



## City of Hamilton

# GENERAL ISSUES COMMITTEE (BUDGET) ADDENDUM

**Meeting #:** 24-001(a)  
**Date:** January 19, 2024  
**Time:** 9:30 a.m.  
**Location:** Council Chambers (GIC)  
Hamilton City Hall  
71 Main Street West

Angela McRae, Legislative Coordinator (905) 546-2424 ext. 5987

---

Pages

### 3. APPROVAL OF MINUTES OF PREVIOUS MEETING

\*3.1 November 27, 2023 - WITHDRAWN

### 6. PRESENTATIONS

6.2 Tax Supported Budget and Financing Plan (FCS24002) (City Wide)

\*a. Tax Supported Budget and Financing Plan (FCS24002) (City Wide) - Presentation 2

*\*\*Please note that an AODA compliant version will be published shortly.*

### 11. PRIVATE AND CONFIDENTIAL

\*11.1 Closed Session Minutes - November 27, 2023 - WITHDRAWN

Pursuant to Section 9.3, Sub-sections (b) and (d) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (b) and (d) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to personal matters about an identifiable individual, including City or local board employees; and labour relations or employee negotiations.

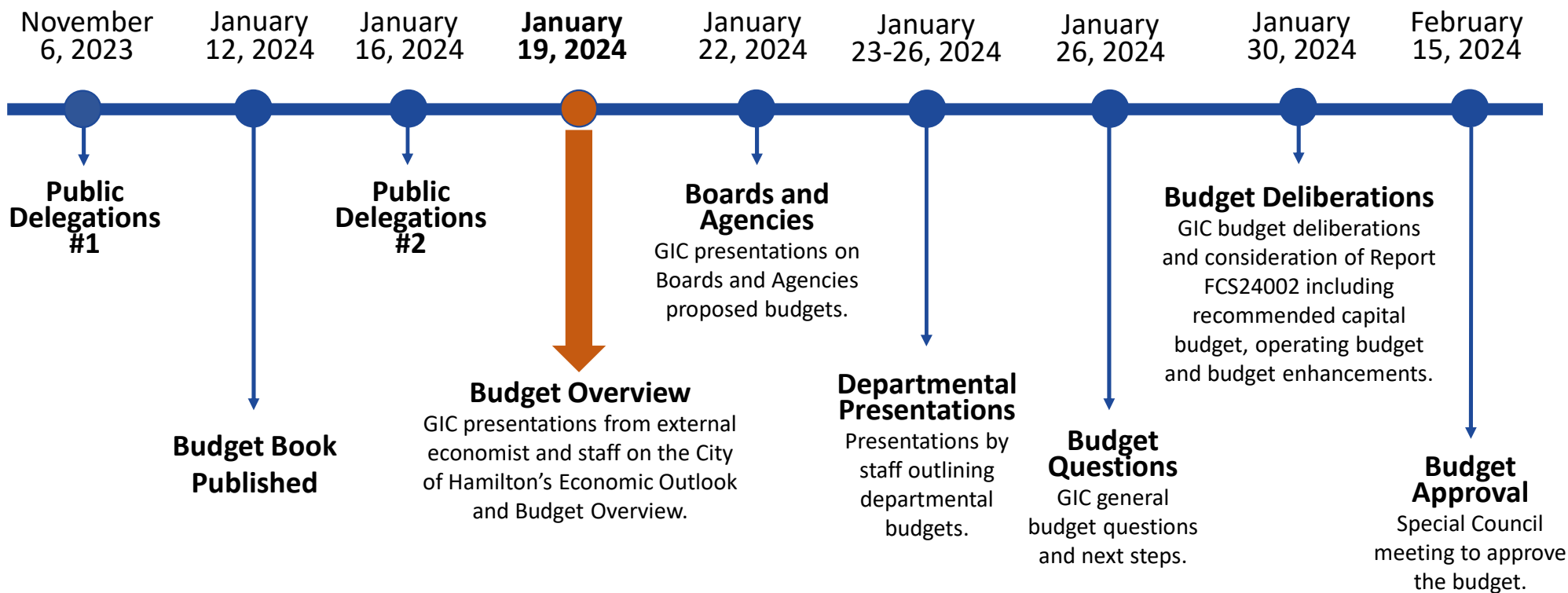
FCS24002

# Proposed 2024 Tax Budget Overview



JANUARY 19, 2024

# Tax Budget Process





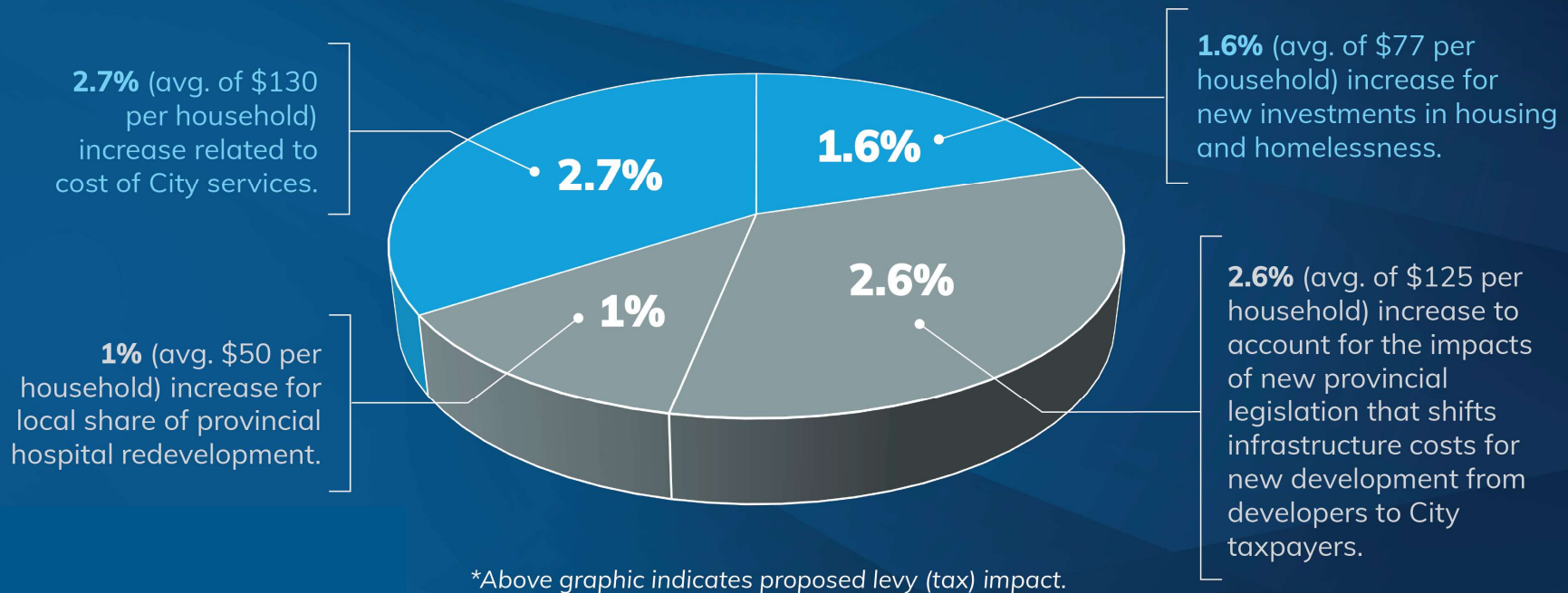
## Updates to the Tax Budget Process

- Proposed 2024 Tax Budget (combination of Operating Budget and Capital Budget)
- Proposed 2024 Tax Budget prepared in alignment with the Mayoral Directive to Staff (MDI-2023-02), as well as Council's priorities
  - Combination of Tax Operating Budget and Tax Capital Budget
  - Reduces the burden on taxpayers through a series of savings and budget adjustments, and by responsibly utilizing reserves; and,
  - Business Cases and Council Referred Items prioritized

Additionally, the budget

- Financially supports over 70 distinct services
- Increased level of service in priority investment areas
- Reflects external boards and agencies requested budgets

# Proposed 2024 Residential Tax Increase





# Agenda

1. 2024 Budget Process & Timeline
2. Proposed 2024 Tax Operating Budget
3. Proposed 2024 Tax Capital Budget



## Proposed 2024 Tax Budget Summary

- Balances the need for continuity of services with affordability
- Captures several key investments – Council priorities
- Leverages the City’s strong financial position to manage affordability
- Responds to rapid legislative changes and insufficient funding for provincial impacts
- Calls for continued support from senior levels of government:
  - Housing and homelessness
  - Climate change
  - Foregone development charge revenues

# ADVANCING STRATEGIC PRIORITIES



## Council Priorities (2022 to 2026)

### **Sustainable Economic and Ecological Development**

*reduced burden on residential taxpayers, advancement of our climate change / decarbonization efforts and increased protection of our green spaces and water.*

### **Safe and Thriving Neighbourhoods**

*increased housing units for all, reduced homelessness and improved mobility, accessibility and road safety*

### **Working of City Hall and Transparency in Municipal Government**

*new and improved budget process, increased public engagement, enhanced customer service and communication, and being considered an employer of choice*

# PROPOSED 2024 TAX OPERATING BUDGET



## 2024 Gross Tax Budget

The City of Hamilton's proposed 2024 Tax Supported Operating and Capital budgets total \$2.4 billion, which support 70 distinct City services and key investments.

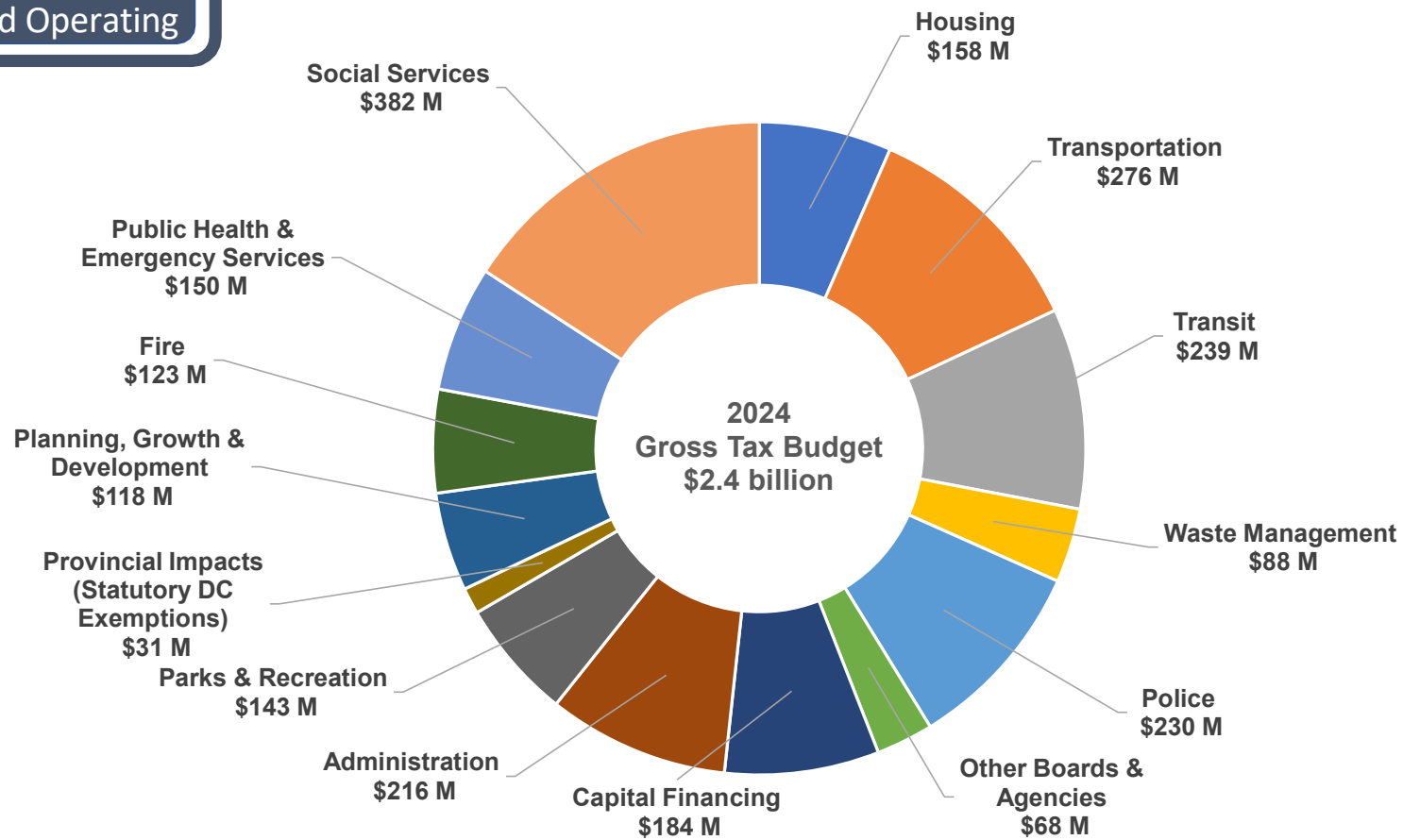
The 2024 tax budget represents an increase of 7.9%. This amounts to a \$382 increase for an average residential property.

Key investments the City is making in 2024:

- \$382 million in Social Services (CCS, LTC, OW)
- \$276 million in Transportation
- \$239 million in Transit
- \$230 million in Police Services
- \$158 million in Housing Services
- \$150 million in Public Health & Emergency Services
- \$143 million in Parks & Recreation
- \$123 million in Fire Services
- \$88 million in Waste Management

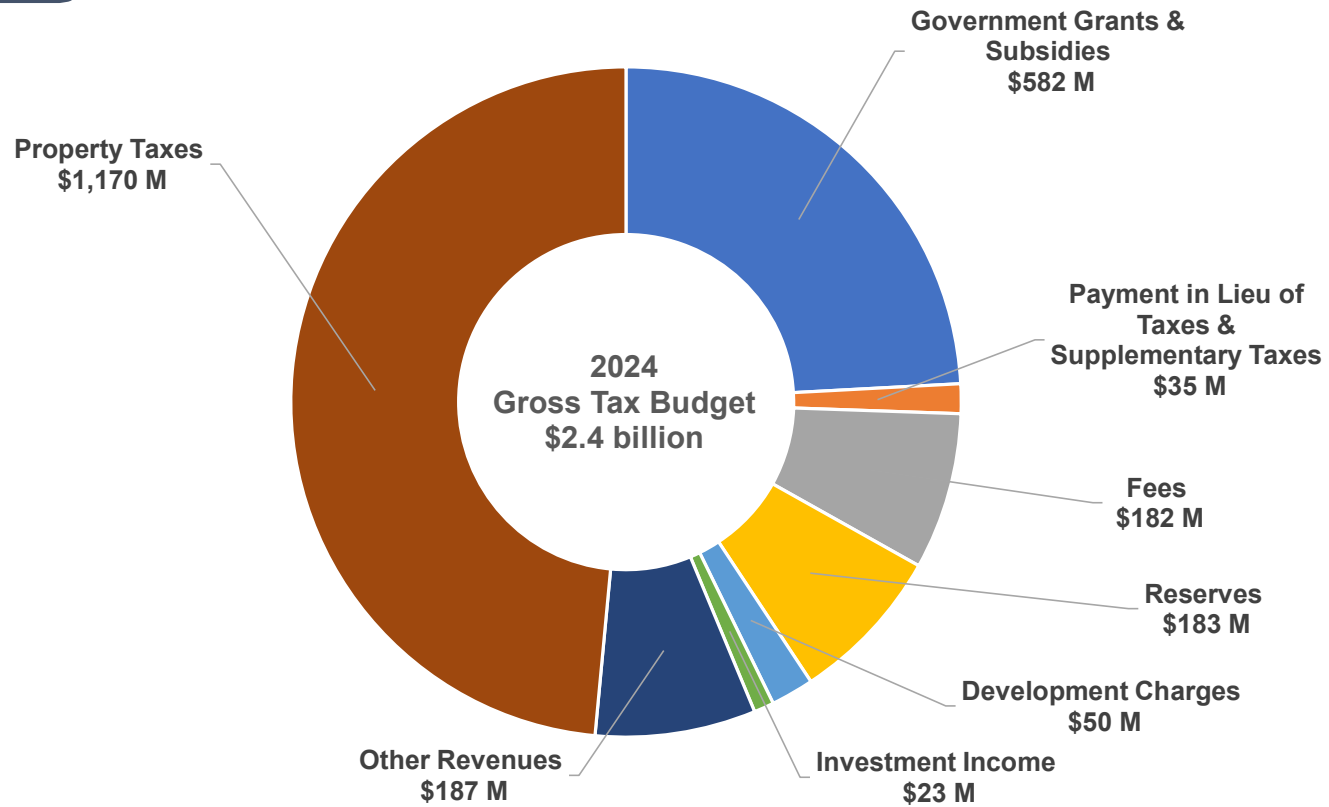
# 2024 Gross Expenditures

**\$2.4B**  
Capital and Operating



# 2024 Revenues

**\$2.4B**  
Capital and Operating





## 2024 Gross Tax Budget

Total increase in gross investments of \$273 million:

- Transit \$50 million
- Transportation \$39 million
- Housing \$32 million
- Provincial impacts \$31 million
- External Boards & Agencies \$26 million
- Waste Management \$19 million
- Planning, Growth & Development \$16 million
- Parks & Recreation \$10 million
- Public Health & Emergency Services \$8 million
- Social Services \$6 million
- Capital Financing, Administration & Other \$36 million



## 2024 Net Tax Budget

Total Gross Budget of \$2.4 billion represents an increase of \$273 million:

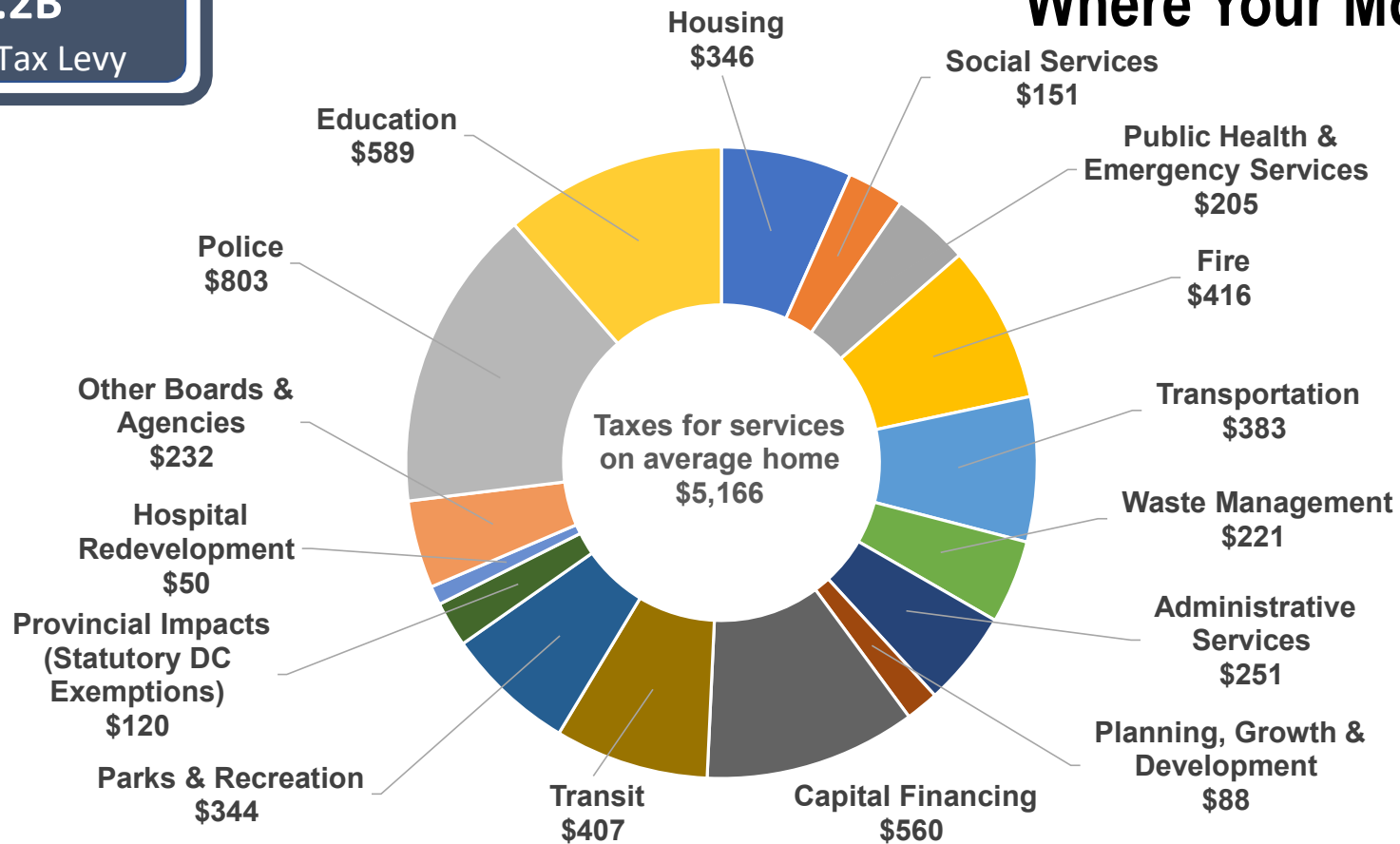
- Less: Reserves \$129 million
- Less: Capital Work-in-progress Transfers \$15 million
- Less: Development Charges \$10 million
- Less: User Fees \$9 million
- Less: Grants & Subsidies \$8 million
- Less: PIL & Supplementary Taxes \$3 million
- Add: Reduction in Other Revenues \$2 million

Total Net for Tax Levy of \$1.2 billion representing an increase of \$101 million

\* Note: operational efficiencies and budget adjustments reduced the gross budget by \$15.8 million (1.3%)

**\$1.2B**  
Net for Tax Levy

# Where Your Money Goes





# City Services 2024 Tax Operating Budget

## Maintenance

*the additional cost required for the continuity of municipal services (to maintain existing levels of service)*

**\$39.2M**

## Strategic Priorities

*the additional investments required to advance term of Council priorities and other strategies that have been endorsed by Council (to enhance levels of service)*

**\$24.0M**

## Capital Levy

*the additional investment required to support the City's capital program, growth and development*

**\$20.8M**

Note: does not include budget requests for External Boards & Agencies

# Proposed 2024 Tax Operating Budget by Department

(\$000's)	2023		2024							
	Restated Budget	Maintenance Budget	Maintenance vs. Restated		Capital Levy	Strategic Priorities		Total	Total vs. Restated	
						Business Cases	Council Referred			
Planning and Economic Development	33,326	34,884	1,558	4.7%	-	-	1,561	36,445	3,119	9.4%
Healthy and Safe Communities	299,145	315,376	16,231	5.4%	-	875	15,989	332,240	33,095	11.1%
Public Works	294,768	321,365	26,597	9.0%	-	826	3,295	325,486	30,717	10.4%
Legislative	5,555	5,813	258	4.6%	-	-	-	5,813	258	4.6%
City Manager	15,182	16,022	840	5.5%	-	149	115	16,286	1,103	7.3%
Corporate Services	44,951	47,091	2,140	4.8%	-	668	524	48,282	3,331	7.4%
Corporate Financials / Non Program Revenues	(29,164)	(37,425)	(8,261)	28.3%	-	-	-	(37,425)	(8,261)	28.3%
Hamilton Entertainment Facilities	154	-	(154)	-100.0%	-	-	-	-	(154)	-100.0%
<b>Total City Expenditures</b>	<b>663,918</b>	<b>703,125</b>	<b>39,207</b>	<b>5.9%</b>		<b>2,517</b>	<b>21,484</b>	<b>727,126</b>	<b>63,208</b>	<b>9.5%</b>
Hamilton Police Services	193,596	207,451	13,855	7.2%	-	-	-	207,451	13,855	7.2%
Other Boards and Agencies	50,541	52,648	2,107	4.2%	-	-	50	52,698	2,157	4.3%
City Enrichment Fund	6,575	6,575	-	0.0%	-	-	526	7,101	526	8.0%
<b>Total Boards and Agencies</b>	<b>250,713</b>	<b>266,674</b>	<b>15,962</b>	<b>6.4%</b>		<b>-</b>	<b>576</b>	<b>267,250</b>	<b>16,537</b>	<b>6.6%</b>
Capital Financing	154,977	154,977	-	0.0%	20,750	-	-	175,727	20,750	13.4%
<b>Total Net for Levy</b>	<b>1,069,608</b>	<b>1,124,777</b>	<b>55,169</b>	<b>5.2%</b>	<b>20,750</b>	<b>2,517</b>	<b>22,060</b>	<b>1,170,104</b>	<b>100,495</b>	<b>9.4%</b>
<b>Average Residential Tax Impact</b>										
Municipal Net Levy Tax Impact				4.6%						8.4%
Assessment Growth				(1.9%)						(1.9%)
Hamilton Hospital Redevelopment Tax Impact				1.0%						1.0%
Reassessment				0.0%						0.0%
Tax Policy				0.5%						0.5%
Education Impact				0.0%						0.0%
<b>Total</b>				<b>4.1%</b>						<b>7.9%</b>

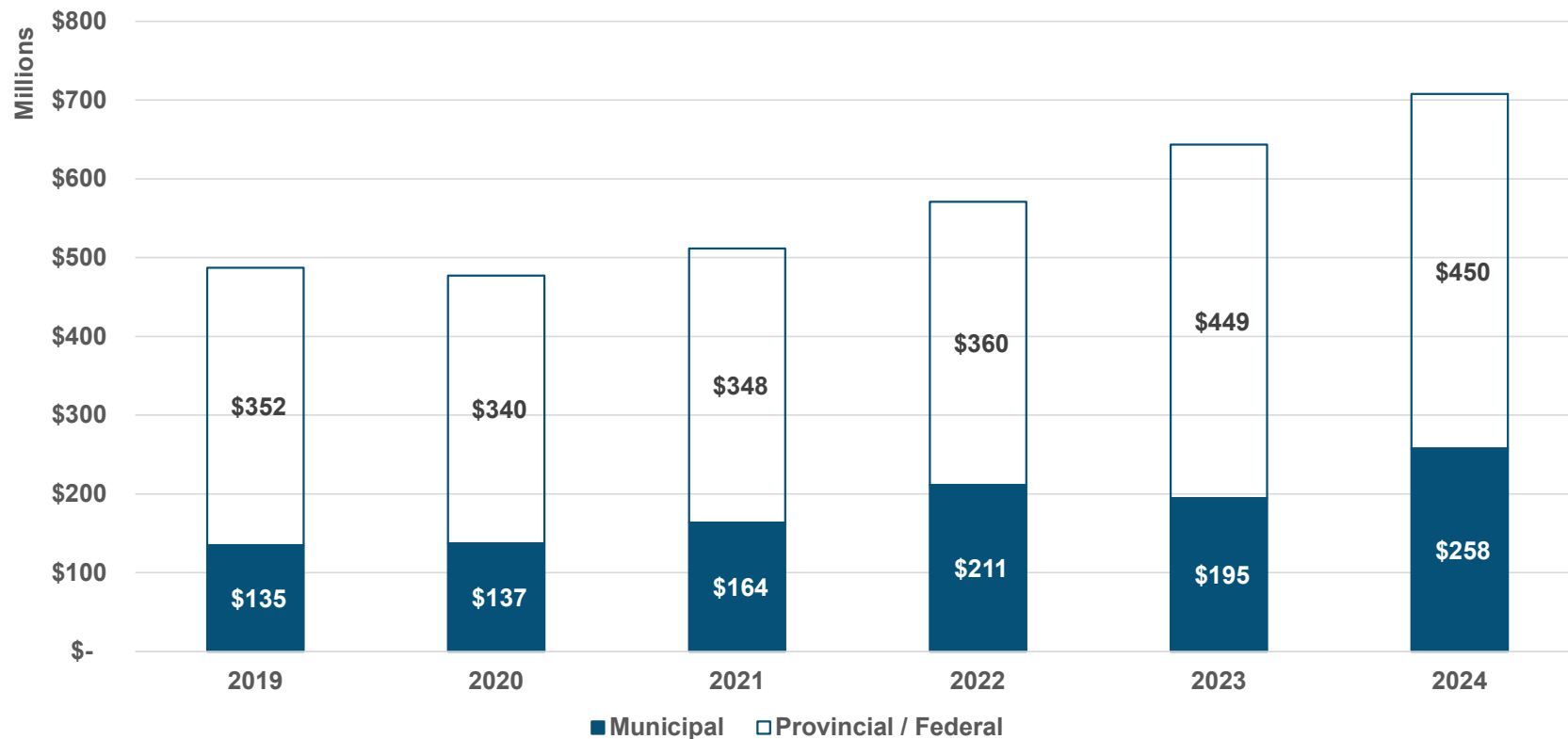
## Maintenance Budget

**\$39.2M**

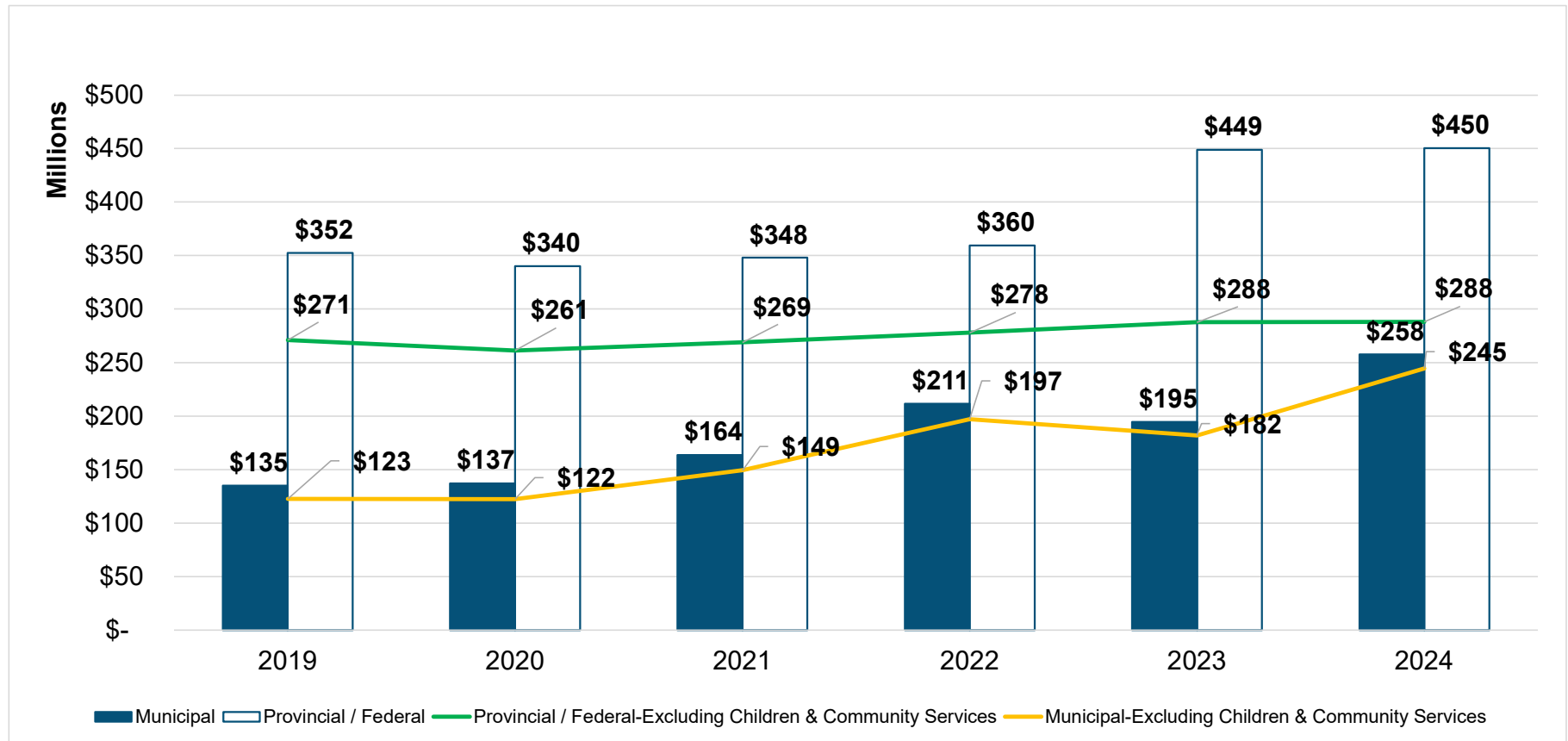
Net Increase

- **\$36.0M** | Employee related
- **\$17.0M** | Inflationary increases (Inclusive of contractual escalation factors)
- **\$3.1M** | Transit service expansion
- **\$2.8M** | Funding to Social Housing providers to address inflationary pressures
- **\$2.6M** | Provincial Funding Agreements expenditures
- **\$2.3M** | Annualization of Housing program enhancements
- **(\$8.8M)** | Recommended User Fee Increase
- **(\$15.8M)** | Budget amendments, operational savings, and efficiencies & Other

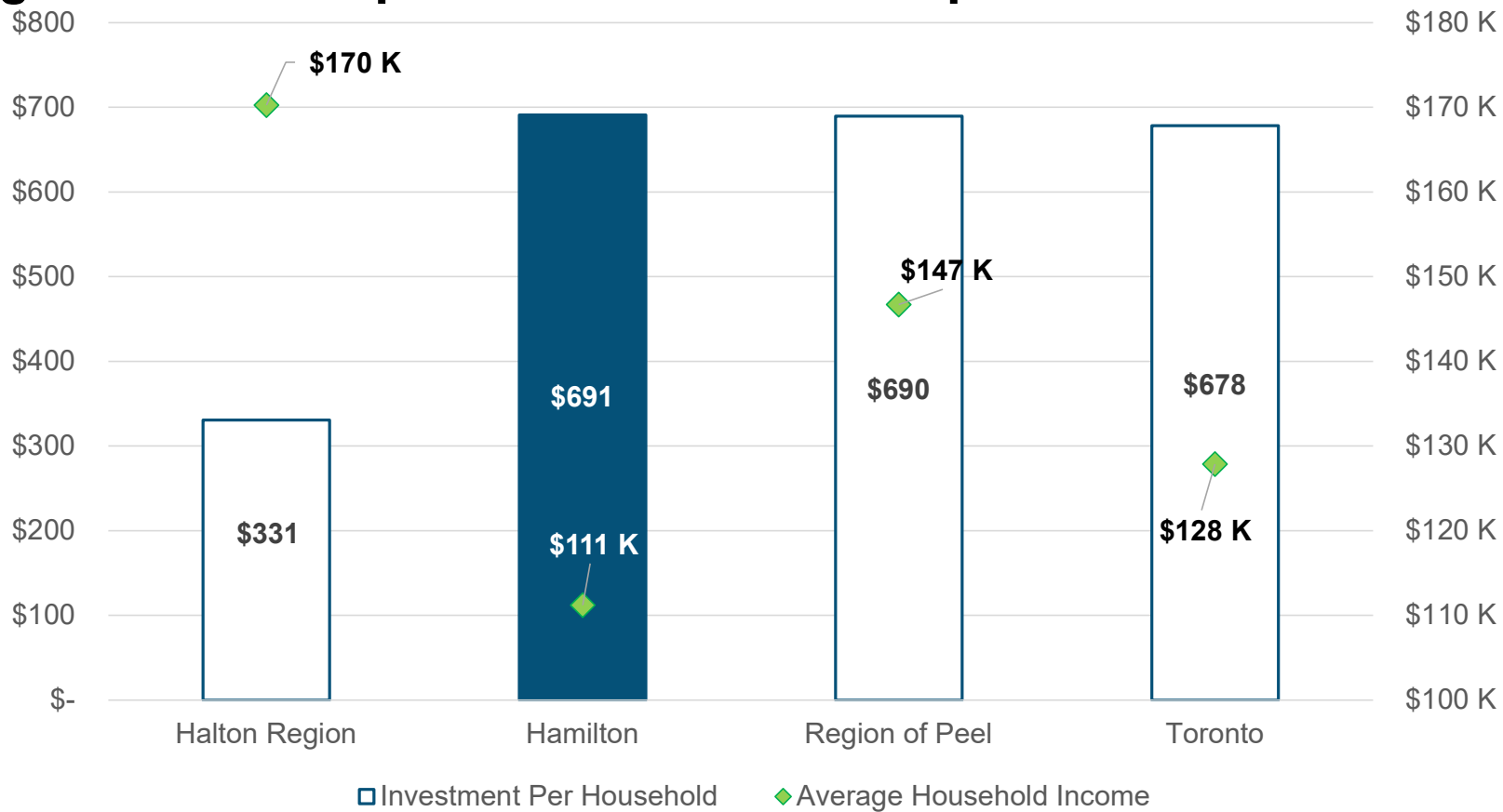
# Funding for Provincially Legislated Services and Programs



# Funding for Provincially Legislated Services and Programs



# Housing Investments per Household in Comparison to Household Income



# Strategic Priorities

## Summary of Priority Investments in City Services (\$000's)

	Business Cases		Council Referred Items		TOTAL	
	2024 Net Levy	Annualized Net Levy	2024 Net Levy	Annualized Net Levy	2024 Net Levy	Annualized Net Levy
Sustainable Economic & Ecological Development	\$ 34	\$ 34	\$ -	\$ -	\$ 34	\$ 34
Safe & Thriving Neighbourhoods	\$ 1,130	\$ 2,001	\$ 20,070	\$ 26,493	\$ 21,201	\$ 28,495
Responsiveness and Transparency	\$ 1,353	\$ 2,993	\$ 1,413	\$ 1,980	\$ 2,766	\$ 4,973
<b>CITY SERVICES TOTAL</b>	<b>\$ 2,517</b>	<b>\$ 5,027</b>	<b>\$ 21,484</b>	<b>\$ 28,473</b>	<b>\$ 24,001</b>	<b>\$ 33,501</b>

Note: Does not include items referred to the budget process or proposed service enhancements for Boards & Agencies

## 2024 Boards & Agencies

2024 Boards & Agencies Proposed Budgets (\$000's)						
Board/Agency	2023 Budget Net \$	2024 NET Operating Budget	Change		Funded from Capital Levy	2024 TOTAL Budget
			\$	%		
Conservation Authorities	8,930	9,357	427	4.8%	2,000	11,357
MPAC	6,833	6,976	143	2.1%	-	6,976
Hamilton Beach Rescue Unit	143	146	3	1.8%	-	146
Hamilton Farmers' Market	245	332	87	35.7%	-	332
Royal Botanical Gardens	660	674	13	2.0%	-	674
Hamilton Police Services <sup>1</sup>	193,596	207,451	13,855	7.2%	7,372	214,823
Hamilton Public Library	33,730	35,214	1,483	4.4%	1,080	36,294
City Enrichment Fund	6,575	7,101	526	8.0%	-	7,101
<b>Total Boards &amp; Agencies</b>	<b>250,713</b>	<b>267,250</b>	<b>16,537</b>	<b>6.6%</b>	<b>10,452</b>	<b>277,702</b>

1. Includes Personal Issued Portable Radio Replacement (PIPRs) of \$1.4M



## 2024 Staffing Complement

<b>2024 Proposed Complement (FTE) (exclusive of Boards &amp; Agencies)</b>		
<b>2023 Restated</b>		<b>6,321.2</b>
<b>Operating Impacts from Capital</b>	<b>8.8</b>	
<b>Previously Approved by Council</b>	<b>65.6</b>	
<b>Business Cases and Council Referred</b>	<b>141.8</b>	<b>216.2</b>
<b>2024 Proposed</b>		<b>6,537.4</b>

Note: Does not include 5.57 FTE approved by the Library Board through the 2024 Operating Budget Report and 29 FTE approved by the Police Services Board through Report 23-109

## 2024 Average Residential Tax Impact

2024 Average Residential Impact (Per \$385,000 Current Value Assessment)		
Service	Property Tax (\$)	Property Tax (%)
City Services	\$ 38.45	0.8%
Provincially Shared Services	\$ 122.65	2.6%
Statutory DC Exemptions	\$ 120.09	2.6%
Police	\$ 42.94	0.9%
Other Boards & Agencies	\$ 7.15	0.1%
Hospital Redevelopment Levy	\$ 50.23	1.0%
<b>Ave. Residential Impact</b>	<b>\$ 381.51</b>	<b>7.9%</b>

\* Anomalies due to rounding



# Affordability Strategy

- Proposed Tax Budget 7.9% vs. Budget Outlook of 14.2%:
  - Adjusted Capital Levy requirements (3.0%)
    - Leveraged City's strong financial position to phase-in development charge exemptions and fund extraordinary inflation pressures with discretionary reserves
    - Updated cash flow forecast for the Transit Maintenance and Storage Facility
  - Leveraging of \$72.3 million in reserves for the Housing Sustainability and Investment Roadmap (1.7%)
  - Leveraging of \$18.4 million in reserves to phase-in provincial impacts and employee related costs (1.5%)
  - \$16 million in budget reductions and efficiency savings to offset the general net for tax levy (1.3%)



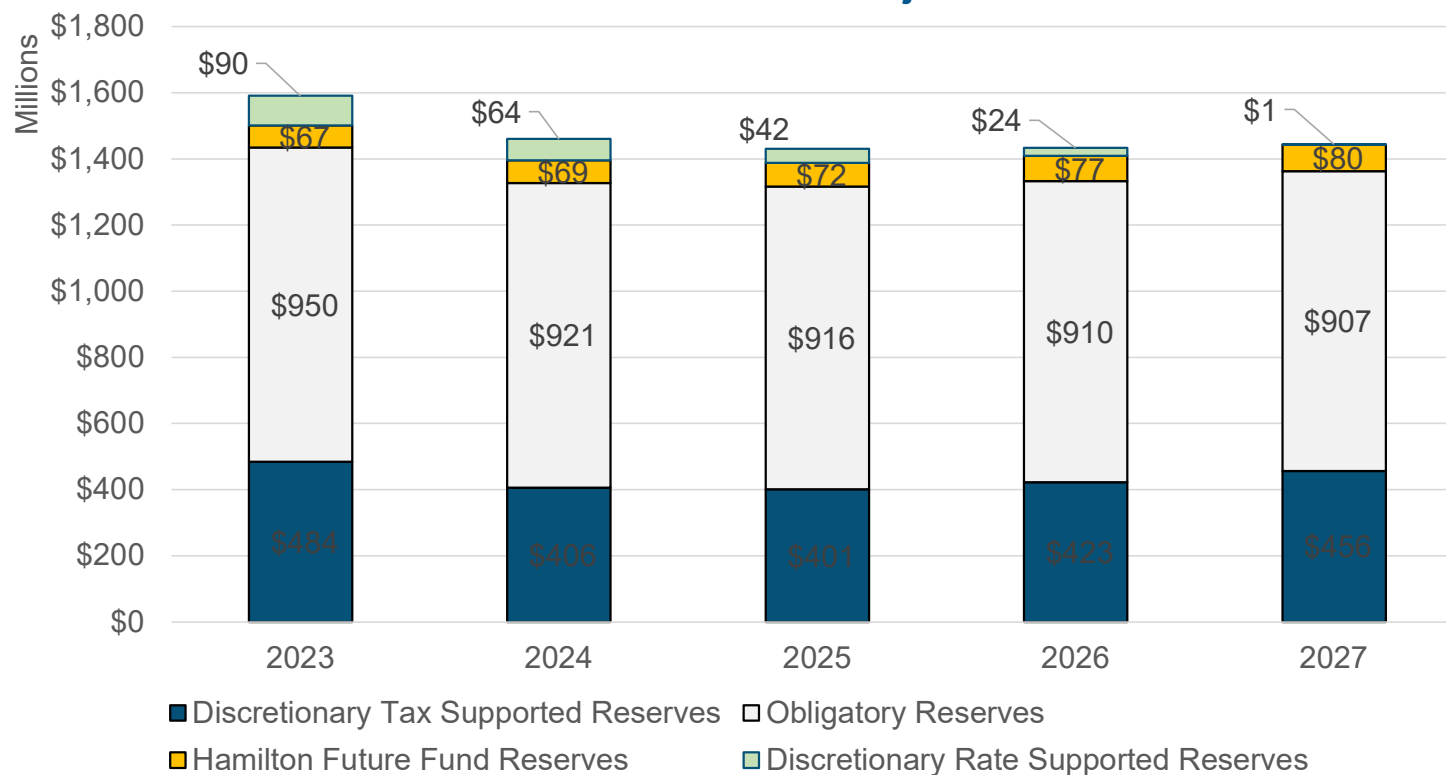
## Reserve Strategy

### \$216 million 2024-2027

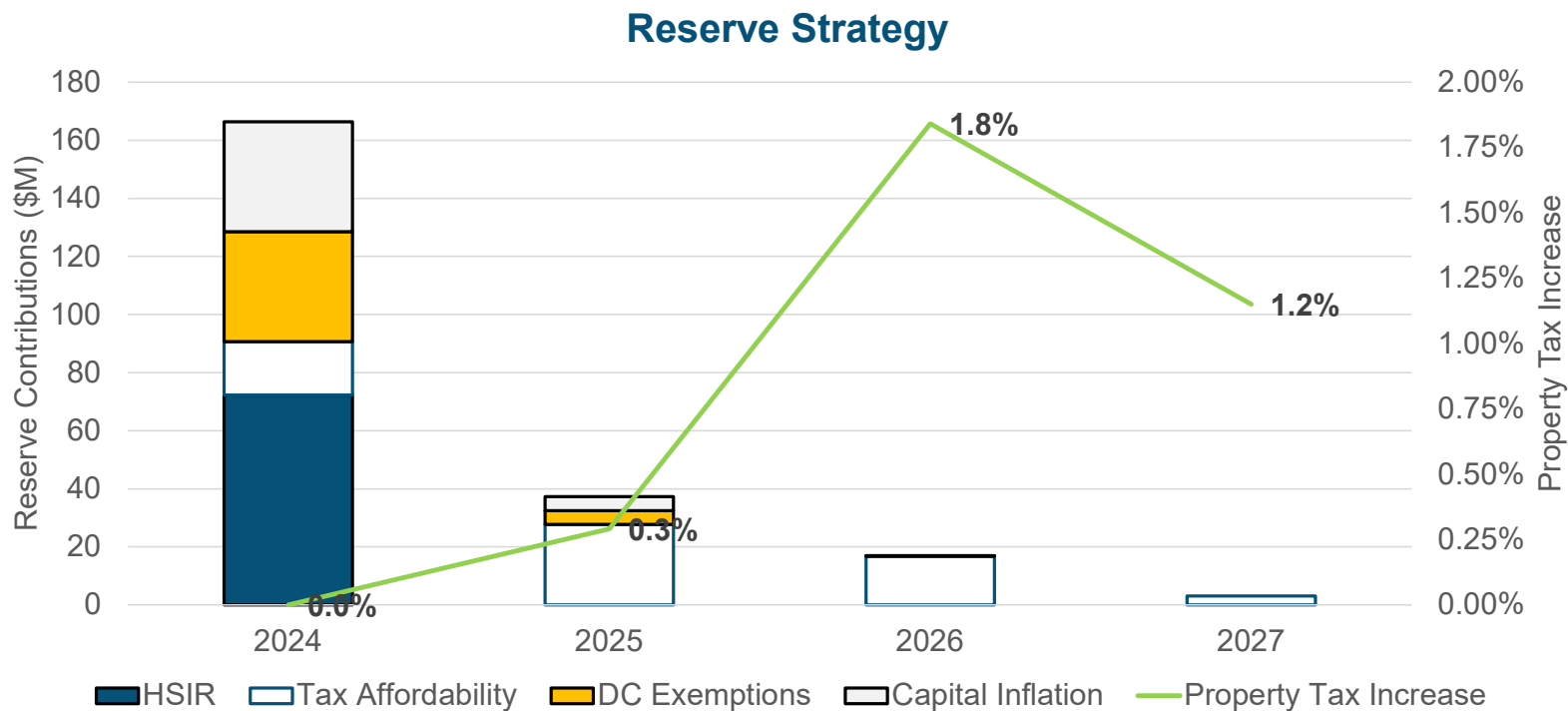
- Housing Stability and Investment Roadmap \$72.3 million
  - Encampment Protocol \$4.6 million 2024-26
  - Hotel Overflow \$13.9 million 2024-26
  - Family Shelter System \$1.85 million 2024-26
  - End of Mortgage Strategy \$20.8 million 2024-27
  - Supportive Housing \$31.0M 2024-2026
- Property Tax Affordability Strategy \$66.1 million
  - Transit (revenue shortfall and service expansion) \$16.0 million 2024-27
  - Shortfall Provincial Funding Agreements \$5.0 million 2024-2025
  - Employee related costs \$41.4 million 2024-26
  - Winter Control \$3.7 million 2024-26
- Development Charge Exemption Phase-in \$35.4 million 2024-2026
- Extraordinary Capital Inflation \$42.7 million 2024-2026

# Reserve Management

**City of Hamilton  
2023 to 2027 Reserve Projections**



# Reserve Management



## Multi-Year Forecast

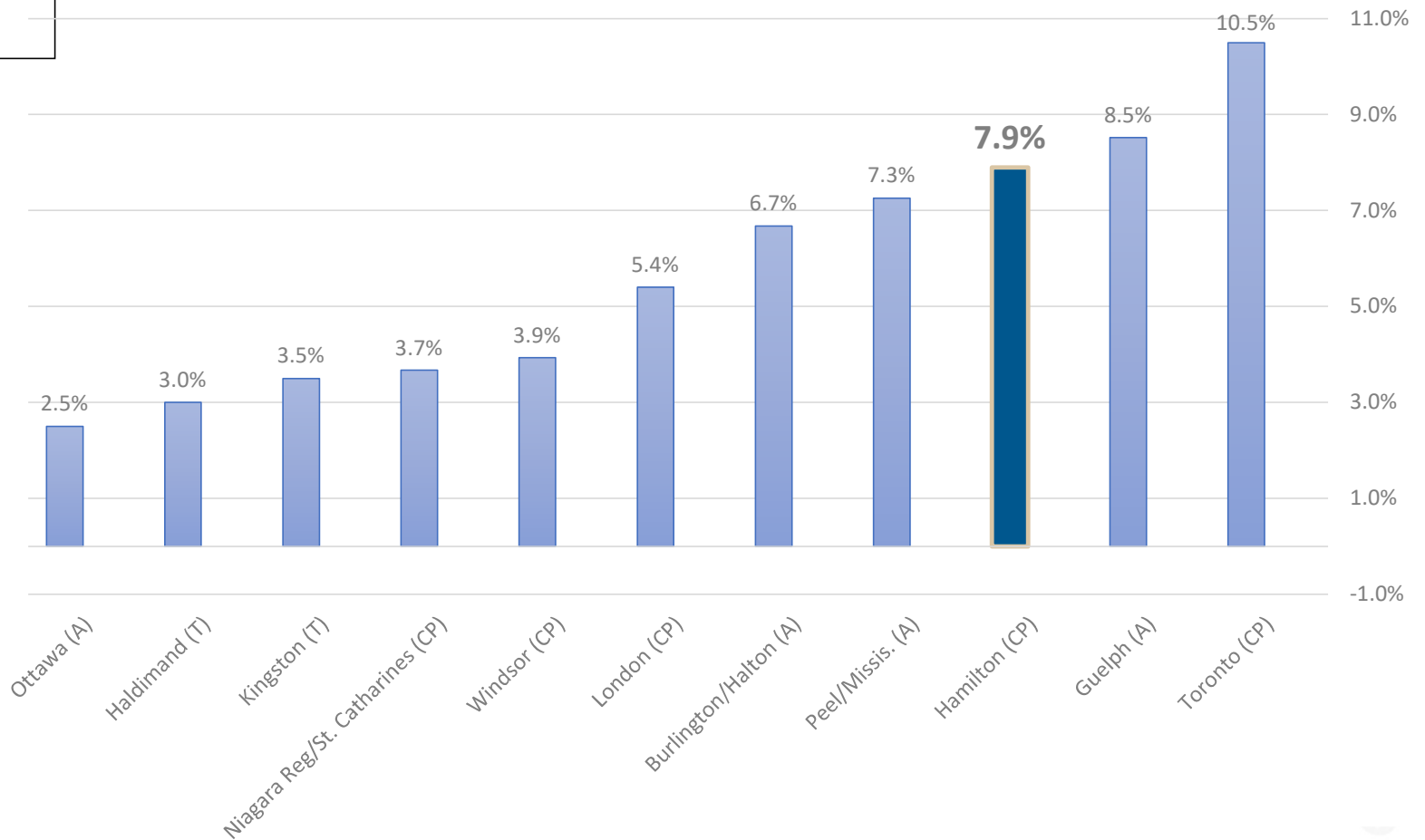
	2024	2025	2026	2027	Total
Reserve Strategy					
<b>Operating:</b>					
Housing Sustainability and Investment Roadmap	(\$72.3M)				(\$72.3M)
Tax Affordability	(\$18.4M)	(\$27.7M)	(\$16.9M)	(\$3.1M)	(\$66.1M)
<b>Capital:</b>					
DC Exemptions	(\$24.1M)	(\$11.3M)			(\$35.4M)
Capital Inflation	(\$37.8M)	(\$4.8M)	(\$0.0M)		(\$42.6M)
<b>Total</b>	<b>(\$152.6M)</b>	<b>(\$43.8M)</b>	<b>(\$16.9M)</b>	<b>(\$3.1M)</b>	<b>(\$216.4M)</b>
<b>Multi-Year Residential Tax Impact</b>	<b>7.9%</b>	<b>7.7%</b>	<b>6.4%</b>	<b>4.9%</b>	

# 2024 Residential Tax Comparators

T = Council Directed Target  
 CP = Current Position  
 A = Approved

**Notes:**

- **Municipalities that are reflecting a target was set by Council. This may not reflect the current position**





## 2024 Reduction Scenarios

Reduction Scenarios			
	Reduction (\$)	Levy Increase (\$)	Total Residential Tax Increase
Adjusted Preliminary Budget		100,495,480	7.9%
Total Reductions Of	(10,800,000)	89,695,500	7.0%
Total Reductions Of	(22,800,000)	77,695,500	6.0%
Total Reductions Of	(34,920,000)	65,575,500	5.0%

Note: A 1% residential tax increase for the average household assessed at \$385 thousand represents approximately \$12 million in investments

# PROPOSED 2024 TAX CAPITAL BUDGET



## 2024 – 2027 Capital Financing Plan: Key Objectives

- Asset reinvestment in accordance with Asset Management Plans
- Address deficiencies in statutory and discretionary DC exemptions
- Support inflationary increases to maintain infrastructure in its current state
- Investment in strategic initiatives including Transportation, Transit, Integrated Growth and Development and others
- Maximize the utilization of Federal / Provincial funding

**\$20.8M**




2024 Levy Increase

## Forecasted Capital Levy Increases

	2024	2025	2026	2027
Transportation Asset Management Plan	0.89%	0.89%	0.89%	0.89%
Non-Core Asset Management Plans	0.00%	0.00%	0.50%	0.50%
Statutory DC Exemptions	0.76%	0.76%	0.76%	0.63%
Unfunded Discretionary DC Exemptions (City Bylaw)	0.30%	0.30%	0.30%	0.00%
Servicing requirements for new debt	0.00%	1.24%	0.10%	0.13%
<b>Total Net for Levy Impact</b>	<b>1.94%</b>	<b>3.18%</b>	<b>2.54%</b>	<b>2.15%</b>

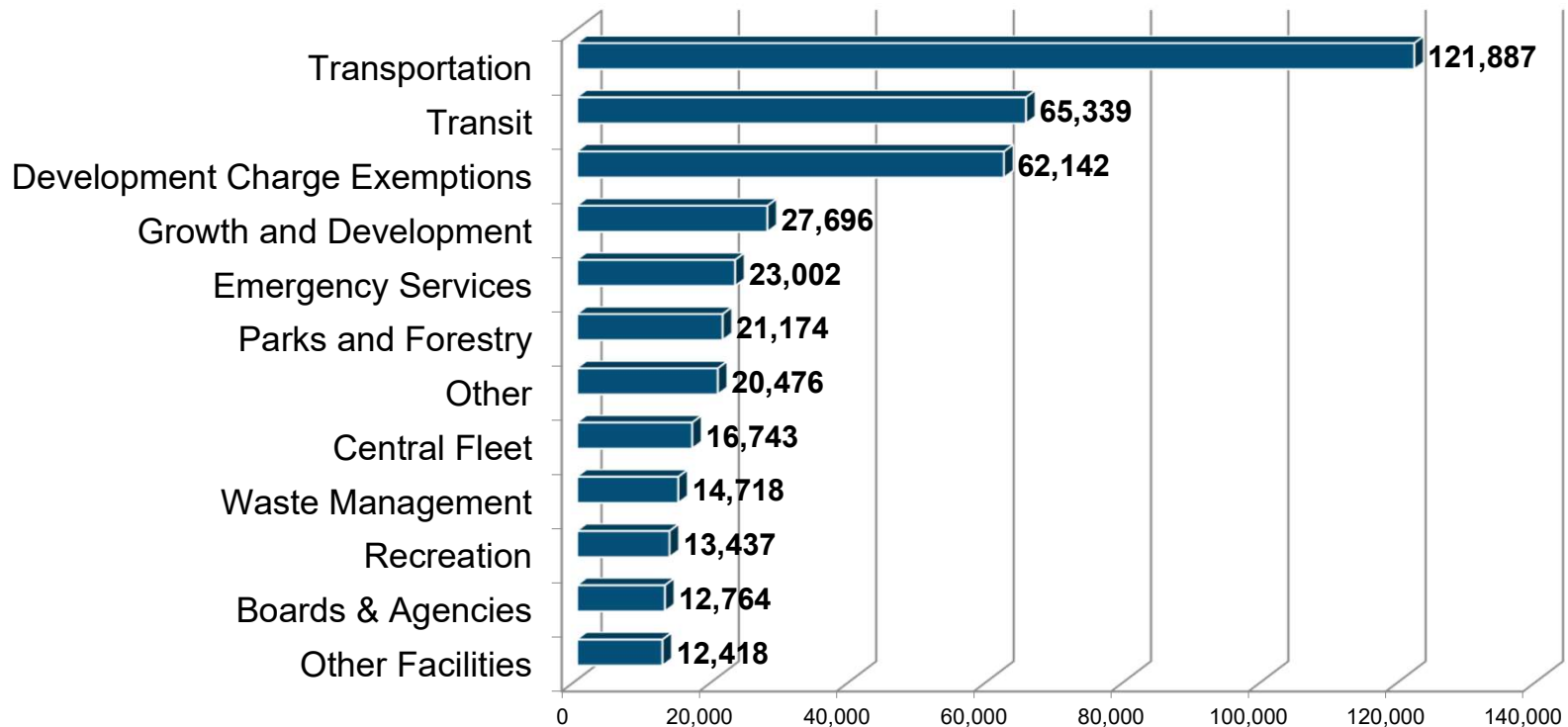
# Debt Management

## 2024 Debt Assessment

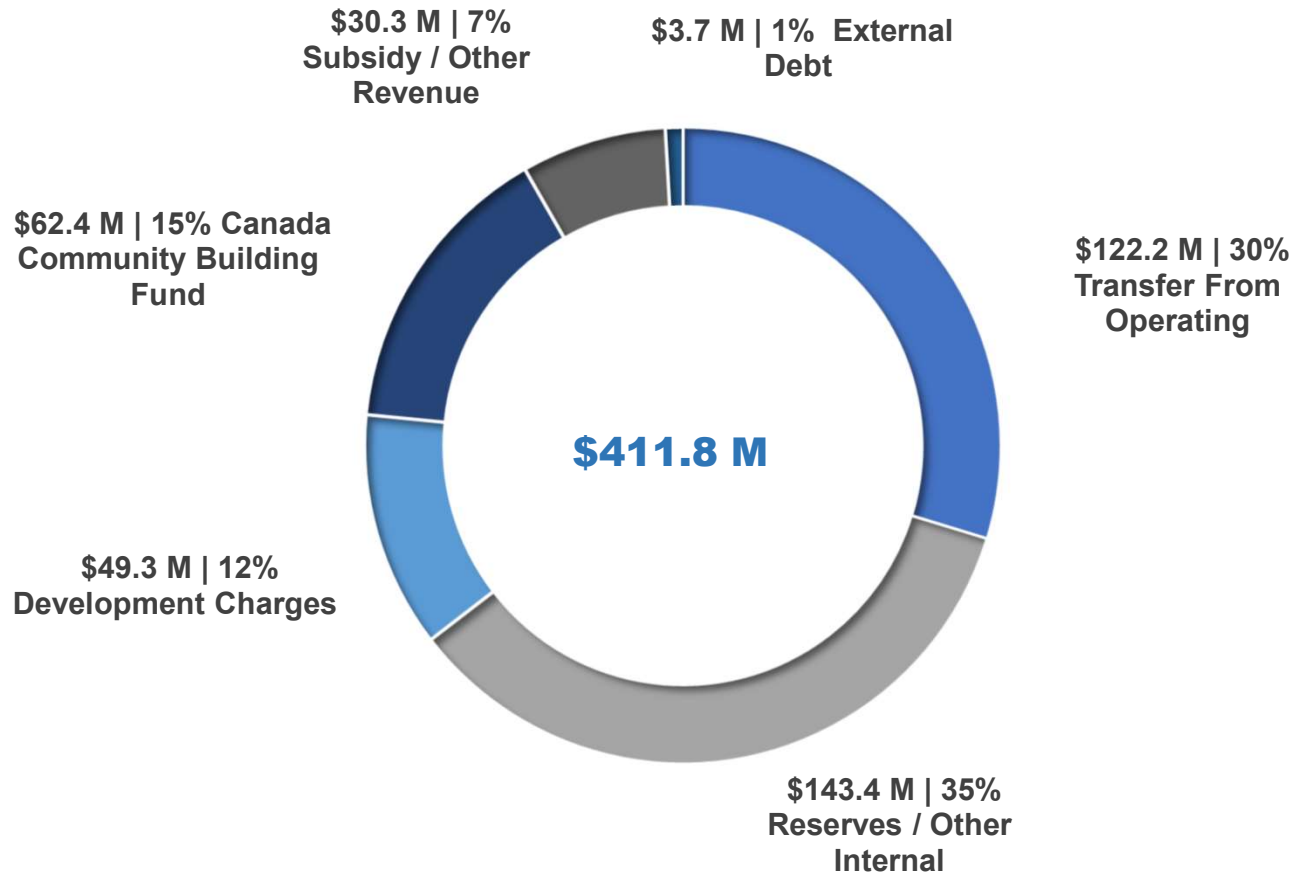
Measurement	2024		
	Forecast	Target	
Tax & Rate Supported Debt as a % of City Own-Source Revenue	18%	60%	
DC Supported Debt as a % of Total DC Eligible Costs	1%	25%	
Debt to Adjusted Operating Revenue (to maintain AAA credit rating)	23%	30%	

# 2024 Gross Capital Investment

2024 Gross Capital Budget by Program  
\$411.8 Million  
(000`s)



# 2024 Gross Capital Funding





## 2024 Major Investments

### Transit

- Transit Maintenance and Storage Facility - **\$30M**
- HSR Bus Replacement Program (ICIP) - **\$15M**
- HSR Expansion Buses - Modal Split (ICIP) - **\$8M**

### Roads

- Fifty Road Escarpment Access - Retaining Walls - **\$5M**
- Lewis - Barton to Hwy 8 - **\$5M**
- Highway 8 - Middletown to Rosebough - **\$4M**
- McNeilly Rd Urbanization - Barton St to Hwy 8 - **\$4M**
- Dickenson - Upper James to Glancaster - **\$3M**





## 2024 Major Investments

### Asset Management

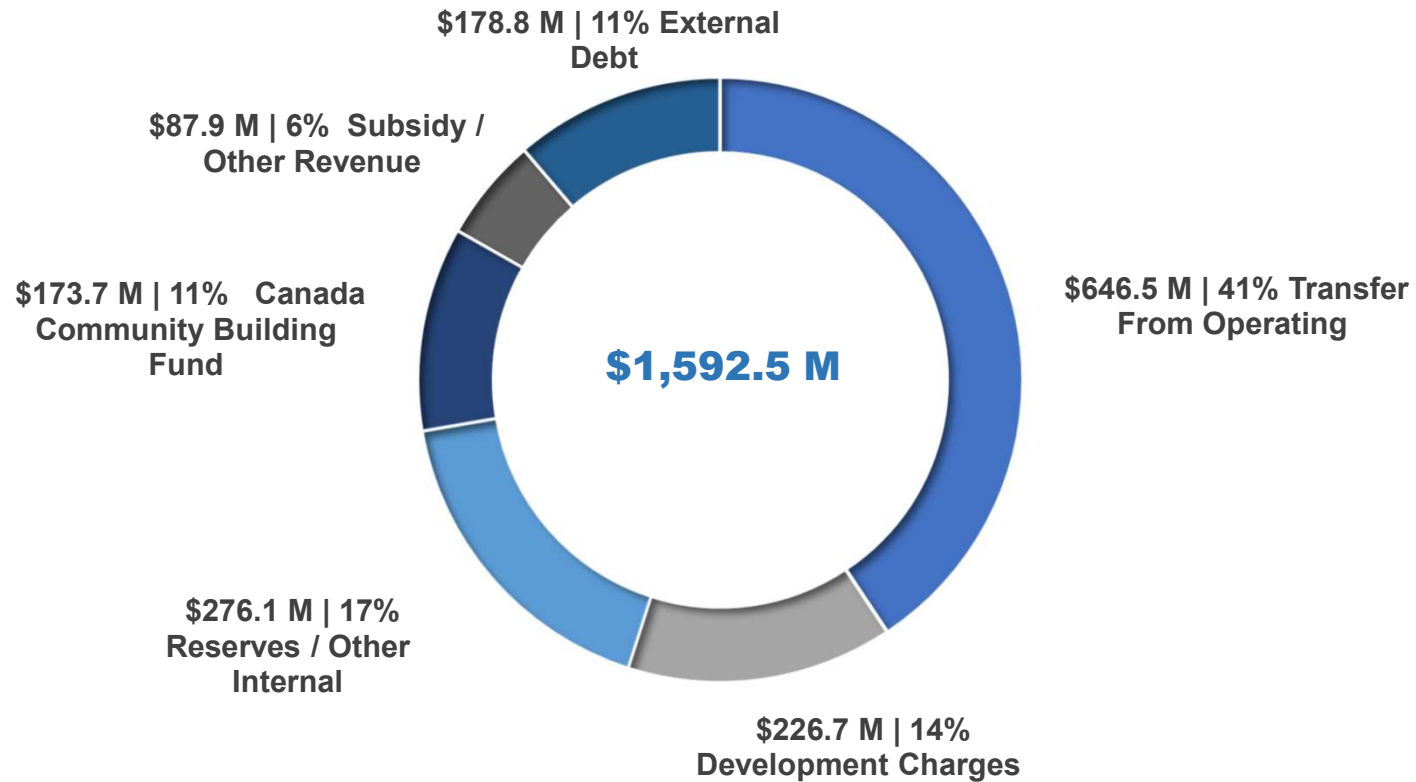
- Fleet and Equipment Replacement (Public Works, Fire Services, Paramedic Services, Waste Management) - **\$42M**
- Information Technology Asset Management - **\$4M**

### Other

- DC Exemptions - **\$62M**
- Mount Hope Library - **\$3M**
- Climate Change Action Plan - **\$3M**
- Parkland Acquisition - **\$2M**

# 2024 – 2027 CAPITAL FORECAST

# 2024 – 2027 Gross Capital Funding





## 2025 – 2027 Major Investments

### Transit

- Transit Maintenance and Storage Facility - **\$116M (2025)**
- HSR Bus Replacement Program - **\$46M (2025-2027)**

### Roads

- Garner Road / Glancaster (3 projects) – AEGD - **\$45M (2025-2027)**
- Main Street Two-Way Conversion - **\$27M (2025-2027)**
- Barton - Fruitland to Fifty - **\$27M (2025-2027)**
- Arterial Road 1N Oversizing (AEGD) - Glancaster Road to Dickenson Road - **\$22M (2025)**
- Glover – Rymal to Twenty Rd - **\$21M (2026)**



## 2025 – 2027 Major Investments

### Facilities

- Waterdown Pool and Recreation Centre - **\$28M (2025)**
- Macassa Lodge B-Wing - **\$22M (2025)**
- Riverdale Community Hub - **\$19M (2025-2026)**
- Ancaster Senior Achievement Centre Gym Expansion - **\$16M (2025)**
- Winona Recreation Centre - **\$16M (2025)**
- Sackville Hill Senior Expansion & Renewal - **\$14M (2026)**

### Parks

- Parks Master Plan 2025-2033 - **\$102M (2025-2027)**

# QUESTIONS?