



CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

TO: Chair and Members Planning Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: February 22, 2011	
SUBJECT/REPORT NO: 2011 Tax Supported Operating Budget – Planning & Economic Development (FCS11023g) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department Tim McCabe General Manager Planning & Economic Development Department	PREPARED BY: Gershom Moyo (905) 546-2424 ext 4522 Tom Hewitson (905) 546-2424 ext 4159
SIGNATURE:	

RECOMMENDATION

- (a) That the 2011 net operating levy for Planning & Economic Development of \$16,727,677, inclusive of Recommended Savings Options as per Appendix Three to report FCS11023g, be considered.

EXECUTIVE SUMMARY

The draft 2011 Planning & Economic Development budget is submitted for Council's consideration.

2010 Budget	\$16,818,900
2011 Base Budget ¹	\$16,758,900
2011 Savings Options	(31,200)
2011 Draft Budget	\$16,727,700
\$ Change	(\$91,200)
% Change	(0.5%)

¹ inclusive of base budget savings (see Appendix Two for details)

As shown above, the draft 2011 Planning & Economic Development budget results in a net levy decrease of approximately -\$91,200 or -0.5%. Major cost drivers include employee related costs in respect of merit increases, as well as rate increases for OMERS, government benefits and employer benefits. In addition, for the 2011 budget year, the Parking and By Law Services Division will lose over \$600,000 in revenues that had been included in the 2010 budget. Most of these relate to the loss of a contract for the enforcement of private lots (\$300,000), a Council approved BIA parking revenue sharing initiative (\$167,000) and the granting of free parking for War Veterans (\$75,000).

Notwithstanding the above budget pressures, the department has managed to generate \$730,000 in budget savings (included in Appendix Two to report FCS11023g).

Base Budget Savings

In preparation of the 2011 draft budget, Senior Management Team directed departments to thoroughly review their budgets in an effort to identify all potential budget savings which can be achieved with no impact on service delivery. These “base” budget savings include such things as efficiencies, revenues and zero impact reductions. Although SMT continues its internal process to develop additional budget savings, included in the 2011 draft budget are the base budget savings which have been identified to date. Appendix Two to report FCS11023g identifies these base budget savings totalling -\$730,000 (updated from -\$682,000 identified in the draft Budget Summary Report FCS11023) which have been identified within the Planning & Economic Development budget.

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Recommended Savings Options

In addition to base budget savings, recommended savings options were developed for Council's consideration. These savings options are treated separately as they are introducing new user fees. The savings options are being recommended, and as such, are included in the 2011 draft budget.

There are recommended savings options totalling approximately -\$31,200 identified within the draft 2011 Planning & Economic Development budget. The following table identifies these recommended savings options. Further information is provided in the detailed forms included in Appendix Three to report FCS11023g.

Recommended Savings Options	FTE	2011 Impact	
		Gross	Net
New Permit Fee \$125 for new permanent signs	-	(9,115)	(9,115)
New Permit Fee \$195 for changes to existing signs	-	(14,219)	(14,219)
New taxicab inspection fee \$145	-	(5,498)	(5,498)
New \$20 daily fee for spare taxicabs	-	(2,333)	(2,333)
Total Recommended Savings Options	-	\$ (31,165)	\$ (31,165)

During the year, a number of items have been referred to the 2011 budget process for consideration. These items are not included in the draft 2011 budget pending Council consideration. The draft Budget Summary Report (FCS11023) identified one Council referred item pertaining to the Planning & Economic Development budget. This item was in relation to mailing costs associated with informing property owners of commercial/industrial properties who have received a vacant tax rebate for two or more consecutive years of available financial incentive programs. The cost of this Council referred item is considered fairly minor (\$1,800). As such, after further consideration, the department will be funding it within departmental base budget.

The draft Budget Summary Report (FCS11023) also identified two requested program enhancements for Planning & Economic Development totalling \$100,400 pertaining to the Hamilton Realty Capital Corporation. The department is withdrawing the request now that the Hamilton Realty Capital Corporation owns property and is therefore able to draw from the City's capital contribution. Professional fees of \$74,000 will instead be funded from capital project ID#8200203107. The designated management fees of \$26,403 will also be funded from another source, ensuring that such funding is in accordance with the provisions of the Unanimous Stakeholders' Agreement. Staff will be reporting back to Committee and Council on the 5-year review of the Hamilton Realty Capital Corporation in June, 2011 and will include details of all funding in that report.

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Complement

The 2011 draft complement for the Planning & Economic Development is 511.66 FTE, representing a reduction of -1.62 FTE when compared to the 2010 restated complement. This complement reduction is tied to the expiration of capital funding related to the Hamilton Realty Capital Corporation.

	2010		2011 Draft	2011 Draft vs 2010 Restated	
	Approved	Restated			
Planning & Economic Development	501.22	513.28	511.66	(1.62)	-0.3%

The 12 FTE increase between the 2010 approved and restated budget is as a result of an additional 5.08 FTE approved for the Proactive By-law 18 month Pilot Program, 3 FTE approved for Pan-Am (funded from capital) 1 FTE approved for the enforcement and administration of the Vacant Building Registry By-law (fully cost recoverable) and 3 FTEs transferred from Public Works for integration with the newly redesigned Growth Management Division for more efficient delivery of growth related services.

Alternatives for Consideration – See Page 6

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

Financial: The draft 2011 Planning & Economic Development budget results in a net levy decrease of approximately -\$91,200 or -0.5%.

Staffing: The draft 2011 Planning & Economic Development budget results in a complement of 511.66 FTE. This represents a reduction of -1.62 FTE when compared to the 2010 restated complement.

Legal: N/A

HISTORICAL BACKGROUND (Chronology of events)

As directed by the General Issues Committee (GIC) on January 21st, staff are bringing forward the 2011 draft budget based on the City’s current position. The budget summaries and overviews for the Planning & Economic Development department are included in the attached Appendix One to report FCS11023g. Senior Management Team will continue its internal process to develop further budget savings and present these during budget deliberations in March/April, 2011.

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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 Planning & Economic Development draft budget is decreasing by approximately -\$91,200 or -0.5%. The following table identifies the draft budget by division.

	2010		2011			2011 Draft vs. 2010 Budget	
	Budget	Projected Actuals	Base Budget	Savings Options	Draft Budget	\$	%
PLANNING & ECONOMIC DEVELOPMENT							
Building Services	1,095,160	772,467	969,639	0	969,639	(125,522)	(11.5)%
Downtown & Community Renewal	1,110,729	1,133,218	1,093,186	0	1,093,186	(17,543)	(1.6)%
GM, Finance & Support Services	2,851,030	2,891,153	2,923,630	0	2,923,630	72,599	2.5%
Economic Development & Real Estate	2,313,904	2,373,704	2,204,473	0	2,204,473	(109,431)	(4.7)%
Growth Management	(812,513)	(629,286)	(821,726)	0	(821,726)	(9,213)	(1.1)%
Parking & By-Law Services	4,971,520	4,885,031	5,028,586	(31,165)	4,997,421	25,901	0.5%
Planning	2,590,622	2,297,023	2,590,622	0	2,590,622	0	0.0%
Strategic Services/Special Projects	1,250,302	1,520,504	1,309,042	0	1,309,042	58,739	4.7%
Tourism Hamilton	1,448,140	1,421,185	1,461,391	0	1,461,391	13,251	0.9%
TOTAL PLANNING & ECONOMIC DEVELOPMENT	16,818,896	16,665,000	16,758,842	(31,165)	16,727,677	(91,219)	(0.5)%

The net levy decrease in Building Services is driven primarily by the Applicable Law Review Fee revenue which will now be recognized in the levy instead of the Building Enterprise Model.

The Economic Development & Real Estate division has a net levy decrease primarily attributable to the elimination of rent charges for Economic Development as well as staffing efficiencies.

Although Parking and By Law Services has over \$600,000 revenue pressures arising from a private company opting out of enforcement of their private lots, revenue sharing with BIA's and free parking for War veterans, the division will be collecting more revenues by carrying out blitzes. As well, efficiencies have been realized in Animal Control contracted services and a reduction in stand by and call in/out costs.

As with other city departments, all divisions in the Planning and Economic Development Department are being adversely impacted by an increase in rates for OMERS, government and employer benefits.

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

Appendix Two – 2011 Base Budget Savings

Appendix Three – 2011 Recommended Savings Options