



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 - City Manager (FCS11023b) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department Chris Murray City Manager	PREPARED BY: Gershom Moyo (905) 546-2424 ext 4522 Tom Hewitson (905) 546-2424 ext 4159
SIGNATURE:	

RECOMMENDATION

That the 2011 net operating levy for City Manager of \$8,914,398 be considered.

EXECUTIVE SUMMARY

The draft 2011 City Manager budget is submitted for Council's consideration.

2010 Budget	\$8,824,800
2011 Base Budget	\$8,914,400
2011 Savings Options	\$0
2011 Draft Budget	\$8,914,400
\$ Change	\$89,600
% Change	1.0%

As shown above, the draft 2011 City Manager budget results in a net levy increase of approximately \$90,000 or 1.0%. The major cost drivers being.

- ✓ OMERS Costs \$95,700
- ✓ Employer/Govt Benefits \$34,912

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.

Corporately, departments were able to identify approximately \$6.3 million in base budget savings (updated from \$6 million previously report in the Budget Summary Report FCS11023). As identified in the table below, \$5.9 million was used to reduce the levy, while \$394,200 was re-allocated as part of the Council approved restructuring of the City Manager's Office (CM09021(a)/CS10091, CM10003).

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	Base Budget Savings		Total 2011 Base Budget Savings (UPDATED)
	To Reduce Levy	Reallocated	
Planning & Ec Dev	(681,730)	(48,270)	(730,000)
Corporate Services	(143,770)	(49,230)	(193,000)
Public Health Services	(68,360)	(45,140)	(113,500)
Community Services	(1,152,930)	(120,070)	(1,273,000)
Public Works	(3,904,510)	(131,490)	(4,036,000)
TOTAL	(5,951,300)	(394,200)	(6,345,500)

Complement

The 2011 draft complement for the City Manager is 110 FTE, representing no change when compared to the 2010 restated complement.

	2010		2011 Draft	2011 Draft vs 2010 Restated	
	Approved	Restated			
City Manager	105.00	110.00	110.00	-	0.0%

The 5.0 FTE increase between the 2010 approved and restated budget is as a result of 1 FTE approved through report HUR10001(a), 2 FTE transferred from Public Works, 1 FTE transferred from Hamilton Emergency Services and 1 FTE transferred from Community Services (part of the Council approved restructuring of the City Manager's Office (CM09021(a)/CS10091, CM10003)).

Alternatives for Consideration – See Page 5

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

Financial: The draft 2011 City Manager budget results in a net levy increase of approximately \$90,000 or 1.0%.

Staffing: The draft 2011 City Manager budget results in a complement of 110 FTE. This represents no change 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 the City Manager are included in the attached Appendix One to report FCS11023b. 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 City Manager draft budget is increasing by approximately \$90,000 or 1.0%. 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	\$	%
CITY MANAGER							
Administration - City Manager	1,215,733	777,267	1,248,596	0	1,248,596	32,863	2.7%
Human Resources	4,746,474	4,296,757	4,746,147	0	4,746,147	(327)	(0.0)%
Internal Audit	657,081	612,580	660,784	0	660,784	3,703	0.6%
Legal	2,205,475	3,221,090	2,258,871	0	2,258,871	53,396	2.4%
TOTAL CITY MANAGER	8,824,763	8,907,694	8,914,398	0	8,914,398	89,635	1.0%

The levy increases in Administration and Legal Services are driven by increases in OMERS and Government/employer benefit costs. Employee related costs constitute over 95% of the CMO department's cost. The impact of these increases has been mitigated by reductions in administrative and operating costs across all the four divisions.

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