Audit and Administration Committee
REPORT 08-001
9:30 a.m.
Wednesday, January 9, 2008
Wednesday, January 23, 2008
Hamilton, Ontario

Wednesday, January 9, 2008
Albion Room, Hamilton Convention Centre

Present: Chair M. Pearson
Vice-Chair B. Bratina
Mayor F. Eisenberger
Councillors B. Clark, C. Collins, R. Powers and
T. Whitehead

Absent: Councillor B. Morelli (illness)

Also Present: J. Rinaldo, General Manager, Finance and Corporate Services
G. Peace, City Manager
R. Male, T. Tollis, L. Friday, J. Lee, M. McChesney, K. Christenson, R. Hewitt, T. Hewitson, Finance and Corporate Services
A. Pekaruk, Internal Auditor
C. Berge, Human Resources
I. Sturgeon, City Clerk’s

Wednesday, January 23, 2008
Hamilton Wentworth District School Board Auditorium

Present: Chair M. Pearson, Vice-Chair B. Bratina
Mayor F. Eisenberger
Councillors B. Clark, C. Collins, R. Powers and
T. Whitehead

Absent: Councillor B. Morelli (illness)

Also Present: J. Rinaldo, General Manager, Finance and Corporate Services
G. Peace, City Manager
THE AUDIT AND ADMINISTRATION COMMITTEE PRESENTS REPORT 08-001 AND RESPECTFULLY RECOMMENDS:

1. **2008 Tax Supported Operating Budget (FCS08004) (City Wide) (Item 5.1)**

That FCS08004, 2008 Tax Supported Operating Budget, be received for information.

2. **2008 Tax Supported Operating Budget – Other Programs (FCS08004g) (City Wide) (Item 5.2)**

a) That the 2008 unaffordable Council referred items for Other Programs (Appendix Two) be received for information.

b) That the 2008 net operating levy for the Legislative budget of $4,066,160 be received and referred to Budget Steering Committee with the following amendment:

   - Less $74,753 reduction to the Councillor's Ward budget.

c) That the 2008 Corporate Financials budget be received at ($66,162,800) and be referred to the Budget Steering Committee for consideration.

d) That the 2008 Capital financing charges be received at $76,871,190. and be referred to the Budget Steering Committee for consideration.

3. **2008 Tax Supported Operating Budget – Corporate Services (FCS08004f) (City Wide) (Item 5.3)**

a) That the Corporate Services 2008 unaffordable Council referred items and other program enhancements (Appendix Two) be received for information.

b) That the 2008 net operating levy for Corporate Services be received at 26,543,870. and be referred to the Budget Steering Committee for consideration.

**Budget Steering Committee – February 21, 2008**
4. **2008 Tax Supported Operating Budget – City Manager (FCS08004e) (City Wide) (Item 5.4)**

   a) That the City Manager 2008 unaffordable Council referred items and other program enhancements (Appendix Two) be received for information.

   b) That the 2008 net operating levy for City Manager be received at $3,439,110. and be referred to the Budget Steering Committee for consideration.

5. **2008 Budget Request – Corporate Services Volunteer Committees (FCS08007) (City Wide) (Item 5.5)**

   a) That the 2008 base budget submissions be approved as follows:
      i) Advisory Committee on Immigrants & Refugees in the amount of $3,500;
      ii) Gay, Lesbian, Bi-sexual, Transgender Advisory Committee in the amount of $3,890;
      iii) Hamilton Aboriginal Advisory Council in the amount of $3,500;
      iv) Hamilton Mundialization Committee in the amount of $5,890;
      v) Status of Women Committee in the amount of $3,500;
      vi) Committee Against Racism in the amount of $3,890.

   b) That, in addition to the base funding requests, that one time-funding from the Volunteer Committee Reserve be approved as follows:
      i) Hamilton Aboriginal Advisory Council in the amount of $1,000;
      ii) Status of Women Committee in the amount of $1,500;
      iii) Committee Against Racism in the amount of $100.

   c) That the base budget for the Advisory Committee for Persons with Disabilities be transferred to the Legislative budget to support their expenses.

6. **Additional Funding for the Physician Recruitment Retention Program (Item 5.6)**

   That, for 2008, the additional levy requirement of $20,000. for a total of $40,000. annually be referred to the 2008 budget process for consideration.

**FOR THE INFORMATION OF COUNCIL:**

(a) **CHANGES TO THE AGENDA (Item 1)**

   Committee approved the agenda as presented.
Chair Pearson advised that due to a timing conflict, a request has been made to move the City Manager’s presentation to the start of the meeting and Committee concurred with this request.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) PRESENTATIONS (Item 4)

Joe Rinaldo, General Manager, Finance & Corporate Services Department provided the Committee with an overview of the budget schedule and outlined the process that Committee should follow.

(i) City Manager’s Departmental Budget (Item 4.2)
    2008 Tax Supported Operating Budget – City Manager (FCS08004e)

Glen Peace, City Manager made a PowerPoint presentation to members of Committee respecting the City Manager’s Office – 2008 Budget. A copy of Mr. Peace’s presentation was circulated to members of Committee and also submitted for the public record. Presentation Highlights included the following:

- A review of the Organizational Chart
- Budget Guidelines
- Net Operating Budget by Division
- Major Cost Drivers for 2008
- Unaffordable Program Enhancement Requests

Committee requested the following information:

(i) The current staffing levels (or merit level) for all of the Auditors
(ii) The total amount budgeted in 2008 for merit increases
(iii) What is the financial approach to budgeting merit increases in other municipalities?
(iv) Provide members of Committee with a copy of the 2007 POA Annual Report – provide an update regarding POA collections

Committee received the staff report and referred the City Manager’s Operating Budget to the Budget Review Committee for their consideration.
(ii) **Finance & Corporate Services Department Budget (Item 4.1)**  
**2008 Tax Supported Operating Budget – Other Programs (FCS08004g) (City Wide)**

Joe Rinaldo, General Manager, Finance & Corporate Services Department made a PowerPoint Presentation to members of Committee respecting the 2008 Tax Supported Operating Budget – Other Programs. A copy of Mr. Rinaldo’s presentation was circulated to members of Committee and also submitted for the public record. Presentation Highlights included the following:

- Non-Program Revenues  
- PIL’s – Heads & Beds  
- Capital Levy Components  
- Corporate Financials - Significant Items

A discussion ensued respecting the 2008 net operating levy for the Legislative budget.

Committee asked for further clarification regarding the City Integrity Commissioner’s Office which was shown in the budget as un-affordable and the $74,743. increase to the Councillor’s Ward budget.

**(Clark/Whitehead)**

(a) That the work of the Accountability and Transparency Sub-Committee be deemed as high priority and that appropriate staff resources be assigned to assist this Sub-Committee;

(b) That the Accountability and Transparency Sub-Committee be requested to complete a draft report by mid-March in order that budget considerations regarding the implementation of a City Integrity Commissioner’s Office can be undertaken during the 2008 Budget process.

**CARRIED**

Councillor Whitehead noted his opposition to sub-section (b) which CARRIED on a recorded vote as follows;

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<th>Yeas</th>
<th>Eisenberger, Pearson, Bratina, Clark, Collins and Powers</th>
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<tr>
<td>Total:</td>
<td>6</td>
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<tr>
<td>Nays:</td>
<td>Whitehead</td>
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<td>Absent:</td>
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*Budget Steering Committee – February 21, 2008*
On a motion (Collins/Whitehead), the Committee reduced the Councillor’s Ward budget in the amount of $74,753.

Concern was raised regarding the amount of time it takes IMPAC to adjust their records regarding new developments. Question was also raised if the Economic Development and Planning Department’s were processing planning applications in a timely manner.

Mr. Rinaldo stated the staff were continually working to streamline bureaucratic issues and suggested that a joint presentation could be made to the Committee in the future by himself and Tim McCabe.

Staff advised that they wished to provide an update In-Camera regarding the 12,786,000. budgeted in 2008 for Contingencies. Mr. Rinaldo’s explained that this was a confidential matter as it related to employee negotiations and labour relations. Committee agreed to waive the rules to receive this update.

Committee requested the following information:

i) An A list outlining all the current top developments and an estimate of the tax revenues
ii) An email providing an update regarding the expediting of issues and projects
iii) Staff to meet with Duncan Gillespie to obtain an update regarding the relationship between HECFI and the Bull Dogs.
iv) An email outlining the actual breakdown of the $74,753.

(iii) Finance & Corporate Services Department Budget (Item 4.1)
2008 Tax Supported Operating Budget – Corporate Services (FCS08004f) (City Wide)

Joe Rinaldo, General Manager, Finance & Corporate Services Department made a PowerPoint Presentation to members of Committee respecting the Corporate Services Operating Budget. A copy of Mr. Rinaldo’s presentation was circulated to members of Committee and also submitted for the public record. Presentation Highlights included the following:

- Organizational Chart
- 2008 Net Operating Budget by Division
- 2008 Major Cost Drivers
- Unaffordable Program Enhancement Requests
A discussion regarding the AODA Training Program ensued and staff were asked to consider sending out training bulletins rather than holding formal sessions.

A concern regarding the costs incurred to hold Committee and Council meetings at the Convention Centre was raised. Members of Committee questioned if the pricing was competitive compared to leasing additional space at the City Centre. It was also suggested that HECFI should not be making a profit from us on food and staff should re-open discussions with them regarding this.

Committee requested the following information:

i) AODA Compliance in 2010 – staff were asked to look at reallocating some funds for this year and report back

ii) Provide Councillor Powers with a one page information summary regarding the AODA Provincial guidelines prior to his A.M.O. Board meeting on January 25, 2008

iii) Regular updates on the costs associated with renovating City Hall and the costs incurred at the City Centre.

iv) A comparative report outlining the costs that have been spent to date on food and room rentals at the Convention Centre and whether or not it would be cheaper to lease additional space for meeting rooms at the City Centre.

(d) Private and Confidential (Item 6)

Committee moved into closed session to receive an update regarding a Litigation Matter respecting Outstanding Taxes (Item 6.1) and an update regarding labour relations and employee negotiations in relation to the contingency funding (Item 5.2) and reconvened in Open Session.

Chair Pearson advised that direction had been provided to staff with respect to Item 6.1 – Litigation Matter Respecting Outstanding Taxes.

Chair Pearson advised that there was nothing to report with respect to Item 5.2.

Members of Committee received the 2008 Tax Supported Operating Budget – Other Programs (FCS08004g) as amended and referred it to the Budget Steering Committee for consideration (Item 5.2)
Wednesday, January 23, 2008
Hamilton Wentworth District School Board Auditorium

(a) **CHANGES TO THE AGENDA (Item 1)**

The Clerk advised of the following changes to the agenda;

- Minutes from the January 9, 2008 Budget meeting (Item 3.1)
- Added Information Report Re: Meeting Expenses – Swing Space/Convention Centre (CL08001) (City Wide) (Item 5.20

Committee approved the agenda as amended.

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

There were no declarations of interest.

(c) **MINUTES (Item 3)**

3.1 Minutes of the Audit and Administration Committee budget meeting held on January 9, 2008.

The minutes of the Audit and Administration Committee Budget meeting held on January 9, 2008 were approved as presented.

(d) **DISCUSSION ITEMS (Item 5)**

(i) **Meeting Expenses – Swing Space/Convention Centre (CL08001) (City Wide) (Item 5.2)**

Kevin Christenson, City Clerk, reviewed the Information Report with the Committee and advised that the total 2008 projected meeting costs at the Convention Centre would be approximately $107,000.

Members of Committee questioned the efficiency in holding the meetings at the Convention Centre and suggested that staff should look into obtaining additional space at the City Centre. It was noted that a lot of staff’s time is being spent going back and forth between the two buildings. Concern was also raised about the high costs being charged by the Convention Centre especially when the City provides them a subsidy.

Councillor Whitehead noted that when the City uses this facility there is a financial benefit to the taxpayer. He suggested that consideration should also be given to re-negotiate the pricing for food (at cost) and to see if there is any flexibility on the leasing rates.
On a motion, the Committee referred this matter back to the Accommodation Sub-Committee for a report on ways of improving the efficiency of meetings, and reducing costs, directing that consideration be given to the matters raised during the discussion, including, but not limited to the following:

- Look at all methods for reducing costs and improving efficiencies with our meeting expenses for Council/Standing Committee/Sub-Committee meetings
- Look at the feasibility of leasing additional space at the City Centre to conduct Council, Standing Committee and/or Sub-Committee meetings
- Look at the possibility of re-negotiating the price for food and refreshments (at cost) at the Convention Centre and to pursue any flexibility on the leasing rates

Committee requested the following information:

- A cost benefits analysis of holding Committee meetings at HECFI vs the City Centre.

(ii) 2007 Revenues and Expenses – 2008 Budget Provincial Offences Office

Wendy Mason, Supervisor Court Administration, provided Committee with an overview of the 2007 Revenue and Expenses. A copy of her presentation was distributed to members of Committee.

A discussion ensued regarding the need to have more avenues made available to staff to collect outstanding fines. One suggestion was to collect outstanding provincial offences through driver license renewal at the M.T.O.

Staff advised that they currently sit on a working group with representatives from other municipalities and are reviewing provincial legislation in order to recommend changes to the Attorney General’s office.

Joe Rinaldo noted that it was also the intent of this Committee to get the support of A.M.O. once they move forward with their recommendations.

Committee requested the following information:

- When the City increases fines – how does this affect the supply of pre-printed tickets in Hamilton? (Glen)
- Staff to take a closer look at the outstanding collections next time they prepare a write-off report – needs to be brought in line
On a motion, the Committee received the presentation.

(iii) **Presentation of Information regarding Outstanding Items from the Audit and Administration Committee Budget meeting held on Wednesday, January 9, 2008 (Item 5.1)**

Joe Rinaldo, General Manager, Finance & Corporate Services Department made a follow-up presentation regarding the issues that had been raised at the last budget meeting. A copy of Mr. Rinaldo’s presentation was circulated to members of Committee and also submitted for the public record. Presentation Highlights included the following:

- Comparison of CUPE5167 and Non-Union Cost of Living 2002-2006
- Breakdown of Salary/Benefit increase (Internal Audit)
- Wage Merit/Grid Movement Analysis
- Per Capita Costs for Services
- Edmonton Tax Study
- City Hall Budget
- Re-allocation of funds to AODA
- HECFI / Bulldog Update

Committee requested the following information:

- Identify what the average salary is in our community and compare it to the wages paid to City staff (ie. provide examples of union, non-union and senior staff)
- Report back with historical data (3-5 years) on non-union merit and percentile increases
- Confirm the square foot rate initially negotiated at the City Centre

On a motion, Committee received the presentation.

(e) **NEW BUSINESS**

(i) **Municipal Service Centre’s**

Councillor Clark asked staff to provide an updated report during the budget process on the Municipal Service Centre’s as follows:

- Number of visits
- Number of F.T.E.’s
- Amount of space that is vacant?
- What are the total operating costs?
- How much revenue could be generated by renting out the buildings?
(ii) **Wireless Technology**

Councillor Collins asked members of Committee if there would be any interest to assist him with research on reducing the paper flow at City Hall.

Councillor Whitehead volunteered to assist.

(f) **Adjournment (Item 7)**

The Audit and Administration Committee adjourned at 12:08 p.m.

Respectfully submitted,

Councillor M. Pearson, Chair  
Audit and Administration Committee  

Irene Sturgeon  
Legislative Assistant  
January 23, 2008