

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT JUNE 30, 2021
(\$ 000's)

	2021 Approved Budget	2021 Actuals to June 30	Projected Actuals to Dec. 31	2021 Projected Actuals vs Approved Budget		2021 Safe Restart/COVID-19 Recovery Funding	Revised Variance With Safe Restart Funding		Comments/Explanations
				\$	%		\$	%	
PLANNING & ECONOMIC DEVELOPMENT									
General Manager	1,055	390	914	141	13.4%	0	141	13.4%	Favourable variance mainly due to gapping.
Transportation, Planning and Parking	1,977	3,977	8,340	(6,363)	(321.9)%	(6,055)	(308)	(15.6)%	Unfavourable variance attributed to forgone revenues due to covid of \$6.4 million and staffing costs of \$100k . Partially offset by savings in contractual services of \$170k due to reduced parking activity and information retrieval of \$50k due to less issuance of fines.
Building	1,112	(1,496)	1,133	(21)	(1.9)%	(1)	(20)	(1.8)%	Unfavourable variance in Hardware and Software costs for the purchase of additional computers offset by favourable variance due to gapping.
Economic Development	5,581	2,800	5,700	(119)	(2.1)%	(7)	(111)	(2.0)%	Unfavourable variance of \$308 K in Real Estate fees offset by savings of \$189 K due to gapping.
Growth Management	486	(3,559)	(1,036)	1,522	313.2%	0	1,522	313.2%	Favourable variance of \$1 M in additional revenues due to higher activity volumes and savings of \$457 K in gapping.
Licensing & By-Law Services	6,801	3,847	6,901	(100)	(1.5)%	(297)	197	2.9%	Unfavourable variance mainly attributed to lost revenues of \$130 K mainly due to covid and increased building cleaning of \$25 K, partially offset by savings of \$36 K due to gapping.
Planning	3,856	160	1,946	1,910	49.5%	0	1,910	49.5%	Favourable variance of \$1.5 M in revenues due to higher activity volumes, net gapping savings of \$334 K and \$75 K in Grants.
Tourism & Culture	9,489	3,570	9,623	(134)	(1.4)%	(126)	(8)	(0.1)%	Unfavourable variance attributed to decreased revenues mainly due to COVID of \$599 K, partially offset by savings from COVID related closures in gapping of \$156 K, contractual costs of \$146 K and material and supply of \$128 K.
TOTAL PLANNING & ECONOMIC DEVELOPMENT	30,357	9,689	33,520	(3,163)	(10.4)%	(6,485)	3,322	10.9%	
HEALTHY AND SAFE COMMUNITIES									
HSC Administration	2,988	1,370	3,232	(244)	(8.2)%	(97)	(147)	(4.9)%	Favourable variance of \$51 K in F&A due to \$124 K savings from temporary vacancies, step differential and savings in discretionary costs due to work from home (conferences, training), \$10 K COVID Admin Recovery in CW. Offset by vacancies, stat and retro payout (\$9 K), maternity leave top up (\$17 K), (\$27 K) due to anticipated FC overcompletion from Sept-Dec in Housing, COVID \$28 K less expenses anticipated due to actuals less than budget for buyout of desktops and temporary FAI Housing (COVID tracking related), no levy pressure as offset by Safe Restart reserve. Unfavourable variance of (\$198 K) in GMO party due to Hamilton's Community Safety and Well-Being Plan HSC19032(b) FTE 1.0 (\$41 K) salary + (\$10 K) benefits to be levy funded. GMO Staffing changes (\$4 K) and vacation payout (\$15 K). GM role transition pressure of (\$99 K). Additionally, unfavourable variance due to budgeted gapping deficit (\$31 K) offset by \$2 K expenses due to work from home.
Children's Services and Neighbourhood Development	11,265	3,996	10,531	734	6.5%	0	734	6.5%	Favourable variance of \$734 K due to \$270 K savings due to redeployment to Public Health, \$77 K due to less spending in program costs, conferences, travel, meeting expenses, \$6.6 M due to payment of fee subsidies down by 35% and increase in cross jurisdictional fee subsidy, \$162 K savings in vacancies and other program costs due to COVID, \$117K saving due to two vacant positions. Offset by new manager of Indigenous Strategies position (\$10 K), increased costs of medical and cleaning supplies in Red Hill Centre due to COVID (\$9 K), Youth in construction stipends and minimal sponsorship donations for Seniors kick off events and no ticket sales due to COVID (\$24 K), \$6.45 M reduction in childcare 80/20 cost share funding.
Ontario Works	12,310	3,597	11,041	1,269	10.3%	0	1,269	10.3%	Favourable variance of \$1.26 M due to underspending of \$340 K in the low income program due to a lack of referrals, program recoveries, \$230 K of maximizing available subsidies in 2021, \$360 K of Ministry revenue carried forward from 2020, \$115 K of Ministry revenue received in 2021 related to 2020, \$69K in other savings across portfolios, \$409 K Gapping due to vacant positions and the delays in the hiring process combined with recoveries for redeployed staff. Offset by a pressure of (\$83 K) in unbudgeted COVID costs due to additional technology requirements to support virtual delivery and (\$175 K) for new desks to support return to the office.
Housing Services	46,717	19,470	53,970	(7,253)	(15.5)%	(8,225)	972	2.1%	Favourable variance due to \$2 M unspent Housing Stability Benefit, \$137 K in Rent Supplements due to COVID, \$29 K in bus pass tickets due to COVID restrictions, \$254 K gapping due to vacancies and recoveries for redeployed staff, \$365 K in Annual Information Return recoveries. Offset by pressures related to COVID of \$1.6 M.
Long Term Care	11,525	3,902	10,260	1,265	11.0%	(287)	1,552	13.5%	Favourable variance due to \$1.2 M in Employee Related Expenses due to vacant shifts not being filled due to staffing shortages, gapping due to vacancies, pay differentials and other operational expenses of \$50 K, \$1.4 M in unbudgeted provincial funding of Structural Compliance and lower co-payment resident rate than budgeted amount. Offset by lost revenues of \$770 K in Accommodation Fees, Adult Day Program closure \$215 K, Meals on Wheels program \$40 K and \$50 K in COVID related spending.
Recreation	35,320	14,967	38,166	(2,846)	(8.1)%	(3,168)	322	0.9%	Favourable variance due to \$5.5 M in Employee Related Expenses, \$1.2 M in Net Savings in Operating, approximately \$3.3 M required from COVID Safe Restart Fund and \$454 K savings due to Maintenance Closures, offset by (\$137 K) in golf cart rental and (\$10 M) in lost revenue due to COVID closures.
Hamilton Fire Department	93,288	47,818	94,124	(836)	(0.9)%	(827)	(9)	(0.0)%	Unfavourable variance due to operational expenses including materials and supplies greater than budget and required vehicle repairs. Partially offset with savings in overall employee related costs.
Hamilton Paramedic Service	28,102	11,750	29,502	(1,400)	(5.0)%	0	(1,400)	(5.0)%	Unfavourable variance due to COVID expenses (i.e. overtime, materials and supplies, cleaning, etc.) forecasted to be higher than expected with no forecast from budgeted City reserves to offset the pressure. Note: If the Ministry funds the expected COVID expenses in total, HPS will likely end the year in a surplus position (approx. \$2.5 M). If the Ministry does not fund the expected COVID expenses, HPS would need to pull \$1.4 M from reserve of the \$1.8 M budgeted to end the year with \$0 surplus/deficit.
Public Health Services	13,508	8,419	13,095	413	3.1%	0	413	3.1%	Favourable variance of \$413 K is created by saving in levy and one-time funding programs. \$165 K of savings relates to Raccoon Rabies for one less staff than budgeted \$54 K of funding approved from the Ministry that was not budgeted. \$120 K relates to Residential Care Facility Saving from staff redeployed and service decreases due to COVID. Forecast is based on the assumption that the Ministry will fund 100% of COVID Extraordinary and Vaccine above the budgeted amounts for the mandatory programs.
TOTAL HEALTHY AND SAFE COMMUNITIES	255,023	115,288	263,921	(8,898)	(3.5)%	(12,604)	3,706	1.5%	

- () Denotes unfavourable variance.

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PUBLIC WORKS									
PW-General Administration	785	430	785	0	0.0%	0	0	0.0%	
Energy Fleet and Facilities	13,357	5,898	14,069	(712)	(5.3)%	(562)	(150)	(1.1)%	Overall the Energy, Fleet & Facilities Management division is forecasting an unfavourable variance of (\$712 K) mainly due to: <ul style="list-style-type: none"> • (\$522 K) (COVID-19) incremental expenses due enhanced cleaning and PPE • (\$40 K) (COVID-19) projected reduction to Dart's fuel consumption • (\$150 K) largely due to fleet parts obsolete Inventory write-off
Engineering Services	0	(396)	(350)	350	0.0%	0	350	100.0%	The Engineering Services division is projecting a favourable surplus of \$350 K attributed to: <ul style="list-style-type: none"> • \$350 K surplus projected due to Road Cut Administrative Program fees and Permit Revenues along with other user fee revenues collected for various Corridor Management activities administered by this section
Environmental Services	45,358	18,008	44,402	956	2.1%	0	956	2.1%	The Environmental Services division is forecasting a favourable variance of \$956 K: Favourable variance of \$1.4 M mainly due to: <ul style="list-style-type: none"> • \$907 K Net gapping savings after gapping target largely due to staff redeployed to the Hamilton Public Health Vaccination Clinics. Additional savings resulting from seasonal staff (i.e. Students) not hired per complement due to fewer or unsuccessful applicants and delayed or postponed hiring of other full time positions • \$500 K (COVID-19) Savings estimated in Parks Operations resulting from supply chain shortages Partially offset by unfavourable variance of (\$451 K): <ul style="list-style-type: none"> • (\$451 K) (COVID-19) incremental forecasted costs for labour, cleaning, PPE and other COVID-19 related expenses to maintain normal operations
Waste Management	42,983	19,361	42,764	219	0.5%	0	219	0.5%	The Waste Management division is forecasting a favourable variance of \$219 K: Favourable variance of \$1.29 M mainly due to: <ul style="list-style-type: none"> • \$719 K Contractual savings on the Central Composting Facility Contract. \$142 K Savings in the Central Composting Facility (CCF) contract due to favorable pricing in the new contract which came into effect June 28, 2021 • \$300 K Savings in the Materials Recycling Facility (MRF) contract due to new contract transition costs taking place in January-February 2021 resulting in materials being shipped offsite for processing • \$270 K Net gapping savings due to \$203 K (COVID-19) savings for Waste By-Law staff redeployed to Municipal Law Enforcement and remaining due to staff temporary assignments where hiring was delayed or postponed Partially offset by unfavourable variance of \$1.07 M due to: <ul style="list-style-type: none"> • (\$750 K) deficit in waste collection program mainly due to the escalation factor budgeted at 2%, however, the actual escalation factor is 2.167%. The main driver for the escalation factor increasing is due to higher than expected natural gas prices. Further contributing to the unfavourable variance is an increase in actual bulk collection and front-end garbage lifts (multi-residential and commercial) for the first half of 2021. This trend is projected to continue for the remainder of the year
Transit	80,835	54,073	92,253	(11,418)	(14.1)%	(13,249)	1,831	2.3%	The Transit division is forecasting an favourable variance of \$1.8 M due mainly to the following: Projected unfavourable variance of (\$27.7 M) due to the following: <ul style="list-style-type: none"> • (\$25 M) (COVID-19) deficit in Fare revenue continues as a result of the COVID-19 pandemic lockdown in the first half of the year resulting in decreased ridership. Further, the forecast has an expectation of ridership to only approach 65% by the end of 2021. The hybrid learning model (online versus in-person) at post-secondary institutions will also affect UPASS uptake and contribute to the deficit • (\$620 K) (COVID 19) shortfall in Taxi Scrip and Charter revenue due to lower utilization of Taxi Scrip and cancellation of charters • (\$1.2 M) (COVID-19) unfavourable largely due to enhanced building cleaning, purchases of Medical/Safety equipment for Drivers, Communications (signage, etc.) • (\$950 K) unfavourable variance in Vehicle Parts related to aging fleet Offset by favourable variance of \$29.5 M due to: <ul style="list-style-type: none"> • \$13.2 M Safe Restart Funding Phase 3 expected utilization • \$1.2 M (COVID-19) Savings in the PRESTO commissions due to lower ridership as a result of the pandemic • \$1.0 M (COVID-19) Taxi Contract Savings due to lower utilization of TransCab and Taxi Scrip Programs • \$10.5 M (COVID-19) Savings related to the DARTS contract (50% - 60% fewer trips than planned) • \$718 K favourable variance - \$650 K (COVID-19) related to lower consumption of Diesel, Unleaded and Natural Gas fuel, \$68 K due to prices lower than expected from January to April • \$417 K favourable net gapping variance in Employee Related costs • \$358 K other vehicle expenses (rebuild components, tires and tubes, antifreeze, lubricants, etc.) • \$308 K saving in materials and supplies such as office supplies, equipment repairs, NGV station repairs and printing and reproduction • \$252 K (COVID-19) savings mainly related to reduced BRINKS pickups (\$71 K), paused Travel Training (\$135 K), reduced Licence Fess (\$47 K)
Transportation Operations & Maintenance	83,485	41,121	79,266	4,219	5.1%	(252)	4,471	5.4%	The Transportation, Operations & Maintenance division is forecasting a surplus of \$4.2 M made up of the following: Favourable variance of \$4.5 M due to: <ul style="list-style-type: none"> • \$2.3 M net gapping savings due to seasonal staff/students not hired as a result of the COVID-19 hiring delays, staff vacancies attributed to normal staff turnover (retirements, job transfers, seasonal hiring, etc.) • \$2.2 M favourable variance in the Winter Season Roads Program due to decreased number and severity of winter events than budgeted, resulting in \$1.5 M material and supplies savings and \$700 K in contractor activation savings Partially offset by unfavourable variances of (\$251 K): <ul style="list-style-type: none"> • (\$251 K) (COVID-19) incremental costs associated with our response to the COVID-19 pandemic including labour, cleaning, PPE and other COVID-19 related expenses to maintain operations
TOTAL PUBLIC WORKS	266,803	138,495	273,190	(6,388)	(2.4)%	(14,063)	7,676	2.9%	

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LEGISLATIVE									
Legislative General	(386)	(115)	(256)	(130)	33.7%	0	(130)	(33.7)%	Savings in meetings, conferences and hosting costs offset by additional costs due to virtual meetings, membership fees and staffing costs.
Mayors Office	1,189	456	1,152	37	3.1%	0	37	3.1%	Favourable variance due to temporary vacancies, conferences, consulting and contractual costs offset by printing costs for Community Update.
Volunteer Committee	125	12	125	0	0.4%	0	0	0.4%	
Ward Budgets	4,236	2,010	4,237	(1)	(0.0)%	0	(1)	(0.0)%	
TOTAL LEGISLATIVE	5,164	2,363	5,258	(94)	(1.8)%	0	(94)	(1.8)%	
CITY MANAGER									
Office of the City Auditor	1,175	702	1,190	(15)	(1.3)%	0	(15)	(1.3)%	Unfavourable variance due to gapping.
CMO - Admin	208	240	344	(136)	(65.3)%	(124)	(12)	(5.7)%	Unfavourable variance mainly related to COVID related costs mostly due to overtime for Communications staff.
Communications and Strategic Initiatives	2,421	1,204	2,386	35	1.4%	0	35	1.4%	Favourable variance due to gapping and savings in communication administration expenses.
Digital and Innovation Office	202	(223)	202	0	0.2%	0	0	0.2%	
Government & Community Relations	848	308	883	(35)	(4.1)%	0	(35)	(4.1)%	Unfavourable variance due to consulting costs offset by savings due to gapping.
Human Resources	8,163	3,912	7,727	436	5.3%	0	436	5.3%	Favourable variance due to gapping of \$230 K and savings in corporate leadership training of \$200 K due to covid restrictions.
TOTAL CITY MANAGER	13,017	6,143	12,732	285	2.2%	(124)	409	3.1%	
CORPORATE SERVICES									
City Clerk's Office	2,972	1,358	3,133	(161)	(5.4)%	(3)	(158)	(5.3)%	Unfavourable variance of \$150 K due to decrease in marriage certificates, \$30 K due to lower recoveries in Postage and \$40 K in lower print recoveries. Offset by favourable variance of \$75 K due to temporary vacancies.
Customer Service, POA and Fin'l Integration	5,822	2,969	6,022	(200)	(3.4)%	(120)	(80)	(1.4)%	Unfavourable variance due to gapping of \$82 K and covid expenses of \$120 K.
Financial Serv, Taxation and Corp Controller	4,083	1,080	3,954	129	3.2%	0	129	3.2%	Favourable variance mainly due to temporary vacancies.
Legal Services and Risk Management	3,578	3,524	3,716	(138)	(3.9)%	0	(138)	(3.9)%	Unfavourable variance due to employee related costs and recruitment fees.
Corporate Services - Administration	328	160	333	(5)	(1.5)%	0	(5)	(1.5)%	Unfavourable variance mainly due to gapping due to staff overlaps offset by savings in consulting and training costs.
Financial Planning, Admin & Policy	5,217	3,225	5,167	50	1.0%	(2)	51	1.0%	Favourable variance mainly due to temporary vacancies.
Information Technology	15,212	3,472	15,055	157	1.0%	(322)	479	3.1%	Favourable variance mainly due to temporary vacancies of \$174 K and \$200 K savings in software and hardware and \$100 K in Computer repairs. Unfavourable variance of \$322 K due to COVID related expenses.
TOTAL CORPORATE SERVICES	37,212	15,788	37,380	(168)	(0.5)%	(447)	278	0.7%	
CORPORATE FINANCIALS									
Corporate Pensions, Benefits & Contingency	3,797	5,321	7,699	(3,902)	(102.8)%	(1,805)	(2,097)	(55.2)%	Anticipated deficit due to forecasted WSIB payments
Corporate Initiatives	15,654	(3,453)	17,854	(2,200)	(14.1)%	0	(2,200)	(14.1)%	\$2.1 M for insurance premiums per Report LS21027 approved at GIC meeting on August 9, 2021.
TOTAL CORPORATE FINANCIALS	19,451	1,868	25,553	(6,102)	(31.4)%	(1,805)	(4,297)	(22.1)%	
HAMILTON ENTERTAINMENT FACILITIES									
Operating	4,037	2,389	4,817	(780)	(19.3)%	(780)	0	0.0%	HEF is projecting to be in line with budget for the year after applying \$780 K of SRA funding to offset operating losses associated with the contract agreement.
TOTAL HAMILTON ENTERTAINMENT FACILITIES	4,037	2,389	4,817	(780)	(19.3)%	(780)	0	0.0%	
TOTAL CITY EXPENDITURES	631,064	292,024	656,371	(25,307)	(4.0)%	(36,308)	11,001	1.7%	

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CAPITAL FINANCING									
Debt-Healthy and Safe Communities	3,546	(629)	3,029	517	14.6%	0	517	14.6%	Principal and interest savings due to delay in debt issuance.
Debt-Planning & Economic Development	1,563	0	26	1,537	98.3%	0	1,537	98.3%	
Debt-Public Works	31,044	0	26,372	4,672	15.0%	0	4,672	15.0%	
Debt-Corporate Financials	89,960	82,237	86,657	3,303	3.7%	0	3,303	3.7%	
Infrastructure Renewal Levy	13,429	0	13,429	0	0.0%	0	0	0.0%	
TOTAL CAPITAL FINANCING	139,542	81,608	129,513	10,029	7.2%	0	10,029	7.2%	
BOARDS & AGENCIES									
Police Services									
Operating	175,352	107,353	175,352	0	0.0%	0	0	0.0%	Forecast to be provided to the Hamilton Police Services Board on September 16, 2021.
Capital Financing	1,235	0	296	939	76.0%	0	939	76.0%	Principal and interest savings due to delay in debt issuance.
Total Police Services	176,587	107,353	175,648	939	0.5%	0	939	0.5%	
Other Boards & Agencies									
Library	32,030	13,292	28,230	3,800	11.9%	0	3,800	11.9%	Projection of \$3.8 M favourable variance based on combination of staff secondments and vacancies going unfilled. This is COVID-19 related as a result of helping the City with vaccine rollout and service restrictions.
Conservation Authorities	8,460	5,676	8,460	0	0.0%	0	0	0.0%	
Hamilton Beach Rescue Unit	132	44	132	0	0.0%	0	0	0.0%	
Royal Botanical Gardens	647	212	647	0	0.0%	0	0	0.0%	
MPAC	6,980	3,434	6,980	0	0.0%	0	0	0.0%	
Farmers Market	115	60	173	(58)	(50.1)%	0	(58)	(50.1)%	
Total Other Boards & Agencies	48,364	22,718	44,622	3,742	7.7%	0	3,742	7.7%	Favourable gapping of \$62 K is offset by \$51 K deficit in rental revenues caused by vacant stalls, \$38 K additional costs with fitting and repairs of stalls in an effort to rent them, and \$36 K in additional security costs.
Capital Financing - Other Boards & Agencies	166	0	0	166	100.0%	0	166	100.0%	Principal and interest savings due to delay in debt issuance.
City Enrichment Fund	6,088	669	6,088	0	0.0%	0	0	0.0%	
TOTAL BOARDS & AGENCIES	231,205	130,740	226,357	4,847	2.1%	0	4,847	2.1%	
TOTAL EXPENDITURES	1,001,811	504,372	1,012,240	(10,431)	(1.0)%	(36,308)	25,877	2.6%	
NON PROGRAM REVENUES									
Slot Revenues	(5,200)	0	(2,600)	(2,600)	50.0%	(2,600)	0	0.0%	The closure of casinos and racetrack slots by the Province of Ontario resulted in lost revenues. Safe Restart Funding was applied to reduce the variance.
Investment Income	(4,100)	(19,335)	(4,270)	170	(4.1)%	0	170	(4.1)%	Actuals projected slightly higher than budgeted
Hydro Dividend and Other Interest	(5,281)	6,279	(5,363)	82	(1.6)%	0	82	(1.6)%	Vacancy rebate has ended. Actuals will reflect clawbacks of prior vacancy rebates due to successful appeals.
Tax Remissions and Write Offs	9,570	328	9,523	47	0.5%	0	47	0.5%	
Payment In Lieu	(16,400)	(17,488)	(17,007)	607	(3.7)%	0	607	(3.7)%	2021 budget reflected 2020 actuals (June 2020 final billing). 2022 to reflect 2021 actuals. Not known until year end.
Penalties and Interest	(11,000)	(5,656)	(11,924)	924	(8.4)%	0	924	(8.4)%	Higher Interest and Penalties Received
Right of Way	(3,227)	(3,229)	(3,229)	2	(0.1)%	0	2	(0.1)%	
Senior Tax Credit	537	583	510	27	5.0%	0	27	5.0%	Supplementary taxes experience year over year volatility. Based on the preliminary first billing, expected to be at budget at year-end.
Supplementary Taxes	(9,925)	28	(9,925)	0	0.0%	0	0	0.0%	
POA Revenues	(2,366)	(1,103)	210	(2,576)	108.9%	0	(2,576)	108.9%	
TOTAL NON PROGRAM REVENUES	(47,392)	(39,593)	(44,075)	(3,317)	7.0%	(2,600)	(717)	1.5%	
TOTAL LEVY REQUIREMENT	954,419	464,779	968,165	(13,748)	(1.4)%	(38,908)	25,160	2.6%	