



**TAX AND RATE OPERATING BUDGET
VARIANCE REPORT AS AT
DECEMBER 31, 2020**

FCS20069(b)

1. Summary of Tax and Rate Operating Budget Variance Forecasts
(Unaudited)
2. Tax Supported Operating Budget Variance Forecast
3. Rate Supported Operating Budget Variance Forecast
4. Recommendations
 1. Surplus Disposition
 2. Other Budget Control Policy

2020 YEAR-END VARIANCE

| CONSOLIDATED CORPORATE SURPLUS/ (DEFICIT) | \$ |
|--|-----------------------|
| Tax Supported Programs | |
| Police | \$ 2,690,482 |
| Library | \$ 3,333,841 |
| Capital Financing | \$ 5,516,512 |
| Other Tax Supported Programs | \$ 43,784,872 |
| Total Tax Supported Surplus | \$ 55,325,707 |
| | |
| Rate Supported Programs | \$ (4,592,662) |
| | |
| Consolidated Corporate Surplus/ (Deficit) | \$ 50,733,045 |

2020 YEAR-END VARIANCES (\$000's)

| | 2020 Approved Budget | 2020 Year-End Actuals | Pre-COVID Funding | | Post-COVID Funding | |
|---|----------------------------|-----------------------------|-------------------|---------------|-----------------------|---------------|
| | | | Variance | | Variance | |
| | | | \$ | % | \$ | % |
| <u>TAX SUPPORTED</u> | | | | | | |
| Planning & Economic Development | 29,143 | 30,699 | (1,556) | (5.3)% | 3,207 | 11.0% |
| Healthy and Safe Communities | 246,916 | 262,136 | (15,220) | (6.2)% | 14,433 | 5.8% |
| Public Works | 256,381 | 250,673 | 5,708 | 2.2% | 21,187 | 8.3% |
| Legislative | 5,095 | 4,662 | 433 | 8.5% | 482 | 9.5% |
| City Manager | 12,285 | 11,662 | 623 | 5.1% | 872 | 7.1% |
| Corporate Services | 34,663 | 32,986 | 1,677 | 4.8% | 2,113 | 6.1% |
| Corporate Financials / Non Program Revenues | (26,242) | (21,465) | (4,777) | (18.2)% | 2,355 | 9.0% |
| Hamilton Entertainment Facilities | 4,097 | 5,790 | (1,693) | (41.3)% | (903) | (22.0)% |
| TOTAL CITY EXPENDITURES | 562,338 | 577,143 | (14,805) | (2.6)% | 43,746 | 7.8% |
| TOTAL BOARDS & AGENCIES | 224,398 | 219,042 | 5,356 | 2.4% | 6,062 | 2.7% |
| CAPITAL FINANCING | 137,423 | 131,906 | 5,517 | 4.0% | 5,517 | 4.0% |
| TOTAL TAX SUPPORTED | 924,159 | 928,091 | (3,932) | (0.4)% | 55,325 | 6.0% |
| TOTAL RATE SUPPORTED | | 4,593 | (4,593) | (2.0)% | (4,593) | (2.0)% |

() Denotes unfavourable variance

2020 YEAR-END VARIANCE (\$000's)

BY COST CATEGORY

| COST CATEGORY | 2020 Approved Budget | 2020 Year-End Actuals | Pre-COVID Funding | | Post-COVID Funding | |
|-------------------------------|----------------------------|-----------------------------|-------------------|----------------|--------------------|----------------|
| | | | Variance | | Variance | |
| | | | \$ | % | \$ | % |
| EMPLOYEE RELATED COST | 795,501 | 770,435 | 25,066 | 3.2% | 25,066 | 3.2% |
| MATERIAL AND SUPPLY | 61,010 | 52,413 | 8,597 | 14.1% | 8,597 | 14.1% |
| VEHICLE EXPENSES | 39,131 | 35,580 | 3,551 | 9.1% | 3,551 | 9.1% |
| BUILDING AND GROUND | 45,293 | 41,280 | 4,012 | 8.9% | 4,012 | 8.9% |
| CONSULTING | 2,370 | 1,623 | 746 | 31.5% | 746 | 31.5% |
| CONTRACTUAL | 122,930 | 108,796 | 14,134 | 11.5% | 14,134 | 11.5% |
| AGENCIES and SUPPORT PAYMENTS | 274,033 | 251,839 | 22,194 | 8.1% | 22,194 | 8.1% |
| RESERVES / RECOVERIES | 44,573 | 98,982 | (54,409) | (122.1)% | (54,409) | (122.1)% |
| COST ALLOCATIONS | (5,998) | (6,197) | 199 | 3.3% | 199 | 3.3% |
| FINANCIAL | 41,190 | 247,984 | (206,794) | (502.1)% | (206,794) | (502.1)% |
| CAPITAL FINANCING | 147,594 | 135,133 | 12,461 | 8.4% | 12,461 | 8.4% |
| CAPITAL EXPENDITURES | 5 | 1,250 | (1,245) | (24899.2)% | (1,245) | (24899.2)% |
| TOTAL EXPENDITURES | 1,567,631 | 1,739,118 | (171,487) | (10.9)% | (171,487) | (10.9)% |
| FEES AND GENERAL | (214,628) | (172,976) | (41,652) | (19.4)% | (41,652) | (19.4)% |
| TAX AND RATES | (30,199) | (240,012) | 209,813 | 694.8% | 209,813 | 694.8% |
| GRANTS AND SUBSIDIES | (343,688) | (341,129) | (2,559) | (0.7)% | 56,698 | 16.5% |
| RESERVES | (22,715) | (26,550) | 3,835 | 16.9% | 3,835 | 16.9% |
| RECOVERIES FROM CAPITAL | (32,242) | (30,360) | (1,882) | (5.8)% | (1,882) | (5.8)% |
| TOTAL REVENUE | (643,472) | (811,027) | 167,555 | 26.0% | 226,813 | 35.2% |
| TOTAL TAX SUPPORTED | 924,159 | 928,091 | (3,932) | (0.4)% | 55,325 | 6.0% |

Tax Supported Operating Budget Variance Forecast

GAPPING (\$000's)

| Net Gapping by Department | Gapping Target (\$000's) | Projected Gapping (\$000's) | Variance (\$000's) |
|---------------------------------------|--------------------------|-----------------------------|--------------------|
| Planning & Economic Development | \$ 853 | \$ 3,030 | \$ 2,177 |
| Healthy and Safe Communities | \$ 952 | \$ 13,069 | \$ 12,117 |
| Public Works | \$ 2,202 | \$ 8,100 | \$ 5,898 |
| Legislative | \$ 84 | \$ (279) | \$ (363) |
| City Manager | \$ 225 | \$ 358 | \$ 133 |
| Corporate Services | \$ 633 | \$ 1,918 | \$ 1,285 |
| Consolidated Corporate Savings | \$ 4,950 | \$ 26,196 | \$ 21,246 |

DEPARTMENT VARIANCES EXPLANATION SUMMARY

MAIN DRIVERS

Planning and Economic Development:

- **\$1.6M** deficit before COVID funding
- **\$3.2M** surplus after COVID funding
 - **Tourism and Culture** - **\$1.5M** surplus:
 - Closure of facilities and cancellation of special events
 - **Licensing and By-Law Services** - **\$0.7M** surplus:
 - Gapping and reductions in discretionary spending (supplies, training and conferences)
 - Lost revenues for animal tags, merchandise, shelter fees and other services offset by Safe Restart Agreement Funding
 - **Planning** - **\$0.5M** surplus:
 - Gapping and reductions in discretionary spending including supplies, training, conferences and consulting costs
 - **Remaining** surplus of **\$0.5M** is mainly due to gapping

DEPARTMENT VARIANCES EXPLANATION SUMMARY

MAIN DRIVERS

Healthy and Safe Communities:

- **\$15.2M** deficit before COVID funding
- **\$14.4M** surplus after COVID funding
 - **Recreation** - **\$4.4M** surplus:
 - Closure of facilities and cancellation of programming
 - **Children's Services and Neighbourhood Development** - **\$3.3M** surplus:
 - Mainly the result of additional transition funding received from the Province
 - **Public Health Services** - **\$2.0M** surplus:
 - Additional Annual Service Plan (ASP) funding over budget
 - Gapping in Dental and Residential Care Facility
 - **Ontario Works** - **\$1.6M** surplus:
 - Mainly the result of additional transition funding received from the Province
 - **Housing** - **\$1.5M** surplus:
 - Due to \$1.1 M in savings resulting from the Social Housing prior year reconciliations

DEPARTMENT VARIANCES EXPLANATION SUMMARY

MAIN DRIVERS

Public Works:

- **\$5.7M surplus before COVID funding**
- **\$21.2M surplus after COVID funding**
 - **Transportation Operations & Maintenance - \$7.8M surplus:**
 - Winter Season Roads Maintenance Program (\$4.7M)
 - Gapping including the suspension in scheduling of seasonal and students (\$3.4M)
 - **Transit - \$5.1M surplus:**
 - \$25M lost revenues and \$1.4M in enhanced cleaning offset by fuel savings, commission savings, delay in Year 5 Transit Strategy, gapping, Safe Restart Funding and DARTS contract savings
 - **Environmental Services - \$4.6M surplus:**
 - Gapping resulting from freeze on hiring of student and seasonal staff (\$1.6M)
 - Increases in vehicle fee revenues for TS/CRC Operations (\$1.3M)
 - Waste collection savings due to inflation factor (\$1.1M)
 - **Energy, Fleet, and Facilities - \$3.1M surplus:**
 - Savings due to closed City facilities (\$1.6M)
 - Avoided costs at the Tim Hortons Field (\$1.4M)

DEPARTMENT VARIANCES EXPLANATION SUMMARY

Corporate Services:

MAIN DRIVERS

- *\$1.7M surplus before COVID funding*
- *\$2.1M surplus after COVID funding*
 - Favourable combined gapping across several divisions

City Manager's Office:

- *\$0.6M surplus before COVID funding*
- *\$0.9M surplus after COVID funding*
 - Favourable combined gapping across several divisions

Corporate Financials / Non Program Revenues:

- *\$4.8M deficit before COVID funding*
- *\$2.3M surplus after COVID funding*
 - Supplementary taxes exceeded budgeted by \$3.1M
 - Lost revenues for OLGC and HUC dividends were recovered through Safe Restart Agreement Funding

Rate Supported Operating Budget Variance Forecast

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

| | 2020 Approved Budget | 2020 Year End Actuals | 2020 Year-End Variance | |
|--------------------|----------------------------|-----------------------------|---------------------------|--------|
| | | | \$ | % |
| TOTAL EXPENDITURES | 233,012 | 238,030 | (5,019) | (2.2%) |
| TOTAL REVENUES | (233,012) | (233,438) | 426 | (0.2%) |
| NET | - | 4,593 | (4,593) | (2.0%) |

() Denotes unfavourable variance

2020 RATE OPERATING VARIANCE (\$000's) - BY COST CATEGORY

| Expenditure Type | Variance (\$000's) |
|--|-----------------------|
| Contractual | (3,397) |
| Materials & Supplies / Buildings & Grounds | (2,426) |
| Financial Charges | (745) |
| Agencies & Support Payments | 685 |
| Reserve & Capital Recoveries | (671) |
| Consulting | (509) |
| Capital Financing / Capital Expenditures | (170) |
| Employee Related | 110 |
| Total Operating Expenditures | (7,123) |
| Debt Charges | 5,573 |
| DC Debt Charges Recoveries | (3,287) |
| Reserve Transfers | (182) |
| Capital Financing | 2,104 |
| Total Expenditures | (5,019) |

RATE VARIANCE MAIN DRIVERS SUMMARY

- **Operations** - **\$7.1M** deficit:
 - Contractual Expenditures - due to the new Biosolids facility, Chedoke Creek study, emergency flood response and the increased expenditures to meet Storm Program compliance
 - Materials and Supplies - increased fluids and chemical spending used in the water and wastewater treatment at the Woodward Plant and the increased usage of water distribution parts and supplies, such as post hydrants
 - Financial Charges due to the increase in insurance premiums and additional property taxes of new water and wastewater
- **Capital Financing** - **\$2.1M** surplus
- **Revenue** - **\$0.4M** surplus
 - Losses in ICI revenues (\$6.5M) were offset by increases in Residential sector

BOARDS & AGENCIES SURPLUS RECOMMENDATION

| DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT) | \$ | \$ |
|--|----------------|-----------------------|
| Corporate Surplus from Tax Supported Operations | | \$ 55,325,707 |
| Disposition to/from Self-Supporting Programs & Agencies | | \$ (6,063,995) |
| Less: Police (Transfer to Police Reserve) | \$ (2,690,482) | |
| Less: Library (Transfer to Library Reserve) | \$ (3,333,841) | |
| Less: Farmers Market (Transfer to Hamilton Farmers Market Reserve) | \$ (39,672) | |
| Balance of Corporate Surplus | | \$ 49,261,712 |

CORPORATE SURPLUS RECOMMENDATION

| DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT) | \$ |
|---|-----------------|
| Less: Transfer to Tax Stabilization Reserve | \$ (2,000,000) |
| Less: Transfer to Early Years System Reserve | \$ (3,000,000) |
| Add: Transfer from HEF Capital Project Reserve | \$ 903,318 |
| Less: Transfer to fund 2021 "Rent Ready" Program | \$ (1,000,000) |
| Less: Transfer to fund Menstrual Products Affordability Pilot Program | \$ (121,000) |
| Less: Transfer to Climate Change Reserve | \$ (1,500,000) |
| Less: Transfer to 2022 Capital Budget - Recreation Facilities Discretionary Block (Unallocated Capital Levy Reserve) | \$ (700,000) |
| Less: Transfer to ATS Reserve for PRESTO Agreement | \$ (162,872) |
| Less: Transfer to fund Red Hill Creek Inquiry | \$ (5,000,000) |
| Less: Transfer to Sick Leave Liability - General Reserve | \$ (1,300,000) |
| Less: Transfer to fund shortfall in Development Charge Exemptions | \$ (15,100,000) |
| Less: Hamilton Status of Women Advisory Committee - Donation of Remaining 2020 Budget Allocation | \$ (3,996) |
| Less: Transfer to COVID-19 Emergency Reserve | \$ (20,277,162) |
| Balance of Tax Supported Operations | \$ - |

RATE RECOMMENDATION

| DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT) | | \$ |
|---|--|-----------------------|
| Corporate Deficit from Rate Supported Operations | | \$ (4,592,662) |
| Add: Transfer from the Rate Supported Water Reserve | | \$ 10,211,949 |
| Less: Transfer to the Rate Supported Wastewater Reserve | | \$ (5,619,287) |
| Less: Transfer to the Rate Supported Stormwater Reserve | | |
| Balance of Rate Supported Operations | | \$ - |

COVID FUNDING AND OUTLOOK

| | 2021 | | | 2022 | | | | | |
|---|--------------------|----------------------|-------------------|-------------------|----------------------|---------------------|--|----------------------------|-------------------|
| | Available Funding | Forecasted Pressures | Surplus (Deficit) | Available Funding | Forecasted Pressures | Surplus (Deficit) | COVID-19 Recovery Funding for Municipalities Program | COVID-19 Emergency Reserve | Surplus (Deficit) |
| Transit | | 16,040,552 | (16,040,552) | | 13,000,000 | (13,000,000) | | 7,184,722 | (5,815,278) |
| Safe Restart Agreement - Transit | 43,390,806 | | 43,390,806 | 5,815,278 | | 5,815,278 | | | 5,815,278 |
| Transit Subtotal | 43,390,806 | 16,040,552 | 27,350,254 | 5,815,278 | 13,000,000 | (7,184,722) | - | 7,184,722 | 0 |
| Housing Services | | 5,707,180 | (5,707,180) | | 13,400,000 | (13,400,000) | 12,312,505 | | (1,087,495) |
| Social Services Relief Fund | 23,875,911 | 23,875,911 | - | | | - | | | - |
| CMHC Rapid Housing Initiative | 10,760,585 | 10,760,585 | - | | | - | | | - |
| Reaching Home Initiative | 6,146,967 | | 6,146,967 | 1,087,495 | | 1,087,495 | | | 1,087,495 |
| Mental Health and Addictions Support (inc. FCM) | 647,708 | | 647,708 | | | - | | | - |
| Housing Services Subtotal | 41,431,171 | 40,343,676 | 1,087,495 | 1,087,495 | 13,400,000 | (12,312,505) | 12,312,505 | - | - |
| Children's Services | | 7,506,502 | (7,506,502) | | 4,500,000 | (4,500,000) | | 4,500,000 | - |
| Children's Services - Federal Safe Restart Funding | 7,506,502 | | 7,506,502 | | | - | | | - |
| Children's Services Subtotal | 7,506,502 | 7,506,502 | - | - | 4,500,000 | (4,500,000) | - | 4,500,000 | - |
| Long-Term Care | | 408,230 | (408,230) | | 3,500,000 | (3,500,000) | | 3,500,000 | - |
| Prevention and Containment Funding | 270,319 | | 270,319 | | | - | | | - |
| Infection Prevention and Control | 317,491 | | 317,491 | | | - | | | - |
| Subtotal Long-Term Care | 587,810 | 408,230 | 179,580 | - | 3,500,000 | (3,500,000) | - | 3,500,000 | - |
| Hamilton Paramedic Service | 498,277 | 1,792,020 | (1,293,743) | | 1,800,000 | (1,800,000) | | 1,800,000 | - |
| Public Health - COVID Response | 12,066,390 | 12,066,390 | - | 15,000,000 | 15,000,000 | - | | | - |
| Public Health - COVID Vaccine | 34,461,200 | 34,461,200 | - | | | - | | | - |
| Other Social Services | 1,518,919 | 3,277,390 | (1,758,471) | | | - | | | - |
| Safe Restart Agreement - Municipal | 3,052,214 | | 3,052,214 | | | - | | | - |
| Subtotal Public Health & Other Social Services | 51,597,000 | 51,597,000 | - | 15,000,000 | 16,800,000 | (1,800,000) | - | 1,800,000 | - |
| Parking Revenues | | 4,839,260 | (4,839,260) | | 3,000,000 | (3,000,000) | 3,000,000 | | - |
| Slot Revenues | | 1,000,000 | (1,000,000) | | 2,600,000 | (2,600,000) | 2,600,000 | | - |
| POA Revenues | | 1,043,500 | (1,043,500) | | 1,800,000 | (1,800,000) | 769,414 | 1,030,586 | - |
| Recreation | | 7,293,470 | (7,293,470) | | | - | | | - |
| ICIP - COVID-19 Resilience Infrastructure Stream | 7,434,008 | 7,434,008 | - | | | - | | | - |
| Safe Restart Agreement - Municipal | 21,919,502 | | 21,919,502 | | | - | | | - |
| Subtotal General Municipal | 29,353,510 | 21,610,238 | 7,743,272 | - | 7,400,000 | (7,400,000) | 6,369,414 | 1,030,586 | - |
| TOTAL | 173,866,799 | 137,506,198 | 36,360,601 | 21,902,773 | 58,600,000 | (36,697,227) | 18,681,919 | 18,015,308 | 0 |

Note: Assumes Public Health COVID response and vaccine program will be 100% funded by Province in 2021 and 2022

| | | |
|-----------|------------|------------|
| Available | 18,681,919 | 20,277,162 |
| Remaining | | |
| Balance | - | 2,261,854 |

OTHER RECOMMENDATIONS

- 2020 budget transfer, transferring complement from one department / division to another, in addition to additions and removals of FTE (no levy impact), outlined in Appendix “C”, be approved;
- 2020 extensions of temporary positions with 24-month terms or greater (no levy impact), outlined in Appendix “D” to Report FCS20069(b), be approved.



THANK YOU