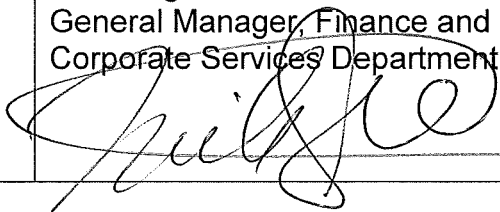


TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	October 17, 2019
SUBJECT/REPORT NO:	Tax and Rate Operating Budget Variance Report as at July 31, 2019 - Budget Control Policy Transfers (FCS19055(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Katie Black (905) 546-2424 Ext. 6415 James Dowling (905) 546-2424 Ext. 5598
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	 <i>BM</i>

RECOMMENDATION(S)

- (a) That, in accordance with the "Budgeted Complement Control Policy", 2019 complement adjustments, including changing complement type and transferring complement from one department / division to another with no impact on the levy, as outlined in Appendix "C" to Report FCS19055(a), be approved.
- (b) That, in accordance with the "Budgeted Complement Control Policy", 2019 extensions of temporary positions with 24-month terms or greater, with no impact on the levy, as outlined in Appendix "D" to Report FCS19055(a), be approved.

EXECUTIVE SUMMARY

Staff has committed to provide Council with three variance reports for the Tax Supported and Rate Supported Operating Budgets during the fiscal year (Spring / Fall / Year-End). This is the second submission for 2019 based on the operating results as of July 31, 2019. Appendix "A" to Report FCS19055(a) summarizes the projected year-end variances of the Tax Supported Operating Budget by department and division while Appendix "B" to Report FCS19055(a) summarizes the projected year-end variances of the Rate Supported Operating Budget by program.

Both Tax and Rate Supported Operating Budgets are projecting positive variances of \$5.8 M and \$9.2 M, respectively.

**SUBJECT: Tax and Rate Operating Budget Variance Report as at July 31, 2019 -
Budget Control Policy Transfers (FCS19055(a)) (City Wide) - Page 2 of 11**

The projected Tax Supported Operating Budget surplus of \$5.8 M is primarily composed of surpluses in Capital Financing of \$4.9 M, the Healthy and Safe Communities Department of \$3.9 M and Non Program revenues \$1.9 M. Partially offsetting the favourable variances are deficits in Boards and Agencies of -\$2.5 M (Conservation Authorities) and Corporate Initiatives -\$2.0 M (insurance premiums). The projected Rate Supported Operating Budget Surplus of \$9.2 M is a result of projected surplus in Operations of \$3.2 M, Capital Financing of \$1.9 M and Rate Revenues of \$4.1 M.

Additional details are presented in the Analysis and Rationale for Recommendations section of Report FCS19055(a).

In accordance with the "Budget Control Policy" and "Budgeted Complement Control Policy", approved by Council in February 2012 and March 2018, staff is recommending 21 items with no net levy impact, where the complement type is being changed or complement is being transferred. The complement transfers, identified in Appendix "C" to Report FCS19055(a), moves 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 adjustments identified in Appendix "C" to Report FCS19055(a) were not realized at the time of the 2019 budget submission. However, these adjustments will amend the 2019 operating budget, once approved, with no impact on the levy.

In accordance with the "Budget Control Policy" and "Budgeted Complement Control Policy", approved by Council in February 2012 and March 2018, staff is recommending four items where temporary positions with 24-month terms or greater are being extended as identified in Appendix "D" to Report FCS19055(a) with no impact on the levy.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The financial information is provided in the Analysis and Rationale for Recommendation section of Report FCS19055(a).

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

Staff has committed to provide Council with three variance reports on the Tax and Rate Operating Budget during the fiscal year (Spring / Fall / Year-End). This is the second submission for 2019 based on the operating results as at July 31, 2019.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Not Applicable

RELEVANT CONSULTATION

Staff in all City of Hamilton departments and boards provided the information in Report FCS19055(a).

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The following provides an overview of the more significant factors affecting the 2019 projected tax and rate operating budget variances. Table 1 provides a summary of the departmental results as at July 31, 2019.

Table 1

**CITY OF HAMILTON
2019 Projected Year-End Variance
(\$000's)**

	2019 Approved Budget	2019 Year-End Forecast	2019 Variance (Forecast vs Budget)	
			\$	%
<u>TAX SUPPORTED</u>				
Planning & Economic Development	29,672	29,355	317	1.1
Healthy and Safe Communities	245,134	241,228	3,906	1.6
Public Works	242,414	243,280	(866)	(0.4)
Legislative	5,019	5,019	0	-
City Manager	11,759	11,484	275	2.3
Corporate Services	30,207	29,831	376	1.2
Corporate Financials / Non Program Revenues	(25,500)	(25,138)	(362)	(1.4)
Hamilton Entertainment Facilities	3,912	4,078	(166)	(4.2)
TOTAL CITY EXPENDITURES	542,617	539,137	3,480	0.6
Hamilton Police Services	164,290	164,290	0	-
Library	30,700	30,700	0	-
Other Boards & Agencies	13,095	15,643	(2,548)	(19.5)
City Enrichment Fund	6,116	6,116	0	-
TOTAL BOARDS & AGENCIES	214,201	216,749	(2,548)	(1.2)
CAPITAL FINANCING	129,969	125,115	4,854	3.7
TAX SUPPORTED	886,787	881,001	5,786	0.7
RATE SUPPORTED	0	(9,220)	9,220	N/A
TOTAL	886,787	871,782	15,006	1.7

() - Denotes unfavourable variance
Anomalies may occur due to rounding.

Tax Supported Operating Budget

Departmental Budgets

Appendix "A" to Report FCS19055(a) summarizes the Tax Supported Operating Budget variances by department and division.

Further to direction from Council for the 2018 budget, the City has changed the reporting methodology and the budgeted gapping savings of -\$4.5 M previously held in Corporate Financials has been distributed to the departments. It is projected that at year-end the corporate wide gapping actuals will be -\$6.1 M, a surplus of \$1.6 M.

Each department's gapping variance (target versus projection) is detailed in the following sections, along with other departmental highlights.

Planning and Economic Development

Planning and Economic Development is forecasting a favourable variance of \$0.3 M, which is primarily driven by a projected surplus of \$0.4 M in Transportation, Planning and Parking. A favourable variance of \$0.5 M in revenues is anticipated in Parking Enforcement as well as savings of \$0.3 M in Parking Operations and further savings in gapping and contractual obligations. Favourable revenues are offset by an unbudgeted Council approved transfer of plate denial surpluses to the Parking reserve (projected to be \$0.6 M).

The Planning division is projecting a surplus of \$0.1 M, which is driven by gapping savings partially offset by small pressures in various accounts.

The Licensing and By-Law Services division is projecting an overall deficit of -\$0.2 M due to pressures in gapping, unbudgeted consulting fees, material and supplies, vehicles expenditures and training. This is partially offset by forecasted surplus in revenues in Licensing and Animal Services.

The remaining divisions have small variances totalling a combined positive variance of less than \$0.1 M.

The Planning and Economic Development departmental gapping target is -\$0.8 M for the 2019 year. As at July 31, 2019, the projected year-end gapping amount is -\$0.6 M, resulting in a projected deficit of -\$0.2 M.

Healthy and Safe Communities

The Healthy and Safe Communities Department is projecting an overall surplus of \$3.9 M. This variance includes Provincial funding announcements made between June and August of 2019 that are now expected to result in the City receiving funding, in total, as budgeted in 2019. Paramedic Services and Ontario Works funding is still expected to be less than budgeted but is offset by additional funding received in Children Services and Neighbourhood Development. Previously, based on funding announcements to June, the City was projecting a -\$2.9 M shortfall as reported to the General Issues Committee on June 19, 2019 through Report FCS19053. The impact to each division is identified in the explanations that follow.

The Housing Services division is anticipating an expected favourable variance of \$3.4 M. This surplus is attributed to Social Housing prior year reconciliations, gapping and housing allowances and rent supplement. Changes to provincial funding were minimal (-\$0.1 M), with a slight reduction in the Strong Communities Rent Supplement Program.

The Ontario Works (OW) division is forecasting a surplus of \$0.6 M due to gapping as back filling was delayed due to the spring Provincial announcement and maximizing available subsidies (LEAP savings-CSND). Partially offsetting the surplus are reductions of -\$1.2 M in Provincial funding.

The Hamilton Fire Department is projecting a positive variance of \$0.4 M due to employee related costs from settled contracts and staff retirements, partially offset by pressures in maintenance and operating costs.

The Long Term Care division is forecasting a surplus of \$0.1 M due to various savings in operating costs partially offset by employee related costs. This surplus includes a discontinuation of less than -\$0.1 M in Ministry funding for various programs.

The Recreation division is forecasting a positive variance of \$0.1 M to year end. Savings due to gapping and operating costs are offset by a loss of revenue due to temporary closures, unfavourable variances in golf revenues due to weather and facilities costs at Dundas Arena and Bernie Morelli Centre.

The Children's Services and Neighbourhood Development (CSND) division projects a positive variance of \$0.1 M due to gapping savings and various program costs. CSND is projected to receive \$2.6 M in Provincial Funding in addition to what was budgeted in 2019. This funding is required to be fully spent by the end of the year to support expanded child care system.

The Hamilton Paramedic Services division is expecting a -\$0.7 M unfavourable variance due to the expected -\$1.1 M shortfall in Ministry funding and various operating costs projected to be higher than expected and offset partially by a favourable variance in employee related costs.

The HSC Administration division is projecting a deficit of -\$0.2M due to the cost of a temporary contract position, partially offset by savings from temporary vacancies.

Public Health Services is projecting a deficit of -\$0.1 M primarily due to one-time funding subsidy pressures based on funding assumptions for Raccoon Rabies, partially offset by savings in operating costs, gapping and a delay in the implementation of the new Ontario Seniors Dental Care Program.

The Healthy and Safe Communities departmental gapping target is -\$0.9 M for the 2019 year. As at July 31, 2019, the projected year-end gapping amount is -\$2.3 M, resulting in a projected surplus of \$1.4 M.

Public Works

Overall, the Department is forecasting an unfavourable variance of -\$0.9 M. There are several contributors, both favourable and unfavourable, across the divisions that are leading to this projected deficit.

The Transit division is projecting an unfavourable variance of -\$1.9 M. Unfavourable net gapping of -\$3.0 M is due to employee related costs, largely overtime and sick time. DARTS contract is trending to be -\$0.9 M unfavourable due to more trips delivered than budgeted. This is partially offset by favourable transit fare revenues of \$1.1 M due to continued ridership uptake, positive fuel costs of \$0.8 M and other various items.

Energy, Fleet and Facilities anticipates unfavourable gapping and staff costs as well as the cost of holding unbudgeted vacant facilities will contribute to a total divisional deficit of -\$0.6 M.

Transportation Operations and Maintenance is forecasting an overall positive variance of \$0.8 M. Of this surplus, \$1.7M is due to gapping, the timing of vacancies / hires and savings from restructuring. Partially offset by a -\$1.0 M reduction in capital recoveries expected due to less capital related work being performed.

Environmental Services anticipates a favourable variance of \$0.8 M due to \$1.4 M in gapping savings for retirements, resignations and vacancies. This is partially offset by increased contractual obligations at the Materials Recycling Facility (-\$0.3 M), increased costs for handling leaf and yard waste at the Glanbrook Landfill composite site (-\$0.2 M) and transfer station / Community Recycling Centres (CRC) operations due to Central Composting Facility shutdown and restart (-\$0.1 M).

The Public Works departmental gapping target is -\$2.0 M for the 2019 year. As at July 31, 2019, the projected year-end gapping amount is -\$1.7 M, resulting in a projected deficit of -\$0.3 M.

Legislative

The Legislative budget is projected to be on budget for 2019 with potential unfavourable gapping being offset by other savings.

The Legislative departmental gapping target is -\$76 K for 2019. As at July 31, 2019, the projected year-end gapping will result in a deficit. However, it is expected this will be offset by favourable savings in other areas.

City Manager's Office

The City Manager's Office projects a favourable variance of \$0.3 M primarily related to favourable gapping in the Strategic Partnerships and Communications and Human Resources divisions and unspent Government Relations budget, somewhat offset by recruitment services and staff transitioning costs. Revenue Generation has decreased projected revenue which is offset by a reduction in program expenses.

The City Manager's departmental gapping target is -\$0.2 M for the 2019 year. As at July 31, 2019, the projected year-end gapping amount is -\$0.4 M, resulting in a projected surplus of \$0.2 M.

Corporate Services

Corporate Services is forecasting an overall positive variance of \$0.4 M. A favourable variance of \$0.3 M is projected in Financial Services mainly due to gapping and Taxation revenues, partially offset by unrealized reserve recoveries. The City Clerk's Office is projecting a favourable variance of \$0.2 M due to gapping while the Information Technology division is expecting a deficit of -\$0.1 M due to unfavourable gapping and additional software support. The combined remaining divisions are forecasting a slight favourable surplus to year-end.

The Corporate Services departmental gapping target is -\$0.6 M for the 2019 year. As at July 31, 2019, the projected year-end gapping amount is -\$1.0 M, resulting in a projected surplus of \$0.4 M.

Corporate Financials / Non Program Revenues

Corporate Financials / Non Program Revenues show a -\$0.3 M combined unfavourable variance. Contributing factors are identified as follows:

Corporate Financials

Corporate Pensions, Benefits and Contingency

The projected unfavourable variance in the Corporate Pensions, Benefits and Contingency of -\$0.2 M is a result of unbudgeted legal expenses that have been incurred.

WSIB is projecting a -\$4.0 M unfavourable variance which will be offset by a transfer from the WSIB reserve for a zero-net levy impact.

Corporate Initiatives

Corporate Initiatives shows a projected unfavourable variance of -\$2.0 M due to insurance premiums.

Non Program Revenues

Non Program Revenues show a projected favourable variance of \$1.9 M. This is mainly the result of favourable year-to-date trending in Penalties and Interest of \$1.5 M. Also contributing to the surplus are favourable variances of \$0.4 M in Tax Remissions and Write Offs as a result of rebates and grants being lower than anticipated and a \$0.3 M surplus in Payment In Lieu which reflects the actual 2019 Final billing. This surplus is partially offset by a projected unfavourable Hamilton Utilities Corporation (HUC) Dividend partially due to unanticipated administration fees.

Boards and Agencies

In Boards and Agencies, there is a projected unfavourable variance of -\$2.5 M. The City's judicial review of the unsuccessful Lands and Mines Commissioner's apportionment appeal was recently dismissed by the Courts. Staff has withdrawn the appeal for the Niagara Peninsula Conservation Authority which will result in an -\$0.8 M shortfall. Staff is still reviewing the apportionment calculations for the other Conservation Authorities. However, if these are withdrawn as well, this will result in an additional -\$1.7 M shortfall.

Capital Financing

Capital financing is projecting a year-end surplus of \$4.9 M due to the delay in debt issuance with projected principal and interest savings. This includes a \$2.0 M transfer to the Unallocated Capital Levy Reserve at year end as approved in the 2019 Tax Capital Budget (Report FCS18097). Without this transfer, the overall Capital Financing surplus would be \$6.9 M.

Rate Supported Operating Budget

As at July 31, 2019, the Rate supported operating budget is projecting a favourable variance of \$9.2 M due to savings in overall program expenditures of \$5.1 M and a favourable revenue projection of \$4.1 M.

Appendix "B" to Report FCS19055(a) summarizes the Rate Supported Operating Budget results by program.

Expenditures

Program spending for 2019 is projected to be a favourable variance of \$5.1 M or 2.3% of gross budget by year end. The driving factors behind this favourable expenditure variance are shown in Table 2.

Table 2

Expenditure Type	Variance (\$000's)
Contractual	2,816
Agencies and Support Payments	365
Total Operating	3,181
Debt Charges	5,463
DC Deb Charges Recoveries	(3,563)
Capital Financing	1,900
Total	5,081

() - Denotes unfavourable variance

Contractual expenditures are projecting a positive variance of \$2.8 M largely due to plant operations and maintenance contracts of \$2.0 M coupled with savings in Alectra Utilities contract and service coordination totalling \$0.8 M.

The Agencies and Support Payments category is forecasting a favourable variance of \$0.4 M due to less uptake on the Protective Plumbing Program (3P).

Capital financing costs have a net overall positive variance of \$1.9 M. The surplus in debt charges of \$5.5 M is offset by the Development Charge (DC) debt charge recoveries of -\$3.6 M. The debt charge surplus is due to the difference in budgeted and forecasted interest rates and the increased timeframe for issuing debt.

Revenues

Overall, total revenues are forecasting a surplus of \$4.1 M (1.9% to budget) mainly due to favourable consumption trending across customer sectors, Multi-Residential, Industrial, Commercial and Institutional \$1.0 M and Residential \$1.0 M. Non-metered revenue, overstrength agreements and private fire lines contribute an additional \$2.1 M to the favourable variance.

2019 Complement Adjustments

In accordance with the "Budget Control Policy" and "Budgeted Complement Control Policy", approved by Council in February 2012 and March 2018, staff is recommending 21 items with no net levy impact, where the complement type is being changed or complement is being transferred. The complement transfers, identified in Appendix "C" to Report FCS19055(a), moves 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 transfers include three positions from CityHousing Hamilton which are being centralized to the Information Technology division of the City of Hamilton. The complement adjustments identified in Appendix "C" to Report FCS19055(a) were not realized at the time of the 2019 budget submission. However, these adjustments will amend the 2019 operating budget, once approved, with no impact on the levy.

In accordance with the "Budget Control Policy" and "Budgeted Complement Control Policy", approved by Council in February 2012 and March 2018, staff is recommending four items where temporary positions with 24-month terms or greater are being extended as identified in Appendix "D" to Report FCS19055(a), with no impact on the levy.

ALTERNATIVES FOR CONSIDERATION

Not Applicable

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" – City of Hamilton Tax Operating Budget Variance Report as at July 31, 2019

Appendix "B" – City of Hamilton Combined Water, Wastewater and Storm Systems Rate Operating Budget Variance Report as at July 31, 2019

Appendix "C" – City of Hamilton Budgeted Complement Adjustment Schedule

Appendix "D" – City of Hamilton Budgeted Complement Temporary Extension Schedule

KB/JD/dt

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2019
(\$ 000's)

	2019 Approved Budget	2019 Actuals Jul YTD	Projected Actuals to Dec. 31	2019 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
<u>PLANNING & ECONOMIC DEVELOPMENT</u>						
General Manager	966	618	950	16	1.7%	Favourable variance due to gapping.
Transportation, Planning and Parking	2,181	101	1,751	430	19.7%	Favourable revenues in Parking Enforcement of \$547 K and Parking Operations of \$330 K as well as savings in gapping and contractual obligations, offset by unbudgeted Council approved transfer of plate denial surplus to Parking reserve (projected to be \$0.6 M).
Building	1,308	(1,903)	1,304	4	0.3%	Savings due to gapping, increase in service recovery revenue, partially offset by increase in facilities charges, computer software, and a decrease in zoning revenues.
Economic Development	5,424	3,184	5,424	0	0.0%	
Growth Management	468	(2,000)	445	23	4.9%	Savings due to gapping partially offset by a decrease in grading revenue.
Licensing & By-Law Services	6,681	4,109	6,880	(199)	(3.0)%	Deficit due to gapping pressures, unbudgeted consultant fees, pressures for vehicle retrofits, material and supplies and training partially offset by higher revenues in Animal Services and Licensing.
LRT	0	1,566	0	0	0.0%	
Planning	3,392	865	3,331	61	1.8%	Savings due to gapping, partially offset by small pressures in various accounts.
Tourism & Culture	9,252	5,532	9,270	(18)	(0.2)%	Unfavourable variance as a result of pressures in gapping, contractual and building maintenance expenses partially offset by higher revenue projections.
TOTAL PLANNING & ECONOMIC DEVELOPMENT	29,672	12,072	29,355	317	1.1%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2019
(\$ 000's)

	2019 Approved Budget	2019 Actuals Jul YTD	Projected Actuals to Dec. 31	2019 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
HEALTHY AND SAFE COMMUNITIES						
HSC Administration	2,761	1,616	2,919	(158)	(5.7)%	The HSC Administration division is projecting a deficit of -\$0.2M due to the cost of a temporary contract position, partially offset by savings from temporary vacancies.
Children's Services and Neighbourhood Development (CSND)	8,675	5,165	8,544	131	1.5%	Favourable variance due to gapping partially offset by other employee related costs and program costs. CSND is projected to receive \$2.6 M in Provincial Funding in addition to what was budgeted in 2019. This funding is required to be fully spent by the end of the year to support expanded child care system.
Ontario Works	11,918	4,302	11,289	629	5.3%	Favourable variance due to gapping as back filling delayed due to spring Provincial announcement, and maximizing available subsidies (LEAP savings CSND). Partially offset by reductions of -\$1.2M in Provincial funding.
Housing Services	45,068	22,143	41,635	3,433	7.6%	Favourable variance due to Social Housing provider reconciliations (AIR's) for prior years funding, gapping and housing allowance rent supplements.
Long Term Care	13,472	6,910	13,337	135	1.0%	Favourable variance due to savings in various operating costs partially offset by various employee related costs.
Recreation	33,852	22,759	33,718	134	0.4%	Favourable variance due to gapping and savings in operating costs due to planned temporary closure of several facilities throughout the year, partially offset by lost revenues due to temporary closures, golf revenues impacted by wet spring and unbudgeted repairs to Dundas arena and Bernie Morelli centre.
Hamilton Fire Department	93,137	53,286	92,738	399	0.4%	Favourable variance due to overall employee related costs as a result of settled contracts, and staff retirements partially offset by various maintenance and operating costs.
Hamilton Paramedic Service	23,795	13,680	24,501	(706)	(3.0)%	Unfavourable variance due to expected shortfall in Ministry funding (Base & Enhancement funding), partially offset by favourable employee related cost savings.
Public Health Services	12,456	6,470	12,547	(91)	(0.7)%	Unfavourable variance due to one-time funding subsidy pressures based on funding assumptions for Raccoon Rabies, partially offset by savings in operating costs, gapping and delay in the implementation of the new Ontario Seniors Dental Care Program.
TOTAL HEALTHY AND SAFE COMMUNITIES	245,134	136,331	241,228	3,906	1.6%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2019
(\$ 000's)

	2019 Approved Budget	2019 Actuals Jul YTD	Projected Actuals to Dec. 31	2019 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
PUBLIC WORKS						
PW-General Administration	715	585	715	0	0.0%	
Energy Fleet and Facilities	9,315	6,567	9,893	(578)	(6.2)%	Unfavourable variance due to (\$254 K) net gapping, (\$204 K) mainly attributable to the cost of holding vacant facilities (unbudgeted) and (\$120 K) security office anticipating variance due to additional staff as per Council Report LS19031/PW19068.
Engineering Services	(1,126)	(638)	(1,126)	0	0.0%	
Environmental Services	79,086	40,969	78,245	841	1.1%	Favourable variance due to \$1.4 M in net gapping savings due to retirements, resignations and hard to fill vacancies. Partially offset by (\$300 K) increase in contractual obligations at the Materials Recycling Facility, (\$150 K) increased handling of leaf and yard waste at the Glanbrook Landfill compost site and (\$120 K) due to increased costs at the Transfer Station / Community Recycling Centre sites due to increased handling of source separated organic waste during Central Composting Facility shutdown and restart.
Transit	74,299	52,654	76,213	(1,914)	(2.6)%	Unfavourable variance relates to (\$3.0 M) net unfavourable gapping; unfavourable employee related costs largely as a result of overtime (\$3.2 M) and sick (\$2.7 M) partially offset by favourable salaries and wages of \$3.5 M. The DARTS contract is trending to be unfavourable (\$880 K) due to more trips being delivered than budgeted. Partially offset by \$1.1 M from Transit fare revenues forecasted to be favourable due to continuing ridership uptake, \$757 K from fuel trending to be favourable due to Diesel consumption and the price of Natural Gas and other small variances contributing an additional \$109 K in surpluses.
Transportation Operations & Maintenance	80,125	48,452	79,340	785	1.0%	Favourable variance due to \$1.7 M net gapping savings from staff vacancies attributable to restructuring and normal staff turnover (retirements, job transfers, terminations, seasonal hiring, etc.), partially offset by a (\$1.0 M) reduction in capital recoveries expected due to less capital related work being performed.
TOTAL PUBLIC WORKS	242,414	148,589	243,280	(866)	(0.4)%	
LEGISLATIVE						
Legislative General	(342)	(173)	(342)	0	0.0%	
Mayors Office	1,134	606	1,134	0	0.0%	
Volunteer Committee	113	42	113	0	0.0%	
Ward Budgets	4,114	2,142	4,114	0	0.0%	
TOTAL LEGISLATIVE	5,019	2,617	5,019	0	0.0%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2019
(\$ 000's)

	2019 Approved Budget	2019 Actuals Jul YTD	Projected Actuals to Dec. 31	2019 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
CITY MANAGER						
Strategic Partnerships & Communications	2,840	1,512	2,711	129	4.5%	Favourable variance due to gapping from temporary vacancies and unspent Government Relations budget. Revenue Generation has a decrease in projected revenues due to cancelled sponsorships (\$200 K) offset by reduced program expenses.
Audit Services	1,116	582	1,082	34	3.0%	Favourable variance due to gapping.
CMO - Administration	399	155	474	(75)	(18.8)%	Unfavourable due to consulting fees, recruitment services and staff transitioning costs partially offset by temporary vacancy.
Human Resources	7,404	3,781	7,217	187	2.5%	Favourable variance due to gapping.
TOTAL CITY MANAGER	11,759	6,030	11,484	275	2.3%	
CORPORATE SERVICES						
City Clerk's Office	2,409	1,079	2,240	169	7.0%	Favourable variance due to gapping.
Corporate Services - Administration	329	212	318	11	3.3%	Favourable variance due to gapping.
Customer Service	5,270	3,035	5,290	(20)	(0.4)%	Unfavourable variance due to gapping target.
Financial Planning, Admin & Policy	4,800	3,667	4,755	45	0.9%	Favourable variance due to \$120 K in gapping and unbudgeted Hamilton Renewable Power Inc. revenue of \$23 K, partially offset by reduced Finance & Administration Cost Allocation recovery (\$96 K).
Financial Services	3,980	1,604	3,659	321	8.1%	Favourable variance mainly due to gapping of \$227 K, Tax Transfer Fee \$120 K, Arrears Processing Fees \$25 K and savings in Employee Related Costs \$5 K; partially offset by unrealized budgeted recovery from Tax Stabilization Reserve (\$36 K) and Tax Registrations recovery (\$30 K).
Information Technology	10,036	8,021	10,186	(150)	(1.5)%	Unfavourable variance due to gapping (\$79 K) and unbudgeted Acquia Cloud annual support (\$60 K).
Legal Services	3,383	3,732	3,383	0	0.0%	
TOTAL CORPORATE SERVICES	30,207	21,350	29,831	376	1.2%	
CORPORATE FINANCIALS						
Corporate Pensions, Benefits & Contingency	15,345	11,254	15,585	(240)	(1.6)%	Unbudgeted Legal Expenses of \$0.2 M incurred. WSIB gross expenses expected to result in adverse variance of \$4.1 M to be offset by corresponding unbudgeted recovery from WSIB reserve.
Corporate Initiatives	4,120	2,729	6,148	(2,028)	(49.2)%	Unfavourable variance due to insurance premiums - gross expenses expected to result in adverse variance of (\$2.0 M).
TOTAL CORPORATE FINANCIALS	19,465	13,983	21,733	(2,268)	(11.7)%	

- () Denotes unfavourable variance.

CITY OF HAMILTON

TAX OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2019

(\$ 000's)

	2019 Approved Budget	2019 Actuals Jul YTD	Projected Actuals to Dec. 31	2019 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
HAMILTON ENTERTAINMENT FACILITIES						
Operating	3,912	2,546	4,078	(166)	(4.2)%	Unfavourable variance due to facility costs being higher than anticipated.
TOTAL HAMILTON ENTERTAINMENT FACILITIES	3,912	2,546	4,078	(166)	(4.2)%	
TOTAL CITY EXPENDITURES	587,582	343,518	586,008	1,574	0.3%	
CAPITAL FINANCING						
Debt-Healthy and Safe Communities	2,340	(2,943)	4,410	(2,070)	(88.5)%	Due to delay in debt issuance, principal and interest savings. As per Capital Budget Report FCS18097 - a \$2 M surplus will be transferred to the Unallocated Capital Levy Reserve prior to year-end. Without this transfer the overall Capital Financing surplus would be \$6.9 M.
Debt-Planning & Economic Development	194	(61)	88	106	54.6%	
Debt-Public Works	38,696	(5,886)	35,078	3,618	9.3%	
Debt-Corporate Financials	74,313	70,538	71,113	3,200	4.3%	
Infrastructure Renewal Levy	13,429	13,429	13,429	0	0.0%	
TOTAL CAPITAL FINANCING	128,972	75,077	124,118	4,854	3.8%	
BOARDS & AGENCIES						
Police Services						
Operating	164,290	88,250	164,290	0	0.0%	No material variances expected - Police expect to be on target with the 2019 budget.
Capital Financing	806	(310)	806	0	0.0%	
Total Police Services	165,096	87,940	165,096	0	0.0%	
Other Boards & Agencies						
Library	30,700	18,354	30,700	0	0.0%	Unfavourable variance due to impact of Conservation Authority levies per Regulation Formula.
Conservation Authorities	5,498	4,909	8,026	(2,528)	(46.0)%	
Hamilton Beach Rescue Unit	134	38	134	0	0.0%	
Royal Botanical Gardens	635	368	635	0	0.0%	
MPAC	6,715	3,358	6,715	0	0.0%	
Farmers Market	113	(29)	133	(20)	(17.7)%	
Total Other Boards & Agencies	43,795	26,998	46,343	(2,548)	(5.8)%	
Capital Financing - Other Boards & Agencies	191	(281)	191	0	0.0%	
City Enrichment Fund	6,116	4,333	6,116	0	0.0%	
TOTAL BOARDS & AGENCIES	215,198	118,990	217,746	(2,548)	(1.2)%	
TOTAL EXPENDITURES	931,752	537,585	927,872	3,880	0.4%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2019
(\$ 000's)

	2019 Approved Budget	2019 Actuals Jul YTD	Projected Actuals to Dec. 31	2019 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
NON PROGRAM REVENUES						
Payment In Lieu	(15,727)	(12,952)	(16,027)	300	(1.9)%	Favourable variance reflects actual 2019 Final billing.
Penalties and Interest	(10,500)	(6,826)	(12,000)	1,500	(14.3)%	Projected surplus based on year to date trending.
Right of Way	(3,228)	(3,227)	(3,227)	(1)	0.0%	
Senior Tax Credit	587	632	562	25	4.3%	
Supplementary Taxes	(9,125)	(3,114)	(9,125)	0	0.0%	
Tax Remissions and Write Offs	9,790	(2,102)	9,355	435	4.4%	Rebates and grants estimated to be lower than anticipated.
HUC Dividend and Other Interest	(5,300)	(6,057)	(4,947)	(353)	6.7%	Administration fees paid deducted from dividend.
Investment Income	(4,100)	(15,678)	(4,100)	0	0.0%	
Slot Revenues	(5,000)	(2,751)	(5,000)	0	0.0%	
POA Revenues	(2,362)	(2,886)	(2,362)	0	0.0%	
TOTAL NON PROGRAM REVENUES	(44,965)	(54,961)	(46,871)	1,906	(4.2)%	
TOTAL LEVY REQUIREMENT	886,787	482,624	881,001	5,786	0.7%	

CITY OF HAMILTON

COMBINED WATER, WASTEWATER AND STORM SYSTEMS

RATE OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2019

(\$ 000's)

	2019 Approved Budget	2019 Actual at July 31	2019 Projected To Year End	2019 Projected Actuals vs. Approved Budget		2019 % Spent
				\$	%	
<u>OPERATING EXPENDITURES:</u>						
<u>Environmental Services</u>						
Divisional Administration & Support	2,243	1,435	2,243	-	0.0%	100.0%
Woodward Upgrades	1,525	1,010	1,525	-	0.0%	100.0%
Customer Service	422	168	422	-	0.0%	100.0%
Outreach and Education	1,351	657	1,301	50	3.7%	96.3%
Service Co-ordination	4,402	1,602	3,936	466	10.6%	89.4%
Engineering Systems & Data Collection	1,287	702	1,287	-	0.0%	100.0%
Compliance & Regulations	871	447	871	-	0.0%	100.0%
Laboratory Services	3,528	1,980	3,528	-	0.0%	100.0%
Environmental Monitoring & Enforcement	1,818	1,044	1,818	-	0.0%	100.0%
Water Distribution & Wastewater Collection	21,370	10,632	21,370	-	0.0%	100.0%
Plant Operations & Maintenance	41,383	20,358	39,383	2,000	4.8%	95.2%
Capital Delivery	1,860	1,011	1,860	-	0.0%	100.0%
Sustainable Initiatives	1,497	611	1,497	-	0.0%	100.0%
Infrastructure & Source Water Planning	2,465	1,038	2,465	-	0.0%	100.0%
Wastewater Abatement Program	1,150	645	1,150	-	0.0%	100.0%
Alectra Utilities Service Contract	5,700	3,284	5,400	300	5.3%	94.7%
Corporate & Departmental Support Services	6,432	3,691	6,432	-	0.0%	100.0%
Utilities Arrears Program	500	98	500	-	0.0%	100.0%
Gapping Target	(300)	-	(300)	-	0.0%	100.0%
Sewer Lateral Management Program	500	205	500	-	0.0%	100.0%
Hamilton Harbour Remedial Action Plan	395	153	395	-	0.0%	100.0%
Protective Plumbing Program (3P)	1,250	382	885	365	29.2%	70.8%
Financial Charges	177	-	177	-	0.0%	100.0%
Capital and Reserve Recoveries	(6,100)	(78)	(6,100)	-	0.0%	100.0%
Sub-Total Environmental Services	95,726	51,075	92,545	3,181	3.3%	96.7%

CITY OF HAMILTON

COMBINED WATER, WASTEWATER AND STORM SYSTEMS

RATE OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2019

(\$ 000's)

	2019 Approved Budget	2019 Actual at July 31	2019 Projected To Year End	2019 Projected Actuals vs. Approved Budget		2019 % Spent
				\$	%	
<u>Capital and Reserve Impacts on Operating</u>						
<u>Contributions to Capital</u>						
Water	51,762	51,762	51,762	-	0.0%	100.0%
Wastewater	42,837	42,837	42,837	-	0.0%	100.0%
Stormwater	3,205	3,205	3,205	-	0.0%	100.0%
Sub-Total Contributions to Capital	97,804	97,804	97,804	-	0.0%	100.0%
<u>Contributions for DC Exemptions</u>						
Water	2,547	-	2,547	-	0.0%	100.0%
Wastewater	4,590	-	4,590	-	0.0%	100.0%
Stormwater	1,863	-	1,863	-	0.0%	100.0%
Sub-Total Contributions for DC Exemptions	9,000	-	9,000	-	0.0%	100.0%
<u>Capital Debt Charges</u>						
Water Quality Initiatives	9,762	-	7,537	2,225	22.8%	77.2%
Wastewater	10,120	-	8,461	1,659	16.4%	83.6%
Stormwater	3,950	-	2,371	1,579	40.0%	60.0%
DC Debt Charges Recoveries	(4,467)	(704)	(904)	(3,563)	79.8%	20.2%
Sub-Total Debt Charges	19,365	(704)	17,465	1,900	9.8%	90.2%
Sub-Total Capital Financing	126,169	97,100	124,269	1,900	1.5%	98.5%
Transfer to Reserves	365	365	365	-	0.0%	100.0%
Sub-Total Capital and Reserve Impacts on Operating	126,534	97,465	124,634	1,900	1.5%	98.5%
TOTAL EXPENDITURES	222,260	148,540	217,179	5,081	2.3%	97.7%

CITY OF HAMILTON

COMBINED WATER, WASTEWATER AND STORM SYSTEMS

RATE OPERATING BUDGET VARIANCE REPORT AS AT JULY 31, 2019

(\$ 000's)

REVENUES:

Rate Revenue

	2019 Approved Budget	2019 Actual at July 31	2019 Projected To Year End	2019 Projected Actuals vs. Approved Budget		2019 % Spent
				\$	%	
Residential	(97,939)	(51,183)	(98,939)	1,000	(1.0)%	101.0%
Industrial Commercial Institutional (ICI)	(107,753)	(54,933)	(108,753)	1,000	(0.9)%	100.9%
Haldimand / Halton	(2,601)	(1,204)	(2,601)	-	0.0%	100.0%
Raw Water	(150)	(43)	(120)	(30)	20.0%	80.0%
Non-Metered	(580)	(937)	(1,700)	1,120	(193.1)%	293.1%
Private Fire Lines	(1,550)	(1,017)	(1,750)	200	(12.9)%	112.9%
Hauler / 3rd Party Sales	(1,225)	(768)	(1,225)	-	0.0%	100.0%
Overstrength Agreements	(2,249)	(675)	(3,098)	849	(37.8)%	137.8%
Sewer Surcharge Agreements	(5,200)	(1,424)	(5,200)	-	0.0%	100.0%
Sub-Total Utility Rates	(219,247)	(112,184)	(223,386)	4,139	(1.9)%	101.9%
Non-Rate Revenue						
Local Improvement Recoveries	(276)	(172)	(276)	-	0.0%	100.0%
Permits / Leases / Agreements	(1,365)	(487)	(1,365)	-	0.0%	100.0%
Investment Income	(450)	-	(450)	-	0.0%	100.0%
General Fees and Recoveries	(922)	(571)	(922)	-	0.0%	100.0%
Sub-Total Non-Rate Revenue	(3,013)	(1,230)	(3,013)	-	0.0%	100.0%
TOTAL REVENUES	(222,260)	(113,414)	(226,399)	4,139	(1.9)%	101.9%
NET SURPLUS	-	35,126	(9,220)	9,220	(4.1)%	

CITY OF HAMILTON
BUDGETED COMPLEMENT ADJUSTMENT SCHEDULE

STAFF COMPLEMENT CHANGE

Complement adjustments as per the Budgeted Complement Control Policy including transfers to another division or department

ITEM #	TRANSFER FROM				TRANSFER TO			
	Department	Division	Position Title ⁽¹⁾	FTE	Department	Division	Position Title ⁽¹⁾	FTE
1	Planning & Economic Development	Licensing Bylaw Services	Clerk	1.00	Corporate Services	Customer Service and Provincial Offices Administration	Customer Contact Centre Representative	1.00
	Explanation: Customer Service work transferred from PED to Corporate Services as part of the Call Consolidation process							
2	Planning & Economic Development	Transportation Planning and Parking	Clerk	1.00	Corporate Services	Customer Service and Provincial Offices Administration	Customer Contact Centre Representative	1.00
	Explanation: Customer Service work transferred from PED to Corporate Services as part of the Call Consolidation process							
3	Planning & Economic Development	Transportation Planning and Parking	School Crossing Guard	0.50	Corporate Services	Financial Planning, Administration and Policy	Financial Assistant II	0.50
	Explanation: The transfer of 0.5 FTE will assist with the creation of a 0.5 FTE in the F&A group taking over work from HMPS.							
4	Planning & Economic Development	General Manager Office	Sr Advisor West Harbour Waterfront	1.00	Planning & Economic Development	Economic Development	Sr Advisor West Harbour Waterfront	1.00
	Explanation: Transfer of Sr Advisor position from General Manager's Office to Economic Development.							
5	Planning & Economic Development	LRT	Sr Project Manger	1.00	Public Works	Engineering Services	Sr Project Manger	1.00
6	Planning & Economic Development	LRT	3 Construction Inspectors	3.00	Public Works	Engineering Services	3 Construction Inspectors	3.00
7	Planning & Economic Development	LRT	2 Project Managers	2.00	Public Works	Engineering Services	2 Project Managers	2.00
Explanation: Positions are reporting to PW- transferring to appropriate department.								
8	Public Works	Hamilton Water	Lab Techn	1.00	Public Works	Hamilton Water	Project Manager	1.00
	Explanation: Requesting approval to convert Lab Techn position grade I to Project Manager grade 6. Differential will be absorbed in Operating budget. No net levy impact.							
9	Public Works	Energy, Fleet & Facilities	Stadium Mtce Coord	1.00	Public Works	Energy, Fleet & Facilities	Facility Mtce Tech-Electrician	1.00
	Explanation: Requesting approval to convert vacant Stadium Maintenance Tech position grade H to a Facility Maintenance Tech Electrician grade J. Differential will be absorbed in Operating budget by reduced contracted services. No net levy impact.							
10	Public Works	Energy, Fleet & Facilities	Building Coordinator	1.00	Public Works	Energy, Fleet & Facilities	Refrig A/C Tech Fac Mtce	1.00
	Explanation: Requesting approval to convert vacant Building Coordinator Grade H to a Refrigeration A/C Technician Facilities Maintenance Grade J. Differential will be absorbed by the Operating budget by reduction in contracted outside services. No net levy impact.							

CITY OF HAMILTON BUDGETED COMPLEMENT ADJUSTMENT SCHEDULE

STAFF COMPLEMENT CHANGE

Complement adjustments as per the Budgeted Complement Control Policy including transfers to another division or department

ITEM #	TRANSFER FROM				TRANSFER TO			
	Department	Division	Position Title ⁽¹⁾	FTE	Department	Division	Position Title ⁽¹⁾	FTE
11	Public Works	Environmental Services	Waste Collection Operator	1.00	Public Works	Environmental Services	Waste Collection Investigator	1.00
	Explanation: Requesting approval to convert the Waste Collection Operation position into a Waste Collection Investigator position from a C5 Grade F to a C5 Grade I. No net levy impact.							
12	Healthy & Safe Communities	Hamilton Fire Department	Application Analyst - Fire	2.00	Corporate Services	Information Technology	Application Analyst - Fire	2.00
13	Healthy & Safe Communities	Hamilton Fire Department	Radio Technician	1.00	Corporate Services	Information Technology	Radio Technician	1.00
14	Healthy & Safe Communities	Hamilton Fire Department	RF (radio frequency) Systems Specialist	1.00	Corporate Services	Information Technology	RF (radio frequency) Systems Specialist	1.00
15	CityHousing Hamilton		Manager of Business Services	1.00	Corporate Services	Information Technology	Manager of Business Services	1.00
16	CityHousing Hamilton		Northgate Support Technician	1.00	Corporate Services	Information Technology	Northgate Support Technician	1.00
17	CityHousing Hamilton		Applications Developer	1.00	Corporate Services	Information Technology	Applications Developer	1.00
18	Healthy & Safe Communities	Recreation	Supervisor of Technology	1.00	Corporate Services	Information Technology	Supervisor of Technology	1.00
19	Healthy & Safe Communities	Recreation	Legend Administrator	2.00	Corporate Services	Information Technology	Legend Administrator	2.00
20	Healthy & Safe Communities	Ontario Works	System Support Technician	4.00	Corporate Services	Information Technology	System Support Technician	4.00
	Explanation: IT Centralization as per report FCS17091.							
21	Corporate Services	Customer Service and Provincial Offences Administration	Court Admin Clerk	1.00	Corporate Services	Customer Service and Provincial Offences Administration	Coordinator of Court Services	1.00
	Explanation: Requesting approval to convert vacant Court Admin Clerk position grade H to Coordinator of Court Services grade 4 to support Bill 177. Differential will be absorbed by operating budget. No net levy impact.							

Note - Complement transfers include the transfer of corresponding budget.

(1) - If a position is changing, the impact of the change is within 1 pay band unless specified.

CITY OF HAMILTON
BUDGETED COMPLEMENT TEMPORARY EXTENSION SCHEDULE

TEMPORARY POSITION EXTENSIONS

Extensions to temporary positions with terms of 24 months or greater as per the Budgeted Complement Control Policy

ITEM #	TRANSFER FROM				TRANSFER TO			
	Department	Division	Position Title	FTE	Department	Division	Position Title	FTE
1	Public Works	Transit	Senior Project Manager	Temp	Public Works	Transit	Senior Project Manager	Temp
	Explanation: Temporary position with a 24 month term expiring December 2019, requesting approval for additional 4 month extension. Position back-filling an SPM on an assignment that is being recovered. No net levy impact.							
2	Corporate Services	Financial Planning, Administration and Policy	Financial Coordinator	Temp	Corporate Services	Financial Planning, Administration and Policy	Financial Coordinator	Temp
	Explanation: Temporary position with a 24 month term expiring November 2019, requesting approval for an extension of up to 12 months to support development and changes due to Bill 108. No net levy impact.							
3	City Manager's Office	Human Resources	Return to Work Specialist	Temp	City Manager's Office	Human Resources	Return to Work Specialist	Temp
	Explanation: Temporary position with a 24 month term expiring October 2019, requesting approval for an extension of 7 months to continue back-filling a permanent Specialist on assignment to Fire. The assignment continues to be successful and has contributed to a demonstrable decrease in absenteeism. No net levy impact.							
4	City Manager's Office	CMO Admin	Project Manager	Temp	City Manager's Office	CMO Admin	Project Manager	Temp
	Explanation: Temporary position expiring December 2019. Requesting approval for an extension of Project Manager City Lab to match program extension approved via CM19003, expiring May 31, 2022. No net levy impact.							