



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

|                           |  |
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| <b>TO:</b>                | Chair and Members<br>Audit, Finance and Administration Committee   |
| <b>COMMITTEE DATE:</b>    | December 17, 2018  |
| <b>SUBJECT/REPORT NO:</b> | Councillor Ward Office Budgets and Policy and Guidelines for Eligible Expenses for Elected Officials (FCS18083(a)) (City Wide) |
| <b>WARD(S) AFFECTED:</b>  | City Wide  |
| <b>PREPARED BY:</b>       | Amanda Thind (905) 546-2424 Ext. 4522  |
| <b>SUBMITTED BY:</b>      | Brian McMullen<br>Acting General Manager<br>Finance and Corporate Services   |
| <b>SIGNATURE:</b>         |  |

**RECOMMENDATIONS**

- (a) That the Councillor Ward Office Operating Budgets based on the methodology of staffing, population, number of dwellings and Ward area-specific challenges including post-secondary education student accommodation factor, geographic area factor and inner-city fund as per Appendix “A” to Report FCS18083(a), be approved;
- (b) That the Councillor Ward Office Operating Budgets of \$3,936,730 be included in the City’s 2019 Preliminary Tax Operating Budget and be subject to future budget guidelines;
- (c) That the Policy and Guidelines for Eligible Expenses for Elected Officials: Budget for the Office of the Mayor, Legislative Budget and Councillor Ward Office Budget, as amended, as per Appendix “B” to FCS18083(a), be approved.

**EXECUTIVE SUMMARY**

As a result of the Ward Boundary review and adoption of new Ward Boundaries for the City of Hamilton following decisions of the Ontario Municipal Board (OMB) in December 2017, the 2019 Councillor Ward Office Budgets need to be reviewed to align with the new Ward boundaries.

Table 1 in the Analysis and Rationale for Recommendation section of this Report shows a comparison of the old Ward population and the new Ward population using 2016 Census data.

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In the past, the Councillor Ward Office Budgets have been based on criteria including population, number of dwellings and Ward area-specific challenges including post-secondary education student accommodation factor, geographic area factor and inner city fund. The development of the 2019 Budget includes the removal of the budget for two additional administrative assistant support positions that were previously approved for Wards 7 and 8 and a 2% inflationary increase in the 2018 budget applied to most cost categories. The resulting 2019 Recommended Budget of \$3,936,730 represents a decrease from the 2018 Approved Budget of \$100,060. Tables 2 and 3 in the Analysis and Rationale for Recommendation section provide more details. Table 2 shows a comparison of the 2019 Recommended Budget compared to the 2018 Approved Budget. Table 3 shows the 2019 Recommended Budget by Ward compared to the 2018 Approved Budget and 2018 Restated Budget.

The Policy and Guidelines for eligible expenses for Elected Officials were developed in 2004 through Report FCS04039 with updates in 2011 (Report FCS11108), 2012 (AF&AC Report 12-002), 2014 (AF&AC Report 14-008), 2016 (AF&AC Report 16-013) and 2017 (AF&AC Report 17-003).

Changes to the Policy and Guidelines for eligible expenses for Elected Officials Staff are being recommended to clarify ongoing issues after years of using the existing policy and to clarify issues prior to the Municipal Election term ending and the related election campaign.

The recommended changes to the policy include the following items:

1. Sponsorships in a Municipal Election year – No sponsorships will be allowed after August 31 to the day after a municipal election in an election year.
2. Ward Furniture, Fixtures and Equipment (FFE) Inventory – All ward FFE inventory must be maintained and tracked by the Administrative Assistant of each Ward and all FFE inventory must remain in the Ward.
3. Contracts – Contracts can only be signed by the Councillors / Mayor once sworn in, including offers of employment.
4. Other minor revisions – Other updates within the Policy including tuition expenses.

***Alternatives for Consideration – See Page 7***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The 2019 recommended Councillor Ward Office Budgets of \$3,936,730 represents a decrease from the 2018 Budget of \$100,060 primarily due to the reduction in costs associated with administrative support to Wards 7 and 8. Based on the Ward realignments, the population for Wards 7 and 8 would not require additional administrative support positions. Tables 2 and 3 provide details of the 2019 Budget.

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Staffing: The two additional administrative assistant support positions that were required for Wards 7 and 8 under the previous Ward budget allocation are no longer required due to the Ward realignments.

Legal: Not Applicable.

## **HISTORICAL BACKGROUND**

The Councillor Ward Office Budgets are calculated using several categories including population, number of households and ward-specific challenges. These categories and factors have been developed over many years and have been approved by Council, primarily through the Governance Review Sub-committee and Audit, Finance and Administration Committee (AF&AC).

Ward Budgets Report FCS04039, approved by Council in 2004, established some of the initial budget methodology and the policy for eligible expenses for elected officials.

Council approved changes to the Policy in:

- December 2011 – Report FCS11108 clarified Councillor sponsorships and donations
- 2012 – AF&AC Report 12-002 which provided updates on the administration coverage, seasonal information mailings, Inner-City Fund, geographic factor and population factor.
- 2014 – AF&AC Report 14-008 which provided updates on the Inner-City Fund and the Student Accommodation Factor.
- 2016 – AF&AC Report 16-015 which provided information on the Ward Budgets.
- 2017 – AF&AC Report 17-003 which provided information on the Ward budgets and updates on the administration coverage.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The recommendations in this Report are reflected in the Policy and Guidelines for Eligible Expenses for Elected Officials: Budget for the Office of the Mayor, Legislative Budget and Councillor Ward Office Budget, as amended, attached as Appendix “B” to Report FCS18083(a) (“Policy and Guidelines”).

## **RELEVANT CONSULTATION**

Staff in the Office of the City Clerk were consulted on the amendments to the Policy and Guidelines.

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**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Based on the Ward boundary review which has resulted in a more even spread of the population across the new Wards, the 2019 Councillor Ward Office Budgets need to be revised.

In addition, the policy and guidelines for eligible expenses for elected officials requires updating to clarify some ongoing issues and election issues.

Table 1 shows a comparison of the old Ward population and the new Ward population using 2016 Census data.

**Table 1 – City of Hamilton Ward Boundaries Comparison**

|         | Population for<br>Old Ward<br>Boundaries | Population for<br>New Ward<br>Boundaries | New Ward<br>vs Old Ward<br>Change | New Ward<br>vs Old Ward<br>Change | Old<br>Ward<br>% of<br>Total | New<br>Ward<br>% of<br>Total | Difference<br>from<br>Average |
|---------|--|--|-----------------------------------|-----------------------------------|------------------------------|------------------------------|-------------------------------|
| Ward 1  | 29,765                                   | Ward 1 29,850                            | 85                                | 0.3%                              | 5.5%                         | 5.6%                         | -5,945                        |
| Ward 2  | 37,155                                   | Ward 2 33,600                            | -3,555                            | -9.6%                             | 6.9%                         | 6.3%                         | -2,195                        |
| Ward 3  | 37,735                                   | Ward 3 41,205                            | 3,470                             | 9.2%                              | 7.0%                         | 7.7%                         | 5,410                         |
| Ward 4  | 35,000                                   | Ward 4 38,595                            | 3,595                             | 10.3%                             | 6.5%                         | 7.2%                         | 2,800                         |
| Ward 5  | 37,160                                   | Ward 5 41,855                            | 4,695                             | 12.6%                             | 6.9%                         | 7.8%                         | 6,060                         |
| Ward 6  | 40,290                                   | Ward 6 38,650                            | -1,640                            | -4.1%                             | 7.5%                         | 7.2%                         | 2,855                         |
| Ward 7  | 60,770                                   | Ward 7 47,460                            | -13,310                           | -21.9%                            | 11.3%                        | 8.8%                         | 11,665                        |
| Ward 8  | 52,220                                   | Ward 8 34,485                            | -17,735                           | -34.0%                            | 9.7%                         | 6.4%                         | -1,310                        |
| Ward 9  | 30,015                                   | Ward 9 28,760                            | -1,255                            | -4.2%                             | 5.6%                         | 5.4%                         | -7,035                        |
| Ward 10 | 24,140                                   | Ward 10 37,215                           | 13,075                            | 54.2%                             | 4.5%                         | 6.9%                         | 1,420                         |
| Ward 11 | 45,180                                   | Ward 11 25,415                           | -19,765                           | -43.7%                            | 8.4%                         | 4.7%                         | -10,380                       |
| Ward 12 | 38,745                                   | Ward 12 42,560                           | 3,815                             | 9.8%                              | 7.2%                         | 7.9%                         | 6,765                         |
| Ward 13 | 24,285                                   | Ward 13 35,365                           | 11,080                            | 45.6%                             | 4.5%                         | 6.6%                         | -430                          |
| Ward 14 | 15,995                                   | Ward 14 34,230                           | 18,235                            | 114.0%                            | 3.0%                         | 6.4%                         | -1,565                        |
| Ward 15 | <u>28,475</u>                            | Ward 15 <u>27,675</u>                    | <u>-800</u>                       | -2.8%                             | 5.3%                         | 5.2%                         | -8,120                        |
| Total   | 536,930                                  | Total 536,920                            | -10                               |                                   |                              |                              |                               |

The 2018 Ward Budgets for the existing 15 Wards was \$4,036,790. Table 2 shows a comparison of the 2019 Proposed Budget compared to the 2018 Approved Budget. The 2019 Proposed Budget represents a decrease of \$100,060 or -2.5% from the 2018 Approved Budget.

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**Table 2 – Councillor Ward Office Budget Comparison**

| Cost Categories   | 2018<br>Approved<br>Budget | 2019<br>Proposed<br>Budget |
|---|----------------------------|----------------------------|
| Councillor Salaries and Benefits<br>(per Ward: 2018 - \$129,950; 2019 - \$123,580)                        | \$1,814,550                | \$1,853,700                |
| Councillor Administrative Assistant Salaries and Benefits<br>(per Ward: 2018 - \$88,503; 2019 - \$90,410) | 1,327,545                  | 1,356,150                  |
| Additional Administrative Support (2018 - \$88,500<br>for Wards 7 and 8; 2019 – None)                     | 177,000                    | --                         |
| Administration Coverage<br>(per Ward: 2018 - \$3,390; 2019 - \$3,470)                                     | 50,850                     | 52,050                     |
| Information Mailings  | 90,000                     | 91,770                     |
| Population Factor   | 346,447                    | 346,430                    |
| Student Accommodation Factor  | 6,879                      | 8,640                      |
| Geographic Factor   | 2,500                      | 2,560                      |
| Inner-City Fund   | 49,704                     | 50,680                     |
| Other Discretionary Expenses<br>(per Ward: 2018 - \$11,421; 2019 - \$11,650)                              | <u>171,315</u>             | <u>174,750</u>             |
| <b>Total Budget</b>   | <b>\$4,036,790</b>         | <b>\$3,936,730</b>         |

Details on the cost categories is provided in Appendix “A” to Report FCS18083(a), Methodology for Developing Elected Officials Office Budget - Ward Councillor Office Budget.

Due to the Ward boundary review, the 2019 Ward Budgets need to be reviewed to align with the new Ward boundaries.

Table 3 shows the 2019 Proposed Budget by Ward compared to the 2018 Approved Budget and 2018 Restated Budget.

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**Table 3 – Councillor Ward Office Budget by Ward – Comparison of 2019 Proposed Budget to 2018 Approved Budget and 2019 Restated Budget**

| Ward | 2018<br>Approved<br>Budget | 2018<br>Restated<br>Budget<br>(Note 1) | 2019 Proposed<br>Budget Revised<br>Revised for<br>Population and Costs<br>(Note 2) | % Change<br>from 2018<br>Approved<br>(Note 3) | % Change<br>from 2018<br>Restated<br>(Note 3) |
|------|----------------------------|--|--|---|---|
| 1    | \$ 251,220                 | \$ 251,220                             | \$ 255,440   | 1.7%  | 1.7%  |
| 2    | 269,970                    | 269,970                                | 271,160  | 0.4%  | 0.4%  |
| 3    | 268,700                    | 268,700                                | 276,620  | 2.9%  | 2.9%  |
| 4    | 265,650                    | 265,650                                | 274,220  | 3.2%  | 3.2%  |
| 5    | 267,290                    | 267,290                                | 277,210  | 3.7%  | 3.7%  |
| 6    | 257,400                    | 257,400                                | 260,660  | 1.3%  | 1.3%  |
| 7    | 363,800                    | 275,300                                | 268,980  | -26.1%  | -2.3%   |
| 8    | 359,030                    | 270,530                                | 258,810  | -27.9%  | -4.3%   |
| 9    | 247,490                    | 247,490                                | 250,910  | 1.4%  | 1.4%  |
| 10   | 242,900                    | 242,900                                | 261,300  | 7.6%  | 7.6%  |
| 11   | 262,150                    | 262,150                                | 249,250  | -4.8%   | -4.8%   |
| 12   | 256,260                    | 256,260                                | 266,930  | 3.8%  | 3.8%  |
| 13   | 242,840                    | 242,840                                | 258,860  | 6.2%  | 6.2%  |
| 14   | 236,210                    | 236,210                                | 256,140  | 9.0%  | 9.0%  |
| 15   | <u>245,880</u>             | <u>245,880</u>                         | <u>250,240</u>   | <u>1.8%</u>                                   | <u>1.8%</u>                                   |
|      | \$4,036,790                | \$3,859,790                            | \$3,936,730  | -2.5%   | 2.0%  |

Notes to Table 3:

- 1: 2018 Restated Budget includes the removal of additional Administrative Assistants in two Wards.
- 2: 2019 Budget has been calculated using previous methodology, inflationary increases and removal of additional Administrative Assistants in two Wards.
- 3: 2018 Restated Budget does not reflect new Ward populations resulting in variations when compared to 2019 Budget which reflects new Ward populations.

The 2019 Proposed Budget represents a decrease of \$100,060 or -2.5% from the 2018 Approved Budget.

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In addition to the changes to the Councillor Ward Budget, changes to the Policy and Guidelines for eligible expenses for Elected Officials are being recommended. Over the past few years, a number of issues have arisen that require clarification including issues regarding expenses around the municipal election period. Existing Councillors running for office in the Municipal Election can incur certain expenses until August 31. If they are re-elected, expenditures should return to status quo and certain expenses should be able to be incurred on the day following the municipal election. Existing Councillors not running in the Municipal Election can incur certain expenses until August 31. Expenditures should return to status quo and certain expenses should be allowed on the day following the municipal election until the end of the term of November 30.

The recommended changes to the Policy and Guidelines include the following items:

1. Sponsorships in a Municipal Election year – No sponsorships will be allowed after August 31 to the day after a municipal election in an election year.
2. Ward Furniture, Fixtures and Equipment (FFE) Inventory – All Ward FFE inventory must be maintained and tracked by the Administrative Assistant of each Ward and all FFE inventory must remain in the Ward.
3. Contracts – Contracts can only be signed by the Councillors / Mayor once sworn in, including offers of employment.
4. Other minor revisions – Other updates within the Policy including tuition expenses.

### **ALTERNATIVES FOR CONSIDERATION**

The following is an alternative for developing the Councillor Ward Office Budgets.

#### **Equal Distribution of the Councillor Ward Office Budgets**

The Councillor Ward Office Budgets could be calculated using revised Ward populations, revised dwellings, same methodology as 2018 with a 2% inflationary increase, removal of the additional administrative support from Wards 7 and 8 and then spread equally across all Wards.

The 2019 Proposed Budget would be \$3,936,750 or \$262,450 per Ward for all 15 Wards. This alternative results in an overall reduction in the City's Ward Office Budgets of approximately \$100,000 from the 2018 Approved Budget. It also results in shifts in budgets compared to the 2018 budget ranging from an increase in budget of 11% in Ward 14 to a decrease of 28% in Ward 7. The large decreases in Wards 7 and 8 are primarily due to the removal of the administrative support positions.

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**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Community Engagement and Participation**

*Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.*

**Our People and Performance**

*Hamiltonians have a high level of trust and confidence in their City government.*

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” – Methodology for Developing Elected Officials Budget – Councillor Ward Office Budget

Appendix “B” – Policy and Guidelines for Eligible Expenses for Elected Officials: Budget for the Office of the Mayor, Legislative Budget and Councillor Ward Office Budget

AT/dw