



**CITY OF HAMILTON**

**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning & Policy Division**

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> February 25, 2011	
<b>SUBJECT/REPORT NO:</b> 2011 Tax Supported Operating Budget – Boards & Agencies (FCS11023i) (City Wide)	
<b>SUBMITTED BY:</b> Roberto Rossini General Manager Finance & Corporate Services Department	<b>PREPARED BY:</b>  Tom Hewitson (905) 546-2424 ext 4159
<b>SIGNATURE:</b>	

**RECOMMENDATIONS**

- a) That the 2011 net operating levy for Hamilton Police Services of \$129,826,620 be considered;
- b) That the 2011 net operating levy for Hamilton Public Library of \$27,635,281 be considered;
- c) That the 2011 net operating levy for Other Boards and Agencies of \$16,660,397 be considered;
- d) That the 2011 net operating levy for Community Partnerships of \$3,285,686 be considered;

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- e) That the 2011 Requested Program Enhancements pertaining to the operation and maintenance of Waterfront Pier 8 Rink and Restaurant as per Appendix One to report FCS11023(i) be considered.

<b>EXECUTIVE SUMMARY</b>
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At its meeting of June 23, 2010, Hamilton City Council directed staff by way of Committee of the Whole Report 10-017 that Legislated Boards and Agencies be directed to submit the 2011 budget with an increase not to exceed inflation and any increase exceeding inflation be documented with reasons, and those Non Legislated Boards and Agencies be requested to submit a 2011 budget at 0 percent increase.

The draft 2011 budget for the City's Boards and Agencies is submitted for Council's consideration.

**SUMMARY NET BUDGET INFORMATION: Years 2010 and 2011**

<b>Board/Agency</b>	<b>2010 Budget</b>	<b>2011 Draft Budget</b>	<b>Change \$</b>	<b>Change %</b>
<b>Hamilton Police Services</b>				
Operating Budget	123,631,738	129,826,620	6,194,882	5.0%
Capital Financing	921,740	925,600	3,860	0.4%
<b>Total - Hamilton Police Services</b>	<b>124,553,478</b>	<b>130,752,220</b>	<b>6,198,742</b>	<b>5.0%</b>
<b>Hamilton Public Library</b>	<b>27,373,725</b>	<b>27,635,281</b>	<b>261,556</b>	<b>1.0%</b>
<b>Other Boards &amp; Agencies</b>	<b>16,258,720</b>	<b>16,660,397</b>	<b>401,677</b>	<b>2.5%</b>
<b>Community Partnership Program</b>	<b>3,285,686</b>	<b>3,285,686</b>	<b>0</b>	<b>0.0%</b>
<b>Total for Above Items</b>	<b>171,471,609</b>	<b>178,333,584</b>	<b>6,861,975</b>	<b>4.0%</b>

At the General Issues Committee meeting of February 25, 2011, representatives of the various boards and agencies are scheduled to make representations in support of their budget requests at which time the Committee members will have the opportunity to inquire about the budget details and requests for increases beyond the limits recommended by Council in June 2010; staff will also be providing councillors with additional background information (e.g. financial statements) in advance of that date. Also, before the meeting of February 25, 2011, councillors will be provided with a 10 year summary of expenditures for all the supported boards and agencies along with

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additional details for the 2011 budget request and the 2009 audited statements where available.

Council Referred Item

There is a Council Referred Item of \$152,000 in relation to the maintenance and operation of the 2008 approved Council Strategic Initiatives - Capital Project #4240906914 - Waterfront Pier 8 Rink and Restaurant. This item is not included in the draft 2011 budget pending Council consideration.

Council Referred Item	FTE	Annualized Impact	
		Gross	Net
To provide annual operational funds for the operation and maintenance of Waterfront- Pier 8 Rink and Restaurant	0	152,000	152,000

The detailed form for this Council Referred Item is included in Appendix One to report FCS11023(i).

***Alternatives for Consideration – See Page 8***

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)**

**Financial:** The draft 2011 Boards and Agencies operating budget results in a net levy increase of approximately:

- \$6,194,882 or 5.0% for Police Services, exclusive of capital financing;
- \$261,556 or 1.0% for Library Services;
- \$401,677 or 2.5% for all other boards and agencies including the Conservation Authorities, HECFI, and MPAC; and,
- \$0 or 0% for Community Partnership Programs.

**Staffing:** Police Services, Library Services and HECFI will make their own respective presentations concerning changes in staff levels; funding for all the other entities among the boards and agencies does not involve any staff funding from the City of Hamilton.

**Legal:** N/A

**HISTORICAL BACKGROUND** (Chronology of events)

As directed by the General Issues Committee (GIC) on January 21<sup>st</sup>, staff are bringing forward the 2011 draft budget based on the City's current position. Senior Management Team will continue its internal process to develop further budget savings and present these during budget deliberations in March/April, 2011.

**POLICY IMPLICATIONS**

N/A

**RELEVANT CONSULTATION**

The budget has been developed in conjunction with internal and external partners.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

**POLICE SERVICES**

The requested operating budget for Police Services, as approved by the Police Services Board (including the capital financing portion), is \$129,826,620, resulting in an increase of \$6,194,882 or 5.0%. The table below highlights the budget increase as well as the capital funding provided to the Hamilton Police Services through the City's capital budget process.

<b>SUMMARY NET BUDGET INFORMATION: Years 2010 and 2011</b>				
<b>Board/Agency</b>	<b>2010 Budget</b>	<b>2011 Draft Budget</b>	<b>Change \$</b>	<b>Change %</b>
<b>Hamilton Police Services</b>				
Operating Budget	123,631,738	129,826,620	6,194,882	5.0%
Capital Financing	921,740	925,600	3,860	0.4%
<b>Total - Hamilton Police Services</b>	<b>124,553,478</b>	<b>130,752,220</b>	<b>6,198,742</b>	<b>5.0%</b>

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**LIBRARY**

The Library budget request is for \$27,635,281 and represents a 1.0% increase over 2010 as compared to the 0% suggested increase per the Council direction of June 2010.

<b>SUMMARY NET BUDGET INFORMATION: Years 2010 and 2011</b>				
<b>Board/Agency</b>	<b>2010 Budget</b>	<b>2011 Draft Budget</b>	<b>Change \$</b>	<b>Change %</b>
Hamilton Public Library	27,373,725	27,635,281	261,556	1.0%

**OTHER BOARDS & AGENCIES**

The external Boards and Agencies that receive funding through the tax operating budget include HECFI, Conservation Authorities, as well as, several other organizations. For discretionary agencies, the budget has been set at a zero percent increase over 2010. The following summary identifies the net levy requests for the Other Boards & Agencies.

<b>OTHER BOARDS AND AGENCIES</b>				
<b>SUMMARY NET LEVY BUDGET INFORMATION: Years 2010 and 2011</b>				
<b>Board/Agency</b>	<b>2010 Budget</b>	<b>2011 Draft Budget</b>	<b>Change \$</b>	<b>Change %</b>
Art Gallery of Hamilton (Net)	825,030	857,863	32,833	4.0%
Boris Brott - Approved Grant	90,109	90,109	0	0.0%
Conservation Authorities	5,246,415	5,407,912	161,497	3.1%
GO Transit	0	0	0	n/a
Hamilton Beach Rescue Unit Inc.	126,805	126,805	0	0.0%
Ham Philharmonic Orchestra - Approved Grant	113,695	113,695	0	0.0%
H.E.C.F.I.	3,247,133	3,247,140	7	0.0%
HWCA - Festival of Friends - Approved Grant	85,271	85,271	0	0.0%
Municipal Property Assessment Corporation (MPAC)	5,798,128	6,005,468	207,340	3.6%
Opera Hamilton - Approved Grant	126,928	126,928	0	0.0%
Royal Botanical Gardens	599,206	599,206	0	0.0%
<b>Other Boards &amp; Agencies</b>	<b>16,258,720</b>	<b>16,660,397</b>	<b>401,677</b>	<b>2.5%</b>

**Art Gallery of Hamilton (AGH)**

The total funding request from the Art Gallery of Hamilton is \$1,000,000 (same as for 2010) with \$142,137 in funding coming from reserves resulting in a net levy request of \$857,863 for 2011. As part of the 2007 budget process, Council approved the City's funding of the Art Gallery of Hamilton be based on an annual grant of \$1 million to be achieved through a 3% annual increase in the base grant. This was to be achieved through the establishment of a one-time Stabilization Fund of \$1.1 million to be applied to offset the difference over a 10-year period; and any surpluses generated from the AGH operation was to be applied directly to reduce the City's contribution to the stabilization fund.

**GO Transit**

Consistent with other GTA municipalities, the 2010 budget proposed an amendment to the funding arrangement for GO Transit. Prior to 2010, approximately \$1.4 million in tax levy was budgeted annually for GO Transit; henceforth, along with its GTA partners, Hamilton will only contribute the development charges collected by it on behalf of GO Transit. This approach results in the GO Transit net levy being set at \$0 for 2010; as per the practice adopted in 2010, the GO Transit net budget for 2011 is also \$0. There is a risk that the Province could withhold provincial gas tax funding to the City. However, although the practice of withholding levy dollars from GO payments has occurred for a number of years, the Province has yet to withhold gas tax funds.

**MPAC (Municipal Property Assessment Corporation)**

The City is legislated to fund MPAC based on its funding requirements based on a prescribed formula. MPAC has advised that the cost apportionment for the City of Hamilton for 2011 will be \$6,005,468, representing an increase of \$207,340 or 3.6%.

**COMMUNITY GRANTS PARTNERSHIP PROGRAM**

The draft 2011 budget for the Community Partnership Program is \$3,285,686, which is the same as the approved 2010 budget.

**CONSERVATION AUTHORITIES**

The requested amounts for the Conservation Authorities are based on the budget submissions provided by the Niagara Peninsula Conservation Authority, Grand River Conservation Authority, Halton Conservation, and Hamilton Conservation Authority (HCA). Confederation Park and Westfield Village are operated by HCA on behalf of the City under a Management Agreement. The total draft budgets for the Conservation Authorities are increasing by \$161,497 or 3.1%.

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<b>Conservation Authorities</b>				
<b>SUMMARY NET BUDGET INFORMATION: Years 2010 and 2011</b>				
<b>Board/Agency</b>	<b>2010 Restated Budget</b>	<b>2011 Draft Budget</b>	<b>Change \$</b>	<b>Change %</b>
<b>Niagara Peninsula Conservation Authority</b>				
Niagara Peninsula Conservation Authority Gross Amount	507,194	513,473	6,279	1.2%
Transfers from Reserves (Capital)	(65,000)	(3,000)	62,000	-95.4%
<b>Niagara Peninsula Conservation Authority -NET</b>	<b>442,194</b>	<b>510,473</b>	<b>68,279</b>	<b>15.4%</b>
<b>Grand River Conservation Authority</b>	<b>228,235</b>	<b>231,919</b>	<b>3,684</b>	<b>1.6%</b>
<b>Conservation Halton</b>	<b>161,126</b>	<b>170,683</b>	<b>9,557</b>	<b>5.9%</b>
<b>Hamilton Conservation Authority (Net)</b>				
HCA Levy	3,499,333	3,579,310	79,977	2.3%
Confederation Park	368,973	368,973	0	0.0%
Westfield Heritage	546,554	546,554	0	0.0%
<b>TOTAL for Hamilton Conservation Authority (Net)</b>	<b>4,414,860</b>	<b>4,494,837</b>	<b>79,977</b>	<b>1.8%</b>
<b>Total for ALL Conservation Authorities</b>	<b>5,246,415</b>	<b>5,407,912</b>	<b>161,497</b>	<b>3.1%</b>

**Niagara Peninsula Conservation Authority (NPCA)**

The requested levy for the Niagara Peninsula Conservation Authority (NPCA) is increasing by \$68,279 or 15.4% over last year's approved levy. The actual payments to NPCA have increased by only 1.2% from \$507,194 to \$513,473. Since 2003, the City has followed a policy of partially providing the funding from a stabilization reserve; this reserve is now exhausted and the final available funding of \$3,000 has been applied to offset the 2011 budget request, compared to the \$65,000 provided last year; as a result, the net levy impact is shown at 15.44%.

**Grand River Conservation Authority (GRCA)**

The requested levy for Grand River Conservation Authority is \$231,919 which represents an increase of \$3,684 or 1.6% increase over 2010. The cost apportionment ratio for the City remains the same as in 2010 at 2.5%.

**Conservation Halton**

The requested levy for Conservation Halton is \$170,683, which represents an increase of \$9,557 or 5.9% over 2010. Major budget pressures include higher legal fees for

OMB hearings and increased staff benefits. The cost apportionment ratio for the City in 2010 is 2.4%

**Hamilton Conservation Authority**

The requested levy for Hamilton Conservation Authority is \$3,579,310 which represents an increase of \$79,977 or 2.3% increase over 2010. Hamilton Conservation Authority also operates Confederation Park and Westfield Village under a Management Agreement on behalf of the City; the 2011 budgets for those two locations are maintained at the 2010 levels.

**ALTERNATIVES FOR CONSIDERATION**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

As part of the budget deliberations, Council can direct changes to the budget as required. Staff will also continue to monitor the 2010 year-end actuals in an effort to identify further opportunities to reduce the 2011 budget.

**CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)**

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

***Financial Sustainability***

- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

***Healthy Community***

- ◆ An engaged Citizenry

**APPENDICES / SCHEDULES**

Appendix One – 2011 Council Referred Items



**APPENDIX 1**  
**COUNCIL REFERRED ITEMS**



**City of Hamilton**

**Proposed Operating Budget Changes - Year 2011**

			<b>Council Referred Items</b>		<b>Impact - Moderate</b>	
<b>Department</b>			<b>Boards &amp; Agencies</b>		<b>Division</b>	
					<b>Hamilton Waterfront Trust</b>	
<b>Service</b>			Outdoor Rinks			
<b>Current Service Level</b>						
<b>Proposed Service Level &amp; Potential Impact</b>			To provide annual operational funds for the operation and maintenance of the 2008 approved Council Strategic Initiatives- Capital Project # 4240906914 Waterfront- Pier 8 Rink and Restaurant			
<b>Financial Analysis:</b>						
<b>Operating Budget Impact</b>			<b>Strategic Plan Linkage:</b>			
<b>Description</b>		<b>Annualized Amount</b>	<b>Pro Rata for 2011 @ 100%</b>	<b>6.4:Environmental Stewardship</b>		
Employee Expenses		-	-	Maintain or increase the quantity and quality of Significant Natural Areas that are protected		
Other Expenses		152,000	152,000			
<b>Total Gross Expenditure</b>		<b>152,000</b>	<b>152,000</b>			
Less: Revenues		-	-			
- 0%		-	-			
<b>Net Impact</b>		<b>152,000</b>	<b>152,000</b>			
<b>FTE</b>		-	-			
					<b>Capital Budget Impact</b>	
				<b>Year 2011</b>	<b>Years 2012 &amp; Beyond</b>	<b>Total</b>
				-	-	-
Form 1					Update Ver: 1.00	