



Hamilton

**CITY OF HAMILTON**

**CORPORATE SERVICES DEPARTMENT**  
**Treasury Services**

<b>TO:</b> Chair and Members Audit, Finance and Administration Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> June 22, 2011	
<b>SUBJECT/REPORT NO:</b> 2010 Ward 11 Budget Deficit (City Wide) (FCS11052)	
<b>SUBMITTED BY:</b> Antonio D. Tollis Treasurer Corporate Services Department	<b>PREPARED BY:</b> Tony Tollis Ext 4549
<b>SIGNATURE:</b>	

**RECOMMENDATION**

That report FCS11052 respecting the 2010 Ward 11 Budget Deficit be received.

**EXECUTIVE SUMMARY**

Council, at its meeting held on February 25, 2004, approved Item 7 of Corporate Services Committee Report 04-005, Report Number FCS04039. Item b) of this report reads as follows:

*b) That, once the Ward Budget is approved by Council, any over-expenditure would not be honoured by the City of Hamilton.*

Further, the Ward Budget Policy states the following on Page 5 of Appendix "A" of report FCS11052:

*Councillors will be required to reimburse the City for any over-expenditures exceeding their approved Budget.*

This report is being written to advise Council that, in 2010, the Budget for Ward 11 has been overspent and the overspent funds are to be recovered.

The Budget for Ward 11, to the end of November 2010, has been exceeded by \$1,674. As well, the previous Ward 11 Councillor has submitted a mileage reimbursement claim in the amount of \$3,319 that has not been paid out and the former Councillor is seeking reimbursement.

The attached Appendix "A" of report FCS11052 is a request from the previous Ward 11 Councillor requesting that Council consider writing-off the 2010 over-expenditure and, as well, reimburse him for the mileage claim. The reasons for the over-expenditure are set out in the attached letter (refer to Appendix "A" of report FCS11052).

Based on the current Council direction and, unless otherwise instructed by Council, staff will be collecting the outstanding receivable and will not be reimbursing the outstanding mileage claim for this Councillor.

***Alternatives for Consideration – See Page X or Not Applicable.***

<b>FINANCIAL / STAFFING / LEGAL IMPLICATIONS</b> (for Recommendation(s) only)
---

**Financial:** The 2010 Ward 11 Budget was \$181,741 and is over-spent by \$1,674 plus there is a outstanding mileage expense claim for another \$3,319. The two items total \$4,993.

The 2010 Common Cost Budget ended the year with a deficit of \$30,295, however, the total Legislative Budget finished the year with a surplus of \$109,494.

**Staffing:** N/A.

**Legal:** N/A.

<b>HISTORICAL BACKGROUND</b> (Chronology of events)
---

Council, at its meeting held on February 25, 2004, approved Item 7 of the Corporate Administration Committee Report 04-005, Report Number FCS04039 – Ward Budgets. Subsection b) of this report reads as follows:

- b) That, once the Ward Budget is approved by Council, any over-expenditure would not be honoured by the City of Hamilton.*

Further, the Ward Budget Policy states the following on Page 5 of Appendix "A" of report FCS11052:

*Councillors will be required to reimburse the City for any over-expenditures exceeding their approved Budget.*

This report is being written to advise Council that, in 2010, the Budget for Ward 11 has been over-spent and the over-spent funds are to be recovered.

The attached Appendix "A" of report FCS11052 is a letter from the previous Councillor requesting that the 2010 Ward 11 Budget Deficit be written-off and that the outstanding mileage reimbursement also be paid out.

Up until 2010, there has never been a situation where a Ward Budget has been overspent at year-end so the reimbursement policy has never had to be implemented.

#### **POLICY IMPLICATIONS**

A policy for over-expenditures of Ward Budgets exists. This policy is outlined in Report FCS04039, approved by Council on February 25, 2004. While the policy applies to sitting members of Council, it should be noted that, in this situation, the former member is no longer a Councillor.

#### **RELEVANT CONSULTATION**

Legal Services Division, City Manager's Office.

#### **ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

The total 2010 Budget, approved by Council for Ward 11, was \$181,741. As the incumbent Councillor was not re-elected, he was only responsible for the Ward Budget to the end of November 2010. The total Budget for the Ward to the end of November was approximately \$166,596.

After processing all outstanding invoices, the actual spent to the end of November was \$168,270. The end result was a deficit of \$1,674. In keeping with Council direction, staff moved the deficit in the Ward Budget to a receivable account, as the amount is required to be collected from the Ward Councillor. As well, the Ward Councillor submitted mileage re-imbursement claims in the amount of \$3,319. To date, staff have not reimbursed these costs as the Budget had already been exceeded.

Attached, as Appendix “A” of report FCS11052, is a request from the Ward Councillor requesting consideration to waive the over-expenditure in the amount of \$1,674 and, as well, to reimburse him for the outstanding mileage claim in the amount of \$3,319. The Councillor cites the following reasons for the unexpected Ward Budget Deficit:

- Higher than normal activity levels in the Ward, such as, various planning and development public meetings;
- Higher than normal mileage expenses (in part related to the above); and
- Unknown wage increase for temporary staff.

Councillors are updated, each month, as to the status of their Budgets. Each month, an estimate is made of the year-end balance. The following is a list of updates that the Councillor’s office received from July on:

<b>Date</b>	<b>Recipients</b>	<b>Subject - Content</b>	<b>Forecasted Variance</b>
July 22, 2010	Councillor Mitchell Kathy Dinney	June Financials - June BVR - June YTD Transactions	(\$483.32)
August 20, 2010	Councillor Mitchell Kathy Dinney	July Financials - July BVR - July YTD Transactions	(\$929.82)
October 18, 2010	Councillor Mitchell Kathy Dinney	September Financials - September BVR - September YTD Transactions	\$588.76
November 18, 2010	Councillor Mitchell Kathy Dinney Monique Garwood	October Financials - October Adjusted AFR	\$4,342.43
November 30, 2010	Kathy Dinney	Ward 11 Analysis – Nov 30 - Forecasted Variance	(\$5,057.43)
December 23, 2010	Kathy Dinney Rob Rossini Monique Garwood	November Financials – Ward 11 - November Adjusted AFR - November YTD Transactions - December Transactions	(\$5,599.50)

The above December balance was an estimate made at the time. The actual balance remains, as outlined in this report (\$1,674 plus outstanding mileage claim of \$3,319).

**ALTERNATIVES FOR CONSIDERATION**

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

1. Do Not Seek Reimbursement and Pay-Out the Outstanding Mileage Claim.

It is within Council's authority to waive the requirement to pay back any Budget deficits by directing staff to reimburse the Councillor's late mileage report and to write-off the 2010 Ward 11 deficit in the amount of \$4,993 (\$1,674 current 2010 Ward 11 deficit plus \$3,319 mileage claim reimbursement). Council could do this if Council finds the reasons for the over-expenditure outlined in the former Councillor's attached correspondence (refer to Appendix "A" of report FCS11052) to be valid.

2. Do Not Seek Reimbursement But DO NOT Pay Out the Outstanding Mileage Claim.

Similar to the above, but without reimbursing for the outstanding mileage claim. This could be viewed as a compromise approach.

Funding for the above options would come from the 2011 Common Cost 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

***Skilled, Innovative & Respectful Organization***

- ◆ A culture of excellence

***Financial Sustainability***

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

***Intergovernmental Relationships***

- ◆ N/A

***Growing Our Economy***

- ◆ N/A

***Social Development***

- ◆ N/A

***Environmental Stewardship***

- ◆ N/A

***Healthy Community***

- ◆ N/A

**APPENDICES / SCHEDULES**

Appendix "A" – Letter from previous Ward 11 Councillor.

Dear City of Hamilton Council and former Colleagues:

I will start by saying that there is life after 24 years of local Community Service work as a Municipal Politician. It is actually very interesting and much more peaceful being on the outside, looking in and hearing all the comments that Councillor's would not normally hear. All of you deserve medals. You will get a gorgeous ring when you retire. I wear mine with pride and it will be a family heirloom some day.

My request of you is to support my 2010 mileage expense request. I have sent in this expense at year end for as long as I can remember. Many other expenses were done monthly. If this mileage expense had been done monthly, I would have had it paid to me and this would not been an issue. It is smaller than other years as it is to the end of last summer.

I was informed in late summer last year my budget looked like it would go over. It did go over as I found out in the late fall, for several reasons that were out of the norm such as City wide development issues going on in Ward 11. I would have been coming to COW in December or January to request these expenses be covered out of the Councillor's Reserve Fund if I had returned like was expected. There were several extra costs for public meetings in the ward on City Wide Development issues, i.e... The Hamilton Airport, the Commercial Development in Winona and its roads and infrastructure needs. I served as a member of the Hamilton Tourism Board and the development input meetings on the Gateway Entrance lands which we own at the Fifty Rd and the QEW interchange and it was appropriate to go to the residents for their input. This was needed to be done but not out of the Tourism budget when it was to collect ward views.

There was also a scenario where for many years my office paid extra help when my EA was off and/or extra work was needed to be done to catch up to development pressures and many zoning issues. My office had always paid \$12 an hour for answering phones etc. That last year had to be paid out at a much larger hourly rate than ever before. My office was not aware of that being the case or that concern could have been raised as well.

I have never been over budget before and would expect that the budget corrections could have been dealt with over the winter. The cost issue and how it is kept track of could be better adapted to this decade going forward.

Having been defeated in the election has not allowed me as a Councillor to bring this issue forward. I am more than willing to work with all involved here and even attend your new Committee to answer any questions to the staff report you may have. I have even suggested to staff that maybe a compromise would be to pay me my mileage up until it was figured out I was over budget. That amount would have been paid to me if I had billed monthly. This issue is in a grey area that has not been seen before and may need some policy amendments so both the affected, defeated/retired Councillors, staff and current Council will be able to deal with this if it ever happens again.

I would sincerely appreciate your support and understanding so my direct expenses can be looked after and my retirement can be complete.

With Thanks,

A handwritten signature in black ink, appearing to read "David L. Mitchell". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

David L. Mitchell