

Item 5.3



Hamilton

2016 Tax - Supported Capital Budget

General Issues Committee

November 27, 2015



Overview

- 2016 Capital Budget Objectives
- 2016 Capital Project Highlights
- 2016 Capital Financing
- Financial Sustainability
- Boards & Agencies requested 2016 projects
- Next Steps

2016 Tax Capital Budget Objectives

- **Target capital investments to asset rehabilitation** (roads, social housing, corporate, recreation and long-term care facilities)
- **Invest in strategic growth capital projects** (West Harbour, Downtown Revitalization, Parkland acquisition)
- **Grow own source funding**, dedicating 0.5% (\$3.9M) Levy increase to Capital Levy
- **Manage debt levels** so as not to negatively impact the City's credit rating

2016 Tax Capital Budget Objectives (cont'd)

- **Maximize the effectiveness & efficiency** of the Capital programs:
 - WIP Sub-Committee
 - Capital closing policy
 - Project monitoring policy
- **Leverage funding** from senior levels of government

Council Direction - 2016 Budget GIC's

- Roads \$6.5 M
- Housing \$2.8 M
- Lodges \$1.1 M

Leverage Funding

- Projects with Canada 150 funding incorporated into the 2016 Capital Budget

(\$000's)

Project	Gross Cost	Funding		
		Canada 150 Grant	Area Rating Reserves	Capital Levy
Rehabilitation of St. Marks Church	960	280	400	280
Expansion of Griffin House National Historic Site	205	68	-	137
Carlisle & Beverly Arena Accessibility Upgrades & Expansion	550	183	-	367
Mt. Hope & Binbrook Hall Renovations & Accessibility Upgrades	1,030	541	-	489
Westoby (Olympic) Arena Roof Replacement	550	250	-	300
Ancaster Aquatic Centre Refurbishment	458	458	-	-
Total	3,753	1,780	400	1,573

2016 Gross Capital Highlights

\$216.7 M Gross capital spending:

- \$90.9 M Roads (\$75 M Existing, \$15.9 M Growth)
- \$18.2 M Transit
- \$16.3 M Open Space Development / Parks & Cemeteries
- \$14.7 M Recreation Facilities
- \$9.1 M Fleet Services
- \$9.0 M Provincial Offences Administration Offices
- \$7.7 M Planning & Development
- \$7.5 M West Harbour Development
- \$7.2 M Corporate Facilities
- \$6.7 M Fire & Paramedic Services
- \$5.4 M Forestry & Horticulture



2016 Gross Capital Highlights (cont'd)

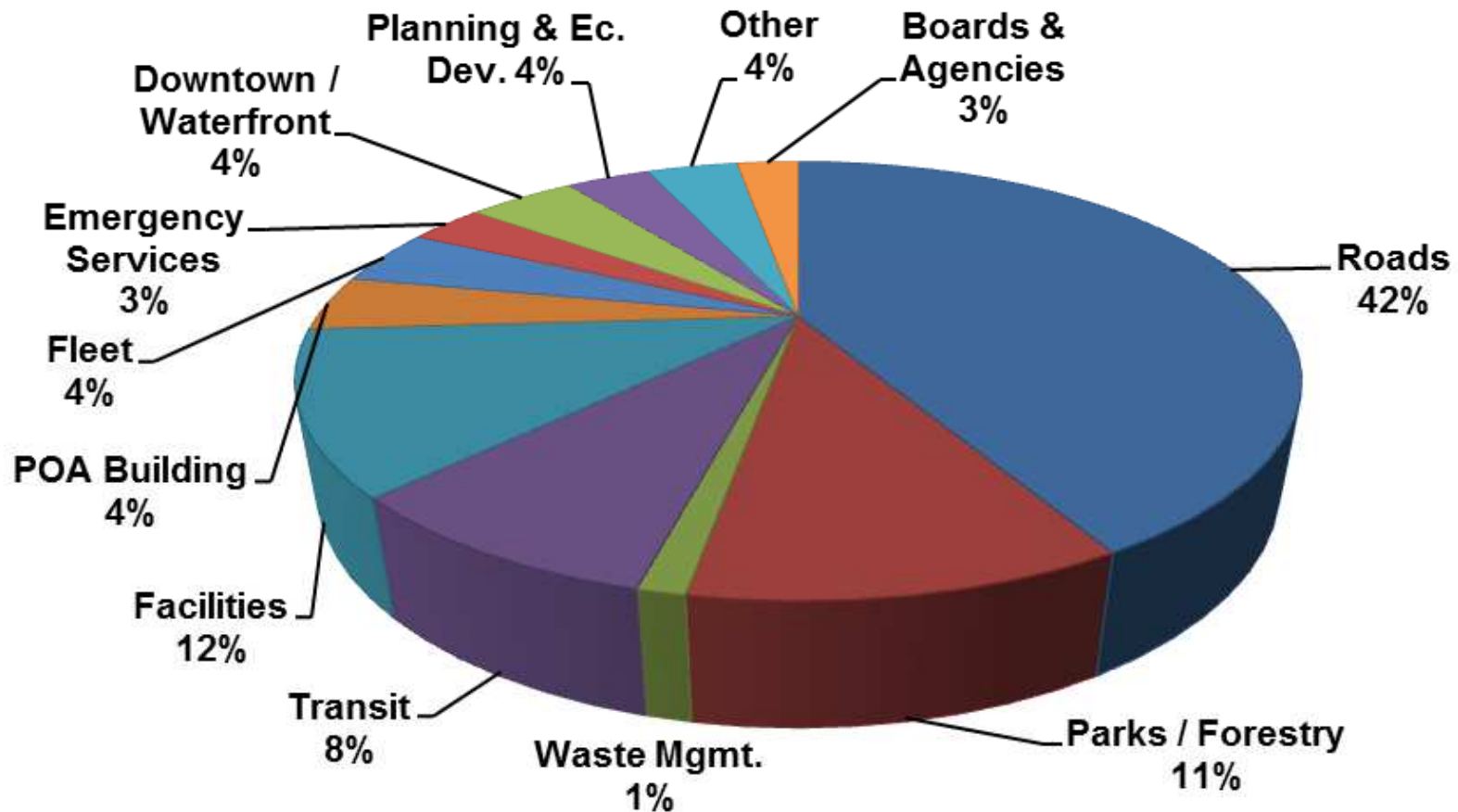
- \$2.6 M Waste Management
- \$2.5 M Cultural Facilities
- \$2.3 M CityHousing Hamilton
- \$2.2 M Downtowns & BIA's
- \$2.1 M Long Term Care Facilities
- \$2.0 M HCA and Westfield Heritage Village
- \$1.5 M Housing Services
- \$1.5 M Parkland Acquisition
- \$1.4 M Hamilton Public Library



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2016 Gross Capital Budget by Program

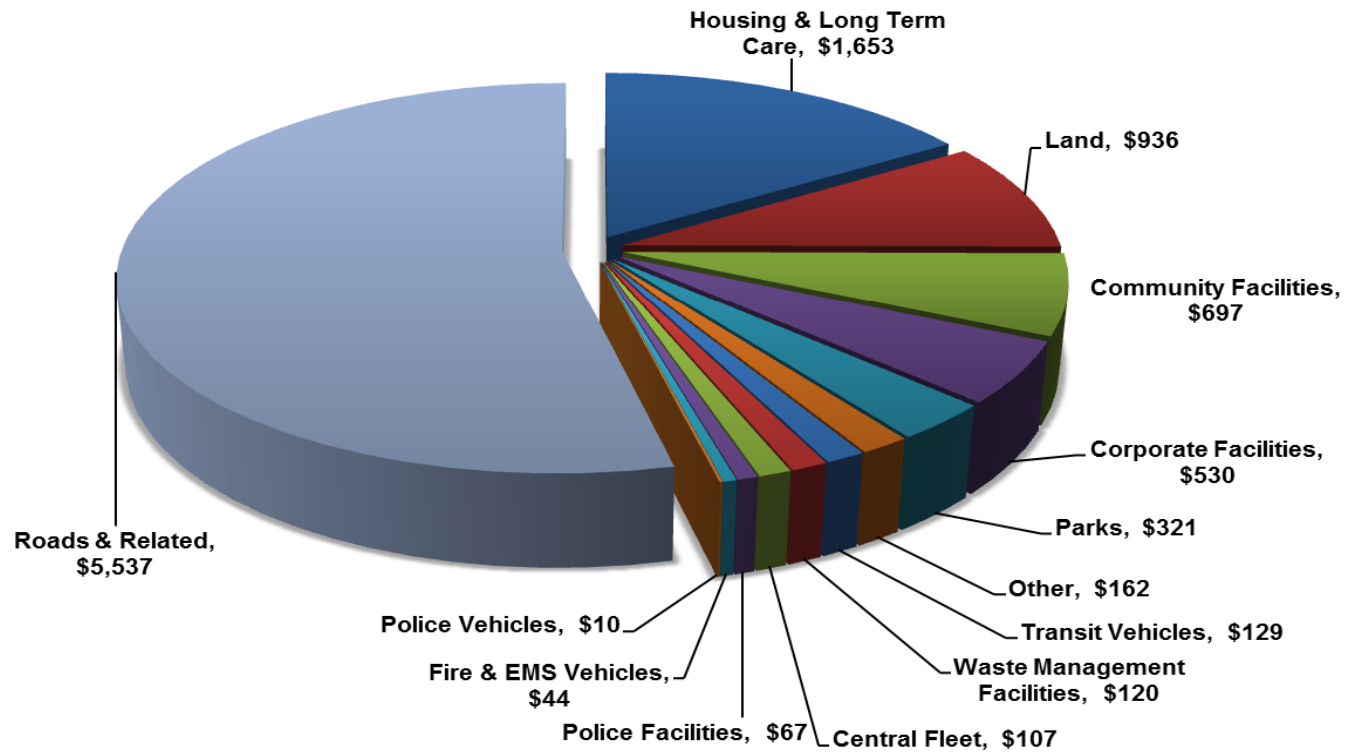
\$216.7 Million





Asset Values

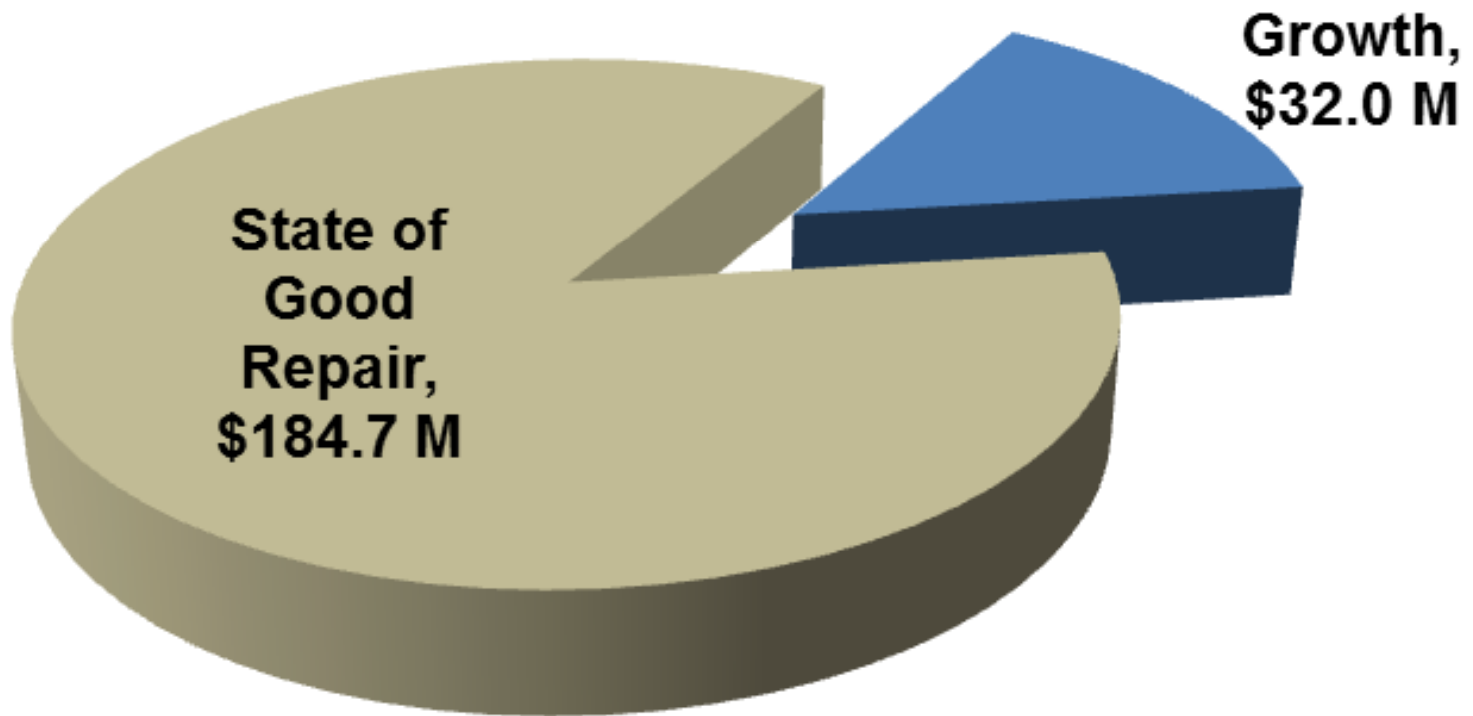
Tax Supported Infrastructure Assets \$10.3 Billion (\$ Millions)





Growth vs State of Good Repair

2016 Capital - \$216.7 M





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2016 Capital Project Highlights

Roads, Traffic, Bridges/Structures

- \$12.420 M towards 14.55 lane km of development construction projects
- \$3.536 M towards 27,968 linear metres of sidewalks newly installed
- \$10.762 M towards 11.43 lane km of existing paved road reconstruction
- \$14.342 M towards 66.38 lane km of existing paved roads resurfaced / rehabilitated
- \$2.2 M towards 87.25 lane km of preventative maintenance, resurfaced / rehabilitated (rural roads)
- \$3.910 M towards 2,257.9 square metres of rehabilitation to structures ie. bridges ≥ 3 m span
- \$5.2 M towards 10,150 streetlights replaced or new
- \$4.030 M towards 14 signals replaced or new



2016 Capital Projects

Fleet Vehicle Replacement

- \$7.511M towards 90 vehicles, \$650K for 2 street sweepers (funded from Vehicle Repl. Reserve)
- \$860K for restoration of Fleet Fuel Sites (\$610K funded from Commodity Stabilization Res., \$250K from WIP)

Transit

- \$9.9M towards 18 40' CNG buses (funded from HSR Vehicle Replacement reserve)
- \$1.7M for Security Cameras on all buses



ATS

- \$1.997M towards 10 30' Diesel buses (funded from ATS Vehicle Replacement)

Forestry

- \$2.6 M towards 2,300 trees removed and replaced at Emerald Ash Borer Management
- \$1.345 M towards 4,000 trees planted in streets and parks (funded from reserve)
- \$1.345 M for the Gage Park Tropical House

Paramedic Services

- \$508 K for 2 new ambulances & equipment (enhancement phase 3)
- \$722 K towards 3 replacement ambulances (life cycle)
- \$220 K towards scheduled equipment replacement including response bags and replacement public access defibrillator pads

Fire Services

- \$4.6 M towards 11 fire replacement vehicles including: five (5) Engines (Pumpers) to replace five (5) 20 year old Pumpers, two (2) pumper/tankers to replace two (2) 20 year old tankers, three (3) compact cars to replace existing Fire Prevention vehicles and one (1) SUV to replace the existing Radio Shop support vehicle.
- \$635K towards fire equipment replacement including: 40 SCBA cylinders, 480 pairs of firefighter gloves, 6 sets of auto extrication equipment, approx. 200 lengths of firefighting hose, 10 thermal imaging cameras and 40 volunteer pagers.



2016 Capital Projects

Housing Services

- \$1.5 M towards the renovation of 40 units at an average cost of \$37,500/unit

CityHousing Hamilton

- \$1.5 M in 2016 (Capital levy)
- \$0.8 M in 2016 (Capital reinvestment reserve)
- \$2.8 M total increase Housing

2016 Capital Projects

Lodges

\$2.09 M towards:

- shower/tub chairs & mechanical lifts required to provide safe daily care to residents; 23 at Macassa Lodge and 13 at Wentworth Lodge are beyond or about to eclipse their life expectancy (as per manufacturer)
- main kitchen replacement at Macassa Lodge
- dining area/serverly refurbishments at Macassa Lodge
- new call bell systems at Macassa Lodge & Wentworth Lodge
- 2 tubroom refurbishments at Wentworth Lodge
- Lighting upgrades in 430 resident rooms and elsewhere at both Macassa & Wentworth Lodges

Parks

Cherry Beach:

- \$3.33 M towards a 35,000 sqm/3.5 ha park.
- City of Hamilton and former Stoney Creek land acquisition program pursuant to shoreline protection and waterfront park development.
- Multiple priorities identified.

William Connell Community Park:

- \$3.8 M towards 195,000 sqm/19.5ha City-wide park facility.
- Amenities include, football, soccer, tennis, parking, splash pad. Within 19.5ha is 2ha archaeological site, 3.2ha storm water mgmt facility, and 5ha preserved natural areas.

Joe Sam's Leisure Park:

- \$0.8 M towards 430,000 sqm/43ha of park space (31ha of which to be developed parkland) + 30ha of open space to not be developed.

Parking By-Law Services

York Boulevard Parkade structural repairs \$1.010 M:

- Total replacement of the waterproofing membrane and concrete repairs to both the floor and ceiling surfaces.
- Replacement of rebar, drains and pipe sections covering approximately 114,000 square feet of floor space over 3/7 of the levels of the parkade and 360 parking spaces.

2016 Capital Projects

Corporate Facilities

POA Offices

- Final year of 3 year phase-in (\$32.4 M total)
- \$9.0 M towards 110,000 total sq. ft. renovated
- 60,000 sq. ft. for POA courts and offices
- 50,000 sq. ft. for upper floor base building renovation

MTC CNG Facility Upgrade

- \$1.309 M towards MTC Compliance Related Upgrades
- Current number of air exchanges is 1.86/hour servicing 192,000 sq. ft. (vehicle storage and repair area).
- Revised number of air exchanges will be 5/hour as per current standards (ASHRAE AND NFPA).

Facilities

State of Good Repair – Capital Major Mtce

- \$3.9 M towards:

- Roof Management
- Facility Capital Maintenance (Emergency)
- Facility Condition Audits
- Code and Compliance
- Facility Security
- Parking Lot Rehabilitation
- Overhead Door Replacements
- Capital Renewal at: Yards, Libraries, Firehalls, Rec Centres, Arenas, Community Halls, Park Fieldhouses

Recreation Facilities

Mt. Hope and Binbrook Hall Renovations

- \$1.030 M towards renovations
- 6,800 sq. ft. in total renovations:
 - Approximately, 3000 sq. ft. for Mt. Hope
 - Approximately, 3800 sq. ft. for Binbrook.

Scott Park Precinct Ice Pad and Spray Pad

- \$1.0 M towards 54,810 sq. ft. for Bernie Morelli Rec Centre
- 12,000 sq. ft. for spray pad

Tourism & Culture Facilities

St. Mark's Church Rehabilitation

- \$960K for infrastructure work to secure the building envelope – walls, drainage & services
- \$280K funded from Canada 150 Grant

Dundurn Castle – new entrance

- \$1.030M towards improved public access and safety, improvements of function and appearance of parking facilities



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2016 Proposed Capital Budget

(\$ 000's)	2015 APPROVED		2016 PROPOSED	
	<u>GROSS</u>	<u>NET</u>	<u>GROSS</u>	<u>NET</u>
<u>Proposed Program Funding</u>				
Recreation Facilities	8,843	5,165	14,678	5,100
Corporate Facilities	5,480	4,480	7,202	4,583
Entertainment Facilities	0	0	1,000	800
Forestry & Horticulture (Includes Tree Planting)	2,945	1,345	2,782	1,345
Open Space Development	7,764	3,183	14,850	3,327
Waste Management	7,013	6,066	2,635	1,420
Transit Services	24,028	3,700	18,234	3,700
Corporate Fleet Services	6,805	0	9,181	0
Parks & Cemeteries	1,708	1,138	1,592	1,265
Roads	98,829	50,680	90,919	54,995
West Harbour & Waterfront Initiatives	11,005	5,691	7,475	7,475
Public Health	92	92	92	92
Community Services	0	0	90	90
Housing Services	500	500	1,500	1,500
Long-Term Care Facilities	1,950	1,450	2,090	1,590
Emergency Services	5,271	765	6,680	508
Corporate Services / City Manager	2,635	2,030	3,015	2,865
Area Rating (Ward 1-8)	1,900	0	1,241	0
Planning & Development	5,725	524	7,744	1,089
Tourism & Culture	1,732	1,732	2,450	1,702
Public Art Program	171	171	0	0
Urban Renewal	1,810	1,810	2,210	2,210
Total Program Funding	196,206	90,522	197,660	95,656



2016 Proposed Capital Budget (cont'd)

(\$ 000's)	2015 APPROVED		2016 PROPOSED	
	<u>GROSS</u>	<u>NET</u>	<u>GROSS</u>	<u>NET</u>
<u>Other Major Projects</u>				
Parkland Acquisition	1,500	1,500	1,500	1,500
Pan Am Games	2,797	2,797	0	0
Provincial Offences Administration Building	20,380	0	9,000	0
McMaster Health Campus Proposal - City's Contribution	1,000	0	0	0
Randle Reef	300	300	300	300
Emerald Ash Borer Program	1,600	1,600	2,600	2,600
Stadium Precinct	16,300	0	0	0
Total Other Major Projects	43,877	6,197	13,400	4,400
Total Before Boards & Agencies	240,083	96,719	211,060	100,056
<u>Boards & Agencies</u>				
CityHousing	571	571	2,300	1,500
Police Services	15,000	900	0	0
Hamilton Public Library	3,800	1,575	1,365	0
Beach Rescue	77	0	60	0
H.C.A\Confederation Park\Westfield	2,000	2,000	2,000	2,000
Total Boards & Agencies	21,448	5,046	5,725	3,500
Total Funded Projects	261,531	101,765	216,785	103,556

Option (1.0% Levy Increase)

An additional 0.5% (\$3.9M) Levy increase dedicated to Capital could be used to fund:

- Roads, Bridges and Sidewalks
- Corporate and Recreation Facilities
- Housing

Operating & FTE Impact

2017 OPERATING & FTE IMPACT

	\$000's	FTE's
Planning & Economic Development		
Urban Renewal	55.0	-
Total Planning & Economic Development	55.0	-
Public Works		
Forestry & Horticulture	37.2	0.66
O & M - Parks & Cemeteries	17.0	0.35
Open Space Development	519.0	5.57
Recreation Facilities	241.0	0.25
Roads	1,179.0	7.46
Transit Services	330.0	1.00
West Harbour & Waterfront Strategic Initiatives	19.0	-
Total Public Works	2,342.2	15.29
Total Projects with 2017 Operating & FTE Impacts	2,397.2	15.29



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2016 Capital Financing

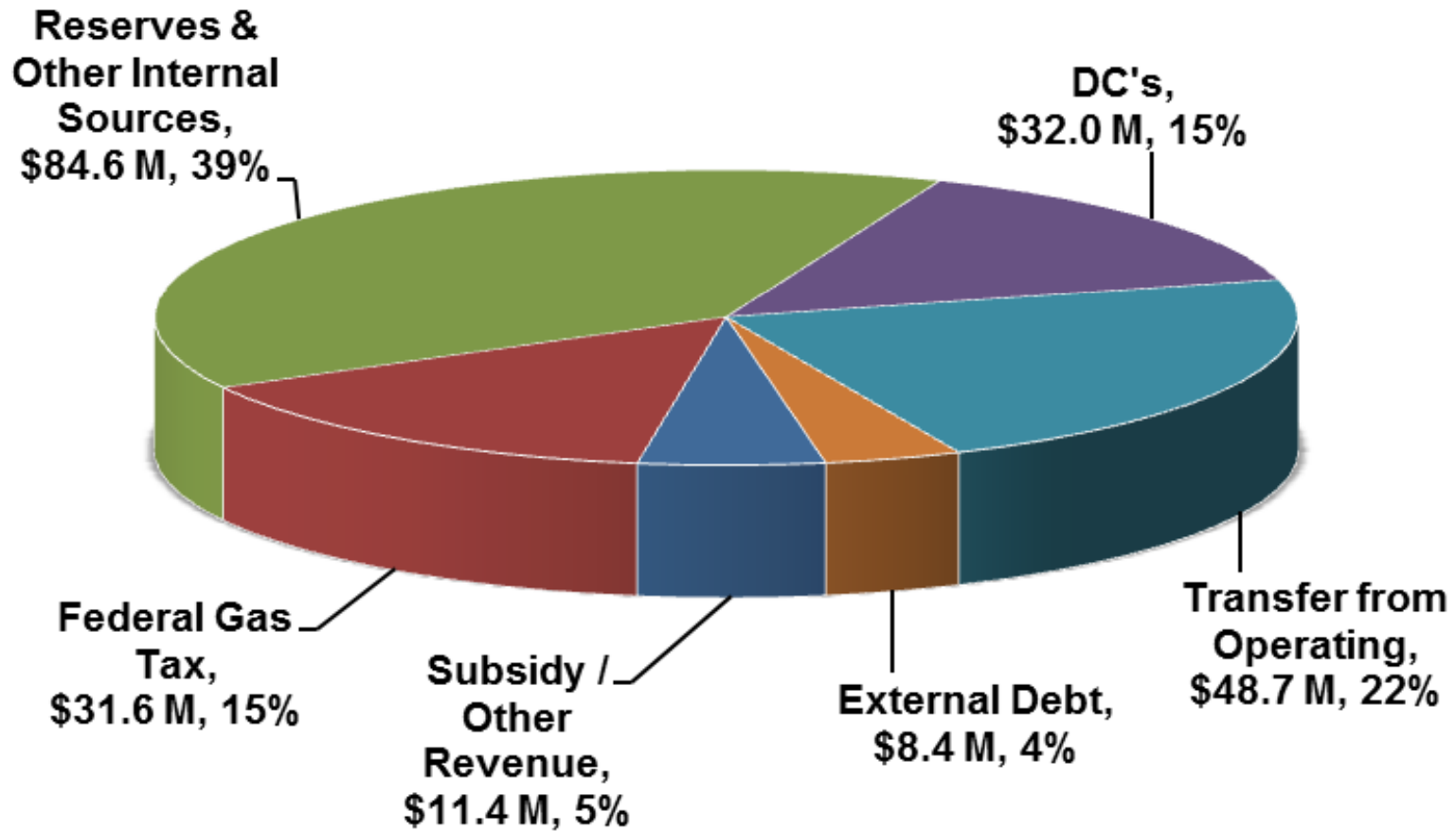
Capital Financing Strategy

- Increase Levy Contribution to fund Capital by:
 - Managing Debt Levels and Debt Charges
 - Annual 0.5% Levy Increase dedicated to Capital Levy
- Fund Asset Rehabilitation/Maintenance type projects from Contribution (or other sources excluding debt)
- Restrict Debt Financing to fund strategic initiatives/projects ie. West Harbour, etc.



2016 Capital Funding

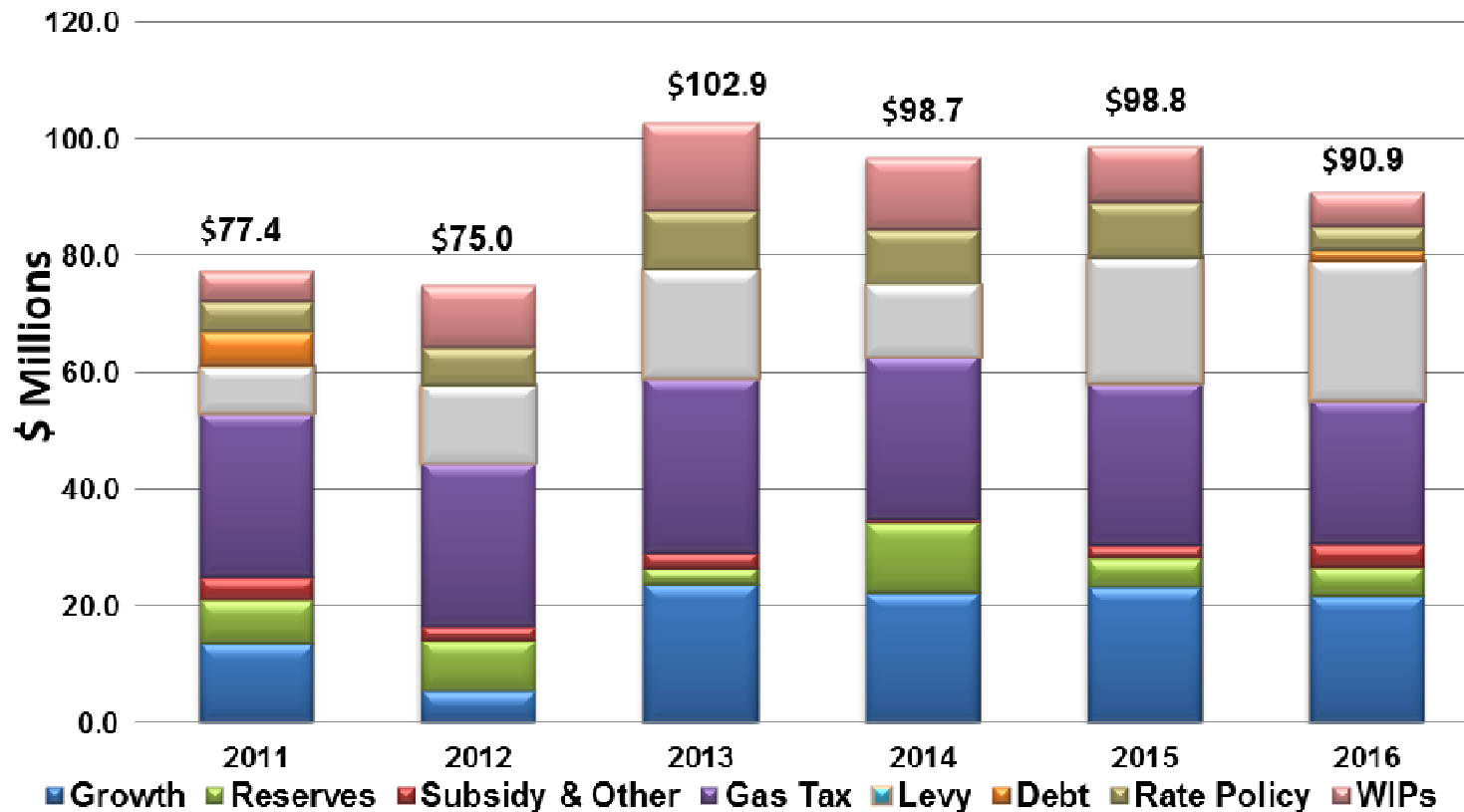
\$216.7 Million





Roads Total Capital Funding 2011 – 2016

ROADS CAPITAL FUNDING (\$ Millions)

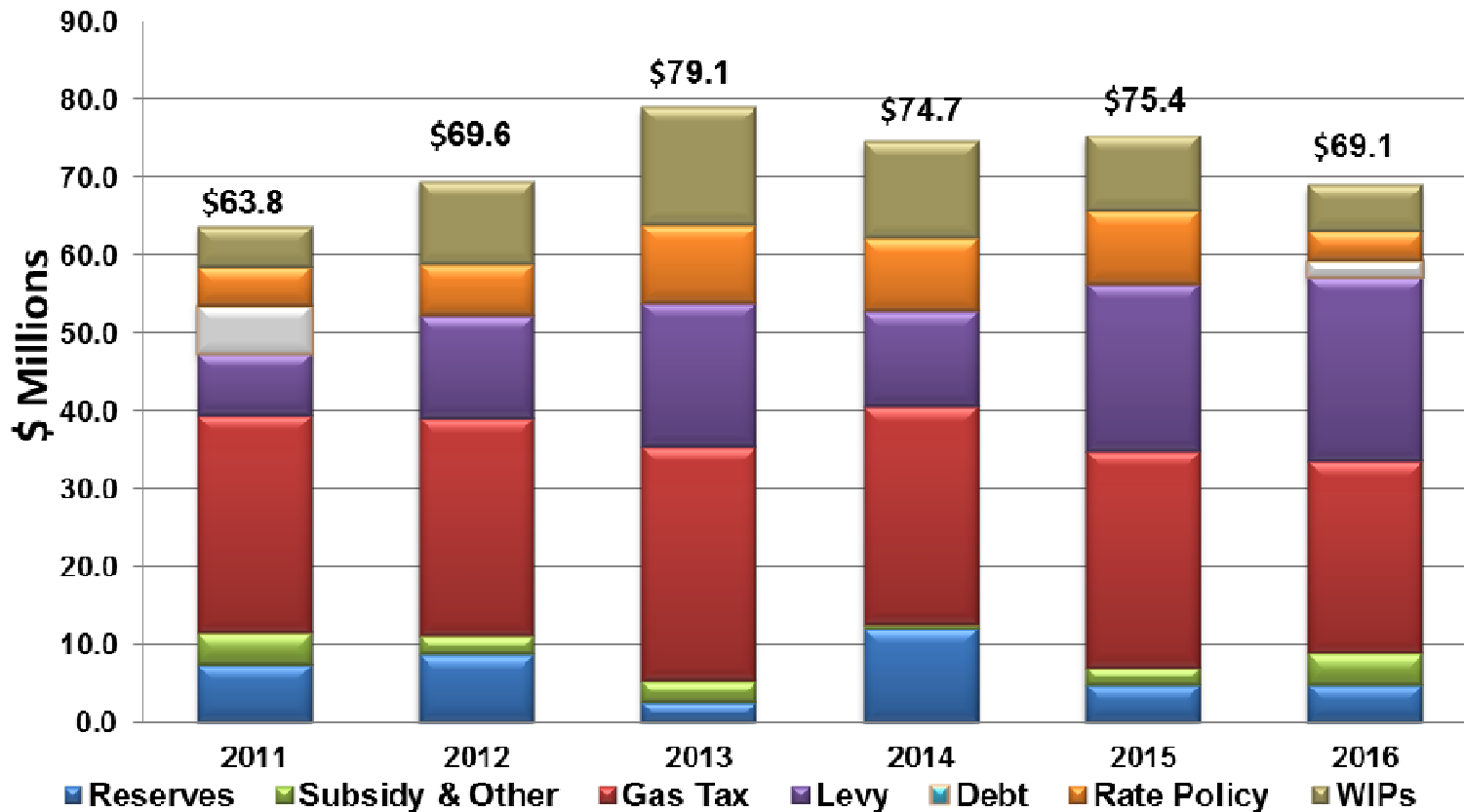




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Roads Non Growth Capital Funding 2011 - 2016

ROADS - NON GROWTH CAPITAL FUNDING (\$ Millions)





2016 Roads Capital Program

2016 Roads Forecast by Program Area (\$000's)	2015 Gross	2016	
		Proposed Gross	Net
Replacement Program	15,170	15,500	4,214
Urban Rehabilitation	5,620	7,700	4,835
Rural Rehabilitation	2,000	2,200	2,200
Bridges and Structures	15,374	8,074	8,074
O & M/Studies/Traffic Engineering	20,035	23,440	16,124
Council Priority Projects	24,030	18,125	17,995
<i>Total Non-Growth Related Projects</i>	82,229	75,039	53,442
Development/Growth Related Program	16,600	15,880	1,553
Total Roads	98,829	90,919	54,995



2016 Projects Not Included

(\$000's)	Gross \$	Net \$
<u>Community & Emergency Services</u>		
Housing Services	11,735	7,735
Paramedics Services	350	350
Long Term Care	948	948
Other Divisions	50	50
	13,083	9,083
<u>Planning and Economic Development</u>		
Economic Development	4,000	4,000
Other Divisions	610	520
	4,610	4,520
<u>Corporate Services</u>		
Information Technology	930	930
Other Divisions	315	315
	1,245	1,245
<u>Public Works</u>		
Operations & Maintenance	845	845
Corporate Facilities	1,240	940
Recreation Facilities	1,200	750
Transit Services	2,410	2,410
	5,695	4,945
Council Initiatives	2,000	2,000
Corporate Projects	175	175
Total	26,808	21,968



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Financial Sustainability



Strategies

- 2017 – 2025 recommended 0.5% annual levy increase, in principle. (additional \$211M = 6% of \$3.5 billion infrastructure deficit)

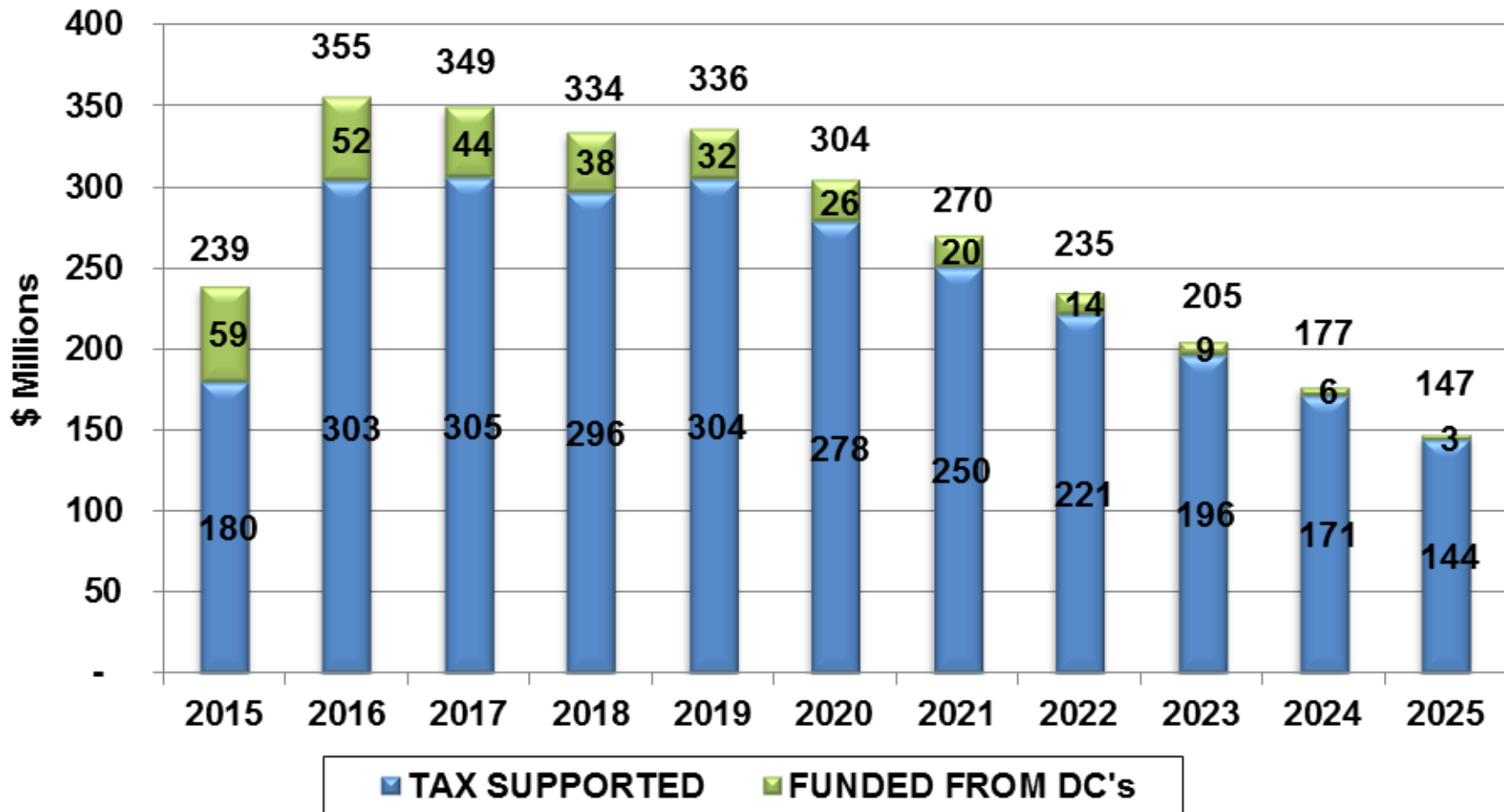
To eliminate the infrastructure funding deficit would require a levy increase of about 30%, or 3% per annum over the next 10 years.

- Targeted tax supported debt towards waterfront in support of economic development and job creation



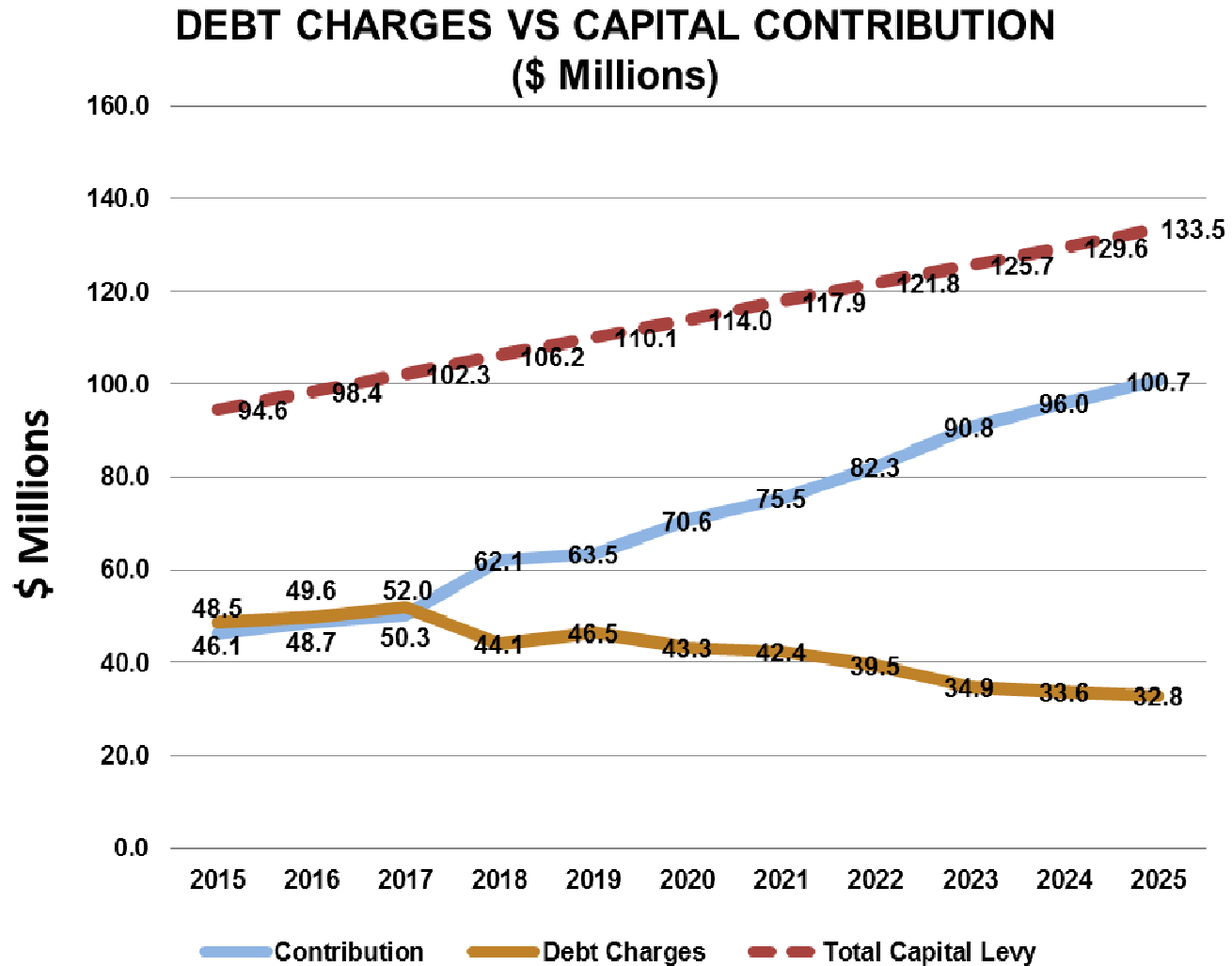
Debt Forecast 2016 - 2025

Projected Outstanding Debt - Tax





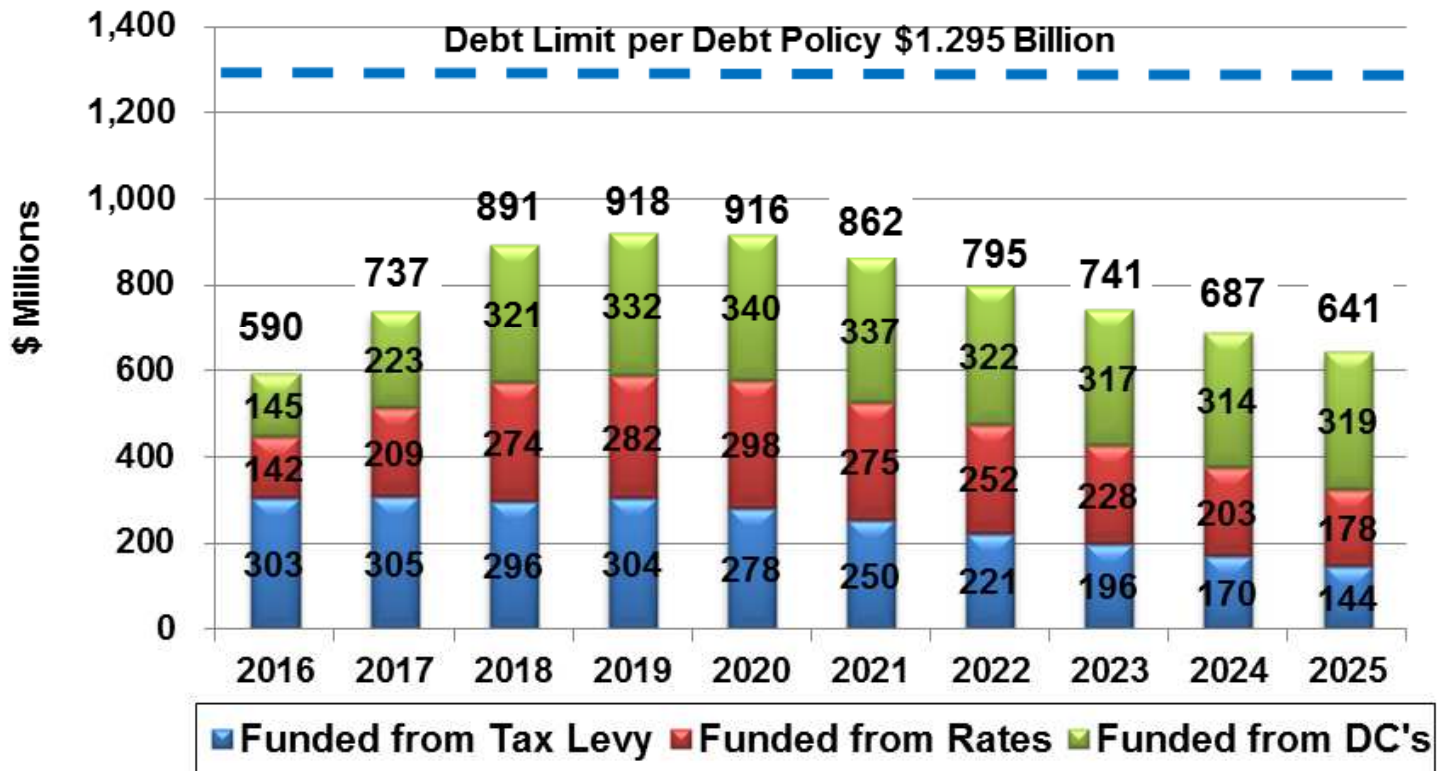
Increasing Capital Contribution





Consolidated Outstanding Debt Forecast 2016 - 2025

Projected Outstanding Debt - Tax & Rate



Per Provincial Regulation the City's Debt Limit is approx. \$3.055 Billion based on Annual Repayment Limit (ARL) of \$294 M (25% of revenues)

Debt Comparison to Other Municipalities

Debt Comparators

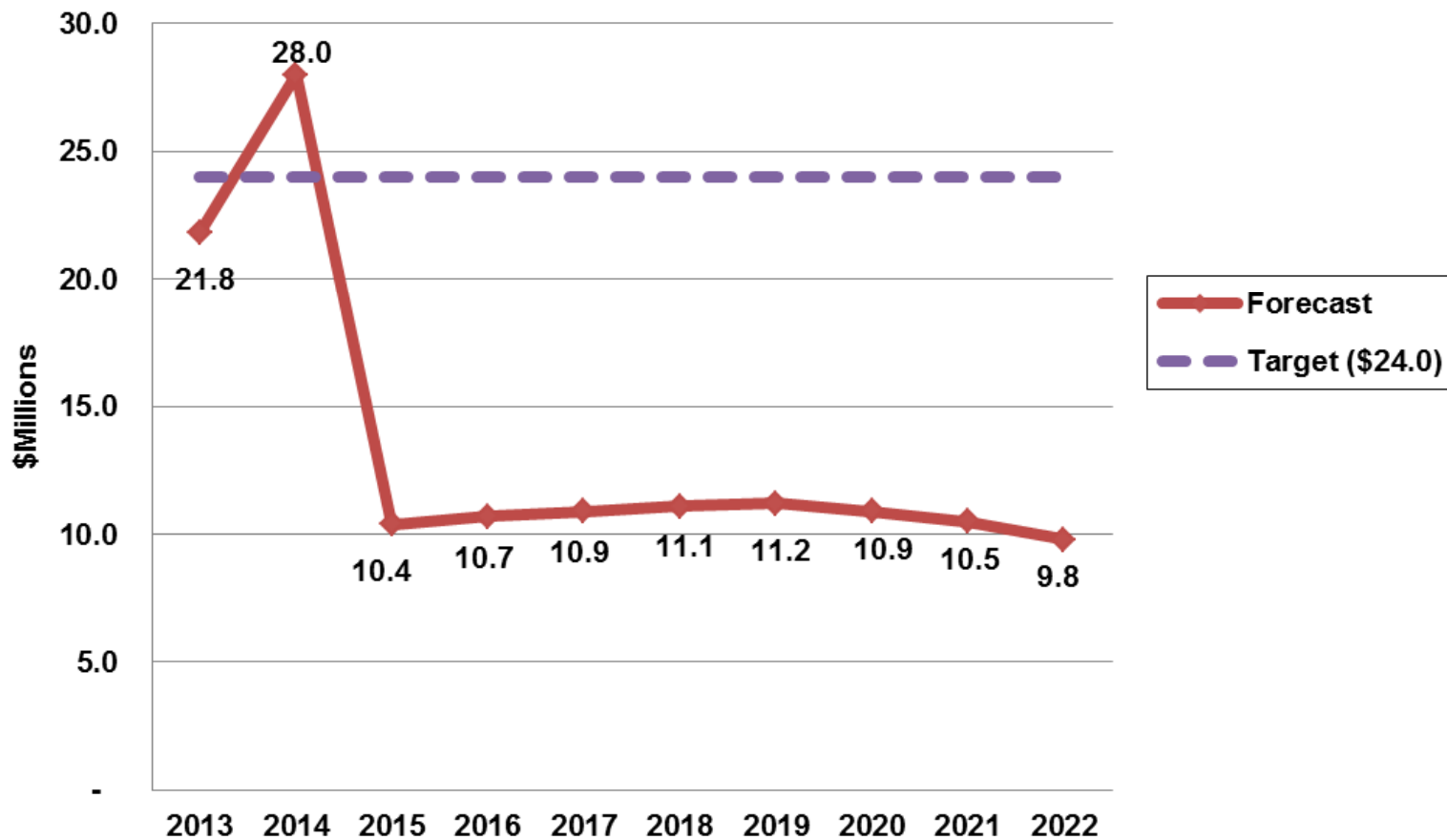
Based on 2014 FIR's
(\$ Millions)

	Hamilton	London (2013 FIR)	Windsor	Ottawa	Brantford	Halton Region	Burlington	Waterloo Region	Waterloo	Kitchener	Cambridge	Niagara Region	St. Catharines	Peel Region	York Region	Toronto
Debt per capita ⁽¹⁾	\$ 803	\$ 1,022	\$ 494	\$ 1,984	\$ 388	\$ 608	\$ 1,010	\$ 1,086	\$ 1,612	\$ 1,521	\$ 1,192	\$ 605	\$ 1,171	\$ 1,052	\$ 2,649	\$ 1,688
Debt per household ⁽¹⁾	\$ 1,984	\$ 2,239	\$ 1,057	\$ 4,742	\$ 945	\$ 1,660	\$ 2,657	\$ 3,028	\$ 4,681	\$ 4,164	\$ 3,321	\$ 1,393	\$ 2,734	\$ 3,530	\$ 8,603	\$ 4,213
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)	1,216.0	777.0	487.8	2,521.5	220.5	641.4	201.9	665.2	144.2	347.1	151.3	567.3	143.0	1,415.5	1,416.3	8,338.2
Total Debt & LT Liabilities (Incl. Housing)	438.5	381.9	104.1	1,887.9	37.8	323.0	70.2	617.4	70.2	102.9	14.2	270.1	74.3	1,503.8	3,032.0	4,740.9
% to own revenues	36.1%	49.2%	21.3%	74.9%	17.1%	50.4%	69.5%	92.8%	48.7%	29.6%	9.4%	47.6%	52.0%	106.2%	214.1%	56.9%
Total Debt Charges (Incl. Lease & LT Commitment Payments)	53.2	69.6	12.1	188.6	7.9	47.1	18.6	66.0	7.2	14.4	2.9	36.3	11.7	129.4	191.0	684.7
% to own revenues	4.4%	9.0%	2.5%	7.5%	3.6%	7.3%	9.2%	9.9%	5.0%	4.1%	1.9%	6.4%	8.2%	9.1%	13.5%	8.2%
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																



Capital Reserve Forecast

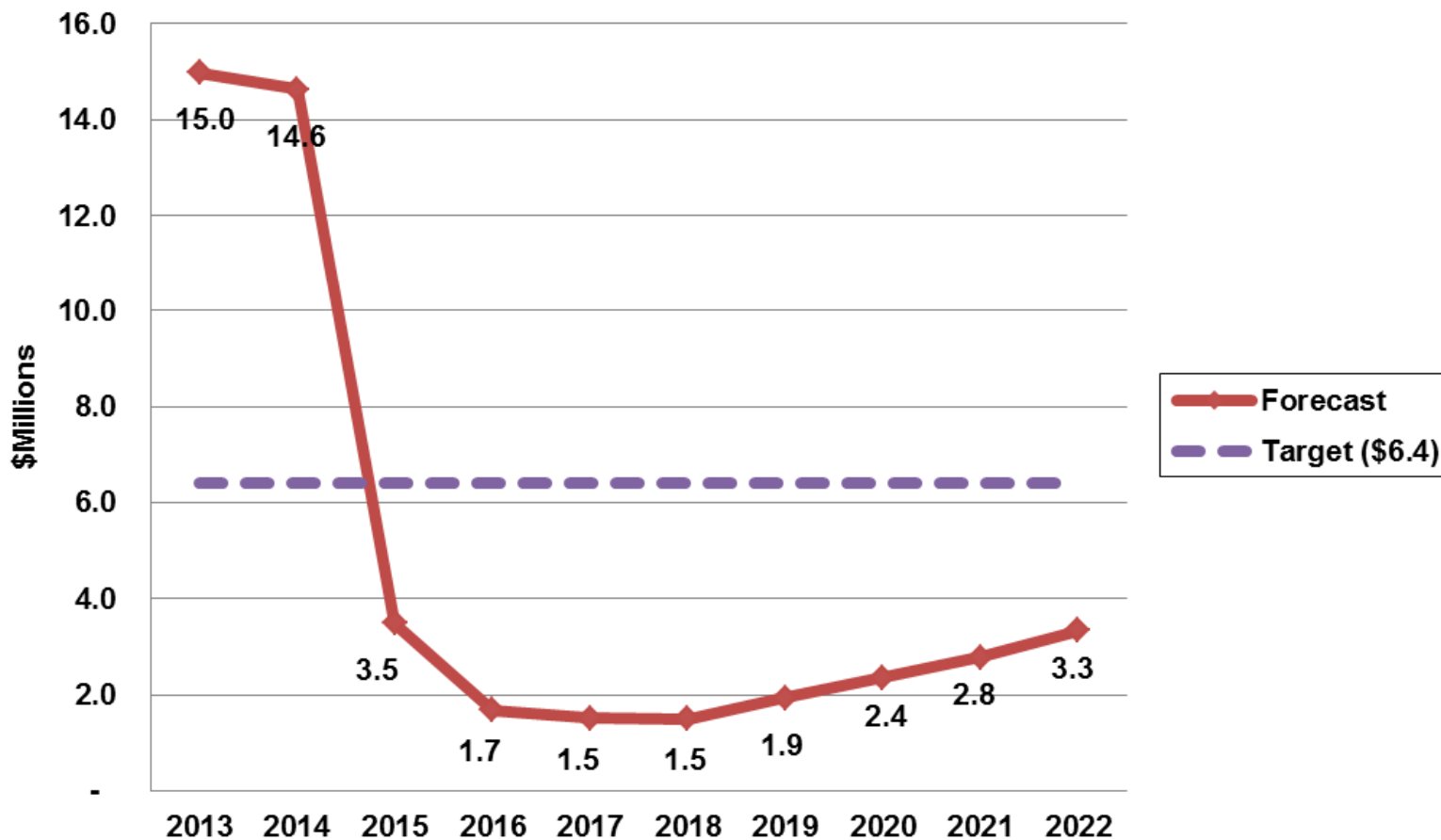
UNALLOCATED CAPITAL RESERVE 2013 - 2022





Central Fleet Reserve Forecast

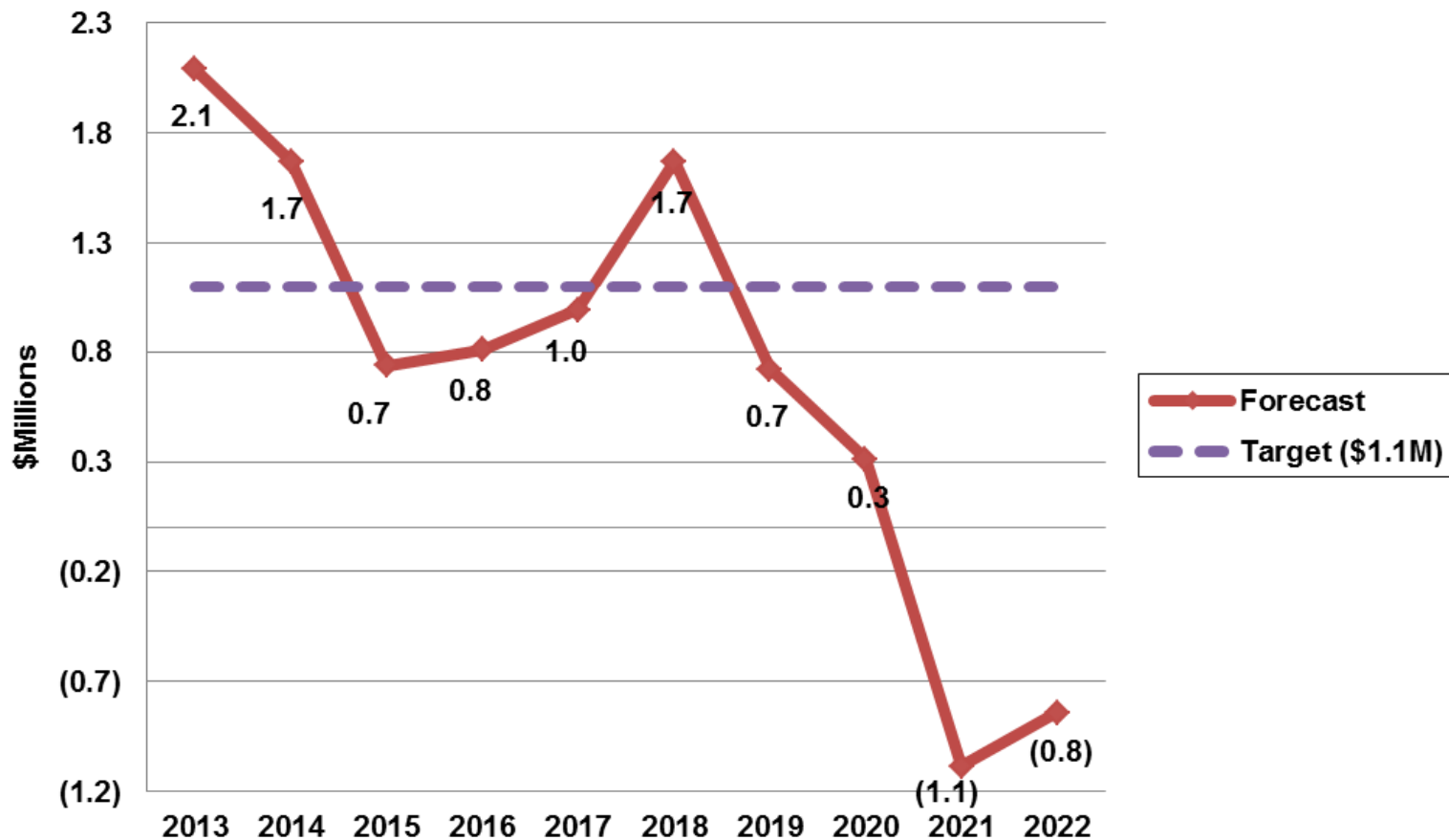
CENTRAL FLEET RESERVE 2013 - 2022





Paramedic Services Vehicle Reserve Forecast

PARAMEDIC SERVICES VEHICLE RESERVE 2013 - 2022

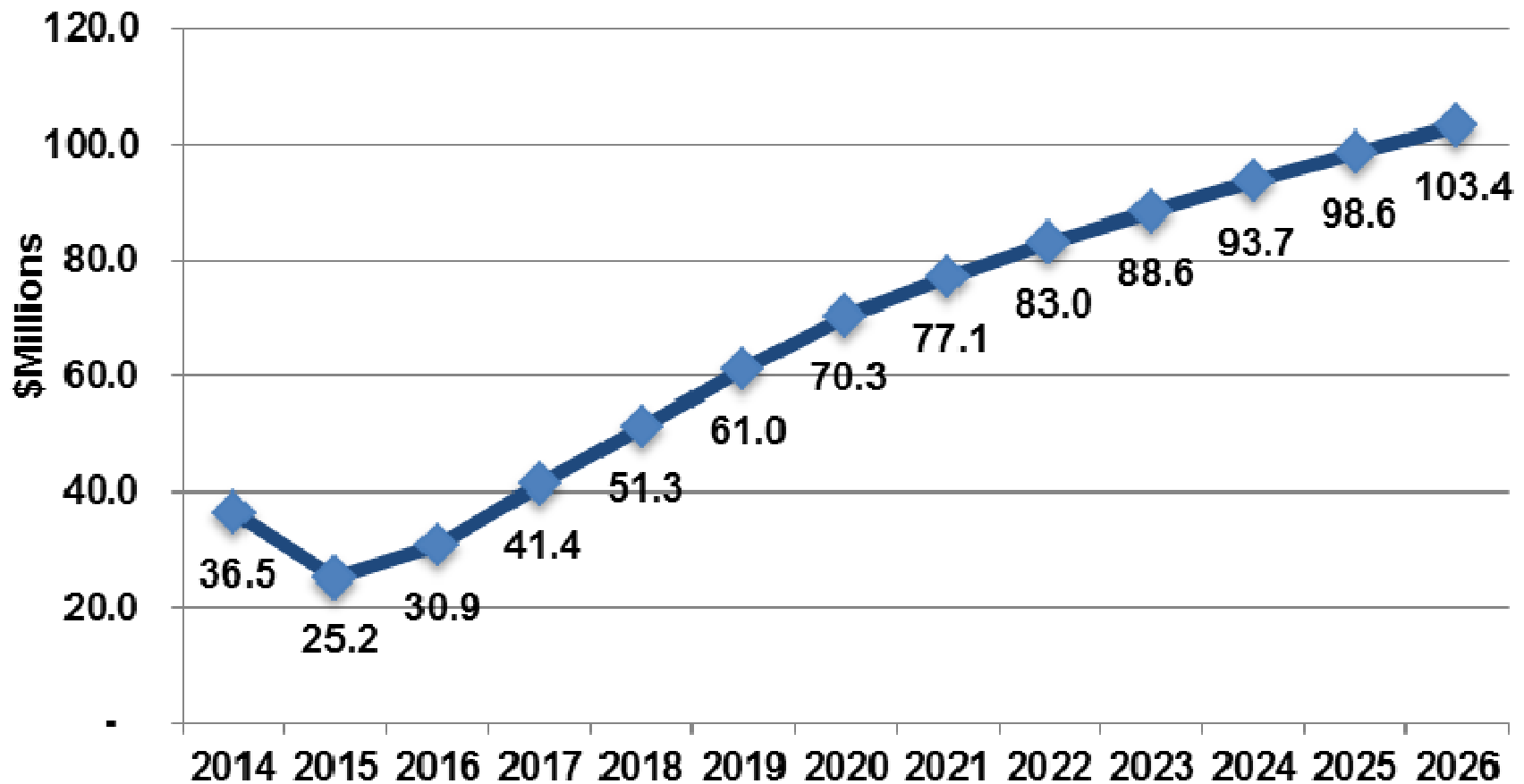




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Hamilton Future Fund Forecast

Hamilton Future Fund





Hamilton

Boards & Agencies



Boards & Agencies 2016 Capital

- Boards & Agencies Capital included in the Capital Financing Plan:

(\$000's)	2015 GROSS	2015 NET	2016 GROSS	2016 NET
<u>Boards & Agencies</u>				
CityHousing	571	571	2,300	1,500
Police Services	15,000	900	0	0
Hamilton Public Library	3,800	1,575	1,365	0
Beach Rescue	77	0	60	0
H.C.A\Confederation ParkWestfield	2,000	2,000	2,000	2,000
Total Boards & Agencies	21,448	5,046	5,725	3,500

- Recommendation: That 2016 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 2016 Capital

Project Costs

(\$000's)		2016	2017	2018	Total
Valley Park Library Expansion	Gross	1,000	1,010	1,905	3,915
	Net	250	250	-	500
New Library - Greensville	Gross	663	986	-	1,649
	Net	394	394	-	788
Total	Gross	1,663	1,996	1,905	5,564
	(City Cost) Net	644	644	-	1,288

Next Steps

- GIC – December 4 (if required)
- Council Approval – December 9



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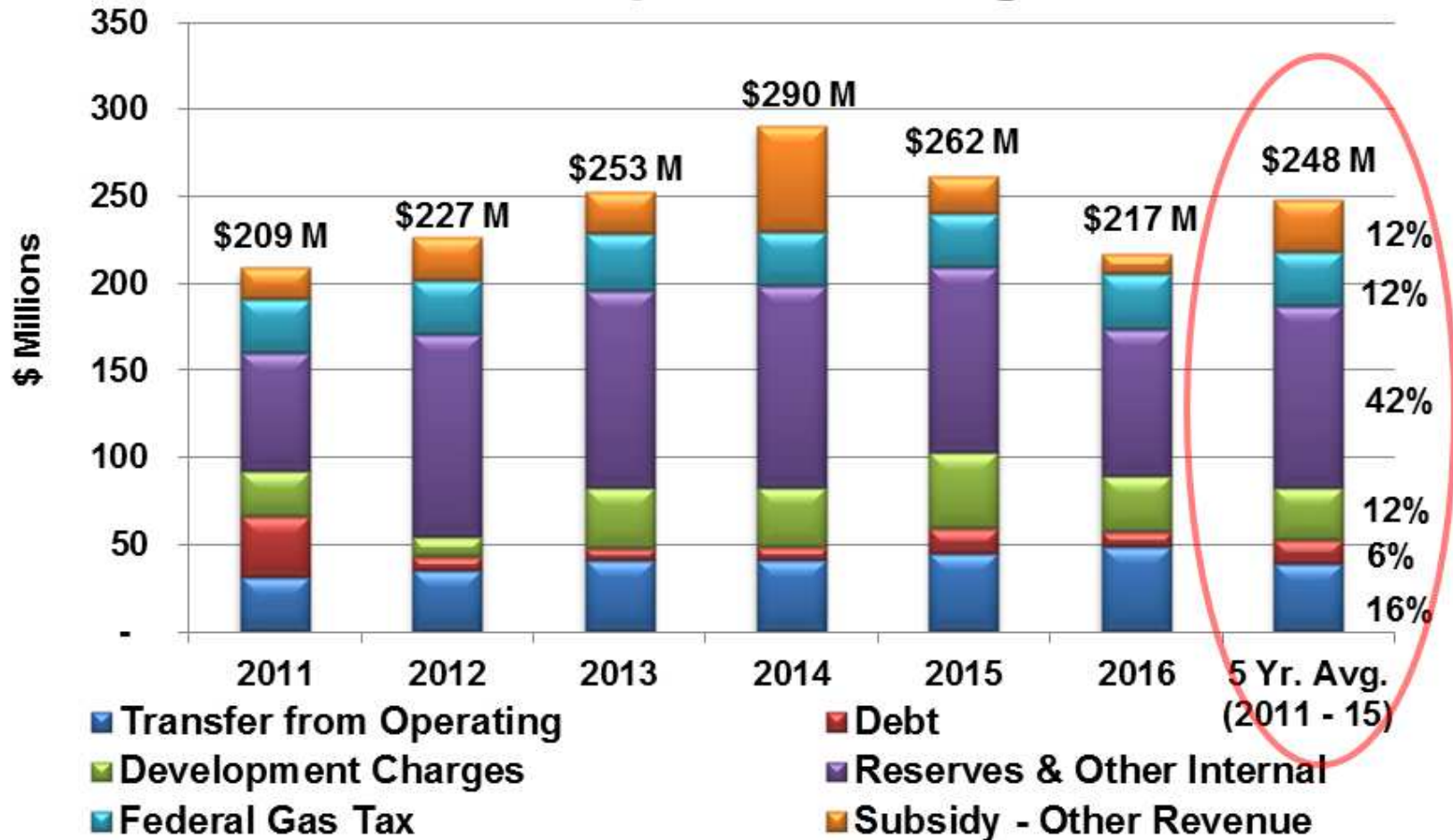
Q&A

q Thank you



2011 – 2016 Capital Funding

Capital Funding

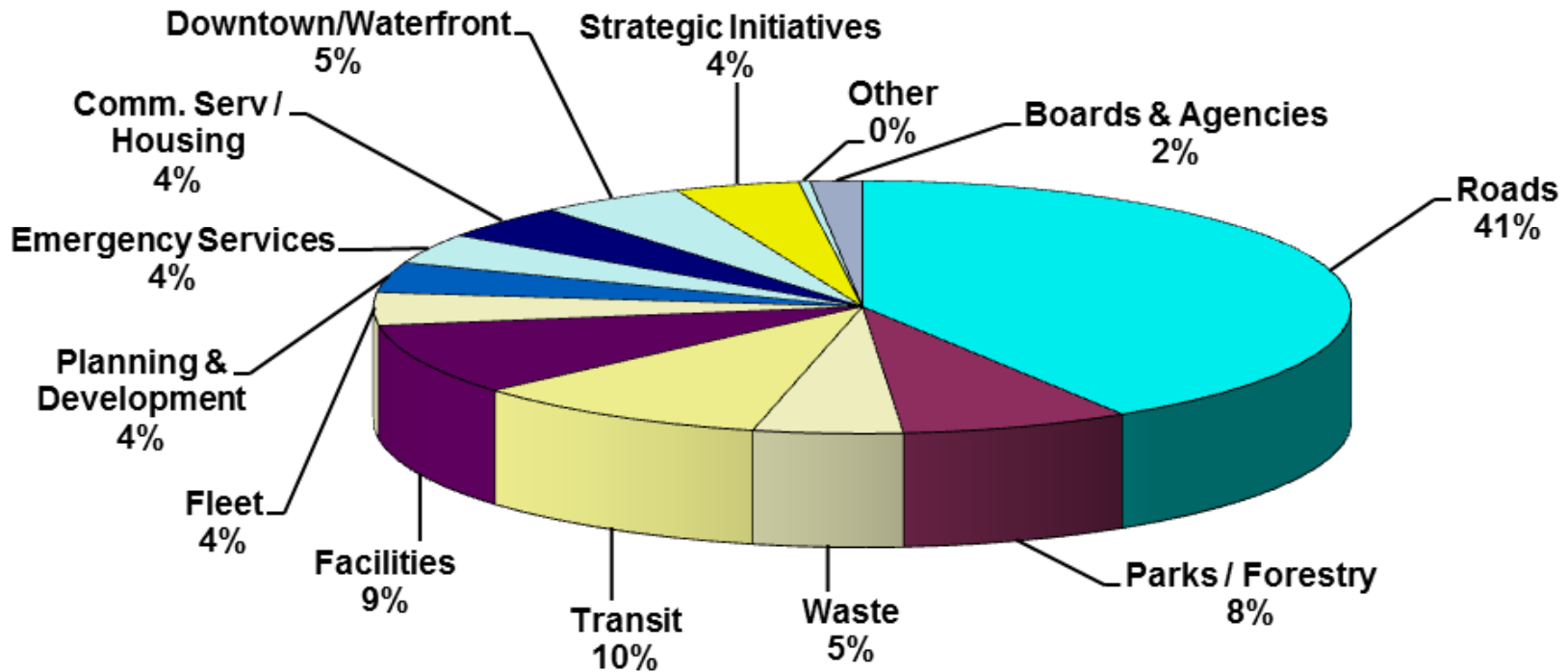




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2016 – 2025 Capital Forecast by Program

\$1.87 Billion





2016 – 2025 Capital Funding Forecast

\$1.87 Billion

