



Hamilton

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# 2013 PRELIMINARY TAX OPERATING BUDGET Corporate Overview

**General Issues Committee**

**January 28, 2013**

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# INTRODUCTION

### **1. Council Approved Guidelines**

- 2011 Council Recommendation
- 2013 Budget Guidelines

### **2. Where are we now?**

- 2013 Preliminary Tax Impact
- Historical City-wide Residential Tax Impacts
- Historical Data – Levy Change
- 2012 Average Municipal Tax Impacts

# 2011 Council Recommendation

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## **Sustainable Savings Strategy (2011) (Item 9.1) (GIC -April 7, 2011)**

That further to Council's 2011 operating budget principle to hold the line on the 2011 budget by achieving the goal of 0% tax change with no service cuts while utilizing attrition and departmental reorganizations, Senior Management be directed to:

- (a) Identify sustainable mechanisms and processes to reduce employee related costs during the current Council term on an on-going basis through the 2012, 2013, and 2014 budget processes;
- (b) Identify other sustainable efficiencies and non-employee related cost saving measures for Council's consideration;
- (c) Identify and implement cost reduction opportunities with a goal of up to \$1M by December 31,2011, prior to the approval of the 2012 budget.
  - NOTE: (c) does not apply to the current 2013 budget process

# 2013 Council Approved Guidelines

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## **(GIC – September, 2012)**

- (a) That 2013 user fees (excluding golf, transit and ice fees) be increased by an inflation rate of 2.3% (Ontario CPI), and that any user fee adjustments, other than inflationary, be forwarded for consideration with appropriate explanation;
- (b) That Boards & Agencies be requested to submit a 2013 budget based on a guideline of 0% increase, and that any increase be forwarded for consideration with appropriate explanation;
- (c) That, in an effort to achieve the goal of an overall tax impact of zero percent for City Services, all City departments target a 2013 budget guideline of 0% increase, and that any increase be forwarded for consideration with appropriate explanation.

# 2013 Total Preliminary Impact for the Average Residential Tax Bill

	Change (2013 over 2012)	
	DRAFT	
	\$	%
Municipal Taxes		
City Departments	\$ 56	1.9%
Provincial Funding Loss Transition	\$ 8	0.3%
Boards & Agencies	\$ 21	0.7%
Capital	\$ 15	0.5%
<b>Municipal Tax Change</b>	<b>\$ 101</b>	<b>3.5%</b>
<b>Total (including Education) Tax Change</b>	<b>\$ 101</b>	<b>2.9%</b>

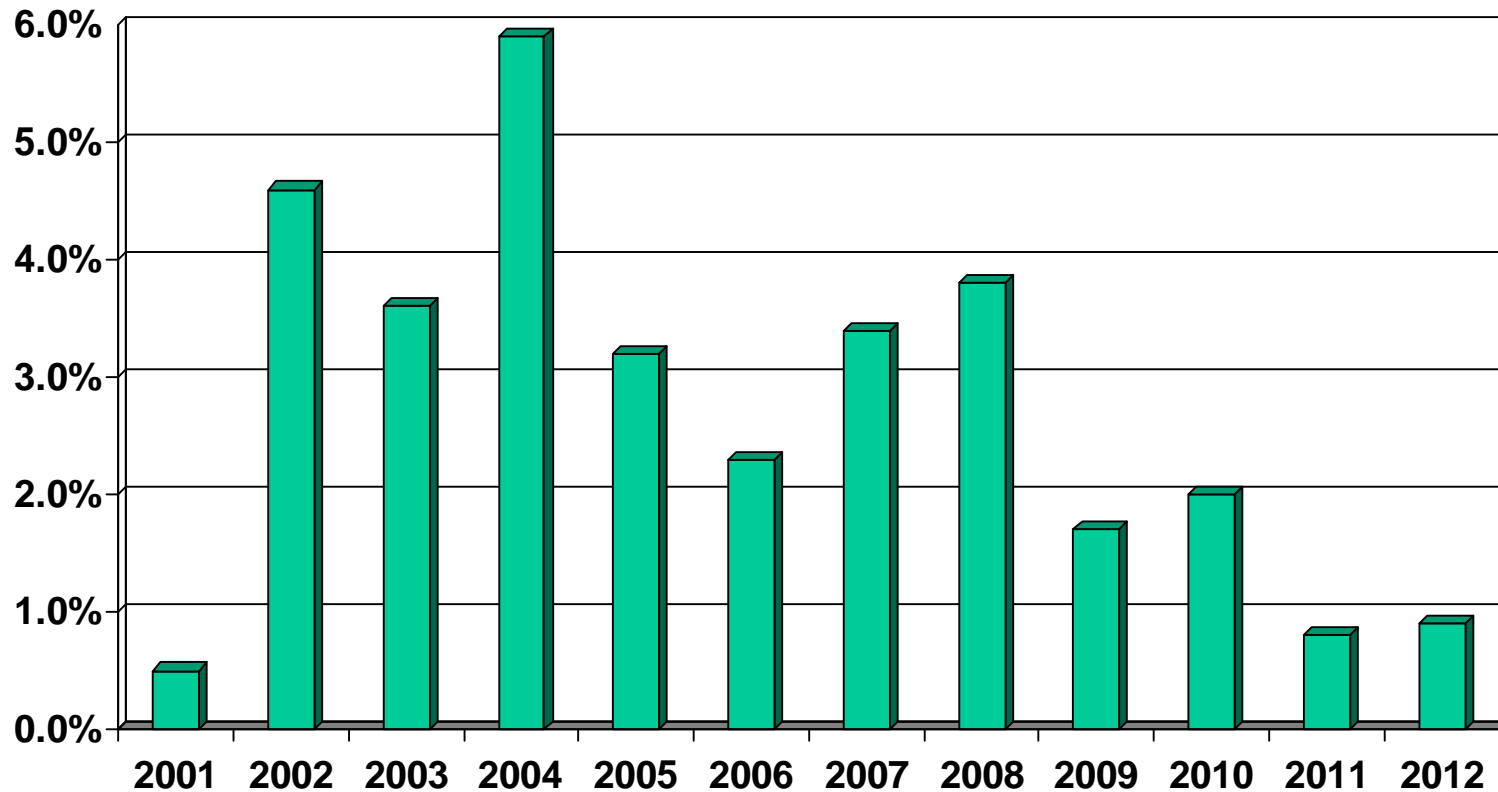
Note - based on City-wide average residential assessment

***These numbers exclude Council Referred and Requested Enhancements***

Note – anomalies in totals due to rounding

# Historical City-wide Residential Tax Impacts

**Tax increases below inflation the last four years and below 1% the last 2 years**



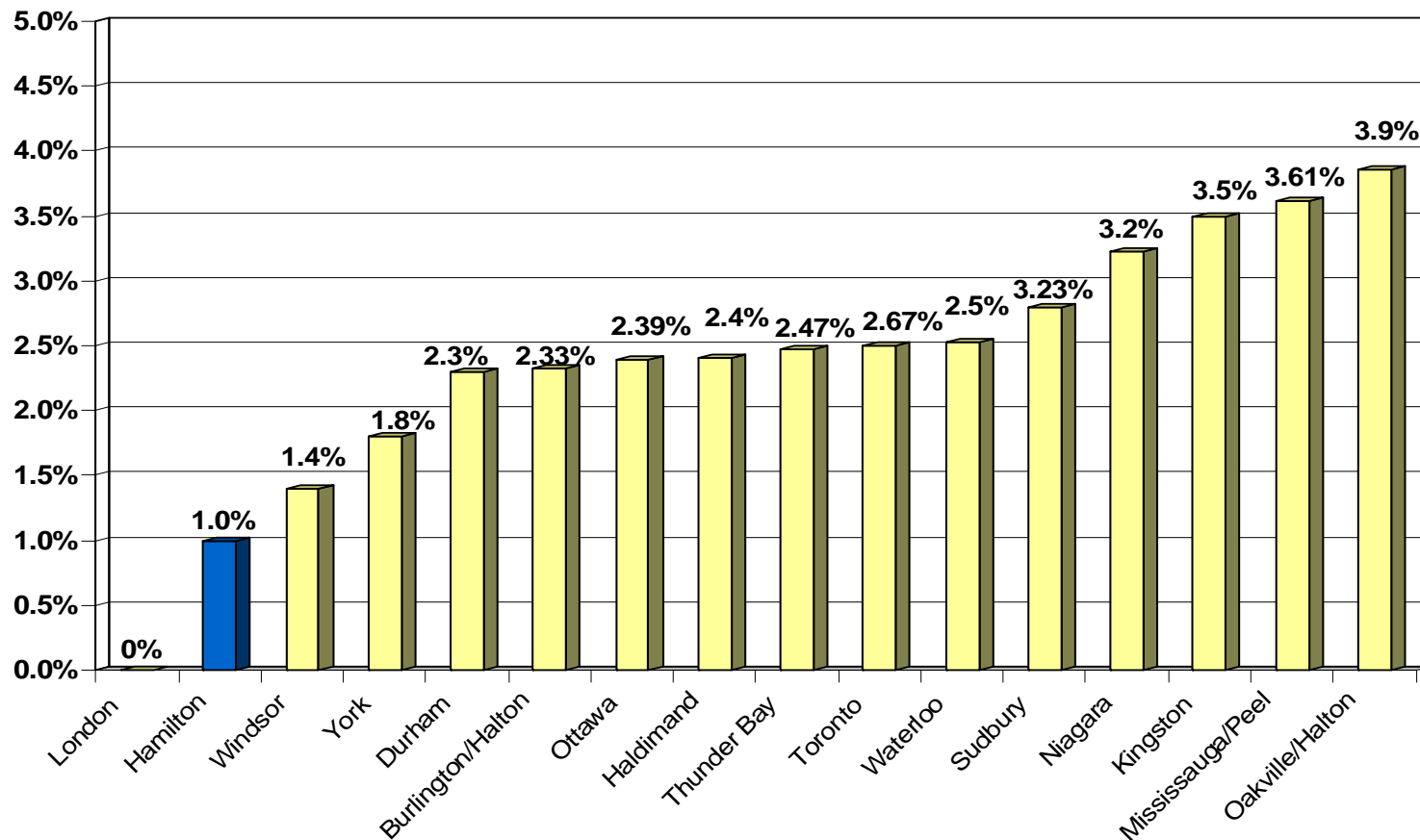
# Historical Data – Levy Change

Tax Budget	Annual Budget Change				
	2008	2009	2010	2011	2012
Planning & Economic Development	13.5%	0.6%	-5.7%	-1.7%	-1.9%
Public Health Services	7.0%	0.7%	1.4%	-5.6%	-1.1%
Community Services (inclusive of upload)	-0.8%	-0.6%	-4.8%	-12.9%	1.2%
Hamilton Emergency Services	10.6%	2.2%	2.9%	3.4%	3.3%
Public Works	6.2%	3.5%	2.4%	1.5%	2.6%
Legislative	5.6%	-0.1%	1.3%	-0.8%	6.4%
City Manager	11.6%	1.8%	2.6%	0.2%	3.2%
Corporate Services	5.4%	0.9%	0.8%	-1.7%	0.4%
Community Partnership Program	11.6%	2.0%	2.0%	0.0%	0.0%
Police Services	4.8%	3.4%	3.6%	5.0%	3.4%
Other Boards & Agencies	3.1%	3.7%	-1.2%	1.3%	2.2%
Capital Financing	3.8%	0.0%	3.7%	7.8%	4.0%
Corporate Financials	-27.3%	60.0%	376.1%	140.9%	-44.7%
Non Program Revenues	-1.1%	6.3%	21.4%	30.7%	0.6%
<b>Total</b>	<b>4.7%</b>	<b>3.0%</b>	<b>3.7%</b>	<b>2.9%</b>	<b>2.3%</b>
Community Services (exclusive of upload)	5.0%	2.6%	5.6%	1.1%	2.9%



# 2012 Average Municipal Tax Impacts

2 years running - Second lowest tax increase amongst major municipalities in Ontario





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# PRELIMINARY 2013 BUDGET OVERVIEW



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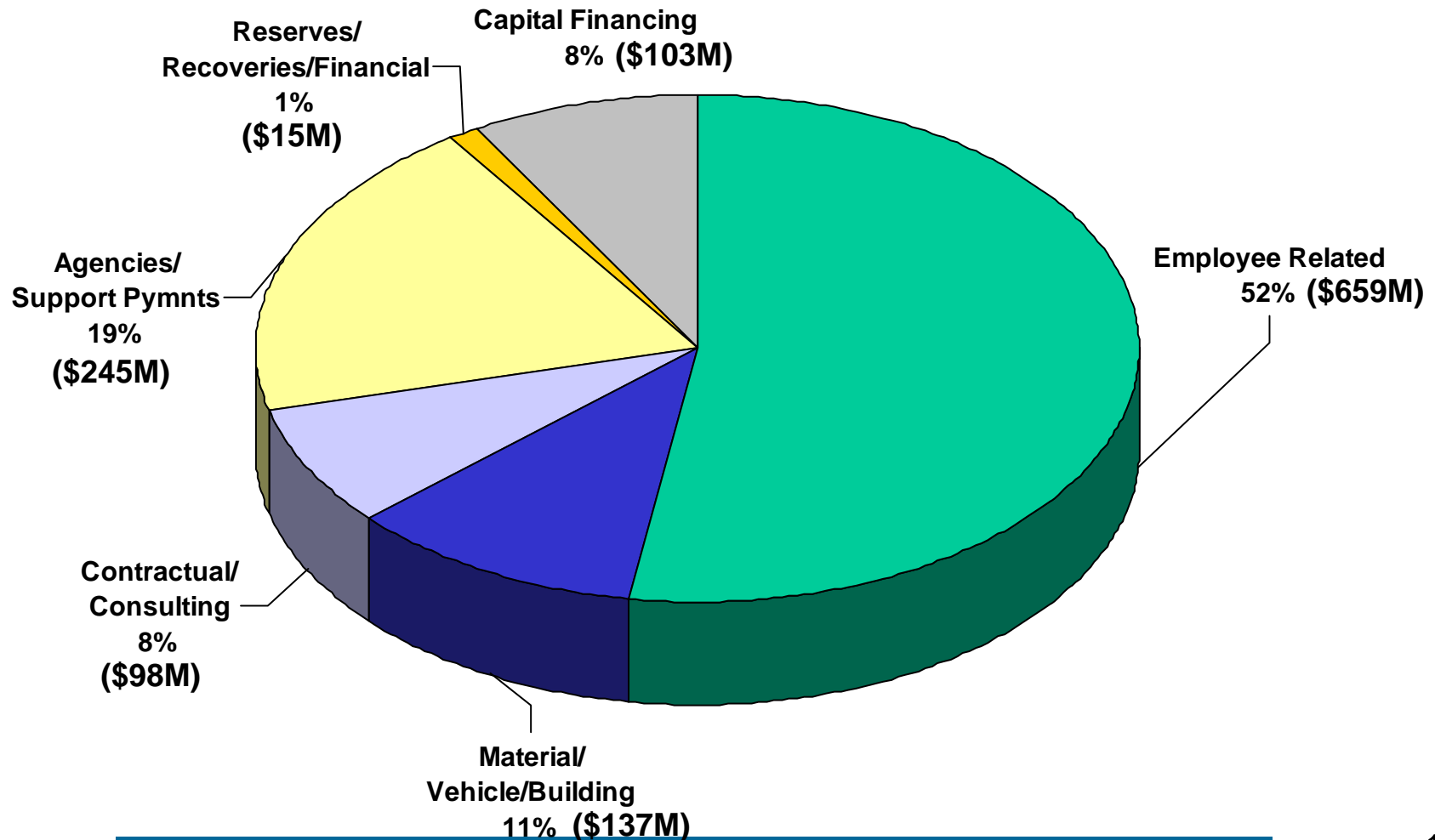
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# CONTEXT

# 2013 Gross Tax Expenditures by Type

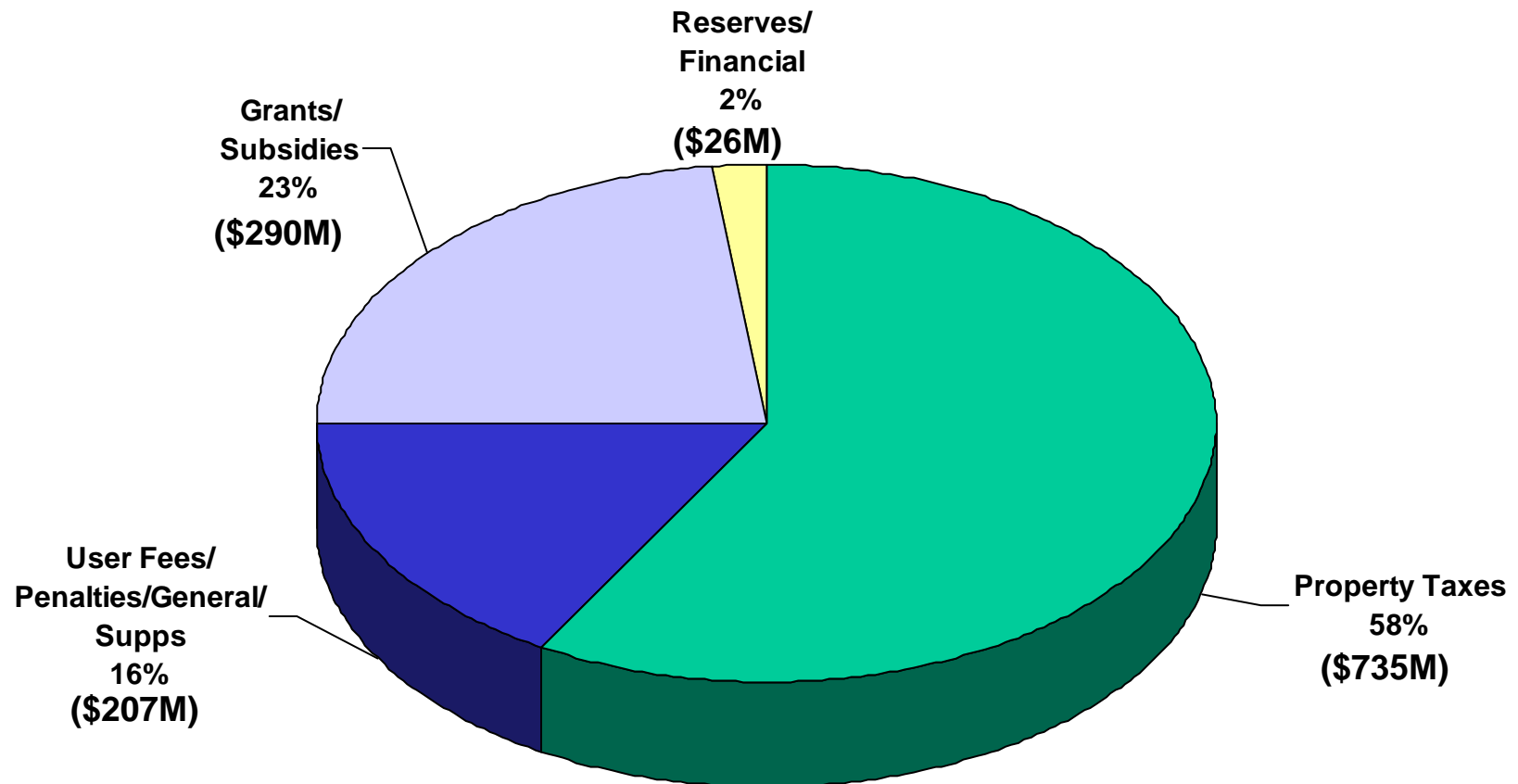
## 2013 Gross Tax Expenditures by Type - \$1.26 billion



Note – anomalies in totals due to rounding

# 2013 Gross Tax Revenues by Type

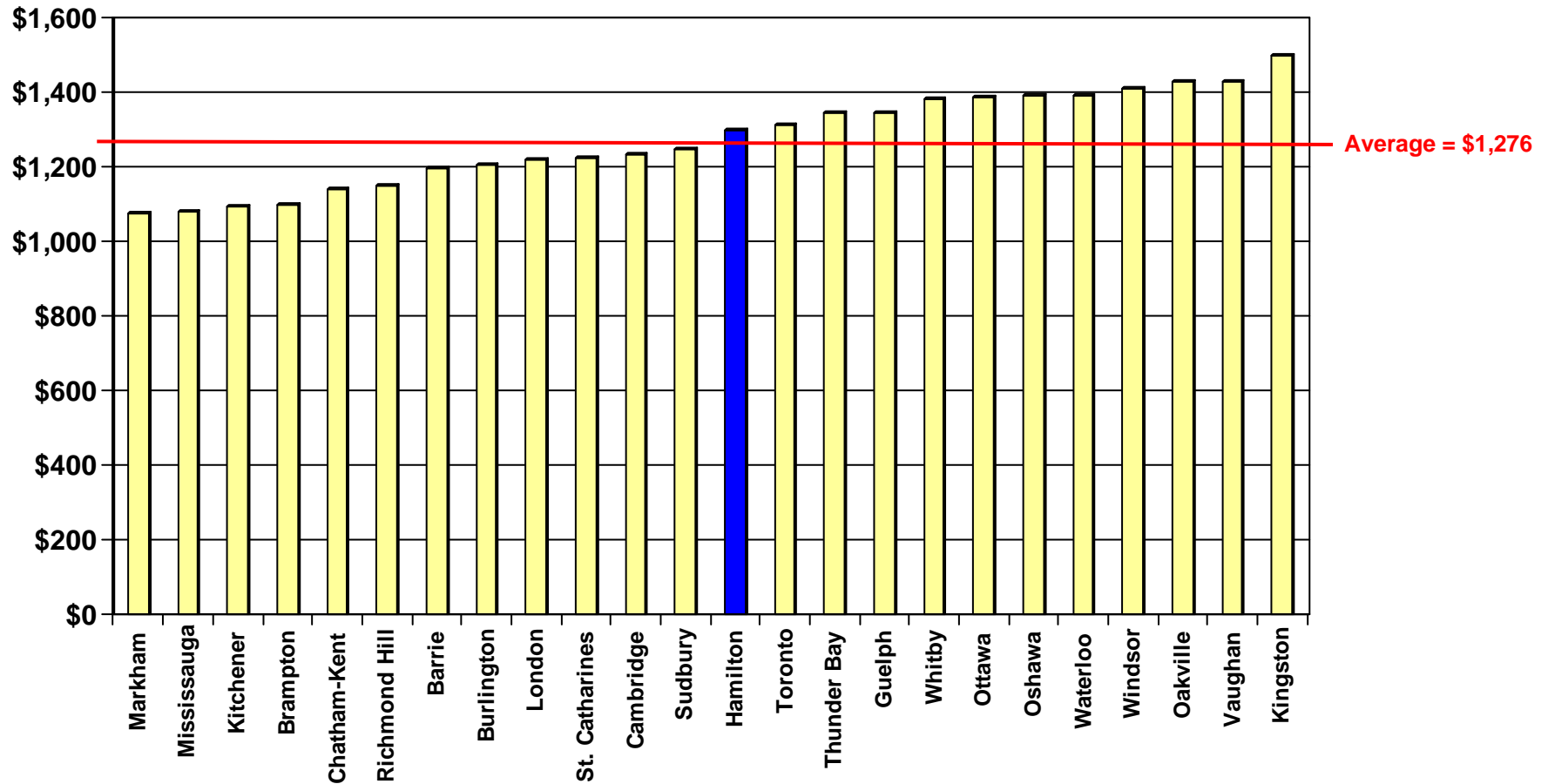
## 2013 Gross Tax Revenues by Type - \$1.26 billion



Note – anomalies in totals due to rounding

# Comparing Levy per Capita – Hamilton's Spending on Par

2011 Net Levy per Capita  
(Municipalities with population > 100,000)





# Comparing 2013 Upload Benefit/(Shortfall)

Municipality	2013 Upload Benefit/(Shortfall)
<b>York Region</b>	\$13.2 M (GTA Pooling Upload)* \$1.7 M (OW Upload) <u>\$0.0 M (OMPF clawback)</u> <b>\$14.9 million benefit</b>
<b>Peel Region</b>	\$10.1 M (GTA Pooling Upload)* \$3.5 M (OW Upload) <u>\$0.0 M (OMPF clawback)</u> <b>\$13.6 million benefit</b>
<b>Halton Region</b>	\$5.8 M (GTA Pooling Upload)* \$0.6 M (OW Upload) <u>\$0.0 M (OMPF clawback)</u> <b>\$6.4 million benefit</b>
<b>City of Hamilton</b>	\$0.0 M (GTA Pooling Upload) \$3.4 M (OW Upload) <u>(\$2.0 M) (Provincial Funding loss transition)</u> <b>\$1.4 million benefit</b>

\* Note that the GTA Pooling Upload amount is realized every year for seven years (from 2007-2013)



# 2012 Cost for Municipal Services for Average Home

<b>Services for Your Tax Dollar - 2012</b>		<b>cost per month</b>
	<b>\$</b>	
<b>Municipal Services</b>		
Police	528	\$44
Social Services	426	\$35
Fire Services & Emergency Medical	386	\$32
Roads & Sidewalks / Streetlights	383	\$32
Transit (HSR) & Accessible Transportation Services (ATS)	182	\$15
Waste Management Services	180	\$15
Culture & Recreation Services	158	\$13
Administrative Services	136	\$11
Parks	128	\$11
Library	116	\$10
Boards / Agencies / Community Partnership Program	88	\$7
General Revenues / Capital Program / Other Services	74	\$6
Planning / Economic Development	73	\$6
Public Health	43	\$4
<b>Total City Services</b>	<b>2,900</b>	<b>\$ 242</b>

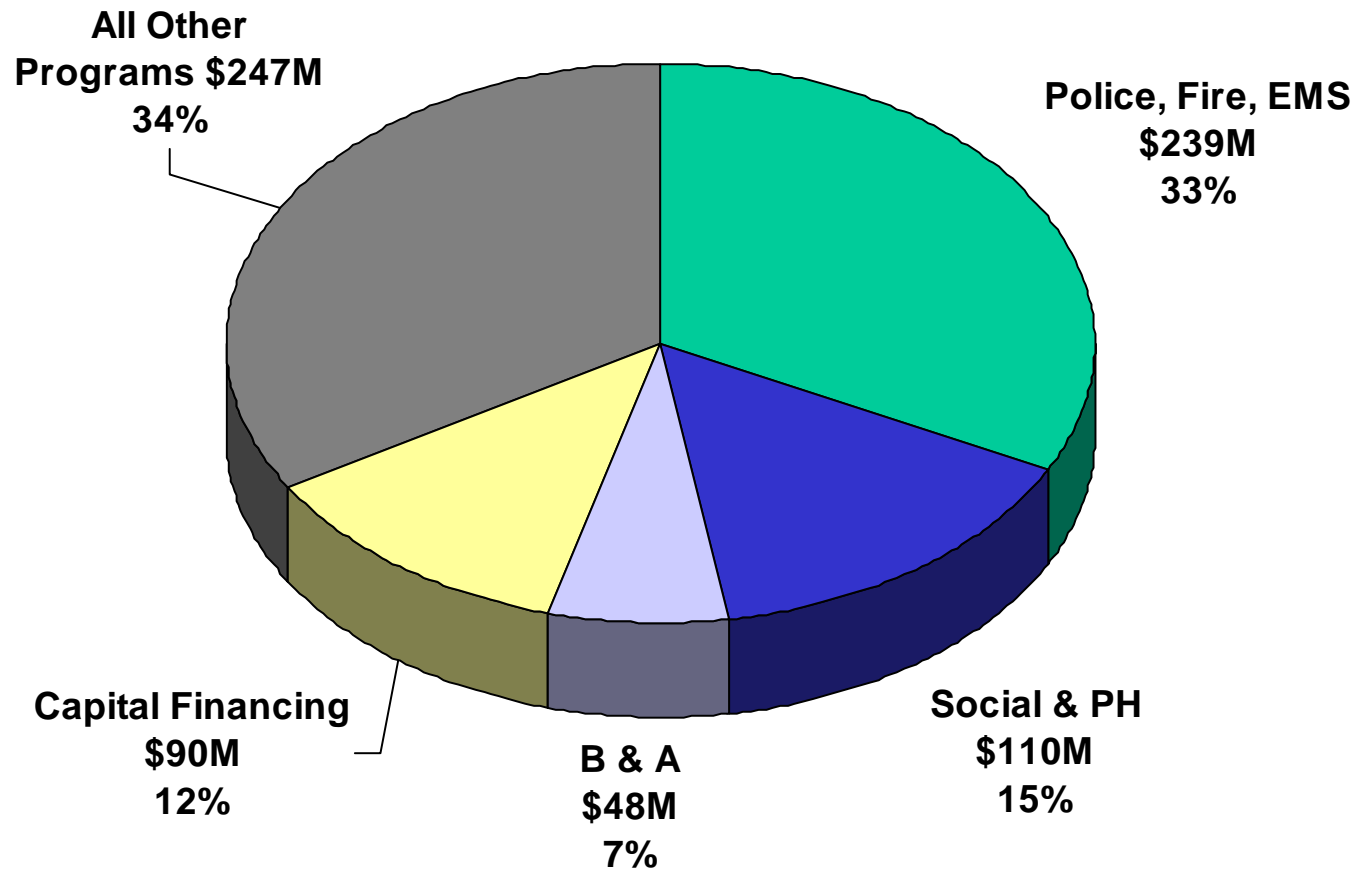
Note – anomalies in totals due to rounding





# Where to Get to 0% ?

2013 Preliminary Net Levy = \$734.5M



Note – anomalies in totals due to rounding



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# 2013 PRELIMINARY BUDGET

# Significant Mitigation Since Original Outlook – Sept. 2012

## 2013 Operating Budget Impact

	Levy Increase	Res. Impact
September*	\$44.8 M	5.5%
December*	\$36.7 M	4.3%
<b>Budget Book**</b>	<b>\$29.5 M</b>	<b>2.9%</b>

\* municipal impact

\*\* total impact



- **Assessment growth = 0.8% (incorporated into preliminary tax impact)**
- **Lower than recent years (typically 1%)**
- **Expected that strong building permit activity has been offset by continued write-offs in commercial / industrial**
  - **Staff are currently analyzing the assessment data and will report back to committee**

# 2013 Total Preliminary Impact for the Average Residential Tax Bill

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<b>Total (including Education) Tax Change</b>	<b>\$ 101</b>	<b>2.9%</b>

Note - based on City-wide average residential assessment

***These numbers exclude Council Referred and Program Enhancements***

Note – anomalies in totals due to rounding



# 2013 Preliminary Tax Impact Average Home

	2012	2013	Change (2013 over 2012)	
			DRAFT	
			\$	%
<b>Total Municipal Taxes</b>	\$ 2,900	\$ 3,001	\$ 101	3.5%
Education Taxes <sup>1</sup>	\$ 571	\$ 571	\$ -	0.0%
<b>Total</b>	\$ 3,471	\$ 3,571	\$ 101	2.9%

<sup>1</sup> assumes no change in Education taxes, staff to report back on 2013 final Provincial Education tax rates as part of the Reassessment impacts

Note - based on City-wide average residential assessment

Note – anomalies in totals due to rounding



# 2013 Preliminary Budget by Department

	2013 Preliminary	Change 2013 / 2012	
		\$	%
PLANNING AND ECONOMIC DEVELOPMENT	22,676,450	539,890	2.4%
PUBLIC HEALTH SERVICES	10,650,820	336,860	3.3%
COMMUNITY SERVICES	130,595,570	(754,060)	(0.6%)
HAMILTON EMERGENCY SERVICES	97,579,100	3,123,540	3.3%
PUBLIC WORKS	193,529,680	11,345,800	6.2%
LEGISLATIVE	3,989,170	41,980	1.1%
CITY MANAGER	10,154,550	370,770	3.8%
CORPORATE SERVICES	20,010,140	547,330	2.8%
CORP FINANCIALS/ NON PROG REVENUES	(34,258,710)	1,748,530	4.9%
<b>TOTAL CITY EXPENDITURES</b>	<b>454,926,780</b>	<b>17,300,650</b>	<b>4.0%</b>
PLAN & ECON DEV (exclusive of in-year approval)	22,476,450	339,890	1.5%
COMMUNITY SERVICES (exclusive of upload)	133,995,570	2,645,940	2.0%

Note – anomalies in totals due to rounding

# Significant Budget Items City Departments

## Compensation:

Salary/Wage	\$9.1M
OMERS	\$3.8M
Employer Benefits	\$1.8M
Government Benefits	<u>\$0.9M</u>
	<b>\$15.6M</b>

## Provincial Impacts\*:

Social Service Upload	(\$3.4M)
OW Benefit / Caseload	(\$1.2M)
AODA Implementation (Transit)	\$2.3M
Destination Marketing Rev. loss	\$0.3M
Social Housing-Provincial impact	<u>\$1.3M</u>
	<b>(\$0.7M)</b>

- Provincial impacts exclude grant loss transition (\$2m) and uploaded Court Security (-\$0.7m)



# Significant Budget Items City Departments (cont'd)

<b>Operating Impacts from Capital</b>	<b>\$1.6M</b>
<b>Other:</b>	
Fuel - Unleaded/Diesel	\$2.1M
Fuel - Natural Gas	(\$0.25M)
Winter Control	\$1.8M
Street Lighting	\$1.3M
Social Housing - Other	\$0.9M
Assessment Write-offs/Rebates	\$0.6M
Recreation Annualized Impact	\$0.54M
Recycling Revenue Loss	\$0.5M
User Fee Revenue Increase	<u>(\$3.5M)</u>
	<b>\$4.0M</b>
<b>Total of Highlighted Pressures</b>	<b>\$20.5M</b>

# 2013 Base Budget Savings

DEPARTMENT	\$ GROSS IMPACT	\$ NET IMPACT
PLANNING & ECONOMIC DEVELOPMENT	\$ (2,900,300)	\$ (938,300)
PUBLIC HEALTH SERVICES	\$ (247,710)	\$ (99,930)
COMMUNITY SERVICES	\$ (335,361)	\$ (264,074)
HAMILTON EMERGENCY SERVICES	\$ (51,020)	\$ (51,020)
PUBLIC WORKS	\$ (4,683,533)	\$ (4,413,523)
CITY MANAGER	\$ (28,050)	\$ (28,050)
CORPORATE SERVICES	\$ (455,260)	\$ (395,830)
<b>TOTAL BUDGET SAVINGS INCORPORATED INTO THE 2013 DEPARTMENTAL PRELIMINARY BUDGET</b>	<b>(\$8,701,234)</b>	<b>(\$6,190,727)</b>

- Included in preliminary budget
- Reduces the total residential tax impact about -0.75%
- Further information included in Appendix 1-5



# 2013 Preliminary Budget - Boards & Agencies / Other

	Net Operating Budget		
	2013 Preliminary	Change 2013 / 2012	
		\$	%
HAMILTON POLICE SERVICES	141,370,900	6,658,580	4.9%
HAMILTON PUBLIC LIBRARY	28,038,610	0	0.0%
HECFI	3,247,140	0	0.0%
MPAC	6,216,500	10,910	0.2%
BOARDS & AGENCIES - OTHER	7,357,110	55,440	0.8%
COMMUNITY GRANTS	3,212,200	20	0.0%
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>189,442,460</b>	<b>6,724,950</b>	<b>3.7%</b>
<b>CAPITAL FINANCING</b>	<b>90,177,000</b>	<b>3,450,000</b>	<b>4.0%</b>
<b>PROVINCIAL FUNDING LOSS TRANSITION</b>	<b>0</b>	<b>2,000,000</b>	<b>100.0%</b>
<b>TOTAL OTHER</b>	<b>279,619,460</b>	<b>12,174,950</b>	<b>4.6%</b>

# 2013 Tax Complement

(Appendix 1-4)

## 2013 Preliminary Complement (FTE) (excluding Boards & Agencies)

		Change
<b>2012 Approved</b>	<b>5,652.3</b>	
<b>2012 Restated</b>	<b>5,518.4</b>	<b>(133.9)*</b>
<b>2013 Preliminary</b>	<b>5,510.1</b>	<b>(8.3)</b>

\* City Housing Hamilton Governance -130fte



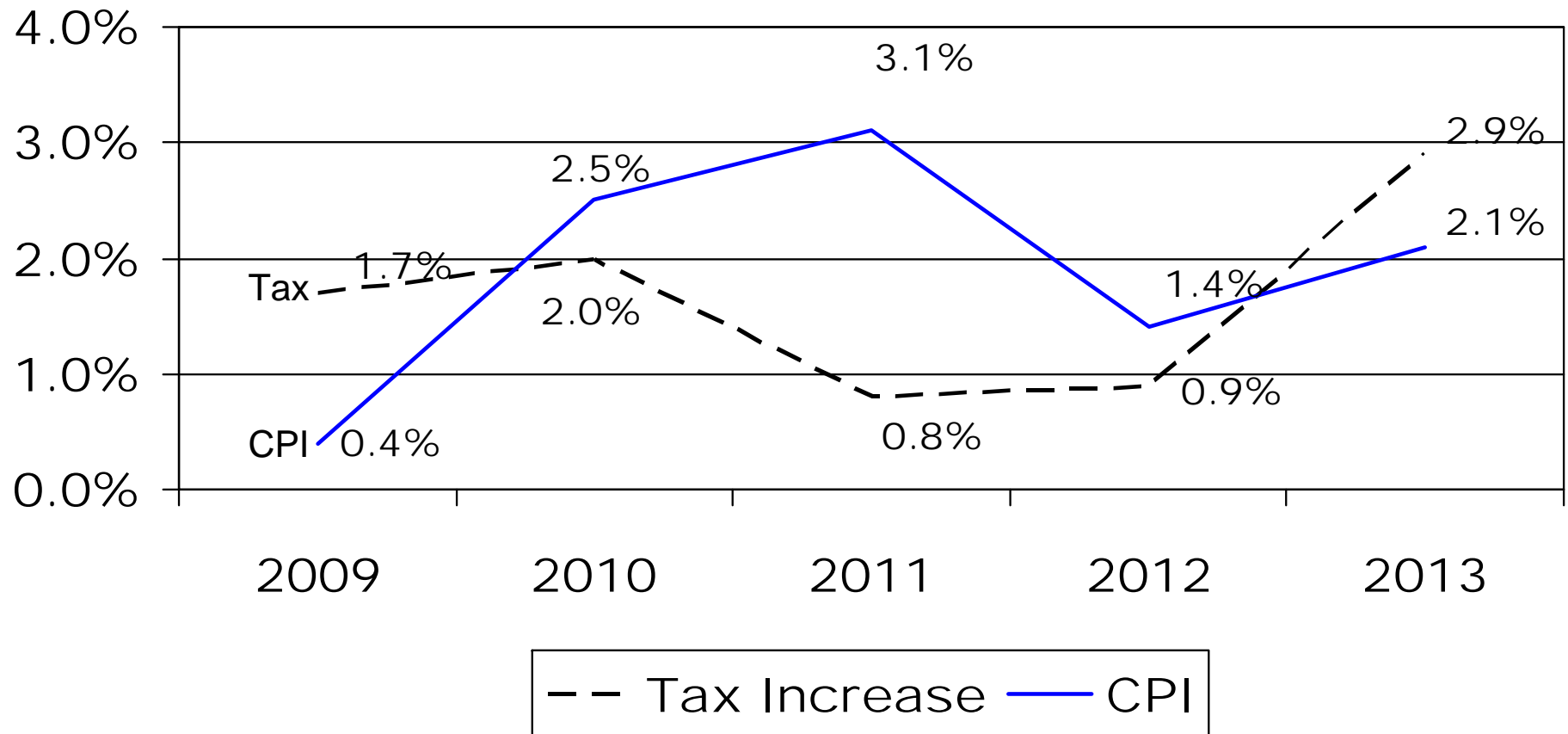
## Risks & Assumptions

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- -5.8% decrease in OW caseload based on positive trend experienced during second half of 2012
  - Winter control budget based on cumulative average from 2005
  - Unleaded fuel budgeted @ \$1.11 per litre / Diesel @ \$1.09/litre
  - Assumes Council will pass on the maximum allowable (50% of budget increase) to restricted property classes (Industrial)
  - Excludes reassessment impacts and final 2013 education tax rates – staff to report back
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# Historical Tax Increases

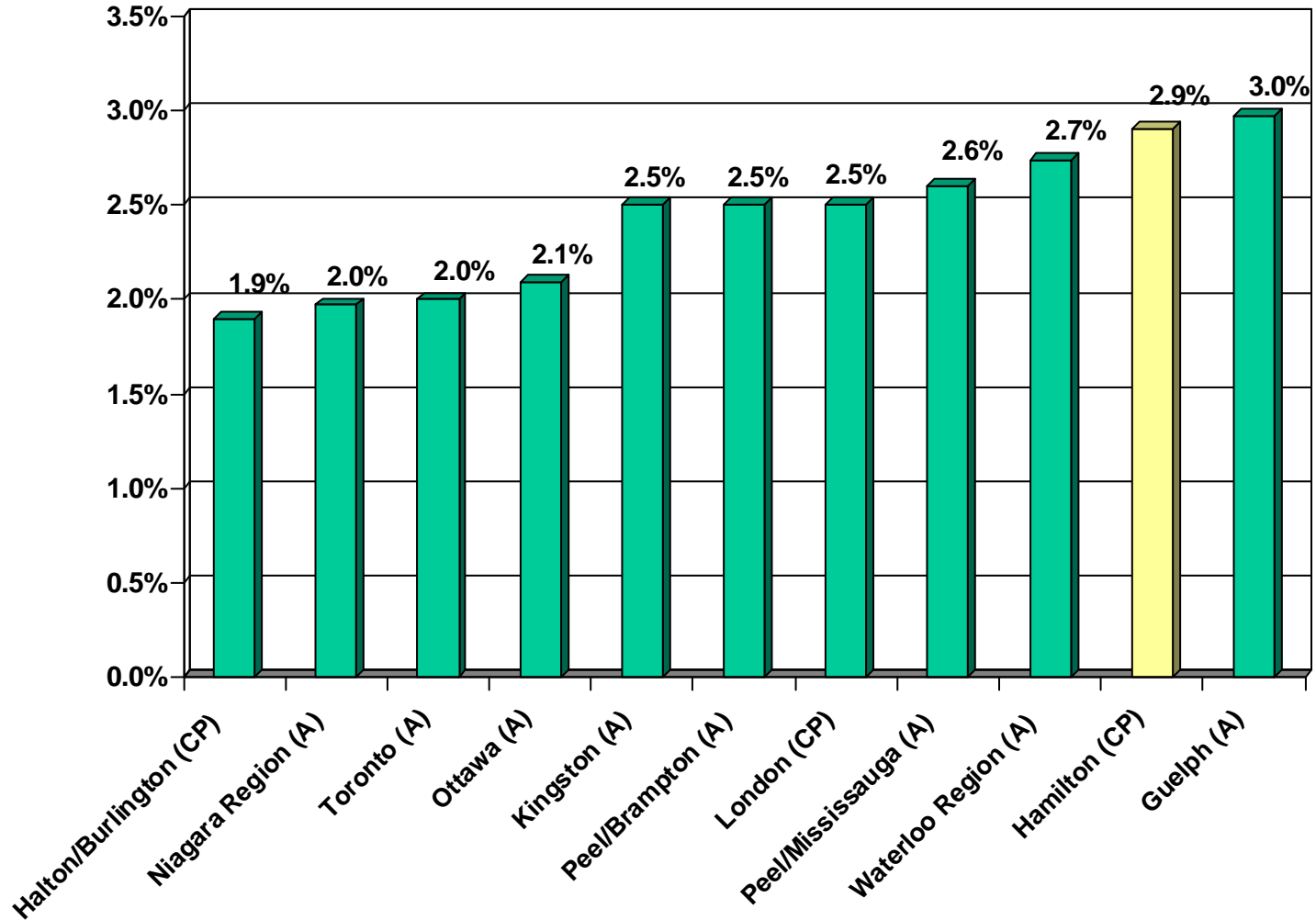


CPI = 2009-2012 Ontario (all items) - Statistics Canada  
2013 Scotia Bank Global Forecast December 2012



# 2013 Average Total Tax Impacts

(information to date)



CP = Current Position; A = Approved



# COUNCIL REFERRED & OTHER ITEMS

(not included in preliminary budget totals)





# Council Referred Enhancements (Appendix 1-6)

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- 24 items referred by Council to the 2013 budget process
- Represents \$5.1 million gross, \$5.0 million net; 16.15 FTE
- **NOT** included in the preliminary budget pending Council's consideration
- If all approved, would increase total tax impact by 0.6%
- Details to be presented at Feb 14<sup>th</sup> GIC



# Requested Enhancements (Appendix 1-7)

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In addition to Council Referred :

- 6 requested items submitted to the 2013 budget process
- Represents \$0.8 million gross, \$0.3 million net; 10.5 FTE
- **NOT** included in the draft budget pending Council's consideration
- If all approved, would increase total tax impact by 0.04%
- Details to be presented at Feb 14<sup>th</sup> GIC



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# ADDITIONAL INFORMATION & PROCESS



# Reducing the Tax Impact

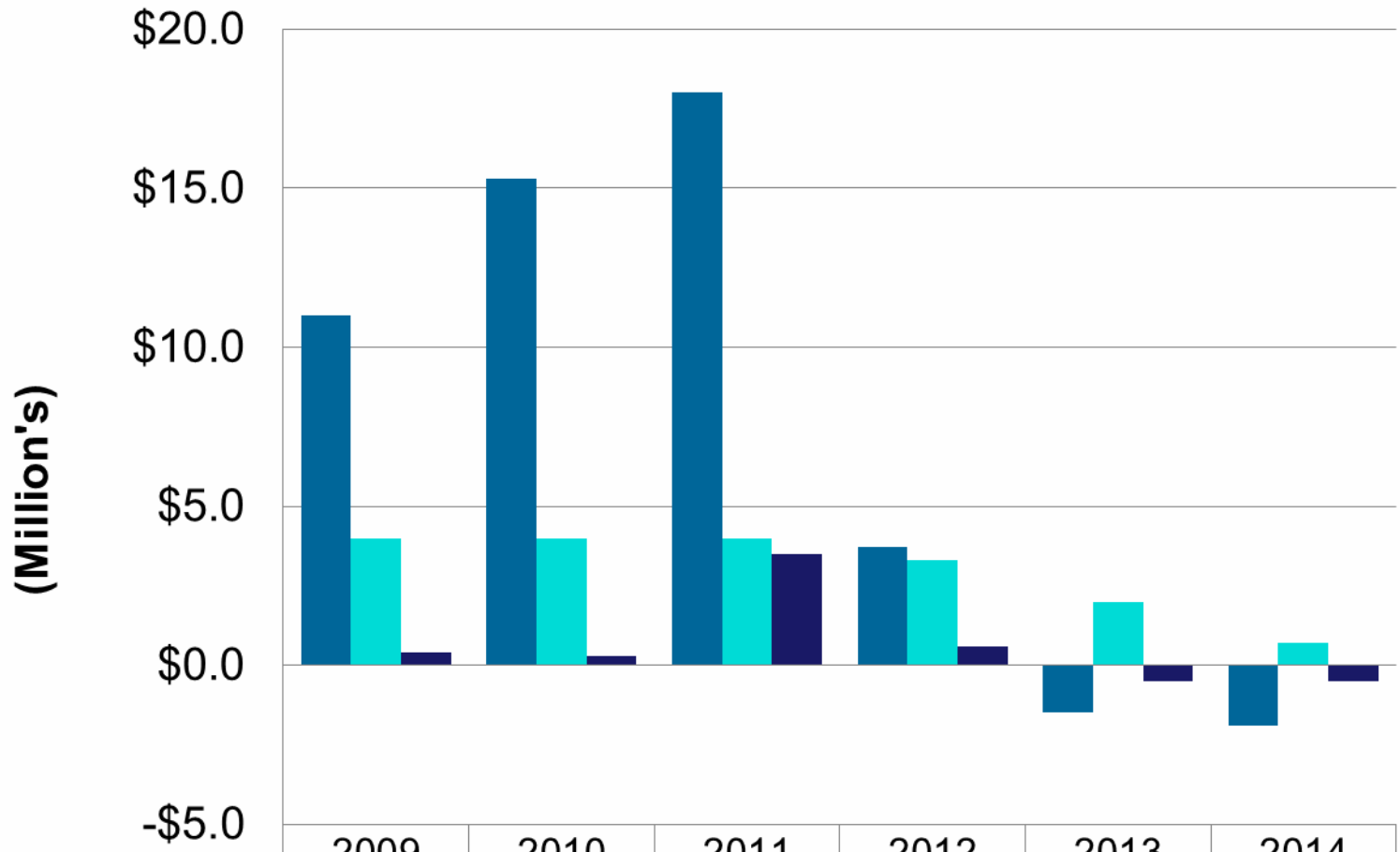
	Reductions	Levy Increase	Residential Tax Incr.*
<b>PRELIMINARY BUDGET</b>		<b>\$ 29,500,000</b>	<b>2.9%</b>
<b>TOTAL REDUCTIONS OF</b>	<b>-\$ 3,300,000</b>	<b>\$ 26,200,000</b>	<b>2.5%</b>
<b>TOTAL REDUCTIONS OF</b>	<b>-\$ 8,200,000</b>	<b>\$ 21,300,000</b>	<b>1.9%</b>
<b>TOTAL REDUCTIONS OF</b>	<b>-\$ 16,400,000</b>	<b>\$ 13,100,000</b>	<b>0.9%</b>

\* - Total residential tax increase includes education

- Excludes Council referred & requested enhancement items
- 1% on Residential Tax Increase:
  - **“TOTAL” INCLUDING EDUCATION = \$8.2M**
  - **1% municipal only = \$6.9M**



# Stabilization Reserve Status



	2009	2010	2011	2012	2013	2014
■ Tax Stabilization Reserve	\$11.0	\$15.3	\$18.0	\$3.7	(\$1.5)	(\$1.9)
■ OW Stabilization Reserve	\$4.0	\$4.0	\$4.0	\$3.3	\$2.0	\$0.7
■ Social Services Initiative Fund	\$0.4	\$0.3	\$3.5	\$0.6	(\$0.5)	(\$0.5)



- Department presentations will include more detailed information on levy requirement, pressures, staffing, services, and responses to additional information requests
- Departments also continue to review budgets for potential reductions (not impacting service)
- Process includes opportunity for Council to engage the Boards & Agencies and public



## 2013 Additional Information

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- Currently there are 29 requests on the Council additional information item list (FCS12108).
- Complete list can be found at:
  - S:\Councillor Information\Committee Request\2013 Requests\Outstanding Committee Requests - 2013.xls
- Most of the responses will occur during departmental presentations



- **Jan 21<sup>st</sup>** – Distribution of Budget Books
- **Jan 24<sup>th</sup> & Jan 25<sup>th</sup>** – Boards & Agencies
- **Jan 28<sup>th</sup>** – Corporate Overview
- **Jan 30<sup>th</sup> - Feb 15<sup>th</sup>** – Departmental presentations
- **Feb 21<sup>st</sup>** – Public Delegations
- **Feb 28<sup>th</sup>** – Deliberations start
- **March 27<sup>th</sup>** – Council Approval