



**TAX AND RATE OPERATING BUDGET  
VARIANCE REPORT AS OF  
AUGUST 31, 2020**

**FCS20069(a)**

1. Summary of Tax and Rate Operating Budget Variance Forecasts
2. Tax Supported Operating Budget Variance Forecast
3. Rate Supported Operating Budget Variance Forecast
4. Recommendations

# UPDATE ON COVID-19 IMPACT ON FORECAST IN \$MILLIONS

<b>PROJECTED DEFICIT AS OF FCS20040(a) SCENARIO 1:</b>	<b>\$ 61.6</b>
<b>Reduced by:</b>	
<b>Public Works</b>	
DARTS contract savings	\$ (10.3)
Winter control savings	\$ (5.8)
Temporary suspension of student positions and additional gapping	\$ (5.4)
<b>Healthy and Safe Communities</b>	
Recreation facility closures and temporary suspension of part-time staff	\$ (10.6)
Pandemic Pay	\$ 10.3
Emergency Shelters	\$ 6.9
<b>Corporate Services</b>	
Additional gapping savings	\$ (1.7)
<b>Planning &amp; Economic Development</b>	
Contribution from Building Permit Revolving Fund (to cover Building Services deficit)	\$ (3.7)
Development Application Fees (more revenues than previously forecasted)	\$ (4.6)
Tourism & Culture facility closures and additional gapping savings	\$ (2.0)
<b>Other</b>	
Capital Financing Surplus	\$ (9.1)
Capital Financing Surplus carried forward to fund 2021 Capital Budget	\$ 4.6
Other	\$ (0.2)
<b>REVISED TOTAL TAX SUPPORTED DEFICIT</b>	<b>\$ 30.0</b>

# FUNDING ADJUSTED YEAR-END VARIANCE FORECAST

(\$000's)

	2020 Variance (Forecast vs Budget)	
	\$	%
<b>TOTAL TAX SUPPORTED - FORECAST</b>	<b>(29,561)</b>	<b>(3.20%)</b>
<b>FUNDING FROM SENIOR LEVELS OF GOV'T</b>	<b>41,669</b>	<b>-</b>
<b>ADJUSTED SURPLUS (DEFICIT)</b>	<b>12,109</b>	<b>1.31%</b>

# 2020 COVID-19 FUNDING IMPACT ON FORECAST (\$000's)

<b>Tax Supported Budget Forecasted Surplus (Deficit)</b>	<b>(29,561)</b>
<b>COVID-19 Funding:</b>	
Long-Term Care Prevention and Containment Funding	1,597
Enhancements to the Reaching Home Initiative	2,275
Reaching Home Initiative - Designated Communities Funding Stream	377
Emergency Funding for Community Mental Health & Addictions	45
FCM - Community Response Fund for Vulnerable Persons	346
Transit – Enhanced Cleaning Grant	464
Public Health Services	1,574
Pandemic Pay	10,335
Social Services Relief Fund - Phase 1	6,881
Social Services Relief Fund - Phase 2	5,040
Safe Restart Agreement - Phase 1 Transit	12,073
Safe Restart Agreement - Phase 1 Municipal	663
<b>Subtotal</b>	<b>41,669</b>
<b>Adjusted Tax Supported Budget Forecasted Surplus (Deficit)</b>	<b>12,109</b>

# FORECASTED 2020 TAX SURPLUS (\$000's)

City Capital Financing	8,282
City Capital Financing carried forward to fund 2021 Capital Budget	(4,600)
B&A Capital Financing	853
Winter Season Maintenance	5,800
Hamilton Public Library Operations	879
Misc. Cost Mitigation Measures	895
<b>Total</b>	<b>\$ 12,109</b>

# ESTIMATED AVAILABLE SAFE RESTART FUNDING FOR 2021

## Estimated remaining funds for ongoing pressures:

Social Services Relief Fund - Phase 2	6,284
Safe Restart Agreement - Phase 1 Transit	5,139
Safe Restart Agreement - Phase 1 Municipal	26,951
<b>Total</b>	<b>38,374</b>

- Based on current information, staff is projecting additional COVID-19 pressures in 2021 between \$34.8 M and \$59.2 M

# 2020 PROJECTED YEAR END OPERATING BUDGET VARIANCES (\$000's)

	2020 Approved Budget	2020 Year-End Forecast	2020 Variance (Forecast vs Budget)	
			\$	%
<b><u>TAX SUPPORTED</u></b>				
PLANNING & ECONOMIC DEVELOPMENT	29,143	29,530	(387)	(1.3%)
HEALTHY & SAFE COMMUNITIES	246,916	247,008	(92)	(0.0%)
PUBLIC WORKS	256,381	241,735	14,646	5.7%
LEGISLATIVE	5,095	5,214	(119)	(2.3%)
CITY MANAGER	12,285	12,089	196	1.6%
CORPORATE SERVICES	34,663	33,963	700	2.0%
CORP FINANCIALS/ NON PROG REVENUES	(26,242)	(18,013)	(8,229)	(31.4%)
HAMILTON ENTERTAINMENT FACILITIES	4,097	4,117	(20)	(0.5%)
<b>TOTAL CITY DEPARTMENTS</b>	<b>562,338</b>	<b>555,643</b>	<b>6,695</b>	<b>1.2%</b>
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>224,398</b>	<b>223,518</b>	<b>879</b>	<b>0.4%</b>
<b>CAPITAL FINANCING</b>	<b>137,423</b>	<b>132,888</b>	<b>4,535</b>	<b>3.3%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>924,159</b>	<b>912,049</b>	<b>12,109</b>	<b>1.3%</b>
<b>TOTAL RATE SUPPORTED</b>	<b>0</b>	<b>(3,002)</b>	<b>3,002</b>	<b>2.1%</b>

( ) Denotes unfavourable variance



# Tax Supported Operating Budget Variance Forecast

# CITY DEPARTMENT VARIANCES

(\$000's)

	2020 Approved Budget	2020 Year-End Forecast	2020 Variance (Forecast vs Budget)	
			\$	%
<b><u>TAX SUPPORTED</u></b>				
PLANNING & ECONOMIC DEVELOPMENT	29,143	29,530	(387)	(1.3%)
HEALTHY & SAFE COMMUNITIES	246,916	247,008	(92)	(0.0%)
PUBLIC WORKS	256,381	241,735	14,646	5.7%
LEGISLATIVE	5,095	5,214	(119)	(2.3%)
CITY MANAGER	12,285	12,089	196	1.6%
CORPORATE SERVICES	34,663	33,963	700	2.0%
CORP FINANCIALS/ NON PROG REVENUES	(26,242)	(18,013)	(8,229)	(31.4%)
HAMILTON ENTERTAINMENT FACILITIES	4,097	4,117	(20)	(0.5%)
<b>TOTAL CITY DEPARTMENTS</b>	<b>562,338</b>	<b>555,643</b>	<b>6,695</b>	<b>1.2%</b>

( ) Denotes unfavourable variance

# GAPPING (\$000's)

<b>Net Gapping by Department</b>	<b>Gapping Target (\$000's)</b>	<b>Projected Gapping (\$000's)</b>	<b>Variance (\$000's)</b>
Planning & Economic Development	\$ 853	\$ 2,038	\$ 1,185
Healthy and Safe Communities	\$ 952	\$ 2,938	\$ 1,986
Public Works	\$ 2,202	\$ 5,372	\$ 3,170
Legislative	\$ 84	\$ (51)	\$ (135)
City Manager	\$ 225	\$ 336	\$ 111
Corporate Services	\$ 633	\$ 1,556	\$ 923
<b>Consolidated Corporate Savings/ (Deficit)</b>	<b>\$ 4,950</b>	<b>\$ 12,189</b>	<b>\$ 7,239</b>

# DEPARTMENT VARIANCES EXPLANATION SUMMARY

## MAIN DRIVERS

### Planning and Economic Development:

#### *\$0.4 M departmental **deficit***

- (\$3.0 M) unfavourable in Transportation Planning & Parking division attributed to decreased parking and fine revenues
- (\$0.6 M) unfavourable in Building Services due to the projected decline in all Engineering and Zoning revenues (Building permits projected revenues have recovered but not by enough to offset other revenue declines).
- \$3.2 M combined favourable in remaining divisions mainly attributable to Growth Management and Tourism and Culture attributable to less financial impact on COVID-19 in growth sector than initially projected and an increase in subdivision processing and development application fees over budget

# DEPARTMENT VARIANCES EXPLANATION SUMMARY

## MAIN DRIVERS

### Healthy and Safe Communities:

#### *\$0.1 M departmental **deficit***

- (\$4.0 M) unfavourable in Hamilton Paramedics
- (\$2.1 M) unfavourable in Public Health Services

Staff and resourcing costs to meet the demands required for the COVID-19 pandemic response, as well as, additional expense for combatting homelessness and protecting the community's most vulnerable, are the primary drivers of the above deficits.

- \$2.8 M favourable in Recreation:
  - The anticipated revenue loss of \$8.0 M is expected to be mostly mitigated through gapping savings and redeployment of staff to other areas in the City requiring resources. Another \$2.0 M in discretionary operating costs is expected to be avoided through facility closures.
- Remaining divisions are forecasting a combined surplus of \$3.2 M, primarily driven by gapping.

# DEPARTMENT VARIANCES EXPLANATION SUMMARY

## MAIN DRIVERS

### Public Works:

#### *\$14.6 M departmental surplus*

- On budget in Transit
  - \$25 M lost revenues due to COVID-19
  - \$0.8 M increased cleaning/disinfectant and shield installation on buses
  - Partially offset by fuel savings, commission savings, delay in Year 5 Transit Strategy, and DARTS contract savings (\$14.2 M combined)
  - Remaining deficit offset by \$12.1 M of Safe Restart Agreement and \$0.4 M from the from the Enhanced Cleaning Grant (Ministry of Transportation)
  
- \$7.5 M favourable in Transportation Operations & Maintenance
  - \$3.0 M gapping savings
  - \$4.5 M savings in Winter Season Roads Maintenance Program
  
- \$7.1 M favourable in Environmental Services
  - \$2.6 M Gapping resulting from freeze on hiring of student and seasonal staff
  - \$1.4 M in operating savings due to the shutdown of parks
  - The Transfer Station and Community Recycling Centre is projecting a \$2.0 M surplus  
The Waste Collection Contract is also projecting a \$1.0 M surplus.

# DEPARTMENT VARIANCES EXPLANATION SUMMARY

## MAIN DRIVERS

### Corporate Services:

*\$0.7 M departmental **surplus***

- Favourable combined gapping across several divisions

### City Manager's Office:

*\$0.2 M departmental **surplus***

- Favourable combined gapping across several divisions

### Corporate Financials / Non Program Revenues:

*\$8.2 M departmental **deficit***

- (\$0.9 M) unfavourable in Corporate Initiatives
  - Unfavourable variance as a result of unrecoverable staffing costs from capital programs.
- (\$7.3 M) unfavourable variance in Non-Program Revenues
  - HUC and Alectra dividends are estimated to be \$2.4 M lower than anticipated
  - Shared revenues from the Ontario Lottery and Gaming Commission are expected to be \$3.0 M lower than budget
  - POA revenues – expected deficit of \$4.2 M in 2020 due to court closures 15

# OTHER NON-DEPARTMENTAL VARIANCES

(\$000's)

	2020 Approved Budget	2020 Year-End Forecast	Variance (2020 Forecast vs Budget)	
			\$	%
POLICE	170,817	170,817	0	0.0%
LIBRARY	31,572	30,693	879	2.8%
OTHER BOARDS & AGENCIES	15,921	15,921	0	0.0%
CITY ENRICHMENT FUND	6,088	6,088	0	0.0%
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>224,398</b>	<b>223,519</b>	<b>879</b>	<b>0.4%</b>
<b>CAPITAL FINANCING</b>	<b>137,423</b>	<b>132,888</b>	<b>4,535</b>	<b>3.3%</b>
<b>TOTAL OTHER NON- DEPARTMENTAL</b>	<b>361,821</b>	<b>356,407</b>	<b>5,415</b>	<b>1.5%</b>

( ) Denotes unfavourable variance



# Rate Supported Operating Budget Variance Forecast

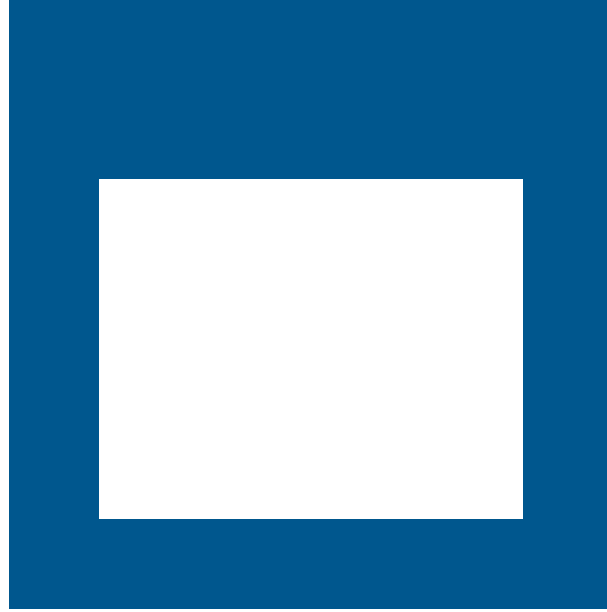
# 2020 RATE OPERATING BUDGET PROJECTED YEAR-END VARIANCE (\$000's)

	2020 Approved Budget	2020 Projected To Year End	2020 Projected Variance	
			\$	%
TOTAL EXPENDITURES	233,012	230,746	2,266	1.0%
TOTAL REVENUES	(233,012)	(233,748)	736	(0.3%)
NET	-	(3,002)	3,002	1.3%

( ) Denotes unfavourable variance

# RECOMMENDATIONS

- 2020 budget transfer, transferring budget from one department / division to another or from one cost category to another (no levy impact), outlined in Appendix “C”, be approved;
- 2020 complement transfers (no levy impact), outlined in Appendix “D”, be approved;
- 2020 extensions of temporary positions with 24-month terms or greater (no levy impact), outlined in Appendix “E” to Report FCS20069(a), be approved.



THANK YOU