

Corporation of Hamilton - 2014 Budget

Operating and Capital Budgets

TO BE APPROVED: MARCH 2014

Corporation of Hamilton - 2014 Budget

Operating and Capital Budgets

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Executive Summary

Vision

We will be a vibrant, dependable and clean city where services are delivered innovatively and effectively.

Mission

Our mission is to provide effective operations of the city through collaboration of members, management and staff.

Goals

The 2014 Budget for the Corporation of Hamilton has been prepared with the objective of meeting the following goals.

- A city of one likeness
- Hamilton known as a safe city
- Encourage and enhance city development for the next century
- Create a more Vibrant City
- Long Term Financial Stability
- Employer of Choice
- Building the Brand
- Establish a Quality Management system

With these goals in mind the committee's will focus on:

Infrastructure, Development and Future Committee

The current council was elected in May 2012 based on a platform to create a city of one likeness. In 2014 the council will keep the promise to the residents of the city by creating a city which has the same look throughout.

- In 2014 the council is committed to completing the work started in 2013 of upgrading the sidewalks on Princess Street.
- Work will also begin on the upgrade of Ewing Street which is expected to be completed in 2014.

The city is also committed to moving forward with the development of the Par-la-Ville Hotel and the Hamilton waterfront.

Events

- The city will continue with many of the events which were successful in the past such as the Fashion Festival, Summer Sunday's in the Park and the City Market.
- The Fathers' Day BBQ has been added to the 2014 calendar to enhance Northeast Hamilton.
- The Corporation of Hamilton is also excited to add international events to the events calendar. In October 2014 the city will host the 40th Annual Black Mayor's Conference.

Property and Safety Committee

The Corporation will undertake an evaluation of all properties and explore:

- Renovating/refurbishing rental units. Rents on current properties have not been increased since 1998. Some properties will be renovated to achieve market value rents for those properties.
- Alternative uses for land and property that will produce increased revenues.
- Establish a rental agreement for the Fire Station.

Staff, Legislative & Governance Committee

- The Human Resources department will invest more funds into training staff.
- The committee will complete work started in 2013 on preparing several corporate Governance documents.

Finance Committee

The Finance Committee will continuously look for ways to reduce costs and increase revenues.

The city will use technology to improve processes. In 2014 the city will move from paper statements and invoices to sending statements and invoices via email.

Economic Outlook for the Bermuda economy

In November 2013 experts are predicting that Bermuda could be at least 16 months away from pulling out of this recession. Two factors have been cited which they predict will have an effect on the Bermuda economy.

- 1) Consumers are spending less in stores.
- 2) In July 2013 Bermuda Government workers agreed to a reduction in pay by taking one furlough day per month. This is expected to have a negative impact on the local economy starting in October 2013.

In the second half of 2013 both BNTB and HSBC announced job losses which are bound to have an effect on the Corporation of Hamilton's revenue.

Job losses means less people working in the city and less people contributing to the Corporation of Hamilton's parking revenue.

Lower spending levels in retails stores means less money available to pay Corporation of Hamilton taxes.

Based on the assumptions mentioned above the 2014 budget for the Corporation of Hamilton has been prepared on the basis that the recession will continue to affect the Bermuda economy in 2014.

CORPORATION OF HAMILTON
2014 Budget Summary
Approved by the Minister - March 2014

Appendix 1

	<u>2014</u>	<u>2013</u>	
	Budget	Budget	Variance
Revenues			
Banners	\$4,300	\$5,000	(\$700)
Car parks	4,316,300	4,370,100	(53,800)
Docks storage	100,000		100,000
Encroachments	11,000	11,000	
Goods sold	5,000	5,000	
Interest	2,000	2,000	
Licences and permits	240,000	290,000	(50,000)
Miscellaneous	42,000	42,000	
Rents	972,986	977,000	(4,014)
Sewerage	2,294,666	2,084,000	210,666
Tax revenue	8,278,050	8,278,050	
Wharfage - Government	4,373,523		4,373,523
Wharfage - Ships	100,000		100,000
Government Grant		5,000,000	(5,000,000)
Total Revenue	20,739,825	21,064,150	(324,325)
Expenses			
Staff costs			
Gross wages & salaries	4,906,766	5,324,860	(418,094)
Overtime	651,000	651,000	
Social security	195,408	192,493	2,915
Health insurance	948,810	959,605	(10,794)
Life insurance	145,125	135,000	10,125
Long term disability	99,611	91,456	8,155
Payroll tax	275,112	303,939	(28,827)
Pension	378,401	515,850	(137,449)
Staff costs and fees	76,800	25,000	51,800
Management and Admin salaries	2,701,329	2,353,955	347,374
Total Staff Cost	10,378,362	10,553,158	(174,796)
Administrative & operating			
Advertising	230,000	226,000	4,000
Audit fees	100,000	110,000	(10,000)
Computer expenses - hardware	15,000	20,000	(5,000)
Computer expenses - software	131,260	60,000	71,260
Contracted Services	1,983,500	1,889,000	94,500
Debt collection costs	130,000	100,000	30,000
Electricity	1,200,800	1,136,300	64,500
Fuel	130,000	130,000	0
Gifts and donations	40,000	35,000	5,000
Government charges	600,000	600,000	0
Insurance	440,000	420,000	20,000
Legal fees	105,000	105,000	0
Maintenance agreements	185,600	162,124	23,476
Materials and equipment/ tool purchase	1,305,700	1,040,000	265,700
Miscellaneous	40,000	55,000	(15,000)
Meetings - Hospitality Expenses	23,500	10,000	13,500
Members Expenses	45,000	850,000	(805,000)
Office supplies	126,000	135,000	(9,000)
Professional fees	7,000	42,000	(35,000)
Security	854,000	778,500	75,500
Telephone and Internet	176,200	152,200	24,000
Temporary staff	20,000	10,000	10,000
Training	73,000	73,000	0
Travel	150,000	50,000	100,000
Uniforms and protective clothing	81,500	90,000	(8,500)
Water	75,000	65,000	10,000
Total Admin & Operating	8,268,060	8,344,124	(76,064)
Depreciation	1,433,772	1,397,000	36,772
Finance			
Interest	438,918	497,800	(58,882)
Bank service charges	106,800	108,000	(1,200)
Total Finance Charges	545,718	605,800	(60,082)
Total Expenses	20,625,912	20,900,082	(274,170)
Surplus/(Deficit)	113,914	164,068	(50,154)

CORPORATION OF HAMILTON
2014 Budget Summary by Department
Approved by the Minister - March 2014

	<u>2014</u>	<u>2013</u>	
	Budget	Budget	Variance
Revenues			
Banners	\$4,300	\$5,000	(700)
Car parks	4,316,300	4,370,100	(53,800)
Docks storage	100,000		100,000
Encroachments	11,000	11,000	
Goods sold	5,000	5,000	
Interest	2,000	2,000	
Licences and permits	240,000	290,000	(50,000)
Miscellaneous	42,000	42,000	
Rents	972,986	977,000	(4,014)
Sewerage	2,294,666	2,084,000	210,666
Tax revenue	8,278,050	8,278,050	
Wharfage - Government	4,373,523		4,373,523
Wharfage - Ships	100,000		100,000
Government Grant		5,000,000	(5,000,000)
Total Revenue	20,739,825	21,064,150	(324,325)
Expenses			
Finance - Events	599,500	464,000	135,500
Finance - Human Resources	205,000	182,000	23,000
Finance - Communications	250,000	175,000	75,000
Finance - Christmas Decorating	90,600	65,600	25,000
Finance - Civic Functions	54,200	64,200	(10,000)
Finance - Wireless Networking	75,000	83,224	(8,224)
Finance - Members Expenses	306,000		306,000
Finance - Non Cash Items -Depn & Debt Collection	1,563,772	1,497,000	66,772
Finance and Admin Dept Expenses	2,919,681	3,619,827	(700,146)
City Hall	495,072	496,521	(1,449)
Sanitation	3,370,026	3,474,062	(104,036)
Sewer	715,794	771,487	(55,693)
Streets	2,533,597	3,231,702	(698,105)
Parks	1,660,675	1,560,365	100,310
Works Depot	1,117,341	1,107,366	9,975
Management & Admin Salaries	2,701,329	2,353,955	347,374
Car Parks	215,828	332,583	(116,755)
Wharf	1,338,565	1,136,190	202,375
Property	398,932	110,000	288,931
Development	15,000	175,000	(160,000)
Total Operating Expenses	20,625,912	20,900,082	(274,170)
Surplus/(Deficit)	113,914	164,068	(50,154)

CORPORATION OF HAMILTON
2014 Budget
CASH FLOW PROJECTION

	<u>2014</u>	<u>2013</u>
Opening Cash	1,552,674	2,749,000
Budgeted Surplus/(Deficit)	113,914	164,068
Add Back Non-Cash Items	1,563,772	1,397,000
Changes in Working Capital	80,000	(404,000)
Funds from Government for Angle Street Wall		
Financing		
BNTB - Principal Payments	(41,316)	
CAPITAL G - Principal Payments	(650,757)	(634,000)
Capital Expenditures	(1,581,800)	(1,927,000)
Projected Closing Cash	<u>1,036,487</u>	<u>1,345,068</u>

CORPORATION OF HAMILTON
2014 Budget
CAPITAL EXPENDITURES

Appendix 3

<u>GL Account Number</u>	<u>Carry Over projects</u>	Revised	Rating
0095-0-00-0003	Victoria Park - Replace retaining wall on Eastern boundary	\$ 215,000.00	1
0065-0-00-0001	Laffan Street Roundabout	\$ 300,000.00	1
0095-0-00-0005	Princess St Refurbishment Scheme	\$ 100,000.00	1
0095-0-00-0004	Ewing St Refurbishment Scheme	\$ 450,000.00	5
<u>New Projects</u>			
0045-0-00-0033	New deoderization unit at Seabright including electrical equipment building	\$ 150,000.00	2
<u>Equipment</u>			
0045-0-00-0032	Concrete mixer	\$ 55,000.00	2
0045-0-00-0030	Vacuum Unit	\$ 150,000.00	2
0045-0-00-0031	Carbon for Front Street Deoderization unit	\$ 105,000.00	2
Total Engineering Capital Expenditures		\$ 1,525,000.00	
<u>Computer Equipment</u>			
0045-0-00-0029	Server/SAN combo	\$ 40,000.00	2
0040-0-00	Desktops annual refresh	\$ 16,800.00	2
Total Computer Equipment Expenditures		\$ 56,800.00	
Total Capital Expenditures		<u><u>\$ 1,581,800.00</u></u>	

Rating

- 1 Life safety issue or already committed project
- 2 Critical to operations and cannot be deferred
- 3 Important to operations cannot be deferred but scope cost can be reduced
- 4 Important to operation but can be deferred and scope/cost can be reduced
- 5 Not critical to operation and can be deferred and scope/cost reduced

**CORPORATION OF HAMILTON
2014 Budget
Budget Assumptions**

APPENDIX 4

General		We will end the year with at least \$1m in cash Recession will continue to affect Bermuda in 2014
Revenues		
Car Parks		Conservative approach to Revenue. No additional revenue assumed for New Parking Ordinance Assumed current Car Park revenue will continue to decrease slightly when compared to prior years Assumed Clamping revenue based on 15 clamps per day
Dock Storage		New revenue item effective April 1, 2014
Licences and Permits		Assumed slight decrease in this category.
Rents		Assumed no increase in rates for rental properties.
Sewerage		No increase in rates for Sewage in 2014. Estimated an increase in revenue of \$200k related to Waterloo House
Tax Revenue		No rate increase in 2014
Wharfage		Expected to begin in April 2014 at a rate of 1.25%. Calculated based on current imports through the Hamilton Docks for the past year.
Wharfage - Ships		New revenue item effective April 1, 2014
Government Grant		Will be replaced with Wharfage effective April 1, 2014
Expenses		
Staff Costs		BIU 76; BPSU Office 6; Executive 27 - Total 109 (2013 - 115) There will be 8 retirees at year end to be replaced by 2 new Hires in 2014 7.5% increase in rates for Deductions. Health Ins, Social Ins, Payroll Tax, Life Ins and LTD Overtime estimated to be \$651k, was \$651 in 2013.
Human Resources		Slightly increased budget in 2014 due in Training and consultants costs now budgeted under HR
Communications		Additional funds for Walk of Fame, 200th Anniversary Celebration (2015) and On going Parking Awareness due to the new ordinance. Increased budget for hours worked which is more in line with actuals for 2013.
Members Expenses		Members expenses have been allocated to various categories.
Finance		Assumes Legal Fees of \$105k, Donations of \$20,000 per year (Salvation Army \$10k, Cada \$2,500, \$7.5k discretionary (\$5k will be paid to Boat Parade every other year) Additional \$50k for GP Enhancements. Depreciation Expense is included in this line
Operational		
	Streets	Allows for resurfacing each road every 20 years. Resurfacing costs will be paid by Bda Government.
	Wharf	Increase in asphalt repairs
	Property	Increased maintenance on properties.
Management & Admin		Increased costs due to hire of New Clampers.
Fire Service Lease		No Accrual for the Fire Service lease expected to be signed during 2013. Saving \$720k expense . Tipping Fees will not be paid until Fire Service lease issue is resolved.