



GENERAL ISSUES COMMITTEE MINUTES 13-002(c)

9:30 a.m.

Thursday, January 31, 2013

Council Chambers

Hamilton City Hall

71 Main Street West

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

**Absent with
Regrets:** Councillor R. Powers and T. Whitehead – Illness

THE FOLLOWING ITEMS WERE REPORTED TO CITY COUNCIL FOR CONSIDERATION:

**1. Hamilton Entertainment and Convention Facilities Inc. (HECFI) Request for
Proposals Negotiations Update (Item 5.1)**

(Ferguson/Clark)

- (a) That staff be directed to include a transition period (the year 2013) in the Management Agreements with The Carmen's Group and Global Spectrum for the Management of the HECFI facilities;
- (b) That the Term of the Management Agreements for the HECFI facilities be extended to include the transition period;
- (c) That Global Spectrum be allowed to apply for up to \$110,000 (annualized) in additional funding for any losses experience in the transition year upon providing proof of the loss through an Audited Financial Statement, detailing the financial losses;
- (d) That The Carmen's Group Inc. be allowed to apply for up to \$450,546 (annualized) in additional funding for any losses in the transition year upon providing proof of the loss through an Audited Financial Statement, detailing the financial losses;
- (e) That the total costs associated with the HECFI transition year of 2013 not exceed the total 2012 Net Budget Levy.

- (f) That, upon receipt of the audited financial statements for the operation of the HECFI facilities, the City of Hamilton reserves the right to claw back any of the additional funding provided to Global Spectrum (up to \$110,000 annualized); and, Carmen's Group Inc. (up to \$450,546 annualized) should the financial losses less than the amount of the additional funding provided.
- (g) That the amount of the additional funding provided to Global Spectrum (up to \$110,000 annualized); and, Carmen's Group Inc. (up to \$450,546 annualized), for the operation of the HECFI facilities, be forwarded to Global Spectrum and the Carmen's Group Inc. on a monthly, basis during the transition period.

**AMENDMENT CARRIED
MOTION AS AMENDED CARRIED**

FOR THE INFORMATION OF COMMITTEE:

(a) CHANGES TO THE AGENDA (Item 1)

There were no changes to the agenda.

(Jackson/Merulla)

That the agenda for the January 31, 2013 General Issues Budget meeting be approved, as presented.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) Hamilton Entertainment and Convention Facilities Inc. (HECFI) 2012 Performance Update and 2013 Maintenance Budget (Item 4.1)

John Hertel, Chief Administrative Officer and Interim CEO, of HECFI, provided a presentation to Committee, respecting HECFI's 2012 performance update and 2013 maintenance budget. Mr. Hertel's presentation included, but was not limited to, the following:

Operational Highlights:

Cost Containment (salaries, operating expenses, process improvements):

- o Operating Contribution:
 - o 2011 vs. 2010 = approximately \$1.2 million reduction
 - o 2012 vs. 2011 = \$900,000 reduction

- Currently have 52 Full Time Employees (from 65 in mid 2011);
- Approximately 750 event driven part-time team members;
- Union partners collaborated as four contracts were finalized: three at 0%. 0%, 0%, 1.9%; and, one at 0%. 0%, 1.9%, 1.9%.

Operations – Capital and Operating Budget Expense Management:

- **Copps Coliseum:**
 - Added additional wireless capability;
 - Upgraded the Hamilton Room (Revenue Generation);
 - Installed Ice Dams for efficiencies, cost savings and better ice; and,
 - Repaired exterior doors to street.
- **Hamilton Place:**
 - Major exterior revitalization (includes Convention Centre);
 - Refreshed artist dressing room; and,
 - Upgraded two main floor meeting rooms.
- **Convention Centre:**
 - Refinished parquet floors and moveable walls in the Chedoke Room; and,
 - City retrofitted the ventilation system in both Hamilton Place and the Convention Centre.
- Entertainment steadily improved in an unsettled market.
- Tighter Risk Management; staying focused on core business.
- Collaborated with local promoters and venues, led by our new Programmer who joined from Live Nation in January.
- Experienced some changing budget impacts during the year, such as:
 - Moved to 2013 – Carrie Underwood and Leonard Cohen; and,

- Cancelled – Tom Petty, Cirque Michael Jackson, Kelly Clarkson, Nutcracker and the Royal Winnipeg Ballet.
- Recent trends are positive and major acts continued to come to Hamilton in 2012:
 - Hedley, Jim Cuddy, Jann Arden, Alan Jackson, Johnny Reid, John Pinette, Springsteen, Seinfeld, Sheepdogs and Jeff Dunham.
- Marketing – shifted focus of advertisements and promotions on the four venues versus HECFI:
 - Marketing tools enhanced (e.g. mobile web site);
 - Expanded e-marketing reach; and,
 - Supported partners' marketing efforts (e.g. HPO Compass, Bulldogs, BIA's and Tourism).
- Budget – approved at 0% increase over 2012;
- Entertainment group is on Plan for the first quarter of 2013:
 - Strong bookings and sales;
 - Bulldogs attendance is up significantly; and,
 - Alignment reached on Bulldogs lease.
- Hamilton Convention Centre
 - 2013 pace of confirmed sales of approximately \$170,000 year over year at the end of January.
 - Typically, January's number represents 55-60% of the year end achievement (e.g. January 2012 \$1.86 million booked, year end = \$3.3 million estimated = 56.4%)
 - Numbers suggest top line will be lower by approximately \$300,000 without additional sales and marketing resources.

A full copy of the presentation is available on-line or through the Office of the City Clerk.

(Collins/Partridge)

That the presentation, respecting HECFI's 2012 performance update and 2013 maintenance budget, be received.

CARRIED

(d) City Manager's Office 2013 Departmental Budget Presentation (Item 4.2)

Chris Murray, City Manager, introduced the Departmental budget and provided a PowerPoint presentation, respecting the 2013 budget for the City Manager's Office. Mr. Murray's presentation included, but was not limited to, the following:

2013 Initiatives:

- Implement the Value for Money performance audit program;
- Continue to develop and implement the Workforce Management Strategy;
- Continue to progress Employee Attendance Management Action Plan;
- Focus on enhanced efficiency of *Provincial Offences Act* prosecutions;
- Oversee the development of service agreements as part of the continued work around the Service Delivery Review;
- Continue to improve communications between the City Manager and staff through increased engagement activities; and,
- Complete remaining 7 priority area Neighbourhood Action Plans and continue with implementation.

Service Delivery Reviews / Service Profiles:

City Manager's Office supports the following programs and related services (as defined by the Service Delivery Review):

Governance and Civic Engagement

- Council Relations

Corporate Services

- Organizational Oversight
- Strategic Communications
- Corporate Initiatives
- Internal Audit
- Legal Services
- Human Resources

2013 Major Cost Drivers:

- Employee related expenses: \$488,000
 - Merit and COLA \$306,000
 - OMERS \$153,000
- Recoveries from Tax Stabilization Reserves (\$142,000)
- Rent \$67,000

2013 Base Budget Savings:

- Base budget savings included in base budget:
 - Efficiencies based on actuals \$28,050 (Reduced sponsorships and Corporate charges).

Total **(\$ 28,050)**

City Manager's Office:

Performance Metrics / Service Levels:

- OMBI 2011 results indicate that Hamilton's operating costs for governance and corporate management were among the lowest of peer municipalities.
- Performance measures and service level agreements do not exist for many internal support type services.

2013 Major Cost Drivers:

- Employee Merit and COLA increases \$37k.
- Reduced Sponsorships & Corporate charges (\$6k).

Helen Hale Tomasik, Executive Director, Human Resources & Organizational Development, provided a PowerPoint presentation, respecting the 2013 budget for the Human Resources Division. Ms. Tomasik's presentation included, but was not limited to, the following:

Performance Metrics / Service Levels:

- Finalized 8 collective agreements;
- Received 583 grievances, settled 133 grievances, 79 grievances withdrawn;
- Policies – 19 completed and approved; 6 reviewed and updated, 10 policies initiated; 150 consultations on policies;
- Provided training sessions in the followings areas:
 - 8 Labour Relations;
 - 42 Respectful Workplace;
 - 11 Performance Management;
 - 4 Attendance Management;
 - 7 How to Manage Sick and WSIB Absences;
 - 7 Corporate New Employee Orientation; and,
 - 38 Health & Safety.
- Recruitment – 43,614 external applications screened; 1,092 external hires; took average of 115 days to hire external candidates.
- Provided a Health & Safety Symposium for 130 Joint Health & Safety Committee members.
- Provided 39 employee influenza clinics for 1,090 participants.
- Recognized 103 employees through City Manager and Employee Spirit Awards, 178 employees with 25 years of service, and 121 employees who retired.
- Responded to 24 calls for Critical Incident Peer Support.

2013 Major Cost Drivers:

- Employee Related Expenses - \$153,000
- Merit and COLA increases - \$75,000
- OMERS - \$57,000
- Benefits - \$21,000
- Rent Increase - \$60,000
- Corporate Charges and Recoveries - \$12,000
- Indirect Recoveries - (\$10,890)

Ann Pekaruk, Director of Audit Services, provided a PowerPoint presentation, respecting the 2013 budget for the Audit Services Division. Ms. Pekaruk's presentation included, but was not limited to, the following:

Performance Metrics / Service Levels:

- o 2012 Work Plan completed;
- o 71 recommendations made in 2012 of which 96% accepted; and,
- o 94% completed implementation rate for recommendations made since 2005.

2013 Major Cost Drivers:

- o Employee related costs \$168,000;
- o Employee merit and COLA increases \$25;000;
- o Additional staff costs for Value for Money Audit Program offset by reserve funding for approved two positions; and,
- o Reduced Corporate expenses and recovery (\$4,000).

Ron Sabo, Acting City Solicitor, provided a PowerPoint presentation, respecting the 2013 budget for the Legal Services Division. Mr. Sabo's presentation included, but was not limited to, the following:

Performance Metrics / Service Levels:

- o OMBI 2011 results indicate that Hamilton's Legal Services operating costs were among the lowest of peer municipalities.
- o In-house blended hourly rate of \$80.72
- o 2012 Win/Loss':
 - o Overall 83%
 - o Civil Litigation/Other 83%
 - o OMB 85%
- Resolved claims against the City totaling \$124 M for \$4.7 M.

2013 Major Cost Drivers:

- o Employee merit & COLA increases \$120,000
- o Rent \$8,000

- Corp charges & budget reductions (\$4,000)
- Indirect Recoveries (\$17,000)

A full copy of the presentation is available on-line or through the Office of the City Clerk.

(Ferguson/Partridge)

That the presentations, respecting the City Manager's 2013 Departmental Budget, be received.

CARRIED

(e) Corporate Services 2013 Departmental Budget Presentation (Item 4.3)

Mike Zegarac, Acting General Manager of Finance and Corporate Services, provided a PowerPoint presentation, respecting the 2013 budget for the Corporate Services Department. Mr. Zegarac's presentation included, but was not limited to, the following:

- Enhance efficiency in Provincial Offences Administration, Court Administration by scheduling phone-in early resolution requests (City Clerks Office);
- Call Handling Efficiency Review implementation (Customer Service, Access & Equity Division);
- Implementation of Phase 1 of the Web Re-development (Financial Planning & Policy Division);
- Implementation of *Accessibly for Ontarians with Disabilities Act (AODA)* regulations (Customer Service, Access & Equity Division);
- Develop Debt Policy and Reserve Policies (Financial Planning & Policy Division);
- Common Address Data Base Phase 1 (Information Services Division);
- Automated Vehicle Location (AVL) system upgrade (Information Services);
- Endeavour to reduce Risk Management claims through re-organization and enhancement of Departmental Claim Committees (Treasury Services); and,
- Implement accounts payable automated workflow for payment processing to minimize handling of paper invoices (Treasury Services).

Corporate Services supports the following programs and related services (as defined by the Service Delivery Review):

Justice:

- Provincial Offences Administration

Corporate Services:

- Access & Equity
- Financial Management
- Information Management & Records
- Information Technology
- Risk Management
- Citizen and Customer Service
- Printing and Distribution
- Corporate Services Departmental Support Services

Governance and Civic Engagement:

- Council - Legislative Support
- Vital Statistics Administration
- Municipal Elections Management

Significant Pressures Driving Budget:

- Salaries, Wages, Benefits \$555,120 (Net = \$462,950)
- Office Lease \$115,170 (Net = \$82,080)
- Network & Software Contracts \$127,760 (Net = \$22,960)
- Postage / Postage CA Recoveries \$74,200 (Net = \$68,060)

Budget savings included in base budget:

- Efficiencies (\$376,360)
- Revenues (\$19,470)

Total (\$395,830)

- Risk Management - insurance claim costs under funded by \$1 to \$2 million per year

Financial Planning & Policy:

Performance Metrics / Service Levels

- Investment Fund Management: Hamilton leads all but one peer municipality in gross return on investment (Internal Portfolio) at 4.3% for 2011 (OMBI median is 3.25%);
- Financial Planning (Budgeting): Operating, Capital, and Rate budgets prepared annually; total budget approvals by Council complete by April each year. Variance reports on the Tax and Rate Budget, as well as Capital Project Status reporting occurs 3 times (Spring/ Summer/ Final) during the fiscal year;
- Delivery of Service Profiles 2012;
- Presentation of Web Re-development Strategy; and,
- Fiscal/Financial Policies: All financial policies will be reviewed over a 5 year operating cycle or as required on an ad-hoc basis to ensure they meet organizational practices and mandates.

2013 Major Cost Drivers:

- Significant pressures driving budget:
 - Salaries, Wages \$43,130 (Net = \$19,560)
 - OMERS Pensions \$24,940 (Net = \$12,770)
 - Government / Employer Benefits, WSIB \$10,390 (Net = \$5,610)
 - Advertising \$5,000 (Net = \$0)

Rose Caterini, City Clerk, provided the PowerPoint presentation for the Office of the City Clerk's 2013 Divisional budget. Ms. Caterini's presentation included, but was not limited to, the following:

Performance Metrics / Service Levels:

- **Significant pressures driving budget:**
 - Salaries, Wages \$43,130 (Net = \$19,560)
 - OMERS Pensions \$24,940 (Net = \$12,770)
 - Government / Employer Benefits, WSIB \$10,390 (Net = \$5,610)

- Advertising \$5,000 (Net = \$0)

- **Records Management:**
 - Responded to over 1,200 inquiries (i.e. assessment information, record searches including historical searches, certified copies of by-laws and other City documents, process pension documents);
 - Processed 860 City Agreements for signature;
 - Processed over 1,500 file transfer requests from records storage facilities;
 - Received over 1,400 new boxes for storage; and,
 - Processed 4,750 death registrations.

Legislative Services:

- Clerked 1,800 hours of Committee / Council meetings;
- Prepared 2,130 agenda / minutes / reports; and,
- Processed over 2,700 staff reports to Committees.

2013 Major Cost Drivers:

Significant pressures driving budget:

- Judicial, Office Lease and ICON Transaction Fees for Provincial Offences Administration \$205,960 (Net = \$0);
- Salaries, Wages, Benefits \$112,960 (Net = \$67,020);
- Postage / Postage CA Recoveries \$63,320 (Net = \$58,080); and,
- Ricoh Printer Chargeback \$50,580 (Net = \$51,050).

Jane Lee, Director of Customer Service, Access and Equity, provided the PowerPoint presentation for the Customer Services, Access and Equity Division. Ms. Lee's presentation included, but was not limited to, the following:

Performance Metrics / Service Levels:

- Maintaining service levels in all three sections;

- Added services:
 - Presto card sales (limited locations), payments for greenhouse rentals at Gage Park accepted at Municipal Service Centres;
 - Monitoring of Safety Line for Environmental Officers at Customer Service Centres;
 - Achieved FTE reductions and corresponding savings in each year 2010 – 2013;
 - 2013 efficiencies offset budget pressures to result in 0.6% increase; and,
 - 0.62 FTE reductions achieved at Customer Contact Centre.

2013 Major Cost Drivers:

Significant pressures driving budget:

- Salaries, Wages, Benefits - \$72,460
- Security for Customer Service Centres and Municipal Service Centres - \$8,560
- Corporate Cost Allocations - \$4,500 (Ricoh Printers, Facilities, Agendas, Postage)

Maria McChesney, Director of Information Services, provided a PowerPoint presentation and overview of the Information Services Division. Ms. McChesney's presentation included, but was not limited to, the following:

Email Messages:

	<u>Received</u>	<u>Accepted</u>	<u>% Rejected</u>
Year 2011	65,473,770	8,590,087	86.9%
Year 2012	95,184,552	9,067,321	90.5%

- Number of computers: 3,811;
- Number of phones: 4,013;
- Number of phone calls made: 11.3 million; and,
- Number of terabytes in the Data Centre: 97TB.

2013 Major Cost Drivers:

Significant pressures driving budget:

- Salaries, Wages, Benefits \$254,050
- Network & Software Contracts \$127,760 (Net = \$22,960)

Rick Male, Director of Financial Planning and Corporate Controller, provided a PowerPoint presentation and overview of Treasury Services. Mr. Male's presentation included, but was not limited to, the following:

Performance Measures / Service Levels:

Financial Services:

- Number of Accounts Payable Invoice Lines Paid: 407,492;
- Number of Accounts Receivable Invoice Lines Billed: 55,035;
- Number of Purchase Orders Issued: 5,186;
- Number of Procurement Contracts Issued: 216
 - Request for Proposals: 42
 - Request for Tenders: 158
 - Request for Pre-qualifications: 16;
- Operating cost to produce a payroll cheque: \$3.23 (OMBI average = \$5.08);
- Number of payments issued per Payroll FTE: 27,966 (OMBI average = 20,444); and,
- Number of T4/T4a's issued per Payroll FTE: 1,571 (OMBI average = 1,040).

Taxation:

- Number of Tax Bills Issued: 167,761;
- Number of Tax Reminder Notices: 22,000;
- Number of Three Years in Arrears Letters Issued: 1,841;
- Liens Cancelled: 345;

- Average dollars to maintain a tax account: \$14.03 (OMBI average = \$13.73);
- Percentage of taxpayers paying via pre-authorized payment: 42% (OMBI average = 35%); and,
- Average percentage of taxes outstanding to total levied: 4.2% (OMBI average = 2.3%).

Finance and Administration (F&A):

- Annual Operating Budget Compilation;
- 3 Budget Variance Reports each year;
- Financial Transaction Processing (i.e. cost allocations, year-end accounts payable and revenue accruals);
- Number of Accounts Payable invoices processed: 183,000;
- Monthly Account Analysis / Reconciliations;
- Purchase Requisition Processing; and,
- Payroll Processing / Attendance Management (i.e. timesheets, overtime, absence forms).

2013 Major Cost Drivers:

Significant pressures driving budget:

- Office Lease \$82,890 (Net = \$82,080);
- Salaries, Wages, Benefits \$59,510 (Net = \$53,800);
- Tender / Proposal Process Fee \$18,450; and,
- Legal Services Cost Allocation \$12,470 (Net = \$0).

A full copy of the staff presentation is available on-line or through the Office of the City Clerk.

(Ferguson/Partridge)

That the presentation, respecting the Corporate Services 2013 Departmental Budget, be received.

CARRIED

(f) Hamilton Entertainment and Convention Facilities Inc. (HECFI) Request for Proposals Negotiations Update (Item 5.1)

Tony Tollis provided a verbal overview and a handout respecting the 2013 to 2018 Operating and Capital Budget overview for Carmen's Group contract.

- o Carmen's has reduced their request from \$663,000 to \$450,546 in addition; and,
- o There is a \$450,000 projected savings to the 2013 current annualized budget.

A copy of the handout is available on-line or through the Office of the City Clerk.

(Ferguson/Partridge)

That the verbal presentation, respecting the HECFI Request for Proposals Negotiation, be received.

CARRIED

(g) ADJOURNMENT (Item 10)

(Ferguson/Collins)

That, there being no further business, the General Issues Committee be adjourned at 1:47 p.m.

CARRIED

Respectfully submitted,

Councillor M. Pearson, Chair
Deputy Mayor

Stephanie Paparella
Legislative Coordinator
Office of the City Clerk