



CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: February 17, 2011	
SUBJECT/REPORT NO: 2011 Tax Supported Operating Budget – Corporate Services (FCS11023c) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services 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 Corporate Services of \$18,870,924 be considered;
- (b) That the 2011 Requested Program Enhancements pertaining to Corporate Services as per Appendix Three to report FCS11023c be considered.

EXECUTIVE SUMMARY

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

2010 Budget	\$18,935,900
2011 Base Budget ¹	\$18,870,900
2011 Savings Options	\$0
2011 Draft Budget	\$18,870,900
\$ Change	(\$65,000)
% Change	(0.3%)

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

As shown above, the draft 2011 Corporate Services budget results in a net levy reduction of approximately -\$65,000 or -0.3%. The major cost drivers being:

- ✓ Increase in OMERS costs \$195,000
- ✓ Increase in Government/Employer Benefits \$88,900
- ✓ Software License Fees \$178,000
- ✓ Net Increase in Investment Income \$(201,000)

These increases have been mitigated by reductions in administrative and operating expenses across the department. As well, there has been an increase in cost recoveries from eligible program areas and capital projects in line with the Council approved cost recovery methodology.

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 FCS11023c identifies these base budget savings totalling -\$193,000 (updated from -\$144,000 identified in the Budget Summary Report FCS11023) which have been identified within the Corporate Services budget.

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Requested Program Enhancements

Corporate Services is requesting additional program enhancements totalling \$184,000 (net) / 3.0 FTE as identified in the following table. These enhancements are not included in the draft 2011 budget pending Council consideration.

Requested Program Enhancements	FTE	Annualized Impact	
		Gross	Net
Provide a single point of contact for Automated Vehicle Location for EMS, Water, and By-law enforcement	0.50	46,500	-
Wireless Network expansion required for various City departments	1.00	97,000	97,000
Infrastructure sustenance required for Transit support systems	0.50	46,500	-
Manage Office Printing and Supplies Contract per Audit recommendation	1.00	87,000	87,000
Total Requested Program Enhancements	3.00	\$ 277,000	\$ 184,000

The detailed forms on these requested program enhancements are included in Appendix Three to report FCS11023c.

Complement

The 2011 draft complement for the Corporate Services is 300.84 FTE, representing a reduction of -1.06 FTE when compared to the 2010 restated complement. This reduction is as a result of -1.0 FTE reduction to a Customer Service Representative and a small -0.06 FTE reduction for a part-time student in Clerks.

	2010		2011 Draft	2011 Draft vs 2010 Restated	
	Approved	Restated			
Corporate Services	301.90	301.90	300.84	(1.06)	-0.4%

Alternatives for Consideration – See Page 5

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

Financial: The draft 2011 Corporate Services budget results in a net levy decrease of approximately -\$65,000 or -0.3%.

Staffing: The draft 2011 Corporate Services budget results in a complement of 300.84 FTE. This represents a reduction of -1.06 FTE from the 2010 restated complement.

Legal: N/A

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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 Corporate Services are included in the attached Appendix One to report FCS11023c. 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 Corporate Services draft budget is decreasing by approximately -\$65,000 or -0.3%. 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	\$	%
CORPORATE SERVICES							
Administration	237,067	227,891	235,575	0	235,575	(1,492)	(0.6)%
Financial Planning and Policy (1)	878,483	450,685	504,926	0	504,926	(373,558)	(42.5)%
City Clerk	1,489,222	1,499,222	1,512,152	0	1,512,152	22,930	1.5%
Customer Service, Access & Equity	4,453,897	4,259,053	4,468,487	0	4,468,487	14,590	0.3%
Information Services (2)	7,231,723	7,231,723	7,430,666	0	7,430,666	209,428	2.9%
Treasury Services	4,655,967	4,939,261	4,719,118	0	4,719,118	63,152	1.4%
TOTAL CORPORATE SERVICES	18,935,874	18,607,835	18,870,924	0	18,870,924	(64,950)	(0.3)%

Major year-on-year variances are due to the following:

- Financial Planning & Policy
 - ✓ Increase in cost recoveries \$(222,000)
 - ✓ Net increase in investment income \$(201,000)
 - ✓ Increase in Govt/Employer Benefits \$48,000

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2. Information Services

- ✓ Increase in Software License Fees \$178,000
- ✓ Increase in Govt/Employer Benefits \$83,000
- ✓ Reductions in administrative and operating costs \$(52,000)

Increases in the other divisions are largely driven by OMERS and benefits 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

Appendix Two – 2011 Base Budget Savings

Appendix Three – 2011 Requested Program Enhancements