



Hamilton

CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Planning and Policy Division

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: July 9, 2012	
SUBJECT/REPORT NO: Tax and Rate Operating Budget Variance Report to April 30, 2012 (FCS12050) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department	PREPARED BY: Tom Hewitson (905) 546-2424 x4159 Victoria Terella (905) 546-2424 x4169
SIGNATURE:	

RECOMMENDATION

That the Tax and Rate Operating Budget Variance Report to April 30, 2012 be received for information.

EXECUTIVE SUMMARY

Staff have committed to provide Council with three variance reports for the Tax and Rate Operating Budget during the fiscal year (Spring/Fall/Year-End). This is the first submission for 2012 based on the operating results as of April 30, 2012.

Tax supported operations are projecting an unfavourable variance of -\$1.8 million. Primary contributors to this unfavourable variance are the projected deficit in Risk Management of -\$2.0 million and in-year Council approvals for 2012 of -\$4.5 million. Partially offsetting these negative variances are the savings in Capital Financing of \$3.7 million. Excluding the in-year approvals, most departments are expecting modest favourable variances. Based on the motions approving the additional in-year expenditures (such as OW discretionary and Forestry building), through this variance

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report the current Corporate forecast reflects the fact that the Corporate surplus is insufficient to accommodate the aforementioned pressures, therefore about \$1.8 million may be needed from reserves as approved by Council.

Rate supported operations are projecting a favourable variance of \$3.1 million for the 2012 fiscal year, primarily due to debt charge savings of \$5.9 million and \$2.4 million in savings from other program expenditures. Partially offset by an unfavourable variance in rate revenues of -\$5.3 million based on current 2012 water consumption trends.

The following table summarizes the projected corporate results:

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

	2012 Final Budget	2012 Year-End Forecast	Variance	
			\$	%
TAX SUPPORTED				
Planning & Economic Development *	22,094	22,549	(455)	(2.1)%
Public Health Services	10,314	10,518	(204)	(2.0)%
Community Services *	131,475	133,344	(1,869)	(1.4)%
Hamilton Emergency Services	94,523	94,379	144	0.2%
Public Works *	181,397	181,298	99	0.1%
Legislative	3,947	3,686	261	6.6%
City Manager	9,784	9,964	(181)	(1.8)%
Corporate Services	19,417	19,354	63	0.3%
Corporate Financials	2,576	6,602	(4,026)	(156.3)%
Non Program Revenues	(38,537)	(39,520)	983	2.6%
TOTAL CITY EXPENDITURES	436,990	442,174	(5,184)	(1.2)%
Hamilton Police Services	135,642	135,642	(0)	(0.0)%
HECFI	3,247	3,567	(320)	(9.9)%
Library	28,039	28,039	0	0.0%
Other Boards & Agencies	15,013	15,013	(0)	(0.0)%
Community Grants	3,212	3,212	(0)	(0.0)%
TOTAL BOARDS & AGENCIES	185,152	185,472	(320)	(0.2)%
CAPITAL FINANCING	84,928	81,228	3,700	4.4%
PROVINCIAL FUNDING / OMPF	0	0	0	0.0%
ONE TIME USE OF TAX STABILIZATION RESERVE	(2,000)	(2,000)	0	0.0%
TOTAL TAX SUPPORTED	705,070	706,874	(1,804)	(0.3)%
TOTAL RATE SUPPORTED	0	(3,100)	3,100	0.0%
TOTAL CITY	705,070	703,774	1,296	0.2%

() - Denotes unfavourable variance

* - Includes expenditures approved by Council to be funded from department or corporate surplus, or reserve. The reserve transfer has not been reflected. Based on the above \$1.8million in reserve transfer would be required.

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Appendix A to report FCS12050 summarizes the tax supported budget year-end variances by department and division and Appendix B to report FCS12050 summarizes the rate budget results by program.

Alternatives for Consideration – Departments will continue to monitor the operating results and will report any significant changes in their projections in the next variance report.

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

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

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

Staff has committed to provide Council with three variance reports on the Tax and Rate Operating Budget during the fiscal year (Spring/Fall/Final). This is the first submission for 2012 based on the operating results as of April 30.

POLICY IMPLICATIONS

N/A

RELEVANT CONSULTATION

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

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

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

TAX SUPPORTED BUDGET

The tax supported budget is forecasting an unfavourable variance of -\$1.8 million for year-end. The major drivers are the projected deficit in Risk Management of -\$2.0 million and in-year Council approvals of -\$4.5 million.

In-Year Council Approvals

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

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

Based on projections to-date, there will be insufficient departmental or corporate surplus and approximately \$1.8 million may be required from reserves as approved by Council.

Departmental details are as follows:

Planning & Economic Development

Overall the department is projected to have a negative variance of -\$455,000 for year-end.

Building Services is showing an unfavourable variance of -\$102,000 as a result of higher computer software & hardware costs (-\$78K), unfavourable credit card transaction fees (-\$25K), decreased Zoning Compliance revenue (-\$41K) and reduced Illegal Grow-Op fees due to lower activity levels. These are partially offset by favourable gapping.

The Economic Development division is projecting a positive variance of \$167,000 due to salary gapping (\$57K), favourable rent revenue for Hamilton Technology Centre (\$33K), and less than budgeted interest costs for Urban Renewal loan programs (\$62K).

Parking and By-Law Services has forecasted a negative variance of -\$548,000. Per council direction the -\$412K Licensing revenue shortfall, -\$125K On-Street meter parking shortfall and the -\$75K unbudgeted Animal Services Glanbrook contract are to be funded from any departmental surplus first, then corporate surplus, and then from the Tax Stabilization Reserve if required. This forecast does not reflect potential transfers from reserves for these items. This forecast includes a transfer of \$500,000 from the Tax Stabilization Reserve for shortfall in off street parking revenue that was already included in the approved 2012 operating budget.

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Strategic Services/Special Projects is showing an expected favourable variance of \$25,000 due to savings in employee related expenses (\$11K), material and supply (\$5K) and consulting (\$5K).

Public Health Services

Public Health Services is expecting an unfavourable variance in 2012 of -\$204,000. Gapping due to vacancies and time of hires is a common driver amongst the majority of divisions for savings however these only partially offset the projected pressures. Mitigation measures to offset these pressures will be reviewed throughout the year.

Clinical & Preventive Services is forecasting a -\$66,000 deficit. The major driver is due to anticipated decreases in utilization of annual vaccine programs. This is partially offset by CINOT program savings.

The Family Health division has unbudgeted work accommodation costs, lower than budgeted Prenatal class revenues and an increased need in Reproductive Health program costs resulting in a -\$75,000 unfavourable variance.

Healthy Living is projecting a \$15,000 positive variance inclusive of higher than budgeted Tobacco programming costs.

The Medical Officer of Health division has a -\$12,000 unfavourable variance because of higher than budgeted employee related costs due to maternity leaves. However, these were partially offset by unbudgeted revenues for the medical resident training program.

Furthermore, the Planning and Business Improvement division has employee related costs due to acting/temporary positions and administrative review consultant costs leading to a negative -\$68,000 projected variance although the review costs may potentially be mitigated by provincial funding (awaiting confirmation).

Community Services

The Community Services department is projecting a negative variance of -\$1.9 million for 2012.

The Benefit Eligibility division is forecasting an unfavourable variance of -\$1.3 million driven by the discretionary benefit funding shortfall due to a Provincial in-year change in the funding formula (CS12020(a)) which is forecast to be partly offset by savings from gapping.

Employment and Income Support (EIS) division is projecting an unfavourable variance of -\$100,000 also due to a discretionary benefit funding shortfall from a Provincial in-year change in the funding formula, offset by favourable variances in caseload costs due to lower than projected actuals.

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Hamilton Farmers Market's -\$71,000 unfavourable variance is mainly due to employee related costs and backfill costs from sick leaves, outdoor market forecasted revenues less than budgeted and increased maintenance related costs.

In Housing Services, a favourable variance of \$212,000 is expected due to favourable variances in prior year adjustments for social housing subsidies offset in part by discretionary benefit funding shortfall due to change in the Provincial funding formula.

Macassa Lodge is showing a negative variance of -\$68,000 to year-end as a result of unfavourable variances in employee related costs (LTD benefit costs) offset by favourable variances from increased subsidies, reduced work accommodation needs and gapping due to vacancies/timing of hires.

Wentworth Lodge is showing a negative variance of -\$167,000 to year-end as a result of unfavourable variances in work accommodation, housekeeping costs and subsidy/envelope funding due to Case Mix Index reduction.

In Recreation, an unfavourable variance of -\$329,000 is expected due to decreased revenues for delayed facility openings and reduced ice rentals based on actuals and current contracts.

Strategic Services' -\$79,000 unfavourable variance is mainly due to temporary staffing.

Hamilton Emergency Services

Overall the department is projecting a favourable variance of approximately \$144,000 primarily due to gapping. Offsetting the savings from gapping are one-time costs associated with the changeover to the new communication centre, extra maintenance costs for the overlap of the new communication system and replacement equipment for technical rescue training. Additionally, higher legal fees, fuel costs, Imedic support costs, and EMS share of Off-load Pilot costs further reduced the savings.

Public Works

Public Works is forecasting a favourable variance of \$99,000.

The Operations & Waste Management division is projecting a surplus of \$300,000. A positive variance is projected in the Winter Season program (\$2.1 million) due to fewer than projected snow events and an estimated surplus in the Waste Diversion Ontario subsidy (\$600K). This is currently being partially offset by lower than budgeted recycling revenues (-\$300K) and fleet maintenance pressures. The divisional variance includes the -\$2.1 million pressure for Forestry Building Renovations which was approved during 2012.

Overall the Transportation, Energy & Facilities division is projecting a deficit of -\$200,000. Traffic Operations was the driver of the \$200K deficit having an

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unfavourable variance for traffic signals/streetlighting energy expenses of (\$800K) partially offset by transfer from the Energy Initiatives Reserve (\$600K). Transit is expecting a zero budget variance for the year. Vehicle Parts has a positive variance of \$399K due to the contract partnering with Metrolinx and employee related costs (gapping) due to the fact that full complement on the Transit enhancement will not be reached until Q3. This allows for a lower draw on Provincial Gas Tax.

Legislative

Legislative is expecting a surplus of \$261,000 for 2012. A major contributor to this positive variance is the \$264,000 surplus in the Mayors Office as a result of gapping.

City Manager

City Manager projects an unfavourable variance of -\$181,000. Pressures arising from contractual obligations, unbudgeted expert witness fees and under budgeted lease costs contribute to the expected deficit. Partially offsetting the deficit are savings in Contractual Services & Sponsorships, increased recoveries from Fair Wage Audit reviews and employee gapping.

Corporate Services

The Corporate Services department is forecasting a positive variance for 2012 of \$63,000. Gapping savings of approximately \$282,020 are largely offset by lease costs (-\$83.5K) and the cost to support Wireless Hamilton (-\$90K).

Corporate Financials

Several drivers are responsible for the projected -\$4.0 million deficit in Corporate Financials. This is due to how gapping is budgeted and unfavourable expenses in Risk Management.

Gapping

For 2012, the City has budgeted \$4.14 million in gapping savings corporately. As of April, departments have identified \$1.97 million in projected savings for the year. The following table summarizes the projection by department.

NET GAPPING BY DEPARTMENT	(\$000's)
Planning & Economic Development	\$ 210
Public Health Services	\$ 10
Community Services	\$ 189
Hamilton Emergency Services	\$ 485
Public Works	\$ 650
Legislative	\$ 240
City Manager	\$ (97)
Corporate Services	\$ 282
Consolidated Corporate Savings/ (Deficit)	\$ 1,969

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Council will note that the budget savings of \$4.14 million resides in the Corporate Financials and the \$1.97 million actual savings projection is identified within the department projections. The remaining amount required to achieve the target is \$2.17 million and is identified in the Corporate Financials. If this does not materialize, a variance could result. Historically gapping savings have been achieved and staff expect the gapping savings target should be met by year-end.

Risk Management

The Risk Management claim/premium costs are forecasted to be in a -\$2.0 million unfavourable variance position at year-end. Claims costs continue to rise as the court rulings continue to favour the claimants. The risk management budget has been increased each year to eliminate the Contribution from Reserves as the reserve fund has been depleted. Once this has been eliminated the claims expense will begin to be increased to levels that are consistent with the trends. As well a re-organization of the Risk Management Services Section is currently underway and there will be significant resources dedicated to claims avoidance and control.

Non-Program Revenues

Penalties and Interest is expected to be \$540,000 more than budgeted. The Heads and Beds payment-in-lieu is projected to have a \$64,000 positive variance at year-end. The Provincial Offences revenues are forecasted to be in a \$409,010 favourable variance position at the end of 2012. This positive variance is the result of an increase in the number of traffic tickets being issued compared to the previous year.

Capital Financing

Due to delays in debt issuance, interest savings of \$3.7 million are projected.

Boards & Agencies

In Boards & Agencies, there is an expected deficit of -\$320,000 that was projected by HECFI.

RATE SUPPORTED BUDGET

The Rate supported budget is projecting a favourable variance of \$3.1M for the 2012 fiscal year, representing 1.8 % of the gross operating budget. An unfavourable variance in operating revenues of \$5.245 million is being forecasted based on current 2012 water consumption trends. Projected savings in program expenditures of \$8.325 million by year-end is expected, which should mitigate the expected shortfall in revenues.

Revenues

The projected unfavourable variance in revenues is the result of a declining trend in water and sewer billing revenue collected from the Institutional / Commercial / Industrial (ICI) sector.

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Summarized below are the major revenue variances.

REVENUE SOURCE	(\$000's)	
General Fees and Recoveries	\$	(234)
Water / Sewer Billings	\$	(5,011)
Total	\$	(5,245)

Unfavourable

The consumption of the Institutional / Commercial / Industrial (ICI) sector has not fully rebounded to pre-Recession levels particularly with the loss of large users such as Lakeport Breweries and Stoney Creek Dairy in 2010 and the increased conservation awareness. In general, the ICI sector's water consumption is 5.6% below budget. Should the YTD consumption trend continue to the balance of the year, a potential -\$6.0 million deficit in ICI water/wastewater revenues could be realized.

In the residential sector, water/wastewater revenues are approximately -\$309,000 (or 1.4%) below budget. The current year-end forecast for residential rate revenues is a favourable variance of approximately \$1.0 million, assuming a continuation of above average temperatures and below average precipitation through the summer period. It should be noted, new residential customers' consumption is largely offset by the continued conservation efforts of existing residential customers.

The 2012 Rate supported revenue projections herein are based on prevailing economic conditions and climate norms. There is always a risk that these two factors could change in a significant way which would have a corresponding impact on the Water / Wastewater budget variance projections.

Expenditures

Program spending for 2012 should be in an \$8.325 million favourable variance position by year-end. The driving factors behind this favourable expenditure variance are as follows:

EXPENDITURES	(000's)	
Debt Charges	\$	5,886
Contractual	\$	844
Employee Related Costs	\$	835
Materials & Supplies Costs	\$	539
Building & Grounds	\$	228
Other Miscellaneous (net)	\$	(7)
Total	\$	8,325

Favourable

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The Rate operating program budgets annually for debt servicing costs on new and existing debt based on debenture financing needs for approved capital projects. The favourable variance in debt charges of \$5.886 million is reflective of less debt being issued and reflects the existing capital projects are adequately funded.

Contractual cost category savings of \$844K include contracts at \$584K, PUMC Outstations \$217K and Advertising & Promotion \$33K

Savings in employee related costs of \$835K are mainly on account of gapping realized from staff vacancies.

Materials & Supplies savings of \$539K is due to Fluids & Chemicals \$312K and Operating Supplies \$191K.

The forecasted favourable variance of \$228K in the Buildings and Grounds cost category is attributable to hydro, heating fuel costs and ground and property maintenance.

ALTERNATIVES FOR CONSIDERATION

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

N/A

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Financial Sustainability

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

APPENDICES / SCHEDULES

- Appendix A to report FCS12050 Tax Operating Budget Variance Report to April 30, 2012
- Appendix B to report FCS12050 Rate Operating Budget Variance Report to April 30, 2012

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO APRIL 30, 2012

APPENDIX "A"
to Report FCS12050

(\$ 000's)

	2012 Approved Budget	2012 Actuals to April 30	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		Comments/Explanations
				\$	%	
<u>PLANNING & ECONOMIC DEVELOPMENT</u>						
Building Services	939	(2,029)	1,042	(102)	(10.9)%	Higher computer software & hardware costs \$78K, unfavourable credit card transaction fees \$25K, reduced Illegal Grow-Op fees due to lower activity levels as well as decreased Zoning Compliance revenue \$41K. Offset by favourable gapping. Building Permit revenue increase results in a forecasted transfer to the reserves of \$2.2 million.
Economic Development	5,573	1,290	5,407	167	3.0%	Favourable due to gapping \$57K, higher rental fees for HTC \$33K and less than budgeted interest costs for Urban Renewal loan programs \$62K.
GM, Finance & Support Services Growth Management	1,080 (331)	344 (247)	1,080 (331)	(0) 0	(0.0)% 0.0%	Higher than budgeted sub-processing fee revenues of \$461K is offset by lower than budget expected transfer from the Development Fee Reserve.
Parking & By-law Services	4,719	2,519	5,267	(548)	(11.6)%	Per Council direction: \$412K Licensing revenue shortfall (PD01104(e)), Mar. 22/2012, GIC; \$125K On-Street meter parking revenue shortfall (PED11104(a)), Mar. 22/2012, GIC; and \$75K unbudgeted Animal Services Glanbrook contract (PED11190(a)), Apr. 11/2012, GIC, are funded firstly from Departmental Surplus, then Corporate Surplus, then Tax Stabilization Reserve. This forecast does not reflect potential transfers from reserves for these items. This forecast includes a budgeted transfer of \$500,000 from the Tax Stabilization Reserve for shortfall in off street parking revenue per Notice of Motion 8.4 approved by City Council May 12, 2010.
Planning	2,146	684	2,146	0	0.0%	Gapping savings and higher application revenue will result in a lower than projected contribution from reserve to current.
Strategic Services/Special Projects	1,035	412	1,010	25	2.4%	Favourable variance due to savings in Employee Related Expenses \$11K, Material & Supply \$5K and Consulting \$5K.
Tourism & Culture	6,933	2,219	6,929	4	0.1%	
TOTAL PLANNING & ECONOMIC DEVELOPMENT	22,094	5,193	22,549	(455)	(2.1)%	
<u>PUBLIC HEALTH SERVICES</u>						
Clinical & Preventive Services	2,081	620	2,147	(66)	(3.2)%	The major driver is due to anticipated decreases in utilization of annual vaccine programs. This is partially offset by CINOT program savings.
Family Health	1,006	325	1,081	(75)	(7.4)%	Pressures from unbudgeted work accommodation costs; lower than budgeted Prenatal class revenues; increased need in Reproductive Health program costs. Partially offset by savings in gapping due to vacancies/timing of hires.
Health Protection	2,199	618	2,197	1	0.1%	Gapping savings due to vacancies/timing of hires. Pressures from Air Quality initiatives and staffing pressures due to loss of federal funding.
Healthy Living	1,818	591	1,802	15	0.8%	Savings from gapping due to vacancies/timing of hires. Pressures from Tobacco programming costs forecasted higher than budgeted.
Medical Officer of Health	2,494	953	2,505	(12)	(0.5)%	Employee related costs due to maternity leave create pressures that are offset by savings from unbudgeted revenues for medical resident training program.
Planning & Business Improvement	717	204	785	(68)	(9.5)%	Employee related costs due to acting/temporary positions and Administrative review consultant costs. Gapping savings due to vacancies/timing of hires.
TOTAL PUBLIC HEALTH SERVICES	10,314	3,311	10,518	(204)	(2.0)%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO APRIL 30, 2012

APPENDIX "A"
to Report FCS12050

(\$ 000's)

	2012 Approved Budget	2012 Actuals to April 30	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		Comments/Explanations
				\$	%	
COMMUNITY SERVICE DEPARTMENT						
Administration - Community Services	2,312	785	2,332	(20)	(0.9)%	Unfavourable variance mainly due to sick leave costs from maternity leaves.
Benefit Eligibility	7,169	2,274	8,461	(1,292)	(18.0)%	Discretionary benefit funding shortfall due to Provincial in-year change in funding formula (CS12020(a)) offset by gapping due to vacancies/timing of hires and savings in facility lease costs.
CityHousing Hamilton	0	0	(0)	0	0.0%	
Employment & Income Support	25,963	8,391	26,063	(100)	(0.4)%	Discretionary benefit funding shortfall due to Provincial in-year change in funding formula (CS12020(a)) offset by favourable variances in caseload costs as actuals lower than projected.
Hamilton Farmers Market	210	47	282	(71)	(33.9)%	Unfavourable variance mainly due to employee related costs and backfill costs from sick leaves; outdoor market forecasted revenues less than budgeted; increased maintenance related costs.
Housing Services	48,406	15,006	48,194	212	0.4%	Favourable variances in prior year adjustments for social housing subsidies offset by discretionary benefit funding shortfall due to change in Provincial funding formula (CS12020(a)).
Macassa Lodge	5,534	1,658	5,602	(68)	(1.2)%	Unfavourable variances in employee related costs (LTD benefit costs) offset by favourable variances due to increased subsidies, reduced work accommodation needs and gapping due to vacancies/timing of hires.
Recreation	29,150	6,871	29,479	(329)	(1.1)%	Decreased revenues for delayed facility openings and reduced ice rentals based on actuals and current contracts offset by gapping due to vacancies/timing of hires and facility closures.
Social Development & Early Childhood Services	7,337	2,598	7,290	47	0.6%	Gapping due to vacancies/timing of hires.
Strategic Services	1,569	518	1,648	(79)	(5.0)%	Unfavourable variance mainly due to temporary staffing.
Wentworth Lodge	3,825	1,128	3,992	(167)	(4.4)%	Unfavourable variances in work accommodation, housekeeping costs and subsidy/envelope funding due to CMI reduction offset by gapping due to vacancies/timing of hires.
TOTAL COMMUNITY SERVICES DEPARTMENT	131,475	39,276	133,344	(1,869)	(1.4)%	
HAMILTON EMERGENCY SERVICES						
Corporate Radio System	737	1,028	817	(80)	(10.8)%	One-time costs associated with changeover to new communication centre.
Emergency Management	348	117	348	0	0.0%	
Emergency Medical Services	16,722	4,794	16,696	26	0.2%	Gapping offset by legal fees; EMS share of Off-load Pilot costs; higher fuel costs and Imedic support costs.
Emergency Services Admin	759	229	641	118	15.6%	Gapping.
Fire Services	75,956	25,844	75,877	79	0.1%	Gapping offset by extra maintenance costs for overlap of new communication system and replacement equipment for technical rescue training.
TOTAL HES	94,523	32,013	94,379	144	0.2%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO APRIL 30, 2012

APPENDIX "A"
to Report FCS12050

(\$ 000's)

	2012 Approved Budget	2012 Actuals to April 30	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		Comments/Explanations
				\$	%	
<u>PUBLIC WORKS</u>						
PW-General Administration	25	13	25	0	0.0%	
Environment and Sustainable Infrastructure	0	(594)	0	(0)	0.0%	
Operations and Waste Management						
<i>Waste Management</i>	32,290	11,570	31,985	305	0.9%	Favourable Waste Disposal subsidies and unfavourable recycling revenues.
<i>Forestry and Horticulture</i>	9,725	2,653	11,825	(2,100)	(21.6)%	Funding for Forestry Building renovations at Upper Ottawa Street, PW12037.
<i>Parks and Cemeteries</i>	18,396	3,436	18,396	0	0.0%	
<i>Roads</i>	49,523	16,018	47,429	2,094	4.2%	Positive variance projected in the Winter Season program due to a lack of snow events.
<i>Administration OWM</i>	7,586	2,318	7,586	0	0.0%	
Operations and Waste Management Total	117,521	35,995	117,221	300	0.3%	
Transportation, Energy & Facilities						
<i>Energy Management</i>	775	943	775	0	0.0%	
<i>Facilities</i>	3,955	1,492	3,955	0	0.0%	
<i>Fleet</i>	389	254	389	0	0.0%	
<i>Traffic Operations</i>	11,178	3,523	11,378	(200)	(1.8)%	Unfavourable variance for traffic signals/streetlighting energy expenses of (\$800K) partially offset by transfer from the Energy Initiatives Reserve \$600K.
<i>ATS</i>	13,506	6,052	13,506	0	0.0%	
<i>HSR</i>	34,049	14,816	34,049	0	0.0%	Transit is expecting a zero budget variance for the year. Vehicle Parts have a positive variance of \$399K due to the contract partnering with Metrolinx. Hiring of drivers continues, so there is a positive effect on the variance due to the fact that full complement on the enhancement will not be reached until Q3. This allows for a lower draw on Provincial Gas Tax.
Transportation, Energy & Facilities Total	63,852	27,080	64,052	(200)	(0.3)%	
TOTAL PUBLIC WORKS	181,397	62,494	181,298	99	0.1%	
<u>LEGISLATIVE</u>						
Legislative General	(306)	218	(303)	(3)	1.0%	Corporate Membership fees.
Mayors Office	1,024	208	760	264	25.8%	Gapping due to vacancies.
Volunteer Committee	95	18	95	0	0.0%	
Ward Budgets	3,134	897	3,134	(0)	(0.0)%	
TOTAL LEGISLATIVE	3,947	1,341	3,686	261	6.6%	
<u>CITY MANAGER</u>						
Administration - City Manager	1,213	447	1,171	42	3.5%	Gapping & savings in Contractual Services & Sponsorships.
Audit Services	933	275	874	59	6.3%	Gapping & increased recoveries from Fair Wage Audit reviews.
Human Resources	4,785	1,785	4,804	(20)	(0.4)%	Budget pressures from under budgeted lease costs offset by gapping.
Legal	2,853	1,167	3,115	(262)	(9.2)%	Contractual obligations & unbudgeted expert witness fees offset by gapping.
TOTAL CITY MANAGER	9,784	3,695	9,964	(181)	(1.8)%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO APRIL 30, 2012

APPENDIX "A"
to Report FCS12050

(\$ 000's)

	2012 Approved Budget	2012 Actuals to April 30	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		Comments/Explanations
				\$	%	
<u>CORPORATE SERVICES</u>						
City Clerk	1,848	771	1,848	0	0.0%	
Corporate Services - Administration	285	120	285	0	0.0%	
Customer Service	4,382	1,173	4,372	10	0.2%	Gapping at Customer Contact Centre offset by Security Escort Costs.
Financial Planning & Policy	643	866	578	65	10.1%	Gapping.
Information Services	7,446	2,100	7,336	110	1.5%	Gapping offset by the cost to support Wireless Hamilton of \$90,000.
Treasury Services						
<i>Other</i>	724	1,052	750	(26)	(3.5)%	Staffing related expenses and increased spending on software upgrade in Risk.
<i>Financial Services</i>	3,408	1,084	3,424	(16)	(0.5)%	AODA renovations to reception area and increased lease costs offset by favourable gapping.
<i>Taxation</i>	681	368	761	(80)	(11.8)%	Staffing related expenses.
Treasury Services Total	4,813	2,503	4,935	(122)	(2.5)%	
TOTAL CORPORATE SERVICES	19,417	7,532	19,354	63	0.3%	
<u>CORPORATE FINANCIALS</u>						
Corporate Pensions/Benefits & Contingency	6,168	1,227	6,179	(11)	(0.2)%	
Corporate Reductions/Initiatives	(4,140)	0	(2,171)	(1,969)	47.6%	Actual gapping savings realized in program budgets.
Senior Tax Credit	540	4	540	0	0.0%	
Risk Management	8	2,810	2,054	(2,046)	(24917.1)%	Anticipated variance of \$2.0 million in claims to be distributed at the corporate level.
TOTAL CORPORATE FINANCIALS	2,576	4,041	6,602	(4,026)	(156.3)%	
TOTAL CITY EXPENDITURES	475,527	158,896	481,694	(6,167)	-1.3%	
<u>CAPITAL FINANCING</u>						
Community Services	6,479	154	6,479	0	0.0%	
Corporate Financials	35,942	3,943	32,242	3,700	10.3%	Projected savings due to delay in Debt issuance.
HES	1,076	(53)	1,076	0	0.0%	
Planning and Development	867	(20)	867	(0)	(0.0)%	
Public Health	86	29	86	0	0.0%	
PW-Tax	40,478	(1,101)	40,478	0	0.0%	
TOTAL CAPITAL FINANCING	84,928	2,952	81,228	3,700	4.4%	
<u>POLICE SERVICES</u>						
Operating	134,712	43,754	134,712	(0)	(0.0)%	
Capital Financing	929	0	929	0	0.0%	
TOTAL HAMILTON POLICE SERVICES	135,642	43,754	135,642	(0)	(0.0)%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO APRIL 30, 2012

APPENDIX "A"
to Report FCS12050

(\$ 000's)

	2012 Approved Budget	2012 Actuals to April 30	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		Comments/Explanations
				\$	%	
BOARDS & AGENCIES						
HECFI	3,247	883	3,567	(320)	(9.9)%	Projection submitted by HECFI.
Library	28,039	8,534	28,039	0	0.0%	
Conservation Authorities	4,501	2,111	4,501	(0)	(0.0)%	
AGH	884	333	884	0	0.0%	
Boris Brott Music Festival	90	25	90	(0)	(0.0)%	
Hamilton Beach Rescue Unit	127	37	127	0	0.0%	
Hamilton Philharmonic Orchestra	114	58	114	0	0.0%	
Hamilton Waterfront Trust	155	0	155	(0)	(0.0)%	
HWCA - Festival of Friends	85	36	85	0	0.0%	
Opera Hamilton	127	127	127	0	0.0%	
Royal Botanical Gardens	599	250	599	(0)	(0.0)%	
Theatre Aquarius	74	(244)	74	(0)	(0.0)%	
HCA - Contract Services	1,183	1,712	1,183	0	0.0%	
MPAC	6,206	1,551	6,206	0	0.0%	
Total Operating	45,429	15,412	45,749	(320)	(0.7)%	
Capital Financing	870	167	870	0	0.0%	
TOTAL BOARDS & AGENCIES	46,299	15,580	46,618	(320)	(0.7)%	
COMMUNITY PARTNERSHIP PROGRAM	3,212	47	3,212	0	0.0%	
TOTAL EXPENDITURES	745,608	221,228	748,395	(2,788)	(0.4)%	
NON PROGRAM REVENUES						
Penalties and Interest	(8,500)	(2,553)	(9,040)	540	(6.4)%	Due to continuing economic conditions, projected taxpayer arrears will result in higher than budgeted revenues.
Payments in Lieu of Taxes	(14,668)	(40)	(14,732)	64	(0.4)%	Notified of actual figure by the province.
Right of Way Taxes	(3,202)	0	(3,202)	(0)	0.0%	
Supplementary Taxes	(8,500)	0	(8,500)	0	(0.0)%	
Tax Capping	150	42	150	0	0.0%	
Tax Remissions/Write Offs	9,440	3,389	9,470	(30)	(0.3)%	Most charitable rebates have been processed.
Hydro Dividends & Interest	(5,300)	(7,830)	(5,300)	(0)	0.0%	
Investment Income	(4,100)	328	(4,100)	0	(0.0)%	
POA	(3,857)	(1,513)	(4,266)	409	(10.6)%	Increased traffic tickets issued to date.
TOTAL NON PROGRAM REVENUES	(38,537)	(8,178)	(39,520)	983	(2.6)%	
PROVINCIAL FUNDING / OMPF	0	0	0	0	0.0%	
ONE TIME USE OF TAX STABILIZATION RESERVE	(2,000)	0	(2,000)	0	0.0%	
TOTAL LEVY REQUIREMENT	705,070	213,051	706,874	(1,804)	(0.3)%	

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT TO APRIL 30, 2012
(\$ 000's)

APPENDIX "B"
to Report FCS12050

	2012 Approved Budget	2012 Actuals to April 30	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		2012 % Spent
				\$	%	

EXPENDITURES:

Environmental Services

Divisional Administration & Support	2,375,190	345,511	1,255,869	1,119,321	47.1%	52.9%
Customer Service & Community Outreach	1,350,320	418,745	1,325,677	24,643	1.8%	98.2%
Service Co-ordination	2,761,630	841,813	2,414,481	347,149	12.6%	87.4%
Engineering Systems & Data Collection	1,378,620	683,594	1,758,074	(379,454)	-27.5%	127.5%
Compliance & Regulations	684,250	216,021	677,491	6,759	1.0%	99.0%
Laboratory Services	2,896,770	1,357,622	3,167,579	(270,809)	-9.3%	109.3%
Environmental Monitoring & Enforcement	1,520,820	453,600	1,474,282	46,538	3.1%	96.9%
Water Distribution & Wastewater Collection	15,660,700	6,344,220	16,169,426	(508,726)	-3.2%	103.2%
Plant Operations & Maintenance	33,546,820	8,939,634	32,747,328	799,492	2.4%	97.6%
Water & Wastewater Engineering	2,450,910	931,184	2,882,235	(431,325)	-17.6%	117.6%
Hydro Billing Contract	4,107,000	1,331,833	4,107,000	0	0.0%	100.0%
Corporate & Departmental Support Services	5,664,590	491,238	5,164,000	500,590	8.8%	91.2%
Utilities Arrears Program	350,000	45,504	130,664	219,336	62.7%	37.3%
Hamilton Harbour Remedial Action Plan	210,000	0	210,000	0	0.0%	100.0%
Financial Charges	422,000	0	422,000	0	0.0%	100.0%
Capital and Reserve Recoveries	(4,193,420)	(1,237,334)	(4,193,420)	0	0.0%	100.0%
Sub-Total Environmental Services	71,186,200	21,163,185	69,712,686	1,473,514	2.1%	97.9%

Capital and Reserve Impacts on Operating

Contributions to Capital

Water Quality Initiatives	35,800,000	3,977,778	35,800,000	0	0.0%	100.0%
Wastewater	23,170,000	2,574,444	23,170,000	0	0.0%	100.0%
Stormwater	14,676,000	0	14,676,000	0	0.0%	100.0%
Sub-Total Contributions to Capital	73,646,000	6,552,222	73,646,000	0	0.0%	100.0%

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT TO APRIL 30, 2012
(\$ 000's)

APPENDIX "B"
to Report FCS12050

	2012 Approved Budget	2012 Actuals to April 30	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		2012 % Spent
				\$	%	
<u>Contributions for DC Exemptions</u>						
Water Quality Initiatives	3,559,445	0	3,559,445	0	0.0%	100.0%
Wastewater	2,395,253	0	2,395,253	0	0.0%	100.0%
Stormwater	3,045,302	0	3,045,302	0	0.0%	100.0%
Sub-Total Contributions for DC Exemptions	9,000,000	0	9,000,000	0	0.0%	100.0%
<u>Debt Charges</u>						
Water Quality Initiatives	5,287,352	0	2,000,000	3,287,352	62.2%	37.8%
Wastewater	7,777,391	0	1,350,000	6,427,391	82.6%	17.4%
Stormwater	2,478,213	0	165,000	2,313,213	93.3%	6.7%
Debt Payment Recoveries	(5,176,291)	0	0	(5,176,291)	100.0%	N/A
Sub-Total Debt Charges	10,366,665	0	3,515,000	6,851,665	66.1%	33.9%
Sub-Total Water, Wastewater & Stormwater	93,012,665	6,552,222	86,161,000	6,851,665	7.4%	92.6%
Transfer to Reserves	513,084	0	513,084	0	0.0%	100.0%
Sub-Total Capital and Reserve Impacts on Operating	93,525,749	6,552,222	86,674,084	6,851,665	7.3%	92.7%
TOTAL EXPENDITURES	164,711,949	27,715,407	156,386,770	8,325,179	5.1%	94.9%

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT TO APRIL 30, 2012
(\$ 000's)

APPENDIX "B"
to Report FCS12050

	2012 Approved Budget	2012 Actuals to April 30	Projected Actuals to Dec. 31	2012 Projected Actuals vs. Approved Budget		2012 % Spent
				\$	%	
REVENUES:						
Rate Revenue						
Residential	72,417,566	11,565,465	73,417,565	1,000,000	1.4%	101.38%
ICI	81,568,801	17,433,489	75,568,801	(6,000,000)	-7.4%	92.64%
Haldimand / Halton	2,564,938	564,506	2,553,938	(11,000)	-0.4%	99.57%
Non-Metered	593,900	144,727	593,900	0	0.0%	100.00%
Private Fire Lines	200,000	0	200,000	0	0.0%	100.00%
Hauler / 3rd Party Sales	785,000	328,972	785,000	0	0.0%	100.00%
Wastewater Abatement Program	(460,000)	(106,075)	(460,000)	0	0.0%	100.00%
Overstrength Agreements	1,940,000	0	1,940,000	0	0.0%	100.00%
Sewer Surcharge Agreements	2,620,000	500,000	2,620,000	0	0.0%	100.00%
Sub-Total Utility Rates	162,230,204	30,431,084	157,219,204	(5,011,000)	-3.1%	96.91%
Non-Rate Revenue						
Subdivider Contributions	129,000	0	129,000	0	0.0%	100.00%
Local Improvement Recoveries	271,005	509	271,005	0	0.0%	100.00%
Permits / Leases / Agreements	1,174,140	261,053	1,174,140	0	0.0%	100.00%
General Fees and Recoveries	907,600	207,976	673,250	(234,350)	-25.8%	74.18%
Sub-Total Non-Rate Revenue	2,481,745	469,538	2,247,395	(234,350)	-9.4%	90.56%
TOTAL REVENUES	164,711,949	30,900,622	159,466,599	(5,245,350)	-3.2%	96.82%
NET EXPENDITURES	0	(3,185,215)	(3,079,829)	3,079,829	N/A	N/A