

CITY OF HAMILTON

TAX OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31 2018

(\$ 000's)

	2018 Approved Budget	2018 Actuals December	2018 Actuals .vs Approved Budget		
			\$	%	Comments/Explanations
PLANNING & ECONOMIC DEVELOPMENT					
General Manager	1,075	1,046	29	2.7%	Positive gapping.
Transportation, Planning and Parking	1,739	896	843	48.5%	Divisional surplus is a result of higher revenues, positive gapping due to timing and difficulties in hiring and retention and significant savings in Contractual. Plate Denial surplus has been transferred to the Parking Reserve based on Council approval.
Building	1,404	1,369	35	2.5%	Positive gapping due to timing of hires, savings in conferences and mileage.
Economic Development	5,252	5,240	12	0.2%	
Growth Management	177	(133)	310	175.1%	Positive gapping due to vacant positions and timing of hires, savings in computer software, and increase in airport revenues over what was budgeted.
Licensing & By-Law Services	6,616	6,516	100	1.5%	Favourable revenues in Animal Services and Licensing, partially offset by pressures in employee related (backfill and severance), contractual (unrecoverable property work maintenance), and cost allocations.
Planning	3,748	3,619	129	3.4%	Positive gapping, increase in Committee of Adjustment Revenues, pressure from increase facility costs and expenses for 5th floor renovations.
Tourism & Culture	8,943	9,072	(129)	(1.4)%	Higher revenues and federal grants, significant savings in contractual, grounds and building repairs and maintenance . Offset by net gapping pressures attributed to severance pay and backfill for long term sickness and pressure from facilities allocations
TOTAL PLANNING & ECONOMIC DEVELOPMENT	28,954	27,625	1,329	4.6%	
HEALTHY AND SAFE COMMUNITIES					
HSC Administration	2,588	2,756	(168)	(6.5)%	Unfavourable variance due to staffing costs and facilities recovery charges.
Children's Services and Neighbourhood Development	8,741	8,728	13	0.1%	Favourable variance due to gapping offset by less than anticipated Child Care Subsidy received.
Ontario Works	11,823	10,497	1,326	11.2%	Favourable variance due to maximizing additional available subsidies of \$476k and gapping of \$455k.
Housing Services	45,428	44,315	1,113	2.5%	Favourable variance due to available subsidies of \$212k, Social Housing prior year reconciliation (AIR) for revenue rents, RGI, property taxes and mortgages of \$3M offset by reserve transfer for Housing allowances of \$2M (Report HSC19002) and unbudgeted staffing costs of \$227k.
Long Term Care	13,327	11,775	1,552	11.6%	Favourable variance due to 2018 approved provincial subsidy increase of \$285k, gapping of \$850k and hydro savings of \$325k.
Recreation	32,186	32,474	(288)	(0.9)%	Unfavourable variance in Facilities Recovery due to renovations and User Fees due to closures. Favourable variance due to gapping and savings in Hydro.
Hamilton Fire Department	91,168	90,443	725	0.8%	Favourable variance due to employee related costs of \$755K which includes significant unfavourable LODD pressures and savings in utilities cost of \$125 K. These are partially offset by the increased facility recoveries of \$220 K.
Hamilton Paramedic Service	22,351	24,258	(1,907)	(8.5)%	Unfavourable variance due to employee related costs of \$1.3M including legislated personal emergency leave, budgeted ministry funding not received of \$402k and increased medical supplies costs of \$352k due to shortages and price increases.
Public Health Services	12,491	11,683	808	6.5%	Favourable Variance due to additional provincial subsidy of \$680k and gapping of \$148k offset by program spending to address priority issues and program targets.
TOTAL HEALTHY AND SAFE COMMUNITIES	240,103	236,929	3,174	1.3%	

- () Denotes unfavourable variance.

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PUBLIC WORKS					
PW-General Administration	772	772	0	0.0%	
Transportation Operations & Maintenance	73,722	72,959	763	1.0%	Favourable Variance due to net gapping savings of \$1.9 M, offset by a \$1.2 M deficit in the Traffic Operations & Engineering section due to reduced capital recoveries compared to previous years and higher costs for fleet, contracts and materials.
Energy Fleet and Facilities	9,012	10,785	(1,773)	(19.7)%	Unfavourable Variance due to retroactive pay adjustments, sick day pay, and over-time, slightly offset by gapping (\$330 K). Golf section has a loss (\$302 K) due to unrealized green fee revenues, revenue loss for food and beverage due to outsourcing and a transfer to reserve. Central fleet unfavourable variance is attributable to mechanics on short-term disability and WSIB resulting in a reduction in billable hours. Shortage of staff results in less billable hours and as a result, the recoveries fell short of budget (\$335 K). There was an unbudgeted cost of holding a number of vacant facilities (operating expenses not fully recoverable due to vacancy) that is amounting to unfavourable variance of \$300 K. The remaining variance is mainly made up of various smaller items that were not fully cost recovered.
Engineering Services	6,315	4,949	1,366	21.6%	Favourable Variance of \$850 K driven by the Streetlighting program primarily due to the LED conversions. The energy savings component accounts for \$630 K while the remaining surplus is due to the reduced maintenance costs of approximately \$220 K. The main residual surplus is attributable to revenue realized in the Corridor Management program from user fees related to permit fees collected for road closures, encroachments, overload/road occupancy charges and other various permits.
Environmental Services	76,124	76,392	(268)	(0.4)%	Unfavourable Variance due to increased contractual costs for landfill operations as well as transfer station/CRC operations due to CCF closure and the annual escalation adjustment for the recycling processing contract (\$790 K). The City contractually pays an incentive for higher compaction of the waste at the Glanbrook Landfill Facility. The payment is an incentive to extend the life of the landfill (\$648 K). Recycling Mixed Fibre revenues and Organic processing revenues were below budget due to low world fibre markets and the closure of the CCF however fully mitigated by increased revenues at the TS/CRC's and increased commodity revenues (primarily plastic and aluminium). Parks and Cemeteries experienced higher than budgeted fleet costs, water and hydro for the City's Parks and Cemeteries (-\$500 K) due to a drier summer. Overall unfavourable variance partially offset by favourable divisional net gapping resulting from retirements, resignations and hard to fill vacancies (\$1.5 M) and a waste collection surplus due to the Q3 transfer of enforcement of Waste bylaw program to its own section (\$170 K).
Transit	65,613	67,387	(1,774)	(2.7)%	Unfavourable Variance due to net unfavourable gapping due to employee related costs largely as a result of over-time, sick, vacation pay payouts, and legislated personal emergency leave (\$1.6 M). DARTS contract pressure is \$3.2 M over budget. In September 2018 Council approved a draw from the ATS reserve of approximately \$2.9 M to mitigate the contractual pressures forecasted in September. At December a further pressure was experienced of \$300 K. Unfavourable variance of \$385 K is comprised of various other smaller variances including unfavourability in direct facility charges, vehicle expenses, repairs and maintenance, and increased hydro expenses. Overall variance partially offset by favourable fare revenues (\$670 K).
TOTAL PUBLIC WORKS	231,558	233,244	(1,686)	(0.7)%	

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LEGISLATIVE					
Legislative General	(387)	(325)	(62)	(16.0)%	Unfavourable gapping partially offset by savings in Contractual budget for IC/Lobbyist Registrar offset by gapping target.
Mayors Office	1,120	1,044	76	6.8%	Consulting and contractual budget savings.
Volunteer Committee	110	86	24	21.8%	Unspent budgets.
Ward Budgets	4,037	3,644	393	9.7%	Unspent budgets and gapping.
TOTAL LEGISLATIVE	4,880	4,449	431	8.8%	
CITY MANAGER					
Strategic Partnerships & Communications	2,227	2,307	(80)	(3.6)%	Variance due to unanticipated expenses related to severance, move costs (in support of centralization report), maternity leave overlap and revenue allocated directly to Departments as opposed to being captured within the Revenue Generation Dept ID.
Audit Services	1,066	1,069	(3)	(0.3)%	
CMO - Administration	378	433	(55)	(14.6)%	City Manager transition costs, vacation payouts, City Manager recruitment costs, and Digital Office outreach costs.
Human Resources	6,885	6,578	307	4.5%	Gapping, unspent training and consulting (AODA) funds partially offset by unfavourable legal and arbitration costs.
TOTAL CITY MANAGER	10,556	10,387	169	1.6%	
CORPORATE SERVICES					
City Clerk's Office	2,391	2,461	(70)	(2.9)%	Unfavourable variance mainly due to facility costs and lower than budgeted recovery from reserves.
Corporate Services - Administration	325	262	63	19.4%	Favourable variance mainly due to savings in other employee related costs, consulting, contractual services, and unbudgeted revenues.
Customer Service	5,110	5,099	11	0.2%	Favourable variance mainly due to savings in lease & service contracts for Class software maintenance.
Financial Planning, Admin & Policy	4,720	4,447	273	5.8%	Favourable variance due to gapping and unbudgeted revenues.
Financial Services	3,905	3,111	794	20.3%	Favourable variance mainly due to gapping and higher than budgeted revenues.
Information Technology	8,775	8,577	198	2.3%	Favourable variance mainly due to gapping, savings in computer software and hardware; partially offset by overspend in contractual services.
Legal Services	3,248	3,248	0	0.0%	
TOTAL CORPORATE SERVICES	28,474	27,205	1,269	4.5%	

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CORPORATE FINANCIALS					
Corporate Pensions, Benefits & Contingency	15,646	18,250	(2,604)	(16.6)%	Due to higher than budgeted payouts for WSIB claims.
Corporate Initiatives	4,156	1,707	2,449	58.9%	Due to lower insurance claims in 2018 (\$1.7 M) and unbudgeted revenue from interest, HST adjustments and cheques written off.
TOTAL CORPORATE FINANCIALS	19,802	19,957	(155)	(0.8)%	
HAMILTON ENTERTAINMENT FACILITIES					
Operating	3,618	3,154	464	12.8%	Higher contract revenues (profit sharing) of \$665 K partially offset by facilities costs.
TOTAL HAMILTON ENTERTAINMENT FACILITIES	3,618	3,154	464	12.8%	
TOTAL CITY EXPENDITURES					
	567,945	562,950	4,995	0.9%	
CAPITAL FINANCING					
Debt-Planning & Economic Development	194	2	192	99.0%	
Debt-Healthy and Safe Communities	2,175	2,039	136	6.3%	
Debt-Public Works	38,074	35,941	2,133	5.6%	
Debt-Corporate Financials	70,747	68,123	2,624	3.7%	
Infrastructure Renewal Levy	13,429	13,429	0	0.0%	
TOTAL CAPITAL FINANCING	124,619	119,534	5,085	4.1%	Due to delay in debt issuance, principal and interest savings. As per Capital Budget Report FCS18067 (Appendix A) - a \$5 M surplus was transferred to the tax capital reserve prior to year-end. Without this transfer, the overall Capital Financing surplus would be \$10.1 M.
BOARDS & AGENCIES					
Police Services					
Operating	160,470	159,414	1,056	0.7%	
Capital Financing	717	717	0	0.0%	
Total Police Services	161,187	160,131	1,056	0.7%	
Other Boards & Agencies					
Library	29,981	29,944	37	0.1%	Mainly gapping related.
Conservation Authorities	5,417	7,861	(2,444)	(45.1)%	For 2018, the Conservation Authorities applied the Municipal Levy Allocation formula consistent with the Commissioner of Mining and Lands decision in determining the City's apportionment instead of the formula per agreement; this has resulted in the higher payment. City has filed for a judicial review with Superior Court.
Hamilton Beach Rescue Unit	132	132	0	0.0%	
Royal Botanical Gardens	625	625	0	0.0%	
MPAC	6,587	6,587	0	0.0%	
Farmers Market	111	72	39	35.1%	Favourable variance due to increased rent and sponsorships.
Total Other Boards & Agencies	42,853	45,221	(2,368)	(5.5)%	
Capital Financing - Other Boards & Agencies	187	187	0	0.0%	
City Enrichment Fund	6,023	6,023	0	0.0%	
TOTAL BOARDS & AGENCIES	210,250	211,562	(1,312)	(0.6)%	
TOTAL EXPENDITURES					
	902,814	894,046	8,768	1.0%	

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NON PROGRAM REVENUES					
Payment In Lieu	(15,589)	(16,446)	857	5.5%	Reflects actual billing; PILT write-offs less than expected.
Penalties and Interest	(10,500)	(11,229)	729	6.9%	Higher interest collection related to higher than average arrears.
Right of Way	(3,211)	(3,228)	17	0.5%	
Senior Tax Credit	598	572	26	4.3%	
Supplementary Taxes	(9,125)	(10,353)	1,228	13.5%	Reflects supplementary billings processed in 2018.
Tax Remissions and Write Offs	11,148	11,310	(162)	(1.5)%	Unfavourable variance mainly due to higher appeals.
Hydro Dividend and Other Interest	(5,300)	(2,561)	(2,739)	(51.7)%	A deficit in Hamilton Utilities Corporation (HUC) dividends of -\$2.7 M due to timing of payments received.
Investment Income	(4,100)	(4,100)	0	0.0%	
Slot Revenues	(5,000)	(5,346)	346	6.9%	Higher realization of slot revenue.
POA Revenues	(3,754)	(2,976)	(778)	(20.7)%	Reduction in fines collected.
TOTAL NON PROGRAM REVENUES	(44,833)	(44,357)	(476)	(1.1)%	
TOTAL LEVY REQUIREMENT	857,981	849,689	8,292	1.0%	