

Corporation of Hamilton - 2015 Budget

Operating and Capital Budgets

APPROVED BY BOARD: DECEMBER 3, 2014
APPROVED BY THE MINISTER: DECEMBER 31, 2014

Corporation of Hamilton - 2015 Budget

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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 2015 Budget for the Corporation of Hamilton has been prepared with the objective of meeting the same goals as 2014.

- 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



Budget Summary

The 2015 budget for the Corporation of Hamilton (COH) has been prepared on the basis that we expect minimal growth in the Bermuda Economy in 2015. The 2015 budget will allow COH to carry out basic operational duties and address some of the issues documented in the Asset Management Plan.

Significant items affecting the 2015 budget include:

1. Asset Management Plan - This is the first budget for the Corporation of Hamilton which takes into consideration the city's new Asset Management Plan. We do not have sufficient revenue to cover all of the current year's projects so you will also find as a supplement to this budget a list of projects that will be deferred to later years.
2. Sewage Treatment - COH is proposing a short term solution to address the City's Sewage Treatment. The cost is estimated to be \$2.1m. This will be funded using several sources.
 - a. The Government of Bermuda has been asked to contribute \$600,000 towards the cost.
 - b. COH will seek a loan of \$1.5m from a local bank.
 - c. COH is proposing a new sewage tax on all tax payers. Funds from the tax will be used to repay the loan and placed into a separate fund to cover future sewage treatment costs.
3. Clamping Revenue – On November 5, 2014 the Chief Justice ruled that the Corporation of Hamilton has no legal authority to clamp illegally parked vehicles. The projected 2015 revenue from Clamping has therefore been removed from this budget.



Assumptions

Revenue

- Car Parks - Assumed that revenue will be the same as the prior year
- Rents – No increase in rents. Rents will be reviewed later in the year.0
- Sewage Rates – No increase in current sewage rates.
- Taxes – No increase in rates. Every 5 years the Bermuda Government reviews and adjusts the ARV’s. If, as expected, the ARV’s decrease then COH will need to adjust our tax rates.
- Wharfage - Now reflects a full year of revenue. 2014 revenue is only 9 months (April to December 2014.)

Staffing Costs and Levels

	2015	2014	Comments
BIU	76	76	
BPSU Finance (Bi-weekly)	6	6	
BPSU Admin (Monthly)	16	16	
MANAGEMENT	12	11	Trainee Engineer
Total	110	109	

- Assumes a pay increase of 2% for all staff
- No increase in rates for staff benefits



Budget Timelines

<i>Corporation of Hamilton</i>		
<i>2015 Financial Year Budget Process</i>		
DATE	RESPONSIBILITY	ACTION
July 2014	Committee Meetings	Committee's to provide Department Heads with Strategic Plans for the 2015 financial year.
July 2014	Finance Committee	Finance Committee to provide direction on changes to Revenue for the 2015 financial year
July 31, 2014	Finance Department	Budget templates to be distributed to Department heads with Actuals to June 30, 2014
August 31, 2014	Department Head	Department heads to submit department budgets to Finance Department. Capital Budgets to be submitted to Finance. Revenue Budget to be finalized.
September 2014		Management to hold budget meetings during the month to determine Final Balanced Budget.
October 2014		Strategy and Final Budget to be submitted to Finance committee for approval
November 2014		Strategy and Final Budget to be approved in the November Board Meeting
By November 15, 2014		Strategy and Final Budget to be approved by the Minister



Rate Changes

Sewage

Sewage Tax	0.125% of ARV (New tax)
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Permits

Handicap Permits	\$25 per permit
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Replacement Permits	\$50 per permit
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Rentals

Earl Cameron Theatre

Full day normal from \$800 to \$1000

Full day charity from \$500 to \$600

Half day normal from \$500 to \$700

Half day charity from \$400 to \$500

City Hall Foyer Displays only \$50 per day

City Hall Grounds \$200 per hour

Town Crier for events \$75 per hour

Nellie's Walk \$50 per hour (free for charities)



**CORPORATION OF HAMILTON
2015 OPERATING BUDGET**

	<u>2015</u>	<u>2014</u>	
	<u>Budget</u>	<u>Budget</u>	<u>Variance</u>
Revenues			
Banners	\$5,004	\$4,300	\$704
Car parks	3,903,160	4,316,300	(413,140)
Docks storage		100,000	(100,000)
Encroachments	30,350	11,000	19,350
Goods sold	2,000	5,000	(3,000)
Interest	600	2,000	(1,400)
Licences and permits	246,000	240,000	6,000
City Maintenance - PTB Cleaning	49,440		49,440
Miscellaneous	25,000	42,000	(17,000)
Rents	914,726	972,986	(58,260)
Sewerage	2,294,666	2,294,666	0
Tax revenue	8,475,375	8,278,050	197,325
Wharfage - Government	5,738,088	4,373,523	1,364,565
Wharfage - Ships	144,000	100,000	44,000
Total Revenue	21,828,409	20,739,825	1,088,584
Expenses			
Staff costs			
Gross wages & salaries	5,075,660	4,866,266	209,394
Overtime	678,000	666,000	12,000
Social security	195,408	195,408	
Health insurance	948,810	948,810	
Life insurance	145,125	145,125	
Long term disability	99,611	99,611	
Payroll tax	275,112	275,112	
Pension	378,401	378,401	
Staff costs and fees	46,800	71,300	(24,500)
Management and Admin salaries	2,701,329	2,701,329	
Total Staff Cost	10,544,256	10,347,362	196,894
Administrative & operating			
Advertising	140,000	187,000	(47,000)
Audit fees	105,000	100,000	5,000
Computer expenses - hardware		15,000	(15,000)
Computer expenses - software	131,260	131,260	
Contracted Services	1,299,000	1,650,500	(351,500)
Debt collection costs	130,000	130,000	
Electricity	1,198,300	1,200,800	(2,500)
Fuel	130,000	130,000	
Gifts and donations	40,000	40,000	
Government charges	650,000	600,000	50,000
Insurance	440,000	467,000	(27,000)
Legal fees	245,000	297,100	(52,100)
Maintenance agreements	203,600	185,600	18,000
Materials and equipment/ tool purchase	965,700	1,265,700	(300,000)
Miscellaneous	35,000	25,000	10,000
Meetings - Hospitality Expenses	23,500	23,500	
Members Expenses	45,000	45,000	
Office supplies	118,000	126,000	(8,000)
Professional fees	5,000	7,000	(2,000)
Security	865,000	854,000	11,000
Telephone and Internet	175,200	176,200	(1,000)
Temporary staff	64,000	20,000	44,000
Training	73,000	73,000	
Travel	110,000	400,000	(290,000)
Uniforms and protective clothing	83,500	74,400	9,100
Water	80,000	75,000	5,000
Total Admin & Operating	7,355,060	8,299,060	(944,000)
Depreciation	1,581,857	1,433,772	148,085
Finance			
Interest	408,181	438,918	(30,737)
Bank service charges	107,040	106,800	240
Total Finance Charges	515,221	545,718	(30,497)
Total Expenses	19,996,394	20,625,912	(629,518)
Surplus/(Deficit)	1,832,015	113,913	1,718,102

**Corporation of Hamilton
2015 CAPITAL Budget**

		<i>Estimate</i>	<i>Rating</i>	<i>Description</i>
BETTERMENTS				
Carry Over Projects				
Victoria Park - Replace retaining wall on Eastern boundary		\$ 60,000.00	1	
New deoderization unit at Seabright including electrical equipment building			3	
Ewing St Refurbishment Scheme		\$ 350,000.00	1	
New Projects				
Streets				
Pay and Display Machines	unit	\$ 60,000.00	2	Replace existing P&D machines
Road Markings	km	\$ 170,000.00	2	
Road Signs	unit	\$ 15,000.00	2	
Roads	km	\$ 350,000.00	3	Street resurfacing - Bermudianna, Brunswick, Church part, Elliot, Park, Tumkins
Sidewalks	km	\$ 150,000.00	3	
Traffic lights	unit	\$ -	4	
Street lights	unit	\$ 50,000.00	4	New street light poles and remove old concrete
Street furniture	unit	\$ -	4	
Parks				
Public washrooms	unit	\$ -	4	Refurbish Union St public washrooms
Property				
All Residential and Commercial Properties				
Doors		\$ 50,000.00	3	
Windows		\$ 50,000.00	3	
Upgrade Property - 60 and 66 Serpentine Road		\$ 250,000.00	3	
City Hall				
City Hall tower railing		\$ 60,000.00	2	Replace coroded railing
Windows and external doors		\$ -	4	Replace remaining wood windows and doors
City Hall Theatre				
Lighting and sound equipment		\$ 100,000.00	2	Replace existing lighting - safety issue
Corporation Offices				
City Hall - Front Desk Security		\$ 20,000.00	3	Security Camera
Infrastructure				
Bulls Head Steel painting		\$ -	4	Repaint corording steelwork
Bulls Head Elevator	unit	\$ -	4	Replace elevator
Signage	Unit	\$ -	4	
Bulls Head Car Park Recaulk top deck		\$ -	4	Replace caulking in top deck to stop water penetration
Wharf				
Seawall	LF	\$ 100,000.00	2	Repair seawall - undermining and hollows
Bollard replacement	unit	\$ 20,000.00	2	Replace two bollards
Fender replacement	unit	\$ 20,000.00	2	Replace fenders as required
Asphalt surfacing	m2	\$ 40,000.00	2	Replace asphalt as required
Refurbish electrical system		\$ 150,000.00	2	
Wharf Edge refurbishment - cargo docks			4	repair and replace steel angle on dock edge
Hi Mast Lighting		\$ 50,000.00	4	Geotech survey
Crane Platform		\$ 160,000.00		
Equipment				
Computers	unit	\$ 25,000.00	2	Replace desktops, monitors
Software		\$ 10,000.00	2	renew software licencing
Concrete mixer		\$ 55,000.00	2	Replace concrete mixer at end of useful life
Van		\$ 35,000.00	2	Replacement for van at end of useful life
Green machine		\$ 30,000.00	2	Replacement for existing sweeper at end of useful life
Green machine		\$ 30,000.00	2	Replacement for existing sweeper at end of useful life
Green machine			3	Replacement for existing sweeper at end of useful life
Vacuum Truck			3	Replacement for truck at end of useful life
New Christmas decorations		\$ 50,000.00	3	
Wireless Network		\$ 100,000.00	3	Network equipment renewals and upgrades

	<i>Estimate</i>	<i>Rating</i>	<i>Description</i>
New deoderization unit for North St		4	Replace and upgrade deoderization unit at end of useful life
Van		4	Replacement for van at end of useful life

Wastewater

Front Street Pump Station

Civil	\$ 50,000.00	2	Replace discharge piping
Structural	\$ 50,000.00	2	Reline inlet channels
Electrical	\$ 50,000.00	2	Replace VFD's, generator controls
Pumps	\$ 30,000.00	2	Refurbish pump 4

Bulls Head Pump Station

Civil		4	
Valves and piping		4	Replace coroded piping

Woodlands Road Pump Station

Civil		4	
Valves and piping		4	Replace coroded piping

Sewer Reticulation System

Outfalls	\$ 200,000.00	2	Study for outfall replacement
Pipe sections		3	Repair cracked pipes
Manholes		3	Rebench manholes

NEW CAPITAL PROJECT

Sewage Treatment - Short term	\$ 750,000.00	3	
Hamilton Reforestation	\$ 100,000.00	4	
Court and Dundonald Property		5	

\$ 3,840,000.00

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
2015 Budget
CASH FLOW PROJECTION**

	General Funds		Sewage Treatment		Total	
	2015	2014	2015	2014	2015	2014
Opening Cash	1,036,487	1,552,674			1,036,487	1,552,674
Budgeted Surplus/(Deficit)	1,832,015	113,914			1,832,015	113,914
Add Back Non-Cash Items	1,581,857	1,563,772			1,581,857	1,563,772
Changes in Working Capital		80,000			-	80,000
<u>Financing</u>					-	-
Reverse budgeted Interest	408,181	438,918			408,181	438,918
BNTB - Principal & Interest Payments (\$5,243 per mo)	(62,916)	(62,916)			(62,916)	(62,916)
CAPITAL G - Principal & Interest Payments	(1,068,075)	(1,068,075)			(1,068,075)	(1,068,075)
<u>Sewage</u>					-	-
Sewage Loan - Principal & Interest (\$29,702 per month)			(356,422)		(356,422)	-
Sewage Loan (Assumes 5 year loan @ 7% Interest)			1,500,000		1,500,000	-
Sewage Tax - 0.05% of ARV			197,218		197,218	-
Capital Expenditures	(3,090,000)	(1,581,800)	(750,000)	-	(3,840,000)	(1,581,800)
Projected Closing Cash	637,549.00	1,036,487	590,796	-	1,228,345	1,036,487

Sewage Treatment Assumptions:

The above assumes that COH will obtain a loan of \$1.5 million to finance the short term solution for the Sewage treatment plant.
The loan will be a 5 year loan to be paid back using funds from the New Sewage tax.

CORPORATION OF HAMILTON
2015 Operating Budget
Expenses by Department

Expenses	<u>2015</u> <u>Budget</u>	<u>2014</u> <u>Budget</u>	<u>Variance</u>
Finance and Administration Expenses			
Communications	73,000	87,000	(14,000)
Events	504,000	835,500	(331,500)
Human Resources	263,000	205,000	58,000
Finance and Admin Dept Expenses	3,448,183	3,543,281	(95,097)
Finance - Non Cash Items -Depreciation	1,581,857	1,433,772	148,085
Management & Admin Salaries	2,701,329	2,701,329	
Total Finance and Administration Expenses	8,571,369	8,805,882	(234,512)
Engineering Expenses			
Events Staff Costs	70,000	70,000	
Christmas Decorating	90,600	90,600	
Civic Functions	29,200	29,200	
City Hall	638,112	495,072	143,040
Sanitation	3,446,442	3,370,026	76,416
Sewer	686,836	726,294	(39,458)
Streets	2,326,375	2,449,497	(123,122)
Parks	1,649,809	1,660,675	(10,866)
Works Depot	1,141,325	1,117,341	23,984
Car Parks	182,722	215,828	(33,106)
Wharf	1,039,077	1,271,565	(232,488)
Property	124,527	298,932	(174,405)
Development		25,000	(25,000)
Total Engineering Department Expenses	11,425,025	11,820,030	(395,005)
Total Operating Expenses	19,996,394	20,625,912	(629,517)

Deferred

Capital Works

Estimate Rating Description

BETTERMENTS

Carry Over Projects

Victoria Park - Replace retaining wall on Eastern boundary				1	
New deoderization unit at Seabright including electrical equipment building	\$	200,000.00		3	
Ewing St Refurbishment Scheme				1	

New Projects

Streets

				2	
				2	
Roads	km	\$	250,000.00	3	Street resurfacing - Bermudianna, Brunswick, Church part, Elliot, Park, Tumkins
Sidewalks	km	\$	250,000.00	3	
Traffic lights	unit	\$	150,000.00	4	
Street lights	unit	\$	70,000.00	4	New street light poles and remove old concrete
Street furniture	unit	\$	35,000.00	4	

Parks

Public washrooms	unit	\$	50,000.00	4	Refurbish Union St public washrooms
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Property

All Residential and Commercial Properties					
Doors		\$	-	3	
Windows		\$	-	3	
Upgrade electrical systems		\$	-	3	

City Hall

City Hall tower railing		\$	-	2	Replace corroded railing
Windows and external doors		\$	100,000.00	4	Replace remaining wood windows and doors

City Hall Theatre

Lighting and sound equipment		\$	-	2	Replace existing lighting - safety issue
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Corporation Offices

City Hall - Front Desk Security		\$	180,000.00	3	Reconfigure public access to provide safety for staff
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Infrastructure

Bulls Head Steel painting		\$	200,000.00	4	Repaint corording steelwork
Bulls Head Elevator	unit	\$	100,000.00	4	Replace elevator
Signage	Unit	\$	5,000.00	4	
Bulls Head Car Park Recaulk top deck		\$	50,000.00	4	Replace caulking in top deck to stop water penetration

Wharf

Seawall	LF			2	Repair seawall - undermining and hollows
Bollard replacement	unit			2	Replace two bollards
Fender replacement	unit			2	Replace fenders as required
Asphalt surfacing	m2			2	Replace asphalt as required
Refurbish electrical system				2	
Wharf Edge refurbishment - cargo docks		\$	30,000.00	4	repair and replace steel angle on dock edge
Hi Mast Lighting		\$	-	4	Geotech survey

Equipment

Computers	unit			2	Replace desktops, monitors
Software				2	renew software licencing
Concrete mixer				2	Replace concrete mixer at end of useful life
Van				2	Replacement for van at end of useful life
Green machine				2	Replacement for existing sweeper at end of useful life
Green machine				2	Replacement for existing sweeper at end of useful life
Green machine		\$	30,000.00	2	Replacement for existing sweeper at end of useful life
Vacuum Truck		\$	120,000.00	3	Replacement for truck at end of useful life
New Christmas decorations				3	
Wireless Network		\$	150,000.00	3	Network equipment renewals and upgrades
New deoderization unit for North St		\$	75,000.00	4	Replace and upgrade deoderization unit at end of useful life
Van		\$	35,000.00	4	Replacement for van at end of useful life

Wastewater

<i>Front Street Pump Station</i>					
Civil				2	Replace discharge piping
Structural				2	Reline inlet channels
Electrical		\$	100,000.00	2	Replace VFD's, generator controls
Pumps				2	Refurbish pump 4
<i>Bulls Head Pump Station</i>					
Civil		\$	5,000.00	4	
Valves and piping		\$	10,000.00	4	Replace coroded piping
<i>Woodlands Road Pump Station</i>					
Civil		\$	5,000.00	4	
Valves and piping		\$	10,000.00	4	Replace coroded piping
<i>Sewer Reticulation System</i>					
Outfalls				2	Study for outfall replacement
Pipe sections		\$	20,000.00	3	Repair cracked pipes
Manholes		\$	50,000.00	3	Rebench manholes

