

CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: January 26, 2012	
SUBJECT/REPORT NO: 2012 Tax Supported Operating Budget – Boards & Agencies (FCS12013) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department	PREPARED BY: Tom Hewitson (905) 546-2424 ext 4159 Cyrus Patel (905) 546-2424 ext 7698
SIGNATURE: 	

RECOMMENDATION

That the 2012 net operating levy of \$183,399,131 for Boards and Agencies be approved per Appendix “A” to FCS12013.

EXECUTIVE SUMMARY

At its meeting of September 14, 2011, Hamilton City Council directed staff by way of item 7 of General Issues Committee Report 11-027 as follows:

That Boards and Agencies be requested to submit a 2012 budget based on a guideline of 0% increase, and that any increase be forwarded for consideration with appropriate explanation.

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The preliminary 2012 budget for the City's Boards and Agencies is submitted for Council's consideration. A summary is provided in the table below. The full listing can be found in Appendix "A" to report FCS12013.

SUMMARY NET BUDGET INFORMATION: Years 2011 and 2012				
Board/Agency	2011 Budget	2012 Preliminary Budget	Change \$	Change %
Hamilton Police Services	130,296,390	134,712,320	4,415,930	3.4%
Hamilton Public Library	27,748,045	28,038,581	290,536	1.0%
H.E.C.F.I.	3,247,140	3,247,140	0	0.0%
Conservation Authorities	4,482,395	4,506,309	23,914	0.5%
HCA: Contracted Services	915,527	1,222,524	306,997	33.5%
MPAC	6,005,468	6,205,585	200,117	3.3%
Other Boards & Agencies	2,073,416	2,254,496	181,080	8.7%
Community Partnership Program	3,212,176	3,212,176	0	0.0%
Total for Above Items	177,980,557	183,399,131	5,418,574	3.0%

At the General Issues Committee meeting of January 26, 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 any requests for increases beyond the limits recommended by Council in September 2011. Also, before the meeting of January 26, 2011, staff will be providing committee members with a 10 year summary of expenditures (2003 – 2012) for all the supported boards and agencies along with 2010 audited statements where available.

Alternatives for Consideration – See Page 9.

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

Financial: The draft 2012 Boards and Agencies operating budget results in a total net levy increase of approximately \$5,418,574 (3.0%) comprised of:

- \$4,415,930 or 3.4% for Police Services, exclusive of capital financing;
- \$290,536 or 1.0% for Library Services;
- \$23,914 or 0.5% for Conservation Authorities;

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- \$306,997 or 33.5% comprised of \$217,000 on account of removal of parking fee at Confederation Park and \$90,000 on account of insurance and sewer surcharge;
- \$200,117 or 3.3% on account of MPAC related increase;
- \$181,080 or 8.7% for grants to all other boards and agencies, but mainly related to the exhaustion of the reserves from which some of the expenditures were partially offset in the previous year; 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 requested by the General Issues Committee (GIC) at the September 2011 meeting, staff are bringing forward the 2012 proposed budget based on the City's current position including preliminary budgets for Boards & Agencies based on their submissions as of January 9th, 2012.

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 \$135,641,540, resulting in an increase of \$4,419,550 or 3.4%. The following table highlights the budget increase, as well as, the capital funding provided to the Hamilton Police Services through the City's capital budget process. It is to be noted that, since the capital financing portion of the Police

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Services budget has already been approved as part of the City’s capital budget process, this report relates exclusively to the approval of the operating budget. Therefore, the Police Services operating budget request of \$134,712,320 is submitted for Council approval.

SUMMARY NET BUDGET INFORMATION: Years 2011 and 2012				
Board/Agency	2011 Budget	2012 Preliminary Budget	Change \$	Change %
Hamilton Police Services				
Operating Budget	130,296,390	134,712,320	4,415,930	3.4%
Capital Financing	925,600	929,220	3,620	0.4%
Hamilton Police Services	131,221,990	135,641,540	4,419,550	3.4%

LIBRARY

The Library budget request is for \$28,108,131 which represents a 1.0% increase over the 2011 budget.

SUMMARY NET BUDGET INFORMATION: Years 2011 and 2012				
Board/Agency	2011 Budget	2012 Preliminary Budget	Change \$	Change %
Library				
Operating Budget	27,748,045	28,038,581	290,536	1.0%
Capital Financing	69,820	69,550	(270)	-0.4%
Library Total	27,817,865	28,108,131	290,266	1.0%

It is to be noted that since the capital financing portion of the Library budget has already been approved as part of the City’s capital budget process, this report excludes that portion in requesting the approval of the operating budget. Therefore, the Library operating budget request of \$28,038,581 is submitted for Council approval.

H.E.C.F.I.

The H.E.C.F.I. budget request is for \$3,247,140 which represents a 0% increase over the 2011 budget, consistent with the Council direction of September 2011.

SUMMARY NET BUDGET INFORMATION: Years 2011 and 2012				
Board/Agency	2011 Budget	2012 Preliminary Budget	Change \$	Change %
HECFI	3,247,140	3,247,140	0	0.0%

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In addition, the following H.E.C.F.I. related items are included in the City department budgets:

Department	Comments	2011 Budget	2012 Preliminary Budget	Change \$	Change %
Corporate Financials	Subsidy-Hamilton Bulldogs	219,960	222,000	2,040	0.93%
Corporate Financials	Subsidy - Special Events	100,000	0	-100,000	-100.00%
Corporate Financials	WSIB Benefit Recovery	143,300	143,300	0	0.00%
Public Works	Utilities (net of recoveries)	2,672,290	2,529,616	-142,674	-5.34%
	Total	3,135,550	2,894,916	-240,634	-7.67%

As indicated, these items reside within City departmental budgets of Public Works and Corporate Financials and are not included in the approval recommendations within this report.

CONSERVATION AUTHORITIES

The proposed budget for the conservation authorities is based on the budget submissions provided by the eligible conservation authorities. The total proposed budget for the Conservation Authorities is increasing by \$23,914 or 0.5%; the summary is provided below:

Conservation Authorities				
SUMMARY NET LEVY BUDGET INFORMATION: Years 2011 and 2012				
Board/Agency	2011 Budget	2012 Preliminary Budget	Change \$	Change %
Niagara Peninsula Conservation Authority				
Niagara Peninsula Conservation Authority Gross Amount	513,473	519,167	5,694	1.1%
Transfers from Reserves (Capital)	(3,000)	0	3,000	-100.0%
Niagara Peninsula Conservation Authority -NET	510,473	519,167	8,694	1.7%
Grand River Conservation Authority	231,919	238,164	6,245	2.7%
Conservation Halton	170,683	179,658	8,975	5.3%
Hamilton Conservation Authority (Net)	3,569,320	3,569,320	0	0.0%
Total for ALL Conservation Authorities	4,482,395	4,506,309	23,914	0.5%

Niagara Peninsula Conservation Authority (NPCA)

The requested levy for the Niagara Peninsula Conservation Authority (NPCA) is increasing by \$8,694 or 1.7% over last year's approved levy. The actual payments to NPCA have increased by only 1.1% from \$513,473 to \$519,167. Since 2003, the City has followed a policy of partially providing the funding from the Capital Projects – Glanbrook Reserve; this reserve is now exhausted and as a result, there is no transfer from reserve to partially offset the expenditure in 2012.

Grand River Conservation Authority (GRCA)

The requested levy for Grand River Conservation Authority is \$238,164 which represents an increase of \$6,245 or 2.7% increase over 2011. The cost apportionment ratio for the City in 2012 is 2.4% compared to 2.5% in 2011.

Conservation Halton

The requested levy for Conservation Halton is \$179,658, which represents an increase of \$8,975 or 5.3% over 2011. Major budget pressures include higher staff costs for ecology improvement, enforcement, and staff pensions. The cost apportionment ratio for the City in 2012 remains unchanged from 2011 at 2.4%.

Hamilton Conservation Authority

The requested levy for Hamilton Conservation Authority is maintained at \$3,569,320 which represents a 0% increase over 2011.

HAMILTON CONSERVATION AUTHORITY (HCA): CONTRACTED SERVICES

The Hamilton Conservation Authority provides contracted services related to the day to day management and operation of the Confederation Park and the Westfield Heritage Village. The earlier service level agreement has expired and the City is currently in the process of negotiating a new one. In an information report "Confederation Park Master Plan and Agreement (PW11005a/CS11004a)" presented at the November 14, 2011 meeting of the General Issues Committee, the General Managers of Public Works and Community Services were directed to implement an interim agreement satisfactory to the City Solicitor and review and report back on operating alternatives beyond the interim agreements.

From a City perspective, the Operations & Waste Management Division in Public Works Department is the custodian of Confederation Park and the Culture Division in Community Services Department is the custodian of the Westfield Heritage Village.

The budget request for the contracted services at the above two locations is \$1,222,524 which represents a 33.5% increase over 2011 primarily as a result of change in the parking fee policy for Confederation Park and additional insurance and sewer surcharge costs at the same location. For 2012, the HCA has proposed the removal of the parking fee to the Confederation Park to be consistent with other City parks. This is

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estimated to result in a drop in gate revenue of about \$240,000; this loss would be partially offset by increased attendance at Wild Water Works (WWW), cost reductions through reduced hours at WWW, adjustments to WWW ticket discounts, and, increases in lease and rent income. If this approach is accepted, the net impact on the City levy is estimated at about \$217,000. Additional costs for Confederation Park are estimated at \$60,000 for insurance and \$25,000 for sewer surcharge related to the treatment of direct withdrawal of surface water.

SUMMARY NET LEVY BUDGET INFORMATION: Years 2011 and 2012				
Board/Agency	2011 Budget	2012 Proposed Budget	Change \$	Change %
Confederation Park	368,973	675,970	306,997	83.2%
Westfield Heritage	546,554	546,554	0	0.0%
Total for Contracted Services	915,527	1,222,524	306,997	33.5%

Also of note, HCA has advised the City that as at Dec 31, 2011, there is an accumulated deficit in relation to the Confederation Park operations amounting to about \$135,000. Staff will be reporting back on options to address this shortfall.

MPAC (Municipal Property Assessment Corporation)

The City is legislated to fund MPAC's financial requirements based on a prescribed formula. MPAC has advised that the cost apportionment for the City of Hamilton for 2012 will be \$6,205,585, representing an increase of \$200,117 or 3.3%.

OTHER BOARDS & AGENCIES

Other Boards and Agencies include MPAC which levies a charge against the City based on a legislated formula and other organizations which are paid a discretionary grant through the tax operating budget. The budget for the discretionary grants has been set at a zero percent increase over 2011. The summary on the next page identifies the net levy requests for the Other Boards & Agencies.

Art Gallery of Hamilton (AGH)

The total funding request from the Art Gallery of Hamilton is \$1,000,000 (same as for 2011) with \$116,401 in funding coming from reserves resulting in a net levy request of \$883,599 for 2012. 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 (year 2012 represents the sixth year); and

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any surpluses generated from the AGH operation was to be applied directly to reduce the City's contribution to the stabilization fund.

OTHER BOARDS AND AGENCIES				
SUMMARY NET LEVY BUDGET INFORMATION: Years 2011 and 2012				
Board/Agency	2011 Budget Net	2012 Preliminary Budget Net	Change \$	Change %
Art Gallery of Hamilton (Net)	857,863	883,599	25,736	3.0%
Boris Brott - Approved Grant	90,109	90,109	0	0.0%
Hamilton Beach Rescue Unit Inc.	126,810	126,810	0	0.0%
Ham Philharmonic Orchestra	113,695	113,695	0	0.0%
HWCA - Festival of Friends	85,271	85,271	0	0.0%
Opera Hamilton - Approved Grant	126,928	126,928	0	0.0%
Theatre Aquarius	73,534	73,534	0	0.0%
Hamilton Waterfront Trust	0	155,344	155,344	n/a
Royal Botanical Gardens	599,206	599,206	0	0.0%
Total - Other Boards & Agencies	2,073,416	2,254,496	181,080	8.7%

Hamilton Waterfront Trust

Hamilton Waterfront Trust was funded in 2011 by a grant of \$152,000 which was offset by an equivalent transfer from reserve, and therefore the net impact in 2011 was zero. For 2012, the level of funding support requested is \$155,344, representing an increase of 2.2%. However, no reserve funding is available for offset during 2012 and hence the net increase is shown as \$155,344.

Financial Reporting

As a normal part of the budget process, all external boards and agencies are required to provide to the City a copy of the audited financial statements for the last completed accounting period and make a presentation to the General Issues Committee outlining their major accomplishments for the completed year, their business plans for the next year, a brief outline of the current financial situation, and a formal request for the grant from the City. For the year 2012, audited financial statements have been received from all the entities supported, except for HWCA-Festival of Friends.

COMMUNITY GRANTS PARTNERSHIP PROGRAM

The draft 2012 budget for the Community Partnership Program is \$3,212,176, which is the same as the approved 2011 budget. These grants are allocated through a sub-committee process.

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 2011 year-end actuals in an effort to identify further opportunities to reduce the 2012 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

None

Summary of Preliminary Budget for 2012 for Boards and Agencies		
#	Board/Agency	2012 Preliminary Budget
City Boards:		
1	Hamilton Police Services	134,712,320
2	Hamilton Public Library	28,038,581
3	H.E.C.F.I.	3,247,140
	Sub Total	165,998,041
Conservation Authorities:		
4	Niagara Peninsula Conservation Authority -NET	519,167
5	Grand River Conservation Authority	238,164
6	Conservation Halton	179,658
7	Hamilton Conservation Authority (Net)	3,569,320
	Sub Total	4,506,309
HCA: Contracted Services		
8	Total for Contracted Services	1,222,524
Grants:		
9	Art Gallery of Hamilton (Net)	883,599
10	Boris Brott - Approved Grant	90,109
11	Hamilton Beach Rescue Unit Inc.	126,810
12	Ham Philharmonic Orchestra	113,695
13	HWCA - Festival of Friends	85,271
14	Opera Hamilton	126,928
15	Theatre Aquarius	73,534
16	Hamilton Waterfront Trust	155,344
17	Royal Botanical Gardens	599,206
	Sub Total	2,254,496
Other Items:		
19	MPAC	6,205,585
20	Community Partnership Program	3,212,176
	Sub Total	9,417,761
Total for All Boards and Agencies		183,399,131