

CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: October 17, 2012	
SUBJECT/REPORT NO: Tax and Rate Operating Budget Variance Report to July 31, 2012 (FCS12079) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department	PREPARED BY: Tom Hewitson (905) 546-2424 x4159 Victoria Terella (905) 546-2424 x4169
SIGNATURE:	

RECOMMENDATION

- (a) That FCS12079 "Tax and Rate Operating Budget Variance Report to July 31, 2012", be received for information.
- (b) That, in accordance with the "Budget Control Policy", the 2012 budget restatements, transferring budget from one cost category to another with no impact on the levy, as outlined in Appendix C, be approved.

EXECUTIVE SUMMARY

Staff have committed to provide Council with three variance reports on the Tax and Rate Operating Budget during the fiscal year (Spring/Fall/Year-End). This is the second submission for 2012 based on the operating results as of July 31, 2012.

Tax supported operations are projecting an unfavourable variance of -\$2.9 million. Primary contributors to this unfavourable variance are the projected deficit in Risk Management of -\$2.2 million and in-year Council approvals for 2012 of -\$4.5 million. Partially offsetting these negative variances are the savings in Capital Financing of \$4.0 million. The additional in-year expenditures (such as OW discretionary benefits and Forestry building renovations), were to be funded by either departmental or corporate surplus, if sufficient. The current projected deficit indicates that at least part of the

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variance from in-year approvals may require reserve funding (about \$2.9 million). If required at year end, this transfer has been approved by Council.

Rate supported operations are projecting a favourable variance of \$5.1 million for the 2012 fiscal year. An unfavourable variance in operating revenues of \$2.8 million is being forecasted based on current 2012 water consumption trends. This is more than mitigated by a projected annual savings in program expenditures of \$7.9 million.

The following table summarizes the projected corporate results:

**CITY OF HAMILTON
2012 Projected Year-End Variance
(\$000's)**

	2012	2012	Variance	
	Final Budget	Year-End Forecast	\$	%
<u>TAX SUPPORTED</u>				
Planning & Economic Development *	22,094	22,704	(610)	(2.8)%
Public Health Services	10,314	10,236	78	0.8%
Community Services *	131,475	131,838	(363)	(0.3)%
Hamilton Emergency Services	94,523	94,366	157	0.2%
Public Works *	182,033	183,796	(1,762)	(1.0)%
Legislative	3,947	3,690	257	6.5%
City Manager	9,784	9,790	(7)	(0.1)%
Corporate Services	19,417	18,983	434	2.2%
Corporate Financials	2,576	8,919	(6,343)	(246.2)%
Non Program Revenues	(38,537)	(40,237)	1,700	4.4%
TOTAL CITY EXPENDITURES	437,626	444,084	(6,458)	(1.5)%
Hamilton Police Services	135,642	135,642	0	0.0%
HECFI	3,247	3,647	(400)	(12.3)%
Library	28,039	28,039	0	0.0%
Other Boards & Agencies	14,377	14,377	0	0.0%
Community Grants	3,212	3,212	0	0.0%
TOTAL BOARDS & AGENCIES	184,516	184,916	(400)	(0.2)%
CAPITAL FINANCING	84,928	80,928	4,000	4.7%
PROVINCIAL FUNDING / OMPF	0	0	0	0.0%
ONE TIME USE OF TAX STABILIZATION RESERVE	(2,000)	(2,000)	0	0.0%
TOTAL TAX SUPPORTED	705,071	707,929	(2,858)	(0.4)%
TOTAL RATE SUPPORTED	0	(5,086)	5,086	0.0%
TOTAL CITY	705,071	702,843	2,228	0.3%

() - Denotes unfavourable variance

* - Includes expenditures approved by Council to be funded from department or corporate surplus, or reserve. The reserve transfer has not been reflected. Based on the above \$2.9 million in reserve transfer would be required.

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Appendix A to report FCS12079 summarizes the projected tax supported budget year-end variances by department and division and Appendix B to report FCS12079 summarizes the projected rate budget results by program.

2012 Budget Restatements

In accordance with the new “Budget Control Policy”, approved by Council in February 2012, budget amendment and restatement policy, staff are submitting a number of items recommended for restatement as identified in Appendix C to report FCS12079. These changes simply move the budget from one expense cost category to another to more accurately reflect their cost type and the actual expense that is occurring. The restatement is only reflected in reports for 2013 budget deliberations and will allow for a cleaner, “apples-to-apples” budget change analysis when staff and Council review the 2013 budget.

Alternatives for Consideration – Not Applicable

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

Financial: The financial information is provided in the analysis section of this report.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

Staff has committed to provide Council with three variance reports on the Tax and Rate Operating Budget during the fiscal year (Spring/Fall/Final). This is the second submissions for 2012 based on the operating results as of July 31.

POLICY IMPLICATIONS

N/A

RELEVANT CONSULTATION

This report is based on information provided from all the departments.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The following provides an overview of the more significant issues affecting the 2012 projected operating surplus/deficit:

TAX SUPPORTED BUDGET

The tax supported budget forecast an unfavourable variance of -\$2.9 million for year-end. The major drivers are the projected deficit in Risk Management of -\$2.2 million and in-year Council approvals of -\$4.5 million, partially offset by savings in Corporate Financials of \$4.0 million.

In-Year Council Approvals

For 2012, Council has approved -\$4.5 million in temporary enhancements/pressures that are to be funded first from departmental surplus, then corporate surplus and then reserve if required, these include:

- \$412K Licensing revenue shortfall
- \$125K On-Street meter parking revenue shortfall
- \$75K unbudgeted Animal Services Glanbrook contract
- \$2.1M pressure for Forestry Building Renovations at 1301 Upper Ottawa Street
- \$1.8M OW discretionary benefits

Based on projections to-date, there will be insufficient departmental or corporate surplus and approximately \$2.9 million may be required from reserves as approved by Council.

Departmental details are as follows:

Planning & Economic Development

Overall the department is projected to have an unfavourable variance of -\$610,000 at year-end.

Building Services is showing an unfavourable variance of -\$21,000 due to decreased Property Reports revenue (-\$9K), reduced Illegal Grow-Op fees due to lower activity levels (-\$28K), as well as higher computer software costs (-\$22K). These are partially offset by favourable Zoning Compliance (\$38K) and gapping.

Parking and By-Law Services has forecasted a negative variance of -\$920,000. Per council direction the Licensing revenue shortfall (-\$412K), On-Street meter parking shortfall (-\$125K) and the unbudgeted Animal Services Glanbrook contract (-\$75K) are to be funded from any departmental surplus first, then corporate surplus, and then from the Tax Stabilization Reserve if required. This forecast does not reflect potential transfers from reserves for these items. This forecast includes a transfer of \$500,000

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from the Tax Stabilization Reserve for shortfall in off street parking revenue that was already included in the approved 2012 operating budget. In addition, there is an expected shortfall in Private Parking Enforcement revenue (-\$300K) partially offset by increased Fine Revenue.

Strategic Services/Special Projects is showing an expected favourable variance of \$84,000 due to savings in training (\$14K), computer and hardware (\$23K) and consulting (\$10K).

Tourism and Culture have efficiencies across the division, including a vacant Senior Project Manager and reduced sign program expenses, for a savings of \$214,000.

Public Health Services

Public Health Services is expecting a favourable variance in 2012 of \$78,000. Gapping due to vacancies and time of hires is a common driver amongst the majority of divisions for savings however there are additional savings noted below and these are partially offset by the projected pressures. Mitigation measures to offset these pressures will be reviewed throughout the year.

Clinical & Preventive Services is forecasting a \$23,000 surplus from reduced Community Health Bus hours and temp agency staff for clinics. This is offset by vaccine program utilization forecasted lower than budgeted and various operating expenses.

The Family Health division has pressures from unbudgeted work accommodation costs, temporary staffing, updating and promoting online prenatal resources, lower than budgeted Prenatal class revenues and an increased need in Reproductive Health program costs resulting in a -\$100,000 unfavourable variance.

Healthy Living is projecting a \$17,000 positive variance inclusive of higher than budgeted Tobacco programming costs.

The Medical Officer of Health division has a \$128,000 favourable variance because of unbudgeted revenues for the medical resident training program and savings in facility lease costs due to tax exemptions. However, these were partially offset by learning and development program costs and higher than budgeted employee related costs due to maternity leaves.

Furthermore, the Planning and Business Improvement division has a surplus of \$8,000. Gapping savings were offset by unbudgeted sick costs and administrative review consultant costs.

Community Services

The Community Services department is projecting an unfavourable variance of -\$363,000 for 2012.

The Benefit Eligibility division is forecasting an unfavourable variance of -\$1.1 million driven by the OW discretionary benefit funding shortfall due to a Provincial in-year change in the funding formula (CS12020(a)) which is forecast to be partly offset by savings in gapping and facility lease costs.

Employment and Income Support (EIS) division is projecting a \$72,000 surplus from favourable variances in caseload costs due to lower than projected actuals, offset by an OW discretionary benefit funding shortfall from a Provincial in-year change in the funding formula.

Hamilton Farmers Market's -\$74,000 unfavourable variance is mainly due to employee related costs and backfill costs from sick leaves, and increased maintenance related costs.

In Housing Services, a favourable variance of \$740,000 is expected due to favourable variances in prior year adjustments for social housing subsidies and lower Domiciliary Hostel occupancy offset in part by discretionary benefit funding shortfall due to change in the Provincial funding formula and increased Emergency Shelter occupancy.

Macassa Lodge is showing a positive variance of \$229,000 to year-end as a result of favourable variances from increased subsidies, reduced work accommodation needs and gapping due to vacancies/timing of hires offset by unfavourable variances in employee related costs (LTD benefit costs) and building repairs.

Wentworth Lodge is showing a negative variance of -\$194,000 to year-end as a result of unfavourable variances in work accommodation and subsidy/envelope funding due to Case Mix Index reduction offset by gapping savings and savings in building repairs/utilities.

In Recreation, a favourable variance of \$70,000 is expected due to gapping savings and facility closures offset by decreased revenues for delayed facility openings and reduced ice rentals based on actuals and current contracts.

Social Development and Early Childhood Services is projecting a \$15,000 positive variance from gapping partly offset by decreased Red Hill Day Care enrolment.

Strategic Services' -\$98,000 unfavourable variance is mainly due to temporary staffing.

Hamilton Emergency Services

Overall the department is projecting a favourable variance of approximately \$157,000. This is primarily due to gapping however partially offsetting the savings are legal fees. Additionally, the fifty percent Tax Stabilization funding for enhancement, already

included in the approved 2012 operating budget, is no longer required because of the expected surplus.

Public Works

Public Works is forecasting an unfavourable variance of -\$1.8 million.

The Environment & Sustainable Infrastructure division is forecasting a zero budget variance. Salary gapping of \$446,000 is offset with reduced transfers from capital as the ESI program is funded 100% from capital. In addition the fines from the Red Light Camera Program have already exceeded the 2012 total budget. If this trend continues excess fine revenues will result in higher transfers to the Red Light Camera Reserve potentially in the amount of \$945,000.

Overall the Operations and Waste Management division is projecting a deficit of -\$1.2 million. Some program areas are expecting negative variances, such as recycling revenues (-\$870K), Municipal Hazardous or Special Waste subsidies (-\$1.7M) and vehicle expenses. As well, an unfavourable variance is projected in contractual due to the -\$2.1 million pressure for Forestry Building Renovations at 1301 Upper Ottawa Street that will be funded from the Corporate 2012 year end surplus and/or the Unallocated Tax Stabilization Reserve if required as approved by Council (Report PW12037). These are currently being partially offset by a positive variance projected for the Winter Season programs due to a lack of snow events (\$2.3M) and an estimated surplus in the WDO subsidy (\$605K).

Transportation, Energy & Facilities division is projecting a deficit of -\$600,000. The main drivers are the negative variances related to Streetlighting Energy (-\$400K), Facilities expenditures (-\$100K) and non-recoverable Fleet expenditures (-\$100K). Transit is expecting a zero budget variance for the year. Vehicle Parts continue to show a positive variance of \$680,000 due to the contract partnering with Metrolinx and employee related costs (gapping) due to the fact that full complement on the Transit enhancement will not be reached until the third quarter. This allows for a lower draw on Provincial Gas Tax in operations.

Legislative

Legislative is expecting a surplus of \$257,000 for 2012. A major contributor to this positive variance is the \$261,000 surplus in the Mayors Office as a result of gapping as well as savings in special events.

City Manager

City Manager is expecting an unfavourable variance of -\$7,000. Pressures arising from contractual obligations, unbudgeted expert witness fees, under budgeted lease costs and adjusted reserve recoveries contribute to the deficit. Largely mitigating these pressures are increased revenues from Fair Wage Audit Reviews, gapping savings and savings in consulting and contractual services.

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Corporate Services

Corporate Services is projecting a positive variance of \$434,000. Gapping due to vacancies and timing of hires is a common driver amongst the majority of divisions in the department creating a \$522,000 surplus.

Other contributing factors are HRPI recoveries (\$19K), interest earned (\$14K), Capital recoveries (\$26K), tax transfer fees (\$16K), death registration revenue (\$47K), marriage license revenue (\$42K), lease and service contracts (\$30K), parking/by-law services chargeback (\$146K), POA fine revenues (\$98K), legal services chargeback (\$74K), consulting services (\$29K) and facility charges (\$36K).

Mitigating the positive results were Bank/Custodial/Audit Fees (-\$26K), risk management recoveries (-\$31K), office rent (-\$74K), Ricoh printers chargeback (-\$29K), postage and printing (-\$165K), data line charges (-\$64K), court/ticket/banking costs (-\$189K), and unbudgeted expenditures to support Wireless Hamilton (-\$90K).

Corporate Financial

Two main drivers are responsible for the projected -\$6.3 million deficit in Corporate Financials - how gapping is budgeted in Corporate Financials yet realized in departments and unfavourable expenses in Risk Management.

Gapping

For 2012, the City has budgeted \$4.14 million in gapping savings corporately, As of July, departments have identified \$4.13 million in projected savings for the year. The following table summarizes the projection by department.

NET GAPPING BY DEPARTMENT	(\$000's)
Planning & Economic Development	\$ 240
Public Health Services	\$ 95
Community Services	\$ 1,124
Hamilton Emergency Services	\$ 888
Public Works	\$ 1,071
Legislative	\$ 107
City Manager	\$ 82
Corporate Services	\$ 522
Consolidated Corporate Savings/ (Deficit)	\$ 4,129

Council will note that the budget savings of \$4.14 million resides in the Corporate Financials and the \$4.13 million actual savings is identified within the department projections. Therefore, the Corporate Financials shows an unfavourable variance while the favourable variance from gapping is built into the departmental budgets.

Risk Management

The Risk Management claim/premium costs are forecasted to be in a -\$2.2 million unfavourable variance position at year-end. Claims costs continue to rise as the court rulings continue to favour the claimants. The risk management budget has been increased each year to eliminate the Contribution from Reserves as the reserve fund has been depleted. Once this has been eliminated the claims expense will begin to be increased to levels that are consistent with the trends. As well a re-organization of the Risk Management Services Section is currently underway and there will be significant resources dedicated to claims avoidance and control.

Non-Program Revenues

Penalties and Interest and Tax Capping are expected to generate a \$450,000 surplus each. The Provincial Offences revenues are forecasted to be \$800,000 favourable at the end of 2012. This positive variance is the result of an increase in the number of traffic tickets being issued compared to the previous year.

Capital Financing

Due to delays in debt issuance, interest savings of \$4.0 million are projected.

Boards & Agencies

In Boards & Agencies, there is an expected deficit of -\$400,000 that was projected by HECFI.

RATE SUPPORTED BUDGET

The Rate supported budget is projecting a favourable variance of \$5.086M for the 2012 fiscal year, representing 3.0% of the gross operating budget. An unfavourable variance in operating revenues of \$2.784M is being forecasted based on current 2012 water consumption trends. Projected savings in program expenditures of \$7.869M by year end is expected, which should mitigate the expected shortfall in revenues.

Expenditures

The Rate operating program budgets annually for debt servicing costs on new and existing debt based on debenture financing needs for approved capital projects. The favourable variance in debt charges of \$6.851 million is reflective of less debt being issued and reflects the existing capital projects are adequately funded.

Savings in employee related costs of \$918K are mainly on account of gapping realized from staff vacancies.

The Share the Warmth utility arrears program is forecasting a favourable variance of \$100K.

Revenues

The residential sector's year to date water revenues are approximately \$990,000 favourable to budget which equates to a 2.5% favourable position relative to budget as of July 31st. Precipitation levels to date this year have been much lower than the average of the past five years and consequently; there has been an increase in water consumption reflecting seasonal usage. Seasonal water consumption such as for irrigation and swimming pools does increase water consumption typically for residential customers albeit not to the extent seen in the previous dry summers. The favourable revenue position can be attributed largely to the increased seasonal water consumption, hence, the year-end forecast for residential revenues is expected to be approximately \$1.6 million favourable to budget.

The consumption of the Institutional / Commercial / Industrial (ICI) sector has not fully rebounded to pre-Recession levels due to ongoing/sustained water efficiency efforts in the ICI sector and the loss of large water users particularly Lakeport and to a much lesser extent Stoney Creek Dairy & Siemens. In general, the ICI sector's water consumption to date is 4.8% below budget or a shortfall of nearly 871,000 cubic meters relative to budget.

Customers are classified as residential or ICI based on meter size, however, larger multi-residential customers such as apartment/condo complexes with bulk metering will have larger size meters that are included within the ICI category. As such, there has been some modest increased water consumption within the ICI sector in the last couple of months likely due to seasonal water consumption of multi-residential and some traditional ICI customers.

Despite the improved revenues over the summer months, it is expected that the year-end revenue forecast for the ICI sector may result in a \$4.3 million deficit in ICI revenues.

ALTERNATIVES FOR CONSIDERATION

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

N/A

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

- ◆ Financially Sustainable City by 2020
- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

APPENDICES / SCHEDULES

- Appendix A to report FCS12079 Tax Operating Budget Variance Report to July 31, 2012
- Appendix B to report FCS12079 Rate Operating Budget Variance Report to July 31, 2012
- Appendix C to report FCS12079 Policy Change Approval Schedule

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO JULY 31, 2012

APPENDIX "A"
to Report FCS12079

(\$ 000's)

	2012 Approved Budget	2012 Actuals to July 31	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		Comments/Explanations
				\$	%	
<u>PLANNING & ECONOMIC DEVELOPMENT</u>						
Building Services	939	(3,047)	960	(21)	(2.2)%	Unfavourable variance due to decreased Property Reports Revenue (-\$9k), reduced Illegal Grow-Op fees due to lower activity levels (-\$28k), as well as higher computer software costs (-\$22k) which are partially offset by favourable Zoning Compliance revenue (\$38k) and gapping. Projected surplus in Building Permit revenue results in a forecasted transfer to the reserve of \$2.4 million
Economic Development	5,573	2,755	5,536	37	0.7%	
GM, Finance & Support Services	1,080	610	1,084	(4)	(0.3)%	Business One Stop renovation offset by savings in Consulting.
Strategic Services/Special Projects	1,035	530	951	84	8.1%	Favourable variance due to saving in Training (\$14k), Computer software & hardware (\$23k) and Consulting (\$10k)
Parking & By-law Services	4,719	4,472	5,638	(920)	(19.5)%	Per Council direction;\$412k Licensing revenue shortfall (PD01104(e)), Mar. 22/2012, GIC; \$125k On-Street meter parking revenue shortfall (PED11104(a)), Mar. 22/2012, GIC; \$75k Unbudgeted Animal Services Glanbrook contract (PED11190(a)), Apr. 11/2012, GIC; are funded firstly from Departmental Surplus, then Corporate Surplus, then Tax Stabilization Reserve. This forecast does not reflect potential transfers from reserves for these items. This forecast includes a transfer of \$500,000 from the Tax Stabilization Reserve for shortfall in off street parking revenue per Notice of Motion 8.4 approved by City Council May 12, 2010. \$300k Private Parking Enforcement revenue shortfall partially offset by increased Fine Revenue (PED01184), Aug. 9/10, GIC.
Growth Management	(331)	(393)	(331)	0	0.0%	Lower than budgeted recovery from capital for project management & overhead costs is offset by higher projected contribution from the Reserve to Current
Planning	2,146	1,055	2,146	0	0.0%	Gapping Savings partially offset by lower revenues due to decreased activity levels will result in a lower projected contribution from the Reserve to Current
Tourism & Culture	6,933	3,847	6,719	214	3.1%	Efficiencies across the division, vacant Sr. Project Manager and reduced sign program expenses.
TOTAL PLANNING & ECONOMIC DEVELOPMENT	22,094	9,829	22,704	(610)	(2.8)%	
<u>PUBLIC HEALTH SERVICES</u>						
Family Health	1,006	736	1,106	(100)	(9.9)%	Pressures from unbudgeted work accommodation costs, temporary staffing, updating and promoting online prenatal resources, lower than budgeted Prenatal class revenues, and increased need in Reproductive Health program costs.
Clinical & Preventive Services	2,081	1,317	2,058	23	1.1%	Gapping due to step/rate differentials, reduced Community Health Bus hours and temp agency staff for clinics. This is offset by vaccine program utilization forecasted lower than budgeted; various operating expenses.
Planning & Business Improvement	717	366	709	8	1.1%	Gapping due to vacancies/timing of hires offset by unbudgeted sick costs and Administrative review consultant costs
Health Protection	2,199	1,162	2,196	3	0.1%	Gapping due to vacancies/timing of hires, reduced training costs, increased revenues for food training programs offset by Air Quality initiative; staffing pressures due to loss of federal funding.
Healthy Living	1,818	1,058	1,801	17	0.9%	Gapping due to vacancies/timing of hires offset by tobacco programming costs forecasted higher than budgeted.
Medical Officer of Health	2,494	1,586	2,366	128	5.1%	Unbudgeted revenues for medical resident training program; savings in Facility lease costs due to tax exemptions; step/rate differences for temporary staff offset by learning and development program greater than budgeted; unbudgeted sick costs due to maternity leave.
TOTAL PUBLIC HEALTH SERVICES	10,314	6,226	10,236	78	0.8%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO JULY 31, 2012

APPENDIX "A"
to Report FCS12079

(\$ 000's)

	2012 Approved Budget	2012 Actuals to July 31	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		Comments/Explanations
				\$	%	
<u>COMMUNITY SERVICE DEPARTMENT</u>						
Administration - Community Services	2,312	1,370	2,346	(34)	(1.5)%	Unfavourable variance mainly due to sick leave costs due to maternity leaves, unbudgeted employee related costs.
Benefit Eligibility	7,169	4,137	8,258	(1,090)	(15.2)%	Discretionary funding shortfall due to change in funding formula offset by gapping due to vacancies/timing of hires and savings in facility lease costs.
Recreation	29,150	14,888	29,079	70	0.2%	Gapping due to vacancies/timing of hires and facility closures offset by decreased revenues for delayed facility openings and reduced ice rentals based on actuals and current contracts.
Employment & Income Support	25,963	14,771	25,891	72	0.3%	Favourable variances in caseload costs due actuals lower than projected offset by discretionary funding shortfall due to change in funding formula.
Macassa Lodge	5,534	2,796	5,305	229	4.1%	Favourable variances due to increased subsidies, reduced work accommodation needs and gapping due to vacancies/timing of hires offset by unfavourable variances in unbudgeted LTD benefit costs and building repairs.
Social Development & Early Childhood Services	7,337	3,862	7,322	15	0.2%	Gapping due to vacancies/timing of hires offset by decreased Red Hill Day Care enrolment.
Strategic Services	1,569	925	1,667	(98)	(6.2)%	Unfavourable variance mainly due to temporary staffing
Wentworth Lodge	3,825	2,293	4,020	(194)	(5.1)%	Unfavourable variances in work accommodation and subsidy/envelope funding due to CMI reduction offset by gapping due to vacancies/timing of hires and savings in building repairs/utilities.
CityHousing Hamilton	0	0	0	0	0.0%	
Housing Services	48,406	25,270	47,666	740	1.5%	Favourable variances in prior year adjustments for social housing subsidies and lower Dom Hostel occupancy offset by discretionary funding shortfall due to change in funding formula and increased Emergency Shelter occupancy.
Hamilton Farmers Market	210	62	285	(74)	(35.4)%	Unfavourable variance mainly due to salary pressures and backfill costs due to sick leaves; increased maintenance related costs.
TOTAL COMMUNITY SERVICES DEPARTMENT	131,475	70,375	131,838	(363)	(0.3)%	
<u>HAMILTON EMERGENCY SERVICES</u>						
Corporate Radio System	737	729	737	0	0.0%	Net Costs expected to be on budget for the year
Emergency Medical Services	16,722	8,577	16,753	(30)	(0.2)%	Legal Fees & 50% Tax Stabilization funding for enhancement not required offset by gapping
Emergency Management	348	193	348	0	0.0%	Net Costs expected to be on budget for the year
Emergency Services Admin	759	361	571	188	24.7%	Gapping
Fire Services	75,956	43,617	75,956	0	0.0%	Net Costs expected to be on budget for the year
TOTAL HES	94,523	53,477	94,366	157	0.2%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO JULY 31, 2012

APPENDIX "A"
to Report FCS12079

(\$ 000's)

	2012 Approved Budget	2012 Actuals to July 31	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		Comments/Explanations
				\$	%	
PUBLIC WORKS						
PW-General Administration	25	36	25	0	0.0%	
Environment and Sustainable Infrastructure	0	(594)	0	0	0.0%	Salary Gapping of \$446K are offset with reduced transfers from capital as the ESI program is funded 100%. In addition the fines from the Red Light Camera Program have already exceeded the 2012 total budget. If this trend continues excess fine revenues will result in higher transfers to the Red Light Camera Reserve potentially in the amount of \$945,000
Operations and Waste Management						
<i>Waste Management</i>	32,290	17,195	33,655	(1,366)	(4.2)%	Waste Disposal Subsidies: WDO anticipated surplus \$605K; MHSW Revenues \$1.7M deficit due to volatility of program Recycling and Transfer Station Revenues: anticipated \$870K deficit due to not achieving projected tonnages and lower commodity prices Contractual: favourable variance \$600K
<i>Forestry & Horticulture</i>	9,725	5,569	11,825	(2,100)	(21.6)%	The variance in contractual includes \$2.1M pressure for Forestry Building Renovations at 1301 Upper Ottawa Street that will be funded from the Corporate 2012 year end surplus and/or the Unallocated Tax Stabilization Reserve as per Council Report PW12037.
<i>Parks & Cemeteries</i>	18,396	9,503	18,396	(0)	(0.0)%	
<i>Roads</i>	49,522	24,659	47,219	2,303	4.7%	Winter Season programs due to a lack of snow events
<i>Confederation Park Administration OWM</i>	636	410	636	0	0.0%	
<i>Administration OWM</i>	7,588	4,102	7,588	(0)	(0.0)%	
Operations and Waste Management Total	118,157	61,438	119,319	(1,162)	(1.0)%	
Transportation, Energy & Facilities						
<i>Energy Management</i>	775	1,299	775	0	0.0%	
<i>Facilities</i>	3,955	3,090	4,055	(100)	(2.5)%	Facilities expenditures.
<i>Fleet</i>	389	336	489	(100)	(25.7)%	Fleet expenditures non-recoverable.
<i>Traffic Operations</i>	11,178	6,415	11,578	(400)	(3.6)%	Streetlighting Energy
<i>ATS</i>	13,506	9,064	13,506	0	0.0%	
<i>HSR</i>	34,049	24,188	34,049	0	0.0%	Vehicle Parts continue to show a positive variance (680K) due to the contract partnering with Metrolinx. Phased hiring of drivers throughout the spring and summer have had a positive effect on the variance due to the fact that full complement on the enhancement was not reached until the the third quarter. This allows for a lower draw on Provincial Gas Tax in operations.
Transportation, Energy & Facilities Total	63,852	44,391	64,452	(600)	(0.9)%	
TOTAL PUBLIC WORKS	182,033	105,271	183,796	(1,762)	(1.0)%	
LEGISLATIVE						
Legislative General	(306)	(172)	(302)	(4)	1.2%	Council Chambers renovations & increased membership rates offset by savings to hosting conferences
Mayors Office	1,024	375	763	261	25.5%	Gapping and savings to other employee driven costs due to vacancies, as well as savings in special events
Volunteer Committee	95	46	95	0	0.0%	
Ward Budgets	3,134	1,630	3,134	0	0.0%	
TOTAL LEGISLATIVE	3,947	1,880	3,690	257	6.5%	
CITY MANAGER						
Audit Services	933	500	855	78	8.4%	Gapping and increased Fair Wage Audit Reviews
Administration - City Manager	1,213	674	1,144	69	5.7%	Gapping and savings in consulting & contractual services
Human Resources	4,785	3,180	4,764	21	0.4%	Gapping offset by lease rental and adjusted reserve recoveries
Legal	2,853	1,972	3,028	(175)	(6.1)%	Contractual obligations and unbudgeted expert witness fees offset by gapping
TOTAL CITY MANAGER	9,784	6,326	9,790	(7)	(0.1)%	Reduced recoveries from reserves & increased Rental costs offset by gapping. Please note excess Legal Fees (\$500k) & Arbitration expenses (\$110k) (not included in Forecast) will be recovered from other Departments

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO JULY 31, 2012

APPENDIX "A"
to Report FCS12079

(\$ 000's)

	2012 Approved Budget	2012 Actuals to July 31	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		Comments/Explanations
				\$	%	
<u>CORPORATE SERVICES</u>						
Financial Planning & Policy	643	1,552	523	120	18.6%	Gapping \$141,090 - due to vacancies / timing of hires; Interest Earned \$13,740; Development Charge Payment Agreement Revenue \$9,000; Consulting (\$10,000) - web site development; Reserves / Capital Recoveries (\$11,860); Bank / Custodial / Audit Fees (\$26,320); Other Charges & Recoveries \$4,040.
City Clerk	1,848	1,267	2,013	(165)	(8.9)%	Gapping (\$34,300) - due to Job "E" retro payments; Outside Temp Agencies (\$4,990); Death Registration Revenue \$46,600; Marriage License Revenue \$42,210; Lease & Service Contracts \$30,050; From Election Expense Reserve \$17,140; Computer Software (\$15,220); Image Processing Recovery (\$17,500); Ricoh Printers Chargeback (29,070); Postage & Printing (\$204,870); Other Charges & Recoveries \$5,300. Provincial Offences Admin - variances net to \$0, however notable variances are Gapping \$6,000, Parking/By-law Services Chargeback \$146,240, POA Fine Revenue \$97,600, Legal Services Chargeback \$73,690, Data Line Charges (\$64,350) and Court/Ticket/Banking Costs (\$188,910)
Corporate Services - Administration	285	151	276	8	2.9%	Gapping \$5,600 - due to unused temp staff; Materials and Supplies \$2,060; Memberships \$480; Other Charges & Recoveries (\$30).
Customer Service	4,382	2,223	4,211	171	3.9%	Gapping \$67,410 - due to vacancies / timing of hires; Consulting Services \$80,510 - delay in RFP for development of APODA Customer Service training / delay in contract for updating Barrier Free Design standards; Capital Recoveries \$15,020; Telephones \$7,180; Materials & Supplies \$3,160; Security for Customer Contact Centre (\$13,250); Miscellaneous Charges & Recoveries \$11,330.
Information Services	7,446	3,861	7,127	319	4.3%	Gapping \$373,010 - due to vacancies / timing of hires; Facility Charges \$35,760; Capital Recoveries \$15,000; My Hamilton Transaction Revenue \$7,350; Memberships (\$26,510) - Info Tech Research; Wireless Hamilton (\$90,000); Other Charges & Recoveries \$4,840.
Treasury Services Financial Services	3,408	1,914	3,304	104	3.0%	Gapping \$90,860 - due to vacancies / timing of hires; Outside Temp Agencies (\$1,300); Postage & Printing \$44,340; Capital Recoveries \$7,670; Image Processing Chargeback \$3,690; Parking \$2,570; Consulting Services (\$5,000) - 3rd party duplicate invoice search; Renovation Expenses (\$8,140) - Standard Life Bldg Reception Area; Office Rent - Standard Life Bldg (\$37,490); Other Charges & Recoveries \$6,330.
Taxation	681	446	731	(50)	(7.3)%	Gapping (\$61,770) - due to restructuring; Tax Transfer Fees \$15,520; Computer Software \$950; NSF Cheque Fees (\$7,050); Other Charges & Recoveries \$2,470.
Administration - Treasury	724	1,847	798	(74)	(10.2)%	Gapping (\$65,980) - due to unbudgeted staff; Outside Temp Agencies \$19,300; HRPI Recoveries \$19,220; Legal Fees \$9,560; Training \$6,620; Memberships \$1,500; Mileage / Travel \$750; Risk Management Recoveries (\$31,060); Consulting Services (\$36,940) - AP program review / Risk Mngt web based software upgrade; Other Charges & Recoveries \$2,980.
Total Treasury Services	4,813	4,207	4,833	(20)	(0.4)%	
TOTAL CORPORATE SERVICES	19,417	13,261	18,983	434	2.2%	
<u>CORPORATE FINANCIALS</u>						
Corporate Pensions/Benefits & Contingency	6,168	2,359	6,168	0	0.0%	
Corporate Reductions/Initiatives	(4,140)	0	(11)	(4,129)	99.7%	Actual gapping savings realized in program budgets.
Senior Tax Credit	540	631	540	0	0.0%	
Risk Management	8	2,808	2,223	(2,214)	(26972.2)%	Anticipated variance of \$2.2 million in claims to be distributed at the corporate level.
TOTAL CORPORATE FINANCIALS	2,576	5,798	8,919	(6,343)	(246.2)%	
TOTAL CITY EXPENDITURES	476,163	272,443	484,322	(8,158)	-1.7%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO JULY 31, 2012

APPENDIX "A"
to Report FCS12079

(\$ 000's)

	2012 Approved Budget	2012 Actuals to July 31	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		Comments/Explanations
				\$	%	
<u>CAPITAL FINANCING</u>						
Corporate Financials	35,942	15,770	31,942	4,000	11.1%	Projected savings due to delay in Debt issuance.
HES	1,076	(92)	1,076	0	0.0%	
Community Services	6,479	271	6,479	0	0.0%	
Planning and Development	867	(36)	867	0	0.0%	
PW-Tax	40,478	(1,926)	40,478	0	0.0%	
Public Health	86	50	86	0	0.0%	
TOTAL CAPITAL FINANCING	84,928	14,037	80,928	4,000	4.7%	
<u>POLICE SERVICES</u>						
Operating	134,712	75,050	134,712	0	0.0%	
Capital Financing	929	0	929	0	0.0%	
TOTAL HAMILTON POLICE SERVICES	135,642	75,050	135,642	0	0.0%	
<u>BOARDS & AGENCIES</u>						
HECFI	3,247	1,975	3,647	(400)	(12.3)%	
Library	28,039	14,713	28,039	0	0.0%	
Conservation Authorities	4,501	3,211	4,501	0	0.0%	
AGH	884	667	884	0	0.0%	
Boris Brott Music Festival	90	53	90	0	0.0%	
Hamilton Beach Rescue Unit	127	37	127	0	0.0%	
Hamilton Philharmonic Orchestra	114	82	114	0	0.0%	
HWCA - Festival of Friends	85	57	85	0	0.0%	
Opera Hamilton	127	127	127	0	0.0%	
Royal Botanical Gardens	599	399	599	0	0.0%	
Hamilton Waterfront Trust	155	78	155	0	0.0%	
Theatre Aquarius	74	37	74	0	0.0%	
HCA - Contract Services	547	409	547	0	0.0%	
MPAC	6,206	4,654	6,206	0	0.0%	
Total Operating	44,793	26,499	45,193	(400)	(0.9)%	
Capital Financing	870	293	870	0	0.0%	
TOTAL BOARDS & AGENCIES	45,663	26,792	46,063	(400)	(0.9)%	
COMMUNITY PARTNERSHIP PROGRAM	3,212	1,638	3,212	0	0.0%	
TOTAL EXPENDITURES	745,608	389,960	750,166	(4,558)	(0.6)%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO JULY 31, 2012

APPENDIX "A"
to Report FCS12079

(\$ 000's)

	2012 Approved Budget	2012 Actuals to July 31	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		Comments/Explanations
				\$	%	
<u>NON PROGRAM REVENUES</u>						
Penalties and Interest	(8,500)	(5,015)	(8,950)	450	5.3%	Due to continuing economic conditions, projected taxpayer arrears will result in higher than budgeted revenues.
Payments in Lieu of Taxes	(14,668)	(18,491)	(14,668)	0	0.0%	
Right of Way Taxes	(3,202)	(3,203)	(3,202)	0	0.0%	
Supplementary Taxes	(8,500)	0	(8,500)	0	0.0%	
Tax Capping	150	(319)	(300)	450	300.0%	Capping clawback on golf courses.
Tax Remissions/Write Offs	9,440	7,587	9,440	0	0.0%	
Hydro Dividends & Interest	(5,300)	(8,413)	(5,300)	0	0.0%	
Investment Income	(4,100)	(441)	(4,100)	0	0.0%	
POA	(3,857)	(2,697)	(4,657)	800	20.7%	Increased traffic tickets issued to date.
TOTAL NON PROGRAM REVENUES	(38,537)	(30,991)	(40,237)	1,700	4.4%	
PROVINCIAL FUNDING / OMPF	0	0	0	0	0.0%	
ONE TIME USE OF TAX STABILIZATION RESERVE	(2,000)	0	(2,000)	0	0.0%	
TOTAL LEVY REQUIREMENT	705,071	358,969	707,929	(2,858)	(0.4)%	

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT TO JULY 31, 2012
(\$ 000's)

APPENDIX "B"
to Report FCS12079

	2012 Approved Budget	2012 Actuals to July 31	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		2012 % Spent
				\$	%	

EXPENDITURES:

Environmental Services

Divisional Administration & Support	2,375,190	355,243	2,225,190	150,000	6.3%	93.7%
Customer Service & Community Outreach	1,350,320	629,602	1,350,320	0	0.0%	100.0%
Service Co-ordination	2,761,630	956,149	2,737,630	24,000	0.9%	99.1%
Engineering Systems & Data Collection	1,378,620	766,470	1,325,620	53,000	3.8%	96.2%
Compliance & Regulations	684,250	367,481	684,250	0	0.0%	100.0%
Laboratory Services	2,896,770	1,630,297	2,859,770	37,000	1.3%	98.7%
Environmental Monitoring & Enforcement	1,520,820	742,169	1,451,820	69,000	4.5%	95.5%
Water Distribution & Wastewater Collection	15,660,700	6,040,120	15,390,700	270,000	1.7%	98.3%
Plant Operations & Maintenance	33,546,820	16,162,955	33,330,820	216,000	0.6%	99.4%
Water & Wastewater Engineering	2,450,910	1,143,246	2,350,910	100,000	4.1%	95.9%
Hydro Billing Contract	4,107,000	2,354,077	4,107,000	0	0.0%	100.0%
Corporate & Departmental Support Services	5,664,590	3,174,064	5,664,590	0	0.0%	100.0%
Utilities Arrears Program	350,000	81,336	250,000	100,000	28.6%	71.4%
Hamilton Harbour Remedial Action Plan	210,000	109,710	210,000	0	0.0%	100.0%
Financial Charges	422,000	0	422,000	0	0.0%	100.0%
Capital and Reserve Recoveries	(4,193,420)	(9,524)	(4,193,420)	0	0.0%	100.0%
Sub-Total Environmental Services	71,186,200	34,503,395	70,167,200	1,019,000	1.4%	98.6%

Capital and Reserve Impacts on Operating

Contributions to Capital

Water Quality Initiatives	35,800,000	15,911,111	35,800,000	0	0.0%	100.0%
Wastewater	23,170,000	10,297,778	23,170,000	0	0.0%	100.0%
Stormwater	14,676,000	6,522,667	14,676,000	0	0.0%	100.0%
Sub-Total Contributions to Capital	73,646,000	32,731,556	73,646,000	0	0.0%	100.0%

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT TO JULY 31, 2012
(\$ 000's)

APPENDIX "B"
to Report FCS12079

	2012 Approved Budget	2012 Actuals to July 31	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		2012 % Spent
				\$	%	
<u>Contributions for DC Exemptions</u>						
Water Quality Initiatives	3,559,445	0	3,559,445	0	0.0%	100.0%
Wastewater	2,395,253	0	2,395,253	0	0.0%	100.0%
Stormwater	3,045,302	0	3,045,302	0	0.0%	100.0%
Sub-Total Contributions for DC Exemptions	9,000,000	0	9,000,000	0	0.0%	100.0%
<u>Debt Charges</u>						
Water Quality Initiatives	5,287,352	0	2,000,000	3,287,352	62.2%	37.8%
Wastewater	7,777,391	0	1,350,000	6,427,391	82.6%	17.4%
Stormwater	2,478,213	0	165,000	2,313,213	93.3%	6.7%
Debt Payment Recoveries	(5,176,291)	0	0	(5,176,291)	100.0%	N/A
Sub-Total Debt Charges	10,366,665	0	3,515,000	6,851,665	66.1%	33.9%
Sub-Total Water, Wastewater & Stormwater	93,012,665	32,731,556	86,161,000	6,851,665	7.4%	92.6%
Transfer to Reserves	513,084	0	513,084	0	0.0%	100.0%
Sub-Total Capital and Reserve Impacts on Operating	93,525,749	32,731,556	86,674,084	6,851,665	7.3%	92.7%
TOTAL EXPENDITURES	164,711,949	67,234,950	156,841,284	7,870,665	4.8%	95.2%

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT TO JULY 31, 2012
(\$ 000's)

APPENDIX "B"
to Report FCS12079

	2012 Approved Budget	2012 Actuals to July 31	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		2012 % Spent
				\$	%	
REVENUES:						
Rate Revenue						
Residential	72,417,566	41,187,516	74,066,582	1,649,016	2.3%	102.3%
ICI	81,568,801	43,762,970	77,198,265	(4,370,535)	-5.4%	94.6%
Haldimand / Halton	2,564,938	1,458,630	2,576,569	11,631	0.5%	100.5%
Non-Metered	593,900	339,606	600,262	6,362	1.1%	101.1%
Private Fire Lines	200,000	0	0	(200,000)	-100.0%	0.0%
Hauler / 3rd Party Sales	785,000	784,734	900,000	115,000	14.6%	114.6%
Wastewater Abatement Program	(460,000)	(240,727)	(460,000)	0	0.0%	100.0%
Overstrength Agreements	1,940,000	449,488	1,940,000	0	0.0%	100.0%
Sewer Surcharge Agreements	2,620,000	1,226,165	2,620,000	0	0.0%	100.0%
Sub-Total Utility Rates	162,230,204	88,968,383	159,441,677	(2,788,527)	-1.7%	98.3%
Non-Rate Revenue						
Subdivider Contributions	129,000	0	129,000	0	0.0%	100.0%
Local Improvement Recoveries	271,005	275,317	275,317	4,312	1.6%	101.6%
Permits / Leases / Agreements	1,174,140	227,317	1,174,140	0	0.0%	100.0%
General Fees and Recoveries	907,600		907,600	0	0.0%	100.0%
Sub-Total Non-Rate Revenue	2,481,745	502,634	2,486,057	4,312	0.2%	100.2%
TOTAL REVENUES	164,711,949	89,471,017	161,927,735	(2,784,214)	-1.7%	98.3%
NET EXPENDITURES	0	(22,236,067)	(5,086,451)	5,086,451	N/A	N/A

**CITY OF HAMILTON
POLICY CHANGE APPROVAL SCHEDULE**

Appendix "C"
to Report FCS12079

BUDGET RESTATEMENT

Budget Transfer to another division or department

ITEM #	TRANSFER FROM				TRANSFER TO			
	<u>Department</u>	<u>Division</u>		<u>Amount</u>	<u>Department</u>	<u>Division</u>		<u>Amount</u>
1.1	Community Services	General Manager's Office	Rev	\$336,910.00	Community Services	SDECS	Rev	(\$336,910.00)
		- Immigration Strategy	Exp	(\$336,910.00)			Exp	\$336,910.00
Explanation: Immigration Strategy Program is now being managed under SDECS (100% funded program)								

Note - Above budget transfers remain in the same cost category.

Budget Transfer from one cost category to another cost category

ITEM #	DEPARTMENT/DIVISION			TRANSFER FROM		TRANSFER TO	
	<u>Department</u>	<u>Division</u>	<u>Dept ID</u>	<u>Cost Category</u>	<u>Amount</u>	<u>Cost Category</u>	<u>Amount</u>
1.2	Public Work	All	various	Cost Allocations	(\$425,000.00)	Contractual	\$425,000.00
	Explanation: Lease costs which were cost allocated from GM's office to divisions will now be charged directly to divisions.						
1.3	Planning	Parking & By-Law	various	Building & Grounds	(\$750,000.00)	Contractual	\$750,000.00
	Explanation: Expense for property standards enforcement/clean-up was budgeted in Buildings and Grounds account, more appropriately budgeted in Contractual.						