



Hamilton

**CITY OF HAMILTON**

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

<b>TO:</b> Chair and Members Public Works Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> February 16, 2011	
<b>SUBJECT/REPORT NO:</b> 2011 Tax Supported Operating Budget – Public Works (FCS11023a) (City Wide)	
<b>SUBMITTED BY:</b> Roberto Rossini General Manager Finance & Corporate Services Department  Gerry Davis, CMA General Manager Public Works Department	<b>PREPARED BY:</b> Anna Apkarian (905) 546-2424 ext 6415 Tom Hewitson (905) 546-2424 ext 4159
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the 2011 net operating levy for Public Works of \$181,460,351, inclusive of Recommended Savings Options as per Appendix Three to report FCS11023a, be considered;
- (b) That the 2011 Council Referred Items pertaining to Public Works as per Appendix Four to report FCS11023a be considered;

**SUBJECT: 2011 Tax Supported Operating Budget – Public Works (FCS11023a)  
(City Wide) - Page 2 of 6**

---

- (c) That the 2011 Requested Program Enhancements pertaining to Public Works as per Appendix Five to report FCS11023a be considered.

**EXECUTIVE SUMMARY**

The draft 2011 Public Works budget is submitted for Council's consideration.

<b>2010 Budget</b>	<b>\$175,931,000</b>
2011 Base Budget <sup>1</sup>	\$181,960,400
2011 Savings Options	(\$500,000)
<b>2011 Draft Budget</b>	<b>\$181,460,400</b>
<b>\$ Change</b>	<b>\$5,529,400</b>
<b>% Change</b>	<b>3.1%</b>

<sup>1</sup> inclusive of base budget savings (see Appendix Two for details)

As shown above, the draft 2011 Public Works budget results in a net levy increase of approximately \$5.5 million or 3.1%. The major cost drivers being employee related expenses, insurance, contractual and electricity costs (Global Adjustment & Street Lighting Rate Increases).

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 FCS11023a identifies these base budget savings totalling approximately -\$4.0 million which have been identified within the Public Works budget.

Recommended Savings Options

In addition to base budget savings, a recommended savings option was developed for Council's consideration. This option, which represents a -\$500,000 reduction to the Winter control budget, is treated separately as it is using the 2010 forecasted variance

**SUBJECT: 2011 Tax Supported Operating Budget – Public Works (FCS11023a)  
(City Wide) - Page 3 of 6**

---

to arrive at a revised 5 year average. Based on preliminary 2010 year end forecast, staff anticipate that these savings will be realized and as such, are recommending the savings option which has been included in the 2011 draft budget.

The following table identifies this recommended savings option. Further information is provided in the detailed form included in Appendix Three to report FCS11023a.

Recommended Savings Option	FTE	2011 Impact	
		Gross	Net
Winter Operations - reduction based on 5 year experience	-	(500,000)	(500,000)
<b>Total Recommended Savings Option</b>	<b>-</b>	<b>\$ (500,000)</b>	<b>\$ (500,000)</b>

Council Referred Items

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 following table identifies the Council referred items pertaining to the Public Works budget. The detailed forms on these items are included in Appendix Four to report FCS11023a.

Council Referred Items	FTE	Annualized Impact	
		Gross	Net
Waste collection services for Festivals & Special Events	-	70,000	40,000
Diversion Options - Street sweeping recycling	-	320,000	320,000
Diversion Options - Drywall Recycling	-	297,000	297,000
Street Tree Trimming Program	9.00	786,000	786,000
HSR Service Level Enhancements as per PW10101	29.00	2,670,000	-
Legislated due diligence training requirements for Transit as per PW10101	3.00	330,000	-
<b>Total Council Referred Items</b>	<b>41.00</b>	<b>\$ 4,473,000</b>	<b>\$ 1,443,000</b>

Of these Council referred items, staff are not recommending three of these programs totalling \$1,123,000 net budget impact. These are Waste collection services for Festivals & Special Events, Drywall Recycling and the Street Tree Trimming Program.

Requested Program Enhancements

The Public Works department is requesting additional program enhancements totalling \$3.2 million as identified in the following table. These enhancements are not included in the draft 2011 budget pending Council consideration.

**SUBJECT: 2011 Tax Supported Operating Budget – Public Works (FCS11023a)  
(City Wide) - Page 4 of 6**

Requested Program Enhancements	FTE	Annualized Impact	
		Gross	Net
Road and Sidewalk Safety Maintenance - Roads Maintenance Activities	TBD	1,200,000	1,200,000
Downtown Cleanliness Program - enhanced sidewalk power washing	2.00	-	-
Composting Facility and Leaf & Yard Waste Program Optimization	-	(23,000)	(23,000)
Stormwater Facilities Maintenance	TBD	2,000,000	2,000,000
Corridor Control Management / Permitting Revenues	1.00	110,000	-
<b>Total Requested Program Enhancements</b>	<b>3.00</b>	<b>\$ 3,287,000</b>	<b>\$ 3,177,000</b>

The programs that have been identified address service level gaps, reduce operating costs and result in operating efficiencies. The detailed forms for these requested program enhancements are included in Appendix Five to report FCS11023a.

Complement

The 2011 draft complement for the Public Works is 1,761.48 FTE, representing no change when compared to the 2010 restated complement.

	2010		2011 Draft	2011 Draft vs 2010 Restated	
	Approved	Restated			
Public Works	1,752.48	1,761.48	1,761.48	-	0.0%

The 9.0 FTE increase between the 2010 approved and restated budget is as a result of 14 FTE restated from the Water & Wastewater (rate budget; PW11004/FCS11009), -3.0 FTE transferred to Planning & Economic Development and -2 FTE transferred to the City Manager's Office.

**Alternatives for Consideration – See Page 6**

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

**Financial:** The draft 2011 Public Works budget results in a net levy increase of approximately \$5.5 million or 3.1%.

**Staffing:** The draft 2011 Public Works budget results in a complement of 1,761.48 FTE. This represents no change from the 2010 restated complement.

**Legal:** N/A

**SUBJECT: 2011 Tax Supported Operating Budget – Public Works (FCS11023a)  
(City Wide) - Page 5 of 6**

**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 the Public Works department are included in the attached Appendix One to report FCS11023a. 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 Public Works draft budget is increasing by approximately \$5.5 million or 3.1%. 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	\$	%
<b>PUBLIC WORKS</b>							
General Administration	10,211	2,660	0	0	0	(10,211)	(100.0)%
Environment and Sustainable Infrastructure	1,317,392	2,561,333	1,318,021	0	1,318,021	629	0.0%
Energy, Fleet, Facilities & Traffic	17,194,529	17,879,823	17,845,057	0	17,845,057	650,528	3.8%
Operations and Waste Management	113,908,983	111,497,982	118,632,711	(500,000)	118,132,711	4,223,729	3.7%
Transit	43,499,868	43,373,102	44,164,562	0	44,164,562	664,693	1.5%
<b>TOTAL PUBLIC WORKS</b>	<b>175,930,983</b>	<b>175,314,900</b>	<b>181,960,351</b>	<b>(500,000)</b>	<b>181,460,351</b>	<b>5,529,368</b>	<b>3.1%</b>

The Energy, Fleet, Facilities & Traffic division is increasing by \$650,000 or 3.8%. The main drivers being Electricity Costs (Global Adjustment & Street Lighting Rate Increases) and the elimination of the transfer from the energy initiatives reserve.

The Operations and Waste Management division is increasing by \$4,223,729 or 3.7%. The major contributors to the increase are employee related expenses and contractual obligations which include impacts from HST. These expenses have been offset to some extent by increased revenues.

**SUBJECT: 2011 Tax Supported Operating Budget – Public Works (FCS11023a)  
(City Wide) - Page 6 of 6**

---

The Transit budget was presented to committee on December 14 (PW10101) and is currently at 1.5% or \$665,000 increase over 2010. This increase is primarily due to a \$450,000 increased contribution to reserve that will address the proposed use of the Provincial Gas Tax to address issues with existing service levels.

**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 Savings Options

Appendix Four – 2011 Council Referred Items

Appendix Five – 2011 Requested Program Enhancements