



Hamilton

Planning and Economic Development

Draft 2013 Operating Budget

2013 Tax Operating Budget Workshop
General Issues Committee
November 27, 2012



2012 Variance Projection and Implications for 2013



2012 Budget Projected Variance

	2012 Budget	2012 Projected Actual	\$ Variance	% Variance
Building Services	\$939,210	\$960,030	(\$20,820)	(2.2)%
Economic Development	\$5,573,390	\$5,536,240	\$37,150	0.7%
GM, Fin & Supp Services	\$1,080,270	\$1,083,900	(\$3,630)	(0.3)%
Parking & Bylaw Services	\$4,718,690	\$4,975,430	(\$256,740)	(5.4)%
Growth Management	(\$330,630)	(\$330,630)	\$0	0.0%
Planning	\$3,180,370	\$3,096,670	\$83,700	2.6%
Tourism & Culture	\$6,932,710	\$6,739,330	\$193,380	2.8%
TOTAL	\$22,094,010	\$22,060,970	\$33,040	0.1%

“() ” – Denotes unfavourable variance



Parking & By-law (unfavourable)

- \$412k Licensing revenue shortfall (PD01104(e)), Mar. 22/2012, GIC;
- \$75k Unbudgeted Animal Services Glanbrook contract (PED11190(a)), Apr. 11/2012, GIC; and
- \$176k Parking shortfall for on street (Stoney Creek, Waterdown & Ancaster) (PED11104(a)), Mar. 22/2012, GIC
- \$300k Private Parking Enforcement revenue shortfall (PED01184), Aug. 9/10, GIC.

Planning (favourable)

- Efficiencies in various accounts; training, software/hardware, consulting

Tourism & Culture (favourable)

- Vacancies not filled during restructuring process



- **Pressure in Parking & By-law to deliver a 0% increase without funding from Tax Stabilization (\$500k) and budgeting for reduced Licensing Fees (\$412k)**
- **2012 Projected Building Permit Revenue in excess of \$10m results in a projected transfer to the Reserve of \$2.3m**
- **Positive impact of restructuring in Tourism**



BUILDING STABILIZATION RESERVE (104050)

Reserve established 1993

Purpose: To address fluctuations in permit revenue in future years. To establish full cost recovery for Building Code Administration.

The Reserve maximum should be \$12.6 million which is based on 1.5 times the gross 2013 Requested operating budget of \$8.4 million



BUILDING PERMIT STABILIZATION RESERVE (104050)

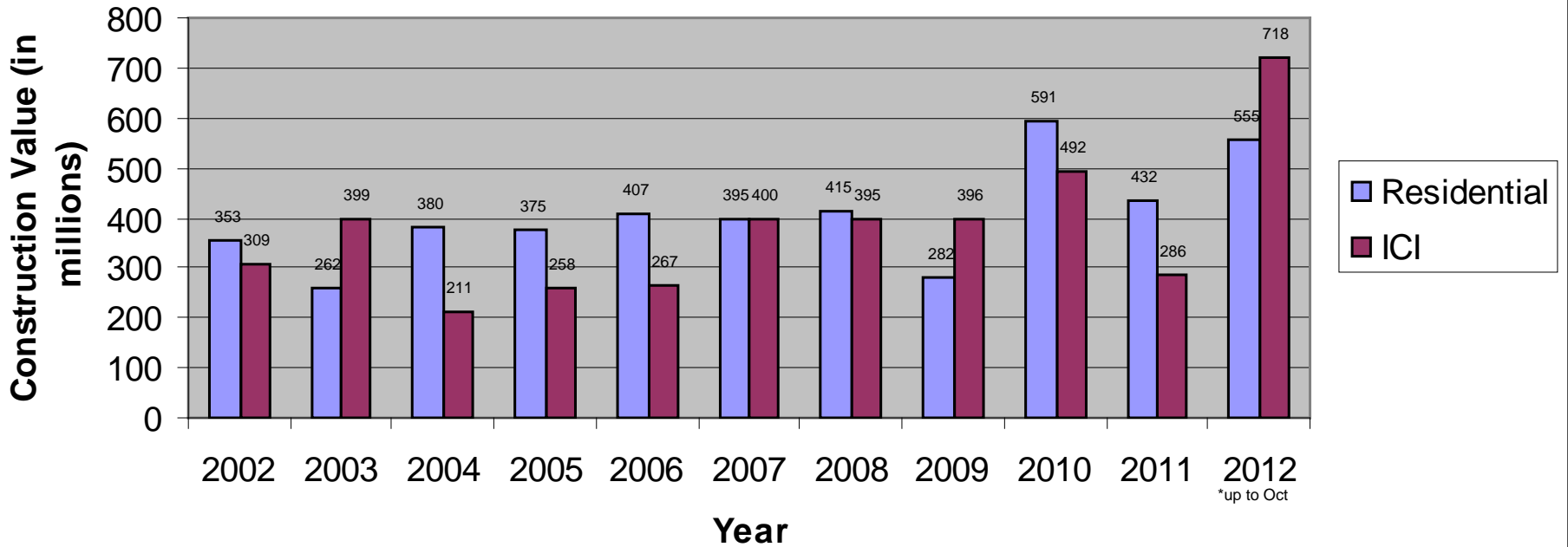
(\$ millions)

	2008 Actuals	2009 Actuals	2010 Actuals	2011 Actuals	2012 Projected	2013 Projected
Opening Balance	(5.4)	(3.8)	(3.3)	(7.3)	(9.8)	(12.3)
Tsf to Capital from Reserve	0.1	0.1	0.1	0.0	0.0	0.0
Transfer (Surplus)/Deficit to/fr Reserve	1.7	0.5	(4.0)	(2.3)	(2.3)	0.1
Investment Income	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Year End Balance	(3.8)	(3.3)	(7.3)	(9.8)	(12.3)	(12.4)



Construction Value from 2002 to 2012

Construction Value





DEVELOPMENT STABILIZATION RESERVE (110086)

Date Established by Council: November 21, 2001

Purpose: This reserve was established in order to minimize the impact of development fee fluctuations due to changes in the economy and construction activity



DEVELOPMENT FEES STABILIZATION RESERVE (110086)

\$ Millions

	2008 Actuals	2009 Actuals	2010 Actuals	2011 Actuals	2012 Projected	2013 Projected
Opening Balance	(4.8)	(4.3)	(2.2)	(1.7)	(1.7)	(1.3)
Funding of positions from Reserve	0.1	0.2	0.2	0.2	0.2	0.2
Transfer (Surplus)/Deficit to/fr Res	0.6	1.7	0.4	(0.2)	0.3	0.0
Transfer to Capital	0.0	0.0	0.0	0.1	0.0	0.1
Investment Income	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Prior Period adj.	0.0	0.3	0.0	0.0	0.0	0.0
Year End Balance	(4.3)	(2.2)	(1.7)	(1.7)	(1.3)	(1.1)

*Does not incorporate impact from recommended new Tariff of Fees By-law for Dec 4, 2012 Planning Committee.



Economic Development Investment Reserve Fund

	2010 Actuals	2011 Actuals	2012 Projected	2013 Projected
Opening Balance	(1,324,000)	(1,475,000)	(1,792,000)	(1,793,500)
Transfer Yr End (Surplus)/Deficit to/from Reserve	(201,000)	(281,000)	(100,000)	
Creative Catalyst (PED08258)	74,000			
Hamilton Chamber of Commerce	10,000			
Grants to Farmers' Market			10,000	
Funding of SBEC position			82,500	87,500
Innovation Factory			50,000	50,000
Investment Income	(34,000)	(36,000)	(44,000)	(44,000)
Year End Balance	(1,475,000)	(1,792,000)	(1,793,500)	(1,700,000)



2013 Draft Budget Department Summary



2013 Draft Budget By Division

	2012 Budget	2013 Draft Budget	\$ Change	% Change
Building Services	\$939,210	\$940,440	\$1,230	0.1%
Economic Development	\$5,436,460	\$5,579,030	142,570	2.6%
GM, Fin & Supp Services	\$1,334,800	\$1,338,590	\$3,790	0.3%
Parking & Bylaw Services	\$4,718,690	\$4,718,150	(\$540)	0.0%
Growth Management	(\$330,630)	(\$167,710)	\$162,920	49.3%
Planning	\$2,993,390	\$3,070,700	\$77,310	2.6%
Tourism & Culture	\$7,069,650	\$7,069,520	(\$130)	0.0%
TOTAL	\$22,161,570	\$22,548,720	\$387,150	1.7%



2013 Operating Budget by Cost Category (Expenditures)

	2012 Budget	2013 Draft Budget	\$ Change	% Change
Employee Related Cost	\$47,462,410	\$48,691,620	\$1,229,210	2.6%
Material and Supply	1,983,440	1,869,550	(113,890)	(5.7)%
Vehicle Expenses	645,190	617,930	(27,260)	(4.2)%
Building and Ground	1,380,470	1,341,580	(38,890)	(2.8)%
Consulting	194,090	175,160	(18,930)	(9.8)%
Contractual	4,968,750	4,553,340	(415,410)	(8.4)%
Agencies and Support Payments	471,820	464,120	(7,700)	(1.6)%
Reserves/Recoveries	496,860	499,220	2,360	0.5%
Cost Allocations	607,570	428,540	(179,030)	(26.8)%
Financial	2,041,100	2,076,000	34,900	1.7%
TOTAL EXPENDITURES	\$60,251,700	\$60,717,060	\$465,350	0.8%



2013 Operating Budget by Cost Category (Revenues)

	2012 Budget	2013 Draft Budget	\$ Change	% Change
Fees and General	(\$34,182,670)	(\$34,603,360)	(\$420,690)	1.2%
Grants and Subsidies	(621,340)	(339,740)	281,600	(45.3)%
Reserves	(3,286,130)	(3,225,240)	60,890	(1.9)%
TOTAL REVENUES	(\$38,090,140)	(\$38,168,340)	(\$78,200)	0.2%
NET LEVY	\$22,161,560	\$22,548,720	\$387,150	1.7%



2013 Budget Pressures / Challenges

- Employee related cost (\$1.2m Gross; \$740k Net)
- Parking & By-law Services:
- Vital Services (\$80k) and Project Compliance (\$293k) pilot projects not funded beyond 2012 if Rental Housing Licensing By-law report does not get approved
- Business Licensing fee increase not approved in 2012; revenue shortfall included in 2013 budget (\$412k)
- Continued On-street/off-street parking revenue shortfall budgeted (\$676k)

Economic Development:

- Future increase to interest expense for Downtown loans coming on board in 2014 and beyond (\$167k for 2013)

Tourism & Culture: End of the provincial Destination Marketing Funding \$294k

Total \$2,662,000



2013 Budget Opportunities

- Responsible management approach and efficiencies with the re-organization of the Tourism & Culture Division
- Decrease in marketing agency of record (\$264k): used 2012 DMF funding to invest in cost efficient, sustainable and innovative marketing tools (such as the new "Visit Hamilton" app, website and social media marketing resources).
- Comprehensive review of "Tariff of Fees" by-law for Planning Application, and Growth Management fees to be considered by Planning Committee Dec 4, 2012 (\$1.5M+)



- Licensing of Rental Housing
- Downtown Loan Programs
- Waterfront Initiatives



2013 Council Referred Items to Date



2013 Council Referred Items

SERVICE	FTE	Net \$(000's)
Tourism & Culture: City of Hamilton Gage Park Concert Series funding (PED12203).	0.0	\$25
Economic Development - Increasing the maximum loan under the Commercial Corridor Housing Loan and Grant Program (PED11118(a))	0.0	\$15
Increased interest expense resulting from an increase in loan commitments for the Hamilton Downtown Multi-residential Property Investment Program. (PED12220/FCS12090 – Approved GIC Nov 27 – pending Council approval)	0.0	\$400



2013 Council Referred Items

SERVICE	FTE	Net \$(000's)
Two year contract Project Manager position for the Waterfront Development Office to be funded from the Economic Development Investment Reserve Fund (PED09200(b)).	1.0	\$0
Contribution for the Innovation Factory to be funded from the Economic Development Investment Reserve Fund.	0.0	\$0
TOTAL	1.0	\$440
Tourism & Culture – Sustainable Super Crawl funding options to be discussed.	0.0	\$125



2013 Department Potential Enhancements



2013 Potential Enhancements

SERVICE	FTE	Net \$(000's)
Building – additional FTEs to address increase in Building Permit activity (64% increase since 2006) To be funded from Building Enterprise Reserve and Increased zoning activity revenue	4.0	0
TOTAL	4.0	\$0