



Hamilton

2015 Tax - Supported Capital Budget

General Issues Committee

January 15, 2015



2015 Tax Capital Budget Objectives

- Support the City's Strategic Plan
- Principally fund rehabilitation of existing assets and provide targeted funding to support economic growth and job creation

Overview

- 2015 City program funded projects
- 2015 & 10 year financing strategy
- 2015 City program unfunded projects
- Boards & Agencies requested 2015 projects and multi-year listing
- Reserves
- Debt

2015 – 2024 Capital Forecast

- 2015 recommended 0.5% capital levy increase \$3.7M or \$15 per household
- 2016 – 2024 recommended 0.5% annual levy increase, in principle. (additional \$203.5M = 6% of \$3.3 billion infrastructure deficit)
- Targeted tax supported debt towards waterfront in support of economic development and job creation
- Assuming a 3% annual increase, annual infrastructure funding deficit eliminated over the next decade - \$195 M annually

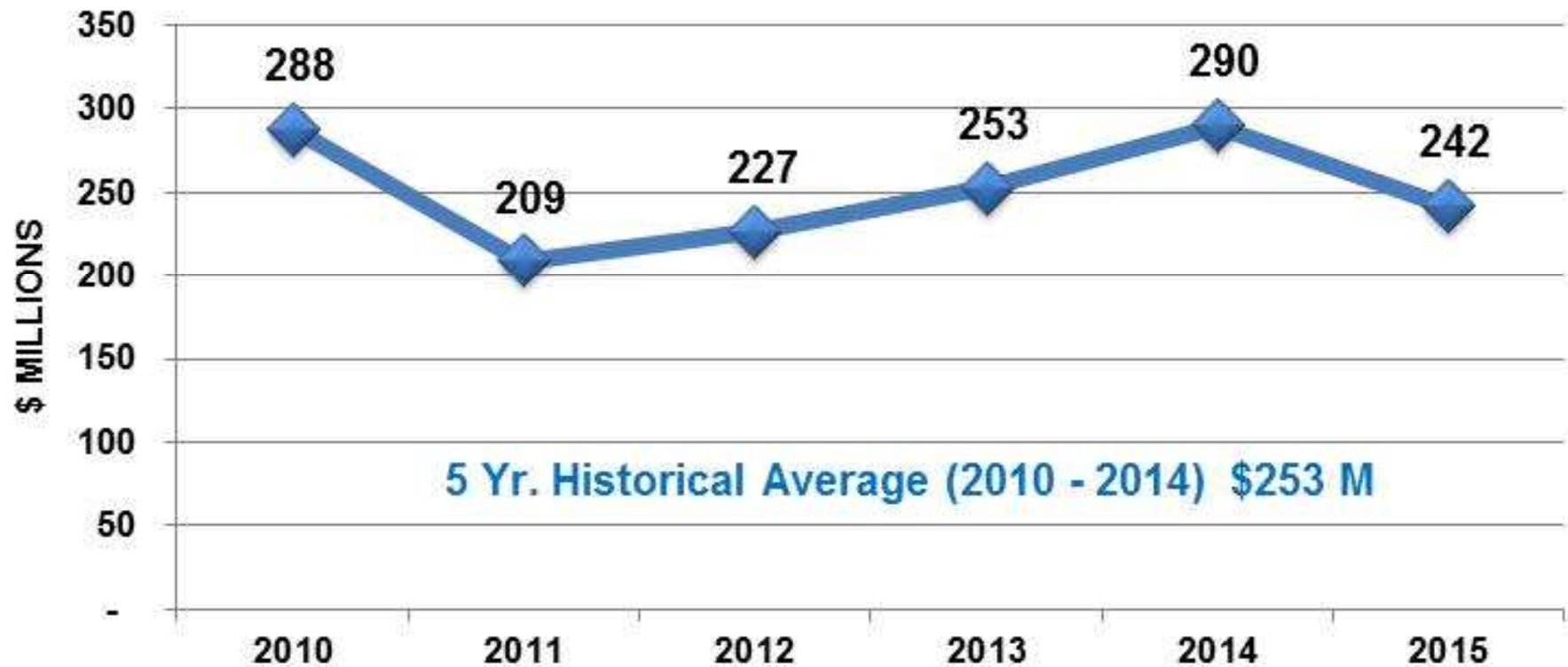


Hamilton

Past Capital Budgets

2010 – 2015 Capital Funding

Total Gross Capital



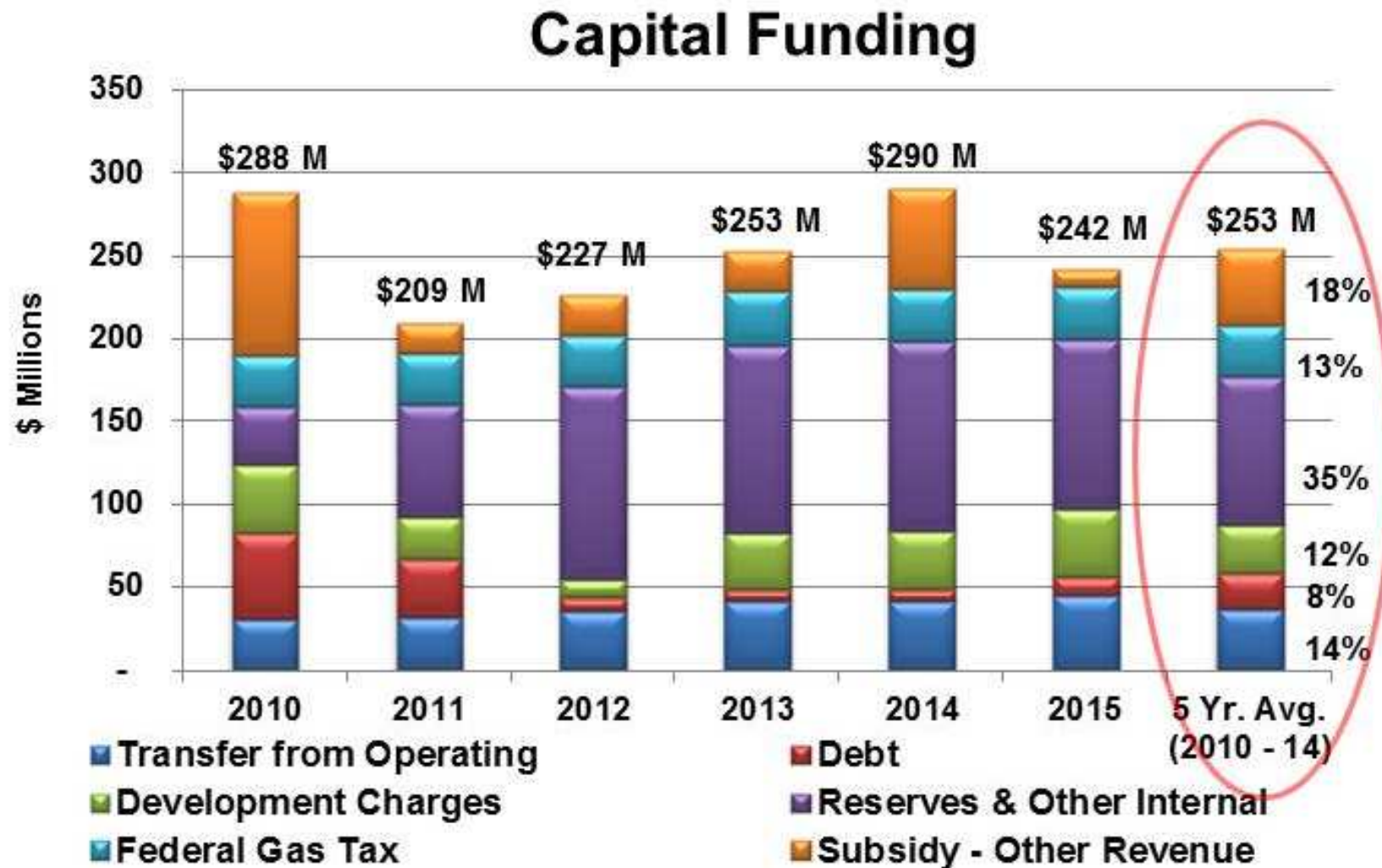
Levy Incr.	0.5%	0.5%	0.5%	0.5%	0.0%	0.5%
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Capital Levy History

(\$ Millions)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	11 Yr. Average
Capital Levy	69.3	71.4	73.5	75.0	77.5	77.5	80.4	83.4	86.7	90.2	90.2	
Capital Levy % of Total Levy	13.1%	12.9%	12.8%	12.5%	12.3%	11.9%	11.9%	12.0%	12.3%	12.4%	12.1%	
Capital Levy Increase	4.5%	3.0%	2.9%	2.0%	3.3%	0.0%	3.7%	3.7%	4.0%	4.0%	0.0%	2.8%
CPI (Non Res Construction)	3.7%	6.6%	5.3%	6.7%	9.6%	-1.9%	-0.1%	4.1%	2.2%	0.4%	1.1%	3.4%

2010 – 2015 Capital Funding

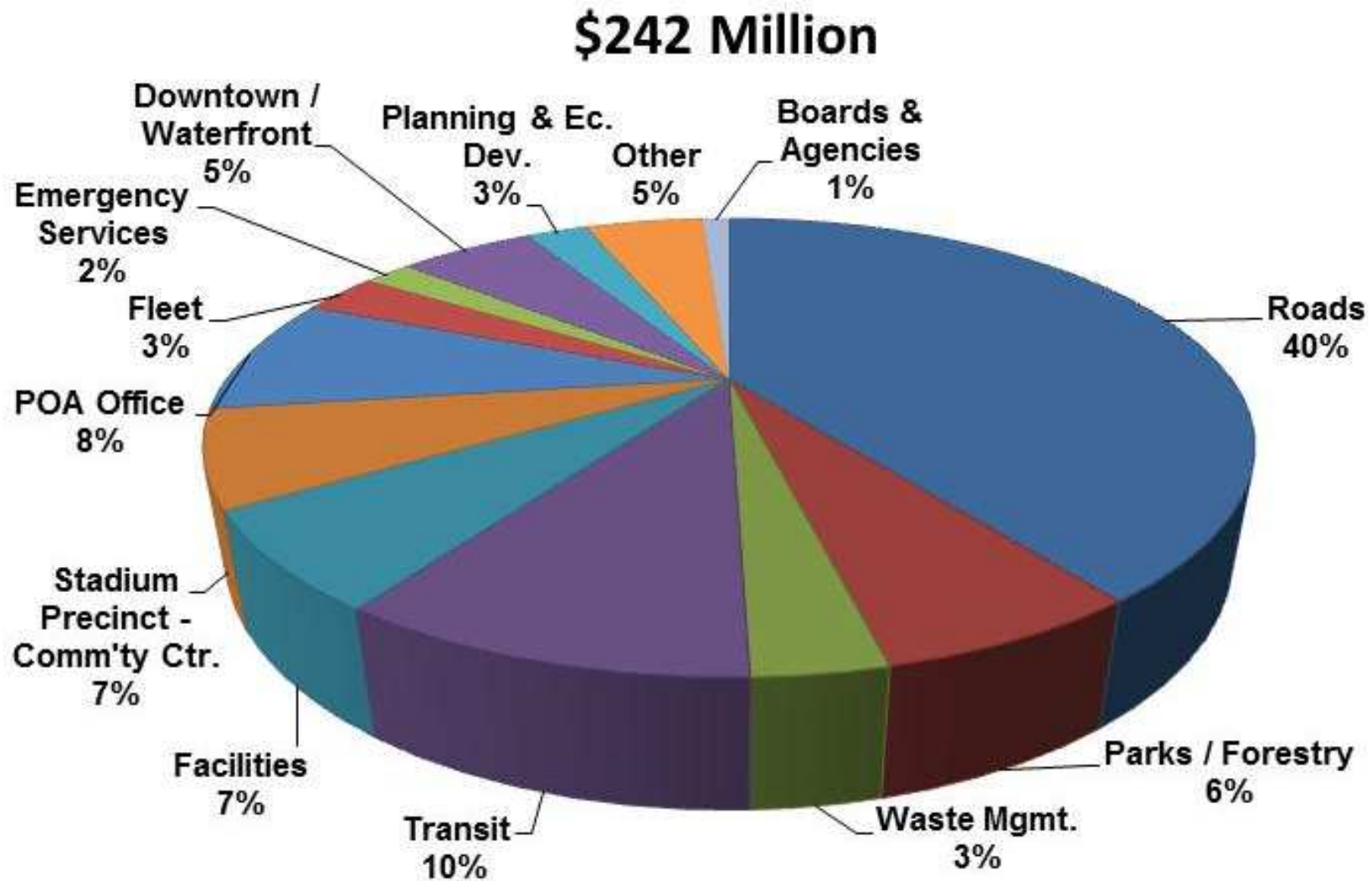




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2015 Capital Expenditures

2015 Gross Capital Budget by Program



2015 Gross Capital Highlights

\$242 M Gross capital spending:

- \$96.6M Roads (\$80 M Existing, \$16.6 M Growth)
- \$24.0M Transit
- \$7.7M Waste Management
- \$16.3M Stadium Precinct - Recreation/Community Centre
- \$8.8M Recreation Facilities
- \$11.0M West Harbour Development
- \$7.3M Vehicle replacement – central fleet
- 20.4M Provincial Offences Administration Offices
- \$5.6M Corporate Facilities
- \$1.5M Parkland Acquisition
- \$9.5M Open Space Development / Parks & Cemeteries



2015 Gross Capital Highlights (cont'd)

- \$4.5M Forestry & Horticulture
- \$1.7M Cultural Facilities
- \$2.2M Downtowns & BIA's
- \$1.9M Long Term Care Homes
- \$0.571M CityHousing Hamilton
- \$0.5M Housing Services
- \$4.5M Fire & Paramedic Services
- \$2.8M Pan Am Games / Stadium
- \$2.0M HCA and Westfield Heritage Village

State of Good Repair

Infrastructure Funding Deficit (\$Millions)



State of Good Repair

(\$ Millions)	Additional Funding Required to get to:	
	50% of Required Funding	60% of Required Funding
Culture Facilities	1.8	2.5
Corporate Facilities	2.2	3.8
Roads	30.8	48.8
Forestry	0.5	1.5
Parks	0.9	1.9
Housing	2.7	6.4
Total	38.9	64.8

2015 Proposed Capital Budget

2015 PROPOSED TAX SUPPORTED CAPITAL BUDGET (\$000's)				
	2014 APPROVED		2015 PROPOSED	
	<u>GROSS</u>	<u>NET</u>	<u>GROSS</u>	<u>NET</u>
<u>Proposed Program Funding</u>				
Recreation Facilities Program	8,140	5,500	8,843	5,165
Corporate Facilities	6,617	4,583	5,580	4,580
Forestry & Horticulture (Includes Tree Planting)	1,371	1,345	2,945	1,345
Open Space Development	9,716	3,317	7,839	3,258
Waste Management	5,278	4,178	7,663	6,716
Transit Services	15,826	3,700	24,028	3,700
Corporate Fleet Services	6,576	0	7,305	0
Parks & Cemeteries	1,408	1,138	1,708	1,138
Roads	98,650	48,400	96,649	48,500
West Harbour & Waterfront Initiatives	11,610	3,458	11,005	5,691
Public Health	485	315	92	92
Community Services	90	90	90	90
Housing Services	500	0	500	500
Long-Term Care Facilities	1,723	1,723	1,950	1,450
Emergency Services	4,061	950	4,506	0
Corporate Services	5,133	1,770	2,710	2,105
Area Rating (Ward 1-8)	1,300	0	1,900	0
Planning & Development	6,350	185	5,725	524
Tourism & Culture Program	1,874	1,774	1,732	1,732
Public Art Program	71	71	171	171
Urban Renewal	2,743	2,210	2,210	2,210
Total Program Funding	189,522	84,707	195,151	88,967

2015 Proposed Capital Budget (cont'd)

	2014 APPROVED		2015 PROPOSED	
	<u>GROSS</u>	<u>NET</u>	<u>GROSS</u>	<u>NET</u>
<u>Other Major Projects</u>				
Parkland Acquisition	3,500	3,500	1,500	1,500
Pan Am Games	69,133	2,783	2,797	2,797
Provincial Offences Administration Building	3,000	0	20,380	0
McMaster Health Campus Proposal - City's Contribution	9,000	0	1,000	0
Randle Reef	300	300	300	300
Emerald Ash Borer Program	1,600	1,600	1,600	1,600
Stadium Precinct	11,000	0	16,300	0
Total Other Major Projects	97,533	8,183	43,877	6,197
Total Before Boards and Agencies	287,055	92,890	239,028	95,164
<u>Boards & Agencies</u>				
CityHousing	571	571	571	571
Police Services	430	430	0	0
Hamilton Public Library	300	0	0	0
Beach Rescue	25	0	77	0
H.C.A \ Westfield	2,000	2,000	2,000	2,000
Total Boards & Agencies	3,326	3,001	2,648	2,571
Total Funded Projects	290,381	95,891	241,676	97,735

Roads Capital 2010 – 2015

ROADS GROWTH AND NON-GROWTH CAPITAL (Millions)

■ Non-Growth Projects ■ Growth Projects





2015 Roads Capital Program

2015 Roads Forecast by Program Area (\$000's)	2014 Gross	2015 Proposed	
		Gross	Net
Replacement Program	19,155	15,170	5,880
Urban Rehabilitation	11,870	5,620	4,420
Rural Rehabilitation	2,000	2,000	2,000
Bridges and Structures	8,910	15,374	11,684
O & M/Studies/Traffic Engineering	14,275	20,855	12,276
Council Priority Projects	18,630	21,030	11,120
<i>Total Non-Growth Related Projects</i>	74,840	80,049	47,380
Development/Growth Related Program	23,910	16,600	1,120
Total Roads	98,750	96,649	48,500



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Boards & Agencies

Boards & Agencies 2015 Capital

<u>Boards & Agencies</u>	2014 GROSS	2014 NET	2015 GROSS	2015 NET
CityHousing	571	571	571	571
Police Services	430	430	0	0
Hamilton Public Library	300	0	0	0
Beach Rescue	25	0	77	0
H.C.A\Confederation Park\Westfield	2,000	2,000	2,000	2,000
Total Boards & Agencies	3,326	3,001	2,648	2,571

- Recommendation: That 2015 Capital projects from the Hamilton Police Service and the Hamilton Public Library, subject to approval of the respective Board and Council, be funded from debt.

Library 2015 Capital

- Library Board approved the following:

THAT THE LIBRARY BOARD APPROVES THE FOLLOWING CAPITAL BUDGET SUBMISSIONS TO THE CITY OF HAMILTON FOR 2015:

- a) REBUILD THE BINBROOK LIBRARY, PREVIOUSLY APPROVED FOR SUBMISSION BY THE HAMILTON PUBLIC LIBRARY BOARD IN SEPTEMBER 2014, BE SUBMITTED AGAIN FOR 2015 TO REQUEST CITY CAPITAL FUNDING.
- b) RENOVATE THE CURRENT DUNDAS LIBRARY IN 2015 BE APPROVED TO BE SUBMITTED TO THE CITY OF HAMILTON FOR INCLUSION IN THE 2015 – 2024 CAPITAL BUDGET
- c) ***CONSTRUCT AND EXPAND THE VALLEY PARK LIBRARY ON THE SITE OF THE EXISTING VALLEY PARK COMMUNITY IN 2016.***

- Project Costs

Binbrook Library	\$2.0 M Gross,	\$0.450 M Net (City cost)
Dundas Library	\$1.8 M Gross,	\$1.125 M Net (City cost)
Total	\$3.8 M Gross,	\$1.575 M Net (City Cost)

Preliminary Police 2015 Capital

- Police Services 2015 Projects (Gross \$'s)
 - Police Investigative Services Building \$16.5 M
 - Command Van \$0.750 M
 - Marine Facility Replacement / Expansion \$4.0 M
 - Prisoner Escort Vehicle \$ 90 K
 - Additional Marine Vessel \$210 K



2015 Unfunded Projects

Total Unfunded 2015 Projects Submitted (\$000's)

	Gross \$	Net \$
Community & Emergency Services	11,916	7,916
Public Health	135	135
Planning and Economic Development	6,108	5,799
Council Initiatives	2,000	2,000
City Manager	475	475
Corporate Services	355	355
Public Works	47,976	40,533
Sub-total City Departments	68,965	57,213
CityHousing Hamilton	1,450	1,450
Hamilton Public Library	3,800	1,575
Police Services	21,550	21,550
Sub-total Boards & Agencies	26,800	24,575
Total Unfunded Projects	95,765	81,788

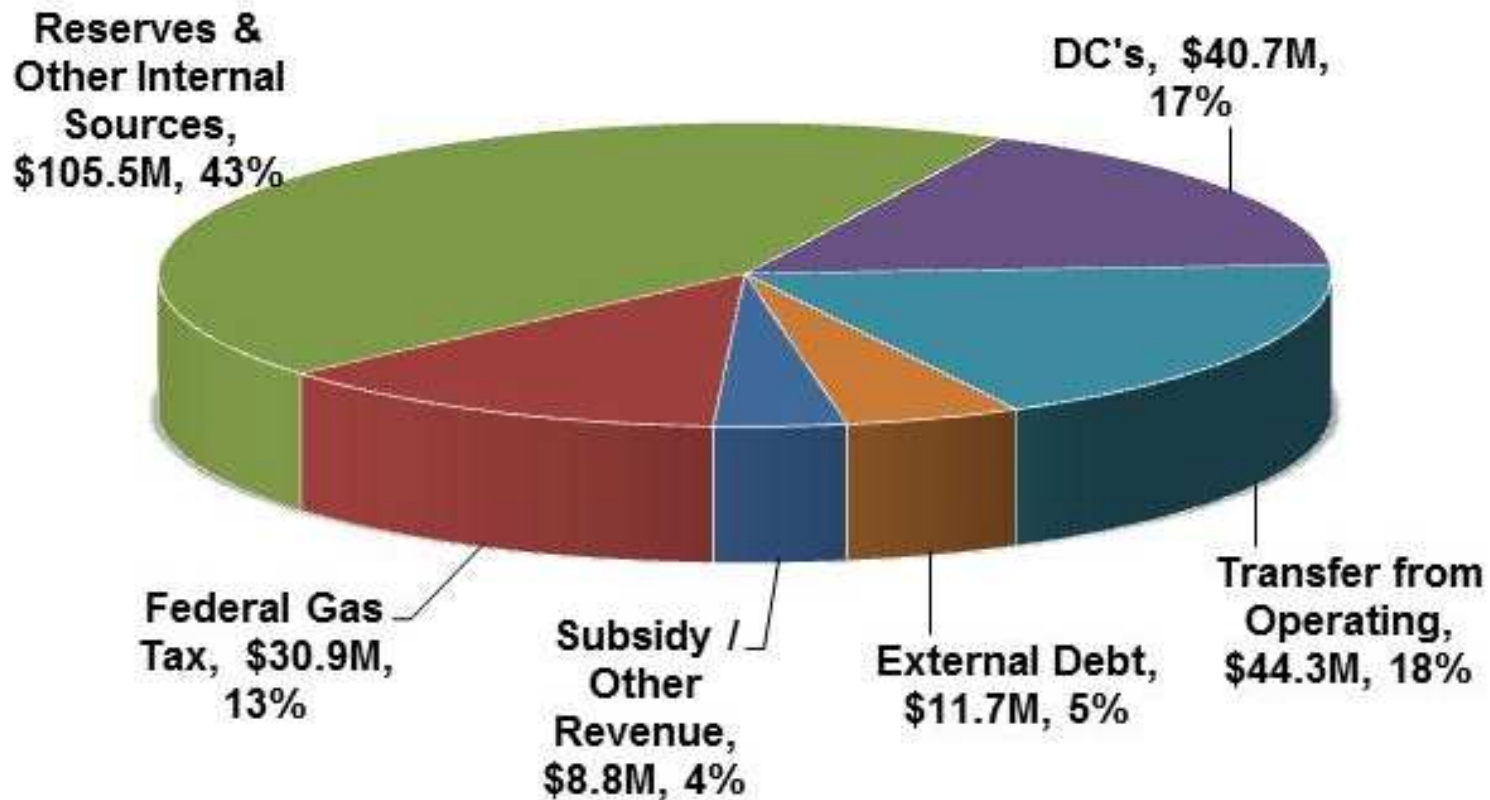


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2015 Capital Financing

2015 Capital Funding

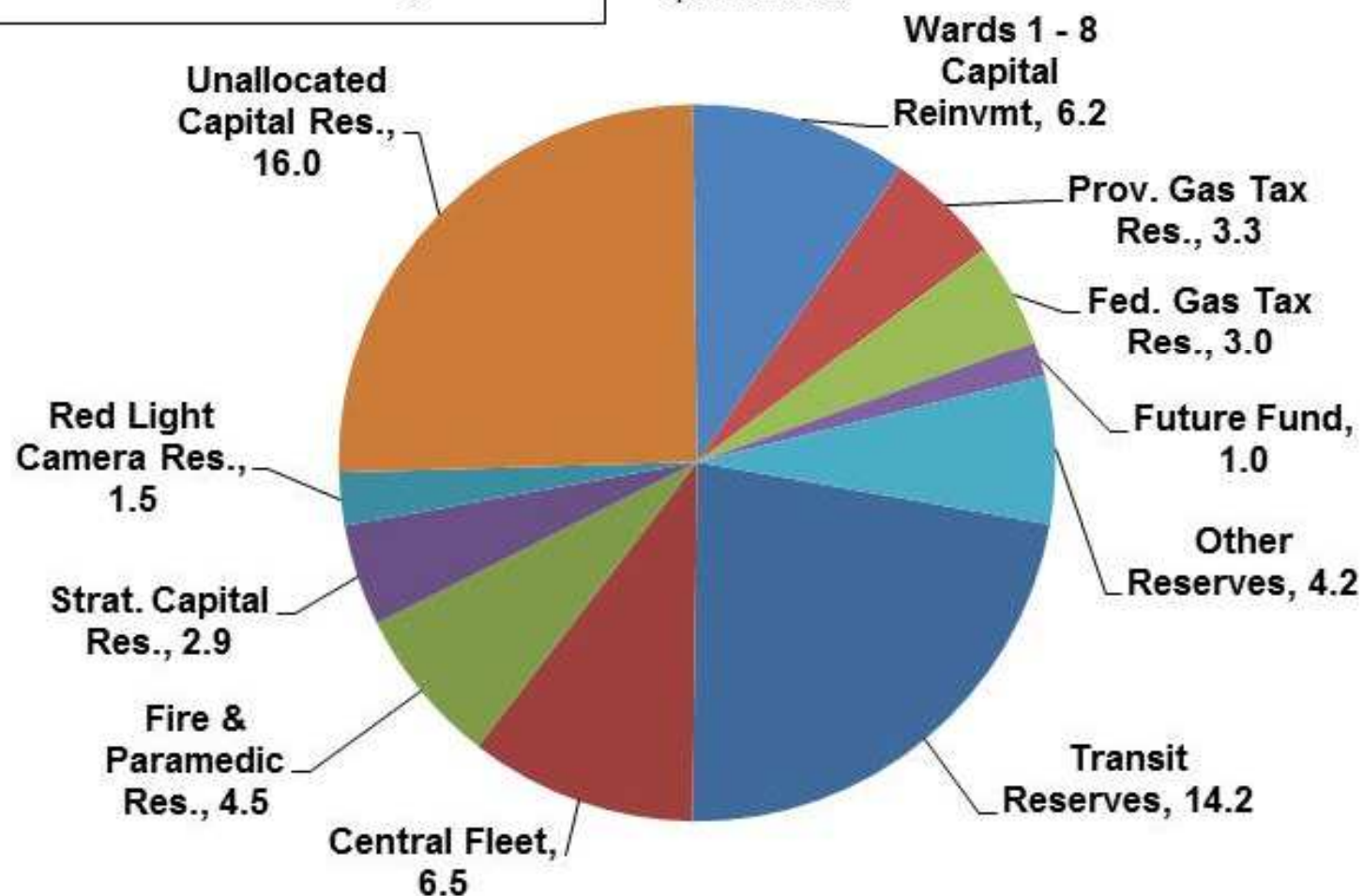
\$242 Million



2015 Reserve Funding

Total Reserve Funding \$63.3M

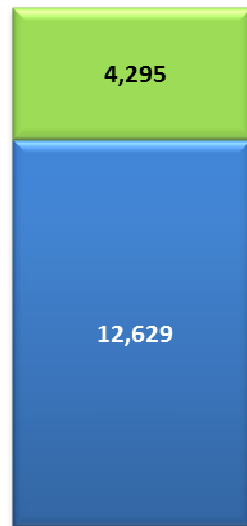
\$Millions



Special Capital Reinvestment

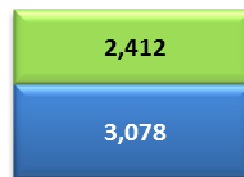
Special Capital Reinvestment Levy & Reserve Projects (\$000's)

■ 2015 Levy ■ Reserves



16,923

Total Funding Available for 2015

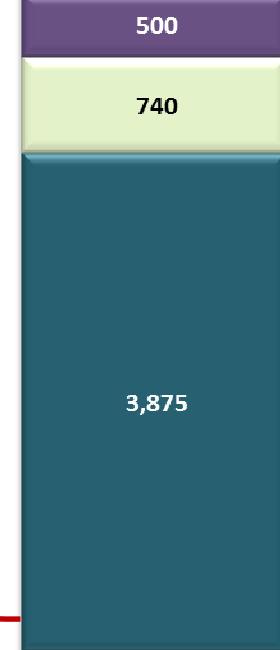


5,490

2015 Recommended Projects

Breakdown of 2015 Recommended Special Capital Reinvestment Reserve Projects (\$000's)

100
150



- Nutrition Programs (Grants)
- Facilities
- Westdale HS - Artificial Turf
- Stadium Precinct
- Open Space
- Roads & Bridges

2015 Recommended Projects 5,490

Note: these charts exclude the annual \$100K discretionary allotment to each of Wards 1 through 8.

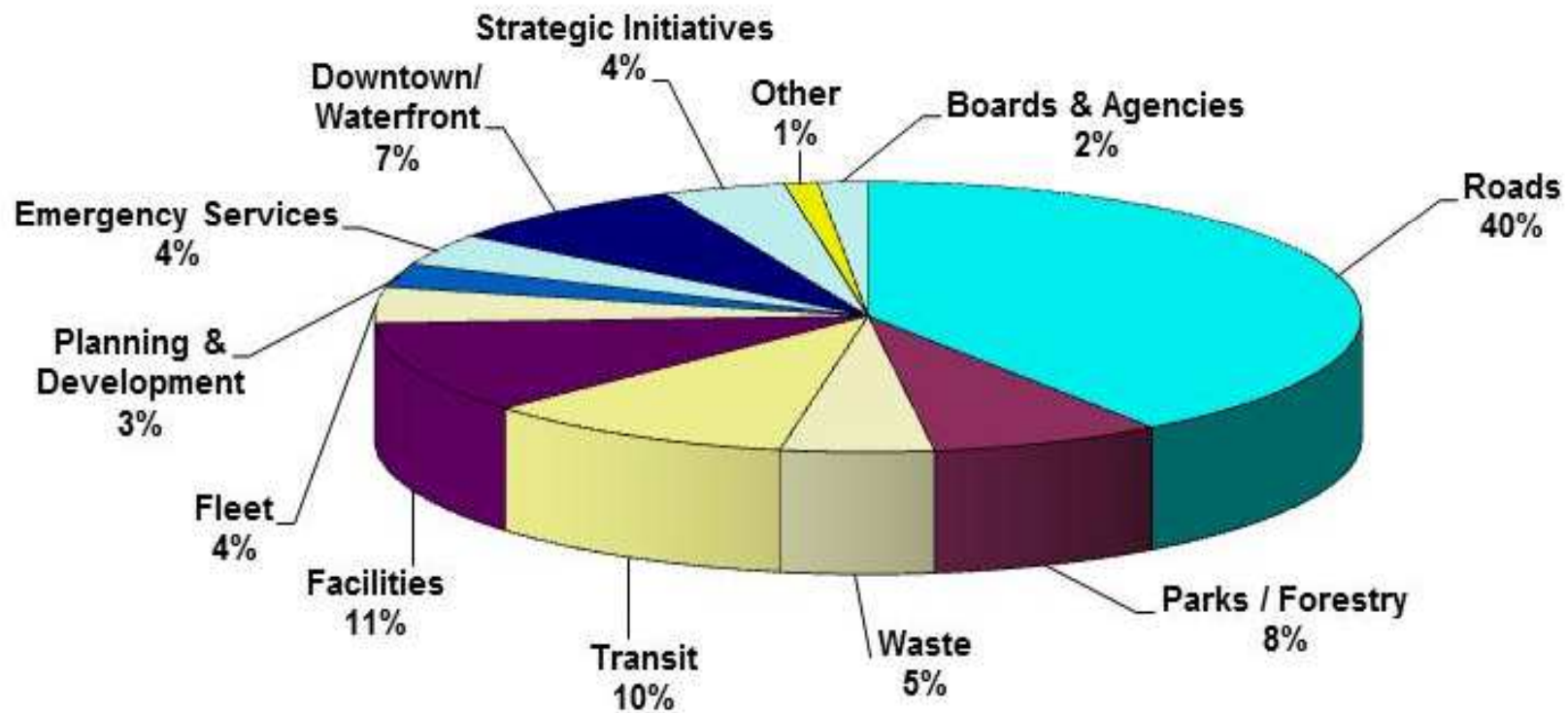


Hamilton

10 Year Capital Expenditure Forecast

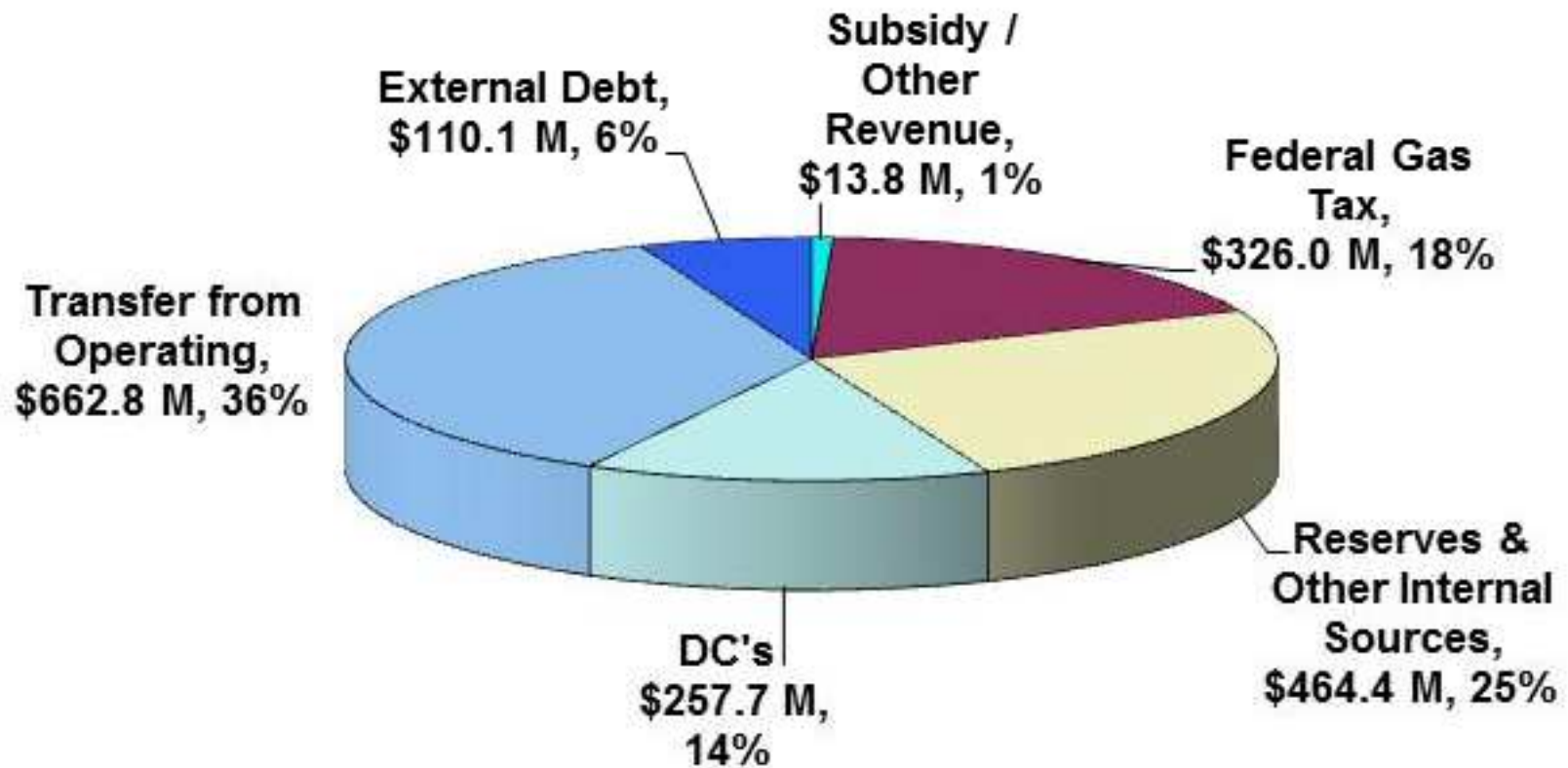
2015 – 2024 Capital Forecast by Program

\$1.8 Billion



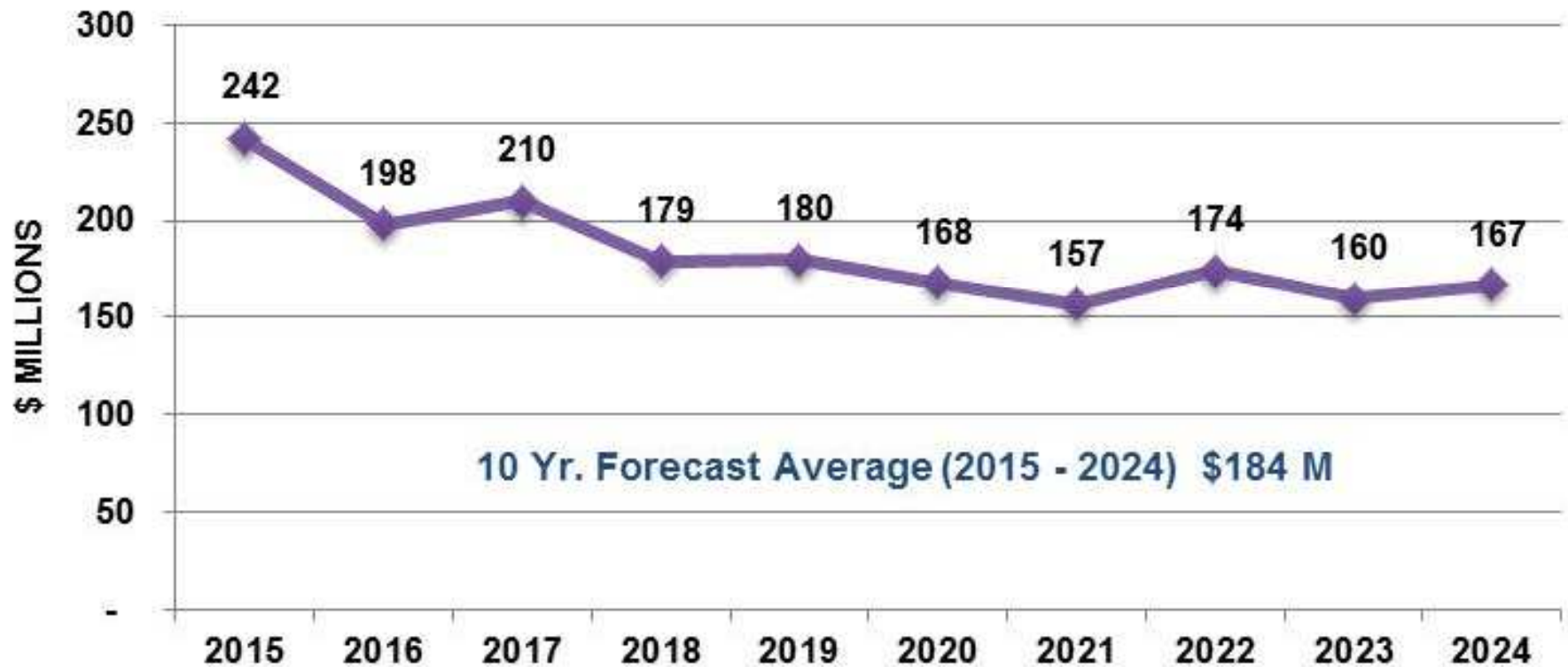
2015 – 2024 Capital Funding Forecast

\$1.8 Billion



Tax Capital Forecast 2015 - 2024

Total Gross Capital



Assumes 0.5% Levy Increase for Capital Annually (2015 - 2024)



Capital Funding Sources (2015 – 2024)

Sources of Funding (Net) (\$000's)	2014 Approved	2015 Proposed	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	Totals 2015 - 2024
Contribution from Operating	41,287	44,297	45,760	47,482	60,089	62,373	69,086	73,066	79,644	87,952	92,921	662,671
External Debt	7,126	11,716	23,638	26,866	5,583	27,853	14,481	-	-	-	-	110,137
Hydro Dividends (\$2M)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000
Federal Gas Tax	30,955	30,938	31,616	31,616	33,122	33,122	33,122	33,122	33,122	33,122	33,122	326,024
Previous Yrs. Capital Financing Surplus	2,000	7,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	25,000
Unallocated Capital Reserve	1,547	1,034	1,214	1,950	-	-	-	-	-	-	-	4,198
HRPI Dividend	-	250	250	250	250	250	250	250	250	250	250	2,500
WIP Funding Interest	500	500	500	500	-	-	-	-	-	-	-	1,500
WIP Funding (Fav. Road Tenders)	7,224											-
Hamilton Future Fund	3,252											-
Total Funding (Net)	95,891	97,735	106,978	112,664	103,044	127,598	120,939	110,438	117,016	125,324	130,293	1,152,030

Discretionary Funding Forecast

Net Capital Funding (\$000's)	2014 Approved	2015 Proposed	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
Roads	47,725	48,500	48,500	48,500	48,500	48,500
Corporate Facilities	4,583	4,580	4,583	4,583	4,583	4,583
Recreation Facilities	5,500	5,165	5,100	5,100	5,100	5,100
Park Development (New/Expansion)	3,317	3,258	3,241	3,241	3,241	3,241
Park's Operations	1,138	1,138	1,138	1,138	1,138	1,138
Forestry	1,345	1,345	1,345	1,345	1,345	1,345
Waste Management	4,178	6,716	5,638	6,866	5,583	27,853
Hamilton Downtown	1,986	1,986	1,986	1,986	1,986	1,986
Suburban Downtowns (B.I.A.s)	224	224	224	224	224	224
Cultural Facilities	1,774	1,732	1,702	1,702	1,702	1,702
Lodges	1,723	1,450	500	500	500	500
Public Art	71	171	171	171	171	171
Housing Services	-	500	500	500	500	500
Block Funding Total	73,564	76,765	74,628	75,856	74,573	96,843
Major Capital Initiatives						
West Harbour Development	3,458	5,691	17,962	19,120	5,509	5,893
Ash Borer	1,600	1,600	2,500	2,700	2,700	2,700
Randle Reef	300	300	300	300	375	375
Fire / EMS	950	-	1,000	1,000	1,000	1,000
Community Services - Other	-	90	90	90	90	90
Public Health	315	92	70	70	70	70
Corporate Services	1,350	505	90	90	90	90
City Manager/Human Resources	420	100				
Information Technology	-	500	500	500	500	500
Planning / Development	135	524	130	130	130	130
Economic Development Initiatives	-	-	-	2,000	2,000	2,000
Council Strategic Capital	-	-	-	-	2,000	2,000
Parkland Acquisition	3,500	1,500	1,500	1,500	1,500	1,500
Pan Am - Ivor Wynne Renovations	2,167	2,167				
Pan Am Special Events & Programming	616	630	-	-	-	-
Transit (FGT)	3,700	3,700	3,700	3,700	3,700	3,700
DC exemptions	-	1,000	2,000	3,000	4,000	5,000
Parked Projects	1,245					
Boards & Agencies						
CityHousing Hamilton	571	571	500	500	500	500
Hamilton Conservation Authority	2,000	2,000	2,000	2,000	2,000	2,000
Subtotal - Boards & Agencies	2,571	2,571	2,500	2,500	2,500	2,500
Unallocated - Surplus(Shortfall)	-	-	8	108	2,307	3,207
Total Expenditures (Net)	95,891	97,735	106,978	112,664	103,044	127,598



Hamilton

Capital Reserves Forecast

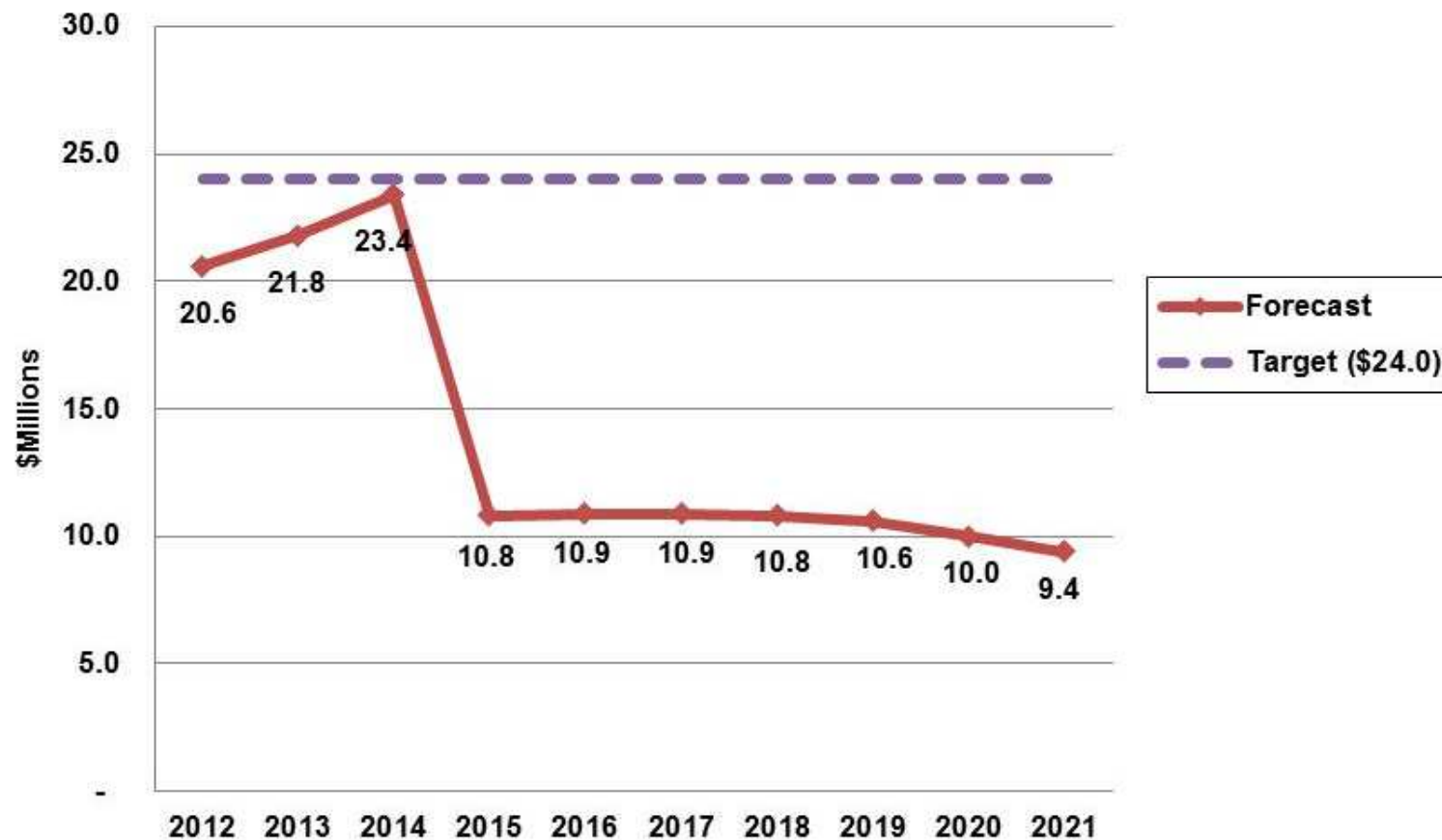
Reserve Sustainability

EXPLANATION OF NON SUSTAINABLE RESERVES

Reserve Name		Source of Funds	Non-sustainability Explanation	Progress Over 2012
Stabilization Reserves				
110046	Tax Stabilization Reserve	Operating Budget Surpluses	To provide sufficient flexibility and protection for unforeseen events the reserve balance should be 5% of the previous year's tax levy for City purposes. (\$28 million based on 2013 Tax Levy). The 2014 projected balance is \$6.0 million.	↓
Community Services				
110044	OW Stabilization Reserve	Provincial Grant Payments Variances	This reserve does not currently have a financial plan in place to ensure there are sufficient funds in the reserve to allow offsets of large fluctuations in caseloads. This reserve will be included in the reserve policy review to be conducted in 2014/2015	↓
112218	Best Start Initiative	Provincial Best Start Funding (2005/06)	There are no committed contributions to this reserve.	→
100033	Paramedic Services-Equipment Reserves	Contributions from Operating Fund	To remain sustainable this Reserve needs a contribution increase of \$20,000 a year beginning in 2015.	→
Planning and Development				
100036	Auchmar Estates - Repairs	Net rental revenues and donations	Donations and rental revenues are not sufficient to fund the repairs.	→
108021	Parking Capital Reserve	Contributions from Operating Fund via surplus revenues from plate denials.	The current contributions to this reserve are not sufficient to sustain the needed capital improvements for HMPS. To ensure sustainability of the Capital Program, the operating fund contribution to the reserve needs to increase by \$25k annually beginning	↓

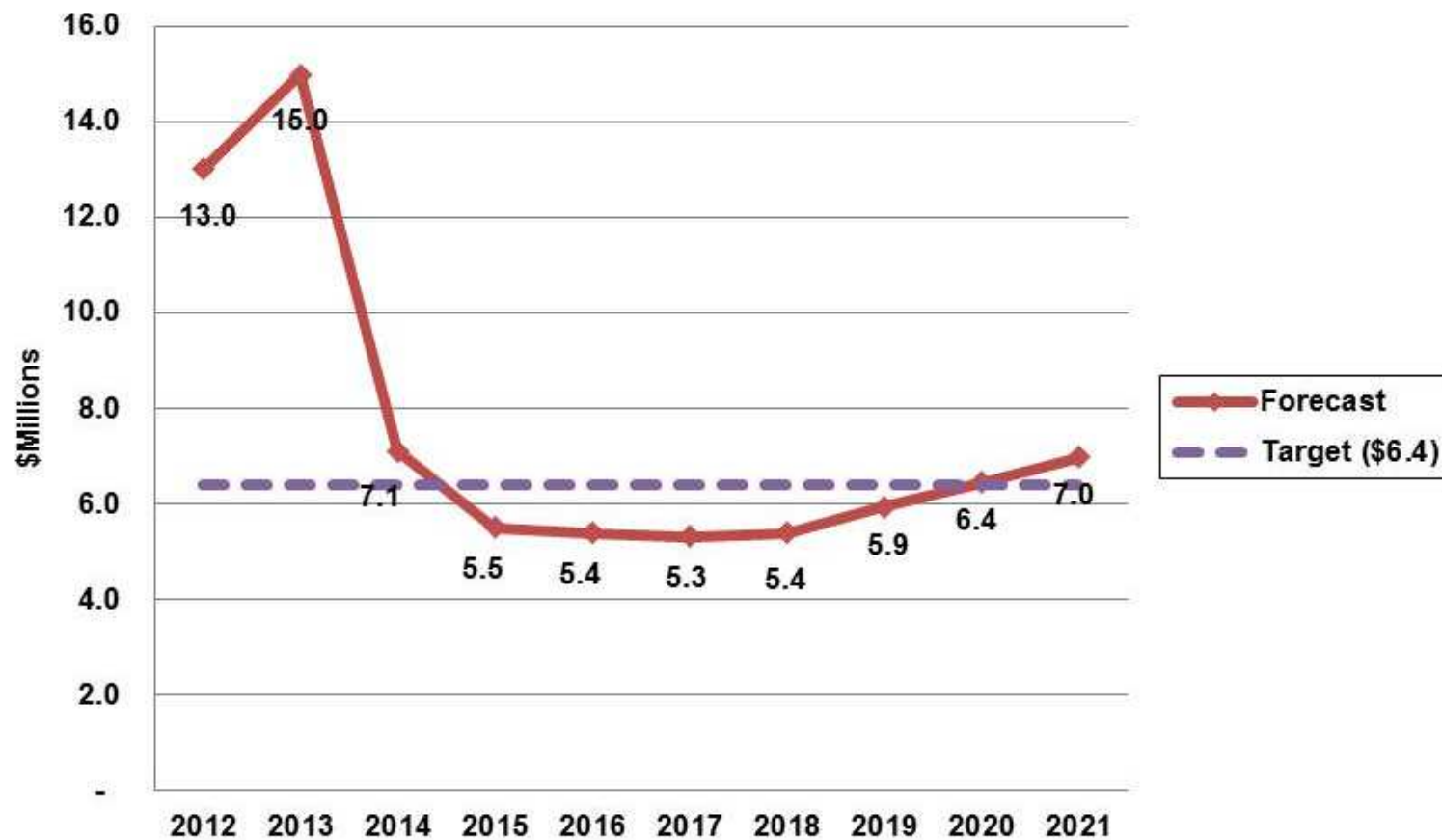
Capital Reserve Forecast

UNALLOCATED CAPITAL RESERVE 2012 - 2021



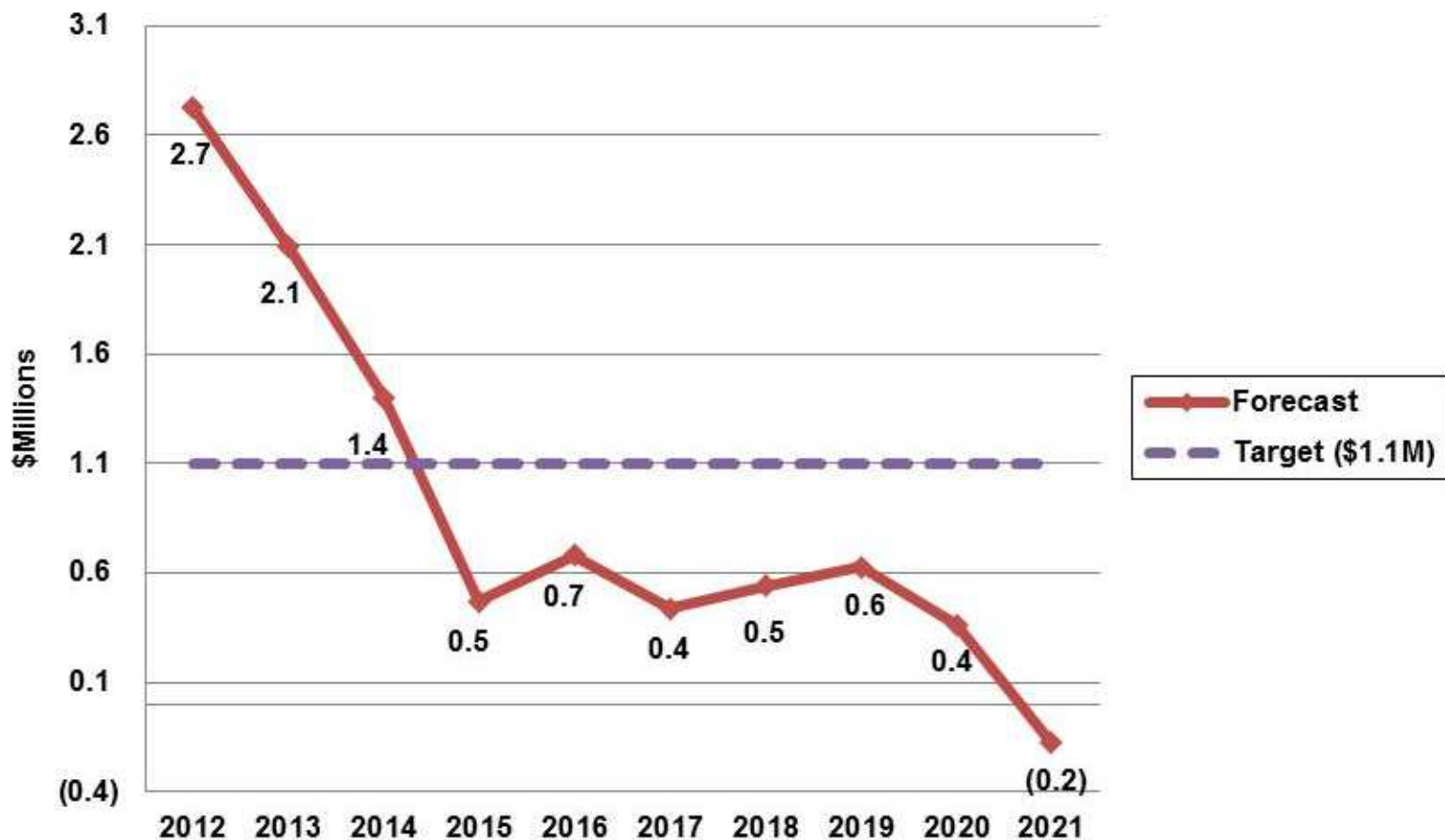
Central Fleet Reserve Forecast

CENTRAL FLEET RESERVE 2012 - 2021



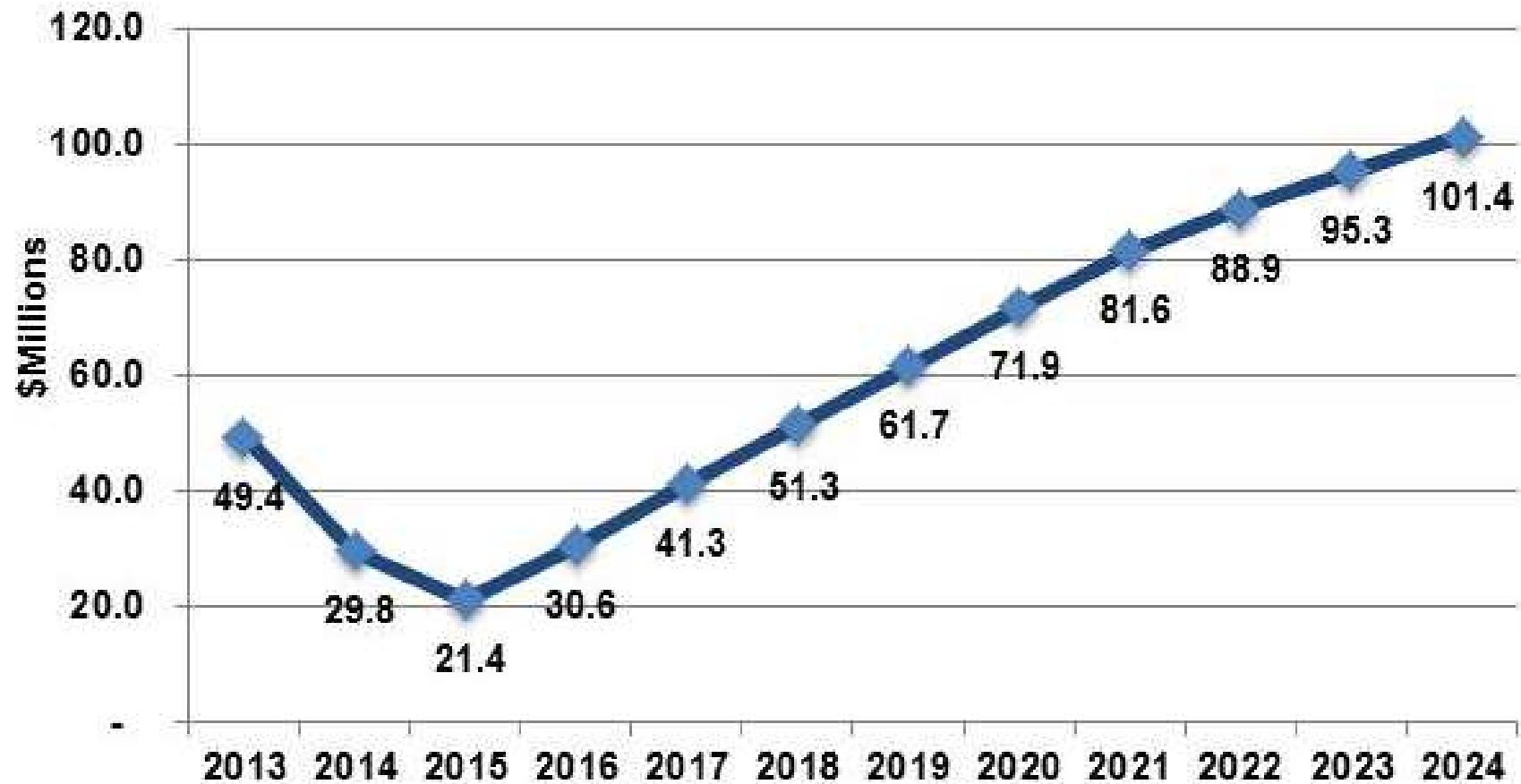
Paramedic Services Vehicle Reserve Forecast

PARAMEDIC SERVICES VEHICLE RESERVE 2012 - 2021



Hamilton Future Fund Forecast

Hamilton Future Fund



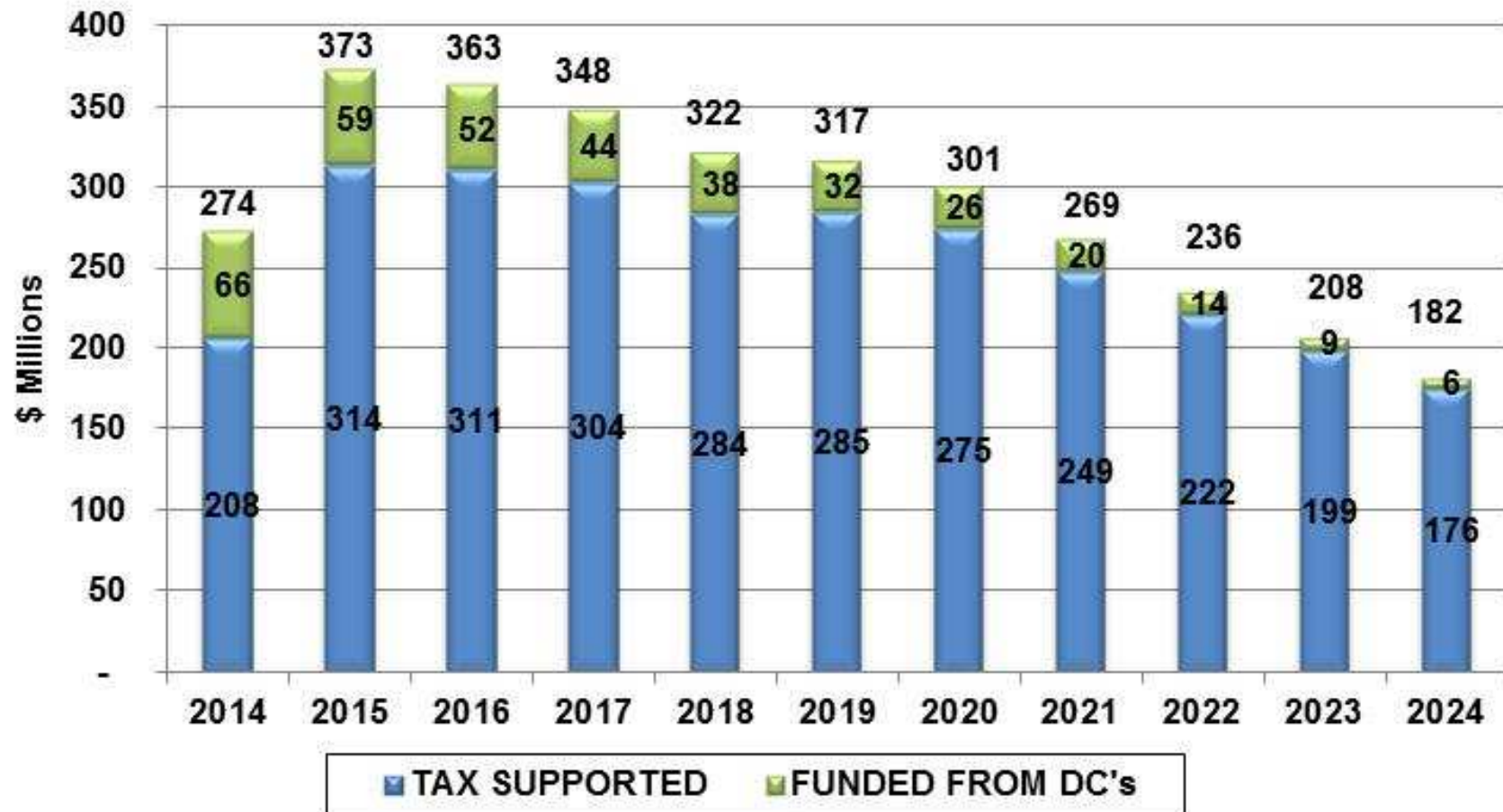


Hamilton

Debt

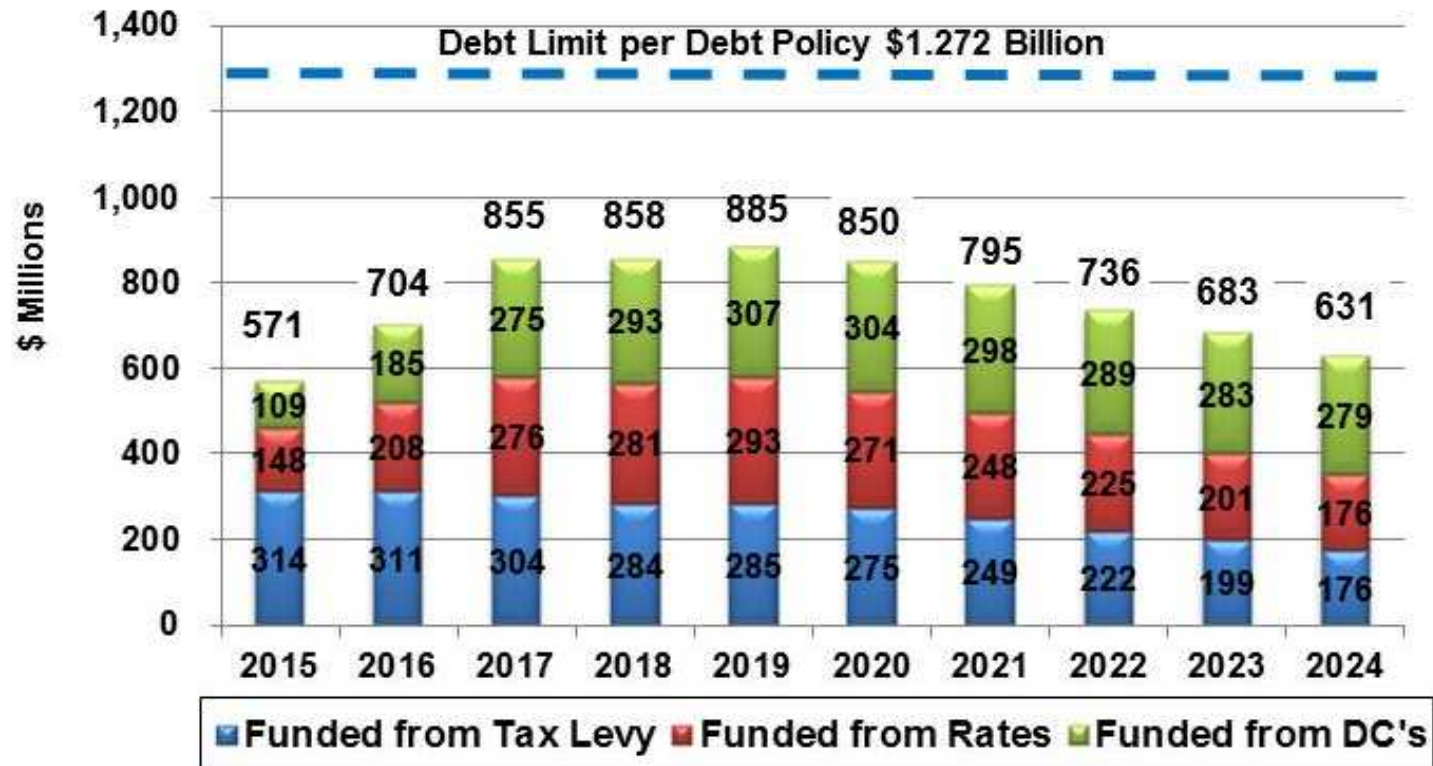
Debt Forecast 2015 - 2024

Projected Outstanding Debt - Tax



Consolidated Outstanding Debt Forecast 2015 - 2024

Projected Outstanding Debt - Tax & Rate



Per Provincial Regulation the City's Debt Limit is approx. \$3.0 Billion based on Annual Repayment Limit (ARL) of \$287 M (25% of revenues)

Debt Comparison to Other Municipalities

Debt Comparators

Based on 2013 FIR's
(\$ Millions)

	<i>Hamilton</i>	<i>London</i>	<i>Windsor</i>	<i>Ottawa</i>	<i>Brantford</i>	<i>Halton Region</i>	<i>Burlington</i>	<i>Waterloo Region</i>	<i>Waterloo</i>	<i>Kitchener</i>	<i>Cambridge</i>	<i>Niagara Region</i>	<i>St. Catharines</i>	<i>Peel Region</i>	<i>York Region</i>	<i>Toronto</i>
Debt per capita ⁽¹⁾	\$ 703	\$ 1,022	\$ 520	\$ 2,108	\$ 430	\$ 603	\$ 995	\$ 766	\$ 1,246	\$ 1,245	\$ 884	\$ 512	\$ 1,083	\$ 1,108	\$ 2,345	\$ 1,614
Debt per household ⁽¹⁾	\$ 1,737	\$ 2,239	\$ 1,115	\$ 5,064	\$ 1,040	\$ 1,654	\$ 2,633	\$ 2,147	\$ 3,610	\$ 3,409	\$ 2,474	\$ 1,196	\$ 2,551	\$ 3,721	\$ 7,794	\$ 4,029
Credit Rating ⁽²⁾	AA	AAA	AA	AA	AA	AAA	NR	AAA	NR	NR	NR	AA	NR	AAA	AA	AA
Total Own Revenues (Net) (per ARL Calculation)	1,177.5	777.0	482.8	2,414.5	213.9	626.4	197.3	640.9	139.1	336.0	150.5	553.7	138.1	1,368.9	1,341.2	8,093.5
Total Debt & LT Liabilities (Incl. Housing)	379.5	381.9	109.7	1,988.5	41.1	312.8	68.3	428.2	63.9	112.0	15.6	228.6	75.1	1,559.2	2,651.0	4,474.7
% to own revenues	32.2%	49.2%	22.7%	82.4%	19.2%	49.9%	69.5%	66.8%	45.9%	33.3%	10.4%	41.3%	54.4%	113.9%	197.7%	55.3%
Total Debt Charges (Incl. Lease & LT Commitment Payments)	61.2	69.6	12.3	181.9	8.2	45.3	12.9	52.2	11.0	13.7	2.9	36.9	11.7	104.3	189.5	866.7
% to own revenues	5.2%	9.0%	2.5%	7.5%	3.8%	7.2%	6.5%	8.1%	7.9%	4.1%	1.9%	6.7%	8.5%	7.6%	14.1%	10.7%
Annual Repayment Limit (ARL) = 25% of Total Own Revenues above																

(1) Lower Tier Debt per Capita and Debt per household includes Upper Tier (Region) Debt

(2) NR = Lower Tier Municipality that is Not Rated

Future Unfunded Projects

- q *Park Development Initiatives - Gage Park, Gore Park, John/Rebecca, Confederation Park*
- q *Transit Improvements*
- q *Police Investigative Building*
- q *Gage Park Children's Museum*
- q *Battlefield Park Interpretive Centre*
- q *Additional Parkland Acquisitions*
- q *Addressing Infrastructure Deficit*



Previously Approved Projects Requiring Additional Funding

- Red Hill Expressway – \$4.96M
- Infrastructure Stimulus Fund (ISF) Projects (Westmount & Stoney Creek Rec. Centres) – \$5.2M
- Rapid Transit Studies – \$1.8M
- Wentworth Lodge – \$0.5M
- Roads project costs ineligible for Gas Tax funding – \$6.8M
- Total \$19.3 million

Operating & FTE Impact

2015 OPERATING AND FTE IMPACT

Public Works Tax Funded

Forestry & Horticulture

101.4 1.00

Total 2015 Operating& FTE Impact

101.4 1.00

2016 OPERATING AND FTE IMPACT

Corporate Services

Finance

206.3 0.00

Information Technology (IT)

187.0 1.00

Total Corporate Services

393.3 1.00

Planning & Economic Development

Urban Renewal

62.0 0.00

Total Planning & Economic Development

62.0 0.00

Public Works Tax Funded

O & M - Parks & Cemeteries

91.1 1.35

Open Space Development

223.0 2.04

Recreation Facilities

1,075.0 19.25

Waste Management

215.0 0.00

Roads

1,173.0 8.20

Transit Services

356.0 1.00

West Harbour & Waterfront Strategic Initiatives

116.0 0.00

Total Public Works Tax Funded

3,249.1 31.84

Total Projects with 2016 Operating& FTE Impact

3,704.4 32.84

Grand Total

3,805.8 33.84

Next Steps

- GIC – January 15
- GIC – January 23 (if required)
- Council Approval – February 11



Hamilton

Q&A

q Thank you