



## **General Issues Committee**

### **REPORT 11-031**

**9:30 a.m.**

**Thursday, October 27, 2011**

**Council Chambers**

**Hamilton City Hall**

**71 Main Street West**

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**Present:** Deputy Mayor J. Partridge (Chair)  
Mayor B. Bratina  
Councillors C. Collins, S. Duvall, J. Farr, L. Ferguson,  
B. McHattie, S. Merulla, B. Morelli, T. Jackson, B. Johnson,  
R. Pasuta, M. Pearson, R. Powers, T. Whitehead

**Absent with Regrets:** Councillor B. Clark – Personal

**Also Present:** C. Murray, City Manager  
R. Rossini, General Manager, Finance and Corporate  
Services  
G. Davis, General Manager, Public Works  
T. McCabe, General Manager, Planning & Economic  
Development  
J. A. Priel, General Manager, Community Services  
Dr. E. Richardson, Medical Officer of Health  
C. Biggs, Co-ordinator, Committee Services/Council/Budgets

### **THE GENERAL ISSUES COMMITTEE PRESENTS REPORT 11-031 AND RESPECTFULLY RECOMMENDS:**

**1. 2012 Operating Budget – Additional Information (FCS11098) (City Wide)  
(Item 3.1)**

That Report FCS11098 respecting 2012 Operating Budget – Additional Information, be received.

**2. 2012 Budget Overview (Item 4.1)**

That the staff presentation respecting the 2012 Budget Overview, be received.

**3. 2012 Budget Guiding Principles (FCS11097) (City Wide) (Item 5.1)**

That the 2012 Budget Guiding Principles attached hereto as Appendix "A", be approved.

**FOR THE INFORMATION OF COUNCIL:****(a) CHANGES TO THE AGENDA (Item 1)**

The Clerk advised that there were no changes to the agenda.

The agenda was approved, as presented.

**(b) DECLARATIONS OF INTEREST (Item 2)**

None

**(c) PRESENTATIONS****(i) 2012 Budget Overview (Item 4.1)**

Rob Rossini provided introductory remarks with respect to the purpose of the workshops the information to be presented. Today's meeting is the first of 5 budget workshops, 3 for the Operating Budget and 2 for the Capital Budget. The purpose of this meeting is to provide information to the Committee and to engage Council and get feedback on priorities, issues, direction, etc. before the actual budget deliberations.

Mr. Rossini spoke to the following issues outlined in the power point presentation:

- Operating Budget Workshops – future meeting dates
- Outline of Operating Workshop #1, including 2011 Community Wellness Indicators, 2012 tax budget preliminary outlook; additional information list, 2012 tax budget schedule, 2012 budget guiding principles; and, priorities.
- Hamilton Community Wellness Indicators as of September, 2011, including Ontario Works Caseloads; Child Care Fee Subsidy Waitlist; OSDP Caseloads, Social Housing Waitlist; Unemployment Rate – Hamilton CMA; Bankruptcies; Building Permits Total \$ Value; Real Estate – MLS Sales; Housing Stats; Canadian Composite Leading Indicator; Monthly Penalty & Interest; TOP Hamilton News Headlines for September; Residents Reporting "Good Health"; Water, Wastewater and Stormwater Revenue; Transit Revenue

- 2012 Tax Budget Preliminary Outlook (from September 12)
  - Preliminary Pressures/Risks
  - City Departments: Compensation, Pre-approvals, Provincial, Corporate
  - Boards and Agencies
  - Capital
  - 2012 Budget Guidelines
  - 2012 Approved Budget Guidelines
- 2012 Budget Additional Information
- 2012 budget schedule
  - 2012 Approved Budget Schedule
- 2012 Budget Guiding Principles
- 2012 Budget Priorities Feedback

Copies of the presentations have been retained in the Office of the City Clerk and can also be viewed on the City of Hamilton website.

There being no further business, the Committee adjourned at 11:50 a.m.

Respectfully submitted

Councillor J. Partridge  
Deputy Mayor

Carolyn Biggs, Co-ordinator  
Committee Services/Council/Budgets  
October 27, 2011

## 2012 Budget Guiding Principles

During the 2011 budget process, Council approved a motion outlining a “Sustainable Savings Strategy”. The intent of the strategy is to identify savings related to employee related costs, identify other sustainable efficiencies and to achieve this through utilizing attrition and departmental organizations.

The adoption of budget guiding principles supports Council’s Sustainable Savings Strategy. Budget guiding principles were adopted during the 2010 budget process and these principles have been reviewed for reaffirmation by Council for the 2012 budget process.

The guiding principles are presented as the City moves to address preliminary pressures totalling \$32.5 million which would translate into a 4.8% projected tax increase for 2012 (FCS11074 “2012 Tax Budget Guideline and Preliminary Outlook”). In September of this year, Council approved “*That, in an effort to achieve the goal of an overall tax impact of zero percent for City Services, all City departments target a 2012 budget guideline of 0% increase, and that any increase be forwarded for consideration with appropriate explanation.*” This goal of 0% therefore requires that we look at a balanced approach to budget reductions including efficiencies, new revenue sources and service adjustments.

The following guiding principles have been developed to help guide the corporation through this exercise:

1. Endeavour to preserve services that Council has previously identified as priorities, unless directed by Council to review (e.g. previously proposed budget reductions that Council did not support, should not be brought forward again);
2. Strive to maintain current capacity to serve the public; the public are our priority;
3. Keep services relevant to public expectations and needs and current in terms of best practices while demonstrating continued fiscal responsibility (i.e. public service value chain);
4. Endeavour to preserve legislated services and service levels, while ensuring they are delivered effectively and efficiently;
5. Endeavour to preserve key services, recognizing that some service levels may need to be adjusted to align with funding levels (i.e. if funding is reduced for a particular program, then expenditures should be adjusted accordingly);
6. Endeavour to preserve programs that operate from a recovery/subsidy model, recognizing that some service levels may need to be adjusted to provide funding for other strategic initiatives, or to align to declining revenue levels;

7. Reduction in staff, when required, should be achieved through attrition and redeploy staff resources to meet service levels and strategic priorities;
8. No new tax/rate funded FTEs for 2012 in base operating budgets. Any request for an FTE increase must be put forward as a program enhancement;
9. Seek new and diverse revenues in order to meet increased demand for services during a period of potentially declining revenues (i.e. new user fees or cost recovery);
10. Where revenue increases are considered, they should be evaluated against impacts on demand and accessibility and total revenues (e.g. does an increase in user fees reduce total participation/utilization, thereby resulting in lower overall revenues);
11. Base operating revenue/expense projections on actual historic trends, supplemented with knowledge of current variables affecting revenue/expense levels (e.g. physical growth in the community such as additional parks, roads, etc., declining program participation/utilization rates, etc.);
12. Proposals resulting in one-time or short-term savings should identify any long-term risks which may have a negative impact on future budgets or capacity or may transfer costs to another service area [e.g. leasing versus purchasing (Note: supporting documentation may be requested)];
13. Proposals which include currently shared resources must include consultation with, and participation of, impacted parties in advance of the submission (e.g. parks and winter control), as well as departmental collaboration including use of multi-tasking;
14. Endeavour to preserve and maintain adequate infrastructure in order to continue to provide high quality services and effective/efficient operations (do not reduce maintenance levels if results in deteriorating facilities);
15. Sufficient due diligence needs to be done to ensure any adjustments are achievable and are accurate (i.e. must be able to implement in 2012);
16. Capital programs that drive operating cost increases will be clearly identified and assessed (e.g. new staff to operate a new or expanded facility);
17. Support value added services through alternate sources of funding (e.g. if objective is to provide an enhanced level of services, charge an additional user fee);
18. Travelling to conferences outside the Province should be closely monitored;

19. Continue to seek cost avoidance and cost containment, where possible, creating a budget that is sustainable (i.e. budget must match service delivery expectations); and
20. Pursue logical partnerships and or relationships that could generate mutual benefits for those involved.