

**CITY OF HAMILTON**  
**TAX OPERATING BUDGET VARIANCE REPORT AS AT AUGUST 31, 2020**  
**(\$ 000's)**

020

	2020 Approved Budget	2020 Actuals to August 30	Projected Actuals to Dec. 31	2020 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
<b>PLANNING &amp; ECONOMIC DEVELOPMENT</b>						
General Manager	963	589	853	110	11.4%	Favourable variance is a result of gapping savings \$170 K partially offset by unexecuted budgeted draw from reserve of \$50 K.
Transportation, Planning and Parking	1,753	3,968	4,748	(2,995)	(170.8)%	Unfavourable variance is mainly attributed to lost Parking, APS Fines and MTO-Plate Denial Fines revenues due to COVID as well as unfavourable gapping, reduced fees for development approvals and unexpected vehicle upfitting costs. These variances are partially offset by increased permit revenues, savings in information retrieval and contractual services.
Building	1,057	1,576	1,627	(570)	(53.9)%	The unfavourable variance can be attributed to the projected decline in all Engineering and Zoning revenues (although Building permits projected revenues have recovered but are not enough to offset other revenue declines). Some of the pressure from lower revenues is offset by savings in gapping, Vehicle Expenses, Conferences, Training and Facilities Recoveries.
Economic Development	5,382	3,301	5,325	57	1.1%	The favourable variance is a result of gapping savings and surpluses in Advertising, Publications and Marketing costs. This is partially offset by pressures in transfers to Ec. Development Investment Fund, Fees and Consulting costs.
Growth Management	324	(3,232)	(1,985)	2,309	712.7%	Favourable variance is due to higher revenues in Sub-Processing fees, Sewer Repair Permits, Official Plan Application Fees and Service Recoveries as well as savings in gapping, consulting, training, conferences and various other accounts. These favourable variances are partially offset by a shortfall in all other revenue streams due to COVID closure as well as overages in transfers to reserves for the HIA rent and Contractual Services.
Licensing & By-Law Services	6,728	4,984	6,990	(262)	(3.9)%	Unfavourable variance is mainly attributed to COVID related revenue losses in Current Year General Licenses, Current Yr. Lotteries - Bingo, Animal Tags, Non-Compliance Fees and Sale of Animals as well as unexpected vehicle upfitting costs. These unfavourable variances are partially offset by gapping saving and increased Admin Fees, Court Recoveries, permit revenues and savings in various materials and supplies costs.
LRT	0	874	0	0	0.0%	
Planning	3,719	1,179	3,664	55	1.5%	Favourable variance is mainly attributed to gapping savings due to vacancies and timing of hire, Consulting and Financial. This is partially offset by lower revenues.
Tourism & Culture	9,217	5,070	8,308	909	9.9%	Favourable variance is attributed to gapping savings from closures and vacancies related to COVID, Federal grant and various savings due to cancellations of special events and closure of facilities. This is partially offset by foregone revenues due to COVID.
<b>TOTAL PLANNING &amp; ECONOMIC DEVELOPMENT</b>	<b>29,143</b>	<b>18,309</b>	<b>29,530</b>	<b>(387)</b>	<b>(1.3)%</b>	

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<b>HEALTHY AND SAFE COMMUNITIES</b>						
HSC Administration	2,942	2,054	2,981	(39)	(1.3)%	Unfavourable variance is primarily driven by employee related costs and required COVID emergency expenditures mainly IT hardware costs and Overtime. Offset by savings in staff step-differentials, vacancies and discretionary spending as a result of telecommuting.  Potential for COVID related OT costs of \$5K (in forecast) and Hardware costs of \$10K to be funded from the Provincial Relief Restart program.
Children's Services and Neighbourhood Development	10,963	4,008	10,165	798	7.3%	Favourable variance is primarily due to employee related costs savings resulting from re-allocation of Provincial Funding for administrative costs as well as savings from staff re-deployed to other services within the Department supporting corporate COVID response and savings in discretionary spending due to staff telecommunicating. Surplus will be considered to fund future demand for Child Care support.
Ontario Works	11,916	5,445	11,300	616	5.2%	Favourable variance of \$907K is primarily due to gapping. OW has received additional COVID related funding of \$1.35M [\$1.1M employment assistance funding, \$115K one-time funding, \$167K maximizing available subsidies], savings of \$935K in Employee Related Costs, \$166K Vocational Training and Assessments, \$359K in Other Program savings. Offset by COVID related purchases to support virtual service delivery (\$442K), electronic data management (\$580K), facilities renovations (\$520K) and digital mailroom costs (\$360K) as approved by Council.  In addition, report HSC20039 will utilize \$160K for the Discretionary Benefit System and vacation payouts are forecast at \$132K.
Housing Services	44,264	26,446	44,264	0	0.0%	Forecasting a favourable variance of \$1.96M, comprised of \$1.16K favourability in Rent Supplements, \$685K AIR Revenues and in-year adjustments, \$78.3K reduced Bus Pass expenses and \$39K administrative discretionary expense savings due to COVID. This favourable variance is offset by COVID costs for various emergency shelter solutions.
Long Term Care	10,916	5,575	10,909	7	0.1%	The favourable variance is mainly due to the Prevention and Containment COVID funding of \$1.338M received from the Province offset by redeployed staffing costs, backfilling temporary positions, vacation payouts and operating costs related to COVID (medical supplies, cleaning supplies, PPE costs). Contributing to the favourable variance is unbudgeted Provincial funding for Direct Care Staffing and Pay Equity Funding, gapping and savings in other various operating costs and programs (Adult Day Program and Meals on Wheels) due to COVID.
Recreation	33,956	19,246	31,202	2,754	8.1%	Unfavourable variance due to loss of revenue due to closures due to COVID (\$8.0 M)  Favourable variance due to reallocating staffing costs to redeployed divisions for COVID work \$1.1 M.  Favourable variance due to savings in staffing costs due to closures as a result of COVID (summer camps not running, summer students not hired, facilities closed, etc.) (\$6.2 M).  Favourable variance due to savings in building and ground costs a result of closures due to COVID (hydro, building cleaning, heating, etc.) (\$950 K).  Favourable variance due to maintenance closures at Valley Park Recreation Facility \$683 K, Riverdale Recreation Facility \$302 K and Parkdale Outdoor Pool \$85 K.I4P45:T45
Hamilton Fire Department	93,318	60,000	91,492	1,826	2.0%	Favourable variance due to overall employee related and facility costs, offset partially with essential operating costs.
Hamilton Paramedic Service	25,645	15,913	29,622	(3,977)	(15.5)%	Unfavourable variance due to employee related costs required to meet the resource demands and pressures for scheduling and backfilling a 24/7 operation, exacerbated by resource demands needed for COVID response. This forecast does not include any funding from the Province that may offset the majority of this variance. We have submitted an estimate of \$2.5M to the Province but this funding is as yet unconfirmed.
Public Health Services	12,996	11,261	15,073	(2,077)	(16.0)%	Unfavourable variance is primarily driven by employee related costs required to provide essential services due to COVID. Partially offset by additional ASP funding and program reduction. Submission has been made to Ministry of Health to fund these COVID related costs.
<b>TOTAL HEALTHY AND SAFE COMMUNITIES</b>	<b>246,916</b>	<b>149,948</b>	<b>247,008</b>	<b>(92)</b>	<b>(0.0)%</b>	

- ( ) Denotes unfavourable variance.

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<b>PUBLIC WORKS</b>						
PW-General Administration	704	709	704	0	0.0%	
Energy Fleet and Facilities	12,674	8,397	12,643	31	0.2%	Favourable surplus mainly due to: · \$2.0 M avoided costs for Ticats, Forge and rentals in closed Stadium · \$60 K saved in training costs  Partially offset by unfavourable variance due to: · (\$1.3 M) COVID19 related expenses for Facilities including cleaning, Security, grounds cleanup, wages for non-levy Fleet staff during shutdown · (\$727 K) foregone revenue for Stadium  Note: This forecast includes expectation that Tim Hortons Field Stadium realizes contractual revenues of \$1.4 M and remains closed in 2020.
Engineering Services	0	1,627	0	0	0.0%	
Environmental Services	82,426	50,689	75,338	7,088	8.6%	Favourable variances forecasted for: · \$2.6 M - Gapping primarily relating to seasonal staff/students not hired or delayed in hiring due to COVID-19 hiring freeze. Overtime relating to staff working specifically on COVID-19 activities totals \$9.4 K. · \$1.4 M - Parks operating and contractual costs not incurred due to COVID-19 shutdown period and restart. · \$1.1 M - TS/CRC Operations - Increased tonnage projected in budget due to the requirement to separate L&Y waste from green bin organics at the curb, however tonnage target not achieved. · \$1 M - Waste Collection Contract - annual escalation factor was budgeted at 1.95%; actual escalation factor is: (4.9839%). The main driver for the escalation factor decreasing is the drop in diesel prices. · \$850 K - TS/CRC revenues, increase as a result of minimum vehicle fee rate increase and an increase in visits from residents cleaning house during COVID shut down. Total visits up 9.5% over same time last year, however tonnage is down 3.5% over same time last year. · \$495 K - Forestry & Horticulture operating costs not incurred due to COVID-19 shutdown period and restart. · \$495 K - Lower than projected tonnage processed at the material recycling facility. · \$363 K - Anticipated savings in fuel resulting in actual rates below budget. · \$248 K - Anticipated savings in training/travel/conferences due to discretionary spending freeze due to COVID-19.  Partially offset by projected unfavorable variances of: · (\$342 K) - Budgeted revenues for MRF merchant capacity recycling processing under new contract starting March 30, 2020. Due to COVID-19, no revenues have been realized to date. · (\$302 K) - Environmental Staff labour costs for COVID-19 specific activities (staff costs budgeted within ES Sections). · (\$200 K) - Centralized Compost Facility processing. Additional costs outside of contract due to changes in Environmental Compliance Agreement with the Ministry of Environment, Conservation and Parks. · (\$245 K) - Redeployed staff to Environmental Services in place of seasonal and student hires. · (\$180 K) - Fleet related charges including maintenance for vehicles assigned to COVID-19 activities. · (\$75 K) - Lost revenues resulting from free 2020 Mum Show. · (\$68 K) - Customized signs for Parks & Cemeteries advising of COVID-19 changes.

## CITY OF HAMILTON TAX OPERATING BUDGET VARIANCE REPORT AS AT AUGUST 31, 2020

(\$ 000's)

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				\$	%	
Transit	77,932	68,397	77,932	0	0.0%	Unfavourable variances due to: <ul style="list-style-type: none"> <li>● (\$25 M) Fare Revenue due to COVID emergency affecting ridership and refunds and cancellation of UCTP fees</li> <li>● (\$1.0 M) Net unfavourable gapping due to employee related costs largely as a result of overtime, sick:                             <ul style="list-style-type: none"> <li>○ (\$2.8 M) Overtime</li> <li>○ (\$2.8 M) Sick time</li> <li>○ (\$326 K) Unfavourable vacation payouts,</li> <li>○ (\$53 K) in other payroll related costs such as retroactive pay, stat holiday pay and maternity top up.</li> <li>○ Partially offset by favourable: \$5.3 M Wages and Salaries, net of \$406 K target, &lt;gross is \$5.7 M&gt;.</li> </ul> </li> <li>● (\$790 K) Enhanced cleaning of buses, special Aegis microbe shield application, and installation of operator bio-shields to allow for front door boarding.</li> </ul> Partially offset by favourable variances of: <ul style="list-style-type: none"> <li>● \$12.1 M of Safe Restart Agreement - Phase 1 funds recognized and \$0.4 M from the Enhanced Cleaning Grant to balance division budget in 2020.</li> <li>● \$10.3 M DARTS Contract savings due to service at 10-15% until September, then climbing to a projected 40% in December.</li> <li>● \$1.8 M Fuel savings due to lower consumption and much lower than budgeted prices</li> <li>● \$1.2 M in PRESTO and Ticket Distribution commission savings due to COVID emergency</li> <li>● \$822 K savings due to the Delay to Year 5 of Transit Strategy</li> <li>● \$130 K savings in additional areas such as Uniforms, NGV Station Maintenance, Printing and Reproduction, Operating Equipment, Training and Conferences etc.</li> </ul>
Transportation Operations & Maintenance	82,645	50,083	75,118	7,527	9.1%	Favourable variance mainly due to: <ul style="list-style-type: none"> <li>● Divisional net gapping savings of \$3.0 M to seasonal staff/students not hired or delayed in hiring due to COVID-19 hiring freeze and due to staff vacancies attributable to restructuring and normal staff turnover (retirements, job transfers, terminations, seasonal hiring, etc.) comprised of the following:                             <ul style="list-style-type: none"> <li>○ Winter Season Roads Maintenance Program net gapping of \$1.3 M</li> <li>○ Summer Season Roads Maintenance Program net gapping of \$766 K</li> <li>○ Transportation Operations net gapping of \$750 K</li> <li>○ Other program related net gapping savings of \$213 K</li> </ul> </li> <li>● Additional projected surplus of \$4.5 M in the Winter Season Roads Maintenance Program. The number and severity of winter events from January to April was down from 2019, resulting in savings in material usage of \$2.0 M, contractor activation costs of \$1.7 M, \$800 K in Winter vehicle costs.</li> <li>● Savings of \$330 K in diesel due to lower rates than anticipated</li> </ul> Partially offset by unfavourable variances due to unanticipated COVID costs of (\$300 K) related to the shutdown that includes employee overtime incurred to manage the pandemic, vehicle expenses due to increased vehicles on the road to social requirements, increased cleaning to meet COVID cleaning standards, protective clothing and other operating supply costs.
<b>TOTAL PUBLIC WORKS</b>	<b>256,381</b>	<b>179,902</b>	<b>241,735</b>	<b>14,646</b>	<b>5.7%</b>	
<b>LEGISLATIVE</b>						
Legislative General	(367)	(129)	(243)	(124)	33.8%	Gapping target not met plus additional eScribe costs offset by savings in discretionary accounts
Mayors Office	1,164	513	1,159	5	0.4%	Unspent travel budget due to current restrictions
Volunteer Committee	127	(18)	127	0	0.0%	
Ward Budgets	4,171	1,924	4,171	0	0.0%	
<b>TOTAL LEGISLATIVE</b>	<b>5,095</b>	<b>2,290</b>	<b>5,214</b>	<b>(119)</b>	<b>(2.3)%</b>	

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<b>CITY MANAGER</b>						
Office of the City Auditor	1,139	425	1,025	114	10.0%	Gapping due to hiring freeze and redeployed staff, & savings in training; offset by consulting costs for Security & VFM audits
CMO - Administration	644	112	723	(79)	(12.3)%	Gapping due to temp vacancy offset by COVID related OT and other expenses
Strategic Partnerships and Communications	2,794	1,500	2,799	(5)	(0.2)%	Savings in Intergovernment Relations, Special events; conferences & other admin costs; and gapping offset by budget reduction of \$225k
Human Resources	7,708	3,392	7,542	166	2.2%	Gapping and savings in corporate training, meeting expenses and other staff training costs offset by consulting and recruitment costs
<b>TOTAL CITY MANAGER</b>	<b>12,285</b>	<b>5,429</b>	<b>12,089</b>	<b>196</b>	<b>1.6%</b>	
<b>CORPORATE SERVICES</b>						
City Clerk's Office	2,732	2,046	2,760	(28)	(1.0)%	Negative variance due to unachieved revenues as a result of wedding cancellations and service counter closures as well as unbudgeted hardware and software costs for print shop offset by Gapping and decrease in printing costs.
Corporate Services - Administration	324	202	277	47	14.5%	Favourable variance due to savings in training and consulting fees
Customer Service	5,518	3,482	5,549	(31)	(0.6)%	Negative variance due to internal debt repayment unbudgeted, purchased a dispatch system unbudgeted and wages due to increased hours to support COVID offset by Gapping savings due to COVID
Financial Planning, Admin & Policy	4,905	4,281	4,431	474	9.7%	Favourable variance due to gapping.
Financial Services	4,148	2,390	3,940	208	5.0%	Favourable variance due to gapping offset by a decrease in taxation revenues
Information Technology	13,628	11,048	13,660	(32)	(0.2)%	Negative variance due to software audit causing a one time true up cost
Legal Services	3,408	4,811	3,346	62	1.8%	Positive variance due to meeting new gapping target unbudgeted
<b>TOTAL CORPORATE SERVICES</b>	<b>34,663</b>	<b>28,260</b>	<b>33,963</b>	<b>700</b>	<b>2.0%</b>	
<b>CORPORATE FINANCIALS</b>						
Corporate Pensions, Benefits & Contingency	15,943	8,518	16,125	(182)	(1.1)%	
Corporate Initiatives	5,151	3,405	5,900	(749)	(14.5)%	Unfavourable variance as a result of unrecoverable staffing costs from capital programs.
<b>TOTAL CORPORATE FINANCIALS</b>	<b>21,094</b>	<b>11,923</b>	<b>22,025</b>	<b>(931)</b>	<b>(4.4)%</b>	
<b>HAMILTON ENTERTAINMENT FACILITIES</b>						
Operating	4,097	3,017	4,117	(20)	(0.5)%	
<b>TOTAL HAMILTON ENTERTAINMENT FACILITIES</b>	<b>4,097</b>	<b>3,017</b>	<b>4,117</b>	<b>(20)</b>	<b>(0.5)%</b>	
<b>TOTAL CITY EXPENDITURES</b>	<b>609,674</b>	<b>399,078</b>	<b>595,681</b>	<b>13,993</b>	<b>2.3%</b>	

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<b>CAPITAL FINANCING</b>						
Debt-Healthy and Safe Communities	2,339	(629)	3,052	(713)	(30.5)%	Principal and interest savings due to delay in debt issuance.
Debt-Planning & Economic Development	194	0	27	167	86.2%	
Debt-Public Works	38,695	0	34,143	4,552	11.8%	
Debt-Corporate Financials	81,913	82,237	82,237	(324)	(0.4)%	
Infrastructure Renewal Levy	13,429	0	13,429	0	0.0%	
<b>TOTAL CAPITAL FINANCING</b>	<b>136,570</b>	<b>81,608</b>	<b>132,888</b>	<b>3,682</b>	<b>2.7%</b>	
<b>BOARDS &amp; AGENCIES</b>						
<b>Police Services</b>						
Operating	170,817	107,353	170,817	0	0.0%	Projected deficit of \$487 K reported to Hamilton Police Services Board on September 3, 2020
Capital Financing	662	0	0	662	100.0%	Principal and interest savings due to delay in debt issuance.
<b>Total Police Services</b>	<b>171,479</b>	<b>107,353</b>	<b>170,817</b>	<b>662</b>	<b>0.4%</b>	
<b>Other Boards &amp; Agencies</b>						
Library	31,572	18,977	30,693	879	2.8%	As presented to the Library Board on September 16, 2020
Conservation Authorities	8,196	7,458	8,196	0	0.0%	
Hamilton Beach Rescue Unit	134	67	134	0	0.0%	
Royal Botanical Gardens	635	370	635	0	0.0%	
MPAC	6,843	5,134	6,843	0	0.0%	
Farmers Market	113	172	113	0	0.0%	
<b>Total Other Boards &amp; Agencies</b>	<b>47,493</b>	<b>32,178</b>	<b>46,614</b>	<b>879</b>	<b>1.9%</b>	
<b>Capital Financing - Other Boards &amp; Agencies</b>	<b>191</b>	<b>0</b>	<b>0</b>	<b>191</b>	<b>100.0%</b>	Principal and interest savings due to delay in debt issuance.
<b>City Enrichment Fund</b>	<b>6,088</b>	<b>3,433</b>	<b>6,088</b>	<b>0</b>	<b>0.0%</b>	
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>225,251</b>	<b>142,964</b>	<b>223,518</b>	<b>1,732</b>	<b>0.8%</b>	
<b>TOTAL EXPENDITURES</b>	<b>971,495</b>	<b>623,650</b>	<b>952,087</b>	<b>19,407</b>	<b>2.0%</b>	
<b>NON PROGRAM REVENUES</b>						
Payment in Lieu	(16,026)	(17,228)	(16,400)	374	(2.3)%	Based on 2020 final billing
Penalties and Interest	(11,000)	(7,140)	(11,000)	0	0.0%	As of Aug, P&I down \$660 K compared to 2019 due to COVID-19 measures - expect to fully offset Sept-Dec with no further P&I waiving
Right of Way	(3,228)	(3,227)	(3,227)	(1)	0.0%	Based on 2020 final billing
Senior Tax Credit	567	599	537	30	5.3%	Based on 2020 final billing
Supplementary Taxes	(9,925)	(7,141)	(9,925)	0	0.0%	Too early to tell - assume on budget for now
Tax Remissions and Write Offs	9,600	(2,101)	8,299	1,301	13.6%	LEED Grant - varies year over year depending on # of grants. Actuals reflect YE accruals. Not aware of grant for 2020 - may change.
Hydro Dividend and Other Interest	(5,300)	(823)	(3,500)	(1,800)	34.0%	Dividends from Hamilton Utilities Corporation and Alectra are estimated to be \$2.4 M lower than anticipated as a result of the COVID-19 pandemic.
Investment Income	(4,100)	(19,739)	(4,100)	0	0.0%	Reductions in investment income will reduce contributions to reserves
Slot Revenues	(5,200)	(833)	(2,200)	(3,000)	57.7%	The closure of casinos and racetrack slots by the Province of Ontario is expected to result in \$3 M of lost revenues.
POA Revenues	(2,432)	(1,241)	1,770	(4,202)	172.8%	POA revenues are expected to be \$4.2 M lower in 2020 due to court closure
<b>TOTAL NON PROGRAM REVENUES</b>	<b>(47,336)</b>	<b>(58,874)</b>	<b>(40,038)</b>	<b>(7,298)</b>	<b>15.4%</b>	
<b>TOTAL LEVY REQUIREMENT</b>	<b>924,159</b>	<b>564,776</b>	<b>912,049</b>	<b>12,109</b>	<b>1.3%</b>	

- ( ) Denotes unfavourable variance.