



City of Hamilton

GENERAL ISSUES COMMITTEE ADDENDUM

Meeting #: 20-002(i)
Date: February 24, 2020
Time: 9:30 a.m.
Location: Council Chambers, Hamilton City Hall
71 Main Street West

Stephanie Paparella, Legislative Coordinator (905) 546-2424 ext. 3993

| | Pages |
|--------------------------------------|--------------|
| 6. STAFF PRESENTATIONS | |
| *6.1 2020 Budget Update Presentation | 2 |



Hamilton

2020 BUDGET UPDATE

GENERAL ISSUES COMMITTEE

Report FCS20001

February 24th, 2020

2020 BUDGET AMENDMENTS - APPROVED

| | | | Residential Impact |
|---|--|----------------------|--------------------|
| Preliminary Residential Tax Increase - Budget Book | | \$48,217,460 | 5.0% |
| APPROVED AMENDMENTS: | | | |
| Public Works | Minimum vehicle fee increase at the City's Transfer Stations/Community Recycling Centres (from \$8.50 to \$10) | (100,000) | |
| Capital Financing | DC Exemptions contribution to be funded one time for 2020 | (2,000,000) | |
| Corporate Financials | Partial mitigation - 2020 Op. Impact of Capital - New Traffic Signals (<i>2.60 FTE</i>) | (327,000) | |
| City Wide | Fuel Savings as a result of a \$0.02 reduction: | (220,000) | |
| Public Works | Environmental Services - Landfill Contract Efficiencies | (75,000) | |
| Public Works | Contractual adjustments | (370,000) | |
| Healthy & Safe Communities | Housing - Financial Adjustments to Benchmarks | (1,000,000) | |
| Healthy & Safe Communities | OW deliver at 2019 budget levels (<i>3.50 FTE</i>) | (1,100,000) | |
| Healthy & Safe Communities | Public Health Reserve | (278,000) | |
| Corporate Financials | HUC Dividend | (697,060) | |
| Corporate Financials | Global Spectrum Profit Sharing | (350,000) | |
| Corporate Financials | Hamilton Convention Centre by Carmen's - transfer from working reserve | (100,000) | |
| Legislative | Hamilton Veterans Committee | 13,000 | |
| Legislative | Food Advisory Committee | (1,000) | |
| Total Approved Amendments | | (\$6,605,060) | |

2020 BUDGET AMENDMENTS - PENDING

Residential
Impact

PENDING AMENDMENTS:

| | | | |
|---|---|---------------------|---------------|
| Planning & Economic Dev. | Parking fines and rates | (500,000) | |
| Capital Financing | Corporate Capital Financing | 143,360 | |
| Board & Agencies | Police Services Board: Capital Financing | (143,360) | |
| Board & Agencies | Police Services Board: Operating | 569,020 | |
| Board & Agencies | Grand River Conservation Authority | 17,270 | |
| Board & Agencies | MPAC | (6,710) | |
| Corporate Services | New Revenue: Offering Wedding Ceremonies at City Hall | <u>(50,000)</u> | |
| Total Pending Amendments | | 29,580 | |
| Total Approved and Pending Amendments | | (6,575,480) | (0.7%) |
| | | \$41,641,980 | 4.4% |
| Updated Assessment Growth Impact (from 1.0% to 1.2%) | | | (0.2%) |
| Elimination of tax discount for vacant & excess lands subclass | | | (0.2%) |
| AVERAGE RESIDENTIAL MUNICIPAL TAX IMPACT | | | 3.8% |
| AVERAGE RESIDENTIAL TOTAL TAX IMPACT (INCLUSIVE OF EDUCATION) | | | 3.4% |

PROPOSED MITIGATION



Efficiency

- Providing same service level with fewer resources and/or at a reduced cost. Includes contract-related savings



Financials

RESERVE

- Reduce contributions to reserves impacting long term financial plan.



Revenues

REVENUES

- Align revenue to prior year actuals, update provincial subsidy assumptions.

2020 BUDGET AMENDMENTS - PROPOSED

Preliminary Residential Tax Increase 3.4%

PROPOSED AMENDMENTS:

| | | | |
|----------------------------|---|------------------|--|
| Healthy & Safe Communities | Elimination of Vacant Position (Recreation) <i>(1.00 FTE)</i> | (82,000) | |
| Healthy & Safe Communities | Revised Scheduling | (24,000) | |
| Healthy & Safe Communities | Align Training and Conference Budget to 2019 Actuals | (20,000) | |
| Healthy & Safe Communities | Use of City Vehicles Reduction | (10,000) | |
| Healthy & Safe Communities | Defer Increased Reserve Transfer to HFD Vehicle & Equipment Reserve to 2021 | (356,000) | |
| Healthy & Safe Communities | Align Contribution to Line of Duty Death budget to forecasted levels | (300,000) | |
| Healthy & Safe Communities | Defer Increased Reserve Transfer to HPS Vehicle & Equipment Reserve to 2021 | (108,100) | |
| Healthy & Safe Communities | Request 100% Provincial Funding (raccoon rabies outbreak program) | (111,500) | |
| Public Works | Shift Optimization (Winter Control) | (125,000) | |
| Public Works | TransCab Contract Savings | <u>(130,000)</u> | |

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2020 BUDGET AMENDMENTS - PROPOSED

| | | | |
|---|--|--------------------|---------------|
| Preliminary Residential Tax Increase | | | 3.4% |
| PROPOSED AMENDMENTS (Continued): | | | |
| Corporate Financials | 10% Reduction of Advertising and Promotion Costs | (270,000) | |
| Corporate Financials | POA Automated Speed Enforcement | (130,000) | |
| Corporate Financials | Provincial Cannabis Funding (OCLIF) | (292,000) | |
| City Manager's Office | Cost Efficiencies via Review of 2019 Actuals | (20,000) | |
| Corporate Services | Cost Efficiencies via Review of 2019 Actuals | (69,100) | |
| Corporate Services | Increases in Taxation Related and Miscellaneous Revenues | (43,000) | |
| Planning & Economic Dev. | Elimination of Vacant Position (Licensing By Law Services) <i>(1.00 FTE)</i> | (77,400) | |
| Planning & Economic Dev. | Elimination of Vacant Position (Transportation Planning & Parking) <i>(1.00 FTE)</i> | (66,600) | |
| Planning & Economic Dev. | Align to 2019 Actuals - Airport lease | (250,000) | |
| Total Proposed Amendments | | (2,484,700) | (0.2%) |
| AVERAGE RESIDENTIAL TOTAL TAX IMPACT (INCLUSIVE OF EDUCATION) | | | 3.2% |

2020 AVERAGE RESIDENTIAL TAX IMPACT

| | 2019 \$ | 2020 \$ | Change \$ | Change % |
|-----------------------------|--------------|--------------|--------------|-------------|
| City Departments | 2,387 | 2,457 | 70 | 1.9% |
| Boards and Agencies | 830 | 861 | 31 | 0.9% |
| Capital Financing | 352 | 383 | 31 | 0.9% |
| MUNICIPAL TAX IMPACT | 3,569 | 3,701 | 132 | 3.7% |
| Education Taxes | 580 | 582 | 2 | 0.4% |
| TOTAL TAX IMPACT | 4,149 | 4,283 | 134 | 3.2% |

NOTE: Anomalies due to rounding

**Ward Average Reassessment
Impacts range**



-0.5% to +2.0%

2020 REDUCTION SCENARIOS

| | Reduction (\$) | Levy Increase (\$) | Total Residential Tax Incr. |
|-----------------------------------|----------------|--------------------|-----------------------------|
| Updated Preliminary Budget | | 39,157,280 | 3.2% |
| Further Reductions of | (4,879,160) | 34,278,120 | 2.6% |

- Excludes potential increases due to 2020 Referred Items (0.1%) and Business Cases (0.1%)
- \$9.4M is required to adjust the municipal tax impact by 1%
- Total Residential Tax Increase includes Education

FURTHER REDUCTIONS



Financials RESERVE

- Further reserve contribution reductions will significantly impact short and long term financial sustainability.



Revenues COMPARATORS

- Introduce and align user fees to comparator municipalities, industry standards, industry best practices and legislated requirements

REVENUES – OTHER

- Enhance user fee increases in many areas, reduce or eliminate fee waivers, introduce new fees for service.

FURTHER REDUCTIONS (Con.)



Services

COMPARATORS

- Align service levels to comparator municipalities, industry standards, industry best practices and legislated requirements where the City exceeds those comparators.

UNDERUTILIZED

- Reduce service hours, close/cancel underutilized facilities/programs.
- Reduce or eliminate service levels where service is underutilized.
- Eliminate / Close non-core services / facilities

SERVICES – OTHER

- Align service levels to provincial funding.
- Reduce grants to external agencies.
- Reduce response time to inquiries, request for service.
- Reduce capability for policy work including in-year requests from Council.
- Reduce frequency of maintenance activities

2020 COUNCIL REFERRED ITEMS

- Items previously considered at Council and referred to the budget process for further discussion.

| DEPARTMENT | # OF ITEMS | 2020 IMPACT | | FTE |
|---------------------------------|------------|---------------------|---------------------|--------------|
| | | \$ GROSS | \$ NET | |
| Planning & Economic Development | 3 | 135,000 | 45,000 | 1.50 |
| Healthy and Safe Communities | 3* | 781,340 | 743,340 | 14.00 |
| Public Works - Tax | 3* | 30,000 | 30,000 | - |
| City Manager's Office | 2 | 295,280 | 295,280 | - |
| Corporate Services | 1 | - | - | - |
| Board and Agencies | 1 | 145,000 | 145,000 | - |
| TOTAL | 13 | \$ 1,386,620 | \$ 1,258,620 | 15.50 |

- Results in a 0.1% tax impact.**

*Including one council referred item (CR-10) jointly submitted with City Manager

2020 BUSINESS CASES

- **9 Business Cases**

| DEPARTMENT | # OF ITEMS | 2020 IMPACT | | |
|---------------------------------|------------|---------------------|---------------------|--------------|
| | | \$ GROSS | \$ NET | FTE |
| Planning & Economic Development | 3 | 677,120 | 252,000 | 7.50 |
| Healthy and Safe Communities | 1 | 1,039,500 | 1,039,500 | 10.00 |
| Public Works - Tax | 2 | 424,270 | (89,530) | 6.70 |
| City Manager's Office - HR | 1 | 120,000 | - | 1.00 |
| Corporate Services | 2 | 206,950 | - | 2.00 |
| TOTAL | 9 | \$ 2,467,840 | \$ 1,201,970 | 27.20 |

- **Results in a 0.1% tax impact**

2020 PROCESS DATES

| ITEM | DATE |
|--|---|
| Tax Supported Operating Budget Overview | <i>January 17, 2020</i> |
| Departmental Budget Presentations | <i>January 28, 29, 30 & February 7, 2020</i> |
| Boards & Agencies Presentations | <i>January 21 & 23, 2020</i> |
| Transit Day | <i>January 24, 2020</i> |
| Public Delegations | <i>February 10, 2020</i> |
| GIC Budget Deliberations | <i>February 13, 24, 27*, March 2 & 4, 2020</i> |
| Council - Tax Operating Budget Approval | <i>April 1, 2020</i> |

* - Cancelled



Hamilton

THANK YOU