



**CITY OF HAMILTON**

**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning and Policy Division**

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> April 17, 2013	
<b>SUBJECT/REPORT NO:</b> Tax and Rate Operating Budget Variance Report to December 31, 2012 (Unaudited) (FCS13036) (City Wide)	
<b>SUBMITTED BY:</b> Mike Zegarac Acting General Manager Finance & Corporate Services	<b>PREPARED BY:</b> Tom Hewitson (905) 546-2424 x4159 Victoria Terella (905) 546-2424 x4169
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the 2012 Best Start Child Care fee subsidy pressure of \$915,984 be funded from Best Start Reserve 112218;
- (b) That, in accordance with the “Budgeted Complement Control Policy”, the 2013 complement transfers, transferring complement from one department/division to another with no impact on the levy, as outlined in Appendix C to Report FCS13036 be approved;
- (c) That, subject to final audit, the Disposition of Year-End Surplus/Deficit be approved as follows:

**SUBJECT: Tax and Rate Operating Budget Variance Report to December 31, 2012  
(Unaudited) (FCS13036) (City Wide) - Page 2 of 15**

<b>DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)</b>	<b>\$</b>	<b>\$</b>
<b>Corporate Surplus from Tax Supported Operations</b>		<b>\$ 3,411,767</b>
<b>Less: Disposition to Self-Supporting Programs &amp; Agencies</b>		<b>\$ (633,539)</b>
HECFI (Transfer from HECFI Reserve)	\$ 280,618	
Police (Transfer from Police Reserve)	\$ 286,491	
Library (Transfer to Library Reserves)	\$(1,200,648)	
<b>Balance of Corporate Surplus</b>		<b>\$ 2,778,228</b>
Less: Transfer to AODA WIP Account		\$ (89,920)
Less: Transfer for Ontario Summer Jobs Services		\$ (6,940)
Less: Transfer of Flamboro Slot Revenues to Flamboro Capital Reserve		\$ (118,225)
Less: Transfer for HECFI Transition Costs		\$ (2,400,000)
Less: Transfer to Tax Stabilization Reserve		\$ (163,143)
<b>Balance of Tax Supported Operations</b>		<b>\$ 0</b>
<b>Corporate Surplus from Rate Supported Operations</b>		<b>\$ 12,273,555</b>
Less: Transfer to the Rate Supported Reserves		\$ (12,273,555)
<b>Balance of Rate Supported Operations</b>		<b>\$ 0</b>

**EXECUTIVE SUMMARY**

Staff have committed to provide Council with three variance reports on the Tax and Rate Operating Budget during the fiscal year (Spring/Fall/Final). This is the final submission for 2012 based on the operating results as of December 31, 2012 (unaudited). Appendix A to Report FCS13036 summarizes the tax supported budget year-end variances by department and division while Appendix B to Report FCS13036 summarizes the year-end variances of the rate supported operations by program.

Both the Tax and Rate supported operations ended the year with positive variances of \$3.4 million and \$12.3 million respectively, resulting in an overall corporate surplus of \$15.7 million. Additional details are presented in the Analysis section of this report.

<b>CONSOLIDATED CORPORATE SURPLUS/ (DEFICIT)</b>	<b>\$</b>
<b>Tax Supported Programs</b>	
HECFI	\$ (280,618)
Police	\$ (286,491)
Library	\$ 1,200,648
Other Tax Supported Programs	\$ 2,778,228
<b>Total Tax Supported Surplus</b>	<b>\$ 3,411,767</b>
<b>Rate Supported Programs</b>	<b>\$12,273,555</b>
<b>Consolidated Corporate Surplus/ (Deficit)</b>	<b>\$15,685,322</b>

*OUR Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.*

*OUR Mission: WE provide quality public service that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Values: Accountability, Cost Consciousness, Equity, Excellence, Honesty, Innovation, Leadership, Respect and Teamwork*

During the budget process, staff submitted a draft variance (FCS13025) which forecasted the surplus for tax supported services at \$2.7 million. Subject to final audit, the surplus stands at \$3.4 million. The difference is largely attributable to an increased surplus in Public Works partially offset by a greater deficit position in Corporate Financials and Non-Program Revenues.

The year-end disposition of the \$15.7 million surplus identified above is outlined in Recommendation (c) of Report FCS13036 and is highlighted as follows:

- Year-end variances for Police, HECFI and Library will be allocated to/from own source reserves.
- AODA Accessibility – It is recommended that the 2012 operating surplus of \$89,920 for the AODA account within the Customer Service Division of Corporate Services be allocated to the AODA WIP account.
- Ontario Summer Jobs Services - The Ontario Summer Jobs Service is a summer student wage subsidy program funded by the Ministry of Training, Colleges and Universities and administered by Mohawk College for Hamilton employers. It is recommended that the wage subsidy in the amount of \$6,940 received by Human Resources in November of 2012 be transferred to a reserve account to be accessed between February and May of each year to coincide with the greatest needs for resources to manage the Summer Student Program.
- Flamboro Slot Revenues – As directed by Council April 25<sup>th</sup> 2012 (Report 12-010) any year-end surplus in the budget for Flamboro Slot Revenues be transferred to the Flamboro Capital Reserve Fund.
- HECFI Transition Costs – Currently staff project approximately \$2.4 million in HECFI transition costs, staff recommend that \$2.4 million of the tax surplus be used cover the estimated HECFI transition costs.
- Rate Supported – Staff recommend that the rate surplus of \$12.3 million be transferred to the Rate Supported Reserves.

### **2013 Budget Restatements**

In accordance with the “Budget Complement Control Policy”, approved by Council in February 2012, staff are submitting budgeted complement transfers as identified in Appendix C to Report FCS13036. The complement transfers 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 transfers identified

**SUBJECT: Tax and Rate Operating Budget Variance Report to December 31, 2012  
(Unaudited) (FCS13036) (City Wide) - Page 4 of 15**

---

were not realized at the time of budget submissions however these transfers will amend the 2013 budget once approved with no impact on the levy.

**Alternatives for Consideration – See Page 14**

**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 final submission for 2012 based on the operating results as of December 31, 2012. Council approval is required to allocate year-end surplus/deficit to reserves.

**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 2012 operating surplus:

**TAX SUPPORTED BUDGET**

The following Table provides a summary of the departmental results as of December 31, 2012. The final corporate surplus amounts to \$3.4 million or approximately 0.5% of the net levy. On a gross budget basis, the surplus represents a 0.3% variance.

**SUBJECT: Tax and Rate Operating Budget Variance Report to December 31, 2012  
(Unaudited) (FCS13036) (City Wide) - Page 5 of 15**

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

	2012	2012	Variance	
	Final Budget	Year-End Actuals	\$	%
<b><u>TAX SUPPORTED</u></b>				
<b>Planning &amp; Economic Development</b>	22,094	23,251	(1,157)	(5.2)%
<b>Public Health Services</b>	10,314	9,680	634	6.1%
<b>Community Services</b>	131,475	128,752	2,723	2.1%
<b>Hamilton Emergency Services</b>	94,523	94,327	196	0.2%
<b>Public Works</b>	182,033	175,404	6,629	3.6%
<b>Legislative</b>	3,947	3,249	698	17.7%
<b>City Manager</b>	9,784	9,789	(5)	(0.1)%
<b>Corporate Services</b>	19,417	17,768	1,649	8.5%
<b>Corporate Financials/ Non Program Revenues</b>	(35,961)	(20,906)	(15,055)	(41.9)%
<b>TOTAL CITY EXPENDITURES</b>	<b>437,626</b>	<b>441,314</b>	<b>(3,688)</b>	<b>(0.8)%</b>
<b>Hamilton Police Services</b>	<b>135,642</b>	<b>135,928</b>	<b>(286)</b>	<b>(0.2)%</b>
<b>HECFI</b>	<b>3,247</b>	<b>3,528</b>	<b>(281)</b>	<b>(8.6)%</b>
<b>Library</b>	<b>28,039</b>	<b>26,838</b>	<b>1,201</b>	<b>4.3%</b>
<b>Other Boards &amp; Agencies</b>	<b>14,377</b>	<b>14,372</b>	<b>5</b>	<b>0.0%</b>
<b>Community Grants</b>	<b>3,212</b>	<b>3,212</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>184,516</b>	<b>183,878</b>	<b>638</b>	<b>0.3%</b>
<b>CAPITAL FINANCING</b>	<b>84,928</b>	<b>76,467</b>	<b>8,461</b>	<b>10.0%</b>
<b>PROVINCIAL FUNDING LOSS TRANSITION</b>	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>	<b>(100.0)%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>705,071</b>	<b>701,659</b>	<b>3,412</b>	<b>0.5%</b>

As indicated above, there are significant departmental surpluses in Public Works, Community Services and Corporate Services, as well as Legislative. Contributing to the overall surplus in the Public Works departmental budget is the savings in the Winter Control program and lower than anticipated tonnages resulting in waste processing contractual savings. Community Services positive variance is primarily due to a reduction in Ontario Works caseload, social housing prior year subsidy adjustments and gapping due to various vacancies as well as delays in Recreation facility openings. Gapping due to vacancies and timing of hires is highlighted as the driver for the positive variance in Corporate Services. Largely offsetting the departmental surpluses is the Corporate Financials/Non Program Revenues deficit which is mainly a result of high write-offs from unfavourable assessment decisions and allowances. As well in the Corporate Financials, there is -\$4.1 million in budgeted gapping savings that are actually realized in the operating departments. Planning also had an overall deficit due to Business & Trade Licenses Revenue shortfall, On-street meter parking revenue shortfall and the loss of private lot enforcement.

*OUR Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.*

*OUR Mission: WE provide quality public service that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Values: Accountability, Cost Consciousness, Equity, Excellence, Honesty, Innovation, Leadership, Respect and Teamwork*

Highlights of the departmental results are included in the following sections:

**Planning & Economic Development**

Planning & Economic Development is reporting an unfavourable variance of -\$1.2 million.

Building Services is showing an unfavourable variance of -\$164,000 from higher overtime costs & student wages due to higher activity levels, decreased revenues from Zoning Compliance, Property Reports and Illegal Grow-Op as well as higher computer software costs.

Economic Development had a positive variance of \$354,000 due primarily to gapping as well as higher than anticipated revenues from Airport agreement with Tradeport.

Parking and By-Law Services had a deficit of -\$1.5 million which is primarily due to the revenue shortfalls in Business & Trade Licensing (-\$560K); On-Street Meter parking (-\$224K); Private Lot Enforcement (-\$385K) and Animal Services (-\$250K).

Planning is showing a surplus of \$116,000 due to gapping and lower than budgeted consulting costs as well as savings in various material & supply accounts.

Tourism and Culture also had a favourable variance of \$121,000. This is attributable to \$305,000 in savings from rent/facilities (\$70K), utilities (\$20K), a change in marketing strategy (\$130K), unbudgeted provincial grant (\$35K) and efficiencies across the division (\$50K). These savings were offset by pressures from building maintenance (-\$175K) and employee related cost (-\$10K).

**Public Health Services**

Public Health Services experienced a positive variance in 2012 of \$634,000. This was a result of gapping due to vacancies/timing of hires and under spending in other subsidized programs allowing subsidies to be applied to levy funded cost allocations.

The positive variance was offset by increased CINOT utilization, unbudgeted employee related costs, decreased prenatal revenues, increased Vector Borne Disease costs and a change in Residential Care Facilities licensing.

**Community Services**

Community Services had an overall favourable variance of \$2.7 million for 2012.

The Benefit Eligibility division had an unfavourable variance of -\$56,000 driven by unfavourable special supports benefit costs offset by gapping due to vacancies/timing of hires.

Employment and Income Support (EIS) division ended the year with an \$889,000 surplus from favourable variances in caseload costs due to lower than projected actuals and gapping due to vacancies/timing of hires.

In Housing Services, a surplus of \$1.4 million is attributable to favourable variances in prior year adjustments for social housing subsidies, rent supplement savings and lower than budgeted Dom Hostel occupancy costs; offset by increased Emergency Shelter occupancy costs.

Macassa Lodge's -\$99,000 variance is as a result of unfavourable variances in unbudgeted LTD benefit costs and building repairs (HVAC, remediation); partially offset by favourable variances due to increased subsidies, reduced work accommodation needs, utility savings and gapping due to vacancies/timing of hires.

Wentworth Lodge also ended the year with a deficit of -\$531,000 from unfavourable variances in employee related costs (including work accommodation) as well as subsidy/envelope funding decreases due to Case Mix Index reduction.

In Recreation, a favourable variance of \$1.1 million was achieved due to delays in facility openings, scheduling/programming efficiencies and gapping due to delayed hiring and temporary shutdowns. Partially offset by increased repairs and maintenance to aging equipment and reduced ice rentals as a result of decreased demand.

Social Development & Early Childhood Services had a surplus of \$162,000 due to gapping due to vacancies/timing of hires; rental cost savings from the Lister Block move as well as applying subsidy to programs to maximize available funding.

Strategic Services had a -\$36,000 variance mainly due to unbudgeted temporary employee related costs.

Hamilton Farmers Market -\$24,000 unfavourable variance was mainly due to salary pressures and backfill costs due to sick leaves.

### **Hamilton Emergency Services**

Overall Hamilton Emergency Services ended the year with a favourable variance of \$196,000 as a result of savings from Uniforms & Protective Clothing as the annual uniform purchase did not arrive until March 2013 (\$206K), contractual costs from under spending in OHEP program and cost savings for 911 Bell lines with new radio system (\$103K), and increased revenue from MTO and False Alarms (\$78K). These were partially offset by HR Legal Costs (-\$182K).

### **Public Works**

The Public Works department had an overall surplus of \$6.6 million for 2012 year-end. There are a number of contributors across the divisions that lead to the overall surplus; as well savings were recognized from the in-year restructuring.

Corporate Assets and Strategic Planning had a \$612,000 surplus as a result of energy savings seen in Facilities and Office of Energy Initiatives due to decreased consumption (\$1.1M) and savings in Traffic Supplies (\$440K). These savings were partially offset by increased Building Repairs due to aging facilities requiring more attention (-\$403K), new facilities added in 2012 (Lister Block, McNab Terminal) requiring security (-\$261K), and Facilities Recoveries (-\$255K).

Engineering Services is over budget due to increased Energy/Hydro and general maintenance costs (\$724K) for the Streetlighting program. In addition the transfer from the Reserve (\$600K) was not made in 2012.

Contributing to the overall surplus in the Environmental Services Division was a \$1.9 million surplus in contractual services mainly caused by reduced tonnages being processed.

Operations saw an overall surplus for 2012 as the winter season saw less snow activations resulting in a net surplus of approximately \$3.0 million. The Surface Maintenance program had additional savings in Employee Related, Materials and Vehicle expenditures of \$2.1 million.

Transit has finished the year on budget primarily as a result of reduced costs for fleet parts due to a much newer fleet and the 12-year bus life policy (the 2013 budget has been reduced to reflect this reality). The phased implementation of eligibility changes to DARTS also reduce the payments on the contract. As a result of overall Transit favourable variance there was a reduced transfer in 2012 from the Provincial Gas Tax Reserve of \$3.2 million.

### **Legislative**

Legislative is reporting a favourable variance of \$698,000. A major contributor to this positive variance is the \$369,000 surplus in the Mayors Office as a result of gapping, unspent consulting and other budget savings in materials & supplies. In addition, unspent Wards Budgets contributed another \$294,000 to the surplus. Offsetting the savings were facility charges for City Hall.

### **Corporate Services**

Corporate Services finished 2012 with a positive variance of \$1.6 million. Gapping accounted for \$971,000 of the total favourable amount, attributable to staff vacancies that materialized as a result of retirements, internal job transfers, terminations and



restructuring. Some incremental savings were also realized from short-term and long-term disability sick leaves and flex arrangements (4 day week).

Below budgeted spending for mileage, travel, conferences and training (\$160K) represented the second largest variance driver. Other significant expenditure variances that were favourable included: computer software (\$148K), consulting (\$102K), office and operating supplies (\$83K), equipment repairs (\$63K), printing and reproduction (\$61K), computer hardware (\$46K), and marriage licenses purchased from the Province (\$35K). On the revenue side, favourable variances associated with City Clerk fees collected (\$61K), unbudgeted cost recoveries from Hamilton Renewable Power Inc., (\$50K), and cash discounts earned on accounts payable vendor payments (\$25K) contributed to the overall favourable position.

A few large unfavourable variances were also evident in 2012 for Corporate Services. These included postage cost recoveries (-\$197K) on account of fewer mailing requests received from City departments, unfunded network communication costs for Wireless Hamilton (-\$114K), and off site storage and security costs (-\$32K) from increased volumes of computer data.

### **Corporate Financials**

Several drivers are responsible for the -\$8.9 million deficit in Corporate Financials.

#### *Corporate Pensions/Benefits & Contingency*

The adverse variance of -\$1.5 million is represented by higher expenditures due to -\$1.1 million for provision for sick pay, -\$925K for provision for concessionary loans, -\$230K in relation to higher retiree benefits costs, and -\$238K for consulting charges for the HECFI review. These variances were offset by \$541K in wage contingency for 2011 which has been accrued against the program budgets, \$118K in higher revenues from slot revenues and \$327K from Hamilton Renewable Power dividend and sundry savings amounting to a net of \$28K.

#### *Gapping*

While gapping savings of \$4.1 million are budgeted in Corporate Financials, actual savings are reported in the operating departments resulting in an unfavourable balance in the financials of -\$4.1 million. As shown in the table below, a review of savings in the departments indicates the net savings from gapping in 2012 actually amounted to \$6.3 million, about \$2.2 million more than budgeted. Of note, approximately half of the Community Services gapping is due to delays in facility openings and facility closures which were partially offset by lost revenues.

<b>NET GAPPING BY DEPARTMENT</b>	<b>(\$000's)</b>
Planning & Ec. Development	\$ 257
Public Health Services	\$ 211
Community Services	\$ 2,224
Hamilton Emergency Services	\$ (174)
Public Works	\$ 2,641
Legislative	\$ 267
City Manager	\$ (54)
Corporate Services	\$ 971
<b>Consolidated Corporate Savings/ (Deficit)</b>	<b>\$ 6,342</b>

*Risk Management*

The adverse variance of -\$3.3 million in Risk Management is caused by an under recovery of claim expense charges from the departmental programs.

**Non-Program Revenues**

The Non-Program Revenues deficit of -\$6.1 million is mainly a result of -\$12.3 million in high write-offs from unfavourable assessment decisions and allowances that has prompted the City to set up a number of allowances at the end of 2012 in anticipation of some major appeals being processed in 2013. Partially offsetting this is favourable one-time dividends from HUC of approximately \$4.5 million. Additionally, a number of capping clawbacks were processed in 2012 (for previous years) through the appeal process for a surplus of \$645,000.

A favourable 2012 budget variance of \$518,470 was also realized for Provincial Offences revenue. A total of 97,474 traffic charges were filed, translating into a 10,496 or 12.1% increase compared to the previous year.

**Capital Financing**

Debt financing savings of \$8.5 million is a result of the delay in issuance of debt. Normally fifty percent of these savings (about \$5.0 million for 2012) are transferred to the unallocated capital reserve to fund future infrastructure requirements; however, this would put the tax budget into a deficit position. Therefore, only \$2.0 million (aligning with the 2014 capital forecast) has been transferred during this year-end process.

**Other Programs**

In Boards & Agencies, there is a surplus of \$925,000 attributable to the \$1.2 million favourable variance in Library from gapping, which is partly offset by the deficit in HECFI.

The Hamilton Police Service had an unfavourable 2012 year-end variance of -\$286,491. The primary reason for the variance was the very high number of retirements the Police

Service experienced in 2012 which resulted in higher than budgeted sick leave and vacation pay expenditures. A Contribution from the Police Sick Leave Reserve will offset the unfavourable variance.

### **2012 Reserve Impacts**

The 2012 forecasts for the Tax Stabilization Reserve and the Social Services Initiative Reserve Fund had included \$8.2 million in commitments that were conditional on the outcome of the 2012 Corporate Surplus. These were as follows:

- \$1.7M Waste Management Contract
- \$2.0M Provincial Funding Loss Transition
- \$4.5M In-year Council Approvals
  - \$412K Licensing revenue shortfall
  - \$125K On-Street meter parking revenue shortfall
  - \$75K unbudgeted Animal Services Glanbrook contract
  - \$2.1M pressure for Forestry Building Renovations
  - \$1.8M OW discretionary benefits

Of note, the departmental/corporate surpluses were able to absorb these additional commitments for an overall benefit to the Tax Stabilization Reserve of \$6.4 million and the Social Services Initiative Reserve Fund of \$1.8 million.

### **RATE SUPPORTED BUDGET**

For 2012, the Rate supported operating budget finished the year with a favourable variance of \$12.3 million, representing 7.0% of the gross operating budget. There was an unfavourable variance in operating revenues of -\$3.9 million. With a savings in overall program expenditures of \$16.2 million, the savings offset the shortfall in revenues.

### **Expenditures**

Expenditures were favourable by \$16.2 million, comprising 9.8% of the total \$164.7 million budget.

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 net debt charges of \$6.672 million is reflective of less debt being issued and reflects the existing capital projects are adequately funded.

In other expenditure areas showing savings was contractual expenditures at a positive variance of \$2.852 million due to contractual services for water distribution and wastewater collection and plant operations. Savings in employee related costs of

\$2.114 million are mainly due to gapping realized from staff vacancies. Materials and supplies also contributed a savings of \$2.068 million due to lower fluids, chemicals and operating supplies consumption.

The Utility Arrears Program had a favourable variance of \$227K.

## **Revenues**

Operating revenues collected during the year totalled \$160.8 million, translating into a -\$3.9 million budget shortfall.

Overall 2012 Rate Revenues (Non-metered, Residential, Institutional/ Commercial/ Industrial (ICI) and Haldimand/ Halton) amounted to nearly \$152.6 million which is approximately -\$4.6 million or -2.9% unfavourable to budget.

The Residential sector ended the year with a favourable variance of \$128,719 or 0.2% to budget. For the residential sector, water revenues were slightly favourable relative to budget with actual metered water consumption for the sector reflecting lower seasonal water usage in 2012 relative to 2011 resulting in a much lower favourable budget position of \$128,719 versus the \$2.1 million realized in 2011. Consumption trends over the last few years demonstrate that despite consistent new residential construction of approximately 1,300-1,400 homes each year, the new residential growth consumption is being more than offset by water efficiency measures undertaken by existing water customers so that over time there continues to be on-going declining consumption in the residential sector that is expected to continue over the next several years.

Industrial/Commercial/Institutional (ICI) had an unfavourable variance of -\$4.8 million or -5.8% to budget for 2012. Consistent with the forecast provided during the 2013 Rate budget presentation, the ICI sector experienced a revenue shortfall for 2012 of nearly -\$4.8 million down from the -\$6.2 million shortfall of 2011. 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 levels 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 large users such as Lakeport Breweries and Stoney Creek Dairy since 2009.

It is expected that ICI water/wastewater consumption to continue at levels experienced in the last few years with the 2013 budgeted consumption expected to more closely reflect the actual consumption to be realized for the sector. This sector will continue to be closely monitored as the continued large revenue shortfalls if not offset by favourable expenditure positions as occurred in 2011 and 2012, will negatively impact reserve

**SUBJECT: Tax and Rate Operating Budget Variance Report to December 31, 2012  
(Unaudited) (FCS13036) (City Wide) - Page 13 of 15**

---

levels requiring a re-evaluation of revenue and expenditure requirements for the 2014 Rate Budget cycle.

The Private Fire Lines also had an unfavourable variance of -\$108,560 or -54.3% to budget. The Private This new fee applicable to ICI customers with non-metered water supply lines dedicated to private fire protection systems was approved by Council during the 2012 Rate budget with an effective date of July 1, 2012 with a forecast budget for 2012 of \$200,000. The intent of the July 1st implementation timing was to allow for Hamilton Water to verify private fire line data prior to applying the new fee to a customer. This data integrity exercise has taken much longer to undertake than originally expected and although this is still ongoing, it is expected that the Private Fire Line fee revenue will surpass the 2013 budget of \$400,000.

Also in Revenues, Hauler /3rd party revenues were positive by \$658,000 or 84% as well Sewer Surcharge Agreements are favourable by 39% or \$1.017 million but Overstrength Agreements were unfavourable by -23% or -\$450,000

Fees and General revenues were unfavourable by -\$326,000 or -15.5% with the main drivers being shortfalls in Other Recoverable Fees at -\$122,000, New Construction Permits at -\$80,000 and Backflow Prevention Fees at -\$52,000.

**YEAR-END DISPOSITION OF TRANSFERS**

The following Table identifies the recommended transfers as a result of the 2012 year-end.

**Table 1 – Disposition of Year- End Surplus/Deficit**

<b>DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)</b>	<b>\$</b>	<b>\$</b>
<b>Corporate Surplus from Tax Supported Operations</b>		<b>\$ 3,411,767</b>
<b>Less: Disposition to Self-Supporting Programs &amp; Agencies</b>		<b>\$ (633,539)</b>
HECFI (Transfer from HECFI Reserve)	\$ 280,618	
Police (Transfer from Police Reserve)	\$ 286,491	
Library (Transfer to Library Reserves)	\$(1,200,648)	
<b>Balance of Corporate Surplus</b>		<b>\$ 2,778,228</b>
Less: Transfer to AODA WIP Account		\$ (89,920)
Less: Transfer for Ontario Summer Jobs Services		\$ (6,940)
Less: Transfer of Flamboro Slot Revenues to Flamboro Capital Reserve		\$ (118,225)
Less: Transfer for HECFI Transition Costs		\$ (2,400,000)
Less: Transfer to Tax Stabilization Reserve		\$ (163,143)
<b>Balance of Tax Supported Operations</b>		<b>\$ 0</b>
<b>Corporate Surplus from Rate Supported Operations</b>		<b>\$ 12,273,555</b>
Less: Transfer to the Rate Supported Reserves		\$(12,273,555)
<b>Balance of Rate Supported Operations</b>		<b>\$ 0</b>

**ALTERNATIVES FOR CONSIDERATION**

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

Table One in the Analysis section identifies the recommended disposition of the surplus/deficit. Council can provide alternative direction to staff for the disposition of the surplus/deficit.

**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 FCS13036 Tax Operating Budget Variance Report to December 31, 2012
- Appendix B to Report FCS13036 Combined Water, Wastewater and Storm Systems Variance Report to December 31, 2012
- Appendix C to Report FCS13036 Budgeted Complement Transfer Schedule

# CITY OF HAMILTON

## TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2012

(\$ 000's)

	2012 Approved Budget	2012 Actuals	2012 Actuals vs. 2012 Approved Budget		Comments/Explanations
			\$	%	
<b><u>PLANNING &amp; ECONOMIC DEVELOPMENT</u></b>					
GM, Finance & Support Services	1,080	1,172	(92)	(8.5)%	Unfavourable variance due to temp agency costs to cover F&A staff absences, as well as renovation costs for One Stop Shopping Initiative.
Building Services	939	1,104	(164)	(17.5)%	Unfavourable variance in higher OT costs & student wages due to higher activity levels, decreased volumes for Zoning Compliance, Property Reports and Illegal Grow-Op Revenues as well as higher computer software costs. Much higher than anticipated Building activity levels resulted in a \$ 3.1 M transfer to the Reserve.
Economic Development	5,573	5,220	354	6.3%	Favourable variance due primarily to gapping as well as higher than anticipated revenues from Airport agreement with Tradeport.
Growth Management	(331)	(334)	3	1.0%	
Parking & By-law Services	4,719	6,214	(1,496)	(31.7)%	\$560k Business & Trade Licensing (PD01104(e), Mar22/12, GIC); \$224k On-Street Meter, (PED1104(a), Mar 22/12, GIC; \$385k Private Lot Enforcement (PED10184, Aug 9/2010); \$250k Animal Services loss in revenue
Planning	3,180	3,064	116	3.7%	Favourable variance due to gapping and lower than budgeted consulting costs as well as savings in various material & supply accounts.
Tourism & Culture	6,933	6,812	121	1.7%	\$305k savings (\$70k rent/facilities, \$130k change in marketing strategy; \$20k utilities, \$35k unbudgeted provincial grant, \$50k efficiencies across the division); \$185k pressure (175k building maintenance & 10k employee related cost)
<b>TOTAL PLANNING &amp; ECONOMIC DEVELOPMENT</b>	<b>22,094</b>	<b>23,251</b>	<b>(1,157)</b>	<b>(5.2)%</b>	
<b><u>PUBLIC HEALTH SERVICES</u></b>					
Medical Officer of Health	2,494	1,900	594	23.8%	Favourable variances due to underspending in other subsidized programs, subsidy was applied to levy funded cost allocations.
Clinical & Preventive Services	2,081	2,057	24	1.2%	Favourable variance in employee related costs offset by increased CINOT utilization.
Family Health	1,006	1,019	(13)	(1.3)%	Unfavourable variance due to unbudgeted employee related costs and decreased prenatal revenues.
Health Protection	2,199	2,224	(26)	(1.2)%	Unfavourable variance due to increased Vector Borne Disease costs and change in Residential Care Facilities licensing; offset by gapping due to vacancies/timing of hires.
Healthy Living	1,818	1,784	34	1.9%	Gapping due to vacancies/timing of hires.
Planning & Business Improvement	717	697	20	2.8%	Gapping due to vacancies/timing of hires.
<b>TOTAL PUBLIC HEALTH SERVICES</b>	<b>10,314</b>	<b>9,680</b>	<b>634</b>	<b>6.1%</b>	



# CITY OF HAMILTON TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2012 (\$ 000's)

	2012 Approved Budget	2012 Actuals	2012 Actuals vs. 2012 Approved Budget		Comments/Explanations
			\$	%	
<b>COMMUNITY SERVICES</b>					
Administration - Community Services	2,312	2,370	(57)	(2.5)%	Unfavourable variance due to unbudgeted employee related costs (ie. sick leave costs due to maternity leaves).
Benefit Eligibility	7,169	7,224	(56)	(0.8)%	Unfavourable variance for special supports benefit costs offset by gapping due to vacancies/timing of hires.
Employment & Income Support	25,963	25,073	889	3.4%	Favourable variances in caseload costs due to actuals lower than projected and gapping due to vacancies/timing of hires.
Housing Services	48,406	47,050	1,356	2.8%	Favourable variances in social housing prior year adjustments, rent supplement savings and lower than budgeted Dom Hostel occupancy costs; offset by increased Emergency Shelter occupancy costs.
Macassa Lodge	5,534	5,633	(99)	(1.8)%	Unfavourable variances in unbudgeted LTD benefit costs and building repairs (HVAC, remediation); offset by favourable variances due to increased subsidies, reduced work accommodation needs, utility savings and gapping due to vacancies/timing of hires.
Wentworth Lodge	3,825	4,356	(531)	(13.9)%	Unfavourable variances due to employee related costs (including work accommodation) as well as subsidy/envelope funding decreases due to CMI reduction.
Recreation	29,150	28,030	1,120	3.8%	Favourable variance due to delays in facility openings, scheduling/programming efficiencies and gapping due to delayed hirings and temporary shutdowns. Partially offset by unfavourable variance due to increased repairs and maintenance to aging equipment and reduced ice rentals as a result of decreased demand.
Social Development & Early Childhood Services	7,337	7,175	162	2.2%	Favourable variance due to gapping due to vacancies/timing of hires; rental cost savings due to Lister Block move as well as applying subsidy to programs to maximize available funding.
Strategic Services	1,569	1,605	(36)	(2.3)%	Unfavourable variance mainly due to unbudgeted temporary employee related costs.
Hamilton Farmers Market	210	235	(24)	(11.6)%	Unfavourable variance mainly due to salary pressures and backfill costs due to sick leaves.
<b>TOTAL COMMUNITY SERVICES</b>	<b>131,475</b>	<b>128,752</b>	<b>2,723</b>	<b>2.1%</b>	
<b>HAMILTON EMERGENCY SERVICES</b>					
Fire Department	77,801	77,385	416	0.5%	Uniforms & Protective Clothing \$206K - annual uniform purchase did not arrive until March 2013; Contractual costs \$103K - under spending in OHEP program and cost savings for 911 Bell lines with new radio system; Increased revenue from MTO and False Alarms \$78K
Paramedic Service	16,722	16,942	(220)	(1.3)%	HR Legal Costs (\$182K)
<b>TOTAL HAMILTON EMERGENCY SERVICES</b>	<b>94,523</b>	<b>94,327</b>	<b>196</b>	<b>0.2%</b>	

# CITY OF HAMILTON

## TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2012

(\$ 000's)

	2012 Approved Budget	2012 Actuals	2012 Actuals vs. 2012 Approved Budget		Comments/Explanations
			\$	%	
<b>PUBLIC WORKS</b>					
PW-General Administration	2,304	2,097	207	9.0%	Savings due to in year restructuring.
Corporate Assets & Strategic Planning	17,950	17,338	612	3.4%	Energy Savings seen in Facilities and Office of Energy Initiatives \$1.1m due to decreased consumption. Increased Building Repairs due to aging facilities requiring more attention (\$403K). New facilities added in 2012 (Lister Block, McNab Terminal) require security (\$261K); Facilities Recoveries (\$255K); Traffic Supplies \$440K
Engineering Services	4,294	5,618	(1,324)	(30.8)%	Increased Energy/Hydro and general maintenance costs (\$ 723,940) for the Streetlighting program. In addition the transfer from the Reserve (\$600,000) was not made in 2012.
Environmental Services	33,594	31,614	1,981	5.9%	\$1.9M surplus in contractual services mainly caused by reduced tonnages being processed.
Operations	76,337	71,183	5,154	6.8%	The winter season saw less snow activations resulting in a net surplus of approx. \$3m. The Surface Maintenance program had savings of \$2.1m in Employee Related, Materials and Vehicle expenditures.
Transportation	47,555	47,555	0	0.0%	On budget primarily as a result of reduced costs for fleet parts due to a much newer fleet and the 12-year bus life policy (the 2013 budget has been reduced to reflect this reality). The phased implementation of eligibility changes to DARTS also reduce the payments on the contract. As a result of overall Transit favourable variance there was a reduced transfer in 2012 from the Provincial Gas Tax Reserve.
<b>TOTAL PUBLIC WORKS</b>	<b>182,033</b>	<b>175,404</b>	<b>6,629</b>	<b>3.6%</b>	
<b>LEGISLATIVE</b>					
Legislative General	(306)	(332)	26	8.6%	Unspent Receptions & Hosting budgets, as well as savings in Contractual costs offset by Facility charges for City Hall.
Mayors Office	1,024	655	369	36.1%	Gapping, unspent consulting and other budget savings in materials & supplies.
Volunteer Committee	95	86	9	9.1%	Unspent Volunteer Committee budgets.
Ward Budgets	3,134	2,840	294	9.4%	Unspent Ward budgets.
<b>TOTAL LEGISLATIVE</b>	<b>3,947</b>	<b>3,249</b>	<b>698</b>	<b>17.7%</b>	
<b>CITY MANAGER</b>					
Administration - City Manager	1,213	1,164	50	4.1%	Savings in consulting & contractual services.
Audit Services	933	838	95	10.2%	Gapping, unspent consulting & incrs. recoveries for Fair Wage Audit reviews.
Human Resources	4,785	4,785	0	0.0%	Legal Fees and Arbitration costs offset by chargebacks to departments, gapping and savings in rent due to property tax adjustment.
Legal	2,853	3,003	(150)	(5.2)%	Contractual obligations offset by savings in gapping & legal fees.
<b>TOTAL CITY MANAGER</b>	<b>9,784</b>	<b>9,789</b>	<b>(5)</b>	<b>(0.1)%</b>	Contractual obligations in Legal Services offset by gapping & savings in consulting & contractual services.

# CITY OF HAMILTON

## TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2012

(\$ 000's)

	2012 Approved Budget	2012 Actuals	2012 Actuals vs. 2012 Approved Budget		Comments/Explanations
			\$	%	
<b><u>CORPORATE SERVICES</u></b>					
Corporate Services - Administration	285	260	25	8.8%	Mainly Gapping \$11K - due to unused temp staff; Mileage, Travel, Training, Conferences \$10K; offset by Facilities Chargeback (\$3K)
City Clerk	1,848	1,941	(93)	(5.0)%	Unfavourable primarily from Facilities Chargeback (\$23K); Ricoh Printers Chargeback (\$39K); Postage & Printing (\$215K) offset by fees collected \$61K; Lease & Service Contracts \$45K
Customer Service	4,382	4,064	319	7.3%	Provincial Offences Administration - variances net to \$0. Main drivers Parking / By-law Services Chargeback \$146K; Red Light Camera Recovery from Traffic \$77K; Legal Services Chargeback \$55K; offset by Data Line Charges (\$57K); Court / Ticket / Banking / Collection Costs (\$162K) Driven by Consulting Services \$137K - delay in RFP for development of AODA Customer Service training / delay in contract for updating Barrier Free Design standards; Gapping \$111K - due to staff turnover, reduction in part-time hours at the CCC and extended sick leaves; Office, Medical, Operating Supplies \$41K; offset by Security for Customer Contact Centre (\$5K)
Financial Planning & Policy	643	499	144	22.4%	Gapping \$151K - due to vacancies, timing of hires and extended sick leaves; Bank, Custodial & Investment Fees \$60K; Securities Lending Income \$50K; offset by Capital Recoveries (\$55K); Interest Earned (\$120K)
Information Services	7,446	6,527	919	12.3%	Gapping \$588K - due to vacancies / timing of hires, extended sick leaves; Computer Software \$146K; Contractual Services \$81K offset by Rent - Off Site Data Security (\$32K); Rent - Wireless Communications (\$114K)
Treasury - Taxation	681	643	38	5.5%	Tax Registration Accounts \$25K; Tax Transfer Fees \$20K; Tax Certificate Revenue \$11K; offset by NSF Cheque Fees (\$9K); Gapping (\$39K) - due to restructuring, staff vacancies and unpaid leaves
Treasury - Administration	724	835	(111)	(15.3)%	Main drivers Risk Management Recoveries (\$64K); Gapping (\$78K) - due to unbudgeted staff offset by Mileage, Travel, Training, Conferences \$15K; Outside Temp Agencies \$12K
Treasury - Financial Services	3,408	2,999	409	12.0%	Largely attributable to gapping \$224K - due to vacancies / timing of hires; Printing & Reproduction \$53K; Training \$27K; offset by Renovation Expenses (\$8K); Consulting (\$10K) - 3rd party duplicate invoice search
<b>TOTAL CORPORATE SERVICES</b>	<b>19,417</b>	<b>17,768</b>	<b>1,649</b>	<b>8.5%</b>	

# CITY OF HAMILTON

## TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2012

(\$ 000's)

	2012 Approved Budget	2012 Actuals	2012 Actuals vs. 2012 Approved Budget		Comments/Explanations
			\$	%	

**CORPORATE FINANCIALS**  
Corporate Pensions / Benefits & Contingency

	6,168	7,647	(1,480)	(24.0)%	
Gapping Reductions/Initiatives	(4,140)	0	(4,140)	(100.0)%	The adverse variance of \$1,479K is represented by higher expenditures on account of \$1,100K for provision for sick pay, \$925K for provision for concessionary loans, \$230K in relation to higher retiree benefits costs, and \$238K for consulting charges for the HECFI review; these variances were offset by \$541K in wage contingency for 2011 which remains unspent pending finalization of labour negotiations for certain staff groups, \$118K in higher revenues from slot revenues and \$327K Hamilton Renewable Power dividend and sundry savings amounting to a net of \$28K.
Senior Tax Credit	540	544	(4)	(0.7)%	Budgeted gapping savings realized in departmental budgets.
Risk Management	8	3,313	(3,305)	(40255.9)%	The adverse variance of \$3,305K in Risk Management is caused by an under recovery of the insurance charges from the departmental programs.
<b>TOTAL CORPORATE FINANCIALS</b>	<b>2,576</b>	<b>11,504</b>	<b>(8,928)</b>	<b>(346.6)%</b>	

**TOTAL CITY EXPENDITURES**

	476,163	473,724	2,439	0.5%
--	---------	---------	-------	------

**CAPITAL FINANCING**

Debt-Planning and Development	867	293	575	66.3%	
Debt-Community Services	6,479	4,623	1,856	28.6%	
Debt-Public Health	86	86	0	0.0%	
Debt-HES	1,076	1,108	(32)	(3.0)%	
Debt-PW-Tax	40,478	34,790	5,688	14.1%	
Debt-Corporate Financials	35,942	35,568	374	1.0%	
<b>TOTAL CAPITAL FINANCING</b>	<b>84,928</b>	<b>76,467</b>	<b>8,461</b>	<b>10.0%</b>	Delayed debt issuance.

**POLICE SERVICES**

Police	134,712	134,999	(286)	(0.2)%
Capital Financing	929	929	0	0.0%
<b>POLICE SERVICES</b>	<b>135,642</b>	<b>135,928</b>	<b>(286)</b>	<b>(0.2)%</b>

# CITY OF HAMILTON TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2012 (\$ 000's)

	2012 Approved Budget	2012 Actuals	2012 Actuals vs. 2012 Approved Budget		Comments/Explanations
			\$	%	
<b>BOARDS &amp; AGENCIES</b>					
HECFI	3,247	3,528	(281)	(8.6)%	
Library	28,039	26,838	1,201	4.3%	Gapping is the driver for the favourable variance.
Conservation Authorities	4,501	4,501	(0)	(0.0)%	
AGH	884	884	0	0.0%	
Boris Brott Music Festival	90	90	0	0.0%	
Hamilton Beach Rescue Unit	127	127	0	0.0%	
Hamilton Philharmonic Orchestra	114	114	0	0.0%	
HWCA - Festival of Friends	85	85	0	0.0%	
Opera Hamilton	127	127	0	0.0%	
Royal Botanical Gardens	599	599	0	0.0%	
Hamilton Waterfront Trust	155	151	4	2.8%	
Theatre Aquarius	74	74	0	0.0%	
Westfield Village Contract Services	547	547	0	0.0%	
MPAC	6,206	6,206	0	0.0%	
<b>Total Operating</b>	<b>44,793</b>	<b>43,869</b>	<b>924</b>	<b>2.1%</b>	
<b>Capital Financing</b>	<b>870</b>	<b>869</b>	<b>0</b>	<b>0.0%</b>	
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>45,663</b>	<b>44,738</b>	<b>925</b>	<b>2.0%</b>	
<b>COMMUNITY PARTNERSHIP PROGRAM</b>	<b>3,212</b>	<b>3,212</b>	<b>0</b>	<b>0.0%</b>	
<b>TOTAL EXPENDITURES</b>	<b>745,608</b>	<b>734,069</b>	<b>11,539</b>	<b>1.5%</b>	

**CITY OF HAMILTON**  
**TAX OPERATING BUDGET VARIANCE REPORT TO DECEMBER 31, 2012**  
 (\$ 000's)

	2012 Approved Budget	2012 Actuals	2012 Actuals vs. 2012 Approved Budget		Comments/Explanations
			\$	%	
<b>NON PROGRAM REVENUES</b>					
Taxation-Penalty & Interest	(8,500)	(8,800)	300	3.5%	Penalty & Interest is based on outstanding monthly tax balances. Annual write-offs deducted from revenue total. 2012 actuals are relatively close to expectations.
Payment In Lieu	(14,668)	(14,455)	(213)	(1.5)%	Annual actuals are based on billings less write-offs. 2012 actual figures are relatively close to expectations.
Right of Way Taxes	(3,202)	(3,203)	1	0.0%	
Taxes-Municipal Supplementary	(8,500)	(8,899)	399	4.7%	Supplementary taxes are levied based on information provided by the Municipal Property Assessment Corporation. Annual actuals can vary based on activity picked up by MPAC.
Taxation Capping and Phase-Ins	150	(495)	645	430.0%	A lot of capping clawbacks were processed in 2012 (for previous years) through the appeal process.
Tax Remissions / Write Offs	9,440	21,719	(12,279)	(130.1)%	The City has set up a number of allowances at the end of 2012 in anticipation of some major appeals being processed in 2013.
HUC Dividends	(5,300)	(9,802)	4,502	84.9%	One-time additional dividend due to sale of water heater division.
Interest Income	(4,100)	(4,100)	0	0.0%	
Provincial Offences Act	(3,857)	(4,376)	518	13.4%	Favourable variance realized for Provincial Offences revenue as a total of 97,474 traffic charges were filed, translating into a 10,496 or 12.1% increase compared to the previous year.
<b>TOTAL NON PROGRAM REVENUES</b>	<b>(38,537)</b>	<b>(32,410)</b>	<b>(6,127)</b>	<b>(15.9)%</b>	
<b>PROVINCIAL FUNDING LOSS TRANSITION</b>	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>	<b>(100.0)%</b>	
<b>TOTAL LEVY REQUIREMENT</b>	<b>705,071</b>	<b>701,659</b>	<b>3,412</b>	<b>0.5%</b>	

**CITY OF HAMILTON**  
**COMBINED WATER, WASTEWATER AND STORM SYSTEMS**  
**BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2012**  
**(\$ 000'S)**

	2012 Approved Budget	2012 Actuals to Dec 31	2012 Actuals vs Approved Budget		2012 % Spent
			\$	%	
<b><u>OPERATING EXPENDITURES:</u></b>					
<b><u>Environmental Services</u></b>					
Divisional Administration & Support	2,375,190	2,049,110	326,080	13.7%	86.3%
Customer Service & Community Outreach	1,350,320	1,023,244	327,076	24.2%	75.8%
Service Co-ordination	2,761,630	1,667,728	1,093,902	39.6%	60.4%
Engineering Systems & Data Collection	1,378,620	1,299,824	78,796	5.7%	94.3%
Compliance & Regulations	684,250	632,794	51,456	7.5%	92.5%
Laboratory Services	2,896,770	2,612,670	284,100	9.8%	90.2%
Environmental Monitoring & Enforcement	1,520,820	1,320,558	200,262	13.2%	86.8%
Water Distribution & Wastewater Collection	15,660,700	11,781,313	3,879,387	24.8%	75.2%
Plant Operations & Maintenance	33,546,820	29,414,877	4,131,943	12.3%	87.7%
Water & Wastewater Engineering	2,450,910	1,845,328	605,582	24.7%	75.3%
Hydro Billing Contract	4,107,000	3,982,325	124,675	3.0%	97.0%
Corporate & Departmental Support Services	5,664,590	5,770,844	(106,254)	(1.9%)	101.9%
Utilities Arrears Program	350,000	122,508	227,492	65.0%	35.0%
Hamilton Harbour Remedial Action Plan	210,000	204,303	5,697	2.7%	97.3%
Financial Charges	422,000	179,889	242,111	57.4%	42.6%
Capital and Reserve Recoveries	(4,193,420)	(3,556,219)	(637,201)	15.2%	84.8%
<b>Sub-Total Environmental Services</b>	<b>71,186,200</b>	<b>60,351,095</b>	<b>10,835,105</b>	<b>15.2%</b>	<b>84.8%</b>
<b><u>Capital and Reserve Impacts on Operating</u></b>					
<b><u>Contributions to Capital</u></b>					
Water Quality Initiatives	35,800,000	35,800,000	-	0.0%	100.0%
Wastewater	23,170,000	23,170,000	-	0.0%	100.0%
Stormwater	14,676,000	14,676,000	-	0.0%	100.0%
<b>Sub-Total Contributions to Capital</b>	<b>73,646,000</b>	<b>73,646,000</b>	<b>-</b>	<b>0.0%</b>	<b>100.0%</b>

**CITY OF HAMILTON**  
**COMBINED WATER, WASTEWATER AND STORM SYSTEMS**  
**BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2012**  
**(\$ 000'S)**

	2012 Approved Budget	2012 Actuals to Dec 31	2012 Actuals vs Approved Budget		2012 % Spent
			\$	%	
<b><u>Contributions for DC Exemptions</u></b>					
Water Quality Initiatives	3,559,445	3,535,757	23,688	0.7%	99.3%
Wastewater	2,395,253	3,887,405	(1,492,152)	(62.3%)	162.3%
Stormwater	3,045,302	838,899	2,206,403	72.5%	27.5%
<b>Sub-Total Contributions for DC Exemptions</b>	<b>9,000,000</b>	<b>8,262,061</b>	<b>737,939</b>	<b>8.2%</b>	<b>91.8%</b>
<b><u>Debt Charges</u></b>					
Water Quality Initiatives	5,287,352	2,199,098	3,088,254	58.4%	41.6%
Wastewater	7,777,391	1,453,428	6,323,963	81.3%	18.7%
Stormwater	2,478,213	257,621	2,220,592	89.6%	10.4%
DC Debt Charges Recoveries	(5,176,291)	(215,402)	(4,960,889)	95.8%	4.2%
<b>Sub-Total Debt Charges</b>	<b>10,366,665</b>	<b>3,694,745</b>	<b>6,671,920</b>	<b>64.4%</b>	<b>35.6%</b>
<b>Sub-Total Capital Financing</b>	<b>93,012,665</b>	<b>85,602,807</b>	<b>7,409,859</b>	<b>8.0%</b>	<b>92.0%</b>
<b>Transfer to Reserves</b>	<b>513,084</b>	<b>2,577,059</b>	<b>(2,063,975)</b>	<b>(402.3%)</b>	<b>502.3%</b>
<b>Sub-Total Capital and Reserve Impacts on Operating</b>	<b>93,525,749</b>	<b>88,179,866</b>	<b>5,345,884</b>	<b>5.7%</b>	<b>94.3%</b>
<b>TOTAL EXPENDITURES</b>	<b>164,711,949</b>	<b>148,530,961</b>	<b>16,180,988</b>	<b>9.8%</b>	<b>90.2%</b>



**CITY OF HAMILTON**  
**COMBINED WATER, WASTEWATER AND STORM SYSTEMS**  
**BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2012**  
**(\$ 000'S)**

	2012 REQUESTED BUDGET	2012 Actuals to Dec 31	2012 Actuals vs Approved Budget		2012 % Received
			\$	%	
<b>REVENUES:</b>					
<b><u>Rate Revenue</u></b>					
Residential	72,417,561	72,546,281	128,719	0.2%	100.2%
ICI	81,568,800	76,805,475	(4,763,325)	(5.8%)	94.2%
Haldimand / Halton	2,564,938	2,603,178	38,240	1.5%	101.5%
Non-Metered	593,900	611,650	17,750	3.0%	103.0%
Private Fire Lines	200,000	91,440	(108,560)	(54.3%)	45.7%
Hauler / 3rd Party Sales	785,000	1,443,470	658,470	83.9%	183.9%
Wastewater Abatement Program	(460,000)	(483,678)	(23,678)	5.1%	105.1%
Overstrength Agreements	1,940,000	1,490,250	(449,750)	(23.2%)	76.8%
Sewer Surcharge Agreements	2,620,000	3,636,520	1,016,520	38.8%	138.8%
<b>Sub-Total Utility Rates</b>	<b>162,230,199</b>	<b>158,744,586</b>	<b>(3,485,614)</b>	<b>(2.1%)</b>	<b>97.9%</b>
<b><u>Non-Rate Revenue</u></b>					
Subdivider Contributions	129,000	-	(129,000)	(100.0%)	0.0%
Local Improvement Recoveries	271,010	275,320	4,310	1.6%	101.6%
Permits / Leases / Agreements	1,174,140	758,240	(415,900)	(35.4%)	64.6%
General Fees and Recoveries	907,600	1,026,370	118,770	13.1%	113.1%
<b>Sub-Total Non-Rate Revenue</b>	<b>2,481,750</b>	<b>2,059,930</b>	<b>(421,820)</b>	<b>(17.0%)</b>	<b>83.0%</b>
<b>TOTAL REVENUES</b>	<b>164,711,949</b>	<b>160,804,516</b>	<b>(3,907,433)</b>	<b>(2.4%)</b>	<b>97.6%</b>
<b>NET EXPENDITURES</b>	<b>(0)</b>	<b>(12,273,555)</b>	<b>12,273,555</b>	<b>N/A</b>	<b>N/A</b>

**CITY OF HAMILTON  
BUDGETED COMPLEMENT TRANSFER SCHEDULE**

**BUDGETED COMPLEMENT TRANSFER**

Complement Transfer to another division or department <sup>(1)</sup>

ITEM #	TRANSFER FROM				TRANSFER TO			
	<u>Department</u>	<u>Division</u>	<u>Position Title</u> <sup>(2)</sup>	<u>FTE</u>	<u>Department</u>	<u>Division</u>	<u>Position Title</u> <sup>(2)</sup>	<u>FTE</u>
1.1	Community Services	Employment & Income Support	Ontario Works Worker II	1.0	City Manager's Office	Human Resources	Staffing/Workforce Planning Specialist	1.0
	<b>Explanation:</b> Transfer 1.0 FTE from Community Services to Human Resources to support Community Services staffing requirements.							
1.2	Public Health Services	Health Protection	Program Secretary	1.0	Public Health Services	Office of Medical Officer of Health	Program Secretary	1.0
	<b>Explanation:</b> Transfer 1.0 FTE Program Secretary from Health Protection to Office of Medical Officer of Health							

**Note (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 (ie. Increasing/decreasing budgeted complement, changing budgeted complement type).

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