

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT JUNE 30, 2018
(\$ 000's)

	2018 Approved Budget	2018 Actuals Jun YTD	Projected Actuals to Dec. 31	2018 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
PLANNING & ECONOMIC DEVELOPMENT						
General Manager	1,075	541	1,040	35	3.3%	Favourable variance due to gapping.
Transportation, Planning and Parking	1,739	(450)	1,648	91	5.2%	Favourable variance due to increased revenues and savings in contractual services, offset by pressures in gapping, vehicles costs, printing & postage and unanticipated building repairs.
Building	1,404	(342)	1,371	33	2.4%	Favourable variance due to gapping and savings in other miscellaneous expenses.
Economic Development	5,252	2,672	5,255	(3)	(0.1)%	
Growth Management	177	(2,723)	(105)	282	159.3%	Favourable variance due to gapping and savings in office equipment, offset by office construction & furniture for office accommodations.
Licensing & By-Law Services	6,616	3,028	6,415	201	3.0%	Favourable variance due to gapping and increased revenues in Licensing and Animal Services, partially offset by pressures in material and supply and financial charges.
LRT Office	0	2,321	0	0	0.0%	
Planning	3,748	1,104	3,682	66	1.8%	Favourable variance due to gapping, memberships due to vacancies and consulting costs, offset by pressures due to office renovations for office accommodations and additional advertising expenses.
Tourism & Culture	8,943	4,912	9,037	(94)	(1.1)%	Favourable variance due to increased revenues and savings in contractual costs, offset by building repairs and maintenance, gapping pressures, lost sponsorships and consulting services.
TOTAL PLANNING & ECONOMIC DEVELOPMENT	28,954	11,063	28,343	611	2.1%	

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<u>HEALTHY AND SAFE COMMUNITIES</u>						
HSC Administration	2,588	1,411	2,570	18	0.7%	Favourable variance due to delays in hiring.
Children's Services and Neighbourhood Development	8,741	9,610	8,725	16	0.2%	Favourable variance due to savings in various operating lines offset by decrease in Red Hill subsidy recovery due to lower anticipated fall enrollment.
Ontario Works	11,823	3,217	11,031	792	6.7%	Favourable variance due to gapping and maximizing additional available subsidies for OW Employment and OW Admin.
Housing Services	45,428	21,011	42,747	2,681	5.9%	Favourable variance due to Social Housing prior year reconciliations (AIR), mortgages and property taxes; offset by RGI pressure and unbudgeted staffing costs .
Macassa Lodge	7,841	3,978	7,706	135	1.7%	Favourable variances due to unbudgeted 2018 approved provincial subsidies increase and preferred accommodation revenues and anticipated hydro savings; offset by increased employee related costs.
Wentworth Lodge	5,486	2,569	5,428	58	1.1%	Favourable variances due to unbudgeted 2018 approved provincial subsidies increase and preferred accommodation revenues and anticipated utilities savings; offset by increased employee related costs.
Recreation	32,186	18,024	31,729	457	1.4%	Favourable variance mainly due to temporary closures of recreational facilities.
Hamilton Fire Department	91,168	46,856	90,897	271	0.3%	Favourable variance due to employee related costs offset by unfavourable variances in legislative training, line of duty death benefit, facilities repairs and lower than anticipated shop recoveries.
Hamilton Paramedic Service	22,351	11,402	22,409	(58)	(0.3)%	Unfavourable variance due to significant increases in costs for medical supplies and gasoline; offset partially by a favourable variance in unbudgeted 2018 approved provincial subsidies, employee related costs and other operating expenses.
Public Health Services - Medical Officer of Health & Provincial Subsidy	(16,310)	(8,134)	(17,235)	925	5.7%	Favourable variance due to unbudgeted 2018 Ministry approved increase in provincial subsidies, maximizing available funding envelopes and gapping due to timing of vacancies/hires.
Public Health Services - Epidemiology, Wellness and Communicable Disease Control	12,815	6,263	12,773	42	0.3%	Favourable variance due to salary gapping.
Public Health Services - Healthy Environments	8,096	3,600	7,936	160	2.0%	Favourable variance due to gapping offset by actual staffing costs reflected in Healthy Families.
Public Health Services - Healthy Families	7,890	3,909	8,096	(206)	(2.6)%	Unfavourable variance due to staffing costs offset by existing budget within Healthy Environments.
TOTAL HEALTHY AND SAFE COMMUNITIES	240,103	123,716	234,812	5,291	2.2%	

- () Denotes unfavourable variance.

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<u>PUBLIC WORKS</u>						
Roads & Traffic	73,722	41,822	72,320	1,402	1.9%	Favourable variance mainly attributable to gapping in the timing of vacancies/retirements and extended vacancies relating to the recruitment process and timing.
PW-General Administration	772	496	772	0	0.0%	
Energy Fleet and Facilities	9,012	4,553	9,864	(852)	(9.5)%	Negative variance due to fleet recoveries expected to be lower than budget (\$400K), gapping target not expected to be realized (\$254K), and unrealized revenue (\$70K)
Engineering Services	6,315	2,145	5,715	600	9.5%	Favourable variance due to process improvements implemented internally and externally by On1Call in addition to savings realized from the City-wide LED retrofit project.
Environmental Services	76,124	33,028	76,780	(656)	(0.9)%	Gapping - \$1.179M resulting from high staff turnover, extended vacancies relating to the recruitment timing and process, salary differential for new employees compared to replaced or retired staff. Central Composting Facility (CCF) – Closure on June 25 results in increased contractual costs of \$305K at the landfill and transfer stations due to increased tonnages handled at those facilities. Additionally, pending third party processing of a portion of the City's Source Separated Organics will have an estimated cost of \$750K. Materials Recycling Facility (MRF) – Mixed Fiber revenues estimated to be \$1.2M below budget due to China National Sword and the world wide collapse of fibre commodities. MRF commodity revenue shortfall can be mitigated through Departmental Surplus or through the Waste Recycling Reserve.
Transit	65,613	39,364	67,931	(2,318)	(3.5)%	DARTS expenditures continue to be at issue, with the known variance as at June 30, 2018 projected to be \$1.6M unfavourable. Fare Revenue is projected to be ahead of 2017 actuals by \$850K but continues to be \$754K unfavourable to the 2018 budgeted amount. Employee Related costs are currently showing to be unfavourable by \$447K. Overtime, while still unfavourable, has been trending downward each month from March through the end of June. The downward trend appears to be continuing into July and August. Favourable variances, mainly in Licence Fees and Materials and Supplies help to mitigate the total effect of the unfavourable variances noted above.
TOTAL PUBLIC WORKS	231,558	121,408	233,382	(1,824)	(0.8)%	
<u>LEGISLATIVE</u>						
Legislative General	(387)	(136)	(392)	5	1.3%	Favourable variance due to savings in communications offset by temporary staffing costs.
Mayors Office	1,120	509	1,120	0	0.0%	
Volunteer Committee	110	24	110	0	0.0%	
Ward Budgets	4,037	1,887	4,037	0	0.0%	
TOTAL LEGISLATIVE	4,880	2,284	4,875	5	0.1%	

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<u>CITY MANAGER</u>						
Strategic Partnerships & Communications	2,227	1,644	2,376	(149)	(6.7)%	Unfavourable variance due gapping, partially offset by increased revenues.
Audit Services	1,066	472	932	134	12.6%	Favourable variance due to gapping & savings in training.
CMO - Administration	378	96	378	0	0.0%	
Human Resources	6,885	3,515	6,865	20	0.3%	Favourable variance due to gapping and vacancies and savings in training.
TOTAL CITY MANAGER	10,556	5,727	10,551	5	0.0%	
<u>CORPORATE SERVICES</u>						
City Clerk's Office	2,390	1,121	2,297	93	3.9%	Favourable variance due to gapping, anticipated increase in fees and savings in postage & service contracts offset by overspending on specialty paper.
Corporate Services - Administration	325	148	303	22	6.8%	Favourable variance due to training, consulting & conferences offset by unfavourable gapping.
Customer Service	5,111	2,501	5,186	(75)	(1.5)%	Unfavourable variance due to reserve repayment for Call Consolidation and gapping pressures offset by savings in contracts and leases, training and consulting fees.
Financial Planning, Admin & Policy	4,720	3,119	4,773	(53)	(1.1)%	Unfavourable variance due to gapping & reduced recoveries from other departments.
Financial Services	3,905	1,897	3,712	193	4.9%	Favourable variance due to gapping.
Information Technology	8,775	5,510	8,899	(124)	(1.4)%	Unfavourable variance due to contractual fees, training and consulting costs offset by favourable gapping due to vacancies.
Legal Services	3,248	3,251	3,269	(21)	(0.6)%	Unfavourable variance due to additional rent paid for move to Courthouse offset by savings.
TOTAL CORPORATE SERVICES	28,474	17,547	28,439	35	0.1%	
<u>CORPORATE FINANCIALS</u>						
Corporate Pensions, Benefits & Contingency	15,646	8,541	15,581	65	0.4%	Reduction in pension benefit liability.
Corporate Initiatives	4,156	(1,142)	4,478	(322)	(7.7)%	Increased insurance premium cost.
TOTAL CORPORATE FINANCIALS	19,802	7,399	20,059	(257)	(1.3)%	
<u>HAMILTON ENTERTAINMENT FACILITIES</u>						
Operating	3,618	2,044	3,618	0	0.0%	
TOTAL HAMILTON ENTERTAINMENT FACILITIES	3,618	2,044	3,618	0	0.0%	
TOTAL CITY EXPENDITURES	567,945	291,188	564,079	3,866	0.7%	

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<u>CAPITAL FINANCING</u>						
Debt-Planning & Economic Development	194	(61)	61	133	68.6%	
Debt-Healthy and Safe Communities	2,175	(2,649)	4,456	(2,281)	(104.9)%	
Debt-Public Works	38,074	(3,832)	32,117	5,957	15.6%	Due to delay in debt issuance, principal and interest savings. \$5M is allocated to be transferred to the Unallocated Capital Levy Reserve at year-end. Without this transfer, the overall Capital Financing surplus would be \$10.5M.
Debt-Corporate Financials	70,747	66,614	69,020	1,727	2.4%	
Infrastructure Renewal Levy	13,429	13,429	13,429	0	0.0%	
TOTAL CAPITAL FINANCING	124,619	73,501	119,083	5,536	4.4%	
<u>BOARDS & AGENCIES</u>						
<u>Police Services</u>						
Operating	160,470	79,809	160,470	0	0.0%	No material variances expected – Police expected to be on target with the 2018 budget.
Capital Financing	717	(311)	717	0	0.0%	
Total Police Services	161,187	79,498	161,187	0	0.0%	
<u>Other Boards & Agencies</u>						
Library	29,981	15,970	29,765	216	0.7%	Due to anticipated positive gapping.
Conservation Authorities	5,417	5,365	5,417	0	0.0%	
Hamilton Beach Rescue Unit	132	10	132	0	0.0%	
Royal Botanical Gardens	625	363	625	0	0.0%	
MPAC	6,587	3,294	6,587	0	0.0%	
Farmers Market	111	(77)	111	0	0.0%	
Total Other Boards & Agencies	42,853	24,925	42,637	216	0.5%	
Capital Financing						
Capital Financing - Other Boards & Agencies	187	(281)	187	0	0.0%	
City Enrichment Fund	6,023	3,534	6,023	0	0.0%	
TOTAL BOARDS & AGENCIES	210,250	107,676	210,034	216	0.1%	
TOTAL EXPENDITURES	902,814	472,365	893,196	9,618	1.1%	

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<u>NON PROGRAM REVENUES</u>						
Payment In Lieu	(15,589)	(12,686)	(15,727)	138	0.9%	Based on 2018 Final billing.
Penalties and Interest	(10,500)	(5,208)	(11,100)	600	5.7%	Forecasted to exceed budget based on actuals to August.
Right of Way	(3,211)	(3,228)	(3,228)	17	0.5%	Based on 2018 Final billing.
Senior Tax Credit	598	676	571	27	4.5%	Based on 2018 Final billing.
Supplementary Taxes	(9,125)	17	(9,125)	0	0.0%	
Tax Remissions and Write Offs	11,148	(733)	11,260	(112)	(1.0)%	Impacted by the timing of previous year's grant payments. Environmental Remediation and Site Enhancement (ERASE) program grants projected to exceed budget.
Hydro Dividend and Other Interest	(5,300)	(623)	(5,300)	0	0.0%	
Investment Income	(4,100)	(9,727)	(4,100)	0	0.0%	
Slot Revenues	(5,000)	(909)	(5,000)	0	0.0%	
POA Revenues	(3,754)	(1,888)	(2,895)	(859)	(22.9)%	Forecast based on average change over last 4 years and the declining trend in fines.
TOTAL NON PROGRAM REVENUES	(44,833)	(34,309)	(44,644)	(189)	(0.4)%	
TOTAL LEVY REQUIREMENT	857,981	438,056	848,552	9,429	1.1%	