



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: October 16, 2013	
SUBJECT/REPORT NO: Tax and Rate Operating Budget Variance Report as of July 31, 2013 – Budget Control Policy Transfers (FCS13075) (City Wide)	
SUBMITTED BY: Mike Zegarac Acting General Manager Finance & Corporate Services	PREPARED BY: Tom Hewitson (905) 546-2424 ext 4159 Victoria Terella (905) 546-2424 ext 4169
SIGNATURE:	

RECOMMENDATION

That, in accordance with the “Budgeted Complement Control Policy”, the 2013 complement transfer, transferring complement from one department/division to another with no impact on the levy, as outlined in Appendix C to Report FCS13075, be approved.

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 second submission for 2013 based on the operating results as of July 31, 2013.

Tax supported operations are projecting an unfavourable variance of -\$4.3M. Primary contributors to this negative variance are the projected deficit in Risk Management of -\$2.2M, -\$2.7M in Council approvals for 2013 based on the motions approving additional expenditures (such as Ontario Works (OW) Phase-in and Discretionary Benefits). Additionally, other significant items in the departments contributing to the deficit are -\$1.2M related to increased material and contractual costs in the Winter Programs, a -\$0.7M unfavourable position expected in Recreation and -\$0.5M in legal fees and mediation/arbitration costs. Partially offsetting these is the savings in Capital Financing of \$3.0M. Based on the current projected corporate unfavourable variance, about \$2.7M may be needed from the approved reserve transfers for in-year items. The additional variance would be funded from the Tax Stabilization reserve.

Rate supported operations are projecting a favourable variance of \$163K for the 2013 fiscal year, primarily due to debt charge savings of \$4.6M and \$0.69M in savings from other expenses. Partially offset by an unfavourable variance in rate revenues of -\$4.9M based on current 2013 water consumption trends.

The following table summarizes the projected corporate results:

**CITY OF HAMILTON
2013 Projected Year-End Variance
(\$000's)**

	2013	2013	Variance	
	Final Budget	Year-End Forecast	\$	%
TAX SUPPORTED				
Planning & Economic Development*	22,731	24,203	(1,473)	(6.5)%
Public Health Services	10,500	10,455	44	0.4%
Community & Emergency Services*	224,786	225,782	(996)	(0.4)%
Public Works*	194,435	194,377	58	0.0%
Legislative	4,096	3,860	236	5.8%
City Manager	9,798	10,339	(541)	(5.5)%
Corporate Services	20,160	18,596	1,564	7.8%
Corporate Financials/ Non Program Revenues	(37,157)	(30,932)	(6,225)	(16.8)%
TOTAL CITY EXPENDITURES	449,348	456,681	(7,333)	(1.6)%
Police Services	140,415	140,415	0	0.0%
HECFI	3,247	3,247	0	0.0%
Library	28,039	28,039	0	0.0%
Other Boards & Agencies	14,418	14,418	0	0.0%
Community Grants	3,212	3,212	0	0.0%
TOTAL BOARDS & AGENCIES	189,331	189,331	0	0.0%
CAPITAL FINANCING	88,600	85,600	3,000	3.4%
TOTAL TAX SUPPORTED	727,278	731,611	(4,333)	(0.6)%
TOTAL RATE SUPPORTED	0	(163)	163	0.0%
TOTAL CITY	727,278	731,449	(4,171)	(0.6)%

() - Denotes unfavourable variance

* - Includes expenditures approved by Council to be funded from department or corporate surplus, or reserve. The reserve transfer has not been reflected. Based on the above \$2.7 million in reserve transfer would be required.

Appendix A to report FCS13075 summarizes the tax supported budget year-end variances by department and division and Appendix B to report FCS13075 summarizes the rate budget results by program.

2013 Budget Transfers

In accordance with the "Budgeted Complement Control Policy" approved by Council in February 2012, staff are submitting one item recommended for transfer. The complement transfer, identified in Appendix C to Report FCS13075, move 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 complement transfer identified will amend the 2013 budget with no impact on the levy.

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 sections of this report.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

Staff have committed to provide Council with three variance reports on the Tax and Rate Operating Budget during the fiscal year (Spring/Fall/Final). This is the second submission for 2013 based on the operating results as of July 31, 2013.

POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS

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 2013 projected operating deficit:

TAX SUPPORTED BUDGET

The tax supported budget is forecasting a deficit of -\$4.3M for year-end. The major drivers are the projected deficit in Risk Management of -\$2.2M, unbudgeted Council Approvals of -\$2.7M, -\$1.2M in Winter Programs expenses, -\$0.7M unfavourable variance in recreation and -\$0.5M in legal fees and mediation/arbitration costs. These are being partially offset by savings in Corporate Financials of \$3.0M.

Council Approvals

For 2013, Council has approved -\$2.7M in enhancements/pressures that are to be funded, first from department/corporate surplus and then by reserve, if required, these include:

- \$230K On-Street Parking (PED11104)
- \$412K Business Licenses (PED01104)
- \$726K Discretionary Benefits
- \$1.231M OW Phase 2/3 Staffing
- \$100K Centennial Parkway Transit Pilot
- \$15.4K Cootes to Escarpment Park System PED08009(b)/PW12082

Based on projections, to date, there will be insufficient departmental and corporate surplus and the entire \$2.7M 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 -\$1.5M for year-end.

Building Services is showing an unfavourable variance of -\$63K as a result of overtime costs (-\$60K), reduced Illegal Grow-Op fees (-\$30K) and higher computer software costs (-\$9K), partially offset by higher than anticipated Zoning Compliance (\$40K) and Property Report (\$10K) revenues.

The Economic Development Division is projecting a negative variance of -\$57K, due to lower projected rent revenues for Hamilton Incubator of Technology (-\$43K) and an unbudgeted Business Development study (-\$60K), partially offset by employee related savings.

Parking and By-Law Services has forecasted a negative variance of -\$1.4M. This is largely attributable to the following Council approved items: -\$230K On-Street Parking (PED11104); -\$412K Business Licenses (PED11104); and -\$61K Tow Truck Licencing (PED13095). The remaining variance is a result of staffing related costs (-\$135K) due to backfilling requirements, a reduction in activity for Nevada/Bingo Licensing (-\$190K)

and miscellaneous increased expenses, offset slightly by increased parking lot revenues (\$144K).

The Planning Division is projecting a surplus of \$82K due to a favourable variance in employee related expenses as well as lower than budgeted expenditures in consulting and computer software/hardware.

Public Health Services

Public Health Services is expecting a favourable variance in 2013 of \$44K. The main driving factors are gapping and increased user fee revenues. The positive variances are offset by reduced vaccine revenues, staffing pressures, Child Safety Campaign costs and pressures in Harm Reduction and HIV programs to provide adequate services.

Community & Emergency Services

The Community and Emergency Services Department is projecting a negative variance of -\$996K.

The Benefit Eligibility Division is forecasting an unfavourable variance of -\$688K mainly due to in-year discretionary benefit approvals (-\$726K) and OW Phase 2/3 staffing (-\$136K). Council has approved the use of reserves to fund these items, if required, at year end. These variances are partially offset by gapping due to vacancies/timing of hires and favourable variances in low income benefits.

Employment and Income Support Division is projecting an unfavourable variance of -\$895K mainly due to staffing requirements related to OW Phase 2/3 (-\$1.0M), partially offset by gapping and favourable caseload client costs. Council has approved the use of reserves to fund the OW Phase 2/3 staffing if required at year end.

In Housing Services, a favourable variance of \$1.4M is expected. The Housing Stability Benefit uptake is lower than budgeted and there are favourable mortgage renewals/housing subsidy prior year adjustments and rent supplement costs. These savings are being partially offset by higher housing providers property tax costs and OW Phase 2/3 staffing (-\$95K).

Macassa and Wentworth Lodges are showing a combined positive variance of \$210K as a result of employee-related gapping, additional revenues and unanticipated supplier rebate offset by unbudgeted LTD benefit and other employee related costs and unforeseen building/equipment repairs.

In Recreation, an unfavourable variance of -\$738K is expected, mainly due to reduced ice rentals, lower than budgeted revenues generated by Westmount centre and increased general repairs/maintenance costs, partially offset by favourable field rental revenues, gapping and temporary outdoor pool closures (Rosedale, Green Acres).

Hamilton Farmers Market \$29K favourable variance is mainly due to gapping and lower than budgeted facility operating costs.

Paramedic Service projects an unfavourable variance of -\$403K due to employee-related cost pressures partially offset by higher than budgeted subsidy approvals.

Public Works

Public Works is forecasting a favourable variance of \$58K for 2013 year-end.

Corporate Assets & Strategic Planning has projected a -\$350K deficit due to the unfavourable rent for McMaster University - Old Court House (-\$500K) and contract payment to Wild Waterworks (-\$150k) due to lower revenues as a result of poor summer weather offset by gapping (\$300K).

Engineering Services has a -\$218K deficit forecasted, the majority of this overage relates to net costs associated with the July 19th storm that could not be offset by mitigation strategies within the Division.

The Operations Division is projecting a \$626K positive variance from \$1.8M in gapping savings this is being partially offset by increased material and contractual costs in the Winter Programs (-\$1.2M) resulting mostly from service level increases, increased demand and in-house shortages.

Overall, Transit is projecting to finish the year on budget. A much newer fleet and the 12-year bus life policy continue to have a positive effect on fleet parts. Enhancements continue to be phased-in which is resulting in projected favourable employee-related and other fees and service variances. The overall Transit favourable variance has resulted in a reduced requirement for 2013 Provincial Gas Tax (PGT) transfer to Operating, further reinforcing the sustainability of this reserve.

Legislative

Legislative is expecting a surplus of \$236K for 2013. The driver for this positive variance is the surplus in the Mayor's Office as a result of reduced employee-related costs due to vacancies.

City Manager

City Manager projects an unfavourable variance of -\$541K. The main driver is the unfavourable variance in legal fees (HR) and mediation/arbitration costs of -\$450K to be recovered from operating departments at year-end. In addition, there are pressures arising from Expert Planning Witness Fees and contractual costs, partially offset by gapping.

Corporate Services

Corporate Services is forecasting a favourable variance of \$1.6M for the 2013 fiscal year based on year-to-date spending patterns. Gapping accounted for 66% or \$1.0M of the expected budget savings, attributable to staff vacancies. These staff vacancies necessitated the use of outside temporary help which is anticipated to be over budget by -\$38K by year-end. The remainder of the variance is due to a number of minor expenditure and revenue accounts which are forecasted to be in a favourable position at year-end.

Corporate Financials

Corporate Financials is projecting a -\$6.4M deficit, contributing factors are identified as follows:

Corporate Pensions / Benefits & Contingency

The positive variance of \$305K is attributable to savings in corporate salary contingency and increased Flamboro slot revenues, partially offset by unfavourable variances in other fees and services.

Gapping

For 2013, the City has budgeted \$4.54M in gapping savings corporately. As of July, 2013, departments have identified \$4.64M in projected savings for the year.

The following table summarizes the projection by department.

NET GAPPING BY DEPARTMENT	(\$000's)
Planning & Ec. Development	\$ (145)
Public Health Services	\$ 35
Community Services	\$ (27)
Public Works	\$ 3,029
Legislative	\$ 236
City Manager	\$ 484
Corporate Services	\$ 1,031
Consolidated Corporate Savings/ (Deficit)	\$ 4,642

Council will note that the budget savings of \$4.54M resides in the Corporate Financials and the \$4.64M actual savings projection is identified within the department projections. It is expected that the target gapping savings will be exceeded however if this does not materialize, a variance could result. Historically, gapping savings have been achieved; however, Council will recall that this budget was increased by about \$400K during the 2013 process.

Risk Management

The Risk Management claim / premium costs are forecast to be in a -\$2.2M unfavourable variance position at year-end as claims costs continue to exceed budget. Staff continue to review the program for opportunities to mitigate costs and will report back during the 2014 budget process on a plan to address the chronic unfavourable variances.

Non-Program Revenues

HUC has identified a one-time additional dividend payment which could result in an additional \$4.0M; however, on September 11th, 2013 Council approved using \$2.0M as a funding source for the construction of a recreation/community centre in the Pan Am Precinct. The balance of the additional HUC funding is being reviewed as a funding source for capital projects and therefore has not been included as a surplus in the variance forecast.

Provincial funding of approximately \$5.7M has been identified based on the 2010 Ontario Municipal Partnership Program (OMPF) Reconciliation. However, on September 11th, 2013 Council approved using the full amount as a funding source for the construction of a seniors' recreation/community centre in the Pan Am Stadium Precinct. Therefore it has not been included as surplus in the variance forecast.

Capital Financing

Due to delay in debt issuance, principal and interest savings of \$5.0 million are projected. However, a \$2.0M transfer to the unallocated capital reserve during the year-end process has been assumed (aligning with the 2015 capital forecast).

Boards & Agencies

In Boards & Agencies, no significant variances are anticipated at this time. Staff are currently reviewing the HECFI transitional costs, however, these costs are expected to be funded from reserve and not impact the 2013 variance.

RATE SUPPORTED BUDGET

The Rate supported budget is projecting a favourable variance of \$163K for the 2013 fiscal year essentially on budget. An unfavourable variance in operating revenues of \$5.1M is being forecasted based on current 2013 water consumption trends. Projected savings in program expenditures of \$5.3M 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 wastewater billing revenue collected from the Residential and Institutional / Commercial / Industrial (ICI) sector – it should be noted that the “ICI” sector

**SUBJECT: Tax and Rate Operating Budget Variance Report as of July 31, 2013 –
Budget Control Policy Transfers (FCS13075) (City Wide) - Page 10 of 12**

classification does include multi-residential customers with larger size meters exceeding 20mm.

Summarized below are the major revenue variances.

	<u>\$ (000's)</u>
General Fees and Recoveries	(222)
Water / Wastewater Billings	(4,875)
Total	(5,097) Unfavourable

The ICI sector's water consumption is 6.2% below budget or a shortfall of 1.127M cubic meters relative to budget. Should the YTD consumption trend continue for the balance of the year, a potential \$3.0M deficit in ICI revenues could be realized. Over the last several years, the ICI sector has experienced significant revenue shortfalls that resulted in staff recommending for the 2011 Rate budget with subsequent Council approval, that ICI budgeted consumption be reduced over a 3 year period (2011-2013) to consumption realized for the ICI sector in 2009-10 as consumption has not rebounded to pre-recession levels. There has been wide spread increased water efficiency measures undertaken by major industrial and institutional customers, as well as, the loss of some large users. It was expected that by 2013, budgeted consumption would more closely reflect the actual consumption to be realized for the sector. However, the sector still has not rebounded to 2009/10 levels compounded by the new Maple Leaf Foods facility still not yet on-stream. This sector will continue to be closely monitored as the continued revenue shortfalls if not offset by favourable expenditure positions as occurred in 2011 and 2012, will negatively impact reserve levels requiring a re-evaluation of revenue and expenditure requirements for the 2014 Rate Budget cycle.

In the residential sector, revenues are approximately \$665K unfavourable which equates to 1.5% under budget as of July 31. The residential rate revenues are currently forecasted to be \$2.0M unfavourable.

The 2013 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 2013 is projected to be a favourable variance of \$5.3M by year-end.

**SUBJECT: Tax and Rate Operating Budget Variance Report as of July 31, 2013 –
Budget Control Policy Transfers (FCS13075) (City Wide) - Page 11 of 12**

The driving factors behind this favourable expenditure variance are as follows:

	<u>\$ (000's)</u>
Debt Charges	4,570
Contractual	526
Materials and Supplies	430
3P Program	(250)
Financial	(131)
All others (net)	115
Total	5,260 Favourable

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 \$4.6M is less debt being issued and given the existing capital projects are adequately funded.

Savings in Contractual expenses of \$526K are mainly due to Contracted Services at \$360K and BioSolids at \$100K. Materials and Supplies positive variance of \$430K is due to Operating Supplies at \$225K, Equipment at \$110K and Fluids and Chemicals at \$100K.

Protective Plumbing Program (3P) has a forecasted negative variance of -\$250K (budget of \$2.5M) is due to more demand than anticipated.

Financial negative variance of -\$131K is mainly due to current year property taxes expense.

ALTERNATIVES FOR CONSIDERATION

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

N/A

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

2.2 Improve the City's approach to engaging and informing citizens and stakeholders.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES / SCHEDULES

- Appendix A to report FCS13075 Tax Operating Budget Variance Report to July 31, 2013
- Appendix B to report FCS13075 Rate Operating Budget Variance Report to July 31, 2013
- Appendix C to report FCS13075 Budgeted Complement Transfer Schedule

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO JULY 31, 2013
(\$ 000's)

	2013 Approved Budget	2013 Actuals to July 31	Projected Actuals to Dec. 31	2013 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
<u>PLANNING & ECONOMIC DEVELOPMENT</u>						
GM, Finance & Support Services	1,347	879	1,383	(35)	(2.6)%	Sick pay and backfilling requirements.
Building Services	942	(2,318)	1,005	(63)	(6.7)%	Over time costs, reduced illegal Grow-Op fees and higher computer software costs. Partially offset by higher than anticipated Zoning Compliance and Property Report Revenues. Projected surplus in Building Permit revenue results in a forecasted transfer to the reserve of \$2.7 million.
Economic Development	5,793	2,946	5,850	(57)	(1.0)%	Lower rent revenues for HIT and an unbudgeted study for Business Development offset by gapping.
Growth Management	(349)	347	(349)	0	0.0%	
Parking & By-law Services	4,732	3,758	6,132	(1,400)	(29.6)%	50% (-\$703K) is attributable to unbudgeted Council Approved items and the remaining from backfilling requirements (-\$135K) and reduction in activity for Nevada/Bingo Licensing (-\$190K), partially offset by increased parking lot revenues (\$144K).
Planning	3,060	596	2,978	82	2.7%	Gapping and savings in consulting and computer software/hardware
Tourism & Culture	7,205	4,579	7,204	0	0.0%	
TOTAL PLANNING & ECONOMIC DEVELOPMENT	22,731	10,786	24,203	(1,473)	(6.5)%	
<u>PUBLIC HEALTH SERVICES</u>						
Medical Officer of Health	2,313	1,453	2,344	(31)	(1.3)%	Unfavourable salary costs offset by gapping.
Clinical & Preventive Services	2,210	1,221	2,396	(186)	(8.4)%	Reduced vaccine revenue, staffing pressures and pressures in Harm Reduction and HIV programs to provide adequate services.
Family Health	1,190	579	1,238	(48)	(4.1)%	Temporary staffing and additional Child Safety Campaign costs.
Health Protection	2,187	1,251	2,080	107	4.9%	Gapping and increased user fee revenues.
Healthy Living	1,850	1,008	1,627	223	12.1%	Gapping.
Planning & Business Improvement	750	433	770	(20)	(2.7)%	Unfavourable evidence based practise temporary staffing support.
TOTAL PUBLIC HEALTH SERVICES	10,500	5,946	10,455	44	0.4%	

CITY OF HAMILTON TAX OPERATING BUDGET VARIANCE REPORT TO JULY 31, 2013 (\$ 000's)

	2013 Approved Budget	2013 Actuals to July 31	Projected Actuals to Dec. 31	2013 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
COMMUNITY & EMERGENCY SERVICES						
Administration - Community & Emergency Services	2,194	1,300	2,170	24	1.1%	Gapping.
Benefit Eligibility	7,582	4,742	8,270	(688)	(9.1)%	Expenses related to Discretionary benefits (-\$726K) and OW Phase 2/3 staffing (-\$136K), potentially offset by reserve transfer at y/e. Partially offset by gapping and favourable variances in low Income benefits.
Children's and Home Management Services	6,774	4,406	6,722	53	0.8%	Gapping in addition to allowing available subsidies to offset levy funded costs.
Employment & Income Support	20,237	12,609	21,132	(895)	(4.4)%	Expenses related to OW Phase 2/3 staffing (-\$1M), potentially offset by reserve transfer at y/e. Partially offset by gapping and favourable caseload client costs.
Housing Services	50,195	23,816	48,750	1,445	2.9%	Lower Housing Stability Benefit uptake, favourable mortgage renewals/housing subsidy prior year adjustments and rent supplement costs. Partially offset by higher housing providers property tax costs and expenses related to OW Phase 2/3 staffing (-\$95K) potentially offset by reserve transfer at y/e.
Macassa Lodge	5,893	3,924	5,754	139	2.4%	Gapping, additional revenues and unanticipated supplier rebate offset by unbudgeted LTD benefit and other employee related costs and unforeseen building/equipment repairs.
Wentworth Lodge	4,302	2,862	4,231	71	1.7%	Gapping and additional revenues offset by unbudgeted LTD benefit costs and other employee related costs.
Neighbourhood and Community Initiatives	992	597	992	0	0.0%	
Recreation	27,186	15,589	27,924	(738)	(2.7)%	Reduced ice rentals, lower revenues for Westmount center and increased general repairs/maintenance costs. Partially offset by favourable field rental revenues, gapping and temporary outdoor pool closures (i.e. Rosedale, Green Acres).
Strategic Services	1,624	963	1,679	(55)	(3.4)%	Employee related pressures due to temporary staffing.
Hamilton Farmers Market	190	29	161	29	15.1%	Gapping and lower than budgeted facility operating costs.
Fire Department	80,375	45,854	80,353	22	0.0%	Employee related costs will fluctuate throughout the year and will stabilize by year end.
Paramedic Service	17,241	8,936	17,644	(403)	(2.3)%	Employee related costs partially offset by higher subsidy approvals.
TOTAL COMMUNITY & EMERGENCY SERVICES	224,786	125,627	225,782	(996)	(0.4)%	
PUBLIC WORKS						
PW-General Administration	0	(11)	0	0	0.0%	
Corporate Assets & Strategic Planning	21,700	12,753	22,050	(350)	(1.6)%	Rent for McMaster University - Old Court House (-\$500K) and contract payment to Wild Waterworks (-\$150K) partially offset by gapping (\$300K).
Engineering Services	5,697	2,779	5,697	0	0.0%	No variance is anticipated at this time
Environmental Services	36,148	19,513	36,367	(218)	(0.6)%	Net costs associated with July 19th storm that could not be mitigated.
Operations	78,782	41,064	78,155	626	0.8%	Gapping (\$1.8M) partially offset by increased material & contractual costs in Winter programs (-\$1.2M) mostly from service level increases, increased demand and in-house shortages.
Transportation	52,109	31,352	52,109	0	0.0%	Newer fleet and the 12-year bus life policy, continue to have a positive effect and enhancements continue to be phased in resulting in favourable employee related and other fees & services variances.
TOTAL PUBLIC WORKS	194,435	107,450	194,377	58	0.0%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO JULY 31, 2013
(\$ 000's)

	2013 Approved Budget	2013 Actuals to July 31	Projected Actuals to Dec. 31	2013 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
LEGISLATIVE						
Legislative General	(285)	(189)	(285)	0	0.0%	
Mayors Office	996	391	760	236	23.7%	Reduced employee related costs due to vacancies.
Volunteer Committee	101	39	101	0	0.0%	
Ward Budgets	3,284	1,760	3,284	0	0.0%	
TOTAL LEGISLATIVE	4,096	2,001	3,860	236	5.8%	
CITY MANAGER						
Administration - City Manager	858	373	858	0	0.0%	
Audit Services	954	527	882	72	7.5%	Gapping
Human Resources	5,076	3,090	5,526	(450)	(8.9)%	Unfavourable variance in Legal fees & Mediation/Arbitration costs (- \$450K) will be recovered from the operating departments at y/e. Contractual costs and training costs are being offset by gapping.
Legal	2,910	2,100	3,073	(163)	(5.6)%	Unbudgeted Expert Planning Witness Fees partially offset by gapping.
TOTAL CITY MANAGER	9,798	6,090	10,339	(541)	(5.5)%	
CORPORATE SERVICES						
Corporate Services - Administration	258	136	237	21	8.1%	Gapping and other employee related expenses.
City Clerk	2,049	957	1,821	228	11.1%	Postage, gapping, registration/license revenues, lease & service contracts and printing savings.
Customer Service	4,410	2,485	4,347	62	1.4%	Savings in consulting services, supplies, gapping and other expenses. Offset by computer software/hardware costs, other employee related costs and capital recoveries.
Enterprise Mgt & Revenue Generation	0	5	0	0	0.0%	Gapping and savings in office supplies offset by Hamilton Entertainment Facilities recovery.
F&A and Special Projects	746	342	607	139	18.6%	Savings from gapping and consulting services.
Financial Planning & Policy	569	1,554	514	55	9.7%	Gapping
Financial Services	3,548	3,445	3,339	209	5.9%	Gapping, tender/proposal process fees, risk management recoveries and other savings. Partially offset by TCA Capital Recoveries.
Information Technology	7,892	3,963	7,111	781	9.9%	Gapping, application server chargeback, other employee related costs and equipment repair, partially offset by computer software costs and temporary staffing.
Taxation	689	393	619	69	10.0%	Tax registrations offset by postage costs.
TOTAL CORPORATE SERVICES	20,160	13,281	18,596	1,564	7.8%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO JULY 31, 2013
(\$ 000's)

	2013 Approved Budget	2013 Actuals to July 31	Projected Actuals to Dec. 31	2013 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
<u>CORPORATE FINANCIALS</u>						
Corporate Pensions / Benefits & Contingency	6,482	3,916	6,176	305	4.7%	Savings in corporate salary contingency and increased Flamboro slot revenues.
Gapping Reductions/Initiatives	(4,540)	0	0	(4,540)	(100.0)%	Actual gapping savings realized in program budgets.
Senior Tax Credit	540	634	552	(12)	(2.1)%	Increasing uptake.
Risk Management Premiums	(390)	1,135	1,783	(2,172)	(557.5)%	Claims costs continue to exceed budget.
TOTAL CORPORATE FINANCIALS	2,092	5,685	8,510	(6,418)	(306.8)%	
TOTAL CITY EXPENDITURES	488,596	276,866	496,123	(7,526)	(1.5)%	
<u>CAPITAL FINANCING</u>						
Debt-Planning and Development	750	(36)	750	0	0.0%	
Debt-Community & Emergency Services	3,869	(522)	3,869	0	0.0%	
Debt-Public Health	192	50	192	0	0.0%	
Debt-PW-Tax	41,900	(2,373)	41,900	0	0.0%	
Debt-Corporate Financials	41,888	22,902	38,888	3,000	7.2%	Projected principal and interest savings due to delay in debt issuance.
TOTAL CAPITAL FINANCING	88,600	20,022	85,600	3,000	3.4%	
<u>POLICE SERVICES</u>						
Police	139,702	75,723	139,702	0	0.0%	
Capital Financing	713	0	713	0	0.0%	
TOTAL POLICE SERVICES	140,415	75,723	140,415	0	0.0%	
<u>BOARDS & AGENCIES</u>						
HECFI	3,247	4,090	3,247	0	0.0%	Transition costs will be offset by reserve at year-end.
Library	28,039	15,495	28,039	0	0.0%	
Conservation Authorities	4,510	3,158	4,510	0	0.0%	
AGH	910	577	910	0	0.0%	
Boris Brott Music Festival	90	45	90	0	0.0%	
Hamilton Beach Rescue Unit	127	127	127	0	0.0%	
Hamilton Philharmonic Orchestra	114	76	114	0	0.0%	
HWCA - Festival of Friends	85	57	85	0	0.0%	
Opera Hamilton	127	127	127	0	0.0%	
Royal Botanical Gardens	599	399	599	0	0.0%	
Hamilton Waterfront Trust	155	83	155	0	0.0%	
Theatre Aquarius	74	37	74	0	0.0%	
Westfield Village Contract Services	547	410	547	0	0.0%	
MPAC	6,217	3,108	6,217	0	0.0%	
Total Operating	44,839	27,788	44,839	0	0.0%	
Capital Financing	864	303	864	0	0.0%	
TOTAL BOARDS & AGENCIES	45,704	28,091	45,704	0	0.0%	
COMMUNITY PARTNERSHIP PROGRAM	3,212	1,171	3,212	0	0.0%	
TOTAL EXPENDITURES	766,527	401,872	771,053	(4,526)	(0.6)%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT TO JULY 31, 2013
(\$ 000's)

	2013 Approved Budget	2013 Actuals to July 31	Projected Actuals to Dec. 31	2013 Projected Actuals .vs Approved Budget		Comments/Explanations
				\$	%	
NON PROGRAM REVENUES						
Taxation-Penalty & Interest	(9,250)	(5,434)	(9,540)	290	3.1%	
Payment In Lieu	(14,668)	(14,279)	(14,726)	57	0.4%	
Right of Way Taxes	(3,202)	(3,203)	(3,202)	0	0.0%	
Taxes-Municipal Supplementary	(8,500)	0	(8,500)	0	0.0%	
Taxation Capping and Phase-Ins	150	180	150	0	0.0%	
Tax Remissions / Write Offs	10,040	6,177	10,194	(154)	(1.5)%	Increased charity and veteran's rebate costs.
HUC Dividends	(5,300)	(7,773)	(5,300)	0	0.0%	
Interest Income	(4,100)	(7,050)	(4,100)	0	0.0%	
Provincial Offences Act	(4,419)	(2,702)	(4,419)	0	0.0%	
TOTAL NON PROGRAM REVENUES	(39,249)	(34,083)	(39,442)	193	0.5%	
TOTAL LEVY REQUIREMENT	727,278	367,789	731,611	(4,333)	(0.6)%	

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT AS OF JULY 31, 2013
(\$ 000'S)

	2013 APPROVED BUDGET	2013 ACTUALS TO JULY 31	PROJECTED ACTUALS TO DEC. 31	2013 PROJECTED ACTUALS .VS APPROVED BUDGET		2013 PROJECTED % SPENT
				\$	%	
EXPENDITURES:						
<u>Environmental Services</u>						
Divisional Administration & Support	2,187,020	1,196,762	2,087,921	99,099	4.5%	95.5%
Customer Service & Community Outreach	1,379,390	736,417	1,271,283	108,107	7.8%	92.2%
Service Co-ordination	2,815,140	1,542,083	2,759,416	55,724	2.0%	98.0%
Engineering Systems & Data Collection	1,431,780	635,414	1,391,657	40,123	2.8%	97.2%
Compliance & Regulations	701,400	391,911	701,400	-	0.0%	100.0%
Laboratory Services	2,949,895	1,881,849	2,949,895	-	0.0%	100.0%
Environmental Monitoring & Enforcement	1,581,480	456,356	1,581,480	-	0.0%	100.0%
Water Distribution & Wastewater Collection	15,844,580	8,937,590	15,481,583	362,997	2.3%	97.7%
Plant Operations & Maintenance	33,899,790	19,424,878	33,523,293	376,497	1.1%	98.9%
Water & Wastewater Engineering	2,407,500	728,498	2,407,500	-	0.0%	100.0%
Infrastructure & Source Water Planning	2,247,250	687,524	2,247,250	-	0.0%	100.0%
Hydro Billing Contract	4,307,000	2,089,720	4,307,000	-	0.0%	100.0%
Corporate & Departmental Support Services	6,039,720	3,296,711	6,039,720	-	0.0%	100.0%
Utilities Arrears Program	350,000	42,632	350,000	-	0.0%	100.0%
Hamilton Harbour Remedial Action Plan	210,000	130,000	210,000	-	0.0%	100.0%
Protective Plumbing Program 3P	2,500,000	1,985,000	2,750,000	(250,000)	(10.0)%	110.0%
Financial Charges	372,000	140,870	372,000	-	0.0%	100.0%
Capital and Reserve Recoveries	(6,333,680)	(2,236,790)	(6,230,680)	(103,000)	(1.6)%	98.4%
Sub-Total Environmental Services	74,890,265	42,067,426	74,200,718	689,547	0.9%	99.1%
<u>Capital and Reserve Impacts on Operating</u>						
<u>Contributions to Capital</u>						
Water Quality Initiatives	36,930,000	24,645,000	36,930,000	-	0.0%	100.0%
Wastewater	30,110,000	20,098,300	30,110,000	-	0.0%	100.0%
Stormwater	10,460,000	6,923,367	10,460,000	-	0.0%	100.0%
Sub-Total Contributions to Capital	77,500,000	51,666,667	77,500,000	-	0.0%	100.0%

- () Denotes unfavourable variance.

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT AS OF JULY 31, 2013
(\$ 000'S)

	2013 APPROVED BUDGET	2013 ACTUALS TO JULY 31	PROJECTED ACTUALS TO DEC. 31	2013 PROJECTED ACTUALS .VS APPROVED BUDGET		2013 PROJECTED % SPENT
				\$	%	
<u>Contributions for DC Exemptions</u>						
Water Quality Initiatives	3,559,445	-	3,559,445	-	0.0%	100.0%
Wastewater	2,395,253	-	2,395,253	-	0.0%	100.0%
Stormwater	3,045,302	-	3,045,302	-	0.0%	100.0%
Sub-Total Contributions for DC Exemptions	9,000,000	-	9,000,000	-	0.0%	100.0%
<u>Debt Charges</u>						
Water Quality Initiatives	6,317,464	-	3,000,000	3,317,464	52.5%	47.5%
Wastewater	5,772,342	-	2,500,000	3,272,342	56.7%	43.3%
Stormwater	2,279,463	-	165,000	2,114,463	92.8%	7.2%
Debt Payment Recoveries	(4,251,074)	-	(117,000)	(4,134,074)	(97.2)%	2.8%
Sub-Total Debt Charges	10,118,195	-	5,548,000	4,570,195	45.2%	54.8%
Sub-Total Water, Wastewater & Stormwater	96,618,195	51,666,667	92,048,000	4,570,195	4.7%	95.3%
Transfer to Reserves	463,310	-	463,310	-	0.0%	100.0%
Sub-Total Capital and Reserve Impacts on Operating	97,081,505	51,666,667	92,511,310	4,570,195	4.7%	95.3%
TOTAL EXPENDITURES	171,971,770	93,734,093	166,712,028	5,259,742	3.1%	96.9%

- () Denotes unfavourable variance.

CITY OF HAMILTON
COMBINED WATER AND WASTEWATER AND STORM SYSTEMS
BUDGET VARIANCE REPORT AS OF JULY 31, 2013
(\$ 000'S)

	2013 APPROVED BUDGET	2013 ACTUALS TO JULY 31	PROJECTED ACTUALS TO DEC. 31	2013 PROJECTED ACTUALS .VS APPROVED BUDGET		2013 PROJECTED % SPENT
				\$	%	
REVENUES:						
Rate Revenue						
Residential	77,366,596	42,131,979	75,366,596	(2,000,000)	(2.6)%	97.4%
ICI	82,941,070	44,919,456	79,941,070	(3,000,000)	(3.6)%	96.4%
Haldimand / Halton	2,643,984	1,377,282	2,643,984	-	0.0%	100.0%
Non-Metered	594,000	315,333	594,000	-	0.0%	100.0%
Private Fire Lines	400,000	300,077	525,000	125,000	31.3%	131.3%
Hauler / 3rd Party Sales	1,040,550	711,981	1,040,550	-	0.0%	100.0%
Wastewater Abatement Program	(440,000)	(39,100)	(440,000)	-	0.0%	100.0%
Overstrength Agreements	1,600,000	696,616	1,600,000	-	0.0%	100.0%
Sewer Surcharge Agreements	3,200,000	866,563	3,200,000	-	0.0%	100.0%
Sub-Total Utility Rates	169,346,200	91,280,187	164,471,200	(4,875,000)	(2.9)%	97.1%
Non-Rate Revenue						
General Fees	904,600	325,256	714,600	(190,000)	(21.0)%	79.0%
Permits / Leases / Agreements	1,320,960	891,934	1,288,870	(32,090)	(2.4)%	97.6%
Subdivider Contributions	129,000	-	129,000	-	0.0%	100.0%
Local Improvement Recoveries	271,010	257,502	271,010	-	0.0%	100.0%
Sub-Total Non-Rate Revenue	2,625,570	1,474,692	2,403,480	(222,090)	(8.5)%	91.5%
TOTAL REVENUES	171,971,770	92,754,879	166,874,680	(5,097,090)	(3.0)%	97.0%
NET EXPENDITURES	-	979,214	(162,652)	162,652	N/A	N/A

**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	Boards & Agencies	HECFI	Entertainment Accountant	1.0	Corporate Services	F&A and Special Projects	Entertainment Accountant	1.0
Explanation: Transfer of Entertainment Accountant to Corporate Services in order to provide financial support of HECFI contract and special projects.								

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, changing budgeted complement type).

(2) - If a position is changing, the impact of the change must be within 1 pay band or separate Council approval is required.