



Hamilton

City of Hamilton

2016 Tax Budget Preliminary Outlook

General Issues Committee

September 16, 2015

Item 7.2

FCS15062



1. Historical Budgets & Tax Impact
2. 2016 Tax Budget Preliminary Outlook
3. 2016 Recommended Budget Guidelines
4. 2016 Budget Schedule



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Historical Budgets & Tax Impacts



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Average Residential Tax Impacts 2013-2015

	Residential Tax Impacts			
	2013	2014	2015	3 Year Average
City Departments	1.2%	1.7%	2.6%	1.8%
Grant Loss / Transition	0.3%	0.0%	0.0%	0.1%
Boards & Agencies	0.5%	0.3%	0.3%	0.4%
Capital Financing	0.5%	0.0%	0.5%	0.3%
Municipal Tax Impact	2.5%	2.0%	3.4%	2.6%
Total Tax Impact *	1.9%	1.5%	2.7%	2.0%

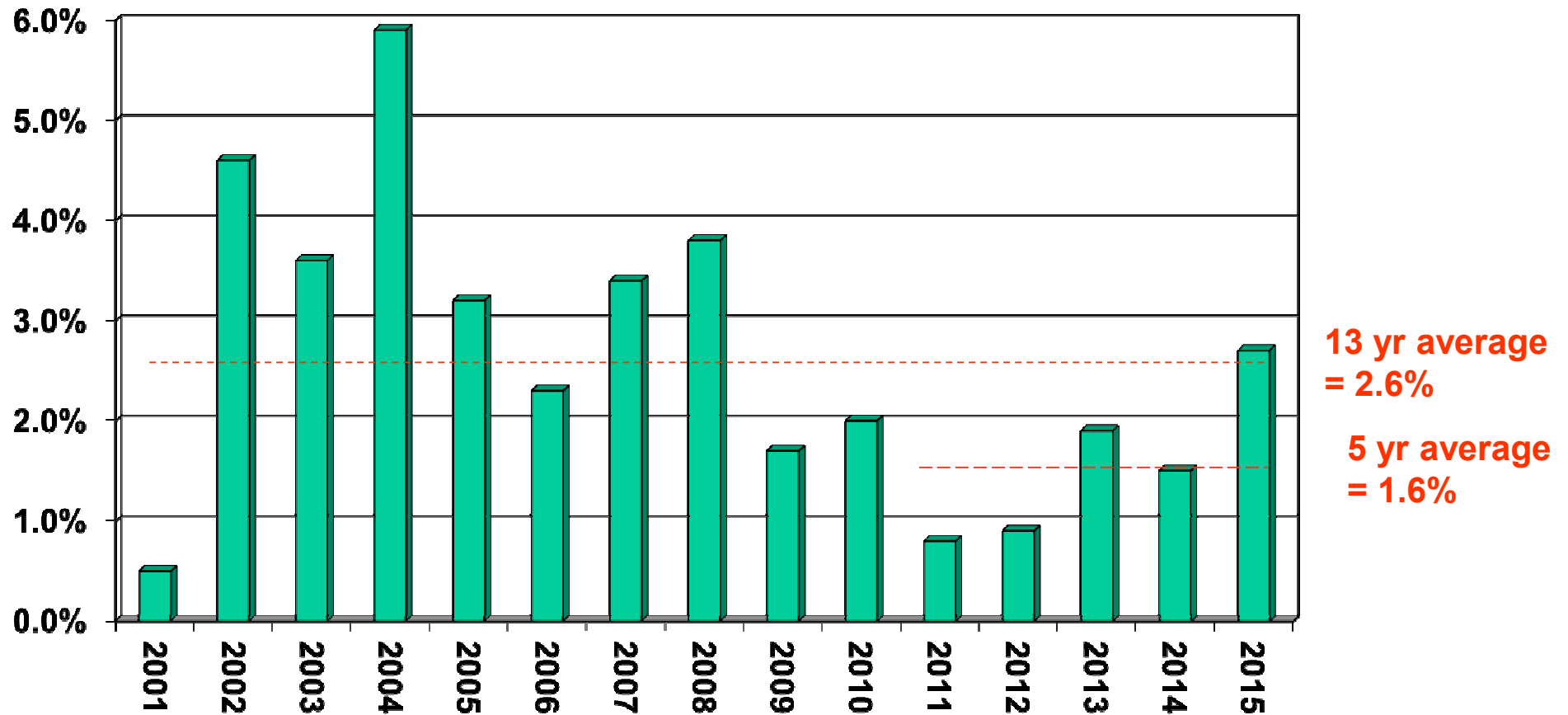
* - Includes education set provincially.

Note – anomalies in totals due to rounding



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Annual City-wide Residential Tax Impacts

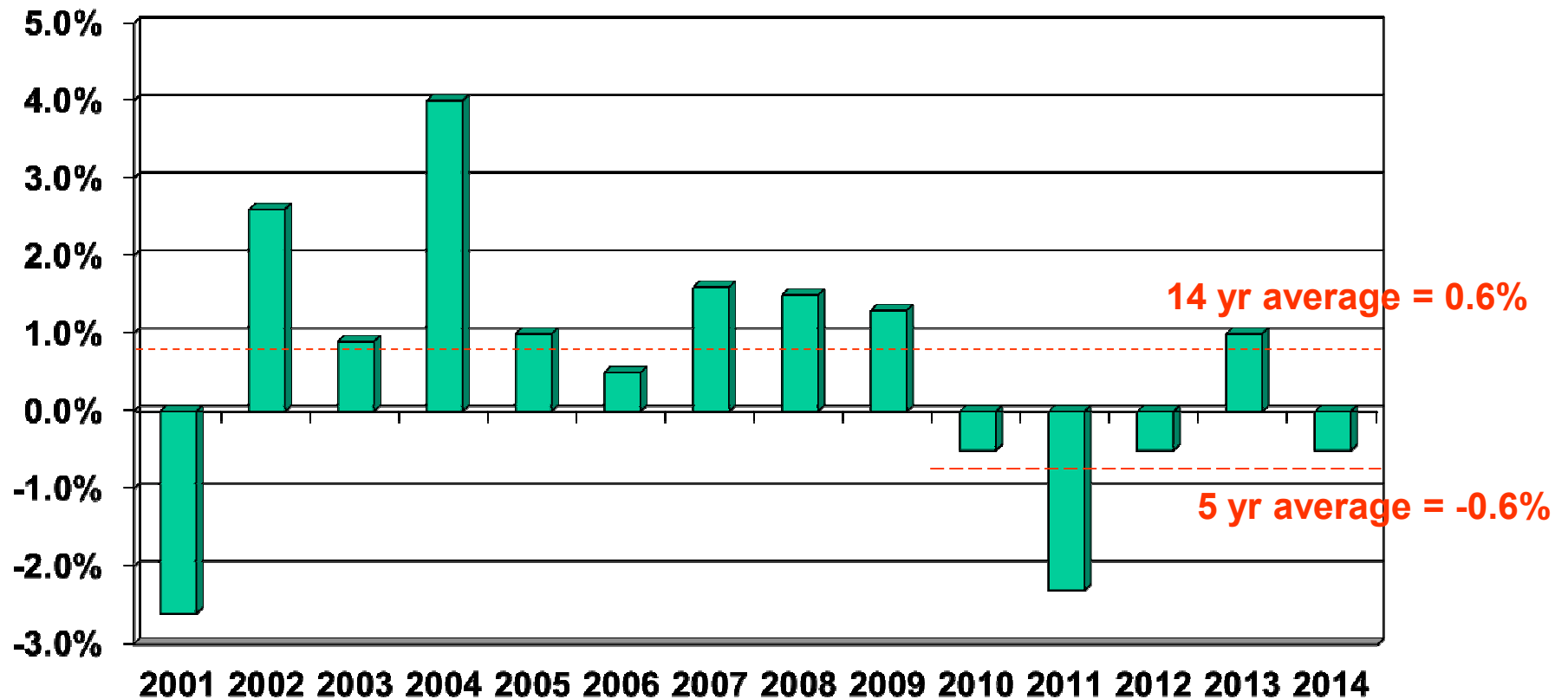


Annual residential impacts - includes budget, reassessment, area-rating, education and tax policies



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Annual City-wide Residential Tax Impacts adjusted for Inflation



Annual residential impacts - includes budget, reassessment, area-rating, education and tax policies

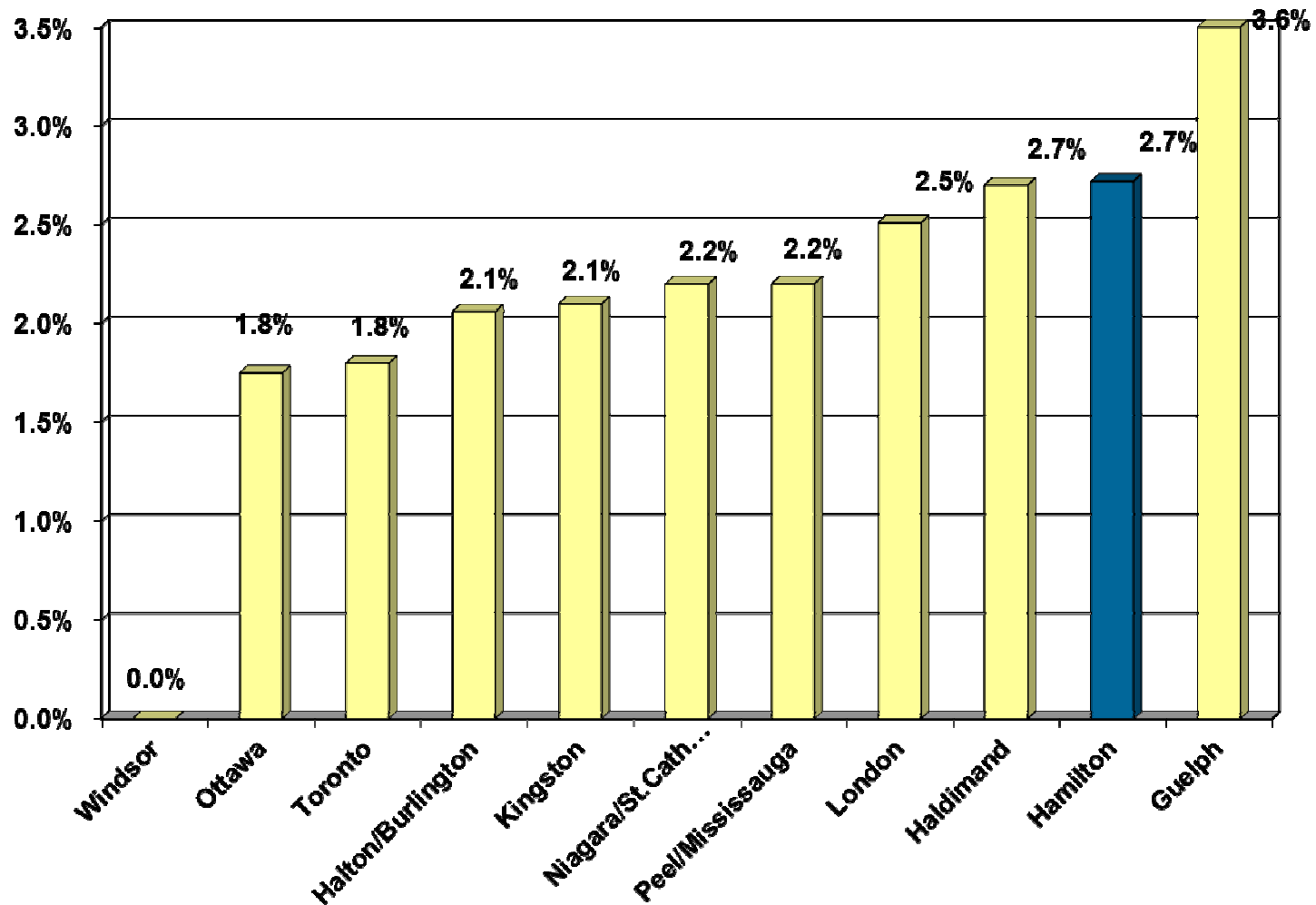
Inflation = Ontario CPI (all items)



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Municipal Comparison

2015 Average Total Tax Impacts



includes Education

Source: Regional Treasurer's



Average Tax Impacts

	3 Yr Average
Halton/Burlington	1.9%
Niagara/St.Catharines	1.9%
Toronto	2.0%
Hamilton	2.0%
Kingston	2.1%
London	2.1%

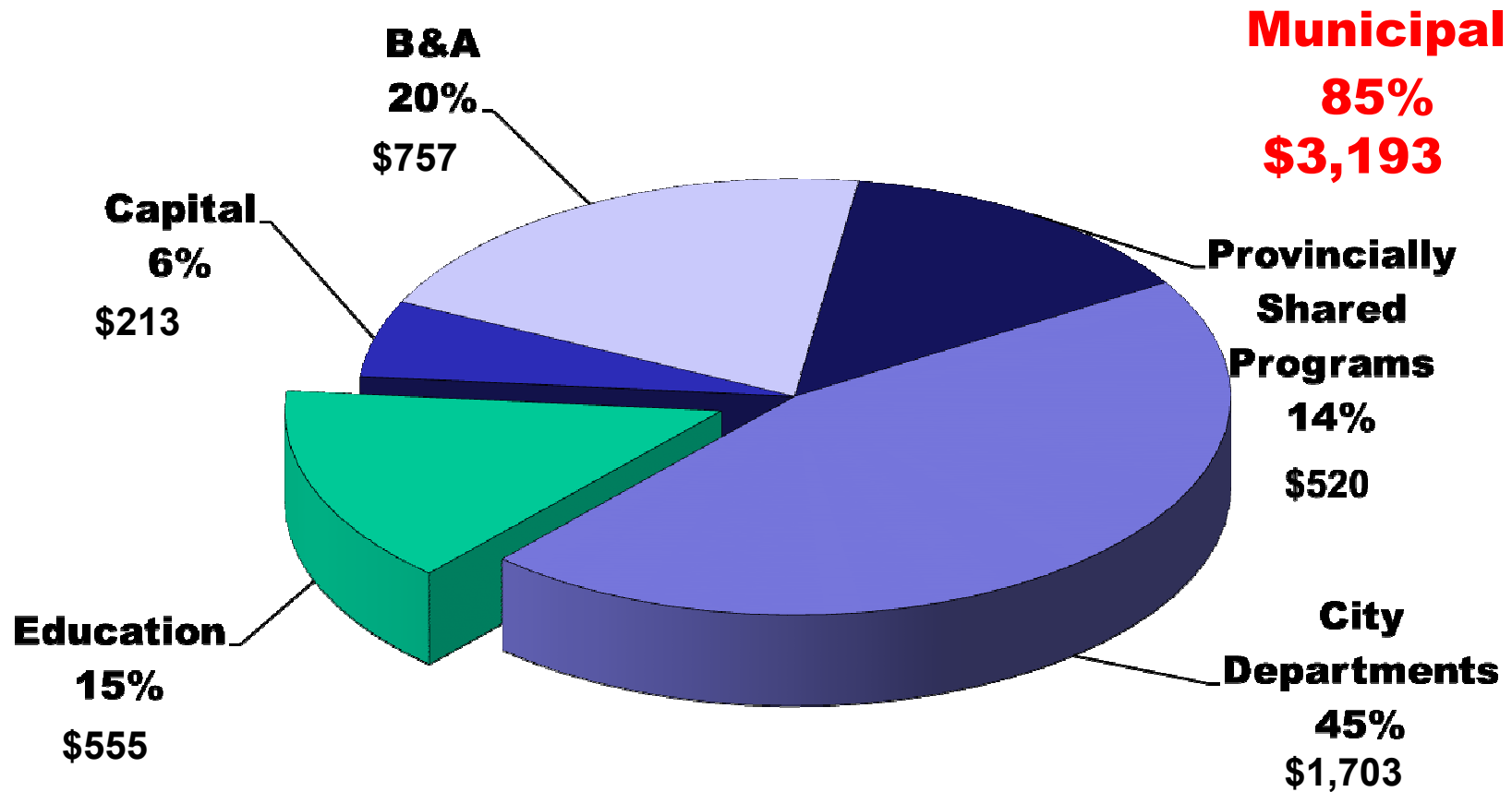
Total Tax impact = municipal + education



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2015 Average Residential Tax Bill

\$3,748 per Household



Based on average CVA of \$284,600



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2016 Tax Budget Preliminary Pressures



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2016 Preliminary Pressures / Risks

	2016 Outlook Pressures / Risks
City Departments	
- Salary / Wage Compensation	\$ 11.1 million
- Operating Impact of Capital Projects	\$ 3.4 million
- Corporate Wide	\$ 5.3 million
- City Departments Other	\$ 7.5 million
Boards & Agencies	\$ 6.5 million
Capital	\$ 3.9 million
2016 Preliminary Pressures/Risks	\$37.8 million
2016 Municipal Tax Impact (assumes 1% growth)	3.8%



2016 Preliminary Tax Impact

	2016 Impact (Average Residential)	
	Draft	
	\$	%
Municipal Taxes		
City Departments	\$ 89	2.8%
Boards & Agencies	\$ 18	0.6%
Capital	\$ 16	0.5%
Total Municipal Taxes¹	\$ 123	3.8%

***Assumes 1.0% growth.**

1% municipal tax impact = \$7.8 M

**Based on the current estimated budget pressures of \$37.8 M.
(impacts based on a typical home assessed at \$284,600)**



City Departments: Compensation

	Levy Impact \$
Salary / Wage Compensation:	
- COLA / Settlements	\$ 6.9 million
- Merit / Step Increases	\$ 1.4 million
- OMERS	\$ 1.2 million
- Government Benefits	\$ 0.4 million
- Employer Benefits	\$ 0.3 million
- WSIB Contributions	\$ 0.2 million
- Retiree Benefits	\$ 0.7 million
TOTAL	\$ 11.1 million

- COLA 2.0%
- Merit increase per City Policy
- OMERS no increase in contribution rates (increase identified is commensurate with COLA/merit increase)



City Departments: Operating Impact of Capital Projects

	Levy Impact \$
Operating Impact of Capital Projects: <ul style="list-style-type: none">- Approved through Capital Budget (FCS15011)- Deferred from previous years	 \$ 3.1 million \$ 0.3 million
TOTAL	\$ 3.4 million



City Departments: Corporate

	Levy Impact \$
Corporate:	
- Inflationary / Contractual Requirements	\$ 7.9 million
- User Fees (excluding Transit, Ice, Golf)	-\$ 2.2 million
- Energy (Fuel, Natural Gas, Electricity)	\$ 0.7 million
TOTAL	\$ 6.3 million

- Assumes no increase in Natural Gas and Fuel
- Electricity increase of 6% (\$700k)
- User fees increase of 2%



City Departments: Other

- \$1.7M - Parking & By-Law Services Revenue Shortfall
- \$1.3M – Housing Services as per the Provincial benchmarking formula
- \$1.3M – CES annualization of Council approved program enhancements
- \$900K – PW Operations Division due to contractual increases
- \$807,000 reduction in Provincial Gas Tax transfer from reserve
- \$545,000 phase-in of transfer to Transit reserve
- \$300,000 reduction in Blue Box commodity sale revenues
- \$267,000 loss of Court House lease revenue



City Departments: Other

- (\$3.2M) – Ontario Works upload savings
- (\$500K) – revenue increase from Waste Diversion Ontario
- (\$131K) – savings in Low Income Dental Initiative
- TBD – Impact of recent PH funding announcement
- TBD – Revenue challenges in Recreation

- Additional revenue opportunities from the Finance & Administration and Revenue Generation Division will be incorporated pending approval



Boards & Agencies

	Levy Impact \$
Boards & Agencies:	
- Police (3.79%)	\$ 5.6 million
- Boards & Agencies (excluding Police)	
Conservation Authorities & MPAC @	\$ 0.2 million
Other Boards & Agencies @ 2.0%	\$ 0.6 million
City Enrichment Fund @ 2.0%	\$ 0.1 million
TOTAL	\$ 6.5 million

- Police pressure of \$5.6M is based on a 5 year average increase of 3.79%.
- Assumes continuation of existing agreement with Niagara Peninsula Conservation Authority



	Levy Impact \$
Capital:	
- Preliminary direction at 0.5%	\$ 3.9 million
TOTAL	\$ 3.9 million

- 2015 discretionary capital projects = \$101.8 million
- 2016 discretionary capital projects forecast = \$110.0 million



Council Referred Items

- In addition to the \$37.8M in pressures there have been a number of items referred to the 2016 tax budget process by Council. Currently these pressures are estimated to be \$2.0 million.
 - Sesquicentennial Initiatives: \$900K
 - City Enrichment Fund: \$450K
 - Long Range Planning Office: \$338K
 - Permanent Waterfront Office: \$219K
 - Employment Systems Review: TBD



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2016 Recommended Tax Budget Guidelines



2016 Recommended Budget Guidelines

- That 2016 user fees (excluding golf, transit, ice rental fees and web transaction or convenience fees) be increased by a rate of 2.0% and that any user fee adjustments, other than this rate, include an appropriate explanation when submitted;
 - That Boards & Agencies be requested to submit their 2016 budget based on a guideline of an inflation rate increase of 2.0% and that any increase beyond the guideline be forwarded for consideration with appropriate explanation;
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2016 Recommended Budget Guidelines

- That all City departments target a 2016 operating budget guideline, based on an inflation rate increase of 2.0%, and that any increase beyond the guideline be forwarded for consideration with appropriate explanation.



Hamilton Reducing the Residential Tax Impact

2016 REDUCTION SCENARIOS

	Reductions	Levy Increase	Residential Tax Incr.*
PRELIMINARY BUDGET & REC. ENHANCEMENTS		\$ 37,800,000	3.8%
TOTAL REDUCTIONS OF \$	(6,240,000)	\$ 31,560,000	3.0%
TOTAL REDUCTIONS OF \$	(14,040,000)	\$ 17,520,000	2.0%
TOTAL REDUCTIONS OF \$	(29,640,000)	\$ 8,160,000	0.0%

*Assumes 1.0% growth.

- 1% on Municipal Residential Tax Increase = \$7.8M



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2016 Budget Schedule



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2016 Proposed Budget Schedule

ITEM	DATE
Tax Supported Operating Budget Guideline, Outlook, Process Report	Sep-16
Capital WIP Sub-Committee / Capital Budget Workshop	September
Rate Budget Workshop	N/A
User Fee Report (Regular GIC)	18-Nov-15
Tax Supported Capital Budget Report	Late November
Rate Supported Budget Report	Late November
Tax Supported Operating Budget Overview	Early January
Boards and Agencies Budget Presentations	Mid January
Departmental Budget Presentations	Mid/Late January
Public Delegations	February
GIC Budget Deliberations	February
GIC/Council Budget Approval	March



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END