



**CITY OF HAMILTON**

**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning & Policy Division**

|   |   |
|---|---|
| <b>TO:</b> Chair and Members<br>Emergency & Community Services<br>Committee   | <b>WARD(S) AFFECTED:</b> CITY WIDE  |
| <b>COMMITTEE DATE:</b> February 17, 2011  |   |
| <b>SUBJECT/REPORT NO:</b><br>2011 Tax Supported Operating Budget – Hamilton Emergency Services (FCS11023f)<br>(City Wide)                 |   |
| <b>SUBMITTED BY:</b><br>Roberto Rossini<br>General Manager<br>Finance & Corporate Services Department<br><br>Chris Murray<br>City Manager | <b>PREPARED BY:</b><br>Gershom Moyo (905) 546-2424 ext 4522<br>Tom Hewitson (905) 546-2424 ext 4159 |
| <b>SIGNATURE:</b>   |   |

**RECOMMENDATION**

That the 2011 net operating levy for Hamilton Emergency Services of \$91,369,615 be considered.

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**EXECUTIVE SUMMARY**

The draft 2011 Hamilton Emergency Services budget is submitted for Council's consideration.

|                          |                     |
|--------------------------|---------------------|
| <b>2010 Budget</b>       | <b>\$88,137,900</b> |
| 2011 Base Budget         | \$91,369,600        |
| 2011 Savings Options     | 0                   |
| <b>2011 Draft Budget</b> | <b>\$91,369,600</b> |
| <b>\$ Change</b>         | <b>\$3,231,700</b>  |
| <b>% Change</b>          | <b>3.7%</b>         |

As shown above, the draft 2011 Hamilton Emergency Services budget results in a net levy increase of approximately \$3.2 million or 3.7%. The major cost drivers being the recent Fire Services wage agreement as well as increases in OMERS, Government and Employer benefit costs. These increases are mitigated by a \$586,000 increase in provincial subsidies in Emergency Medical Services.

Included in the draft Budget Summary Report (FCS11023) was a requested program enhancement totalling \$1.3 million related to one ambulance and one paramedic response unit required when McMaster University Medical Centre (MUMC) is converted to a paediatric only site. After further review, staff are no longer bringing forward this program enhancement for approval this year, but rather will continue with the existing resources and evaluate the need for a program enhancement in the future. If additional resources are ultimately required, the City will pursue additional funding from the Province.

Complement

The 2011 draft complement for the Hamilton Emergency Services is 836.30 FTE, representing no change when compared to the 2010 restated complement.

|     | 2010     |          | 2011 Draft | 2011 Draft vs 2010 Restated |      |
|-----|----------|----------|------------|-----------------------------|------|
|     | Approved | Restated |            |                             |      |
| HES | 837.30   | 836.30   | 836.30     | -                           | 0.0% |

The reduction of -1.0 FTE between the 2010 approved and restated budget is as a result of 1.0 FTE being transferred to the City Manager's Office.

***Alternatives for Consideration – See Page 4***

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS** (for Recommendation(s) only)

**Financial:** The draft 2011 Hamilton Emergency Services budget results in a net levy increase of approximately \$3.2 million or 3.7%.

**Staffing:** The draft 2011 Hamilton Emergency Services budget results in a complement of 836.3 FTE. This represents no change from the 2010 restated complement.

**Legal:** N/A

**HISTORICAL BACKGROUND** (Chronology of events)

As directed by the General Issues Committee (GIC) on January 21<sup>st</sup>, staff are bringing forward the 2011 draft budget based on the City's current position. The budget summaries and overviews for Hamilton Emergency Services are included in the attached Appendix One to report FCS11023f. Senior Management Team will continue its internal process to develop further budget savings and present these during budget deliberations in March/April, 2011.

**POLICY IMPLICATIONS**

N/A

**RELEVANT CONSULTATION**

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

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

As indicated, the Hamilton Emergency Services draft budget is increasing by approximately \$3.2 million or 3.7%. The following table identifies the draft budget by division.

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|  | 2010                               |                   | 2011              |                 |                   | 2011 Draft vs. 2010 Budget |             |
|--|------------------------------------|-------------------|-------------------|-----------------|-------------------|----------------------------|-------------|
|  | Budget                             | Projected Actuals | Base Budget       | Savings Options | Draft Budget      | \$                         | %           |
|  | <b>HAMILTON EMERGENCY SERVICES</b> |                   |                   |                 |                   |                            |             |
| Emergency Services Admin               | 1,132,723                          | 1,000,333         | 1,125,703         | 0               | 1,125,703         | (7,020)                    | (0.6)%      |
| Fire Services                          | 70,136,705                         | 71,456,643        | 73,286,287        | 0               | 73,286,287        | 3,149,582                  | 4.5%        |
| Corporate Radio System                 | 846,129                            | 736,947           | 846,129           | 0               | 846,129           | 0                          | 0.0%        |
| Emergency Management                   | 318,418                            | 272,577           | 318,418           | 0               | 318,418           | 0                          | 0.0%        |
| Emergency Medical Services - Ambulance | 15,703,886                         | 15,656,424        | 15,793,079        | 0               | 15,793,079        | 89,193                     | 0.6%        |
| <b>TOTAL HES</b>                       | <b>88,137,861</b>                  | <b>89,122,924</b> | <b>91,369,615</b> | <b>0</b>        | <b>91,369,615</b> | <b>3,231,755</b>           | <b>3.7%</b> |

Major cost drivers for the Fire and Emergency Medical Services (EMS) are as follows:

Fire

- ✓ Wage contract \$1,311,000
- ✓ OMERS rate Increase \$776,000
- ✓ Government/Employer Benefits \$347,000
- ✓ Provision for Retiree Benefits \$245,000
- ✓ Increase in Insurance/Facilities Costs \$155,000
- ✓ Other Employee-related costs \$242,000

EMS

- ✓ Full Year impact of 3% award (April –Dec '10) \$269,000
- ✓ OMERS/Govt and Employer Benefit Increase \$390,000
- ✓ Increase in Facilities and Fleet Costs \$133,000
- ✓ Increase in Provincial Subsidies (Incl. CREMS - \$90k) \$(586,000)

About 90% of the department's costs are payroll-related costs.

**ALTERNATIVES FOR CONSIDERATION**

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

As part of the budget deliberations, Council can direct changes to the budget as required. Staff will also continue to monitor the 2010 year-end actuals in an effort to identify further opportunities to reduce the 2011 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

***Financial Sustainability***

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

***Healthy Community***

- ◆ An engaged Citizenry

**APPENDICES / SCHEDULES**

Appendix One – 2011 Departmental & Divisional Overviews