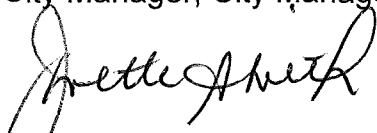





Hamilton

**CITY OF HAMILTON
CITY MANAGER'S OFFICE**

TO:	Mayor and Members of Council
COMMITTEE DATE:	May 10, 2023
SUBJECT/REPORT NO:	Councillor Ward Office Budget Review (CM23015/HUR23008) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Shannon Honsberger (905) 546-2424 Ext. 6524
SUBMITTED BY:	Janette Smith City Manager, City Manager's Office
SIGNATURE:	
SUBMITTED BY:	Lora Fontana Executive Director, Human Resources
SIGNATURE:	

RECOMMENDATIONS

- (a) That the comprehensive ward office budget review in-scope and out of scope activities outlined in Report (CM23015/HUR23008) be approved.
- (b) That the comprehensive review of financing and staffing levels related to Councillor Ward Office Budgets including a current state assessment, a summary of jurisdictional scan and recommendations around the Ward Office Budget methodology.
- (c) That up to \$50,000 of consulting costs to conduct the comprehensive review of Councillor Ward Office Budgets be funded firstly from the City Manager's Office departmental operating budget surplus, secondly from the Corporate operating budget surplus, and thirdly from the Tax Stabilization Reserve #110046 should the final 2023 departmental budget surplus be insufficient.

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.

BACKGROUND

At the April 26, 2023, Council meeting, Council approved the following motion:

- a. That \$260,000 from the Flamborough Capital Reserve (108032) be used to supplement Ward Councillors Office Budgets in 2023;
- b. That each participating office be allocated an equal share of the \$260,000 available on a one-time basis;
- c. That each Councillor wishing to share part of this supplemental funding inform the City Clerk of their desire to do so, in writing, by Wednesday May 3, 2023; and
- d. That Hamilton's City Manager and Executive Director of Human Resources and their staff as needed, undertake a comprehensive review of the appropriate ongoing financing and staffing levels related to Ward Office Budgets and report back to General Issues Committee prior to its consideration of the 2024 operating budget with a report back on the scope of this work at the May 10, 2023 City Council meeting.

This report serves to outline the scope of work for item D.

SCOPE AND DELIVERABLES

In-scope activities for the comprehensive review of Councillor Ward Office Budgets includes:

- Meetings with all Councillors to understand office requirements, including ward by ward differences to inform a potential equity-based methodology for determining ward budgets and staffing levels
- Focus groups with ward office staff to determine current functions
- A review and evaluation of the full-time and part-time job functions, descriptions, and may include job evaluations of the pay bands
- A jurisdictional scan of similar sized single-tiered municipalities such as Ottawa, London, Toronto, and Windsor to determine their respective ward office funding, staffing, and methodology
- Evaluation of the current methodology for determining ward office budgets, and consideration of other options
- The cost of facilities at City Hall and other sites to understand value proposition of ward-based office spaces
- A review of previous reports brought to Council regarding ward office budgets
- Identification of expenditures funded through Ward Office Budgets versus City departmental budgets/General Legislative budget

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.

Out of Scope components of the review are:

- Councillors compensation, as previously directed via the Recruitment and Retention Strategy
- Benefits and other total rewards related to Councillor staff (e.g., sick leave, vacation)
- The Mayor's office staffing and budget
- Capital related expenses with respect to the Area Rated Special Infrastructure Levy and Reserves Expenses with respect to ward specific initiatives from cell tower revenues and other ward specific revenues

The deliverables from these activities would be:

- A current state assessment on ward staffing and functions (i.e., administration, communications, community engagement, research, etc.)
- A summary of the jurisdictional scan
- Options and recommendations for Ward office budget methodology and staffing levels

Alternatives for Consideration

n/a

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: To support staff in completing this work, staff would source a consultant at an approximate cost of \$50,000 to be funded firstly from the City Manager's Office departmental operating budget surplus, secondly from the Corporate operating budget surplus and thirdly from the Tax Stabilization Reserve #110046.

Staffing: Conducting this review will require staff support from Human Resources and Corporate Services.

Legal: There are no legal implications of conducting the review of Ward Office Budgets and staffing levels.

HISTORICAL BACKGROUND

The current ward office budget methodology was approved by Council in 2018. The methodology is based on:

- Salary and benefits for one Councillor and one Administrative Assistant
- Allowance of \$2,600 for each Ward to cover vacation administrative coverage
- Information mailings – prorated per dwellings in each Ward
- Population Factor – \$.5/capita for the first 15,000 and \$.75/capita for the remainder
- Inner City Fund - distributed across Wards 2 – 5
- Geographic Factor - split equally between Wards 11 and 14
- Student Accommodation Factor Benefit – Ward 1, 8, 10, 12 \$.50 per estimated student population which is calculated based on the population in the Ward
- Other Discretionary

The salary and benefits and the Inner City funds are increased for inflation. All other budget components remain static. Components that depend on Census data are changed when new Census data becomes available.

Additionally, Appendix “A” to report CM23015/HUR23008, is a 2017 report to Governance Review Sub-Committee FCS16074(a) which provided a summary of the jurisdictional scan completed as part of the most recent review of the ward office budget methodology.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

There are no legal or policy implications or requirements for the review of ward office budgets and staffing; however, future decisions around ward office budgets and eligible expenses could require an update to the financial policy governing office budgets, as well as the Policy and Guidelines for Eligible Expenses for Elected Officials.

RELEVANT CONSULTATION

In preparation for this report, the Human Resources and Corporate Services teams have been consulted, including a scan of past work done on this topic.

Staff have considered similar organization reviews conducted within the City and determined that a ward office review and evaluation would be best delivered in a timely manner through the engagement of a third-party consultant.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The original Ward Office Budget methodology was approved in 2004, with a variety of reports reviewing it thereafter, but the original rate (i.e., 50 cents per person) has not changed since 2004. Conducting a thorough review to identify what may have changed since the last review, is a methodical approach to a consistent issue for Council.

In addition, the clear definition of scope and intention will ensure staff can complete the appropriate work and meet Council expectations. The purpose and in-scope activities recommended would provide both office-specific interviews as well as evidence-based inputs into the broad review of Ward Office Budgets and staffing. Viewing this issue from both lenses will allow for Council to understand Hamilton's needs relative to the broader context of Ontario municipalities.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

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

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report CM23015/HUR23008: Ward Budgets (FCS16074(a))



INFORMATION REPORT

TO:	Chair and Members Governance Review Sub-Committee
COMMITTEE DATE:	February 6, 2017
SUBJECT/REPORT NO:	Ward Budgets (FCS16074(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Janie Hartwell (905) 546-2424 Ext. 4522
SUBMITTED BY:	Mike Zegarac General Manager Finance and Corporate Services Department
SIGNATURE:	

Council Direction:

At the September 15, 2016 Governance Review Sub-Committee, staff was directed to include additional information respecting development and geographical related demands in the Ward Budget Review.

Information:

Ward Budget Report FCS16074 has been amended by adding the following information:

- Update to the history of Ward budgets since amalgamation;
- 2016 Year End Variance status;
- Graph depicting the number of development applications per Ward;
- Graph depicting the number of Greenbelt development applications per Ward;
- Chart listing Business Improvement Areas (BIAs) per Ward;
- Results of Toronto survey;
- Updated graphs to include Toronto data; and,
- Facilities comments.

WARD BUDGET HISTORY

In 2002 a Citizen Committee, funded from the Tax Stabilization Reserve and supported by an external consultant, was established to review and establish Elected Officials office budget. Since that time there have been several reports brought forward by the Governance Review Sub-committee amending the Ward budget calculations.

The Ward budgets are calculated using the following components:

- Councillor salary and benefits – annually increased by the cost of living;
- Salary and benefits for one Administrative Assistant – annually increased by the cost of living;
- Administrative coverage – allowance of \$2,600 for each Ward to cover vacation. Established through a 2012 Budget Enhancement recommended by Governance Sub-Committee. This has not been adjusted since 2012;
- Information mailings – Established at \$90,000 the budget was prorated based on the number of dwellings in each Ward;
- Population Factor – Established in 2004 as \$.50 / capita. In 2013 it was increased to \$.5/capita for the first 15,000 and \$.75/capita for the remainder;
- Inner City Fund - Established in 2004 at \$45,000. Funding to be distributed across Wards 2 – 5 or as deemed appropriate by the participating Councillors. Effective in 2015 an annual inflationary increase is applied to this component, representing the first amendment since 2004. The budget for 2016 was \$47,775;
- Geographic Factor - Established in 2004 at \$1,600 and increased to \$2,500 through a 2012 Budget Enhancement. It is split equally between Wards 11 and 14;
- Other Discretionary - \$11,421 is allotted to each Ward. This amount has not changed since 2011;
- A 2013 budget enhancement was approved to support Wards 7 and 8 with an additional Administrative Assistant each. It is increased annually by the cost of living; and,
- For the 2015 budget, a Student Accommodation Factor Benefit was established benefiting Ward 1, Ward 8, Ward 10 and Ward 12. This allows for \$.50 per estimated student population which is calculated based on the population in the Ward.

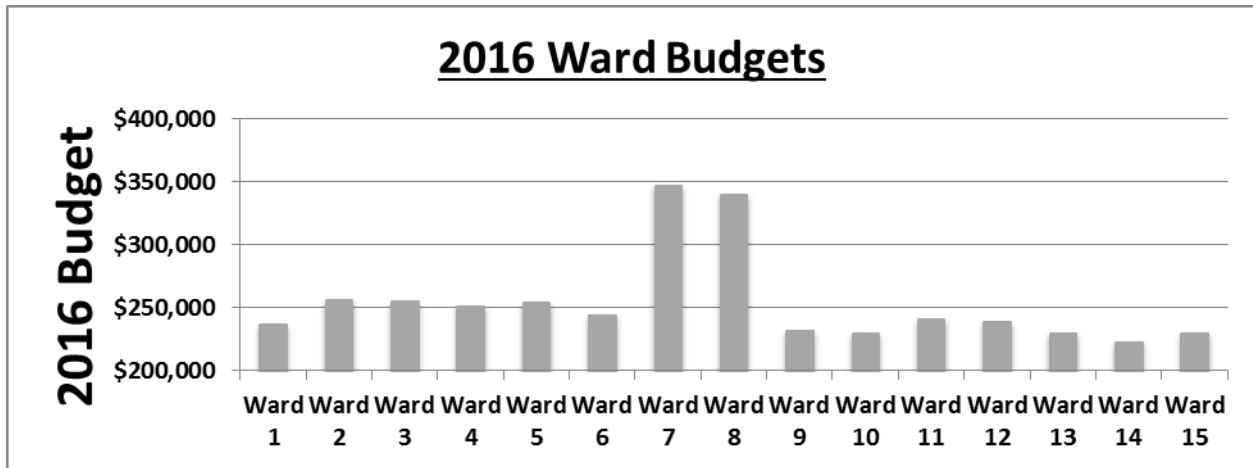
The salary and benefits, and the Inner City funds are increased for inflation. All other budget components remain static. Components that depend on Census data change when new Census data becomes available. The most recent available data is from the 2011 Census.

1.0 WARD BUDGETS

The 2016 Ward budgets, including salaries and benefits for Councillors and administrative staff, vary by Ward (ranging from \$349,960 (Ward 7) to \$222,680 (Ward 14)).

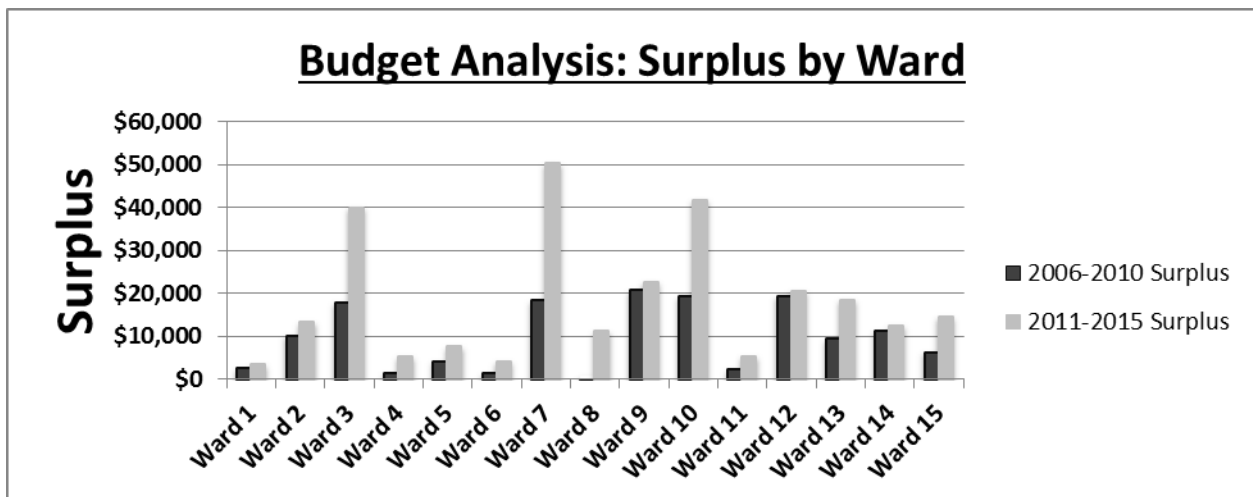
The following variables are incorporated into the calculation of Ward budgets accounting for the variance between Wards:

- Information Mailings (based on number of households);
- Population Factor (based on census allocating \$.50 to first 15,000 citizens and \$.75 to remainder);
- Student Factor (allocates \$.50 per person based on a percentage of Ward population for Wards 1, 8, 10 and 12);
- Geographic Factor (\$1,250 for each of Wards 11 and 14);
- Inner City fund (\$46,838 split evenly between Wards 2, 3, 4 and 5); and,
- Other Discretionary (constant for all Wards of \$11,421 each).



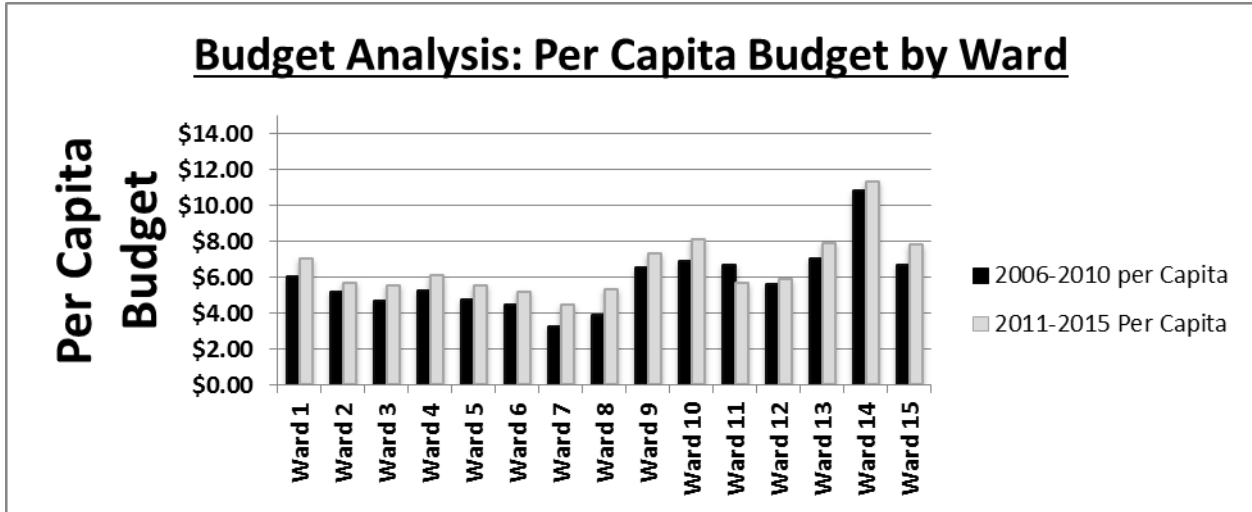
1.1 SURPLUS BY WARD

The year-end surplus varies by Ward. The total 2015 surplus for the 15 Ward budgets was \$267,000. The 2015 surplus by Ward ranges from \$0 to \$50,327. As of January 20, 2017 the preliminary 2016 Ward Budget surplus appears to be in the same range.



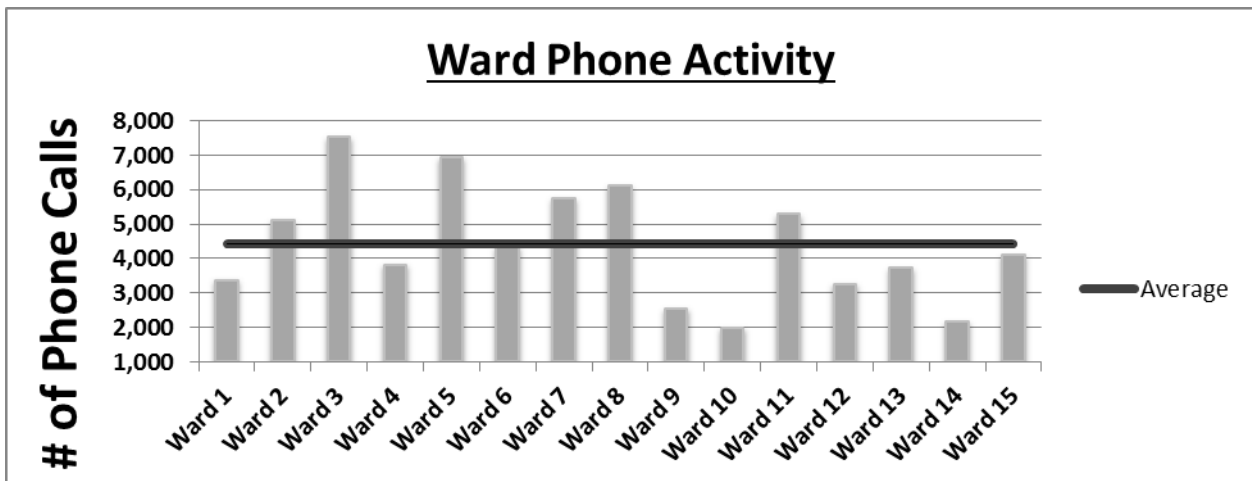
1.2 PER CAPITA BUDGET BY WARD

The 2011-2015 budget per capita (Ward budget divided by the population in the ward, not accounting for student population) has a range of \$3.26 - \$11.36 per capita. Comparison of this measure cannot be made with other Municipalities because salary budgets do not all reside in the Councillor's budgets and are not available. The per capita budgets per Ward do not have a correlation to the Ward surpluses.



1.3 PHONE CALLS PER WARD

The following graph indicates the number of incoming City line phone calls for the Councillors and their Administrative staff:



SUMMARY OF MUNICIPAL COMPARISONS

Governance Review Sub-Committee directed staff to canvass Municipal comparisons "i.e. London, Ottawa and Burlington". The following Municipalities were surveyed: London (14 part-time Councillors), Ottawa (23 full-time Councillors), Mississauga (11 full-time Councillors), Burlington (six full-time Councillors) and Windsor (10 part-time Councillors). Subsequent to the September 2016 Governance Sub-Committee, Toronto was surveyed and their results have been included in this section of the Report.

No other Municipality canvassed used representation by population as a factor to calculate their Ward budgets. All Municipalities except Mississauga and Toronto distribute their Ward budgets evenly across all Wards.

Mississauga incorporates the number of households into the calculation of the Postage budget but otherwise budgets are distributed evenly.

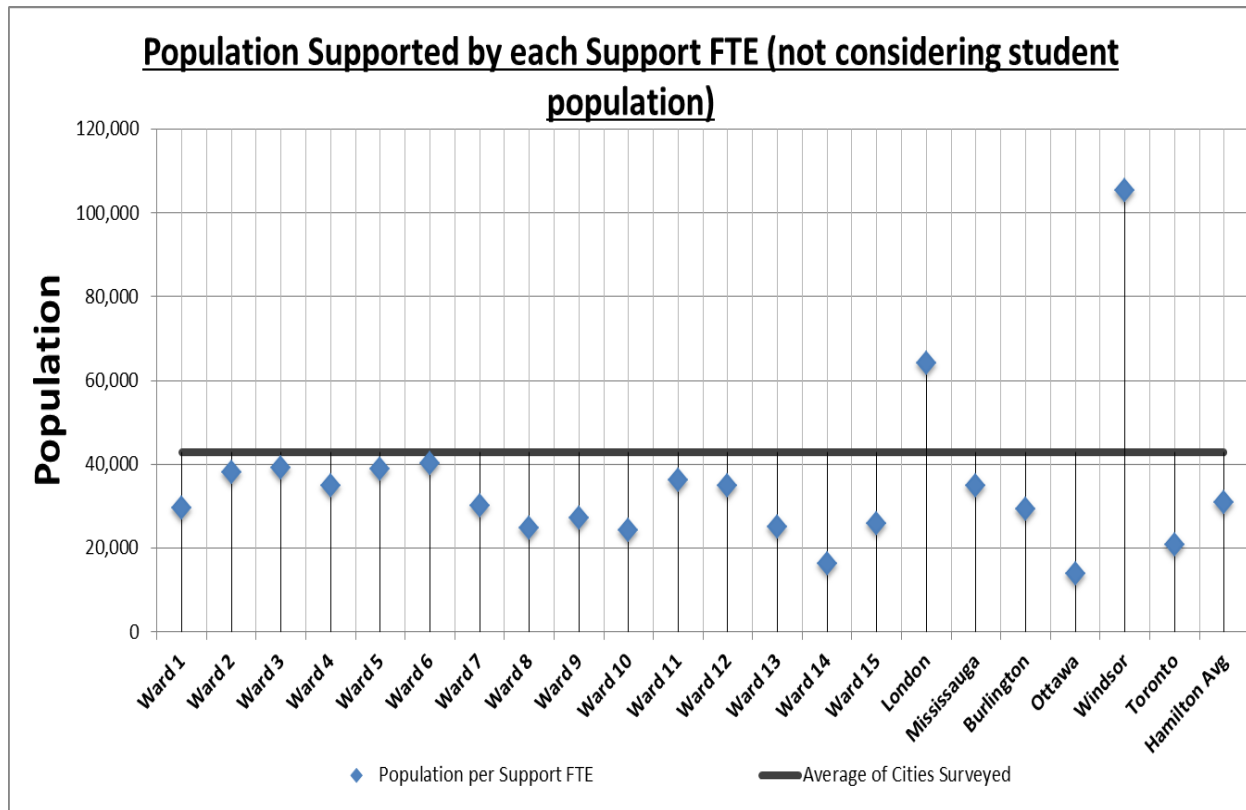
Toronto funds an additional Constituency Assistant when the population in a Ward exceeds the average of all 44 wards by more than 50%. The average Ward population in Hamilton is 34,663. The only Hamilton Ward to exceed the average by 50% is Ward 7. Ward 7 and Ward 8 receive funding for an additional support staff.

Toronto also funds from a general fund the distribution of one newsletter each year. The funding is based on the number of households in the ward and therefore varies for all wards.

The following graphs outline budget comparisons.

1.4 POPULATION PER SUPPORT FTE

This graph represents the population per Ward divided by the number of support staff (Administrative Assistants only) per Ward. A comparison was made to the six Municipalities surveyed. On average, Hamilton Administrative staff service fewer citizens than Mississauga, Windsor and London. These figures do not include students or transient population which is not available from Census Canada.



Currently the Ward office space is fully occupied. Additional support staff would result in construction costs of new offices and potentially rental of additional square footage to accommodate displaced staff.

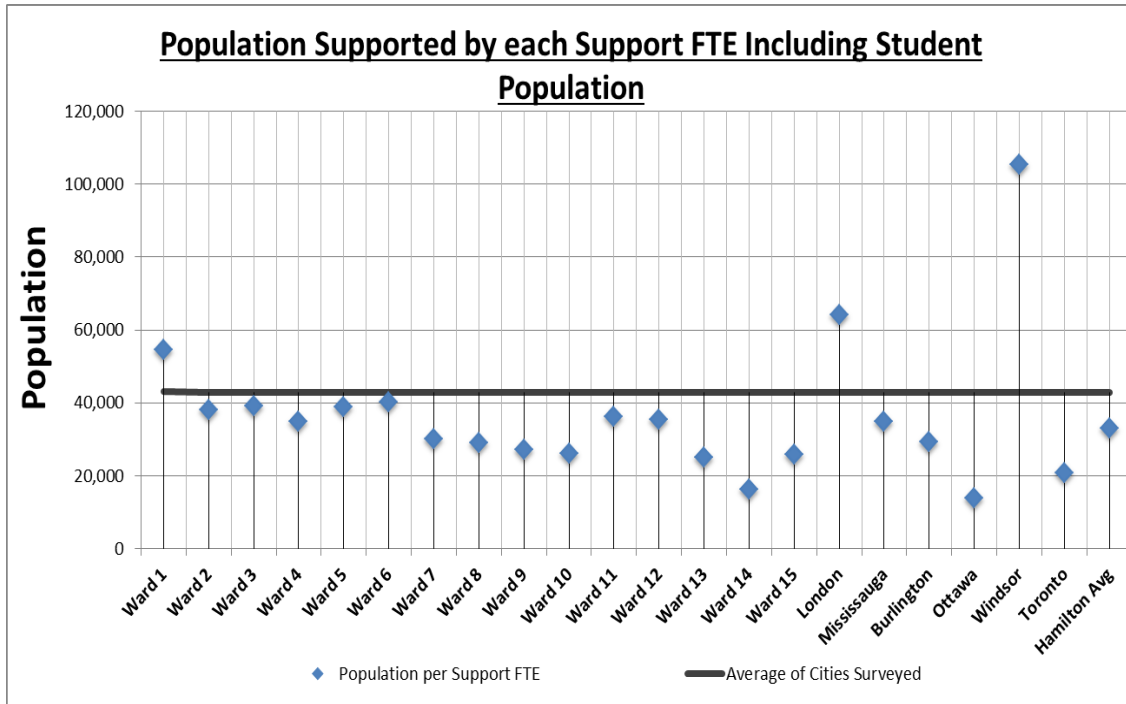
1.5 POPULATION PER SUPPORT FTE INCLUDING STUDENT DATA

Student population is not available from Census Canada. In the graph below, the Census population was increased by student enrolment as found on the internet sites of the institutions as follows:

- Ward 1 McMaster – 25,000;
- Ward 8 Mohawk – 8,397;
- Ward 10 Mohawk – 1,837; and,
- Ward 12 Redeemer – 725.

No adjustment was made for students living with their families and already included in the Census data. This information was not available.

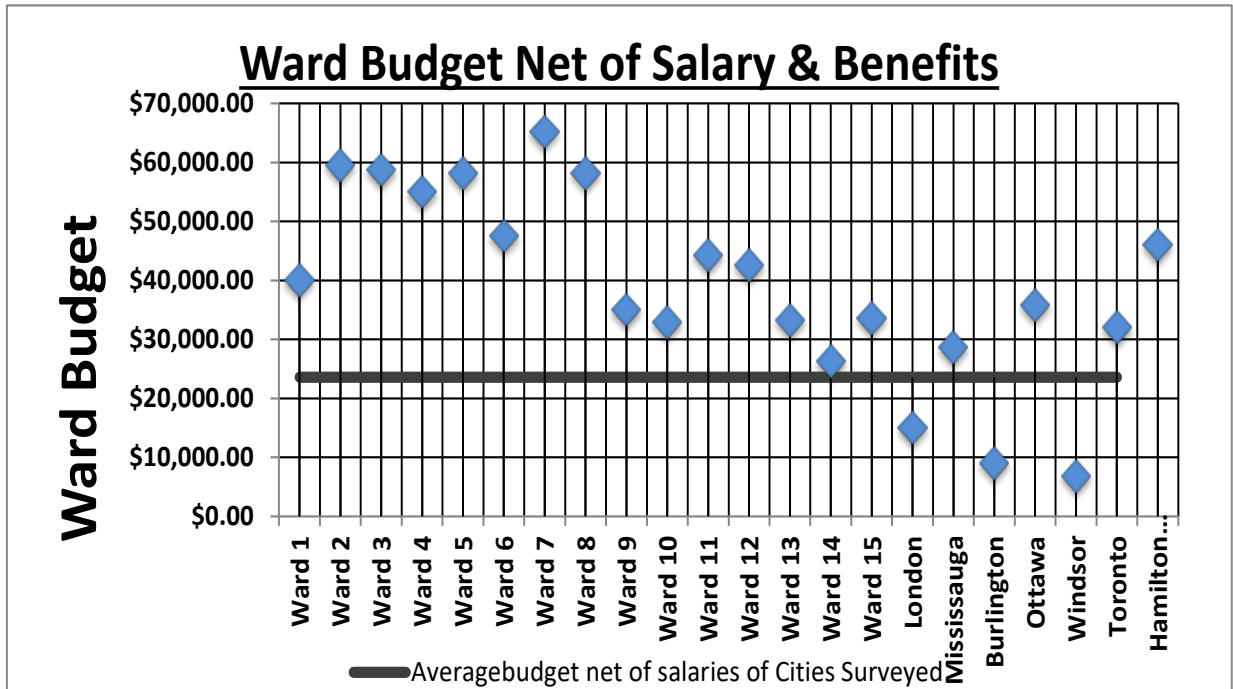
Increasing the population by the number of students enrolled in the three educational institutions increased the Hamilton average number of citizens serviced by each Admin staff from 31,000 to 33,000.



1.6 WARD BUDGET NET OF SALARY AND BENEFITS

This graph represents the discretionary 2016 budgets for each Ward and the surveyed cities. Discretionary budget is defined as the budget available for each Councillor not including salary and benefits for Administrative staff, or Councillors.

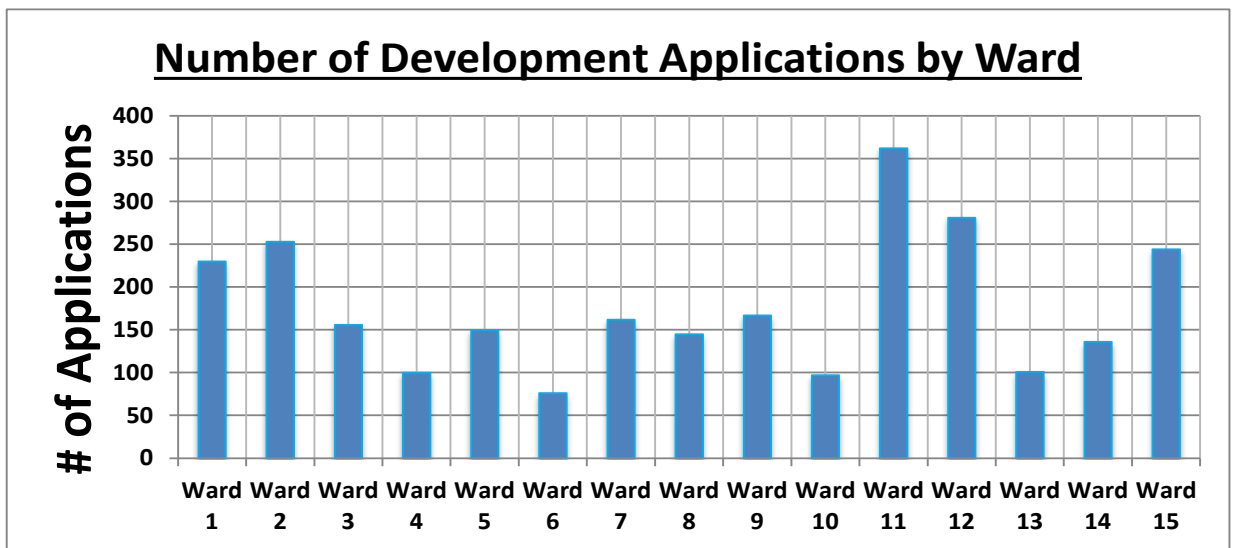
Hamilton Councillors have the highest discretionary budgets of the Municipalities surveyed with a Ward average of \$46,000 versus the average of all Municipalities surveyed (including Hamilton) of \$23,560.



An 8% budget increase for all Ward budgets translates to a levy increase of \$304,560 (\$55,269 when 8% is applied to Ward budgets net of Salary and Benefits). A 9% budget increase for all Ward budgets translated to a levy increase of \$342,631 (\$62,178 when 8% is applied to Ward budgets net of Salary and Benefits).

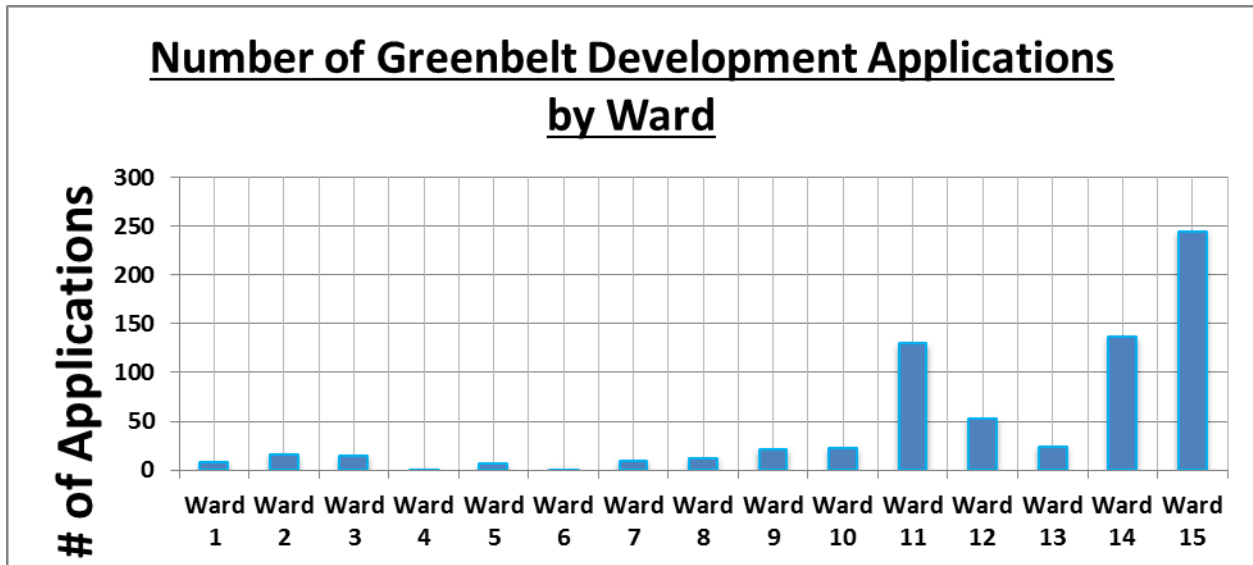
1.7 DEVELOPMENT ACTIVITY BY WARD

The following graph represents the total number of Development Applications per Ward for the years 2014, 2015 and 2016. Note that one project may require several development applications.



1.8 GREENBELT DEVELOPMENT ACTIVITY BY WARD

The following graph represents the total number of Development Applications per Ward for the years 2014, 2015 and 2016. Note that one project may require several development applications.



1.9 BIAs BY WARD

BUSINESS IMPROVEMENT AREAS (BIAs) Per WARD	
BIA	WARD
ANCASTER BIA	12
BARTON VILLAGE BIA	2, 3
CONCESSION STREET BIA	6, 7
DOWNTOWN HAMILTON BIA	2
DUNDAS BIA	13
INTERNATIONAL VILLAGE BIA	2, 3
KING WEST BIA	2
LOCKE STREET BIA	1
OTTAWA STREET BIA	3, 4
STONEY CREEK BIA	9
WATERDOWN BIA	15
WESTDALE VILLAGE BIA	1
MAIN WEST ESPLANADE BIA	1, 2

OPTIONS

The Administrative Mailing component of Ward budgets of \$90,000 can be recalculated by applying the current average per dwelling allocation using new Census data as it becomes available.

The Geographic Factor component of Ward budgets can be increased by the percentage increase in the current year of Automobile Allowance Rates published by Canada Revenue Agency. The Ward budgets should remain unchanged when the published rates are decreased.

The Student Factor component of Ward budgets of \$6,575 can be redistributed based on student enrolment as follows:

- McMaster (Ward 1);
- Mohawk (Wards 8 and 10); and,
- Redeemer College (Ward 12).

The Student Factor component of Ward budgets could be calculated at \$.25 for each student enrolled in McMaster University, Mohawk College and Redeemer College.

Increasing the staff complement in 13 Wards to include an additional support person would cost \$1,110,000 which translates to a 32% increase to the total Ward budgets. (2016 rates).

Increasing budgets for Wards 1 and 2 to provide for an additional administration staff would increase the budget by \$171,000 or a 4.5% increase (2016 rates).

Realign the 2016 budgets between Wards to better reflect the needs of each constituency. This option translates to a 0% increase.

The elimination of Sponsorship spending would allow \$60,000 of Ward budgets to be reallocated to other spending.

If staffing levels are increased, accommodation of such staff is an issue and bears a one-time cost of preparing work spaces, as well as the ongoing cost to rent space for displaced staff if new staff cannot be accommodated within the existing office space.

Realign budgets and Ward resources when the Ward Boundaries have been finalized.

JH/dkm