



# 2014 PRELIMINARY TAX OPERATING BUDGET UPDATE

**General Issues Committee**

**March 4, 2014**

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# Budget Update & Proposed Reductions (FCS14005)



# 2014 Budget Amendments

(Appendix D to FCS14005 – UPDATED\*)

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As approved at February 27<sup>th</sup> GIC:

- Hamilton Veterans Committee - \$5k net
- Hamilton Cycling Committee - \$1k net
- One Time Additional Funding
  - Hamilton Cycling Committee - \$1k gross, \$0 net
  - Hamilton Youth Advisory Committee \$2.5k gross, \$0 net
  - Hamilton Historical Board - \$3k gross, \$0 net
  - Clean City Liasion Committee - \$10.5k gross, \$0 net

Revised from what was provided in the report, additional proposed amendment:

- D7: Smoking Cessation Clinic Nicotine Replacement Therapy (NRT) \$25k gross, \$0 net (Funded from one time grant)



# Recommended Budget Amendments

		Total Potential Tax Impact
<b>Preliminary Residential Tax Increase</b>		<b>1.8%</b>
	\$ 21,357,020	
<b>GIC Amendments Approved</b>		<b>0.0%</b>
	(\$ 199,900 )	
<b>Average Residential Total Tax Impact (Approved to date)</b>		<b>1.8%</b>
	\$ 21,157,120	
<b>Proposed Amendments - March 4th GIC</b>		
D1	Corp Fin Deferral of IT Process Audit Improvement	(\$ 297,000 )
D2	Corp Serv Clerks increase in registration revenues	(\$ 38,000 )
D3	PHS HBHC program efficiencies	(\$ 32,700 )
D4	PHS Various operating lines	(\$ 62,300 )
D5	CESD OW caseloads decrease in cost per case	(\$ 76,489 )
D6	CESD Adj. to social housing operating subsidies	(\$ 187,175 )
D7	PHS Nicotine Replacement Therapy (\$25k gross)	\$ 0
		(\$ 693,664 )
<b>Average Residential Total Tax Impact</b>		<b>1.8%</b>
	\$ 20,463,456	
<b>Average Residential Reassessment-related tax impact</b>		<b>(0.3%)</b>
<b>Average Residential Total Tax Impact (Inclusive of reassessment)</b>		<b>1.4%</b>

Detailed Budget Amendment schedule in Appendix “D” to Report FCS14005 updated as per attached.



## 2014 Operating Budget Impact

	Levy	Res.
	Increase	Impact
September *	\$27.5 M	2.8%
November *	\$26.0 M	2.8%
Budget Book **	\$21.4 M	1.8%
<b>Updated Budget **</b>	<b>\$20.5 M</b>	<b>1.4%</b>



# 2014 Total Preliminary Impact for the Average Residential Tax Bill

	2014 Tax Impact (Average Residential)	
	DRAFT	
	\$	%
Municipal Taxes		
City Departments	\$ 48	1.6%
Boards & Agencies	\$ 10	0.3%
Capital	\$ 0	0.0%
<b>Total Municipal Taxes</b>	<b>\$ 58</b>	<b>1.9%</b>
Education Taxes	\$ (8)	(1.3)%
<b>Total Taxes</b>	<b>\$ 50</b>	<b>1.4%</b>

Note - based on City-wide average residential assessment, inclusive of reassessment impacts

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



# 2014 Preliminary Tax Impact Average Home

			2014 Tax Impact (Average Residential)	
			DRAFT	
	2013	2014	\$	%
<b>Total Municipal Taxes</b>	\$ 3,002	\$ 3,060	\$ 58	1.9%
Education Taxes	\$ 567	\$ 560	\$ (8)	(1.3)%
<b>Total Taxes</b>	\$ 3,569	\$ 3,619	\$ 50	1.4%

Note – based on City-wide average residential assessment, inclusive of reassessment impacts



# 2014 Updated Budget by Department

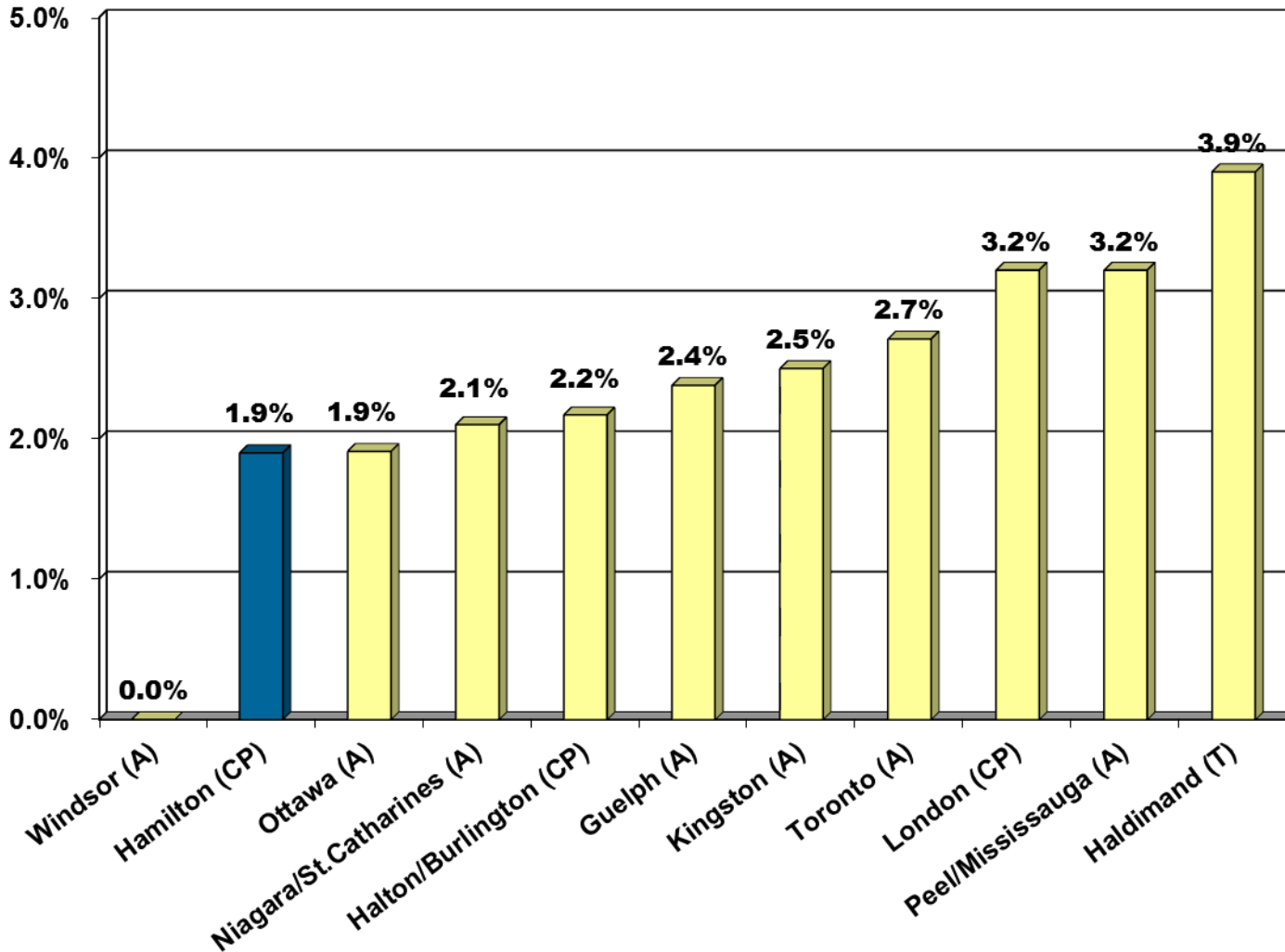
	Net Operating Budget		
	2014 Updated Preliminary	Change 2014 / 2013	
		\$	%
PLANNING AND ECONOMIC DEVELOPMENT	24,808,240	2,104,950	9.3%
PUBLIC HEALTH SERVICES	10,684,290	184,500	1.8%
COMMUNITY SERVICES & EMERGENCY SERVICES	226,667,916	1,974,176	0.9%
PUBLIC WORKS	202,800,400	8,351,740	4.3%
LEGISLATIVE	4,223,780	127,950	3.1%
CITY MANAGER	10,232,510	299,720	3.0%
CORPORATE SERVICES	21,034,120	189,370	0.9%
CORP FINANCIALS/ NON PROG REVENUES	(33,271,470)	4,051,180	10.9%
HAMILTON ENTERTAINMENT FACILITIES	1,788,300	(1,065,480)	(37.3%)
<b>TOTAL CITY EXPENDITURES</b>	<b>468,968,086</b>	<b>16,218,106</b>	<b>3.6%</b>
HAMILTON POLICE SERVICES	143,880,240	4,178,270	3.0%
OTHER BOARDS & AGENCIES	41,504,010	67,080	0.2%
COMMUNITY GRANTS	3,212,200	0	0.0%
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>188,596,450</b>	<b>4,245,350</b>	<b>2.3%</b>
CESD (exclusive of upload)	229,881,836	5,188,096	2.3%





# 2014 Average Municipal Tax Impacts

(information to date)



T = Target; CP = Current Position; A = Approved



# Council Referred Items

## (Appendix “A” to FCS14005)

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- 3 items referred by Council to the 2014 budget process remain for consideration
- Represents \$115,000 gross, \$115,000 net, 0 FTE; subject to review of Transit enhancement
- **NOT** included in the preliminary budget pending Council’s consideration
- If all approved, would increase total tax impact by less than 0.1%



# Requested Enhancements (Appendix “B” to FCS14005)

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In addition to Council Referred :

- 6 requested items submitted to the 2014 budget process remain for consideration
- Represents \$1.9 million gross, \$0.7 million net; 20.0 FTE
- **NOT** included in the draft budget pending Council’s consideration
- If all approved, would increase total tax impact by about 0.1%



# Reducing the Tax Impact

	Reductions	Levy Increase	Residential Tax Incr.*
<b>PRELIMINARY BUDGET</b>		\$ 20,460,000	1.4%
<b>TOTAL REDUCTIONS OF</b>	\$ (3,400,000)	\$ 17,060,000	1.0%
<b>TOTAL REDUCTIONS OF</b>	\$ (7,650,000)	\$ 12,810,000	0.5%
<b>TOTAL REDUCTIONS OF</b>	\$ (11,900,000)	\$ 8,560,000	0.0%

\* - Total residential tax increase includes education

- Excludes Council Referred & Requested Enhancement items
- 1% on Residential Tax Increase:
  - **“TOTAL” INCLUDING EDUCATION = \$8.5M**
  - **1% municipal only = \$7.2M**



# 2013 Year-End Forecast



## 2013 Year-End Forecast

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- Forecasted year end operating deficit for Tax supported services **-\$4.0 million** (Excludes Police & Library)
  - Major variances include:
    - Winter Activities (-\$5.8M)
    - Planning Department (-\$2.6M)
    - Facilities (-\$2.4M )
    - Risk Management Program deficit (-\$2.3M)
    - Discretionary Benefit funding (-\$1.0M)
    - Capital Financing (+\$5.4M Favourable)
  - The above excludes use of reserves approved to mitigate specific program deficits. Staff are reviewing potential reserve use to reduce shortfall.
  - The final variance report to Council is expected in Mid-April.
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# Process



- Potential Road Map for Deliberations:
  - Council Referred Items (Appendix A to FCS14005)
    - Motion required to add to budget
  - Requested Enhancements (Appendix B to FCS14005)
    - Motion required to add to budget
  - Boards & Agencies (Appendix C to FCS14005)
    - Recommendation included in report
  - Department Budgets (Recommendations FCS14005)
    - Recommendations included in report





- **March 4<sup>th</sup>** – Deliberations
- **March 6<sup>th</sup>, March 20<sup>th</sup>** - Deliberations
- **March 26<sup>th</sup>** – Council Approval
- **April** – Tax Policies



# Assessment Growth Analysis (FCS14021)



## 2013 Assessment Growth

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- Final 2013 net growth = 0.8% or \$5.6M in tax revenue
  - Includes both new construction / supplementary taxes (increase in assessment) and write-offs/successful appeals (decrease in assessment)
- Growth primarily driven by the Residential property class
- The net growth is comprised of 1.4% assessment increases offset by -0.6% in assessment decreases.



# 2013 Assessment Growth: Increases/Decreases

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- Decreases are primarily due to successful appeals in the non residential property classes
- As identified below, assessment decreases (primarily due to successful assessment appeals) drove down the 2013 assessment growth by -0.6%
  - Represents a reduction in municipal taxes of \$4.8 million
- Approximately half of this -\$4.8 million reduction in municipal taxes relates to adjustment for US Steel.
- Staff continue to pursue mitigation steps as indicated in FCS13080, December 2013.



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