Fund are provided by RBCITS. Table 1 includes these performance returns of the Funds along with the benchmark return over each of the quarters of 2023 and over the one-year and three-year periods ending December 31, 2023, as follows:

**SUBJECT: Treasurer’s Investment Report 2023 Fiscal Year by Aon (FCS24030) (City Wide) – Page 4 of 8**

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**Table 1 - Performance Returns**

	Q1 2023 %	Q2 2023 %	Q3 2023 %	Q4 2023 %	1 Year %	3 Year %
Benchmark	2.14	-0.84	-1.27	4.81	4.80	-0.89
Reserve Fund	2.92	-0.68	-2.02	6.45	6.60	-0.52
Hamilton Future Fund	2.58	-0.68	-1.63	5.80	6.03	-0.25
Reserve Fund Minus Benchmark	0.78	0.16	-0.75	1.64	1.80	0.37
Hamilton Future Fund Minus Benchmark	0.44	0.16	-0.36	0.99	1.23	0.64

The benchmark for the Funds is composed of 10% of the Financial Times Stock Exchange (“FTSE”) Canada 91-day Treasury Bill Index, 62.5% of the FTSE Canada Short-Term All-Government Bond Index and 27.5% of the FTSE Canada All-Government Bond Index. The FTSE indices track performance returns of the various investments.

For the one-year period ending December 31, 2023, the Reserve Fund outperformed the benchmark by 1.80% and the Hamilton Future Fund outperformed the benchmark by 1.23%. The outperformance of both the Reserve Fund and the Hamilton Future Fund is attributed to their holdings in longer-term bonds, which outperformed bonds with shorter maturities during 2023 and especially in the fourth quarter of 2023.

During the first three quarters of 2023 interest rates mostly increased, and then during the fourth quarter of 2023 interest rates trended downwards as expectations developed that the Bank of Canada would start cutting interest rates in 2024. For example, the yield on the Government of Canada bond with a term to maturity of 10 years was 3.1% as of December 31, 2023, down 0.2% from its yield of 3.3% as of December 31, 2022 and down 1.1% from its peak at 4.2% on October 3, 2023.

**Types of Securities (Pages 5 and 6 of the Treasurer’s Report)**

The types of securities (and the entities who issue them) which municipalities are permitted to invest in are prescribed by legislation and regulations, including O. Reg. 438/97. The City’s list of securities and approved issuers is provided on Page 5 of the Treasurer’s Report and is set out in the Sector and Issuer Limitations section in the City’s SIPP. The types of securities held during 2023 by the Reserve Fund and the Hamilton Future Fund are provided on Page 6 of the Treasurer’s Report.

**SUBJECT: Treasurer's Investment Report 2023 Fiscal Year by Aon (FCS24030) (City Wide) – Page 5 of 8**

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**Portfolio Securities (Pages 7, 8 and 9 of the Treasurer's Report)**

As of December 31, 2023, the total market value (including cash but not including accrued income) of the securities in the Reserve Fund was \$1,152,405,229 of which \$90,109,507 consists of investments in the One Investment Program.

One Investment Program is jointly run by CHUMS (a subsidiary of the Municipal Finance Officers' Association of Ontario) and Local Authority Services (a corporation of the Association of Municipalities of Ontario).

As of December 31, 2023, the Reserve Fund held units with a market value of \$84,704,740 in the One Investment Program Canadian Equity Portfolio and held units with a market value of \$5,404,767 in the One Investment Program Canadian Corporate Bond Portfolio.

As of December 31, 2023, the total market value (not including accrued income) of the securities in the Hamilton Future Fund was \$53,336,476 of which \$2,509,958 consists of investments in the One Investment Program Canadian Equity Portfolio.

During the fiscal year 2023, the City was invested in its own long-term securities, which had a market value of \$2,843,706 or a proportion of 0.25% of the total market value of the Reserve Fund as of December 31, 2023. As of December 31, 2022, the proportion was 0.25%.

The City had no other transactions in or disposals of its own securities during the fiscal year 2023 and the City was not invested in its own short-term securities, as was the case during fiscal year 2022.

**Restrictions (Pages 10 and 11 of the Treasurer's Report)**

Table 2, taken from the Treasurer's Report, shows that as of December 31, 2023, on a combined basis, the Funds were being managed in accordance with the minimum quality requirements, maximum quantity restrictions and all other imposed restrictions.

**SUBJECT: Treasurer's Investment Report 2023 Fiscal Year by Aon (FCS24030) (City Wide) – Page 6 of 8**

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**Table 2 – Restrictions**

		Policy Complied With Yes / No
The City shall not invest more than 25% of the portfolio in short-term debt issued or guaranteed by the City		Yes
Total investment in "A" or equivalent rated debt on purchase must not exceed 35% of the market value of the City's bond portfolio		Yes
The City shall not invest in a security that is expressed or payable in any currency other than Canadian dollars with exception of investments specified in Section 4.07 and footnote 6 of Appendix "A" of the SIPP		Yes
The City shall not invest in a security issued or guaranteed by a school board or similar entity unless the money raised by issuing the security is to be used for school purposes		Yes
	(%)	
<b>Permitted Ranges</b>		
Federal issues	0-100	Yes
Provincial holdings in aggregate	0-100	Yes
Single province exposure	0-50	Yes
Individual non-federal / non-provincial holdings*	0-10	Yes
Non-federal / non-provincial holdings in aggregate	0-50	Yes
<b>Municipal issues*</b>		
Individual muni issue rated "AAA"	0-10	Yes
Individual muni issue rated "AA"	0-10	Yes
Individual muni issue rated "A"	0-5	Yes
Municipal holdings in aggregate	0-30	Yes
Banks and Credit Unions in aggregate	0-50	Yes
Short-term securities	0-50	Yes
Portfolio duration	1-6 Years	Yes

\* Except for City of Hamilton issues which have an upper limit of 25%

Table 3, which is additional information to the Treasurer's Report, shows the Funds' credit exposure with respect to the approved issuers given in the City's SIPP.



**SUBJECT: Treasurer's Investment Report 2023 Fiscal Year by Aon (FCS24030) (City Wide) – Page 7 of 8**

**Table 3 - Credit Exposure<sup>1</sup> (%) – As of December 31, 2023**

Issuer or Sector	Reserve Fund	Hamilton Future Fund <sup>2</sup> "HFF"	Reserve Fund and HFF Combined	Maximum Limit %
Cash	0.0%	1.1%	0.0%	N/A
Canada Bonds				
Bonds	2.5%	0.0%	2.4%	100%
Guarantee	6.0%	11.8%	6.3%	25%
Provincial Bonds				
Ontario	17.0%	12.0%	16.7%	50%
Other (rated AA or higher)	27.2%	38.7%	27.7%	100%
Other (rated A)	6.3%	5.5%	6.3%	20%
Municipal Bonds				
Hamilton	0.3%	0.0%	0.3%	25%
Other	18.8%	19.7%	18.8%	30%
Banks and Credit Union				50%
Schedule I Banks	15.6%	7.8%	15.3%	50%
Credit Union	0.0%	0.0%	0.0%	8%
Asset Backed Securities	0.0%	0.0%	0.0%	25%
Corporate Bonds	0.0%	0.0%	0.0%	15%
Commercial Paper and Asset Backed Commercial Paper (ABCP)	0.0%	0.0%	0.0%	20%
One Investment Program				15%
Canadian Equity Portfolio	5.8%	3.4%	5.7%	10%
Canadian Corporate Bond Portfolio	0.5%	0.0%	0.5%	10%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	

Notes to Table 3:

<sup>1</sup> Credit Exposure refers to the par value of holdings in individual issuers or sectors as a percentage of the total par value of holdings in the fund.

<sup>2</sup> For the Hamilton Future Fund, Credit Exposure does not reflect the shares of the Hamilton Utilities Corporation, which are held in the Hamilton Future Fund custodial account with RBCITS.

**SUBJECT: Treasurer's Investment Report 2023 Fiscal Year by Aon (FCS24030) (City Wide) – Page 8 of 8**

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**Activity and Transactions (Page 12 of the Treasurer's Report)**

During the fiscal year 2023, the total dollar amount of cash inflows for the Reserve Fund was \$307.0 M, consisting of \$135.8 M in sales and maturities, \$35.2 M in investment income and \$136.0 M in contributions / transfers. Cash outflows were also \$307.0 M and consisted of \$153.4 M in purchases and \$153.6 M in distributions.

During the fiscal year 2023, the total dollar amount of cash inflows for the Hamilton Future Fund were \$14.8 M, consisting of \$13.1 M in sales and maturities, \$1.6 M in investment income and \$0.1 M in contributions/transfers. Cash outflows were also \$14.8 M and consisted of \$14.7 M in purchases and \$0.1 M in distributions.

**Certificate by Chief Investments Officer (Page 13 of the Treasurer's Report)**

The Chief Investments Officer has certified on page 14 of the Treasurer's Report that the Funds were managed in compliance with the *Municipal Act, 2001* and in accordance with the terms, conditions and guidelines stipulated in the City's SIPP.

**ALTERNATIVES FOR CONSIDERATION**

None.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report FCS24030 – City of Hamilton – Reserve Funds Treasurer's Investment Report 2023 Fiscal Year

# City of Hamilton—Reserve Funds Treasurer's Investment Report 2023 Fiscal Year

April 2024

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Reserve Fund Performance and Future Fund Performance	4
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Activity and Transactions	12
Certificate by Chief Investments Officer	13

## Introduction

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As the acting Investment Consultant, Aon is engaged to prepare, on behalf of the Treasurer of the City of Hamilton ("City"), an investment report, referred to as the Treasurer's Report ("the report"), relating to the activities of the City of Hamilton Reserve Fund and the Hamilton Future Fund ("the Funds") during the prior fiscal year. The report will be presented to City Council in the second quarter of every calendar year.

The report is part of a broader governance oversight of the Funds, which includes financial audits, used to evaluate and monitor the various responsibilities that have been delegated by the Treasurer of the City of Hamilton ("City Treasurer") and City Council. More specifically, the overall objective of the report is to ensure that the Funds are managed in accordance with existing legislation that in effect during 2023 and the guidelines set out in the Statement of Investment Policies and Procedures for the City of Hamilton Reserve/Revenue Funds and Trust Accounts ("SIP&P").

The report has been written in accordance with Section 1.12 of the SIP&P and shall contain:

- A statement about the performance of the portfolio of investments of the City during the period covered by the report;
- A listing of the types of securities in which the portfolio invested during the period covered by the report;
- A listing of the securities and their credit ratings held by the portfolio as at the date of the report;
- A description of the estimated proportion of the total investments of a municipality that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year's report;
- A record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale of each security;
- A statement by the Chief Investments Officer ("CIO") as to whether or not, in his or her opinion, all investments are consistent with the SIP&P adopted by the City;
- A statement by the treasurer as to whether or not, in his or her opinion, all investments are consistent with the SIP&P adopted by the City<sup>1</sup>; and
- Any other information that the council may require or that, in the opinion of the City Treasurer, should be included.

This report addresses only the activities of the City of Hamilton Reserve Fund and the Hamilton Future Fund. The Trust Accounts are not covered by this report.

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<sup>1</sup> In the executive summary of the staff report, Treasurer's Investment Report 2023 Fiscal Year by Aon (FCS24030) (City Wide), to which this report is attached as Appendix "A", the City treasurer states whether all investments met the eligibility requirements as prescribed by the Ontario Regulation 438/97 ("O. Reg. 438/97") and were made in accordance with the investment policies and goals adopted by the City of Hamilton's SIP&P.

## Reserve Fund Performance and Future Fund Performance

The returns of the Funds are determined by RBC Investor & Treasury Services (“RBC”), who is also the City’s custodian, on a daily basis for the City of Hamilton Reserve Fund and on a monthly basis for the Hamilton Future Fund.

The Funds’ performance objective, as outlined in Section 4.10 of the SIP&P, is to outperform a benchmark portfolio constructed from a blend of returns composed of 62.5% of the FTSE Canada All-Government Short-Term Bond Index, 27.5% of the FTSE Canada All-Government Bond Index and 10.0% of FTSE Canada 91-Day Treasury Bill Index.

Benchmark	%
FTSE Canada All-Government Short-Term Bond Index	62.5
FTSE Canada All-Government Bond Index	27.5
FTSE Canada 91-Day Treasury Bill Index	<u>10.0</u>
	100.0

The performance returns of the Funds over each of the quarters of 2023, and over the one-, two-, three- and four-year periods ending December 31, 2023 are as follows:

### City of Hamilton Reserve Fund—Performance<sup>2%</sup>

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	One Year	Two Years (annualized)	Three Years (annualized)	Four Years (annualized)
Reserve Fund	2.92	-0.68	-2.02	6.45	6.60	-0.50	-0.52	1.35
Benchmark	2.14	-0.84	-1.27	4.81	4.80	-0.58	-0.89	0.67
Value Added	0.78	0.16	-0.75	1.64	1.80	0.08	0.37	0.68

Over a one-year period, the City of Hamilton Reserve Fund’s return of 6.60% outperformed the benchmark return of 4.80% by 180 basis points.

### Hamilton Future Fund—Performance<sup>2%</sup>

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	One Year	Two Years (annualized)	Three Years (annualized)	Four Years (annualized)
Future Fund	2.58	-0.68	-1.63	5.80	6.03	0.26	-0.25	1.69
Benchmark	2.14	-0.84	-1.27	4.81	4.80	-0.58	-0.89	0.67
Value Added	0.44	0.16	-0.36	0.99	1.23	0.84	0.64	1.02

Over a one-year period, the Hamilton Future Fund’s return of 6.03% outperformed the benchmark return of 4.80% by 123 basis points.

<sup>2</sup> One Investment Program performances are included. The Reserve Fund has approximately 7.4% and 0.5% of the total Reserve Fund invested in the One Canadian Equity Portfolio and One Corporate Bond Portfolio respectively. The Hamilton Future Fund has approximately 4.7% of the total Future Fund invested in the One Canadian Equity Portfolio.

## Types of Securities

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The City is only allowed to invest in securities permitted under Ontario Regulation 438/97: Eligible Investments, Related Financial Agreements and Prudent Investment under the Municipal Act, 2001, S.O. 2001, c. 25, that in effect during 2023. As per Section 4.02 of the SIP&P, an Approved List of Investments ("Approved List") has been established by the City Treasurer and the CIO. All investments on the Approved List meet the eligibility requirements as prescribed by Ontario Regulation 438/97. The Approved List is as follows:

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### **Bonds, Debentures, Promissory Notes, Other Evidence of Indebtedness Issued by or Guaranteed by**

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Government of Canada  
 Canadian Provincial Government  
 Government of Canada Agency  
 Canadian Provincial Agency  
 Country other than Canada  
 Canadian Municipality, including City of Hamilton  
 School Board in Canada  
 Municipal Finance Authority of British Columbia  
 Canadian Corporation  
 Banks in Canada  
 Infrastructure Ontario  
 International Bank for Reconstruction and Development  
 Inter-American Development Bank  
 Supranational Financial Institution  
 Supranational Governmental Organization

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### **Deposit Receipts, Deposit Notes, Certificate of Deposits, Acceptances Issued by or Guaranteed by**

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Banks in Canada  
 Credit Union with Guarantee

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### **Asset Backed Securities (ABS)**

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Asset Backed Securities  
 Asset Backed Commercial Paper (ABCP)

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### **Negotiable Promissory Notes or Commercial Paper (other than ABS)**

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### **Forward Rate Agreements**

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### **One Investment Program<sup>3</sup>**

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**Security – gift in a will or non-charitable donation, and Shares of a Corporation as per footnotes 13 and 14 in Appendix A of the SIP&P.**

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<sup>3</sup> The One Investment Program is jointly run by CHUMS (a subsidiary of the Municipal Finance Officers' Association of Ontario) and Local Authority Services (a corporation of the Association of Municipalities of Ontario).

We have reviewed the custodian statements as well as the transactions that have occurred to determine the types of securities that were held by the Funds during the 2023 period. We can confirm that the types of securities that were held in the City of Hamilton Reserve Fund and the Hamilton Future Fund during 2023 are as listed as follows:

The types of securities held by the City of Hamilton Reserve Fund were as follows:

**City of Hamilton Reserve Fund—Types of Securities**

**Bonds, Debentures, Promissory Notes, Other Evidence of Indebtedness Issued by or Guaranteed by**

- Government of Canada
- Canadian Provincial Government
- Government of Canada Agency
- Canadian Municipality, including City of Hamilton
- Municipal Finance Authority of British Columbia

**Deposit receipts, Deposit Notes, Certificate of Deposits, Acceptances Issued by or Guaranteed by**

- Banks in Canada

**One Investment Program**

- Canadian Equity Portfolio
- Canadian Corporate Bond Portfolio

The types of securities held by the Hamilton Future Fund were as follows:

**Hamilton Future Fund—Types of Securities**

**Bonds, Debentures, Promissory Notes, Other Evidence of Indebtedness Issued by or Guaranteed by**

- Canadian Provincial Government
- Government of Canada Agency
- Canadian Municipality
- Municipal Finance Authority of British Columbia

**Deposit Receipts, Deposit Notes, Certificate of Deposits, Acceptances Issued by or Guaranteed by**

- Banks in Canada

**One Investment Program**

- Canadian Equity Portfolio

In addition to the above list of securities, the Hamilton Future Fund has some monies invested in a private placement of 2,000 common shares of the Hamilton Utilities Corporation.

All securities were expressed or payable in Canadian dollars. The types of securities held by the City of Hamilton Reserve Fund and the Hamilton Future Fund during 2023 were all part of the Approved List.



## Portfolio Securities as at December 31, 2023

### City of Hamilton Reserve Fund

Below are The City of Hamilton Reserve Fund securities and credit ratings<sup>4</sup> as at December 31, 2023. As shown in the list below, the City of Hamilton Reserve Fund also held equity and fixed income investments through the One Investment Program. The City's Reserve Fund investment in the One Investment Program Canadian Equity Portfolio had a market value of \$84.7 million and book value of \$69.0 million; the City's investment in the One Investment Program Canadian Corporate Bond Portfolio had a market value of \$5.4 million and book value of \$6.0 million.

As at December 31, 2023, City of Hamilton Reserve Fund held a market value of \$2.8 million or 0.25% of the Fund in City of Hamilton securities. Over the last year, the market value of City of Hamilton securities increased by \$0.1 million from \$2.7 million as at December 31, 2022.

Date	Issuer Name	Coupon Rate	Maturity Date	Market Price	Credit Rating	Portfolio Market Value (\$)	(%)
<b>Federal and Federal Guarantee Bonds</b>							
31-Dec-23	Government of Canada	3.00%	01-Nov-24	98.65	AAA	29,595,083.10	2.57%
31-Dec-23	Canada Housing Trust	2.55%	15-Mar-25	97.92	AAA	9,791,737.90	0.85%
31-Dec-23	Canada Housing Trust	1.90%	15-Sep-26	95.39	AAA	10,492,985.14	0.91%
31-Dec-23	Canada Housing Trust	2.35%	15-Jun-27	96.14	AAA	4,807,184.80	0.42%
31-Dec-23	Canada Housing	1.40%	15-Mar-31	87.13	AAA	13,069,521.30	1.13%
31-Dec-23	Canada Housing	1.90%	15-Mar-31	90.29	AAA	18,058,791.00	1.57%
31-Dec-23	Canada Housing	2.15%	15-Dec-31	90.99	AAA	9,099,020.30	0.79%
<b>Provincial and Provincial Guarantee Bonds</b>							
31-Dec-23	Province of Alberta	2.35%	01-Jun-25	97.38	AA	7,303,821.83	0.63%
31-Dec-23	Province of Alberta	2.20%	01-Jun-26	96.22	AA	5,773,259.40	0.50%
31-Dec-23	Province of Alberta	2.55%	01-Jun-27	96.54	AA	7,723,161.36	0.67%
31-Dec-23	Province of Alberta	2.90%	01-Dec-28	97.20	AA	3,887,983.52	0.34%
31-Dec-23	Province of Alberta	2.90%	20-Sep-29	96.79	AA	14,033,962.90	1.22%
31-Dec-23	Province of Alberta	1.65%	01-Jun-31	87.13	AA	8,712,928.30	0.76%
31-Dec-23	Province of Alberta	3.05%	01-Dec-48	84.14	AA	8,414,221.20	0.73%
31-Dec-23	Province of British Columbia	2.30%	18-Jun-26	96.45	AAA	9,644,980.40	0.84%
31-Dec-23	Province of British Columbia	2.55%	18-Jun-27	96.56	AAA	7,724,950.64	0.67%
31-Dec-23	Province of British Columbia	1.55%	18-Jun-31	86.44	AAA	8,643,839.20	0.75%
31-Dec-23	Province of British Columbia	3.20%	18-Jun-32	96.36	AAA	4,817,982.25	0.42%
31-Dec-23	Province of British Columbia	3.55%	18-Jun-33	98.27	AAA	15,723,970.88	1.36%
31-Dec-23	Province of Manitoba	2.45%	02-Jun-25	97.52	AA	11,214,225.23	0.97%
31-Dec-23	Province of Manitoba	2.55%	02-Jun-26	97.01	AA	14,065,841.44	1.22%
31-Dec-23	Province of Manitoba	2.60%	02-Jun-27	96.66	AA	2,899,748.40	0.25%
31-Dec-23	Province of Manitoba	2.75%	02-Jun-29	96.16	AA	4,807,789.30	0.42%
31-Dec-23	Province of Manitoba	2.05%	02-Jun-31	89.50	AA	9,397,520.48	0.82%
31-Dec-23	Province of New Brunswick	2.60%	14-Aug-26	97.08	AA	4,854,161.55	0.42%
31-Dec-23	Province of New Brunswick	2.35%	14-Aug-27	95.65	AA	6,216,926.43	0.54%
31-Dec-23	Province of New Brunswick	4.45%	14-Aug-33	104.92	A	20,983,195.20	1.82%
31-Dec-23	Province of Newfoundland	2.35%	02-Jun-25	97.24	A	4,861,911.65	0.42%
31-Dec-23	Province of Newfoundland	2.30%	02-Jun-26	97.91	A	14,686,657.50	1.27%
31-Dec-23	Province of Newfoundland	3.00%	02-Jun-28	96.80	A	18,392,458.47	1.60%
31-Dec-23	Province of Newfoundland	2.85%	02-Jun-29	96.18	A	4,809,229.25	0.42%
31-Dec-23	Province of Newfoundland	1.75%	02-Jun-30	88.83	A	7,106,619.68	0.62%
31-Dec-23	Province of Newfoundland	2.05%	02-Jun-31	88.70	A	8,869,927.70	0.77%
31-Dec-23	Province of Newfoundland	3.30%	17-Oct-46	84.32	A	10,961,423.33	0.95%
31-Dec-23	Province of Nova Scotia	2.15%	01-Jun-25	97.11	AA	2,913,170.82	0.25%
31-Dec-23	Province of Nova Scotia	2.10%	01-Jun-27	95.11	AA	6,657,990.29	0.58%
31-Dec-23	Province of Ontario	2.60%	02-Jun-27	96.73	AA	20,313,816.18	1.76%
31-Dec-23	Province of Ontario	2.90%	02-Jun-28	97.47	AA	14,620,387.05	1.27%
31-Dec-23	Province of Ontario	3.60%	08-Mar-28	100.25	AA	30,074,602.20	2.61%
31-Dec-23	Province of Ontario	3.40%	08-Sep-28	99.52	AA	14,927,896.80	1.30%

<sup>4</sup> Credit ratings are provided by RBC. Credit rating data is collected from 3 major rating agencies (S&P, Moody's and DBRS) if available. "AA" includes AA-, AA, AA+ or an equivalent rating. "A" includes A-, A, A+ or an equivalent rating. Rating field will be blank if no rating is available. All results are based on highest available rating.

31-Dec-23 Province of Ontario	1.55%	01-Nov-29	89.69	AA	8,072,386.11	0.70%
31-Dec-23 Province of Ontario	2.15%	02-Jun-31	90.37	AA	9,037,239.80	0.78%
31-Dec-23 Province of Ontario	4.05%	02-Feb-32	102.64	AA	10,263,939.80	0.89%
31-Dec-23 Province of Ontario	3.75%	02-Jun-32	100.30	AA	60,181,176.00	5.22%
31-Dec-23 Province of Ontario	3.65%	02-Jun-33	99.06	AA	29,718,636.00	2.58%
31-Dec-23 Province of Prince Edward Island	1.85%	27-Jul-31	87.52	AA	14,878,504.04	1.29%
31-Dec-23 Province of Quebec	3.75%	01-Sep-24	99.32	AA	4,966,212.40	0.43%
31-Dec-23 Province of Quebec	2.60%	06-Jul-25	97.71	AA	2,110,519.17	0.18%
31-Dec-23 Province of Quebec	2.50%	01-Sep-26	96.96	AA	19,392,005.40	1.68%
31-Dec-23 Province of Quebec	2.75%	01-Sep-27	97.25	AA	9,724,965.00	0.84%
31-Dec-23 Province of Quebec	2.75%	01-Sep-28	96.82	AA	5,809,499.64	0.50%
31-Dec-23 Province of Saskatchewan	3.20%	03-Jun-24	99.26	AA	13,896,780.66	1.21%
31-Dec-23 Province of Saskatchewan	2.65%	02-Jun-27	96.85	AA	15,495,237.76	1.34%
31-Dec-23 Province of Saskatchewan	2.15%	02-Jun-31	90.26	AA	22,565,249.25	1.96%
31-Dec-23 Province of Saskatchewan	3.90%	02-Jun-33	100.93	AA	12,111,099.12	1.05%
<b>Municipal Bonds</b>						
31-Dec-23 City of Hamilton	1.75%	03-Nov-32	82.50	AAA	2,843,706.06	0.25%
31-Dec-23 City of Barrie	2.40%	20-Jun-29	91.09	AA	3,007,907.37	0.26%
31-Dec-23 City of London	2.10%	16-Mar-24	99.38	AAA	993,775.00	0.09%
31-Dec-23 City of London	2.65%	02-Apr-27	96.55	AAA	5,039,753.40	0.44%
31-Dec-23 City of Montreal	3.00%	01-Sep-25	98.08	AA	5,884,713.00	0.51%
31-Dec-23 City of Montreal	2.75%	01-Sep-26	97.22	AA	3,888,654.76	0.34%
31-Dec-23 City of Montreal	3.00%	01-Sep-27	97.58	AA	3,903,045.16	0.34%
31-Dec-23 City of Montreal	2.30%	01-Sep-29	92.98	AA	9,298,181.20	0.81%
31-Dec-23 City of Montreal	3.15%	01-Dec-36	90.25	AA	3,610,042.28	0.31%
31-Dec-23 City of Montreal	3.50%	01-Dec-38	92.19	AA	9,219,168.70	0.80%
31-Dec-23 City of Montreal	2.40%	01-Dec-41	76.64	AA	7,663,894.10	0.67%
31-Dec-23 Municipal Finance Authority of BC	2.15%	03-Jun-24	98.84	AAA	5,179,054.24	0.45%
31-Dec-23 Municipal Finance Authority of BC	3.35%	01-Jun-27	98.99	AAA	20,589,907.52	1.79%
31-Dec-23 Municipal Finance Authority of BC	3.05%	23-Oct-28	97.77	AAA	9,336,837.79	0.81%
31-Dec-23 Municipal Finance Authority of BC	4.50%	03-Dec-28	104.18	AAA	10,417,957.20	0.90%
31-Dec-23 Municipal Finance Authority of BC	2.55%	09-Oct-29	94.74	AAA	9,379,603.83	0.81%
31-Dec-23 Municipal Finance Authority of BC	2.30%	15-Apr-31	91.25	AAA	6,387,532.69	0.55%
31-Dec-23 Municipal Finance Authority of BC	3.30%	08-Apr-32	96.89	AAA	1,453,315.50	0.13%
31-Dec-23 Niagara Regional Municipality	3.00%	03-Jul-25	98.12	AA	2,943,687.00	0.26%
31-Dec-23 City of Ottawa	4.45%	04-Jun-33	104.57	AAA	15,684,788.55	1.36%
31-Dec-23 City of Ottawa	3.05%	23-Apr-46	82.41	AAA	2,884,478.73	0.25%
31-Dec-23 Regional Municipality of Peel	2.30%	02-Nov-26	96.02	AAA	5,281,161.66	0.46%
31-Dec-23 Regional Municipality of Peel	2.60%	07-Mar-30	92.20	AAA	4,610,150.00	0.40%
31-Dec-23 Quebec City	3.15%	08-Dec-25	97.89	AA	2,447,155.08	0.21%
31-Dec-23 City of Toronto	3.40%	21-May-24	99.40	AA	12,921,970.49	1.12%
31-Dec-23 City of Toronto	2.40%	07-Jun-27	95.90	AA	9,589,923.90	0.83%
31-Dec-23 City of Toronto	3.25%	20-Apr-32	96.42	AA	4,821,051.50	0.42%
31-Dec-23 City of Toronto	3.50%	02-Jun-36	94.45	AA	2,833,629.54	0.25%
31-Dec-23 City of Toronto	2.15%	25-Aug-40	75.42	AA	13,386,542.00	1.16%
31-Dec-23 City of Vancouver	3.75%	03-Nov-27	97.13	AAA	9,713,388.30	0.84%
31-Dec-23 City of Vancouver	2.85%	05-Nov-31	90.38	AAA	903,812.32	0.08%
31-Dec-23 City of Vancouver	2.30%	03-Nov-33	108.69	AAA	3,804,036.01	0.33%
31-Dec-23 City of Winnipeg	4.10%	01-Jun-45	96.76	AA	3,096,352.61	0.27%
<b>Schedule I Banks</b>						
31-Dec-23 Bank of Montreal	2.70%	11-Sep-24	98.39	AA	4,919,656.85	0.43%
31-Dec-23 Bank of Montreal	4.61%	10-Sep-25	100.09	AA	3,503,069.57	0.30%
31-Dec-23 Bank of Montreal	3.19%	01-Mar-28	96.55	AA	40,066,944.83	3.48%
31-Dec-23 Bank of Nova Scotia	2.29%	28-Jun-24	98.65	AA	13,811,041.30	1.20%
31-Dec-23 Bank of Nova Scotia	2.62%	02-Dec-26	95.82	AA	15,331,245.12	1.33%
31-Dec-23 Bank of Nova Scotia	3.10%	02-Feb-28	96.25	AA	46,949,295.71	4.07%
31-Dec-23 Canadian Imperial Bank	3.30%	26-May-25	98.23	AA	19,646,185.20	1.70%
31-Dec-23 Royal Bank of Canada	4.93%	16-Jul-25	100.57	AA	5,028,339.10	0.44%
31-Dec-23 Toronto Dominion Bank	3.23%	24-Jul-24	98.97	AA	30,681,508.79	2.66%
<b>One Investment Program</b>						
31-Dec-23 Canadian Equity Portfolio					84,704,739.89	7.35%
31-Dec-23 Canadian Corporate Bond Portfolio					5,404,766.90	0.47%
<b>Total Fund</b>					<b>\$ 1,152,405,228.55</b>	<b>100.00%</b>

## Hamilton Future Fund

Below are the Hamilton Future Fund securities and credit ratings<sup>5</sup> as at December 31, 2023. As shown in the list below, the Hamilton Future Fund also held equity investments through the One Investment Program. The Hamilton Future Fund investment in the One Investment Program Canadian Equity Portfolio had a market value of \$2.5 million and book value of \$1.9 million.

Date	Issuer Name	Coupon Rate	Maturity Date	Market Price	Credit Rating	Portfolio Market Value (\$)	Market Value (%)
<b>Federal and Federal Guarantee Bonds</b>							
31-Dec-23	Canada Housing	1.25%	15-Jun-26	94.16	AAA	2,448,161.69	4.59%
31-Dec-23	Canada Housing	4.25%	15-Dec-28	103.84	AAA	3,945,781.19	7.40%
<b>Provincial and Provincial Guarantee Bonds</b>							
31-Dec-23	Province of Alberta	2.35%	01-Jun-25	97.38	AA	1,947,685.82	3.65%
31-Dec-23	Province of Alberta	2.20%	01-Jun-26	96.22	AA	1,924,419.80	3.61%
31-Dec-23	Province of British Columbia	3.55%	18-Jun-33	98.27	AAA	3,930,992.72	7.37%
31-Dec-23	Province of Manitoba	2.60%	02-Jun-27	96.66	AA	1,933,165.60	3.62%
31-Dec-23	Province of Manitoba	3.00%	02-Jun-28	97.79	A	2,933,685.87	5.50%
31-Dec-23	Province of Manitoba	2.05%	02-Jun-31	89.50	AA	1,342,502.93	2.52%
31-Dec-23	Province of Newfoundland	3.00%	02-Jun-26	97.91	A	1,958,221.00	3.67%
31-Dec-23	Province of Newfoundland	3.30%	17-Oct-46	84.32	A	843,186.41	1.58%
31-Dec-23	Province of Nova Scotia	2.15%	01-Jun-25	97.11	AA	1,942,113.88	3.64%
31-Dec-23	Province of Nova Scotia	2.00%	01-Sep-30	90.57	AA	1,811,405.44	3.40%
31-Dec-23	Province of Ontario	2.65%	05-Feb-25	98.04	AA	2,058,890.99	3.86%
31-Dec-23	Province of Ontario	2.60%	02-Jun-27	96.73	AA	1,934,649.16	3.63%
31-Dec-23	Province of Ontario	3.75%	02-Jun-32	100.30	AA	2,407,247.04	4.51%
31-Dec-23	Province of Quebec	2.75%	01-Sep-27	97.25	AA	2,431,241.25	4.56%
<b>Municipal Bonds</b>							
31-Dec-23	Regional Municipality of Durham	4.10%	05-Jul-29	100.57	AAA	2,011,320.00	3.77%
31-Dec-23	City of London	2.55%	07-Mar-25	97.88	AAA	293,642.10	0.55%
31-Dec-23	City of Montreal	3.00%	01-Sep-25	98.08	AA	2,035,129.91	3.82%
31-Dec-23	City of Montreal	3.00%	01-Sep-27	97.58	AA	975,761.29	1.83%
31-Dec-23	City of Montreal	3.15%	01-Dec-36	90.25	AA	902,510.57	1.69%
31-Dec-23	City of Toronto	2.40%	24-Jun-26	96.48	AA	1,736,570.56	3.26%
31-Dec-23	City of Toronto	2.40%	07-Jun-27	95.90	AA	958,992.39	1.80%
31-Dec-23	Municipal Finance Authority of BC	3.30%	08-Apr-32	96.89	AAA	1,453,315.50	2.72%
<b>Schedule I Banks</b>							
31-Dec-23	Bank of Nova Scotia	3.10%	02-Feb-28	96.25	AA	1,925,019.30	3.61%
31-Dec-23	Bank of Montreal	3.19%	01-Mar-28	96.55	AA	1,674,122.47	3.14%
31-Dec-23	Canadian Imperial Bank	3.30%	26-May-25	98.23	AA	491,154.63	0.92%
<b>Cash and Cash Equivalents</b>							
31-Dec-23	Cash					573,628.74	1.08%
<b>One Investment Program</b>							
31-Dec-23	Canadian Equity Portfolio					2,509,957.98	4.71%
<b>Other Equity</b>							
31-Dec-23	Hamilton Utilities Corp					2,000.00	0.00%
<b>Total Fund</b>						<b>\$53,336,476.23</b>	<b>100.00%</b>

<sup>5</sup> Credit ratings are provided by RBC. Credit rating data is collected from 3 major rating agencies (S&P, Moody's and DBRS) if available. "AA" includes AA-, AA, AA+ or an equivalent rating. "A" includes A-, A, A+ or an equivalent rating. Rating field will be blank if no rating is available. All results are based on highest available rating.

<b>Restrictions</b>		
<b>Constraints</b>		Policy Complied with Yes/No
The City shall not invest more than 25% of the portfolio in short-term debt issued or guaranteed by the City.		Yes
Total Investment in 'A' or equivalent rated debt on purchase most not exceed 35% of the market value of the City's bond portfolio.		Yes
The City shall not invest in a security that is expressed or payable in any currency other than Canadian dollars with exception of investments specified in Section 4.07 and footnote 6 of Appendix "A" of the SIP&P.		Yes
The City shall not invest in a security issued or guaranteed by a school board or similar entity unless the money raised by issuing the security is to be used for school purposes.		Yes
<b>Permitted ranges</b>	<b>(%)</b>	
Federal issues	0-100	Yes
Provincial holdings in aggregate	0-100	Yes
Single province exposure	0-50	Yes
Individual non-federal/non provincial holdings *	0-10	Yes
Non-federal/non provincial holdings in aggregate	0-50	Yes
Municipal issues *		
- individual muni issue rated "AAA"	0-10	Yes
- individual muni issue rated "AA"	0-10	Yes
- individual muni issue rated "A"	0-5	Yes
Municipal holdings in aggregate	0-30	Yes
Banks and Credit Unions in aggregate	0-50	Yes
Short-term securities	0-50	Yes
Portfolio duration	1-6 Years	Yes

\* Except for City of Hamilton issues which have a limit of 25%

As at December 31, 2023 on a combined basis, the Funds were being managed in a manner that is consistent with the minimum quality requirements, maximum quantity restrictions and all other restrictions imposed on the Funds. Securities lending is allowed, and as such, monies were loaned during the year for

the purpose of generating revenues for the Funds. In managing the securities lending program, RBC complied with the constraints described in the Securities Lending Letter Agreement dated as of January 6, 2003, as amended. The ratings were assumed to be the same for all issues of an issuer. Throughout the year, reports are provided by RBC to the CIO on a weekly basis, showing the securities that the City invested in for the Reserve Fund and the Hydro Fund together with each security's market value.

In addition, on monthly basis, RBC provides CIO with compliance reports<sup>6</sup>, indicating whether or not the Funds were consistent with terms, conditions and guidelines stipulated in the SIP&P. Securities that not consistent with the terms, conditions and guidelines stipulated in the SIP&P are reviewed and action is taken to remedy the situation as soon as possible.

Aon has reviewed these compliance reports for 2023 and confirms the compliance reports indicate the Funds were consistent with the terms, condition and guidelines stipulated in the SIP&P at each month end throughout 2023.

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<sup>6</sup> Starting in 2019, the City engaged RBC as an independent third party to provide monthly compliance reports as part of their overall engagement with RBC. These reports assist the City to identify any potential deviations from a compliance perspective.

## Activity and Transactions

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Activity every month consists of:

- 1) Cash Inflows: Proceeds from bond maturities and sales, contributions/transfers and investment income; and
- 2) Cash Outflows: Funds for bond purchases, distributions and other required outflows.

For the City of Hamilton Reserve Fund, cash inflows were \$307.0million, consisting of \$135.8 million in sales and maturities, \$35.2 million in investment income and \$136.0 million in contributions/transfers. Cash outflows were also \$307.0 million and consisted of \$153.4 million in purchases, and \$153.6 million in distributions.

For the Hamilton Future Fund, cash inflows were \$14.8 million, consisting of \$13.1 million in sales and maturities, \$1.6 million in investment income and \$0.1 million in contribution/transfers. Cash outflows were also \$14.8 million and consisted of \$14.7 million in purchases and \$0.1 million in distributions.

The records of each activity are summarized in the custodial statements of RBC on a monthly basis. Aon uses these monthly statements to record and reconcile all of the transactions noted above.

## Certificate by Chief Investments Officer

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This Certificate by the Chief Investments Officer applies to the City of Hamilton Reserve Fund and the Hamilton Future Fund ("the Funds").

The undersigned hereby confirms that throughout the reporting period of 2023:

1. The management of the Funds was in accordance with all the terms, conditions and guidelines stipulated in the SIP&P in effect during 2023.
2. The Funds were managed in compliance with the Municipal Act, 2001, S.O. 2001, c. 25, and Ontario Regulation 438/97 that in effect during 2023.
3. The Chief Investments Officer, who manages the Funds, complied at all times and in all respects with the Code of Ethics and Standard of Professional Conduct as promulgated by the CFA Institute.
4. The Chief Investments Officer managed the Funds' assets with the care, diligence and skill that an investment manager of ordinary prudence would use in dealing with the assets of these types of Funds.

Certified by,




Gerald T. Boychuk  
Chief Investments Officer  
City of Hamilton







**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Information Technology Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 6, 2024
<b>SUBJECT/REPORT NO:</b>	Constituent Relationship Management Solution (FCS24036) (City Wide) <b>OUTSTANDING BUSINESS LIST</b>
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Michael Nobuto (905) 546-2424 Ext. 6190 Kathy Nuttall (905) 546-2424 Ext. 4571
<b>SUBMITTED BY:</b>	Doug Kay Acting Director, Information Technology, Corporate Services
<b>SIGNATURE:</b>	

**RECOMMENDATION(S)**

- (a) That, pursuant to Procurement Policy #11 – Non-competitive Procurements, Council approve a single-source procurement for CivicTrack software, a Constituent Relationship Management Solution, as a one-year pilot to support the requirements of Council and their Staff, and that the Director of Information Technology, or designate, be authorized to negotiate and execute an agreement and any ancillary documents required with Momentum BPO Inc., in a form satisfactory to the City Solicitor;
- (b) That the Director of Information Technology, or designate, be authorized to amend any contracts executed and ancillary documents as required if a supplier(s) identified in this report undergoes a name change;
- (c) That staff conduct a review with Council and Council Staff on the effectiveness of the solution before the end of the one-year pilot, and if the solution is deemed to meet the needs of Council and Council staff, that the Director of Information Technology, or designate, be authorized to negotiate a contract extension as identified in Recommendation (a) via Procurement Policy #11;
- (d) That, should the pilot solution prove unsuitable before the end of the one-year pilot, staff bring a follow-up recommendation report to Council;

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Constituent Relationship Management Solution (FCS24036)  
(City Wide) - Page 2 of 4**

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- (e) That the City of Hamilton, Information Technology Division, be responsible for administering the contract and ensuring the solution meets all Corporate Security and Privacy requirements, and that if Council and Council members opt to use this solution, the pro-rated costs be charged back to the respective Council Office expenses;
- (f) That, as part of an enhanced support model, Council approve a temporary Full-Time Equivalent (FTE) position to be funded from existing IT Operating Budget 350035 to provide enhanced support to the Office of the Mayor, Council, Council Staff, City Manager's Office and City Hall Staff. The support will include facilitating the adoption and initial maintenance of technology tools, including the support of the Customer Relationship Management Solution;
- (g) That, after a nine-month trial period, staff assess the value for money and service experience enhancements, and if appropriate, bring forward a business case for consideration as part of the 2025 Budget, and;
- (h) That the Outstanding Business List item respecting Constituent Management Software, added February 16, 2023, be removed.

**EXECUTIVE SUMMARY**

Motion 11.1, approved at the February 16, 2023, Audit Finance and Administration Committee, directed Information Technology (IT) staff to explore options to assist the Councillors and staff with constituent case management. Through the collection and review of requirements, it was deemed that a new solution would need to be sourced to meet the requirements. A review of market solutions was conducted via an IT third-party roster vendor and solutions ranked, with CivicTrack software being identified as the recommended solution for the one-year pilot.

As part of enhanced support model, IT will provide a dedicated support role to the Office of the Mayor, Council, Council Ward Offices, City Manager's Office and City Hall, funded from existing IT capital funding. Staff will review the value for money, and if applicable, include any budget impacts as part of 2025 Budget.

**Alternatives for Consideration – See Page 4.**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Assuming more than 12 total users, the cost (based on the current pricing model) is \$396/user/year plus taxes. The cost per Council Member office would range from approximately \$800/year (assuming two users) to \$2,000/year (assuming five users). An estimated total cost for all of

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Council and their staff (assuming approximately 50 users) would be \$20,000/year. The staffing cost for a temporary nine-month IT support position is approximately \$63,000.

**Staffing:** To ensure proper support for solution implementation as well as provide an enhanced technology services support model for the Office of the Mayor, Council, and Council Staff, a single person will be identified to manage the vendor relationship, co-ordinate, and provide support. This individual will serve as the point of contact for both users and the vendor. Their responsibilities will include handling vendor relations management, managing or escalating resolutions, effective communication with all parties involved, and general technical support to Council. This support aims to facilitate adoption and provide enhanced technology support to the Office of the Mayor, Council, Council Staff, City Manager's Office, and City Hall Staff. The estimated staffing cost for one FTE is \$80,000/yr.

**Legal:** Legal staff will be required to assist with contract review and execution.

## **HISTORICAL BACKGROUND**

At the February 16, 2023, Audit Finance and Administration Committee meeting, Motion 11.1 was carried, directing IT staff to explore user-friendly database software options and report back to the Audit, Finance, and Administration Committee with potential solutions and associated costs. Requirements for the software were gathered from Council staff members and used as criteria for evaluating software options. It was concluded that there is currently no standard solution within the City to meet the requirements identified.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

## **RELEVANT CONSULTATION**

- Council members and Ward office staff
- Corporate Services Department, Financial Services Taxation and Corporate Controller Division, Procurement Section
- Corporate Services Department, Legal and Risk Management Services Division, Legal Services
- Corporate Services Department, Information Technology Division, Contract Administration Section

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Based on an environmental scan by a third-party City roster vendor, CivicTrack was identified as a leading option, offering features such as tracking constituent interactions, building a contact database, storing relevant documentation, and robust reporting. It follows a Software as a Service (SaaS) model, and the solution would not solely rely on IT technology infrastructure to operate. Seven solutions were reviewed, evaluated, and scored based on features, cost, and support.

In reviewing solution implementation success factors and the broader technology support model, staff identified the need for enhanced support for the Office of the Mayor, Council, Council Ward Offices, City Manager's Office and City Hall to facilitate the adoption and support for technology tools, including the Customer Relationship Management Solution as a primary initial focus of support to ensure a successful go-live (launch) for the solution. A nine-month trial of this enhanced support model is being recommended that will also be evaluated for value for money.

**ALTERNATIVES FOR CONSIDERATION**

Council could direct staff to develop and issue a Request for Proposal (RFP) for a Constituent Management Solution with input from Council and Council Staff regarding solution requirements. This process would require the involvement of Council members and staff from Information Technology, Procurement and Legal to inform requirements. It is estimated this process would take six to nine months to complete and require approximately 100 staff hours across the various departments.

**APPENDICES AND SCHEDULES ATTACHED**

N/A