



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 20-013
Date: November 19, 2020
Time: 9:30 a.m.
Location: Due to the COVID-19 and the Closure of City Hall

All electronic meetings can be viewed at:

City's Website:
<https://www.hamilton.ca/council-committee/council-committee-meetings/meetings-and-agendas>

City's YouTube Channel:
<https://www.youtube.com/user/InsideCityofHamilton> or Cable 14

Angela McRae, Legislative Coordinator (905) 546-2424 ext. 5987

1. **APPROVAL OF AGENDA**
(Added Items, if applicable, will be noted with *)
2. **DECLARATIONS OF INTEREST**
3. **APPROVAL OF MINUTES OF PREVIOUS MEETING**
 - 3.1. November 5, 2020
4. **COMMUNICATIONS**
5. **DELEGATION REQUESTS**
6. **CONSENT ITEMS**
7. **PUBLIC HEARINGS / DELEGATIONS**

8. STAFF PRESENTATIONS

- 8.1. Tax and Rate Operating Budget Variance Report as at August 31, 2020 – Budget Control Policy Transfers (FCS20069(a)) (City Wide)

9. DISCUSSION ITEMS

- 9.1. 2021 Temporary Borrowing and Interim Tax Levy By-laws (FCS20094) (City Wide)
- 9.2. Binbrook Conservation Area Capital Funding Plan (FCS20096) (City Wide)
- 9.3. Information Technology Data Centre Air Conditioning System Replacement (FCS20091) (City Wide)

10. MOTIONS

11. NOTICES OF MOTION

12. GENERAL INFORMATION / OTHER BUSINESS

13. PRIVATE AND CONFIDENTIAL

- 13.1. November 5, 2020 - Closed Minutes

Pursuant to Section 8.1, Sub-sections (e) and (f) of the City's Procedural By-law 18-270, as amended, and Section 239(2), Sub-sections (e) and (f) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board; and advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

- 13.2. City Auditor Reporting of Serious Matters to Council (Case #26158) (AUD20010) (City Wide)

Pursuant to Section 8.1, Sub-sections (b), (d) and (e) of the City's Procedural By-law 18-270, as amended, and Section 239(2), Sub-sections (b), (d) and (e) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to personal matters about an identifiable individual, including municipal or local board employees; labour relations or employee negotiations; and litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board.

14. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 20-010

9:30 a.m.

November 5, 2020

Council Chambers

Hamilton City Hall

Present: Councillors M. Wilson (Chair), B. Clark, C. Collins, B. Johnson, J. Partridge, M. Pearson, and A. VanderBeek

Absent: Councillor L. Ferguson - Personal

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. Advertising Costs Associated with Advertising for Vacancies on the LGBTQ Advisory Committee (FCS20098) (City Wide) (Item 6.1)

(Collins/Partridge)

That Report FCS20098 respecting Advertising Costs Associated with Advertising for Vacancies on the LGBTQ Advisory Committee, be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

2. Workplace Mental Health and Wellbeing Strategy (2019-2021) (HUR20009) (City Wide) (Item 9.2)

(Pearson/Clark)

That Report HUR20009 respecting the Workplace Mental Health and Wellbeing Strategy (2019-2021), be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek

NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

3. A Privacy Breach Review (FCS20097) (City Wide) (Item 9.3)

(Pearson/VanderBeek)

That Report FCS20097 respecting A Privacy Breach Review, be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

4. Audit Report 2020-04 Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory (AUD20008) (City Wide) (Item 9.4)

(Collins/Partridge)

- (a) That Appendix “A” to Report AUD20008, respecting the Transportation Operations Inventory Audit Report, be received;
- (b) That the Management Responses as detailed in Appendix “B”, Appendix “D” and Private and Confidential Appendix “E” of Report AUD20008 be approved;
- (c) That the General Manager of Public Works be directed to instruct the appropriate staff to have the Management Responses (attached as Appendix “B”, Appendix “D” and Private and Confidential Appendix “E” to Report AUD20008) implemented;
- (d) That Appendix “C” to Report AUD20008, respecting the follow up of Audit report 2013-17, Public Works – Traffic Inventory, be received; and,
- (e) That Private and Confidential Appendix “E” to Report AUD20008, remain confidential.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson

NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

5. 386 Wilcox Street Assessment Review Board Appeals (FCS20093 / LS20029) (City Wide) (Item 13.3)

(Pearson/Partridge)

- (a) That the direction provided to staff in Closed Session respecting Report FCS20093 / LS20029, 386 Wilcox Street Assessment Review Board Appeals, be approved and remain confidential, and;
- (b) That Report FCS20093 / LS20029, respecting 386 Wilcox Street Assessment Review Board Appeals and its appendices, remain confidential.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 1)

The Committee Clerk advised of the following change to the agenda:

5. DELEGATION REQUESTS

- 5.1 Cameron Kroetsch, respecting Item 6.1 - Advertising Costs Associated with Advertising for Vacancies on the LGBTQ Advisory Committee (FCS20098) (For today's meeting)

(Pearson/VanderBeek)

That the agenda for the November 5, 2020 Audit, Finance and Administration Committee meeting be approved, as amended.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson

YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

(i) October 22, 2020 (Item 3.1)

(Collins/VanderBeek)

That the Minutes of the October 22, 2020 meeting of the Audit, Finance and Administration Committee be approved, as presented.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

(d) DELEGATION REQUESTS (Item 5)

(i) Cameron Kroetsch, respecting Item 6.1 - Advertising Costs Associated with Advertising for Vacancies on the LGBTQ Advisory Committee (FCS20098) (For today's meeting) (Added Item 5.1)

(VanderBeek/Pearson)

That the Delegation Request from Cameron Kroetsch, respecting Item 6.1 - Advertising Costs Associated with Advertising for Vacancies on the LGBTQ Advisory Committee (FCS20098), be approved for today's meeting.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

(e) **PUBLIC HEARINGS / WRITTEN DELEGATIONS / VIRTUAL DELEGATIONS
(Item 7)**

- (i) **Cameron Kroetsch, respecting Item 6.1 - Advertising Costs
Associated with Advertising for Vacancies on the LGBTQ Advisory
Committee (FCS20098) (Added Item 7.1)**

(VanderBeek/Clark)

That the Delegation from Cameron Kroetsch, respecting Item 6.1 - Advertising Costs Associated with Advertising for Vacancies on the LGBTQ Advisory Committee (FCS20098), be moved up on the agenda to be heard at this time prior to the consideration of Item 6.1.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

Cameron Kroetsch addressed the Committee respecting Item 6.1 - Advertising Costs Associated with Advertising for Vacancies on the LGBTQ Advisory Committee (FCS20098).

(Partridge/Clark)

That the delegation from Cameron Kroetsch, respecting Item 6.1 - Advertising Costs Associated with Advertising for Vacancies on the LGBTQ Advisory Committee (FCS20098), be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

(f) DISCUSSION ITEMS (Item 9)

(i) Citizen Committee Report - Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee - Advertising for Vacancies (Item 9.1)

(VanderBeek/Partridge)

- (a) That Citizen Committee Report - Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee - Advertising for Vacancies, be deferred, in order for Communications staff to have the opportunity to attend and provide the Committee with advice at the November 17, 2020 LGBTQ Advisory Committee meeting;
- (b) That Report FCS20098, respecting Advertising Costs Associated with Advertising for Vacancies on the LGBTQ Advisory Committee, be forwarded to the LGBTQ Advisory Committee for their information; and
- (c) That the LGTBQ Advisory Committee report back to the Audit, Finance & Administration Committee on November 19, 2020.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

(g) PRIVATE AND CONFIDENTIAL (Item 13)

(i) October 22, 2020 – Closed Minutes (Item 13.1)

(Pearson/Collins)

- (a) That the Closed Session Minutes of the October 22, 2020 Audit, Finance and Administration Committee meeting, be approved as presented; and,
- (b) That the Closed Session Minutes of the October 22, 2020 Audit, Finance and Administration Committee meeting, remain confidential.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek

NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

(ii) 386 Wilcox Street Assessment Review Board Appeals (FCS20093 / LS20029) (City Wide) (Item 13.3)

(VanderBeek/Wilson)

That John O’Kane, from John. L. O’Kane Professional Corporation be permitted to attend the Closed Session portion of the meeting with respect to Report FCS20093 / LS20029, 386 Wilcox Street Assessment Review Board Appeals.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

(Collins/VanderBeek)

That the Committee move into Closed Session respecting Item 13.3, pursuant to Section 8.1, Sub-sections (e) and (f) of the City's Procedural By-law 18-270, as amended, and Section 239(2), Sub-sections (e) and (f) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board; and advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

(iii) 386 Wilcox Street Assessment Review Board Appeals (FCS20093 / LS20029) (City Wide) (Item 13.3)

For further disposition of this matter, refer to Item 5.

(h) ADJOURNMENT (Item 14)

(Pearson/VanderBeek)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 11:11 a.m.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Ward 3 - Ward 1 Councillor Maureen Wilson
YES - Ward 15 Councillor Judi Partridge
YES - Ward 13 Councillor Arlene VanderBeek
NOT PRESENT - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Chad Collins

Respectfully submitted,

Councillor Wilson, Chair
Audit, Finance and Administration
Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	November 19, 2020
SUBJECT/REPORT NO:	Tax and Rate Operating Budget Variance Report as at August 31, 2020 – Budget Control Policy Transfers (FCS20069(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Kayla Petrovsky Fleming (905) 546-2424 Ext. 1335 Duncan Robertson (905) 546-2424 Ext. 4744
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the Tax and Rate Operating Budget Variance Report as at August 31, 2020 attached as Appendices “A” and “B”, respectively, to Report FCS20069(a) be received;
- (b) That, in accordance with the “Budget Control Policy”, the 2020 budget transfer, transferring budget from one department / division to another or from one cost category to another with no impact on the levy, as outlined in Appendix “C” to Report FCS20069(a), be approved;
- (c) That, in accordance with the “Budgeted Complement Control Policy”, the 2020 complement transfer transferring complement from one department / division to another with no impact on the levy, as outlined in Appendix “D” to Report FCS20069(a), be approved;
- (d) That, in accordance with the “Budgeted Complement Control Policy”, the 2020 extensions of temporary positions with 24-month terms or greater, with no impact on the levy, as outlined in Appendix “E” to Report FCS20069(a), be approved;

**SUBJECT: Tax and Rate Operating Budget Variance Report as at August 31, 2020 –
Budget Control Policy Transfers (FCS20069(a)) (City Wide) – Page 2 of 15**

EXECUTIVE SUMMARY

In accordance with the Budget Control Policy (FCS12010(a)), staff has committed to provide Council with three variance reports for the Tax Supported and Rate Supported Operating Budgets during the fiscal year. This is the second submission for 2020 based on the operating results as of August 31, 2020. Appendix “A” to Report FCS20069(a) summarizes the Tax Supported Operating Budget projected year-end variances by department and division while Appendix “B” to Report FCS20069(a) summarizes the projected year-end variances of the Rate Supported Operating Budget by program.

Staff has previously provided the Committee of the Whole and the General Issues Committee with two updates on the financial implications of the COVID-19 pandemic response through Reports FCS20040 and FCS20040(a), in addition to the first variance Report FCS20069. The assumptions made in Report FCS20069(a) provide an update to those impacts, as well as, capture the cost containment measures that staff has taken to limit the financial impact of COVID-19 on the City.

Both the Tax and Rate Supported Operating Budgets are projecting surpluses of \$12.1 M and \$3.0 M, respectively. The COVID-19 related forecast deficit of \$61.6 M outlined in Report FCS20040(a) has been offset from funding received through the Safe Restart Agreement, Social Services Relief Fund and other previously announced funding from senior levels of government, as well as, other cost savings and avoidance measures implemented by Council and senior leadership in response to the declaration of emergency.

On August 12, 2020, the Ontario government announced details of the up to \$1.6 B of the first round of emergency funding for municipalities under the Federal - Provincial Safe Restart Agreement. Through the Safe Restart Agreement with the Federal government, \$695 M will help municipalities address operating pressures related to the COVID-19 pandemic through the first round of emergency funding and over \$660 M will support transit systems. The Province is also providing an additional \$212 M through the Social Services Relief Fund (SSRF), bringing the total to \$510 M to help vulnerable people find shelter.

The City of Hamilton’s share of the Phase 1 Safe Restart allocation is just over \$44.8 M with \$17.2 M for transit relief and \$27.6 M for municipal relief. In addition, the City of Hamilton’s share of SSRF – Phase 2 is \$11.3 M to go along with the \$6.9 M received in Phase 1. Phase 2 is intended to cover additional costs related to COVID-19 for Housing Services up to March 31, 2021. With these funding announcements, it is anticipated that the City’s allocation will be sufficient to successfully mitigate the 2020 deficit, originally forecasted at \$61.6 M, after taking into consideration other cost saving and avoidance measures.

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Tax and Rate Operating Budget Variance Report as at August 31, 2020 – Budget Control Policy Transfers (FCS20069(a)) (City Wide) – Page 3 of 15

Through the application of various COVID-19 related funding of approximately \$41.7 M in 2020, staff is anticipating a Tax Supported Operating Budget surplus of \$12.1 M and a Rate Operating Budget surplus of \$3.0 M. Additionally, it is expected that there will be estimated remaining funds of \$38.4 M from the Safe Restart Agreement and the Social Services Relief Fund to carry over into 2021 to offset ongoing financial pressures related to COVID-19 by placing it in COVID-19 Reserve (110053) at year-end 2020. Despite this, as outlined in Report FCS20087 – 2021 Budget Guidelines, Outlook and Process, identified potential COVID-19 pressures ranging from \$34.8 M to \$59.2 M.

Additional details are presented in the Analysis and Rationale for Recommendation(s) section of Report FCS20069(a).

2020 Budget Transfers and Extensions

In accordance with the “Budget Control Policy” and “Budgeted Complement Control Policy”, staff is submitting three items recommended for transfer. The tax operating budget amendment, identified in Appendix “C” to Report FCS20069(a), moves budget from one division to another within the same cost category. Completing this transfer simplifies the budget review process for the following year by ensuring comparable budget data.

The complement transfers, identified in Appendix “D” to Report FCS20069(a), moves budgeted complement from one department / division to another to accurately reflect where the staff complement is allocated within the department / division for the purpose of delivering programs and services at desired levels. The budget complement transfers identified were not realized at the time of the 2020 budget submission. However, these transfers will amend the 2020 operating budget once approved with no impact on the levy.

In addition, staff is recommending four items where temporary positions with 24-month terms or greater are being extended as identified in Appendix “E” to Report FCS20069(a) with no impact on the levy.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The financial information is provided in the Analysis and Rationale for Recommendation(s) section of Report FCS20069(a).

Staffing: Staffing implications of Report FCS20069(a) are detailed in Appendix “D”, which outlines the 2020 staff complement transfers from one department / division to another with no impact on the levy and Appendix “E”, which outlines the extensions of temporary positions with 24-month terms or greater with no impact on the levy.

Legal: N/A

**SUBJECT: Tax and Rate Operating Budget Variance Report as at August 31, 2020 –
Budget Control Policy Transfers (FCS20069(a)) (City Wide) – Page 4 of 15**

HISTORICAL BACKGROUND

The COVID-19 pandemic has resulted in many changes affecting human behavior and impacting the world's economic condition. In response, the City's operations have changed considerably with facility closures, program cancellations and modification of services provided. In recent weeks, attention has turned to the resumption of many services in modified ways that meet evolving restrictions on social gathering. Employees' work environments have also been modified where employees have been redeployed to other services or are working from home. City staff is considering all measures taken by the City when monitoring and assessing the financial impact to the City.

On April 21, 2020, City staff shared projections with the Federation of Canadian Municipalities (FCM) for the purpose of advocacy for Federal financial support. The FCM report was released publicly on April 23, 2020 making several recommendations for Federal government support to mitigate financial impacts of COVID-19. Most notably, the FCM report communicated to the Federal Government of Canada that covering municipal losses related to the COVID-19 pandemic through one-time property tax levies was not a viable option given the significant impact it would have on households amid an economic downturn.

In late April 2020, at a meeting of the Mayors and Chairs of the Greater Toronto and Hamilton Area (GTHA), the Treasurers were asked to prepare a high-level forecast of financial implications resulting from the COVID-19 pandemic. The goal was to share consistent information on COVID-19 financial implications to aid in discussions with the Provincial and Federal governments, as well as, to share information on cost containment measures in mitigating the financial impact.

That analysis prepared for the GTHA Treasurers' group forecasted two scenarios. In Scenario 1, a full lockdown was assumed for three months, followed by a six-month recovery period allowing for resumption of services. In Scenario 2, a nine-month lockdown period was assumed, followed by a twelve-month recovery period. The scenarios analyzed cash flow implications, as well as, operating shortfalls with specificity to Transit based on known conditions at that time.

Staff has previously provided the Committee of the Whole and the General Issues Committee with two updates on the financial implications of the COVID-19 pandemic response through Reports FCS20040 and FCS20040(a). In the latest update, staff forecasted the financial impact of the COVID-19 response based on the timelines introduced in the two GTHA scenarios resulting in a 2020 budget pressure of \$61.6 M under Scenario 1, while the impact of Scenario 2 would have financial implications of \$86.5 M in 2020 and \$35.5 M in 2021 for a combined pressure of \$122.0 M. These financial impacts would be in addition to operating budget variances that would typically be expected in any normal year.

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Tax and Rate Operating Budget Variance Report as at August 31, 2020 – Budget Control Policy Transfers (FCS20069(a)) (City Wide) – Page 5 of 15

On July 27, 2020, the Ontario Government announced an Historic Agreement to Support Municipalities and Transit. The Ontario government, in partnership with the federal government, is providing up to \$4.0 B in urgently needed one-time assistance to Ontario's 444 municipalities. This funding is intended to help municipalities continue to effectively deliver critical public services, such as public transit and shelters, as the Province continues down the path of renewal, growth and economic recovery.

On August 12, 2020, the Ontario government announced details of the up to \$1.6 B of the first round of emergency funding for municipalities under the Federal - Provincial Safe Restart Agreement.

Through the Safe Restart Agreement with the federal government, \$695 M will help municipalities address operating pressures related to the COVID-19 pandemic through the first round of emergency funding and over \$660 M will support transit systems. The Province is also providing an additional \$212 M through the Social Services Relief Fund (SSRF), bringing the total to \$510 M to help vulnerable people find shelter.

The City of Hamilton's share of the Phase 1 allocation is just over \$44.8 M, with \$17.2 M for transit relief and \$27.6 M for municipal relief. These announcements only address pressures to the end of the provincial fiscal year on March 31, 2021. To date, there has been no formal communication with respect to Federal and Provincial funding support beyond March 31, 2021 related to municipal COVID-19 financial pressures. While the City of Hamilton will be submitting the required documentation to be eligible for Phase 2 funding, the specific allocations and eligibility conditions remain unknown at this time.

On September 9, 2020, the General Issues Committee received Report FCS20071, Federal and Provincial Government Municipal Funding Announcements Update, which provides information on the Safe Restart Funds and other government funding announcements. In addition, the General Issues Committee received Report FCS20088 on October 21, 2020, which authorized staff to prepare, execute and submit any required documentation to support the City's application for Phase 2 funding under the Safe Restart Agreement. Staff will be reporting back with details of the Province's review of the application, when available.

Staff provided the General Issues Committee with the first variance projection on September 23, 2020 based on operating results as at June 30, 2020 through Report FCS20069. Taking into consideration the City's allocation of the Municipal and Transit Funding through the Safe Restart Agreement and the Phase 2 funding allocation from the Social Services Relief Fund, the projected tax supported deficit of \$21.3 M was reduced to a \$0.4 M surplus at that time.

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**SUBJECT: Tax and Rate Operating Budget Variance Report as at August 31, 2020 –
Budget Control Policy Transfers (FCS20069(a)) (City Wide) – Page 6 of 15**

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

In accordance with the Budget Control Policy, staff has committed to provide Council with three variance reports for the Tax Supported and Rate Supported Operating Budgets during the fiscal year. This is the second submission for 2020 based on the operating results as of August 31, 2020.

RELEVANT CONSULTATION

Staff in all City of Hamilton departments provided the information in Report FCS20069(a). Detailed analysis was prepared by Finance and Administration staff in consultation with department leadership teams.

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

The following provides an overview of the more significant issues affecting the 2020 projected tax and rate operating budgets. Table 1 provides a summary of the departmental forecasts as at August 31, 2020.

Table 1
CITY OF HAMILTON
2020 Projected Year-End Variance
Adjusted for COVID-19 Federal & Provincial Funding
(\$000's)

	2020	2020	2020 Variance	
	Approved Budget	Year-End Forecast	(Forecast vs Budget) \$	%
Tax Supported				
Planning & Economic Development	29,143	29,530	(387)	(1.3)%
Healthy and Safe Communities	246,916	247,008	(92)	(0.0)%
Public Works	256,381	241,735	14,646	5.7%
Legislative	5,095	5,214	(119)	(2.3)%
City Manager	12,285	12,089	196	1.6%
Corporate Services	34,663	33,963	700	2.0%
Corporate Financials / Non Program Revenues	(26,242)	(18,013)	(8,229)	(31.4)%
Hamilton Entertainment Facilities	4,097	4,117	(20)	(0.5)%
Total City Expenditures	562,338	555,643	6,695	1.2%
Hamilton Police Services	170,817	170,817	0	0.0%
Library	31,572	30,693	879	2.8%
Other Boards and Agencies	15,921	15,921	0	0.0%
City Enrichment Fund	6,088	6,088	0	0.0%
Total Boards and Agencies	224,398	223,518	879	0.4%
Capital Financing	137,423	132,888	4,535	3.3%
Total Tax Supported	924,159	912,049	12,109	1.3%
Rate Supported	0	(3,002)	3,002	N/A
Total	924,159	909,048	15,111	1.6%

() Denotes unfavourable variance
Anomalies due to rounding

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On August 12, 2020, the City received confirmation of \$17.2 M of immediate funding through the Safe Restart Agreement: Municipal Transit Funding – Phase 1 to support COVID-19 pressures incurred from April 1, 2020 to September 30, 2020.

Transit is currently estimating a year-end deficit of \$12.5 M as at August 31, 2020. This includes \$25 M in lost fare revenues and \$1 M in enhanced cleaning of buses and installation of protective barriers. The deficit is partially offset by \$10.3 M in DARTS contract savings due to a reduction in required service, as well as fuel savings of approximately \$1.8 M. It is assumed that \$0.4 M received from the Enhanced Cleaning Grant and \$12.1 M from the Safe Restart Agreement will cover the \$12.5 M anticipated deficit and that the remaining funds from the Safe Restart Agreement will be carried over to 2021 for ongoing COVID-19 related Transit pressures. The estimated remaining \$5.1 M of the \$17.2 M allocation from the Safe Restart Agreement is to be placed in a reserve at year-end to be utilized in 2021.

The City also received confirmation of \$11.3 M for the Social Services Relief Fund – Phase 2 allocation, which complemented the Phase 1 allocation of \$6.9 M received earlier this year. The \$11.3 M will offset the projected deficit for Housing Services in 2020, as well as, fund the projected COVID-19 related costs to March 31, 2021.

On October 21, 2020, the General Issues Committee also received Report FCS20088 requesting documentation to support the City's application for Phase 2 funding under the Safe Restart Agreement. Staff will be reporting back with details of the Province's review of the application when available.

Without funding support from senior levels of government, the forecasted deficit, after taking into consideration cost savings and avoidance measures implemented by Council and senior leadership, would be \$29.6 M. Through various funding announcements, including the Safe Restart Agreement and the Social Services Relief Fund, the Tax Supported Operating Budget is expected to be in a surplus position of \$12.1 M as outlined in Table 2.

Furthermore, it is anticipated that there will be remaining funding of approximately \$38.4 M available to offset ongoing pressures related to COVID-19 in 2021. Despite this, as outlined in Report FCS20087 – 2021 Budget Guidelines, Outlook and Process, identified potential COVID-19 pressures ranging from \$34.8 M to \$59.2 M.

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Table 2

CITY OF HAMILTON

2020 Summary of COVID-19 Funding

(\$000's)

Tax Supported Budget Forecasted Surplus (Deficit)	(29,561)
COVID-19 Funding:	
Long-Term Care Prevention and Containment Funding	1,597
Enhancements to the Reaching Home Initiative	2,275
Reaching Home Initiative - Designated Communities Funding Stream	377
Emergency Funding for Community Mental Health & Addictions	45
FCM - Community Response Fund for Vulnerable Persons	346
Transit – Enhanced Cleaning Grant	464
Public Health Services	1,574
Pandemic Pay	10,335
Social Services Relief Fund - Phase 1	6,881
Social Services Relief Fund - Phase 2	5,040
Safe Restart Agreement - Phase 1 Transit	12,073
Safe Restart Agreement - Phase 1 Municipal	663
Subtotal	41,669
Adjusted Tax Supported Budget Forecasted Surplus (Deficit)	12,109
Estimated remaining funds for ongoing pressures:	
Social Services Relief Fund - Phase 2	6,284
Safe Restart Agreement - Phase 1 Transit	5,139
Safe Restart Agreement - Phase 1 Municipal	26,951
Total	38,374

Tax Supported Operating Budget

Appendix “A” to Report FCS20069(a) summarizes the Tax Supported Operating Budget variances by department and division.

In an effort to contain costs and associated budget deficits with the COVID-19 pandemic response, the Senior Leadership Team and Council adopted several measures including the suspension of scheduling for part-time casual labour in affected program areas, not hiring the full complement of student and seasonal positions and restrictions on hiring for non-essential positions. As a result, corporate-wide gapping is projected at \$12.2 M, in comparison to the Council approved target of \$5.0 M, resulting in a surplus of \$7.2 M (as shown in Table 3).

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Table 3

Net Gapping by Department	Gapping Target (\$000's)	Projected Gapping (\$000's)	Variance (\$000's)
Planning & Economic Development	\$ 853	\$ 2,038	\$ 1,185
Healthy and Safe Communities	\$ 952	\$ 2,938	\$ 1,986
Public Works	\$ 2,202	\$ 5,372	\$ 3,170
Legislative	\$ 84	\$ (51)	\$ (135)
City Manager	\$ 225	\$ 336	\$ 111
Corporate Services	\$ 633	\$ 1,556	\$ 923
Consolidated Corporate Savings/ (Deficit)	\$ 4,950	\$ 12,189	\$ 7,239

Anomalies due to rounding

Each department's gapping variance (target versus projection) is detailed in the following sections, along with other departmental highlights.

With respect to COVID-19 overtime specific to the City's collective agreement obligations, these have been included within the variance reporting. In addition, as per Council approved policy, limited COVID-19 overtime has been paid for management and union supervisors. Staff is also considering additional vacation payout in recognition of the need to ensure the continuity of operations. These costs would be offset through the use of Safe Restart or other funding from Senior levels of government.

Planning and Economic Development

Planning and Economic Development is forecasting a deficit of \$0.4 M, which is primarily driven by Transportation Planning and Parking operations as a result of lost parking revenues and a shortfall in fines (\$3.0 M deficit).

Building Services is forecasting a year-end deficit of \$0.6 M. The unfavourable variance can be attributed to the projected decline in all Engineering and Zoning revenues (Building permits projected revenues have recovered but not by enough to offset other revenue declines).

The remaining divisions have an anticipated combined surplus of \$3.4 M. The majority of this is attributable to Growth Management and Tourism and Culture, both of which are expecting surpluses of \$2.3 M and \$0.9 M, respectively. The immediate financial impact of COVID-19 on the growth sector was not as severe as originally anticipated, as staff worked through pre-existing applications. Subdivision processing, sewer repair permits, official plan application fees and service recoveries are all forecasted to be in excess of budget. Tourism and Culture is projecting a favourable variance as a result of gapping savings from closures and vacancies related to COVID-19, Federal grant and various savings due to cancellations of special events and closure of facilities. This is partially offset by foregone revenues.

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The Planning and Economic Development departmental gapping target is \$0.9 M for 2020. As at August 31, 2020, the projected year-end gapping amount is \$2.0 M, resulting in a projected surplus of \$1.2 M.

Healthy and Safe Communities

The Healthy and Safe Communities Department is projecting an overall deficit of \$0.1 M resulting from several surpluses and deficits across several divisions that have offset each other.

Hamilton Paramedic Service (\$4.0 M) and Public Health Services (\$2.1 M) are both forecasting deficits as a result of staff and resourcing costs to meet the demands required for the COVID-19 pandemic response, as well as, additional expense for combatting homelessness and protecting the community's most vulnerable. These forecasted deficits do not take into consideration outstanding funding applications that may be received from the Province for Paramedic Services. Currently, \$2.5 M in COVID-19 related Paramedic costs have been submitted, but the funding is yet to be confirmed. Housing Services is projecting a balanced year-end position due to the utilization of \$5.0 M in Social Services Relief Funding to offset \$1.96 M in in-year savings and \$7.0 M in COVID-19 expenses. The remaining \$6.28 M of Social Services Relief Fund is projected to be utilized in 2021.

Recreation is forecasting a surplus of \$2.8 M. The anticipated revenue loss of \$8.0 M as a result of facility closures and cancellation of programs is expected to be mostly mitigated through the suspension of scheduling part-time and seasonal staff between May and September and redeployment of staff to other areas in the City requiring resources. In addition, another \$2.0 M in discretionary operating costs is expected to be avoided through facility closures.

The remaining divisions are forecasting a combined surplus of \$3.1 M (Fire of \$1.8 M, Ontario Works of \$0.6 M and Children's Services and Neighbourhood Development of \$0.8 M) which is primarily driven by gapping but net of COVID related funding of \$1.35M. Long Term Care is forecasting a small surplus under \$10K which is primarily due to COVID funding of \$1.338 M received from the Province to offset redeployed staffing costs, backfilling temporary positions, vacation payouts and operating costs related to COVID (medical supplies, cleaning supplies, PPE costs).

The Healthy and Safe Communities departmental gapping target is \$1.0 M for the 2020 year. As at August 31, 2020, the projected year-end gapping amount is \$2.9 M, resulting in a projected surplus of \$1.9 M.

Public Works

Overall, the Department is forecasting a surplus of \$14.6 M. There are several contributors, both favourable and unfavourable, across the divisions that are leading to the projected surplus.

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Lost revenues for Transit are estimated at \$25.0 M in 2020 as a result of the COVID-19 emergency, which include lost revenues under the University / College Transit Pass (UCTP) agreements. In addition, cleaning and disinfectant of buses and installation of operator bio-shields to allow for front door boarding have contributed to increased costs of \$0.8 M. Unfavourable gapping of \$1.0 M is also adding to the divisional deficit.

Fuel savings of \$1.8 M, commission savings of \$1.2 M and DARTS contract agreement savings of \$10.3 M are expected to help offset the COVID-19 related impacts, which would result in an overall deficit of \$12.5 M for Transit. To offset the deficit in 2020, staff anticipates \$12.1 M will be needed from the Safe Restart Agreement – Phase 1 Transit stream, with the remaining \$4.7 M to be carried into 2021 to help mitigate ongoing financial pressures related to COVID-19. The remaining deficit of \$0.4 M is covered through the application of Transit's Enhanced Cleaning Grant received from the Ministry of Transportation.

In summary, Transit is anticipated to mitigate its projected deficit in 2020 through operational savings, primarily in specialized transit, as well as, the emergency funding through the Safe Restart Agreement.

Transportation Operations and Maintenance is forecasting a surplus of \$7.5 M. The surplus is driven by gapping (\$3.0 M) and the Winter Season Roads Maintenance Program (\$4.5 M). The number of severe winter storm events in January through April was below the seasonal average resulting in salt and sand savings of \$2.0 M, contractor activation costs of \$1.7 M and general vehicle maintenance of \$0.8 M.

Environmental Services anticipates a surplus of \$7.1 M due to gapping resulting from a temporary freeze on hiring of student and seasonal positions (\$2.6 M). Additionally, there is an expected \$1.4 M in operating savings due to the shutdown of parks during the state of emergency. The Transfer Station and Community Recycling Centre is projecting a \$2.0 M surplus due to increased tonnage projected in budget due to the requirement to separate leaf and yard waste from green bin organics at the curb, however, tonnage target not achieved (\$1.1 M). The remainder is due to higher projected revenues, as a result of minimum vehicle fee rate increase and an increase in visits from residents cleaning their homes during COVID shut down. Total visits up 9.5% over same time last year, however, tonnage is down 3.5% over same time last year. In addition, the Waste Collection Contract is also projecting a \$1.0 M surplus. The annual escalation factor was budgeted at 1.95%, however, the actual escalation factor is (4.98%). The main driver for the escalation factor decreasing is the reduction in diesel prices.

The Public Works departmental gapping target is \$2.2 M for the 2020 year. As at August 31, 2020, the projected year-end gapping amount is \$5.4 M, resulting in a projected surplus of \$3.2 M.

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Legislative

The Legislative budget is projected to be at a slight deficit of \$0.1 M for 2020 resulting from unfavourable gapping.

The Legislative gapping target is \$84 K for 2020. As at August 31, 2020, the projected year-end gapping amount is -\$51 K, resulting in a projected deficit of \$135 K.

City Manager's Office

The City Manager's Office is projecting a surplus of \$0.2 M in 2020 mainly resulting from favourable gapping.

The City Manager's Office departmental gapping target is \$0.2 M for the 2020 year. As at August 31, 2020, the projected year-end gapping amount is \$0.3 M, resulting in a surplus of \$0.1 M.

Corporate Services

Corporate Services is forecasting an overall surplus of \$0.7 M due to gapping and savings in discretionary spending, which is partially offset by revenues lower than budget.

The Corporate Services departmental gapping target is \$0.6 M for the 2020 year. As at August 31, 2020, the projected year-end gapping amount is \$1.6 M, resulting in a projected surplus of \$0.9 M.

Corporate Financials / Non-Program Revenues

Corporate Financials / Non-Program Revenues are projected as a combined deficit of \$8.2 M. Contributing factors are identified as follows:

- Non-Program Revenues: Dividends from Hamilton Utilities Corporation and Alectra are estimated to be \$2.4 M lower than anticipated;
- Non-Program Revenues: Shared revenues from the Ontario Lottery and Gaming Commission are expected to be \$3.0 M lower than budget;
- Non-Program Revenues: Tax remissions and write-offs are estimated to be \$1.3 M higher than anticipated;
- Non-Program Revenues: POA revenues are expected to be at a deficit of \$4.2 M in 2020 due to court closures; and,
- Corporate Initiatives: \$1.2 M unfavourable variance as a result of unrecoverable staffing costs from capital programs.

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Boards and Agencies

In Boards and Agencies, there is a projected surplus of \$0.9 M. Hamilton Police Services reported a projected deficit of \$0.5 M to their Board on September 3, 2020. In addition, the Hamilton Farmers' Market is projecting a deficit of \$0.2 M related to cleaning and disinfectant costs. Both deficits are assumed to be offset through the Safe Restart Agreement – Phase 1 Municipal funding stream. There is a forecasted surplus of \$0.9 M for Hamilton Public Library operations, as reported to their Board on September 16, 2020.

Capital Financing

A capital financing year-end surplus of \$4.5 M is projected in principal and interest savings due to timing of the issuance of debt.

Rate Supported Operating Budget

As at August 31, 2020, the Rate Supported Operating Budget is projecting a surplus of \$3.0 M mainly due to a decrease in overall expenditures of \$2.3 M. Revenue is also expecting a surplus of \$0.7 M as a result of Overstrength and Sewer Surcharge Agreements.

A deficit of \$3.0 M in Commercial/ICI is expected to be offset by a surplus in residential revenues. Although the Commercial and ICI sectors suffered due to COVID-19 shutdowns in the spring and summer of 2020, a combination of residents working and learning from home and a dry summer has led to a surplus in residential revenues (\$3.0 M).

Overall program spending for 2020 is projected to align to the budget of \$86.7 M with a slight surplus of \$24 K. Within the overall operating expenditures balanced position, there are favourable and unfavourable variances that offset each other. The driving factors behind this are shown in Table 4.

Table 4

**City of Hamilton
Rate Budget Operating Expenditures Variance Drivers**

Expenditure Type	Variance (\$000's)
Contractual	(2,105)
Employee Related Costs	1,488
Agencies and Support Payments	773
Building & Ground	1,047
Materials & Supplies	(1,179)
Total Operating Expenditures	24

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Contractual expenditures are projecting an unfavourable variance of \$2.1 M largely due to unexpected Lynden water system work and the increased operating and maintenance expenditures to support the stormwater program to meet compliance standards. Partially offsetting the contractual pressures related to the Lynden water system and the stormwater program are decreased spending in the Outreach and Education program resulting from COVID-19.

Employee related costs are estimating a favourable variance of \$1.5 M. The main drivers of the variance are attributable to net gapping savings of \$1.2 M realized from staff vacancies and decreased spending in training and conferences of \$268 K due to COVID-19.

Agencies and support payments category is forecasting a favourable variance of \$773 K mainly due to the Protective Plumbing Program (3P). As a result of the COVID-19 economic shut-down the Protective Plumbing Program (3P), service providers were unable to perform the required services. The pandemic combined with less adverse weather in early 2020 resulted in lower than expected uptake in the 3P program.

Building and ground is also projecting a favourable variance of \$1.0 M due to lower than expected Hydro consumption and costs. Material and supply are estimated at an unfavourable variance of \$1.2 M mainly due to fluids and chemicals used in the water and wastewater treatment at the Woodward Plant.

A capital financing year-end surplus of \$2.2 M is projected in principal and interest savings due to timing of the issuance of debt.

Appendix “B” to Report FCS20069(a) summarizes the Rate Supported Operating Budget results by program.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS20069(a) – City of Hamilton Tax Operating Budget Variance Report as at August 31, 2020

Appendix “B” to Report FCS20069(a) – City of Hamilton Combined Water, Wastewater and Storm Systems Rate Operating Budget Variance Report as at August 31, 2020

Appendix “C” to Report FCS20069(a) – Budget Restatement Schedule

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Appendix “D” to Report FCS20069(a) – City of Hamilton Budgeted Complement Adjustment Schedule

Appendix “E” to Report FCS20069(a) – City of Hamilton Budgeted Complement Temporary Extension Schedule

KP/DR/dt

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT AUGUST 31, 2020
 (\$ 000's)

	2020 Approved Budget	2020 Actuals to August 30	Projected Actuals to Dec. 31	2020 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
PLANNING & ECONOMIC DEVELOPMENT						
General Manager	963	589	853	110	11.4%	Favourable variance is a result of gapping savings \$170 K partially offset by unexecuted budgeted draw from reserve of \$50 K.
Transportation, Planning and Parking	1,753	3,968	4,748	(2,995)	(170.8)%	Unfavourable variance is mainly attributed to lost Parking, APS Fines and MTO-Plate Denial Fines revenues due to COVID as well as unfavourable gapping, reduced fees for development approvals and unexpected vehicle upfitting costs. These variances are partially offset by increased permit revenues, savings in information retrieval and contractual services.
Building	1,057	1,576	1,627	(570)	(53.9)%	The unfavourable variance can be attributed to the projected decline in all Engineering and Zoning revenues (although Building permits projected revenues have recovered but are not enough to offset other revenue declines). Some of the pressure from lower revenues is offset by savings in gapping, Vehicle Expenses, Conferences, Training and Facilities Recoveries.
Economic Development	5,382	3,301	5,325	57	1.1%	The favourable variance is a result of gapping savings and surpluses in Advertising, Publications and Marketing costs. This is partially offset by pressures in transfers to Ec. Development Investment Fund, Fees and Consulting costs.
Growth Management	324	(3,232)	(1,985)	2,309	712.7%	Favourable variance is due to higher revenues in Sub-Processing fees, Sewer Repair Permits, Official Plan Application Fees and Service Recoveries as well as savings in gapping, consulting, training, conferences and various other accounts. These favourable variances are partially offset by a shortfall in all other revenue streams due to COVID closure as well as overages in transfers to reserves for the HIA rent and Contractual Services.
Licensing & By-Law Services	6,728	4,984	6,990	(262)	(3.9)%	Unfavourable variance is mainly attributed to COVID related revenue losses in Current Year General Licenses, Current Yr. Lotteries - Bingo, Animal Tags, Non-Compliance Fees and Sale of Animals as well as unexpected vehicle upfitting costs. These unfavourable variances are partially offset by gapping saving and increased Admin Fees, Court Recoveries, permit revenues and savings in various materials and supplies costs.
LRT	0	874	0	0	0.0%	
Planning	3,719	1,179	3,664	55	1.5%	Favourable variance is mainly attributed to gapping savings due to vacancies and timing of hire, Consulting and Financial. This is partially offset by lower revenues.
Tourism & Culture	9,217	5,070	8,308	909	9.9%	Favourable variance is attributed to gapping savings from closures and vacancies related to COVID, Federal grant and various savings due to cancellations of special events and closure of facilities. This is partially offset by foregone revenues due to COVID.
TOTAL PLANNING & ECONOMIC DEVELOPMENT	29,143	18,309	29,530	(387)	(1.3)%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT AUGUST 31, 2020
(\$ 000's)

323

	2020 Approved Budget	2020 Actuals to August 30	Projected Actuals to Dec. 31	2020 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
HEALTHY AND SAFE COMMUNITIES						
HSC Administration	2,942	2,054	2,981	(39)	(1.3)%	Unfavourable variance is primarily driven by employee related costs and required COVID emergency expenditures mainly IT hardware costs and Overtime. Offset by savings in staff step-differentials, vacancies and discretionary spending as a result of telecommuting. Potential for COVID related OT costs of \$5K (in forecast) and Hardware costs of \$10K to be funded from the Provincial Relief Restart program.
Children's Services and Neighbourhood Development	10,963	4,008	10,165	798	7.3%	Favourable variance is primarily due to employee related costs savings resulting from re-allocation of Provincial Funding for administrative costs as well as savings from staff re-deployed to other services within the Department supporting corporate COVID response and savings in discretionary spending due to staff telecommunicating. Surplus will be considered to fund future demand for Child Care support.
Ontario Works	11,916	5,445	11,300	616	5.2%	Favourable variance of \$907K is primarily due to gapping. OW has received additional COVID related funding of \$1.35M [\$1.1M employment assistance funding, \$115K one-time funding, \$167K maximizing available subsidies], savings of \$935K in Employee Related Costs, \$166K Vocational Training and Assessments, \$359K in Other Program savings. Offset by COVID related purchases to support virtual service delivery (\$442K), electronic data management (\$580K), facilities renovations (\$520K) and digital mailroom costs (\$360K) as approved by Council. In addition, report HSC20039 will utilize \$160K for the Discretionary Benefit System and vacation payouts are forecast at \$132K.
Housing Services	44,264	26,446	44,264	0	0.0%	Forecasting a favourable variance of \$1.96M, comprised of \$1.16K favourability in Rent Supplements, \$685K AIR Revenues and in-year adjustments, \$78.3K reduced Bus Pass expenses and \$39K administrative discretionary expense savings due to COVID. This favourable variance is offset by COVID costs for various emergency shelter solutions.
Long Term Care	10,916	5,575	10,909	7	0.1%	The favourable variance is mainly due to the Prevention and Containment COVID funding of \$1.338M received from the Province offset by redeployed staffing costs, backfilling temporary positions, vacation payouts and operating costs related to COVID (medical supplies, cleaning supplies, PPE costs). Contributing to the favourable variance is unbudgeted Provincial funding for Direct Care Staffing and Pay Equity Funding, gapping and savings in other various operating costs and programs (Adult Day Program and Meals on Wheels) due to COVID.
Recreation	33,956	19,246	31,202	2,754	8.1%	Unfavourable variance due to loss of revenue due to closures due to COVID (\$8.0 M) Favourable variance due to reallocating staffing costs to redeployed divisions for COVID work \$1.1 M. Favourable variance due to savings in staffing costs due to closures as a result of COVID (summer camps not running, summer students not hired, facilities closed, etc.) (\$6.2 M). Favourable variance due to savings in building and ground costs a result of closures due to COVID (hydro, building cleaning, heating, etc.) (\$950 K). Favourable variance due to maintenance closures at Valley Park Recreation Facility \$683 K, Riverdale Recreation Facility \$302 K and Parkdale Outdoor Pool \$85 K.I4P45:T45
Hamilton Fire Department	93,318	60,000	91,492	1,826	2.0%	Favourable variance due to overall employee related and facility costs, offset partially with essential operating costs.
Hamilton Paramedic Service	25,645	15,913	29,622	(3,977)	(15.5)%	Unfavourable variance due to employee related costs required to meet the resource demands and pressures for scheduling and backfilling a 24/7 operation, exacerbated by resource demands needed for COVID response. This forecast does not include any funding from the Province that may offset the majority of this variance. We have submitted an estimate of \$2.5M to the Province but this funding is as yet unconfirmed.
Public Health Services	12,996	11,261	15,073	(2,077)	(16.0)%	Unfavourable variance is primarily driven by employee related costs required to provide essential services due to COVID. Partially offset by additional ASP funding and program reduction. Submission has been made to Ministry of Health to fund these COVID related costs.
TOTAL HEALTHY AND SAFE COMMUNITIES	246,916	149,948	247,008	(92)	(0.0)%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT AUGUST 31, 2020
 (\$ 000's)

323

	2020 Approved Budget	2020 Actuals to August 30	Projected Actuals to Dec. 31	2020 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
PUBLIC WORKS						
PW-General Administration	704	709	704	0	0.0%	
Energy Fleet and Facilities	12,674	8,397	12,643	31	0.2%	Favourable surplus mainly due to: · \$2.0 M avoided costs for Ticats, Forge and rentals in closed Stadium · \$60 K saved in training costs Partially offset by unfavourable variance due to: · (\$1.3 M) COVID19 related expenses for Facilities including cleaning, Security, grounds cleanup, wages for non-levy Fleet staff during shutdown · (\$727 K) foregone revenue for Stadium Note: This forecast includes expectation that Tim Hortons Field Stadium realizes contractual revenues of \$1.4 M and remains closed in 2020.
Engineering Services	0	1,627	0	0	0.0%	
Environmental Services	82,426	50,689	75,338	7,088	8.6%	Favourable variances forecasted for: · \$2.6 M - Gapping primarily relating to seasonal staff/students not hired or delayed in hiring due to COVID-19 hiring freeze. Overtime relating to staff working specifically on COVID-19 activities totals \$9.4 K. · \$1.4 M - Parks operating and contractual costs not incurred due to COVID-19 shutdown period and restart. · \$1.1 M - TS/CRC Operations - Increased tonnage projected in budget due to the requirement to separate L&Y waste from green bin organics at the curb, however tonnage target not achieved. · \$1 M - Waste Collection Contract - annual escalation factor was budgeted at 1.95%; actual escalation factor is: (4.9839%). The main driver for the escalation factor decreasing is the drop in diesel prices. · \$850 K - TS/CRC revenues, increase as a result of minimum vehicle fee rate increase and an increase in visits from residents cleaning house during COVID shut down. Total visits up 9.5% over same time last year, however tonnage is down 3.5% over same time last year. · \$495 K - Forestry & Horticulture operating costs not incurred due to COVID-19 shutdown period and restart. · \$495 K - Lower than projected tonnage processed at the material recycling facility. · \$363 K - Anticipated savings in fuel resulting in actual rates below budget. · \$248 K - Anticipated savings in training/travel/conferences due to discretionary spending freeze due to COVID-19. Partially offset by projected unfavorable variances of: · (\$342 K) - Budgeted revenues for MRF merchant capacity recycling processing under new contract starting March 30, 2020. Due to COVID-19, no revenues have been realized to date. · (\$302 K) - Environmental Staff labour costs for COVID-19 specific activities (staff costs budgeted within ES Sections). · (\$200 K) - Centralized Compost Facility processing. Additional costs outside of contract due to changes in Environmental Compliance Agreement with the Ministry of Environment, Conservation and Parks. · (\$245 K) - Redeployed staff to Environmental Services in place of seasonal and student hires. · (\$180 K) - Fleet related charges including maintenance for vehicles assigned to COVID-19 activities. · (\$75 K) - Lost revenues resulting from free 2020 Mum Show. · (\$68 K) - Customized signs for Parks & Cemeteries advising of COVID-19 changes.

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT AUGUST 31, 2020
 (\$ 000's)

	2020 Approved Budget	2020 Actuals to August 30	Projected Actuals to Dec. 31	2020 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
Transit	77,932	68,397	77,932	0	0.0%	Unfavourable variances due to: <ul style="list-style-type: none"> • (\$25 M) Fare Revenue due to COVID emergency affecting ridership and refunds and cancellation of UCTP fees • (\$1.0 M) Net unfavourable gapping due to employee related costs largely as a result of overtime, sick: <ul style="list-style-type: none"> o (\$2.8 M) Overtime o (\$2.8 M) Sick time o (\$326 K) Unfavourable vacation payouts, o (\$53 K) in other payroll related costs such as retroactive pay, stat holiday pay and maternity top up. o Partially offset by favourable: \$5.3 M Wages and Salaries, net of \$406 K target, <gross is \$5.7 M>. • (\$790 K) Enhanced cleaning of buses, special Aegis microbe shield application, and installation of operator bio-shields to allow for front door boarding. Partially offset by favourable variances of: <ul style="list-style-type: none"> • \$12.1 M of Safe Restart Agreement - Phase 1 funds recognized and \$0.4 M from the Enhanced Cleaning Grant to balance division budget in 2020. • \$10.3 M DARTS Contract savings due to service at 10-15% until September, then climbing to a projected 40% in December. • \$1.8 M Fuel savings due to lower consumption and much lower than budgeted prices • \$1.2 M in PRESTO and Ticket Distribution commission savings due to COVID emergency • \$822 K savings due to the Delay to Year 5 of Transit Strategy • \$130 K savings in additional areas such as Uniforms, NGV Station Maintenance, Printing and Reproduction, Operating Equipment, Training and Conferences etc.
Transportation Operations & Maintenance	82,645	50,083	75,118	7,527	9.1%	Favourable variance mainly due to: <ul style="list-style-type: none"> • Divisional net gapping savings of \$3.0 M to seasonal staff/students not hired or delayed in hiring due to COVID-19 hiring freeze and due to staff vacancies attributable to restructuring and normal staff turnover (retirements, job transfers, terminations, seasonal hiring, etc.) comprised of the following: <ul style="list-style-type: none"> o Winter Season Roads Maintenance Program net gapping of \$1.3 M o Summer Season Roads Maintenance Program net gapping of \$766 K o Transportation Operations net gapping of \$750 K o Other program related net gapping savings of \$213 K • Additional projected surplus of \$4.5 M in the Winter Season Roads Maintenance Program. The number and severity of winter events from January to April was down from 2019, resulting in savings in material usage of \$2.0 M, contractor activation costs of \$1.7 M, \$800 K in Winter vehicle costs. • Savings of \$330 K in diesel due to lower rates than anticipated Partially offset by unfavourable variances due to unanticipated COVID costs of (\$300 K) related to the shutdown that includes employee overtime incurred to manage the pandemic, vehicle expenses due to increased vehicles on the road to social requirements, increased cleaning to meet COVID cleaning standards, protective clothing and other operating supply costs.
TOTAL PUBLIC WORKS	256,381	179,902	241,735	14,646	5.7%	
LEGISLATIVE						
Legislative General	(367)	(129)	(243)	(124)	33.8%	Gapping target not met plus additional eScribe costs offset by savings in discretionary accounts
Mayors Office	1,164	513	1,159	5	0.4%	Unspent travel budget due to current restrictions
Volunteer Committee	127	(18)	127	0	0.0%	
Ward Budgets	4,171	1,924	4,171	0	0.0%	
TOTAL LEGISLATIVE	5,095	2,290	5,214	(119)	(2.3)%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT AUGUST 31, 2020
 (\$ 000's)

	2020 Approved Budget	2020 Actuals to August 30	Projected Actuals to Dec. 31	2020 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
CITY MANAGER						
Office of the City Auditor	1,139	425	1,025	114	10.0%	Gapping due to hiring freeze and redeployed staff, & savings in training; offset by consulting costs for Security & VFM audits
CMO - Administration	644	112	723	(79)	(12.3)%	Gapping due to temp vacancy offset by COVID related OT and other expenses
Strategic Partnerships and Communications	2,794	1,500	2,799	(5)	(0.2)%	Savings in Intergovernment Relations, Special events; conferences & other admin costs; and gapping offset by budget reduction of \$225k
Human Resources	7,708	3,392	7,542	166	2.2%	Gapping and savings in corporate training, meeting expenses and other staff training costs offset by consulting and recruitment costs
TOTAL CITY MANAGER	12,285	5,429	12,089	196	1.6%	
CORPORATE SERVICES						
City Clerk's Office	2,732	2,046	2,760	(28)	(1.0)%	Negative variance due to unachieved revenues as a result of wedding cancellations and service counter closures as well as unbudgeted hardware and software costs for print shop offset by Gapping and decrease in printing costs.
Corporate Services - Administration	324	202	277	47	14.5%	Favourable variance due to savings in training and consulting fees
Customer Service	5,518	3,482	5,549	(31)	(0.6)%	Negative variance due to internal debt repayment unbudgeted, purchased a dispatch system unbudgeted and wages due to increased hours to support COVID offset by Gapping savings due to COVID
Financial Planning, Admin & Policy	4,905	4,281	4,431	474	9.7%	Favourable variance due to gapping.
Financial Services	4,148	2,390	3,940	208	5.0%	Favourable variance due to gapping offset by a decrease in taxation revenues
Information Technology	13,628	11,048	13,660	(32)	(0.2)%	Negative variance due to software audit causing a one time true up cost
Legal Services	3,408	4,811	3,346	62	1.8%	Positive variance due to meeting new gapping target unbudgeted
TOTAL CORPORATE SERVICES	34,663	28,260	33,963	700	2.0%	
CORPORATE FINANCIALS						
Corporate Pensions, Benefits & Contingency	15,943	8,518	16,125	(182)	(1.1)%	
Corporate Initiatives	5,151	3,405	5,900	(749)	(14.5)%	Unfavourable variance as a result of unrecoverable staffing costs from capital programs.
TOTAL CORPORATE FINANCIALS	21,094	11,923	22,025	(931)	(4.4)%	
HAMILTON ENTERTAINMENT FACILITIES						
Operating	4,097	3,017	4,117	(20)	(0.5)%	
TOTAL HAMILTON ENTERTAINMENT FACILITIES	4,097	3,017	4,117	(20)	(0.5)%	
TOTAL CITY EXPENDITURES	609,674	399,078	595,681	13,993	2.3%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT AUGUST 31, 2020
 (\$ 000's)

329

	2020 Approved Budget	2020 Actuals to August 30	Projected Actuals to Dec. 31	2020 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
CAPITAL FINANCING						
Debt-Healthy and Safe Communities	2,339	(629)	3,052	(713)	(30.5)%	Principal and interest savings due to delay in debt issuance.
Debt-Planning & Economic Development	194	0	27	167	86.2%	
Debt-Public Works	38,695	0	34,143	4,552	11.8%	
Debt-Corporate Financials	81,913	82,237	82,237	(324)	(0.4)%	
Infrastructure Renewal Levy	13,429	0	13,429	0	0.0%	
TOTAL CAPITAL FINANCING	136,570	81,608	132,888	3,682	2.7%	
BOARDS & AGENCIES						
Police Services						
Operating	170,817	107,353	170,817	0	0.0%	Projected deficit of \$487 K reported to Hamilton Police Services Board on September 3, 2020
Capital Financing	662	0	0	662	100.0%	Principal and interest savings due to delay in debt issuance.
Total Police Services	171,479	107,353	170,817	662	0.4%	
Other Boards & Agencies						
Library	31,572	18,977	30,693	879	2.8%	As presented to the Library Board on September 16, 2020
Conservation Authorities	8,196	7,458	8,196	0	0.0%	
Hamilton Beach Rescue Unit	134	67	134	0	0.0%	
Royal Botanical Gardens	635	370	635	0	0.0%	
MPAC	6,843	5,134	6,843	0	0.0%	
Farmers Market	113	172	113	0	0.0%	
Total Other Boards & Agencies	47,493	32,178	46,614	879	1.9%	
Capital Financing - Other Boards & Agencies	191	0	0	191	100.0%	Principal and interest savings due to delay in debt issuance.
City Enrichment Fund	6,088	3,433	6,088	0	0.0%	
TOTAL BOARDS & AGENCIES	225,251	142,964	223,518	1,732	0.8%	
TOTAL EXPENDITURES	971,495	623,650	952,087	19,407	2.0%	
NON PROGRAM REVENUES						
Payment in Lieu	(16,026)	(17,228)	(16,400)	374	(2.3)%	Based on 2020 final billing
Penalties and Interest	(11,000)	(7,140)	(11,000)	0	0.0%	As of Aug, P&I down \$660 K compared to 2019 due to COVID-19 measures - expect to fully offset Sept-Dec with no further P&I waiving
Right of Way	(3,228)	(3,227)	(3,227)	(1)	0.0%	Based on 2020 final billing
Senior Tax Credit	567	599	537	30	5.3%	Based on 2020 final billing
Supplementary Taxes	(9,925)	(7,141)	(9,925)	0	0.0%	Too early to tell - assume on budget for now
Tax Remissions and Write Offs	9,600	(2,101)	8,299	1,301	13.6%	LEED Grant - varies year over year depending on # of grants. Actuals reflect YE accruals. Not aware of grant for 2020 - may change.
Hydro Dividend and Other Interest	(5,300)	(823)	(3,500)	(1,800)	34.0%	Dividends from Hamilton Utilities Corporation and Alectra are estimated to be \$2.4 M lower than anticipated as a result of the COVID-19 pandemic.
Investment Income	(4,100)	(19,739)	(4,100)	0	0.0%	Reductions in investment income will reduce contributions to reserves
Slot Revenues	(5,200)	(833)	(2,200)	(3,000)	57.7%	The closure of casinos and racetrack slots by the Province of Ontario is expected to result in \$3 M of lost revenues.
POA Revenues	(2,432)	(1,241)	1,770	(4,202)	172.8%	POA revenues are expected to be \$4.2 M lower in 2020 due to court closure
TOTAL NON PROGRAM REVENUES	(47,336)	(58,874)	(40,038)	(7,298)	15.4%	
TOTAL LEVY REQUIREMENT	924,159	564,776	912,049	12,109	1.3%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
2020 COMBINED WATER, WASTEWATER AND STORM OPERATING BUDGET
BUDGET VARIANCE REPORT as at AUGUST 31st, 2020

	2020 APPROVED BUDGET	2020 YTD Actuals as at August 31st	2020 Full-year Forecast	2020 Projected Variance \$ %	
OPERATING EXPENDITURES:	\$				
Divisional Administration & Support	2,008,041	1,853,945	2,008,041	-	0.0%
Woodward Upgrades	1,108,390	1,062,939	1,108,390	-	0.0%
Customer Service	314,950	208,734	267,125	47,825	15.2%
Outreach & Education	1,239,577	637,558	893,362	346,215	27.9%
Service Co-ordination	3,576,310	2,332,549	3,150,045	426,266	11.9%
Engineering Systems & Data Collection	1,460,982	1,053,386	1,417,350	43,632	3.0%
Compliance & Regulations	976,984	669,141	976,984	-	0.0%
Laboratory Services	3,660,204	2,542,285	3,430,977	229,227	6.3%
Environmental Monitoring & Enforcement	1,892,256	1,427,034	1,892,256	-	0.0%
Water Distribution & Wastewater Collection	21,828,939	14,956,565	23,556,553	(1,727,614)	(7.9%)
Plant Operations	22,862,849	18,494,331	23,328,362	(465,513)	(2.0%)
Plant Maintenance	10,669,800	7,756,086	10,318,970	350,830	3.3%
Capital Delivery	1,595,011	1,364,499	1,595,011	-	0.0%
Sustainable Initiatives	1,431,094	955,557	1,431,094	-	0.0%
Infrastructure Planning & System Design	1,877,476	1,499,378	1,877,476	-	0.0%
Wastewater Abatement Program	1,150,040	632,537	1,150,040	-	0.0%
Alectra Utilities Service Contract	5,600,000	3,756,358	5,600,000	-	0.0%
Corporate & Departmental Support Services	6,977,580	4,784,481	6,977,580	-	0.0%
Utilities Arrears Program	500,080	26,393	500,080	-	0.0%
Sewer Lateral Management Program	300,000	138,975	202,250	97,751	32.6%
Hamilton Harbour Remedial Action Plan	382,550	218,796	382,550	-	0.0%
Protective Plumbing Program (3P)	1,250,000	361,843	575,000	675,000	54.0%
Financial Charges	86,019	(496,500)	86,019	-	0.0%
	92,749,132	66,236,870	92,725,514	23,619	0.0%
Capital and Reserve Recoveries	(6,029,550)	(69,610)	(6,029,550)	0	0.0%
Sub-Total	86,719,582	66,167,260	86,695,964	23,619	0.0%
Capital and Reserve Impacts on Operating					
Contributions to Capital					
Water Quality Initiatives	50,296,000	50,296,000	50,296,000	0	0.0%
Wastewater	52,673,000	52,673,000	52,673,000	0	0.0%
Stormwater	15,685,000	15,685,000	15,685,000	0	0.0%
Sub-Total Contributions to Capital	118,654,000	118,654,000	118,654,000	0	0.0%
Contributions for DC Exemptions					
Water Quality Initiatives	2,240,000	0	2,240,000	0	0.0%
Wastewater	4,080,000	0	4,080,000	0	0.0%
Stormwater	1,680,000	0	1,680,000	0	0.0%
Sub-Total Contributions for DC Exemptions	8,000,000	0	8,000,000	0	0.0%
Capital Debt Charges					
Water Quality Initiatives	8,593,943	0	8,295,616	298,327	3.5%
Wastewater	11,514,374	0	7,379,737	4,134,637	35.9%
Stormwater	3,399,997	0	2,303,036	1,096,961	32.3%
DC Debt Charges Recoveries	(3,826,205)	0	(538,937)	(3,287,268)	85.9%
Sub-Total Debt Charges	19,682,108	0	17,439,452	2,242,656	11.4%
Sub-Total Capital Financing	146,336,108	118,654,000	144,093,452	2,242,656	1.5%
Reserve Transfers	(43,888)	0	(43,888)	0	0.0%
Sub-Total Capital and Reserve Impacts on Operating	146,292,220	118,654,000	144,049,564	2,242,656	1.5%
TOTAL EXPENDITURES	233,011,802	184,821,260	230,745,528	2,266,275	1.0%

	2020	2020	2020	2020	
	APPROVED BUDGET	YTD Actuals as at August 31st	Full-year Forecast	Projected Variance \$	%
REVENUES:					
<u>Rate Revenue</u>					
Residential	102,226,242	64,191,070	105,226,242	3,000,000	2.9%
Industrial/Commercial/Institutional/Multi-res	112,557,622	60,787,591	109,557,622	(3,000,000)	(2.7%)
Haldimand / Halton	2,735,900	1,329,312	2,735,900	0	(0.0%)
Raw Water	125,000	72,560	125,000	0	0.0%
Non-Metered	580,000	610,997	580,000	0	0.0%
Private Fire Lines	1,850,000	982,145	1,850,000	0	0.0%
Hauler / 3rd Party Sales	1,225,000	1,147,173	1,225,000	0	0.0%
Overstrength Agreements	2,892,902	1,707,097	3,210,510	317,608	11.0%
Sewer Surcharge Agreements	5,806,726	3,035,725	6,224,456	417,730	7.2%
Sub-Total Utility Rates	229,999,392	133,863,670	230,734,730	735,338	0.3%
<u>Non-Rate Revenue</u>					
Local Improvement Recoveries	275,850	169,404	275,850	0	0.0%
Permits / Leases / Agreements	1,365,050	310,334	1,365,050	0	0.0%
Investment Income	450,000	0	450,000	0	0.0%
General Fees and Recoveries	921,510	553,312	921,510	0	0.0%
Sub-Total Non-Rate Revenue	3,012,410	1,033,050	3,012,410	0	0.0%
TOTAL REVENUES	233,011,802	134,896,720	233,747,140	735,338	0.3%
NET EXPENDITURES	0	49,924,540	-3,001,613	3,001,613	

**CITY OF HAMILTON
BUDGET RESTATEMENT SCHEDULE**

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	Public Works	Transportation Operations	\$1,192,290.00	Corporate Financials - Expenditures	Non-Program Expenditures	\$1,192,290.00
Explanation: Transfer budget to reflect new reporting structure.						

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

CITY OF HAMILTON BUDGETED COMPLEMENT TRANSFER SCHEDULE

STAFF COMPLEMENT CHANGE

Complement Transfer to another division or department ⁽¹⁾

ITEM #	TRANSFER FROM				TRANSFER TO			
	Department	Division	Position Title (2)	FTE	Department	Division	Position Title (2)	FTE
1.1	Planning and Economic Development	Transportation Planning and Parking	Parking Investigator	1.00	Planning and Economic Development	Transportation Planning and Parking	Parking Technologist	1.00
Explanation: Conversion of Parking Investigator (grade H) position to a full time Parking Technologist (grade L) position will provide more stability to current temporary Parking Technologist role. Current Parking Investigator is set to retire in November 2020 and change in pay band can be accommodated through available gapping.								

Note - Complement transfers include the transfer of corresponding budget.

(1) - All other budgeted complement changes that require Council approval per Budgeted Complement Control Policy must be done through either separate report or the budget process (i.e. Increasing/decreasing budgeted complement).

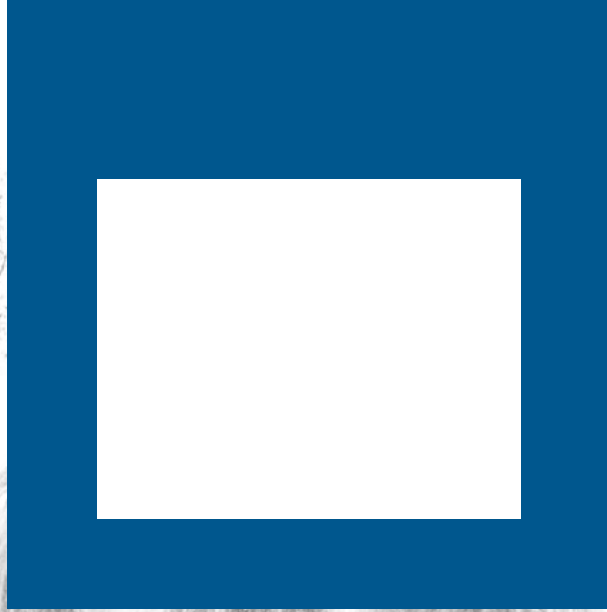
(2) - If a position is changing, the impact of the change is within 1 pay band unless specified.

**CITY OF HAMILTON
 BUDGETED COMPLEMENT TEMPORARY EXTENSION SCHEDULE**

TEMPORARY POSITION EXTENSIONS

Extensions to temporary positions with terms of 24 months or greater as per the Budgeted Complement Control Policy

ITEM #	TRANSFER FROM				TRANSFER TO			
	<u>Department</u>	<u>Division</u>	<u>Position Title</u>	<u>FTE</u>	<u>Department</u>	<u>Division</u>	<u>Position Title</u>	<u>FTE</u>
1	Planning & Economic Developm	Transportation Planning and Parking	Screening Officer	Temp	Planning & Economic Developm	Transportation Planning and Parking	Screening Officer	Temp
Explanation: Temporary position with a 24 month term expiring, requesting approval for additional 12 month extension to December 2021. Position required to accommodate increasing screenings and new APS. Staffing needs are currently under review as part of overall APS restructuring.								



TAX AND RATE OPERATING BUDGET VARIANCE REPORT AS OF AUGUST 31, 2020

FCS20069(a)

1. Summary of Tax and Rate Operating Budget Variance Forecasts
2. Tax Supported Operating Budget Variance Forecast
3. Rate Supported Operating Budget Variance Forecast
4. Recommendations

UPDATE ON COVID-19 IMPACT ON FORECAST IN \$MILLIONS

PROJECTED DEFICIT AS OF FCS20040(a) SCENARIO 1:	\$ 61.6
Reduced by:	
Public Works	
DARTS contract savings	\$ (10.3)
Winter control savings	\$ (5.8)
Temporary suspension of student positions and additional gapping	\$ (5.4)
Healthy and Safe Communities	
Recreation facility closures and temporary suspension of part-time staff	\$ (10.6)
Pandemic Pay	\$ 10.3
Emergency Shelters	\$ 6.9
Corporate Services	
Additional gapping savings	\$ (1.7)
Planning & Economic Development	
Contribution from Building Permit Revolving Fund (to cover Building Services deficit)	\$ (3.7)
Development Application Fees (more revenues than previously forecasted)	\$ (4.6)
Tourism & Culture facility closures and additional gapping savings	\$ (2.0)
Other	
Capital Financing Surplus	\$ (9.1)
Capital Financing Surplus carried forward to fund 2021 Capital Budget	\$ 4.6
Other	\$ (0.2)
REVISED TOTAL TAX SUPPORTED DEFICIT	\$ 30.0

FUNDING ADJUSTED YEAR-END VARIANCE FORECAST

(\$000's)

	2020 Variance (Forecast vs Budget)	
	\$	%
TOTAL TAX SUPPORTED - FORECAST	(29,561)	(3.20%)
FUNDING FROM SENIOR LEVELS OF GOV'T	41,669	-
ADJUSTED SURPLUS (DEFICIT)	12,109	1.31%

2020 COVID-19 FUNDING IMPACT ON FORECAST

Page 45 of 79

(\$000's)

Tax Supported Budget Forecasted Surplus (Deficit)	(29,561)
COVID-19 Funding:	
Long-Term Care Prevention and Containment Funding	1,597
Enhancements to the Reaching Home Initiative	2,275
Reaching Home Initiative - Designated Communities Funding Stream	377
Emergency Funding for Community Mental Health & Addictions	45
FCM - Community Response Fund for Vulnerable Persons	346
Transit – Enhanced Cleaning Grant	464
Public Health Services	1,574
Pandemic Pay	10,335
Social Services Relief Fund - Phase 1	6,881
Social Services Relief Fund - Phase 2	5,040
Safe Restart Agreement - Phase 1 Transit	12,073
Safe Restart Agreement - Phase 1 Municipal	663
Subtotal	41,669
Adjusted Tax Supported Budget Forecasted Surplus (Deficit)	12,109

FORECASTED 2020 TAX SURPLUS (\$000's)

City Capital Financing	8,282
City Capital Financing carried forward to fund 2021 Capital Budget	(4,600)
B&A Capital Financing	853
Winter Season Maintenance	5,800
Hamilton Public Library Operations	879
Misc. Cost Mitigation Measures	895
Total	\$ 12,109

ESTIMATED AVAILABLE SAFE RESTART FUNDING FOR 2021

Estimated remaining funds for ongoing pressures:

Social Services Relief Fund - Phase 2	6,284
Safe Restart Agreement - Phase 1 Transit	5,139
Safe Restart Agreement - Phase 1 Municipal	26,951
Total	38,374

- Based on current information, staff is projecting additional COVID-19 pressures in 2021 between \$34.8 M and \$59.2 M

2020 PROJECTED YEAR END OPERATING BUDGET VARIANCES (\$000's)

	2020 Approved Budget	2020 Year-End Forecast	2020 Variance (Forecast vs Budget)	
			\$	%
<u>TAX SUPPORTED</u>				
PLANNING & ECONOMIC DEVELOPMENT	29,143	29,530	(387)	(1.3%)
HEALTHY & SAFE COMMUNITIES	246,916	247,008	(92)	(0.0%)
PUBLIC WORKS	256,381	241,735	14,646	5.7%
LEGISLATIVE	5,095	5,214	(119)	(2.3%)
CITY MANAGER	12,285	12,089	196	1.6%
CORPORATE SERVICES	34,663	33,963	700	2.0%
CORP FINANCIALS/ NON PROG REVENUES	(26,242)	(18,013)	(8,229)	(31.4%)
HAMILTON ENTERTAINMENT FACILITIES	4,097	4,117	(20)	(0.5%)
TOTAL CITY DEPARTMENTS	562,338	555,643	6,695	1.2%
TOTAL BOARDS & AGENCIES	224,398	223,518	879	0.4%
CAPITAL FINANCING	137,423	132,888	4,535	3.3%
TOTAL TAX SUPPORTED	924,159	912,049	12,109	1.3%
TOTAL RATE SUPPORTED	0	(3,002)	3,002	2.1%

() Denotes unfavourable variance

Tax Supported Operating Budget Variance Forecast

CITY DEPARTMENT VARIANCES

Page 50 of 79

(\$000's)

	2020 Approved Budget	2020 Year-End Forecast	2020 Variance (Forecast vs Budget)	
			\$	%
<u>TAX SUPPORTED</u>				
PLANNING & ECONOMIC DEVELOPMENT	29,143	29,530	(387)	(1.3%)
HEALTHY & SAFE COMMUNITIES	246,916	247,008	(92)	(0.0%)
PUBLIC WORKS	256,381	241,735	14,646	5.7%
LEGISLATIVE	5,095	5,214	(119)	(2.3%)
CITY MANAGER	12,285	12,089	196	1.6%
CORPORATE SERVICES	34,663	33,963	700	2.0%
CORP FINANCIALS/ NON PROG REVENUES	(26,242)	(18,013)	(8,229)	(31.4%)
HAMILTON ENTERTAINMENT FACILITIES	4,097	4,117	(20)	(0.5%)
TOTAL CITY DEPARTMENTS	562,338	555,643	6,695	1.2%

() Denotes unfavourable variance

Net Gapping by Department	Gapping Target (\$000's)	Projected Gapping (\$000's)	Variance (\$000's)
Planning & Economic Development	\$ 853	\$ 2,038	\$ 1,185
Healthy and Safe Communities	\$ 952	\$ 2,938	\$ 1,986
Public Works	\$ 2,202	\$ 5,372	\$ 3,170
Legislative	\$ 84	\$ (51)	\$ (135)
City Manager	\$ 225	\$ 336	\$ 111
Corporate Services	\$ 633	\$ 1,556	\$ 923
Consolidated Corporate Savings/ (Deficit)	\$ 4,950	\$ 12,189	\$ 7,239

DEPARTMENT VARIANCES EXPLANATION SUMMARY

MAIN DRIVERS

Planning and Economic Development:

\$0.4 M departmental deficit

- (\$3.0 M) unfavourable in Transportation Planning & Parking division attributed to decreased parking and fine revenues
- (\$0.6 M) unfavourable in Building Services due to the projected decline in all Engineering and Zoning revenues (Building permits projected revenues have recovered but not by enough to offset other revenue declines).
- \$3.2 M combined favourable in remaining divisions mainly attributable to Growth Management and Tourism and Culture attributable to less financial impact on COVID-19 in growth sector than initially projected and an increase in subdivision processing and development application fees over budget



DEPARTMENT VARIANCES EXPLANATION SUMMARY

MAIN DRIVERS

Healthy and Safe Communities:

*\$0.1 M departmental **deficit***

- (\$4.0 M) unfavourable in Hamilton Paramedics
- (\$2.1 M) unfavourable in Public Health Services

Staff and resourcing costs to meet the demands required for the COVID-19 pandemic response, as well as, additional expense for combatting homelessness and protecting the community's most vulnerable, are the primary drivers of the above deficits.

- \$2.8 M favourable in Recreation:
 - The anticipated revenue loss of \$8.0 M is expected to be mostly mitigated through gapping savings and redeployment of staff to other areas in the City requiring resources. Another \$2.0 M in discretionary operating costs is expected to be avoided through facility closures.
- Remaining divisions are forecasting a combined surplus of \$3.2 M, primarily driven by gapping.

DEPARTMENT VARIANCES EXPLANATION SUMMARY

MAIN DRIVERS

Public Works:

\$14.6 M departmental surplus

- On budget in Transit
 - \$25 M lost revenues due to COVID-19
 - \$0.8 M increased cleaning/disinfectant and shield installation on buses
 - Partially offset by fuel savings, commission savings, delay in Year 5 Transit Strategy, and DARTS contract savings (\$14.2 M combined)
 - Remaining deficit offset by \$12.1 M of Safe Restart Agreement and \$0.4 M from the from the Enhanced Cleaning Grant (Ministry of Transportation)

- \$7.5 M favourable in Transportation Operations & Maintenance
 - \$3.0 M gapping savings
 - \$4.5 M savings in Winter Season Roads Maintenance Program

- \$7.1 M favourable in Environmental Services
 - \$2.6 M Gapping resulting from freeze on hiring of student and seasonal staff
 - \$1.4 M in operating savings due to the shutdown of parks
 - The Transfer Station and Community Recycling Centre is projecting a \$2.0 M surplus
The Waste Collection Contract is also projecting a \$1.0 M surplus.

DEPARTMENT VARIANCES EXPLANATION SUMMARY

MAIN DRIVERS

Corporate Services:

\$0.7 M departmental surplus

- Favourable combined gapping across several divisions

City Manager's Office:

\$0.2 M departmental surplus

- Favourable combined gapping across several divisions

Corporate Financials / Non Program Revenues:

\$8.2 M departmental deficit

- (\$0.9 M) unfavourable in Corporate Initiatives
 - Unfavourable variance as a result of unrecoverable staffing costs from capital programs.
- (\$7.3 M) unfavourable variance in Non-Program Revenues
 - HUC and Alectra dividends are estimated to be \$2.4 M lower than anticipated
 - Shared revenues from the Ontario Lottery and Gaming Commission are expected to be \$3.0 M lower than budget
 - POA revenues – expected deficit of \$4.2 M in 2020 due to court closures 15

OTHER NON-DEPARTMENTAL VARIANCES

(\$000's)

	2020 Approved Budget	2020 Year-End Forecast	Variance (2020 Forecast vs Budget)	
			\$	%
POLICE	170,817	170,817	0	0.0%
LIBRARY	31,572	30,693	879	2.8%
OTHER BOARDS & AGENCIES	15,921	15,921	0	0.0%
CITY ENRICHMENT FUND	6,088	6,088	0	0.0%
TOTAL BOARDS & AGENCIES	224,398	223,519	879	0.4%
CAPITAL FINANCING	137,423	132,888	4,535	3.3%
TOTAL OTHER NON- DEPARTMENTAL	361,821	356,407	5,415	1.5%

() Denotes unfavourable variance

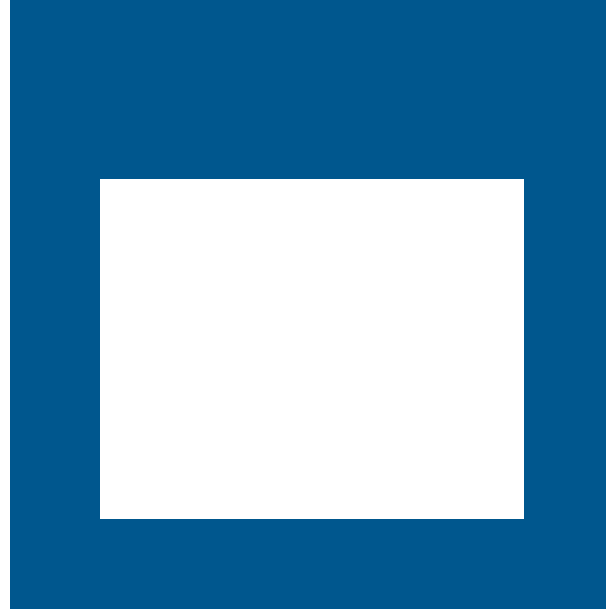
Rate Supported Operating Budget Variance Forecast

2020 RATE OPERATING BUDGET PROJECTED YEAR-END VARIANCE (\$000's)

	2020 Approved Budget	2020 Projected To Year End	2020 Projected Variance	
			\$	%
TOTAL EXPENDITURES	233,012	230,746	2,266	1.0%
TOTAL REVENUES	(233,012)	(233,748)	736	(0.3%)
NET	-	(3,002)	3,002	1.3%

() Denotes unfavourable variance

- 2020 budget transfer, transferring budget from one department / division to another or from one cost category to another (no levy impact), outlined in Appendix “C”, be approved;
- 2020 complement transfers (no levy impact), outlined in Appendix “D”, be approved;
- 2020 extensions of temporary positions with 24-month terms or greater (no levy impact), outlined in Appendix “E” to Report FCS20069(a), be approved.



THANK YOU



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	November 19, 2020
SUBJECT/REPORT NO:	2021 Temporary Borrowing and Interim Tax Levy By-laws (FCS20094) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Gloria Rojas (905) 546-2424 Ext. 6247
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Service Department
SIGNATURE:	

RECOMMENDATION

- (a) That Appendix “A” attached to Report FCS20094 “By-law to Authorize the Temporary Borrowing of Monies to Meet Current Expenditures Pending Receipt of Current Revenues for 2021”, be passed;
- (b) That Appendix “B” attached to Report FCS20094 “By-law to Authorize an Interim Tax Levy for 2021”, be passed.

EXECUTIVE SUMMARY

Both the Interim Tax Levy and Temporary Borrowing By-laws ensure that the City has access to a continuing cash flow to fund operations until a final 2021 budget has been approved.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The City would have to pay negotiated interest payments should it have to borrow funds under the Temporary Borrowing By-law.

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**SUBJECT: 2021 Temporary Borrowing and Interim Tax Levy By-laws (FCS20094)
(City Wide) – Page 2 of 3**

Staffing: N/A

Legal: The Temporary Borrowing By-law is required under Section 407 of the *Municipal Act, (2001)*. An Interim Tax Levy By-law is required under section 317 of the *Municipal Act, (2001)*.

HISTORICAL BACKGROUND

Appendix “A” to Report FCS20094 is a Temporary Borrowing By-law allowing the City to ensure that it has access to adequate cash flow to meet operating commitments. The allowable percentages to borrow as set out in Section 407 of the *Municipal Act, (2001)* are 50% of estimated revenues prior to September 30 and 25% afterwards. It is important to note that actual borrowings under this provision have historically been very limited in both magnitude and duration. The most recent case of the City taking advantage of this provision was in late 1998 and 1999 under the Current Value Assessment conversion, when the Province was adjusting the rules and regulations for taxation of commercial and industrial properties, which held up final tax bills to August and September, respectively.

Appendix “B” to Report FCS20094 is an Interim Tax Levy By-law. In the course of its’ operations, before a final budget has been approved, the City incurs expenses on a regular basis. These expenses, including such items as employee wages, material expenditures and School Board tax payments, would require significant temporary borrowing without the ability to levy taxes in advance of the final tax bills being issued. Section 317 of the *Municipal Act, (2001)* permits the levy of up to 50% of the prior year’s taxes (annualized for adjustments such as supplementary taxes or tax appeals). The Interim Tax Levy By-law provides the formal mechanism whereby Council can affect this pre-levy. The due dates of the instalments for the 2021 Interim Levy are proposed to be February 26, 2021 and April 30, 2021.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Report FCS20094 complies with provisions within Sections 317 and 407 of the *Municipal Act, 2001*.

RELEVANT CONSULTATION

The Legal and Risk Management Services Division was consulted to confirm the adherence to the *Municipal Act*. The Financial Services and Taxation Division has also been consulted as they are responsible for the tax billing and collection.

**SUBJECT: 2021 Temporary Borrowing and Interim Tax Levy By-laws (FCS20094)
(City Wide) – Page 3 of 3**

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

By-laws are required under the *Municipal Act*. Both the Interim Tax Levy and the Temporary Borrowing By-laws ensure the City has adequate funding to run day-to-day operations in 2021 prior to approving the 2021 budget.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to FCS20094 – 2021 Temporary Borrowing By-law

Appendix “B” to FCS20094 – 2021 Interim Tax Levy By-law

GR/dt

Authority:

Bill No.

CITY OF HAMILTON**BY-LAW NO.****To Authorize the Temporary Borrowing of Monies to Meet Current Expenditures Pending Receipt of Current Revenues for 2021**

WHEREAS the Council for the City of Hamilton deems it necessary to pass and enact a by-law to authorize the temporary borrowing of monies by the City to meet current budget expenditures for the year 2021 pending receipt of current revenues; and,

WHEREAS section 407(1) of the *Municipal Act, 2001*, provides as follows:

"At any time during a fiscal year, a municipality may authorize temporary borrowing, until the taxes are collected and other revenues are received, of the amounts that the municipality considers necessary to meet the expenses of the municipality for the year and of the amounts, whether or not they are expenses for the year, that the municipality requires in the year"; and,

WHEREAS Section 407(2) of the *Municipal Act, 2001*, imposes certain limitations on the amounts that may be borrowed at any one time.

NOW THEREFORE the Council of the City of Hamilton hereby enacts as follows:

1. (a) The City of Hamilton is hereby authorized to borrow from a Bank or person by way of Promissory Notes or Bankers Acceptances from time to time a sum or sums of monies not exceeding at any one time the amounts specified in subsection (2) of the *Municipal Act, 2001* to pay off temporary bank overdrafts for the current expenditures of the City for the year 2021, including amounts for sinking funds, principal and interest falling due within such fiscal year and the sums required by law to provide for the purposes of the City.
- (b) The amount of monies that may be borrowed at any one time for the purposes of subsection (1) of the *Municipal Act, 2001*, together with the total of any similar borrowings that have not been repaid, shall not, except with the approval of the Ontario Municipal Board, exceed the prescribed percentages of the total of the estimated revenues of the City as set forth in the estimates adopted for the year, which percentages are set out in section 407 of the *Municipal Act, 2001* as it may be amended from time to

Appendix "A" to Report FCS20094
Page 2 of 2

time.

2. (a) Until estimates of revenue of the City for the 2021 year are adopted, borrowing shall be limited to the estimated revenues of the City as set forth in estimates adopted for the next preceding year.
- (b) The total estimated revenues of the City, including the amounts levied for Education purposes, adopted for the year 2021 are One Billion, Nine Hundred Million Dollars (\$1,900,000,000).
3. All sums borrowed pursuant to the authority of this By-law, together with any and all similar borrowings in the current year and in previous years that have not been repaid shall, together with interest thereon, be a charge upon the whole of the revenues of the City for the current year and for all preceding years, as and when such revenues are collected or received.
4. The Treasurer shall, and is hereby authorized and directed to, apply in payment of all sums borrowed pursuant to this By-law, together with interest thereon, all of the monies thereafter collected or received for the current and preceding years, either on account or realized in respect of taxes levied for the current year and preceding years or from any other sources which may lawfully be applied for such purpose.
5. That the Mayor and failing such person, the Deputy Mayor of the City Council and failing such person, the City Manager, together with the Treasurer or any one of the Temporary Acting Treasurers be authorized and directed to sign and execute the aforesaid Promissory Notes and Bankers Acceptances, hypothecations, agreements and such other documents, writings and papers which shall give effect to the foregoing.
6. This By-law shall come into force and effect on the 1st day of January 2021 and shall remain in force and effect until December 31, 2021.

PASSED this _____ day of _____, 2020

F. Eisenberger
Mayor

A. Holland
City Clerk

Authority:

Bill No.

CITY OF HAMILTON

BY-LAW NO.

To Authorize an Interim Tax Levy for 2021

WHEREAS the Council for the City of Hamilton deems it necessary to pass a by-law to levy on the whole of the assessment for each property class in the local municipality rateable for a local municipality purpose, a sum not to exceed that which would be produced by applying the prescribed percentage (or 50 percent if no percentage is otherwise prescribed) of the total amounts billed to each property for all purposes in the previous year on the properties that, in the current year, are in the property class as provided for in Section 317 of the *Municipal Act, 2001*; and,

WHEREAS Section 317 of the *Municipal Act, 2001*, also authorizes a Municipal Council, by by-law, to adjust the interim taxes on a property if the Council is of the opinion that the Interim Levy on a property is too high or too low in relation to its estimate of the total taxes which will be levied on the property in 2021.

NOW THEREFORE the Council of the City of Hamilton enacts as follows:

1. The interim tax levies shall be levied and collected upon the whole of the rateable property categories in Columns 1 and 2, shown below:

Column 1

Class

Residential
 Farmlands Awaiting Development
 Multi-Residential
 New Multi-Residential
 Commercial
 Commercial Excess Land / Small-scale on Farm
 Commercial Office Building / Excess Land
 Commercial Parking Lot / Vacant Land
 Commercial Shopping Centre / Excess Land
 New Commercial
 New Commercial Excess Land / Small-scale on Farm
 New Commercial Office Building / Excess Land
 New Commercial Shopping Centre / Excess Land
 Industrial
 Industrial Excess / Vacant Land / Small-scale on Farm
 New Industrial
 New Industrial Excess / Vacant Land / Small-scale on Farm
 Industrial Large / Excess Land

Column 2

Class Code

RT
 C1/R1/M1
 MT
 NT
 CT
 CU/C7
 DT/DU
 GT/CX
 ST/SU
 XT
 YU/X7
 YT/ZU
 ZT/ZU
 IT
 IU/IX/I7
 JT
 JU/JX/J7
 LT/LU

Appendix "A" to Report FCS20094
Page 2 of 2

Column 1	Column 2
Class	Class Code
New Industrial Large Industrial / Excess Land	KT/KU
Landfills	HT
Pipeline	PT
Farmland	FT
Managed Forest	TT
Rail Right-of-way	WTCN
Rail Right-of-way	WTCP
Utility Right-of-way	UT
Shortline Railway Right-of-way	BT

2. The interim tax levy shall become due and payable in two instalments as allowed under Section 342(1)(a) of the *Municipal Act, 2001*, as follows:

Fifty percent of the interim levy, rounded, shall become due and payable on the 26th day of February 2021 or 21 days after an interim tax bill is mailed out, whichever is later, and the balance of the interim levy shall become due and payable on the 30th day of April, 2021 and non-payment of the amounts due on the dates stated, in accordance with this section, shall constitute default

3. That when payment of any instalment or any part of any instalment of taxes levied by this by-law is in default, penalties and where applicable interest, shall be imposed respectively in accordance with City of Hamilton policies.
4. Section 342(1) (b) of the *Municipal Act, 2001* allows for alternative instalment due dates to spread the payment of taxes more evenly over the year. Therefore, notwithstanding the payable dates provided for in section 2, the interim tax levy for those on a 12-month pre-authorized automatic withdrawal payment plan shall be paid in 6 equal instalments due and payable on or after the first or fifteenth day of each month January to June, inclusive. For those on the 10-month pre-authorized automatic withdrawal payment plan, the interim levy shall be paid in 5 equal instalments due and payable on or after the first day of each month February to June, inclusive. The pre-authorized payment plans shall be penalty and interest free for as long as the taxpayer is in good standing with the terms of the plan agreements.
5. The interim tax levy rates shall also apply to any property added to the assessment roll after this by-law is enacted.
6. This by-law shall come into force and effect on the 1st day of January 2021.

PASSED this _____ day of _____, 2020

F. Eisenberger
Mayor

A. Holland
City Clerk



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	November 19, 2020
SUBJECT/REPORT NO:	Binbrook Conservation Area Capital Funding Plan (FCS20096) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Kirk Weaver (905) 546-2424 Ext. 2878
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the Niagara Peninsula Conservation Authority's special benefitting capital levy request related to septic system and other capital improvements to the Binbrook Conservation Area of up to \$1.21 M be funded from the Unallocated Capital Levy Reserve (108020) and repaid from the operating budget over 15 years at an interest rate of 1.66% for an annual payment of \$91,790.31 as outlined in Appendix "A" of Report FCS20096;
- (b) That the Niagara Peninsula Conservation Authority's capital levy of \$92,000 be included in the 2021 Tax Operating Budget;
- (c) That the Niagara Peninsula Conservation Authority submit financial documentation to the Director of Financial Planning, Administration and Policy for the release of funds for the capital projects of up to \$1.21 M.

EXECUTIVE SUMMARY

On January 21, 2020, the Niagara Peninsula Conservation Authority's (NPCA) 2020 Operating and Capital Budgets were presented to the City of Hamilton's General Issues Committee. The Binbrook Conservation Area (Binbrook CA) Capital Projects were noted as a critical unfunded capital pressure for 2020 in the amount of \$1.776 M. This is primarily to fund an urgently required septic system replacement. In February of 2020, the NPCA engaged an engineering firm for the design of the system.

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SUBJECT: Binbrook Conservation Area Capital Funding Plan (FCS20096) (City Wide) – Page 2 of 5

In July of 2020, the project design was presented to the NPCA Board along with revised funding recommendations. The septic system project has been designed in a modular format allowing the project to proceed in two phases. Phase One, with about 50% of the forecasted flow requirement is set to proceed now, whereas, Phase Two of the project would not occur for 10–15 years based on park utilization forecasts.

By phasing in the system capacity, the cost estimates required in 2020 have decreased from about \$1.5 M to \$800,000. In addition, there are two other smaller projects being requested for funding bringing the total funding request to \$1.21 M as outlined in Table 1.

**Table 1
Binbrook Conservation Authority 2020 Capital Projects**

Septic System	\$ 800,000
Water System	150,000
Tree Top Trekking Building	<u>150,000</u>
Sub Total	\$1,100,000
10% Contingency (Procurement and Construction	<u>110,000</u>
Total	<u>\$1,210,000</u>

The existing septic system is not capable of handling the significant increased use experienced recently at the Binbrook CA. Since 2015, attendance at the park has doubled from about 1,000 visitors per day to 2,000 per day in 2019. The existing septic system was installed in the early 1990's and designed for significantly lower usage. The system is over taxed requiring unsustainable and costly temporary measures including almost daily septic pumping and portable toilets. Without the septic upgrades, the NPCA risks Ministry of the Environment, Conservation and Parks orders which could limit park usage.

Other projects included in the \$1.21 M levy include contractual obligations for facility improvements to accommodate the Treetop Trekking attraction and water system improvements.

The *Conservation Authority Act* requires that the benefitting municipality levy for capital projects that are deemed by the Conservation Authority to directly benefit that municipality. The City of Hamilton has several options to fund the costs of projects that include:

- (i) Provide the NPCA with the required funding from a City reserve and repay the reserve from future tax operating budgets.
- (ii) The City could loan the NPCA the funds with a repayment plan. The NPCA would repay the City, but also fund that repayment through their levy to the City.
- (iii) The City could provide the NPCA the required funding and then secure debt (loan or debenture issue) to fund the project over a number of years. The financing cost of the debt would be added to the City's tax operating budget.

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SUBJECT: Binbrook Conservation Area Capital Funding Plan (FCS20096) (City Wide) – Page 3 of 5

City staff is recommending (i) above. This is the most efficient option available while still ensuring transparency in reporting.

The recommendation would approve an upset limit of \$1.21 M requiring the NPCA and City staff to seek approval from their Board and Council to exceed the project cost. The NPCA has agreed to fund these projects and submit requests for reimbursement of actual costs, along with supporting documentation satisfactory to the Director of Financial Planning Administration and Policy.

Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Total project costs are estimated at \$1.21 M and are recommended to be internally financed from the Unallocated Capital Levy Reserve (108020) over a 15-year period requiring annual tax operating budget of about \$92,000. The repayment schedule is attached as Appendix “A” of Report FCS20096.

Staffing: There are no associated staffing implications.

Legal: There are no associated legal implications.

HISTORICAL BACKGROUND

On January 21, 2020, the NPCA’s 2020 Operating and Capital Budgets were presented to the City of Hamilton’s General Issues Committee. The Binbrook Conservation Area (Binbrook CA) Capital Projects were noted as a critical unfunded capital pressure for 2020 in the amount of \$1.776 M. These projects include:

- Septic System Replacement - \$1,500,000
- Building and Services – Tree Top Trekking Contract - \$150,000
- Water System Treatment Upgrades – \$125,633

The majority of the funding required is for the replacement of the septic system. The existing septic system is not capable of handling the significant increased use experienced recently at the Binbrook CA. Since 2015, attendance at the park has doubled from about 1,000 visitors per day to 2,000 per day in 2019. The existing septic system was installed in the early 1990’s and designed for significantly lower usage. The system is over taxed requiring unsustainable and costly temporary measures including almost daily septic pumping and portable toilets. Without the septic upgrades, the NPCA risks Ministry of the Environment, Conservation and Parks orders which could limit park usage.

SUBJECT: Binbrook Conservation Area Capital Funding Plan (FCS20096) (City Wide) – Page 4 of 5

On February 19, 2020, the NPCA Board approved several motions including the go ahead to proceed with engineering and design of the project and that NPCA staff work with the City of Hamilton to facilitate funding.

The NPCA is now recommending a phased in septic project with overall cost of the three projects being reduced to \$1.21 M as shown in Table 1.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The *Conservation Authority Act* requires Conservation Authorities to levy benefitting municipalities for capital projects.

RELEVANT CONSULTATION

City staff has been corresponding with NPCA staff regularly with respect to financing options, project costs and disbursement of funds.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The City is obligated to fund the levy request submitted by the NPCA for capital projects as the benefitting municipality. Table 1 in the Executive Summary provides details of the NPCA Binbrook Conservation Area capital projects. Staff is recommending that the City provide the funds up to \$1.21 M from the tax operating budget and fund it from the Unallocated Capital Levy Reserve (108020) and then pay back the reserve over 15 years through the tax operating budget. The annual repayment with interest at a rate of 1.66% is \$91,790.31. As per the City's reserve policy, the interest rate used is the City cost of borrowing. This method of funding is the most efficient and supports transparency in reporting the annual impact of the NPCA levy.

ALTERNATIVES FOR CONSIDERATION

As indicated, the *Conservation Authority Act* requires that the benefitting municipality levy for capital projects that are deemed by the Conservation Authority to directly benefit that municipality. The City of Hamilton has several alternatives to fund the costs of the NPCA Binbrook Conservation Area capital projects.

Alternative 1:

- The City could loan the NPCA the funds with a repayment plan. The NPCA would repay the City, but also fund that repayment through their levy to the City.

Alternative 2:

- The City could provide the NPCA the required funding and then secure debt (bank loan, Infrastructure Ontario (IO) loan or, possibly, debenture issue) and fund the project over a number of years through the repayment of the debt. The financing cost of the debt would be added to the City's Tax Supported Operating Budget.

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SUBJECT: Binbrook Conservation Area Capital Funding Plan (FCS20096) (City Wide) – Page 5 of 5

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS20096 – Binbrook Conservation Area Capital Funding Plan

KW/dt

Binbrook Conservation Area Capital Funding Plan

Borrower City of Hamilton Reserve 108020
 Purpose NPCA Binbrook Conservation Area Improvements (FCS20096)

Principal Amount \$ 1,210,000.00
 Annual Interest Rate 1.66 %
 Loan Term (Year) 15
 Debenture Date (mm/dd/yyyy) 12/01/2020
 Maturity Date (mm/dd/yyyy) 05/01/2030
 Payment Frequency Annual
 Loan Type Serial

<u>Payment Date</u>	<u>Total Payment</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Principal Balance</u>
12/01/2021	\$ 91,790.31	\$ 71,704.31	\$ 20,086.00	\$ 1,138,295.69
12/01/2022	\$ 91,790.31	\$ 72,894.60	\$ 18,895.71	\$ 1,065,401.10
12/01/2023	\$ 91,790.31	\$ 74,104.65	\$ 17,685.66	\$ 991,296.45
12/01/2024	\$ 91,790.31	\$ 75,334.79	\$ 16,455.52	\$ 915,961.66
12/01/2025	\$ 91,790.31	\$ 76,585.34	\$ 15,204.96	\$ 839,376.32
12/01/2026	\$ 91,790.31	\$ 77,856.66	\$ 13,933.65	\$ 761,519.66
12/01/2027	\$ 91,790.31	\$ 79,149.08	\$ 12,641.23	\$ 682,370.58
12/01/2028	\$ 91,790.31	\$ 80,462.95	\$ 11,327.35	\$ 601,907.63
12/01/2029	\$ 91,790.31	\$ 81,798.64	\$ 9,991.67	\$ 520,108.99
12/01/2030	\$ 91,790.31	\$ 83,156.50	\$ 8,633.81	\$ 436,952.49
12/01/2031	\$ 91,790.31	\$ 84,536.89	\$ 7,253.41	\$ 352,415.59
12/01/2032	\$ 91,790.31	\$ 85,940.21	\$ 5,850.10	\$ 266,475.39
12/01/2033	\$ 91,790.31	\$ 87,366.81	\$ 4,423.49	\$ 179,108.57
12/01/2034	\$ 91,790.31	\$ 88,817.10	\$ 2,973.20	\$ 90,291.47
12/01/2035	\$ 91,790.31	\$ 90,291.47	\$ 1,498.84	\$ 00.00
	\$ 1,376,854.59	\$ 1,210,000.00	\$ 166,854.59	



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Information Technology Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	November 19, 2020
SUBJECT/REPORT NO:	Information Technology Data Centre Air Conditioning System Replacement (FCS20091) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Fred Snelling (905) 546-2424 Ext. 6059
SUBMITTED BY:	Maria McChesney Director, Information Technology Corporate Services
SIGNATURE:	

RECOMMENDATION

That Finance staff be directed to mitigate the additional \$250,000 required to replace the Air Conditioning System in the Corporate Data Centre, through Capital Work In Progress (WIP) funding and/or reserves.

EXECUTIVE SUMMARY

The Corporate Data Centre, located in the Central Library at 55 York Blvd 6th floor, contains the servers and core network infrastructure that store all corporate electronic data and house the network and internet services. Temperature in the Corporate Data Centre is maintained by two air conditioning units which have reached end of life and end of servicability.

A Capital Budget request for \$200,000 for their replacement was approved for 2020. SNC Lavalin was engaged by Corporate Facilities Division staff to oversee this project and based on their analysis, the Capital Budget amount approved will not provide sufficient funding for this project. The estimated cost will exceed this budgeted amount by \$250,000.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Information Technology Data Centre Air Conditioning System Replacement (FCS20091) (City Wide) - Page 2 of 3

Staff is asking for the approval to acquire the outstanding amount from Work in Progress funding or reserves. It is essential that this need is addressed as soon as possible to avoid corporate data loss and possible expense for the recovery or restoration of lost data.

Alternatives for Consideration – See Page 3 or Not Applicable**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: n/a

Staffing: n/a

Legal: n/a

HISTORICAL BACKGROUND

Modern data centers are technologically complex and keeping them running safely and efficiently requires continual close monitoring and management. The recommended temperature for data centers is between 70 and 75°F (or 21 and 24°C). Should the temperature and humidity rise to excessive levels inside the data center, condensation can start to form, thereby damaging the machines within. This can cause massive damage and disruption.

The Corporate Data Centre, located in the Central Library located at 55 York Blvd. 6th floor, currently has two air conditioning units to maintain the temperature. Should one of these units fail, the second unit can temporarily maintain the temperature in a safe range. Equipment would need to be shut down during this period to minimize the heat dissipated into the data centre.

The current air conditioning units have now reached end of life/end of support and replacement is essential to protect the Corporate Data Centre infrastructure. The IT Division of the Corporate Services Department submitted and had approved a Capital Budget request for this purpose and the Corporate Facilities Division staff engaged SNC Lavalin to oversee this project. Based on the analysis of SNC Lavalin, the Capital Budget approval of \$200,000 will be insufficient for this project. The estimated cost will exceed this by \$250,000.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

n/a

RELEVANT CONSULTATION

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SUBJECT: Information Technology Data Centre Air Conditioning System Replacement (FCS20091) (City Wide) - Page 3 of 3

Corporate Services Department, Finance Division staff were involved in the preparation of this report

Corporate Facilities Division Staff are overseeing this project and have provided the cost estimates through their consultant, SNC Lavalin.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Locating funds from within current approved funding will allow staff to address this critical need in a timelier manner than the alternative below.

ALTERNATIVES FOR CONSIDERATION

Staff could, through a Capital Budget request to the 2021 Capital Budget, submit a request for the balance required to fund this project. This is not being recommended due to the critical nature of the service. The data centre houses critical information systems infrastructure which must be maintained at a certain temperature to avoid overheating and result in a loss of data and services systems

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**Built Environment and Infrastructure**

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

n/a

FS/sn