

CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

Report to: Chair and Members Audit and Administration Committee	Submitted by: Roberto Rossini General Manager, Finance & Corporate Services Corporate Services Department
Date: November 16, 2009	Prepared by: Tom Hewitson 4159

**SUBJECT: 2010 Tax Supported Operating Budget – Other Programs
(FCS09120c) (City Wide)**

RECOMMENDATION:

- (a) That the 2010 net operating levy for the Legislative budget be approved at \$4,224,394;
- (b) That the 2010 Corporate Financials budget be approved at \$3,881,343;
- (c) That the 2010 Non-Program Revenues budget be approved at (\$58,224,047);
- (d) That the 2010 Capital Financing Charges be approved at \$83,336,550; and
- (e) That the 2010 Corporate Financials Council referred item per Appendix Two to report FCS09120c be considered by the Audit and Administration Committee.

Roberto Rossini
General Manager, Finance & Corporate Services
Corporate Services Department

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EXECUTIVE SUMMARY:

This report deals with those areas that do not fall within an operating department. They include the Legislative, Corporate Financials and Capital financing budgets. The Capital budget will be presented to Council for approval on December 8, 2009. The Capital financing budget represents the impacts of the Capital budget on the operating budget. Depending on the final approved Capital budget, the Capital financing budget will be adjusted accordingly. The Corporate Financials budget consists of non-program expense and revenue items including corporate contingencies, corporate savings targets (gapping), Ontario Municipal Provincial Funding (OMPF) revenue, payment in lieu of tax revenue, tax write-off provisions and HUC, Future Fund, Investment revenues.

2010 Requested Budget – Legislative

The following table highlights the 2010 Requested Budget versus the Budget Guideline.

2010 Submission vs. Budget Guideline

2009 Budget		\$4,171,300	
	2010 Levy Change		
	\$		
2010 Base Levy Change	\$53,100		
2010 Savings Options	\$0		
2010 Budget Excluding Provincial Impact¹		\$4,224,400	1.3%
2010 Provincially Mandated	\$0		
2010 Requested Budget	\$53,100	\$4,224,400	1.3%

¹ - Council Guideline is 2% or less excluding provincial impacts.

As shown above, the 2010 Legislative requested budget increase of \$53,100 or 1.3% is within the Council approved guideline of 2.0% or less. As approved by Council, this budget submission freezes the Councillor's 2010 salaries at the 2008 level.

Complement - Legislative

As shown below, there is no change in the Legislative complement which remains at 24.0 FTE for 2010.

	2009		2010 Requested	2010 Requested vs 2009 Restated	
	Budget	Restated		-	0.0%
Legislative	24.00	24.00	24.00	-	0.0%

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2010 Requested Budget – Corporate Financials/Non-Program Revenues

2010 Submission vs. Budget Guideline

2009 Budget		-\$72,120,900	
	2010 Levy Change		
	\$		
2010 Base Levy Change	\$1,043,000		
2010 Savings Options	\$0		
2010 Budget Excluding Provincial Impact¹		-\$71,077,900	1.4%
2010 Provincially Mandated	\$16,735,200		
2010 Requested Budget	\$17,778,200	-\$54,342,700	24.7%

1 - Council Guideline is 2% or less excluding provincial impacts.

As shown above, the Corporate Financials/Non-Program Revenues budget is increasing by approximately \$17.8 million or 24.7%. Provincially mandated items (\$16.7 million) account for the majority of this budgetary increase. The reduction of the OMPF grant by \$16.7 million identified in the Non-Program Revenues budget is fully offset by the OW/ODSP administration upload savings identified within the Community Services budget (FCS09120f). It should also be noted that the 2010 budget assumes that the Province will again pay the City a special grant of \$16.5 million to ensure the City does not have an undue financial burden pending the realization of social services upload savings.

Council Referred – Corporate Financials

During 2009, Council approved a revised cost allocation policy. One of the implications of the policy is a reduction to the recoveries that occur from the rate budget (water/wastewater) to the tax levy. The total impact is \$2.5 million. The tax budget would increase \$2.5 million and the Rate budget would decrease \$2.5 million. For 2010, staff have not implemented the adjustment and propose to begin phasing in the change in 2011. The policies can be implemented; however, the overall impact will be adjusted to ensure no shift for 2010.

Council Referred Items	FTE	Gross Impact	Net Levy Impact	
			\$	%
Corporate Cost Allocation Policy Revision	-	\$ -	\$ -	0.0%
Total Council Referred Items	-	\$ -	\$ -	0.0%

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2010 Requested Budget – Capital Levy

As indicated, the capital levy is set through the tax capital budget process. The requested levy of \$83,336,550 supports the recommended 2010 Tax Capital Budget and results in a 1% residential tax increase.

BACKGROUND:

The budget summaries for Other Programs are included in the attached Appendix One to report FCS09120c. During the budget committee meetings commencing in December, staff will present the department and divisional budgets and explain the requirements for 2010.

ANALYSIS/RATIONALE:

Legislative

As indicated below, the Legislative requested budget is increasing by approximately \$53,100, or 1.3%. The following identifies the department submission, by division.

Legislative							
	2009 Budget	2009 Projected Actual	2010 Base Budget	2010 Savings Options	2010 Requested Budget	2010 Requested / 2009 Restated	
						\$	%
Legislative Budget	342,268	342,268	346,235	0	346,235	3,967	1.2%
Mayor	954,844	954,844	972,049	0	972,049	17,205	1.8%
Volunteer Committee	88,290	88,290	88,290	0	88,290	0	0.0%
Ward Budgets	2,785,925	2,785,925	2,817,819	0	2,817,819	31,894	1.1%
NET LEVY	4,171,327	4,171,327	4,224,394	0	4,224,394	53,067	1.3%

The volunteer committee budgets will be submitted to their respective Council committee during the budget process for approval.

Corporate Financials/Non-Program Revenues

As indicated in the following two tables, the combined Corporate Financials and Non-Program Revenues requested budget is increasing by approximately \$17.8 million or 24.7%.

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Corporate Financials

	2009 Budget	2009 Projected Actual	2010 Base Budget	2010 Savings Options	2010 Requested Budget	2010 Requested / 2009 Restated	
						\$	%
CorpFin - Operating	6,304,847	7,255,768	7,521,343	0	7,521,343	1,216,496	19.3%
CorpFin - Reductions/Initiatives	(4,140,000)	0	(4,140,000)	0	(4,140,000)	0	0.0%
Corpfin - Senior Tax Credit	450,500	486,800	500,000	0	500,000	49,500	11.0%
NET LEVY	2,615,347	7,742,568	3,881,343	0	3,881,343	1,265,996	48.4%

Non Program Revenues

	2009 Budget	2009 Projected Actual	2010 Base Budget	2010 Savings Options	2010 Requested Budget	2010 Requested / 2009 Restated	
						\$	%
Hydro Dividends & Interest	(5,000,000)	(5,250,000)	(5,000,000)	0	(5,000,000)	0	0.0%
Investment Income	(4,000,000)	(4,000,000)	(4,000,000)	0	(4,000,000)	0	0.0%
OMPF	(26,013,500)	(26,013,500)	(9,278,305)	0	(9,278,305)	16,735,195	(64.3)%
Special Provincial Grant	(16,500,000)	(16,500,000)	(16,500,000)	0	(16,500,000)	0	0.0%
Penalties and Interest	(8,500,000)	(8,100,000)	(7,700,000)	0	(7,700,000)	800,000	9.4%
PIL	(13,999,999)	(14,007,203)	(13,999,999)	0	(13,999,999)	(0)	(0.0)%
POA	(2,461,843)	(2,597,000)	(2,635,343)	0	(2,635,343)	(173,500)	(7.0)%
Right of Way Taxes	(3,260,900)	(3,204,600)	(3,204,000)	0	(3,204,000)	56,900	1.7%
Supplementary Taxes	(6,000,000)	(6,000,000)	(6,000,000)	0	(6,000,000)	0	0.0%
Tax Capping	1,000,000	511,300	550,000	0	550,000	(450,000)	(45.0)%
Tax Remissions/Write Offs	10,000,000	8,798,700	9,543,600	0	9,543,600	(456,400)	(4.6)%
NET LEVY	(74,736,242)	(76,362,303)	(58,224,047)	0	(58,224,047)	16,512,195	22.1%

During the budget committee meetings commencing in December, staff will present highlights of the of the budget requirement for 2010.

Capital Financing

As shown below, the 2010 requested budget for Capital Financing charges is increasing by approximately \$6 million or 7.5%. This increase represents the proposed 1% residential tax impact, as per the approved Council guideline.

Capital Levy - Tax

	2009 Budget	2009 Projected Actual	2010 Base Budget	2010 Savings Options	2010 Requested Budget	2010 Requested / 2009 Restated	
						\$	%
Boards and Agencies	69,820	69,820	69,820	0	69,820	(0)	(0.0)%
Corporate Financials	30,347,630	28,347,630	34,231,620	0	34,231,620	3,883,990	12.8%
HES	1,073,380	1,073,380	1,074,750	0	1,074,750	1,370	0.1%
PHCS	5,694,590	5,694,590	6,636,850	0	6,636,850	942,260	16.5%
Planning and Development	646,820	646,820	895,400	0	895,400	248,580	38.4%
PW-Tax	38,533,554	38,533,554	39,506,370	0	39,506,370	972,816	2.5%
Police	1,170,310	1,237,930	921,740	0	921,740	(248,570)	-21.2%
NET LEVY	77,536,104	75,603,724	83,336,550	0	83,336,550	5,800,446	7.5%

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ALTERNATIVES FOR CONSIDERATION:

Council can direct changes to this budget submission as required.

Staff will continue to monitor the 2009 year-end actuals, to see if there are further opportunities to reduce the 2010 budget.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

The attached Appendix One to report FCS09120c provides the summary budget data related to these budgets.

POLICIES AFFECTING PROPOSAL:

N/A

RELEVANT CONSULTATION:

This budget has been developed in conjunction with internal and external partners.

CITY STRATEGIC COMMITMENT:

By evaluating the “**Triple Bottom Line**”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. Yes No

Environmental Well-Being is enhanced. Yes No

Economic Well-Being is enhanced. Yes No

Does the option you are recommending create value across all three bottom lines?

Yes No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?

Yes No