

CITY OF HAMILTON

TAX OPERATING BUDGET VARIANCE REPORT AS AT DECEMBER 31, 2019

(\$ 000's)

	2019 Approved Budget	2019 Actuals December	2019 Actuals vs Approved Budget		Comments/Explanations
			\$	%	
<u>PLANNING & ECONOMIC DEVELOPMENT</u>					
General Manager	966	945	20	2.1%	Savings in gapping of \$65K, Reserve transfer to current of \$50k not required.
Transportation Planning and Parking	2,181	1,530	652	29.9%	\$800K higher revenues from Parking Operations, Parking enforcement and zoning application fees, \$200K savings due to lower contracted complement in Parking lots offset by pressures in computer software, vehicles expenses, snow removal, traffic signs and contractual payments to the province.
Building	1,308	1,414	(106)	(8.1)%	Savings in gapping of \$12k, offset by zoning revenues lower than expected \$139k, facilities costs higher than budgeted \$11k and unbudgeted Temp agency costs \$9k
Economic Development	5,424	5,200	225	4.1%	Savings in gapping of \$219k
Growth Management	468	469	(1)	(0.2)%	Savings in gapping of \$59k, offset by facilities and hardware lease costs higher than budgeted \$42k, unbudgeted consultants costs for the fee review of \$13k, other small variances over budget \$10k
Licensing & By-Law Services	6,681	7,225	(544)	(8.1)%	Overall net increase in revenues of \$126K offset by \$328 K net gapping pressures, pressures for Amanda consultant of \$39K, vehicles upfitting of \$35K, unrecovered property work maintenance of \$25K, contractual of \$22K, financial charges of \$20K and unrealized budgeted draws from reserves of \$113K.
Planning	3,392	3,112	280	8.2%	Savings in gapping of \$223K, excess Committee of Adjustment revenues over budget of \$55k and other various savings.
Tourism & Culture	9,252	9,259	(7)	(0.1)%	Additional revenues of \$405K and net savings in Building repairs and Collections conservation of \$67K, offset by net gapping pressures of \$469K mainly due to higher wage costs attributed from higher volume of visitors and advertising for Commonwealth bid of \$6K.
TOTAL PLANNING & ECONOMIC DEVELOPMENT	29,672	29,153	519	1.7%	
<u>HEALTHY AND SAFE COMMUNITIES</u>					
HSC Administration	2,761	2,961	(200)	(7.2)%	Unfavourable variance due to staffing costs and internal audit expense recoveries.
Children's Services and Neighbourhood Dev.	8,675	8,720	(45)	(0.5)%	Unfavourable variance due to facilities recoveries, less than expected Child Care Subsidy offset by favourable variance in employee expenses driven by gapping.
Ontario Works	11,918	11,433	485	4.1%	Favourable variance due to maximizing available subsidy of \$243K, employee expense gapping of \$400K, partially offset by higher than expected operating costs.
Housing Services	45,068	43,476	1,592	3.5%	Favourable variance due to available subsidies of \$226K, Social Housing prior year reconciliations (AIR) for revenue rents, Rent Geared to Income, property taxes and mortgages of \$3.5M, offset by a transfer for Home for Holidays of \$2M and unbudgeted payment to Wesley Urban Ministries of \$150K.
Long Term Care	13,472	12,266	1,206	9.0%	Favourable variance in employee related expenses of \$841K driven by gapping, additional Ministry funding of \$208K related to the Global Level of Care per diem, favourable variance in building operating costs of \$177K.
Recreation	33,852	32,605	1,247	3.7%	Favourable variance due to closures at Dundas Arena, Norman Pinky Lewis, Valley Park, Hill Park, and Parkdale Outdoor Pool totalling \$362K. Favourable variance also driven by employee related costs due to gapping of \$157K, hydro related savings of \$572K, and user fee revenues partially offset by an increase in bad debt expense.
Hamilton Fire Department	92,493	92,389	104	0.1%	Favourable variance due to overall employee related costs including settled contracts and staff retirements, offset partially by various maintenance and operating costs.
Hamilton Paramedic Service	23,795	25,948	(2,153)	(9.0)%	Unfavourable variance due to shortfall in Ministry funding (Base & Enhancement funding) of \$1M, overall employee related costs of \$930K, and various maintenance and vehicle costs of \$230K.
Public Health Services	12,456	12,040	416	3.3%	Favourable variance due to holding of positions to offset potential impacts due to Public Health Modernization and loss of staff due to uncertainty of \$851K offset by subsidy loss of \$348K and lost program contracts of \$97K .
TOTAL HEALTHY AND SAFE COMMUNITIES	244,490	241,838	2,651	1.1%	

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PUBLIC WORKS					
PW-General Administration	715	715	(0)	(0.0)%	n/a
Energy Fleet and Facilities	9,315	11,692	(2,377)	(25.5)%	Overall deficit of (\$2.4M) mainly due to (\$205K) attributable to the cost of holding vacant facilities (unbudgeted) King George \$64K/Eastmount \$48K/Mountain Secondary \$91K; (\$200K) Expenses related to unallocated vacant space in various City Buildings; (\$255K) Net divisional gapping. Tim Hortons Field unfavourable variance of (\$1.0M) due to: (\$675K) Security. Additional unbudgeted 18 Forge FC home games were played as well as 4 months of transition between the old and new vendor for the security contract resulted in an additional impact of (\$115K); (\$211K) Building cleaning services for TiCats and Forge FC games; (\$69K) Snow storm removal for TiCats Eastern Final playoff game; (\$52K) Police services for TiCats and Forge FC games.
Engineering Services	(1,126)	(1,931)	805	71.5%	Favourable Variance of \$805K 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	79,086	79,539	(453)	(0.6)%	Overall deficit of (\$453K) largely due to: Unfavourable variances of: (\$522K) – Utilities mainly due to Parks and Cemeteries water usage of (\$847K) partially offset by hydro favourable variance of \$325K mainly due to Park lighting; (\$400K) – Driven by wet growing season and increased contractual costs at Transfer Stations and Community Recycling Centres (TS/CRC) and Landfill due to increased handling of leaf & yard waste due to the Central Composting Facility limitations on processing organics; (\$211K) – Due to direct facilities charges; (\$165K) – Increased central fleet maintenance costs mainly in Parks section. Partially offset by favourable variances of: \$676K – Gapping primarily due to retirements, resignations and hard to fill vacancies; \$1.0M – Recycling and Waste Disposal revenue net of negative variance of \$658K due to lower than expected draw on recycling program reserve mainly comprised of the following: \$726K - Increased tipping fee revenues at the City's TS/CRC's and recoveries from City departmental Transfer Station use; \$313K - Recycling commodities revenue totalled \$951K of that the mixed fiber recovery revenue realized was \$658K. The total mixed fiber revenue loss was \$1.9M.
Transit	74,299	74,641	(342)	(0.5)%	Overall deficit of (\$342K) mainly due to: (\$1.9M) - Net unfavourable gapping due to: (\$2.6M) Sick time, (\$3.6M) Overtime, vacation payouts of (\$551K) for terminations and employees on LTD for time not taken, (\$282K) related to shift premiums, partially offset by favourable: \$4.9M Wages and Salaries; (\$796K) - DARTS contract due to increased trips. Partially offset by favourable variances of: \$1.6M -Transit fare revenues favourable primarily due to continuing ridership uptake representing \$1.2M (75%) and fare increase contributing approximately \$415K (25%). 21,065,409 Budgeted ridership vs. Actual ridership 21,659,817 difference 594,407 or 2.82%; \$1.0M - Diesel price \$545K (55%) and consumption \$408K (41%) below expected usage due to the continued conversion of fleet from diesel to natural gas. Current fleet mix is 52% or 138 natural gas versus 48% or 129 diesel fleet vehicles.
Transportation Operations & Maintenance	80,125	79,509	616	0.8%	Overall positive variance of \$615K mainly due to: \$2.5M - net gapping. Gross gapping savings of \$1.9M in Roadway Maintenance, \$832K in Transportation Operations and \$343K in business support programs due to temporary vacancies created by retirements, terminations and restructuring; \$1.4M - Summer Season roads maintenance program: materials & supplies \$338K, contractual services \$385K, fee revenues \$344K, cost allocations \$219K, and other recoveries \$114K; \$623K - Driven by Streetlighting program due to the continued savings realized as a result of the LED Streetlight conversion project. The energy savings component accounts for \$278K while the remaining positive variance is due to the reduced maintenance costs of approximately \$505K. Partially offset by unfavourable variances of: (\$2.4M) - Winter Season roads maintenance program: increased number of winter storm events which required increases in de-icing material usage (\$969K), vehicle costs (\$152K) and contractual services for hired equipment (\$1.3M); (\$465K) - Remaining variances to due smaller variances from material, supplies, and services in Traffic Operations.
TOTAL PUBLIC WORKS	242,414	244,165	(1,751)	(0.7)%	

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<u>LEGISLATIVE</u>					
Legislative General	(342)	(258)	(83)	(24.3)%	Savings in Consulting budget offset by gapping target and Facility costs
Mayors Office	1,134	1,049	84	7.4%	Savings in consulting and contractual budgets offset by Facility costs
Volunteer Committee	113	88	24	21.6%	Unspent Committee budgets
Ward Budgets	4,114	3,740	374	9.1%	Unspent Ward budgets
TOTAL LEGISLATIVE	5,019	4,619	400	8.0%	
<u>CITY MANAGER</u>					
Office of the City Auditor	1,116	1,038	78	7.0%	Primarily gapping, also some unspent training and facility budgets.
CMO - Admin & Digital Office	399	442	(43)	(10.7)%	City Manager recruitment consulting costs and consultation costs for draft Hate Prevention and Mitigation Policy work
Strategic Partnerships & Communications	2,840	2,770	70	2.5%	Reduced employee costs and program expenses. Funding for 1.4 full time permanent FTE's has been enabled through the sale of sponsorships as per the commitment to council during the 2019 budget process (OBL).
Human Resources	7,404	6,406	998	13.5%	Gapping due to various temp vacancies; unspent training budgets due to re-design of the multi-year Performance and Learning Strategy; and lower costs for Legal Fees and Arbitrations due to bargaining with several union groups in 2019.
TOTAL CITY MANAGER	11,759	10,656	1,103	9.4%	
<u>CORPORATE SERVICES</u>					
City Clerk's Office	2,409	2,210	199	8.3%	Favourable gapping offset by computer software
Corporate Services - Administration	329	329	0	0.0%	Favourable variance in training, consulting & conference offset by unfavourable gapping
Customer Service	5,270	5,171	99	1.9%	Favourable gapping
Financial Planning, Admin & Policy	4,800	4,509	291	6.1%	Favourable variance primarily due to employee related savings due to gapping net of contracted services for temporary replacements which are partially offset by recoveries from operating departments.
Financial Services	3,980	2,545	1,434	36.0%	Favourable variance due to employee related savings due to gapping as well as additional revenues which include tax transfer fees.
Information Technology	10,680	10,677	3	0.0%	
Legal Services	3,383	3,383	0	0.0%	
TOTAL CORPORATE SERVICES	30,852	28,825	2,027	6.6%	

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<u>CORPORATE FINANCIALS</u>					
Corporate Pensions, Benefits & Contingency	15,345	18,331	(2,987)	(19.5)%	Mainly due to WSIB Benefit costs exceeding budgeted recoveries from departments and boards.
Corporate Initiatives	4,120	3,491	629	15.3%	Mainly due to 2016 and 2017 dolomite recovery (GST/HST Adjustments) and exchange rate funds.
TOTAL CORPORATE FINANCIALS	19,465	21,822	(2,357)	(12.1)%	
<u>HAMILTON ENTERTAINMENT FACILITIES</u>					
Operating	3,912	4,116	(204)	(5.2)%	Driven by facility charges and lower expected contract revenue due to the timing of the new management agreement which ended July 1st.
TOTAL HAMILTON ENTERTAINMENT FACILITIES	3,912	4,116	(204)	(5.2)%	
TOTAL CITY EXPENDITURES	587,582	585,195	2,387	0.4%	
<u>CAPITAL FINANCING</u>					
Debt-Healthy & Safe Communities	2,340	2,023	316	13.5%	Savings in debt charges as budgeted debt was not issued in 2019 due to cash flow requirement of capital projects. As approved in the 2020 Tax Supported Capital Budget (Report FCS19091), \$4.8 M from the 2019 Capital Financing surplus was transferred to the Unallocated Capital Levy Reserve, prior to year-end, to fund initiatives in the 2020 Capital Budget. Without this transfer, the overall surplus would be \$8.3 M.
Debt-Infrastructure Renewal Levy	13,429	13,429	0	0.0%	
Debt-Corporate Financials	74,313	71,538	2,775	3.7%	
Debt-Planning & Economic Development	194	27	167	86.1%	
Debt-Public Works	38,696	38,427	269	0.7%	
TOTAL CAPITAL FINANCING	128,972	125,444	3,528	2.7%	
<u>BOARDS & AGENCIES</u>					
<u>Police Services</u>					
Operating	164,290	162,865	1,425	0.9%	HPS will provide explanation to the Board at a later date.
Capital Financing	806	806	0	0.0%	
Total Police Services	165,096	163,671	1,425	0.9%	
<u>Other Boards & Agencies</u>					
Library	30,700	29,994	706	2.3%	Less than budgeted expenses for collection materials purchases, an actual cost of living increase of 1.6% instead of 2% as budgeted, and gapping Updated apportionment formula.
Conservation Authorities	5,498	8,026	(2,528)	(46.0)%	
Hamilton Beach Rescue Unit	134	134	0	0.0%	Due to building repairs for overhauling and setting up new stalls as well as facility charges and lower than budgeted stall rental revenue
Royal Botanical Gardens	635	635	0	0.0%	
MPAC	6,715	6,715	0	0.0%	
Farmers Market	113	166	(54)	(47.5)%	
Total Other Boards & Agencies	43,795	45,670	(1,875)	(4.3)%	
Capital Financing - Other Boards & Agencies	191	191	0	0.0%	
City Enrichment Fund	6,116	6,116	0	0.0%	
TOTAL BOARDS & AGENCIES	215,198	215,648	(450)	(0.2)%	
TOTAL EXPENDITURES	931,752	926,287	5,465	0.6%	

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<u>NON PROGRAM REVENUES</u>					
Payment In Lieu	(15,727)	(16,631)	904	5.7%	Higher Payments in Lieu
Penalties and Interest	(10,500)	(11,979)	1,479	14.1%	Higher Interest and Penalties Received
Right of Way	(3,228)	(3,227)	(1)	(0.0)%	
Senior Tax Credit	587	556	31	5.2%	
Supplementary Taxes	(9,125)	(10,477)	1,352	14.8%	Supplementary taxes exceeded budget
Tax Remissions and Write Offs	9,790	4,965	4,826	49.3%	Prior year allowances on settlements were favourable. Lower Tax Write Offs-includes transfer from allowance was \$8.4M (\$7.1M to offset appeals processed or withdrawn + \$1.25M to offset vacancy rebates)
Hydro Dividend and Other Interest	(5,300)	(4,816)	(484)	(9.1)%	Unbudgeted Administrative Expenses and HUC Dividend Shortfall
Investment Income	(4,100)	(4,100)	0	0.0%	
Slot Revenues	(5,000)	(5,456)	456	9.1%	Higher Slot Revenues
POA Revenues	(2,362)	(3,053)	691	29.2%	Higher POA Net Revenue
Total Non Program Revenues	(44,965)	(54,218)	9,253	20.6%	
TOTAL LEVY REQUIREMENT	886,787	872,069	14,718	1.7%	