



Hamilton

## City of Hamilton Report to the Community 2004-2005

A Message from the Mayor



Hamilton

## Hamilton is turning the corner



Back row L-R: Councillors Chad Collins, Phil Bruckler, Sam Merulla, Margaret McCarthy  
 Middle row L-R: Councillors Murray Ferguson, Bob Bratina, Dave Mitchell, Brian McHattie, Terry Whitehead, Dave Braden  
 Front row L-R: Councillors Bernie Morelli, Maria Pearson, Mayor Larry Di Ianni, Councillors Bill Kelly, Tom Jackson, Art Samson

On behalf of all my Council colleagues, let me say that 2004 was a terrific year for Hamilton. Hamilton is a city in transition. From many accounts there is a sense that we have turned the corner.

Hamiltonians from all across our great city are once again feeling optimistic about the future of our city. We demonstrated our ability to come together as one community and also to seize opportunities and put them to work for the betterment of our residents.

In 2004, our focus was balanced between Hamilton's environmental, economic and social needs. We saw movement on many fronts and realized a sense of renewed confidence.

Downtown revitalization saw a huge push in 2004. Through City sponsored incentive programs, more than 1,000 new residential units were created in the Downtown core. The preservation and revival of Hamilton's Lister Block was also highlighted as a priority for City Council. With significant progress already being made on this front, we look forward to the future. Also in 2004, The Royal Connaught Hotel was sold to a consortium of local business people with exciting plans to restore it to its glory days and to convert a portion of the building into residential units. We have seen new businesses move into the Downtown - Bell Canada, Holiday Inn and Alliance Computers are just some of the

businesses that entered the core. This was the year construction began on what will be a landmark in our downtown, the new Art Gallery of Hamilton. There is a buzz and excitement about our downtown again.

The revitalization of the waterfront continues to be one of our primary goals. With additional funding ear-marked for rehabilitation, Council will once again enjoy a burgeoning waterfront district.

Last year, under my leadership, Council and I continued to develop new partnerships with senior levels of government. Hamilton has benefited from provincial and federal gas tax money, the federal GST rebate, new funding for transit, and a seat at the table with the federal government in discussing the issues affecting big cities like Hamilton. These new partnerships also resulted in Hamilton obtaining \$19.5 million from the Province in 2004 for social service costs - without this new money, tax payers would have seen an additional 4% increase in taxes. For the future, we need to make this funding ongoing and sustainable.

Let me tell you about some of the other great things happening in Hamilton. McMaster University continues to be one of the pre-eminent student-centered research universities in the world. This

past year, McMaster University purchased the former Camco site in west Hamilton to develop the McMaster Innovation Park. When completed, the Innovation Park will house more than one million square feet of laboratory, office, training, and conference facilities. This project represents a potential investment of 300 to 400 million dollars. The Red Hill Creek Expressway remains a key component of Hamilton's long range planning and economic growth. A considerable amount of construction took place in 2004. Hamilton will realize significant economic impacts through job growth as the project nears completion.

The increased development of the John C. Munro Hamilton International Airport and the surrounding employment lands will be significant as we move towards our economic development targets. The airport is currently responsible for more than 3,500 jobs, \$120 million in employment income, \$170 million contribution to GDP and \$410 million in total economic output for the city of Hamilton. This will only increase as we move forward. The City's Business Tax Reduction Program continues to give our business owners a fair chance to compete with our neighbours. Since the program's inception in 2001, the combined municipal and provincial business tax reduction has totaled more than \$82.8 million.

This progress has helped turn Hamilton's image around, sparking major investment; investment that reflects strong confidence that will change the face of our community, not only in our downtown, but in all areas and sectors of our city.

The issue of poverty in our city was also acknowledged and a taskforce was formed to address this problem. In 2005, we will see the city's fight against poverty take centre stage, with a Poverty Roundtable being struck in order to identify the issues and to develop solutions to deal with the current situation.

The Hamilton Tiger-Cats also made a dramatic turnaround on and off the field this year under the management of new owner Bob Young. The Tiger-Cats now have a winning vision, clear direction, dedicated fans with genuine enthusiasm and long-term stability in Hamilton.

As we move through 2005, we will be bringing City Council to the five former municipalities as well as establishing Community Advisory Councils in these areas. These venues will give citizens an opportunity to provide input on issues brought to City Council while at the same time allowing us to reach out to all parts of Hamilton.

From every vantage point, we see momentum building; momentum that carries our city forward - raising its profile and gaining the attention of investors, businesses and those looking for a place to call home.

The state of our city is strong and we are going to make it even stronger for the future.

Together, we will foster opportunity by making Hamilton even better. We will broaden opportunity by meeting the social, environmental and human needs of our community. And we will continue to provide the residents of Hamilton good government for a great city.

Larry Di Ianni

Mayor, City of Hamilton

## Services For Your Tax Dollar

To help you better understand where your tax dollars are spent, we have prepared a detailed breakdown of municipal services and their 2004 costs based on a typical urban household assessed at \$177,000 (the city-wide average in the residential tax class). The chart also provides a comparison of the 2005 costs to the 2004 costs for the same services. For the purposes of this comparison, the area tax rates for the entire city were averaged to determine these estimated costs for a typical urban household.

### Cost by Service for a Typical Urban Household\*

	2004*	2005*	Change	
	\$	\$	\$	%
<b>Municipal Levy</b>				
Social and Public Health Services	497	506	\$9	1.8%
Roads Programs	315	325	\$10	3.2%
Administrative Services	138	137	(\$1)	(0.5%)
Waste Management Services	106	115	\$9	8.9%
Library	96	97	\$1	1.6%
Parks	93	96	\$3	3.5%
Boards/Agencies/Comm. Partnership Program	71	74	\$3	4.7%
Planning/Economic Development	59	54	(\$5)	(8.2%)
Emergency Medical	59	58	(\$1)	(1.3%)
Accessible Transportation Services (ATS)	41	43	\$2	6.1%
Capital Infrastructure/Other Services	51	67	\$16	30.5%
Provincial Funding	(84)	(64)	\$20	23.5%
<b>Area Rates</b>				
Fire Services	234	240	\$6	2.4%
Transit	114	108	(\$6)	(4.8%)
Culture and Recreation Services	109	117	\$8	7.6%
Storm Drainage	0	0	\$0	0.0%
Financials (Other)	(9)	(10)	(\$1)	(13.3%)
<b>Total City Services</b>	<b>1,889</b>	<b>1,964</b>	<b>\$75</b>	<b>4.4%</b>
<b>Police Services</b>	<b>385</b>	<b>399</b>	<b>\$14</b>	<b>3.8%</b>
<b>Education</b>	<b>524</b>	<b>524</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Taxes</b>	<b>2,797</b>	<b>2,887</b>	<b>\$90</b>	<b>3.2%</b>

\* Based upon the city-wide average residential tax class assessment of \$177,000 using a blended tax rate.

Notes:

• Cost estimates may have been rounded to the nearest dollar.

• The Government of Ontario sets education tax rates

• The Municipal Property Assessment Corporation (MPAC) sets Current Value Assessments (CVA)

• Hamilton City Council sets the city tax rates

## Hamilton's 2004 Expenditures

(Unaudited)

The 2004 City of Hamilton operating expenditures (unaudited) represent the resources required to deliver all of the City's programs. The information provided excludes revenues. Most programs offset some of their expenditures through revenues, recoveries and subsidies.

### OPERATING EXPENDITURES \$

Public Health & Community Services	
Culture & Recreation	37,415,000
Homes for the Aged	28,863,000
Social and Public Health	243,193,000
Social Housing	50,761,000
<b>Total:</b>	<b>360,232,000</b>

<b>Planning &amp; Economic Development</b>	<b>39,286,000</b>
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### Emergency Services

Emergency Medical Services - Ambulance	16,810,000
Fire	51,283,000
Support & Emergency Preparedness	4,153,000
<b>Total</b>	<b>72,246,000</b>

### Public Works

Roads & Traffic	59,693,000
Parks	18,850,000
Public Transportation	65,749,000
Waste Management	31,300,000
Water, Wastewater and Storm Drainage	125,022,000
Fleet & Facilities	11,953,000
Support and Technical Services	11,397,000
<b>Total:</b>	<b>323,964,000</b>

### Corporate and Support Services

Human Resources	5,284,000
City Clerk, Legal and Corporate Counsel	7,825,000
Information Technology	11,982,000
Finance & Taxation	9,157,000
Other Corporate Services	3,143,000
<b>Total</b>	<b>37,391,000</b>

### Other

Mayor & City Council	3,084,000
City Manager	2,203,000
<b>Total</b>	<b>5,287,000</b>

### Corporate Financials

Capital Financing	63,870,000
Tax Write Offs, Credits, Capping	21,318,000
Risk Management	7,924,000
Other	17,183,000
<b>Total</b>	<b>110,295,000</b>

### Agencies, Boards and Grants

Community Partnership Program Grants	2,831,000
Police Services	104,846,000
H.E.C.F.I.	10,950,000
Library	24,243,000
GO Transit	879,000
Art Gallery of Hamilton	1,090,000
Conservation Authorities	4,654,000
Municipal Property Assessment Corp.	4,759,000
Royal Botanical Gardens	579,000
Other	111,000
<b>Total</b>	<b>154,942,000</b>

**TOTAL 2004 OPERATING EXPENSES: 1,103,643,000**

### CAPITAL EXPENDITURES \$

Transportation	72,015,000
Water & Sewer	59,220,000
Parks	7,287,000
Culture & Recreation	21,072,000
Solid Waste Management	6,825,000
Planning & Development	6,963,000
Police & Emergency Services	4,919,000
Other	11,309,000
<b>Total:</b>	<b>189,610,000</b>

## Hamilton's 2005 Budget

The City of Hamilton's 2005 Budget supports a wide array of diverse programs and services.

Ensuring adequate resources are provided to the programs, while limiting the impact on taxes and user fees, was a significant challenge for 2005. Many of the programs are mandated and cost shared with the Province. These expenditures are supported through property taxes, user rates, provincial subsidies and other revenues. The following identifies how these resources were allocated for 2005.

### OPERATING BUDGET \$ % Budget Chg 2004/2005

Public Health & Community Services		
Culture & Recreation	43,002,000	5.4%
Homes for the Aged	28,028,000	7.9%
Social and Public Health	266,043,000	9.0%
Social Housing	52,267,000	(3.4%)
<b>Total:</b>	<b>389,340,000</b>	<b>6.7%</b>

<b>Planning &amp; Economic Development</b>	<b>41,336,000</b>	<b>3.7%</b>
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### Emergency Services

Emergency Medical Services - Ambulance	19,514,000	2.5%
Fire	54,972,000	4.6%
Support & Emergency Preparedness	2,910,000	(11.1%)
<b>Total</b>	<b>77,396,000</b>	<b>3.4%</b>

### Public Works

Roads & Traffic	58,708,000	6.4%
Parks	25,341,000	6.4%
Public Transportation	68,421,000	6.8%
Waste Management	31,952,000	7.3%
Water, Wastewater and Storm Drainage	134,792,000	5.3%
Fleet & Facilities	12,019,000	3.1%
Support and Technical Services	12,331,000	3.7%
<b>Total:</b>	<b>343,564,000</b>	<b>5.9%</b>

### Corporate and Support Services

Human Resources	5,570,000	2.1%
City Clerk, Legal and Corporate Counsel	7,917,000	1.0%
Information Technology	8,653,000	3.3%
Finance & Taxation	10,780,000	1.0%
Other Corporate Services	3,418,000	(0.3%)
<b>Total</b>	<b>36,338,000</b>	<b>1.6%</b>

### Other

Mayor & City Council	3,535,000	2.0%
City Manager	1,794,000	(4.0%)
<b>Total</b>	<b>5,329,000</b>	<b>(0.1%)</b>

### Corporate Financials

Capital Financing	74,758,000	2.0%
Tax Write Offs, Credits, Capping	13,288,000	(20.3%)
Other	7,902,000	12.7%
<b>Total</b>	<b>95,946,000</b>	<b>1.0%</b>

### Agencies, Boards and Grants

Community Partnership Program Grants	2,501,000	1.2%
Other Grants	368,000	17.3%
Police Services	106,251,000	2.0%
H.E.C.F.I.	10,472,000	(4.0%)
Library	24,481,000	3.9%
GO Transit	1,263,000	38.8%
Art Gallery of Hamilton	700,000	(35.8%)
Conservation Authorities	4,837,000	3.9%
Municipal Property Assessment Corp.	4,870,000	2.3%
Royal Botanical Gardens	596,000	2.9%
Other	111,000	(0.3%)
<b>Total</b>	<b>156,450,000</b>	<b>3.5%</b>

**TOTAL OPERATING BUDGET: 1,145,699,000 5.0%**

### CAPITAL BUDGET \$

Transportation	98,352,000
Water & Sewer	106,995,000
Parks	9,407,000
Culture & Recreation	9,333,000
Solid Waste Management	41,203,000
Planning & Development	28,799,000
Police & Emergency Services	5,540,000
Other	22,499,000
<b>Total:</b>	<b>322,128,000</b>



# City of Hamilton Report to the Community 2004-2005



## A Message from the City Manager

# A great city in which to live, work and play



Glen Peace, City Manager

On behalf of the City of Hamilton, I am pleased to present this Report to the Community. The report is designed to provide you with an overview of both 2004 expenditures and the 2005 municipal budget.

Completing the 2005 budget took a little longer than expected as we awaited word from the province on additional funding assistance, but in many measurable ways, it was worth the wait.

### The 2005 City Budget...

- preserves the services that people rely on most
- contains one of the lowest residential tax increases of comparable large Ontario municipalities to date
- includes additional funding support from the province to offset Hamilton's social service pressures and obligations
- invests significant capital dollars in our infrastructure
- and reaffirms our commitment to making business taxes competitive by reducing taxes for most commercial and industrial properties, subject in part to provincial confirmation of matching contributions to the Business Retention and Expansion Program.

Taken together, these are strong indicators that things in Hamilton are improving ...that we're doing the right things to get our financial house in order.

But we have a lot more work to do.

### Where We Started

Our preliminary budget estimates presented in December showed that the City needed \$51 million more than the previous year...

- to maintain service levels, and;
- to implement some service enhancements previously approved by City Council

\$51 million translated into a 9.5 per cent residential property tax increase or \$212 for the average assessment of \$177,000 — an unacceptable increase to say the least.

You might be asking yourself where the pressures are coming from. After all, amalgamation was supposed to save money.

### Sources of Hamilton's Budget Pressures

In fact, amalgamation has saved considerable millions, and so have the many organizational changes and business improvement processes. But they have all been offset and outpaced by several competing pressures. Among them:

- High demand and rising costs for social services in the Hamilton area
- Capital investments required to upgrade aging infrastructure
- Pension contributions — under-performance of the municipal employees' pension plan during volatile economic conditions is requiring larger employer contributions
- Salary and wage pressures — cost of living adjustments and collective agreement settlements
- \* Rising hydro and gas prices
- Risk management claims
- Winter control costs from 2004

It also worthy of note that 25% of the City's budget is spent on provincially mandated programs such as ambulance, social housing, social services and public health services. This means that one quarter of the City's budget is outside of Council's control and we are obliged to fund it regardless of cost increases.

These pressures are not new. We've been dealing with them for some time now. This year we stepped up our efforts to prepare for them.

### Preparatory Work for the 2005 Budget

Almost from the day that the 2004 budget was approved last year, we began the search for information and tools that would help us manage and prioritize these pressures, immediately and for the long term.

Among our activities:

Council held "Strategy Sessions" to identify its major priorities that ultimately will guide our decision-making and governance in the years to come. This work is continuing.

We conducted an "Environmental Scan" to get a broad overview of the social and economic challenges facing Hamilton which we now know include:

- the strength of the Canadian dollar and its impact on the manufacturing sector
- the transfer of services to municipalities from higher levels of government without sufficient funds to cover the costs
- and demographic changes that result in new needs and expectations from municipal government.

Another information tool is the "Road Map to Sustainability," a White Paper intended to stimulate discussion about our future sustainability as an organization and a city.

A "Tax Competitiveness Survey" confirmed that Hamilton is making significant progress towards leveling the playing field for tax rates on commercial and industrial property classes.

We conducted a "Citizen Satisfaction Survey" that tells us a great deal about what our customers think of our services...and that's an important tool to have whenever an organization is doing business planning and budgeting, or when pondering service changes. One of the survey's findings is that the majority of residents would accept an increase in taxes. The average acceptable increase was 2.4%.

Adding to this information, "Public Information Sessions" were held in each of the communities that make up Hamilton.

We reviewed our tax policy and area rating program, overtime, consulting, travel and other expenditures and approved reductions that are included in the budget.

The City also implemented a "Cost Saving Ideas Program" that engaged municipal staff at all levels and their representative unions in discussions to find savings and to improve efficiency. It generated over 300 ideas that are being evaluated for implementation.

### Finding Solutions

With a starting point of a \$51 million shortfall and the resulting residential tax increase of 9.5 per cent, it was clear that this was not acceptable.

In the weeks that followed, Council approved increases to user fees in some areas. Also, a total of \$8 million was reduced from the operating budgets of City departments and in the grants to outside boards and agencies. These reductions were achieved with minimal impact on service levels and staffing.

Then on April 1, the province announced \$15.1 million in additional funding to further offset our fiscal pressures.

Though slightly less than what we were seeking, it was nonetheless a clear indication that the province understands Hamilton's unique budget situation.

Of the \$15.1 million, \$3 million has been guaranteed on an annual basis through the Ontario Municipal Partnership Fund which takes over from the provincial Community Reinvestment Fund in transferring money to municipalities to help cover social service costs.

Our local MPPs deserve thanks for their efforts in securing this funding - and - for their on-going advocacy for the needs of our community.

We appreciate their on-going support, but, we need a long term, sustainable solution.

### The 2005 Approved Budget

Council's decision to utilize a mix of user fee increases and budget reductions, coupled with provincial funding, reduced the tax pressure from \$51 million to \$28 million or a 3.2 per cent average residential tax increase.

The actual residential tax increase varies across the city due to the area rating of some municipal services, where the cost of services in a given community is determined by the level of service.

With this budget, Hamilton can afford to do the following things:

- Maintain service levels for police, emergency services (Fire and EMS) and public libraries
- \$1 million for much needed street tree-trimming activities
- \$1.34 million for traffic signal improvements
- In excess of \$2 million for downtown initiatives including the Downtown Loan Program and the Cleanliness and Security in the Downtown program
- Provincial gas tax funding that allows for transit enhancements, such as increased HSR service to meet demand in various parts of the city and within the McMaster University to Gore Park corridor
- Over \$1 million in new Public Health enhancements for tuberculosis control, a child-youth obesity strategy, increased efforts to reduce sexually transmitted diseases, more resources in the vaccination program and home visiting for high-risk new parents and children

On the capital budget side, significant investment is being made in the following areas:

- \$41.2 million to fund the City's Waste Management Program. Major project includes the approximately \$32m Central Composting Facility (\$7.9million in 2005).
- Approximately \$18 million to be spent on Hamilton Industrial Park Infrastructure Servicing
- \$27.8 million from Developer Development Charge contributions for new servicing infrastructure
- \$57 million for City Infrastructure Repair and Replacement which includes \$39.4 million for the Roads program
- \$107 million in Water and Sewer infrastructure improvements
- \$43.6 million for the Red Hill Valley Project
- \$2.5 million for Council's Strategic Priorities which includes \$2.1 million for the Downtown Market upgrades
- \$1 million for the Health and Biotechnology Centre in partnership with McMaster University
- \$2.3 million for new DARTS vehicles
- \$5.9 million for new public transit buses

### Committing to Business Retention and Expansion

For the business community, the 2005 budget reaffirms the City's commitment to making business taxes competitive and for creating the right investment conditions to attract business.

No doubt about it, the City's financial difficulties can make it difficult at times, but, Council has stayed the course and this year is no exception.

The proof of that is \$10 million in tax cuts for commercial and industrial classes.

\$5 million of that - the City's share - will directly benefit 1,470 commercial, industrial and multi-residential properties that otherwise would not have received a reduction under Provincial claw-back legislation.

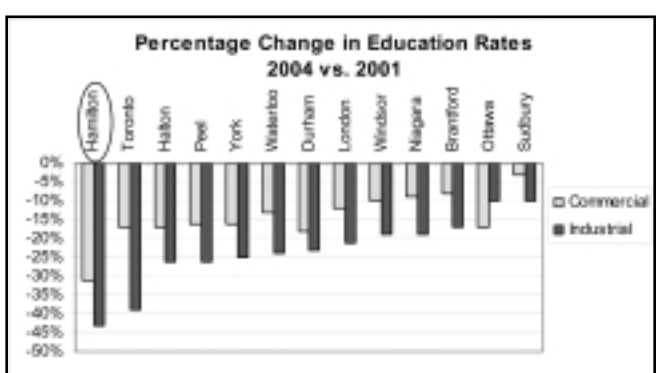
To be clear, the City had to tax this way to receive matching reductions in the education tax rate that has been applied to commercial and industrial classes.

TOTAL COMBINED MUNICIPAL & PROVINCIAL BRE CUTS					
	2001	2002	2003	2004	Total to Date
Municipal Contributions	\$12.3M	\$7.1M	\$11.2M	\$9M	\$39.6M
Provincial Contributions	\$12.3M	\$11.6M	\$10.3M	\$9M	\$43.2M
Combined Total	\$24.6 M	\$18.7 M	\$21.5 M	\$18.0 M	\$82.8 M

The bottom line is that for industrial classes in most cases, tax bills will be lower than last year. And for the vast majority of commercial properties, tax increases will be minimized for 2005. These tax impacts are pending matching Provincial funding for the Business Retention and Expansion (BRE) Program.

The 2005 commitment of \$10 million to the BRE Program brings the total tax decrease on commercial and industrial property classes to \$92.8 million since 2001. Let's look at how this breaks out:

Through the Business Retention and Expansion Program, Hamilton's commercial and industrial education tax rates have declined more than comparator municipalities. The chart illustrates this point, showing that \$43 million a year in education tax is no longer being paid to the province from our local business community.



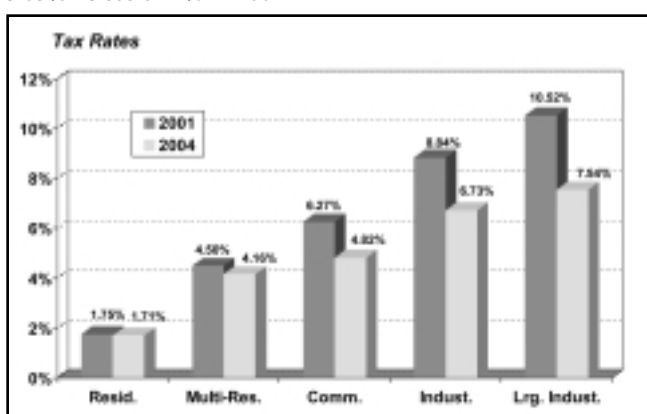
Here's a look from another angle:

Property Class	2001	2002	2003	2004	Threshold Ratios	Range of Fairness
Multi-Residential	2.9990	2.8326	2.6863	2.7400	2.7400	1.0 - 1.1
Commercial	2.4256	2.2420	2.1012	1.9800	1.9800	0.6 - 1.1
Industrial - Residential	3.8354	3.5621	3.3352	3.3338	2.6300	0.6 - 1.1
Industrial - Large	4.5624	4.1770	3.9109	3.9093	2.6300	0.6 - 1.1

In 2001, the municipal tax ratios for multi-residential, commercial and industrial property classes ranged from 2.4 to 4.6 times higher than the residential class.

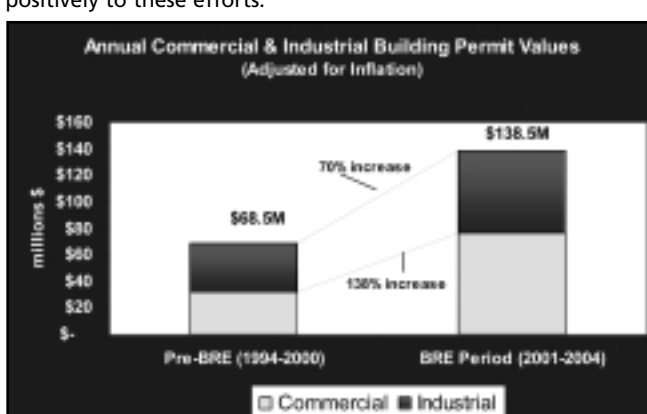
In 2004, the gap was reduced to 1.98 to 3.9 times higher than the residential class. It's also worth noting that we have reached the provincial thresholds for multi-residential and commercial tax ratios, and that we're making significant impacts on the tax ratio for the industrial class.

Similar to tax ratios, total tax rates in the city for the multi-residential, commercial and industrial property classes over the period of 2001 to 2004 have been declining. The differential in tax rates between large industrial and residential in 2004 was 5.83% versus 8.77% in 2001.



All of these trends add up and they are helping in a large way to level the playing field with other municipalities.

Hamilton is seeing indicators that local business is responding positively to these efforts.



Two to three years of BRE impacts will first be seen in building permit activity and then assessment one or two years later. You can see in the bar chart that the average annual value of commercial and industrial building permits during the period of the BRE was approximately \$139 Million, which represents a 100% increase over the average for the 7 year period prior to the BRE.

Through the BRE Plan, taxes for office building, large industrial and standard industrial properties have been declining. Why is this significant? A \$1 per square foot difference in gross lease cost, due to municipal taxes, adds up quickly for a business looking to lease 100,000 square feet. The BRE plan has begun to address this issue.

It also worth noting that the majority of industrial and commercial enquiries into our Economic Development offices in the last 30 months have originated from the Industrial-Commerce Institutional (ICI) realtors in the GTA. This is a strong indication that Hamilton's efforts to reduce business taxes and to be competitive with surrounding municipalities are now being recognized outside this community.

Tax competitiveness is a long-term commitment and, as such, requires a commitment for years to come. And while we're turning the corner, it is imperative to make business tax competitiveness a key strategic priority.

The City of Hamilton is expecting \$3 million this year and \$8 million in 2006 as its share of the federal gas tax. By the end of the decade, Hamilton's estimated share of the gas tax revenues will be about \$32 million under the current formula.

The City of Hamilton has applied for \$10 million in federal funding for new waste diversion facilities.

These monies will go directly toward meeting the needs of our communities: fixing streets and bridges, upgrading water treatment plants, improving and expanding public transit, and providing much needed services to all stakeholders.

The federal government's pledge to top up Green Municipal Funds by \$300 million demonstrates its already strong working relationship with the municipal sector to build sustainable communities. And with a portion of the funds refocused toward helping communities clean and redevelop their brownfields, and portion of the gas tax flowing to municipalities for transit and green infrastructure, Canada and Hamilton will take a giant step toward meeting environmental goals.

In summary, the 2005 budget continues to point our city in the right direction amid ongoing financial difficulties.

It is a fact that we started and finished this year's budget process in much better shape than we did the previous year, and as evidence, I point to the fact that the residential tax increase is 2.4 percentage points lower than last year (5.6 per cent increase in 2004). Important services have been maintained.

Ongoing significant financial pressures associated with energy costs, wages and pension liabilities, social service demands and infrastructure needs have been largely offset through program reductions and user fee increases in some areas, and the \$15.1 million in additional provincial funding.

And finally, Council has kept its eye on the ball when it comes to creating conditions that will help us retain businesses and attract more in the future.

In closing, I take this opportunity on behalf of our Corporate Management Team to thank all municipal employees who, each and every day, make Hamilton a great place in which to live, work and play.

Glen Peace

City Manager



## City of Hamilton Report to the Community 2004-2005



## Efficiency and Effectiveness of Service Delivery

REPORT TO THE PUBLIC ON SERVICE IMPROVEMENTS AND BARRIERS  
Provincial Ministry of Municipal Affairs and Housing - Section 300

Section 300 of the Municipal Act requires that municipalities provide notice to the public, at least once a year, on improvements in the efficiency and effectiveness of their service delivery. Municipalities are also required to report on barriers to achieving these improvements.

The purpose for reporting such information is to:

- Inform the public of service improvements made by the municipality;
- Promote a greater understanding among citizens of the choices the municipality has made;

- Enhance accountability and transparency;
- Help the municipality determine whether its efforts have resulted in service improvements;
- Help to identify barriers and set goals to overcome them;
- Provide information and best practices that may be useful for other municipalities.

The chart below, denotes several service areas where there has been an improvement in efficiency and/or effectiveness by the City. The full report is available on the City's Web site at: [www.hamilton.ca](http://www.hamilton.ca)

This report details how the City of Hamilton improved services in the area of ...	What have we done differently	Improvement in Efficiency	Improvement in Effectiveness	What Barriers are there to further improvements?
Capital Planning & Implementation - Asset Management Process (Public Works)	The Capital Planning & Implementation Division has built an effective Asset Management process which identifies all the "infrastructure assets" owned by the City of Hamilton. In 2004, a thorough identification and review of the state of all bridges within the City of Hamilton was conducted.	As a consequence of the Asset Management system the Capital Planning & Implementation Division identified a list of bridges that require repair, when it is required and the estimated cost of repair. This is essential in order to keep transportation routes open and usable for this community to work, play and attract growth and development.	The Claremont Bridge works were completed in 2004 which is a major Transportation route within the City of Hamilton. In addition, work on several other bridges was initiated or completed in the year keeping our community's transportation links open and safe for continued use.	<ul style="list-style-type: none"> <li>• Resources to expand the identification of fixed assets to be input into the Asset Management system.</li> <li>• Financial resources to bring all of our infrastructure assets up to an acceptable life cycle replacement for the type of asset.</li> </ul>
Community Flu Clinics (Public Health & Community Services)	Public Health and Community Services is providing more flu clinics to the public while reducing costs to the City. Operating costs have decreased since the flu clinics were initiated in 2002 - now all costs are within the \$5.00 / dose fee provided from the Province and Clinics operate with no net levy costs.	Efficiencies have been created in several aspects of the program including: <ul style="list-style-type: none"> <li>• Lower facility costs through improved clinic site selection</li> <li>• Reduced nursing costs through improved tendering for outside nursing services</li> <li>• More effective use of advertising and promotion spending</li> <li>• Streamlined delivery resulting in more immunizations per clinic operating hour</li> </ul>	More members of the public are being immunized with costs to the City reducing to zero. There was no net levy impact to the City of operating flu shot clinics in 2004	Balancing attendance at clinics to increase the usage of least utilized locations requires continued communication efforts.
Culture & Recreation Program Registration (Public Health & Community Services)	"RecConnect," introduced for the 2004 Winter Session, is a telephone registration system from Class Software Solutions. This IVR (Interactive voice registration) module allows customers to register for Culture and Recreation programs and services from the comfort of their own home. NOTE: A new internet registration module "Econnect" will be introduced for 2005 Spring registration.	The IVR system is integrated with the City's PeopleSoft application, providing an automated feed of required data. The amount of staff time dedicated to registration is reduced and will continue to be reduced with the introduction of Econnect in the Spring 2005.	Patrons now have two different registration options, i.e. they can drop off their registration at the recreation centre or register by telephone. Through IVR, if a patron's first choice for a course is full, there is immediate notification so an alternate choice can be made. With the drop off registration process, patrons may not find out for a few days whether their first or second choices have been successful. Staff may also have to make phone calls to the patron to establish a second or third choice.	The cost of the software for the new systems and the licences to use the software is expensive, however other City Departments have implemented or are considering implementing this same technology due to the advantages provided.
Energy Conservation - Macassa Lodge (Public Health & Community Services)	Energy efficient lighting, such as electronic ballasts and fluorescent fixtures, has been installed.  Incandescent lighting has been replaced with compact fluorescent bulbs in areas that do not require dimmer switches. The level of illumination has been reduced in offices, stairwells, washrooms and meeting rooms. Motion-sensitive lighting has been installed in some storage areas.	Timers and motion-sensitive detectors ensure that electricity is only used when necessary.  A reduction in the overall level of illumination means a 33% reduction in energy use.  The use of fluorescent bulbs means 75% less energy use.	Savings in operational costs mean more funding for other direct client services.	Energy efficient products are considerably more expensive to buy, and these expenses must come from the Lodge's operating funds. Cost savings are reflected within the City costs, and not the Lodge itself.  Energy awareness by staff, residents and visitors needs to be enhanced, to continue to see improvements.
Fleet Strategic Plan (Public Works)	In 2004, the Central Fleet Strategic Plan was completed in order to implement the recommendations of the 2003 Operational Review.  One example is: Fuel consumption and costs are being charged monthly to end-users within the City of Hamilton and are based upon actual costs and actual consumption.	The charges are supported by monthly reports which reflect consumption by vehicle and provide end users the opportunity to better monitor and assess the productivity and cost to ensure the most efficient use of vehicles. As this initiative was implemented in the 3rd quarter of 2004 the full benefits will not be realized until the 2005 Budget process.	More effective use of vehicles and reduced fuel consumption. Further, more conscientious use of fuel will also benefit the environment by reducing engine exhaust emissions.	<ul style="list-style-type: none"> <li>• End-users not referring to monthly fuel consumption reports by vehicle</li> <li>• End-users not taking action to achieve efficiencies and effectiveness that can result from monitoring fuel consumption</li> </ul>
Fire Suppression (Hamilton Emergency Services)	Realized a reduction in unscheduled vacancies by 40% over 2004. Reduced number of F/T staff by 10 FTEs.	Increased number of staff on duty.	40% reduction in unscheduled vacancies equates to a \$200K reduction in overtime. Reduction in 10 FTEs equates to \$800K savings (salaries & benefits).	<ul style="list-style-type: none"> <li>• Collective Agreements</li> <li>• Legislative Requirements</li> </ul>
Freedom of Information (FOI) Compliance (Office of the City Clerk)	Continued high standard for FOI compliance rate. The FOI compliance rate for the City has improved dramatically in the last two years. In 2003 it was 98.3%. In 2002 the compliance rate was 96%. We want to continue and maintain this 90% plus rate.	Improved response time to customer requests for information. In 2004 out of 182 requests all but 10 were completed within the first 30 days.	94.5% of requests in 2004 were completed within the initial 30 day response period. Only 6 or 3% were appealed. This indicates those requests are not only being dealt with as quickly as possible for the benefit of the customer but also very effectively as shown by the small number of appeals on responses to requestors.	Requests have been increasing on an annual basis. If this trend continues without additional human resources to offset the increasing work load, the result will be a negative impact which could eliminate our ability to maintain the 90% plus compliance rate.
Lottery Licensing - Use of Proceeds Policy (Office of the City Clerk)	The policy allows Service Clubs, who own their own buildings, to use more lottery proceeds for maintenance and upkeep of their Club House dependent upon how often the Club House is made available at no cost to charitable / community benefit groups.	Allows Service Clubs to use up to 50% of lottery proceeds to improve their Club House facilities. Eligible Service Clubs will be able to do required maintenance on their buildings in order to keep them open for the benefit of the community which is a goal of use of lottery proceeds.	The guidelines for use of lottery proceeds for Club House maintenance and repairs have been enhanced. This enhancement increases the effectiveness of lottery proceeds used by allowing for maintaining and improving facilities that benefit the community.	<p>The AGCO could produce new guidelines that would restrict the municipality's ability to continue to offer the use of proceeds policy.</p> <p>Reporting procedures for the Service Clubs are necessary to determine the use of their facilities by community benefit groups.</p> <p>Administrative processes involved in reviewing reports and determining eligibility could be time consuming.</p>
Oil Filtration By-Pass System (Hamilton Emergency Services)	Introduced oil filtration by-pass system; ambulance remount program; and hydrogen injection system (trial)	Reduced oil consumption, waste and disposal of dirty engine oil by 50%.  Improved fuel economy.  Extended life of ambulances by two times - approx. savings of \$35K per ambulance.	Oil filtration by-pass reduced down-time of apparatus, extended life of engines, freed up mechanics to perform repairs; system is transferable from engine to engine (ensures return of investment).  Ambulance remount program extends life expectancy by five years and saves approx. \$25K/unit.	<ul style="list-style-type: none"> <li>• Collective Agreements</li> <li>• Legislative Requirements</li> </ul>
Ontario Works Clients (Public Health & Community Services)	The Special Income Business Process Review Project was conducted to provide recommendations as to what programs/services should be provided, streamline the eligibility determination process, and to streamline the mechanism on how approved funds are issued. This will result in a program that is efficient, in compliance with municipal and provincial policies/legislation and is cost effective.  The use of an auto attendant telephone system (1 of 27 recommendations) has already been implemented.	Prior to the attendant telephone system, all calls coming into Special Income were answered by staff. It was noted that the some calls were inquiring about eligibility, what benefits are available, and how to receive the benefits. The attendant telephone system was implemented to answer some of these general questions, thus creating a time savings for staff.	The auto-attendant system does support effective customer service as it does allow calls coming in that are made from a rotary dial phone, and callers are also allowed to exit the system, to speak to a Special Income Case Aid at any time.	<ul style="list-style-type: none"> <li>• No barriers - applications of similar technology will be considered where deemed appropriate</li> </ul>
McDTag Parking Management System (Planning & Economic Development)	The McDTag Parking Management System has been installed in a read-only capacity at each of the Municipal Service Centres.	Customer service representatives in the Municipal Service Centres are now able to access the ticket database each time a customer comes in with a parking infraction notice to pay. Access to this information results in the following efficiencies: <ul style="list-style-type: none"> <li>• No need to contact the Parking Office for information</li> <li>• Accuracy in processing payments in the correct amount owing</li> <li>• Ability to advise the customer of other outstanding amounts</li> <li>• Increased opportunity to collect outstanding revenues on a person's record</li> <li>• With increased payments of outstanding tickets, a cost saving is realized to the organization in no further cost in notices being sent.</li> </ul>	Customer service representatives are delighted with this access and the enhanced customer service that they can offer. Representatives report that increased ticket payments are occurring.	Future improvements might be acceptance and live processing of payments at the Municipal Service Centres. This next step is presently being reviewed.

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