



**TAX AND RATE OPERATING BUDGET  
VARIANCE REPORT AS AT  
JUNE 30, 2021**

**FCS21070**

1. Summary of Tax and Rate Operating Budget Variance Forecasts  
(Unaudited)
2. Update on COVID-19 Funding
3. Recommendations
  1. Budget Control Policy
  2. Development Charge Discretionary Exemptions
4. Next Steps

# 2021 PROJECTED YEAR-END OPERATING BUDGET VARIANCES (\$000's)

	2021 Approved Budget	2021 Year-End Forecast	Pre Safe Restart/COVID-19 Funding		Post Safe Restart/COVID-19 Funding	
			Variance		Variance	
			\$	%	\$	%
<b>TAX SUPPORTED</b>						
Planning & Economic Development	30,357	33,520	(3,163)	(10.4)%	3,322	10.9%
Healthy and Safe Communities	255,023	263,921	(8,898)	(3.5)%	3,706	1.5%
Public Works	266,803	273,190	(6,388)	(2.4)%	7,676	2.9%
Legislative	5,164	5,258	(94)	(1.8)%	(94)	(1.8)%
City Manager	13,017	12,732	285	2.2%	409	3.1%
Corporate Services	37,212	37,380	(168)	(0.5)%	278	0.7%
Corporate Financials / Non Program Revenues	(27,941)	(18,522)	(9,419)	(33.7)%	(5,014)	(17.9)%
Hamilton Entertainment Facilities	4,037	4,817	(780)	(19.3)%	0	0.0%
<b>TOTAL CITY EXPENDITURES</b>	<b>583,672</b>	<b>612,296</b>	<b>(28,624)</b>	<b>(4.9)%</b>	<b>10,284</b>	<b>1.8%</b>
Hamilton Police Services	175,352	175,352	0	0.0%	0	0.0%
Library	32,030	28,230	3,800	11.9%	3,800	11.9%
Other Boards & Agencies	16,334	16,392	(58)	(0.4)%	(58)	(0.4)%
City Enrichment Fund	6,088	6,088	0	0.0%	0	0.0%
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>229,804</b>	<b>226,062</b>	<b>3,742</b>	<b>1.6%</b>	<b>3,742</b>	<b>1.6%</b>
<b>CAPITAL FINANCING</b>	<b>140,943</b>	<b>129,809</b>	<b>11,134</b>	<b>7.9%</b>	<b>11,134</b>	<b>7.9%</b>
<b>TOTAL OTHER NON-DEPARTMENTAL</b>	<b>370,747</b>	<b>355,871</b>	<b>14,876</b>	<b>4.0%</b>	<b>14,876</b>	<b>100.0%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>954,419</b>	<b>968,166</b>	<b>(13,748)</b>	<b>(1.4)%</b>	<b>25,160</b>	<b>2.6%</b>
<b>TOTAL RATE SUPPORTED</b>		<b>1,293</b>	<b>(1,293)</b>	<b>(1.6)%</b>	<b>(1,293)</b>	<b>(1.6)%</b>

( ) Denotes unfavourable variance

# Tax Supported Operating Budget Variance Forecast

# 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	\$ 1,880	\$ 1,027
Healthy and Safe Communities	\$ 952	\$ (450)	\$ (1,402)
Public Works	\$ 2,202	\$ 5,400	\$ 3,198
Legislative	\$ 84	\$ 47	\$ (37)
City Manager	\$ 225	\$ 388	\$ 163
Corporate Services	\$ 633	\$ 822	\$ 189
<b>Consolidated Corporate Savings</b>	<b>\$ 4,950</b>	<b>\$ 8,087</b>	<b>\$ 3,137</b>

# DEPARTMENT VARIANCES EXPLANATION SUMMARY

## MAIN DRIVERS

### Planning and Economic Development:

- **\$3.2M deficit** *before* COVID funding
- **\$3.3M surplus** *after* COVID funding
  - **Transportation, Planning, and Parking** - **\$0.3M** deficit
    - \$6.1M of Safe Restart Funding was applied (\$6.4M deficit pre-funding)
    - Foregone revenues and unfavourable staffing costs
  - **Economic Development**- **\$0.1M** deficit:
    - Unfavourable variance of \$308 K in Real Estate fees offset by savings of \$189 K due to gapping.
  - **Planning and Growth Management Divisions**- **\$3.4M combined** surplus:
    - Higher than anticipated revenues (higher volume) and net gapping savings
  - **Remaining** surplus is mainly due to gapping

# DEPARTMENT VARIANCES EXPLANATION SUMMARY

## Healthy and Safe Communities:

## MAIN DRIVERS

- **\$8.9M deficit before COVID funding**
- **\$3.7M surplus after COVID funding**
  - **Long Term Care - \$1.6M surplus:**
    - Gapping and other employee expenditures savings (\$1.2M) and unbudgeted provincial funding of Structural Compliance (\$1.4M)
    - Slightly offset by foregone accommodation fee revenue and Adult Day Program Closure (\$1.0M)
  - **Ontario Works - \$1.3M surplus:**
    - Carry-over Ministry funding from 2020 (\$0.4M) and subsidy maximization (\$0.2 M)
    - Underspending in the low-income program and gapping savings (\$0.7M)
  - **Housing - \$0.9M surplus:**
    - Favourability in Rent supplements and Housing Stability benefits that are underspent due to CERB payments and gapping
  - **Children's Services and Neighbourhood Development - \$0.7M surplus:**
    - Savings in redeployment to Public Health in addition to savings in program, conferences, travel and meeting related expenditures
  - **Hamilton Paramedic Services - \$1.4M deficit:**
    - Unfavourable variance due to COVID expenses

# DEPARTMENT VARIANCES EXPLANATION SUMMARY

## MAIN DRIVERS

### Public Works:

- **\$6.4M** deficit before COVID funding
- **\$10.4M** surplus after Safe Restart Transit Funding
- **Transportation Operations & Maintenance** - **\$4.2M** surplus:
  - Winter Season Roads Maintenance Program (\$2.2M)
  - Gapping including seasonal staff not hired/hiring delays (\$2.2M)
- **Transit** - **\$1.8M** surplus:
  - \$25M lost revenues, \$1.2M in enhanced cleaning, \$1.0 M in vehicle parts related to aging fleet, offset by fuel savings, PRESTO, gapping, DARTS, TransCab, and Taxi Scrip contract savings
- **Environmental Services** - **\$0.9M** surplus:
  - Gapping savings largely due to staff redeployed to the Hamilton Public Health Vaccination Clinics (\$0.9M)
- **Energy, Fleet, and Facilities** - **\$0.7M** surplus:
  - Incremental expenses from enhanced cleaning and PPE (\$0.5 M)
  - Charges for obsolete inventory fleet parts write-off. (\$0.2M)



# DEPARTMENT VARIANCES EXPLANATION SUMMARY

## MAIN DRIVERS

### Corporate Services:

- **\$0.2M** deficit before COVID funding
- **\$0.3M** surplus after COVID funding
  - Favourable gapping across several divisions
  - Savings in software, hardware, and computer repairs in the Information Technology division offset slightly by decreases in marriage certificates in City Clerk's Office

### City Manager's Office:

- **\$0.3M** surplus before COVID funding
- **\$0.4M** surplus after COVID funding
  - Favourable combined gapping across several divisions

### Corporate Financials / Non Program Revenues:

- **\$8.4M** deficit before COVID funding
- **\$2.9M** deficit after COVID funding
  - POA revenues are expected to be at a deficit of \$2.6 M
  - \$3.9 M deficit due to PTSD pressures
  - \$2.1 M for insurance premiums per Report LS21027 approved at GIC meeting on August 9, 2021.

# OTHER NON-DEPARTMENTAL PROJECTED VARIANCES (\$000's)

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<b>TOTAL OTHER NON-DEPARTMENTAL</b>	<b>370,747</b>	<b>355,871</b>	<b>14,876</b>	<b>4.0%</b>	<b>14,876</b>	<b>100.0%</b>

( ) Denotes unfavourable variance

# Rate Supported Operating Budget Variance Forecast

# 2021 RATE OPERATING BUDGET PROJECTED YEAR-END VARIANCE (\$000's)

	2021 Approved Budget	2021 Projected To Year End	2021 Projected Variance	
			\$	%
TOTAL EXPENDITURES	245,555	247,799	(2,244)	(0.9%)
TOTAL REVENUES	(245,555)	(246,506)	951	(0.4%)
NET	-	1,293	(1,293)	(0.5%)

( ) Denotes unfavourable variance

# 2021 RATE OPERATING PROJECTED VARIANCE (\$000's) - BY COST CATEGORY

<b>Expenditure Type</b>	<b>Variance (\$000's)</b>
Contractual and Consulting	(2,399)
Employee Related Costs	682
Buildings & Grounds	(534)
Materials & Supplies	(498)
Capital Financing	505
<b>Total Operating Expenditures</b>	<b>(2,244)</b>

# COVID FUNDING AND OUTLOOK

Department - Division	Net Financial Pressures from COVID-19	2021 Funding from Senior Levels of Government					Total Funding	Net Total Impact
		Social Services Relief Fund	Ministry of Health	Safe Restart Agreement - Municipal & Transit	COVID-19 Recovery Funding for Municipalities	Ministry of LTC		
Planning & Economic Development	6,485,798	-	-	(6,485,798)	-	-	(6,485,798)	-
Healthy and Safe Communities	74,010,149	(12,625,210)	(41,705,523)	(8,686,877)	(3,917,040)	(3,157,869)	(70,092,519)	3,917,630
Public Works	14,062,762	-	-	(14,062,762)	-	-	(14,062,762)	-
Legislative	103	-	-	(103)	-	-	(103)	-
City Manager	124,205	-	-	(124,205)	-	-	(124,205)	-
Corporate Services	447,284	-	-	(447,284)	-	-	(447,284)	-
Hamilton Entertainment Facilities	780,000	-	-	(780,000)	-	-	(780,000)	-
Corporate Financials & Non-Program Rev	4,405,000	-	-	(4,405,000)	-	-	(4,405,000)	-
<b>Total</b>	<b>100,315,301</b>	<b>(12,625,210)</b>	<b>(41,705,523)</b>	<b>(34,992,029)</b>	<b>(3,917,040)</b>	<b>(3,157,869)</b>	<b>(96,397,671)</b>	<b>3,917,630</b>

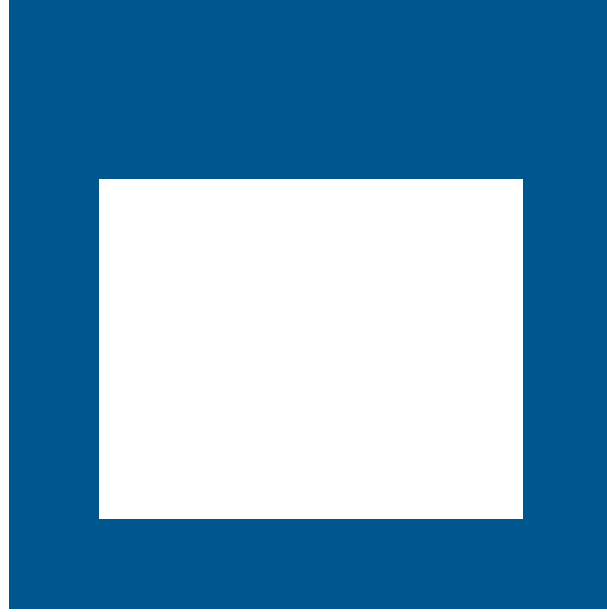
## OTHER RECOMMENDATIONS

- 2021 budget transfer, transferring complement from one department / division to another, outlined in Appendix “C”, be approved;
- 2021 extensions of temporary positions with 24-month terms or greater, with no impact on the levy, as outlined in Appendix “D”, be approved;
- 2021 budget transfer, transferring budget from one department / division to another or from one cost category to another with no impact on the levy, outlined in Appendix “E”, be approved;

## OTHER RECOMMENDATIONS

- 2021 Development Charge Discretionary Exemptions
  - Any DC exemptions authorized by Council through DC By-law 19-142 or through a Council meeting are required to be recovered through other sources
  - Council has approved amounts in the Rates and Tax Capital Budgets to fund these exemptions but the volume of exemptions continues to exceed the allocated funding
  - Recommendation e) provides staff direction to ensure that any shortfall in being able to cover the in-year discretionary exemptions in 2021 is achieved through an allocation of the annual surplus





THANK YOU