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# **2016 PRELIMINARY TAX OPERATING BUDGET Corporate Overview**

**General Issues Committee**

**January 19, 2016**

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# Budget Highlights

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- Supports the investments made by Council in 2015 (Paramedic Services, Transit)
- Progresses towards financial sustainability by reducing reliance on reserves, addressing revenue shortfalls and capital needs
- Protects services while holding the total tax increase at a competitive level



# Budget Highlights

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- Holds the line on staff complement
- Assumes 1.3% assessment growth
- Updated to reflect Board approved Police Services Budget



- Ministry funded programs experiencing shortfalls and/or 0% funding increases
  - Inadequate Provincial and Federal funding for the maintenance and development of affordable housing
  - Reduced Recreation revenues due to decreasing participation rates (primarily ice)
  - Operating Impacts from Growth
  - Commodity markets volatility
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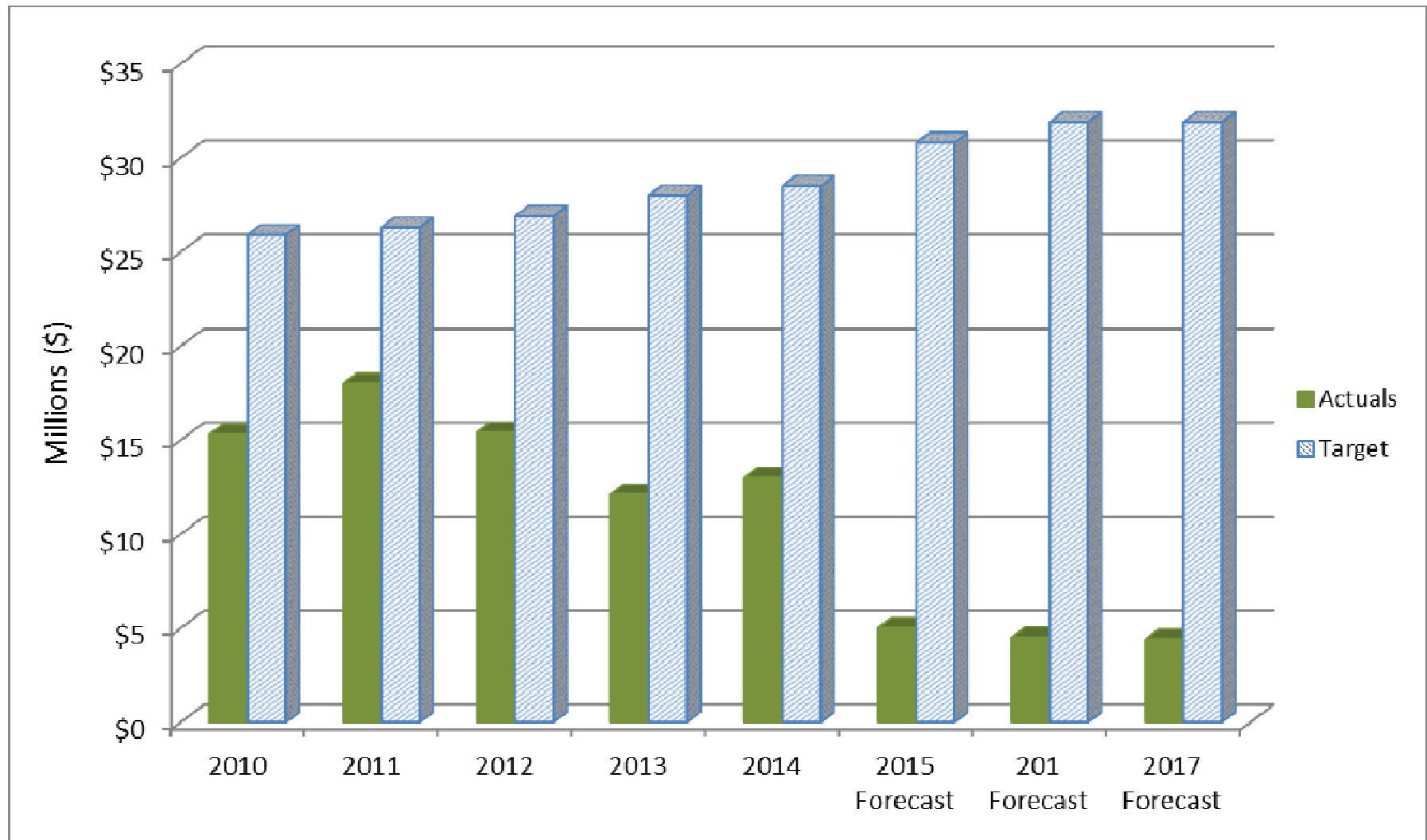
# Challenges

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- Increasing capital needs as well as fleet & equipment replacement
- Financial Sustainability and need to grow the economy and the non-residential tax base

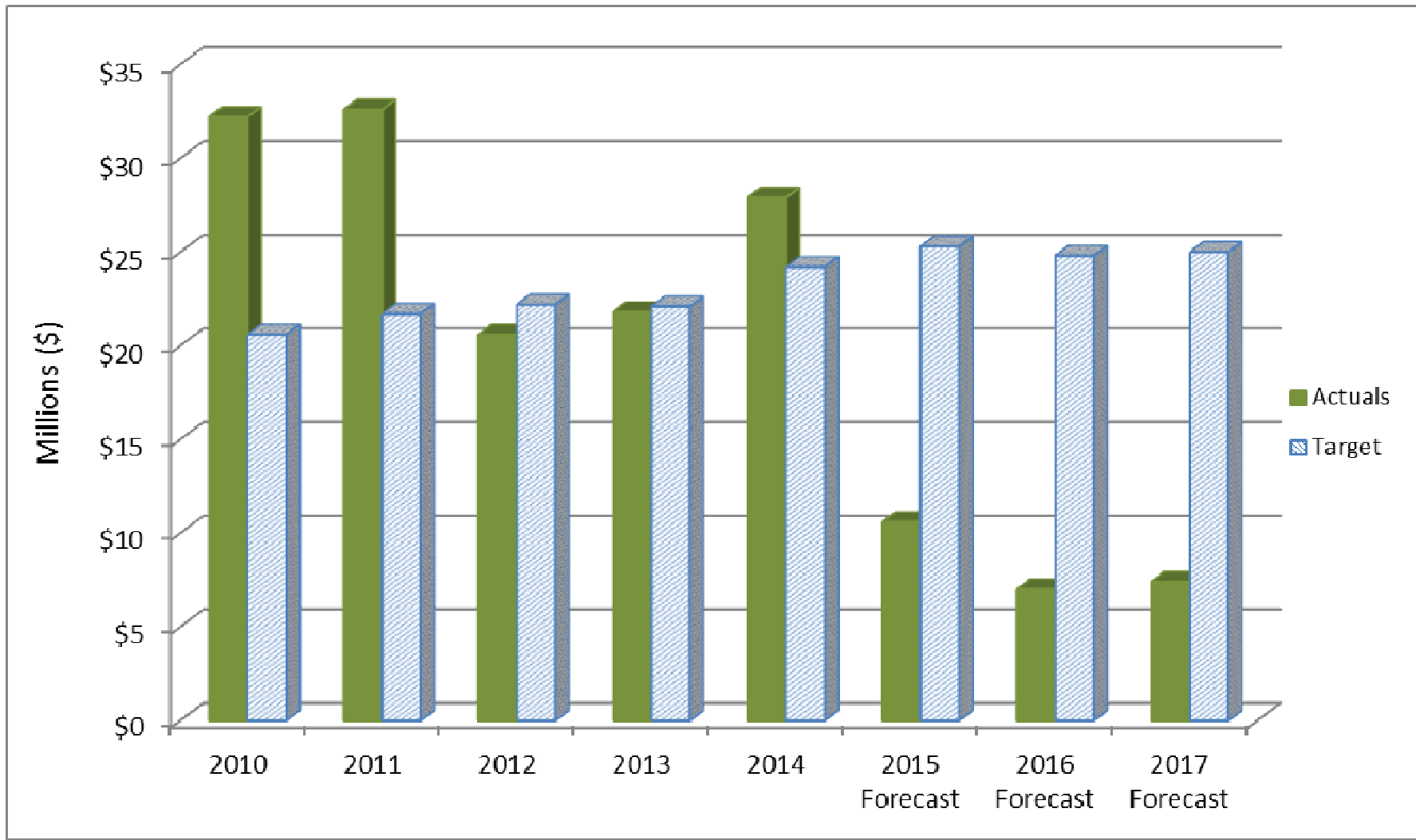


# Tax Stabilization Reserve





# Unallocated Capital Levy Reserve



## 2016 Operating Budget Impact

	Levy	Res.
	Increase Impact (*)	
Outlook (September)	\$37.8 M	3.8%
Budget Book	\$28.0 M	2.3%
<b>Overview - January</b>	<b>\$26.6 M</b>	<b>2.1%</b>

Today's update includes Police Services Board approved budget





# 2016 Municipal Preliminary Impact for the Average Residential Tax Bill

	2016 Impact (Average Residential)	
	Draft	
	\$	%
Municipal Taxes		
City Departments	\$ 37	1.2%
Boards & Agencies	\$ 14	0.4%
Capital Financing	\$ 16	0.5%
<b>Total Municipal Taxes<sup>1</sup></b>	<b>\$ 67</b>	<b>2.1%</b>

<sup>1</sup>. Assumes 1.3% growth

*These numbers exclude Referred Items*

Note – anomalies in totals due to rounding



# 2016 Preliminary Net Tax Budget by Department

	Net Operating Budget			
	2015 Budget	2016 Preliminary	Change 2016 / 2015	
			\$	%
PLANNING & ECONOMIC DEVELOPMENT	28,012,100	28,768,690	756,590	2.7%
PUBLIC HEALTH SERVICES	11,641,390	12,312,420	671,020	5.8%
COMMUNITY & EMERGENCY SERVICES	231,591,660	236,939,720	5,348,060	2.3%
PUBLIC WORKS	217,060,450	222,592,490	5,532,030	2.5%
LEGISLATIVE	4,288,490	4,715,260	426,770	10.0%
CITY MANAGER	13,264,030	13,648,660	384,620	2.9%
CORPORATE SERVICES	19,071,410	19,629,770	558,360	2.9%
CORP FINANCIALS/ NON PROG REVENUES	(29,576,010)	(25,174,260)	4,401,750	14.9%
<b>TOTAL CITY EXPENDITURES</b>	<b>495,353,540</b>	<b>513,432,730</b>	<b>18,079,190</b>	<b>3.6%</b>
<b>TOTAL BOARDS &amp; AGENCIES</b>	<b>194,364,180</b>	<b>198,945,160</b>	<b>4,580,980</b>	<b>2.4%</b>
<b>CAPITAL FINANCING</b>	<b>107,900,570</b>	<b>111,800,570</b>	<b>3,900,000</b>	<b>3.6%</b>
<b>TOTAL LEVY REQUIREMENT</b>	<b>797,618,290</b>	<b>824,178,470</b>	<b>26,560,180</b>	<b>3.3%</b>
COMMUNITY SERVICES (exclusive of upload)			8,776,570	3.8%

Note – anomalies in totals due to rounding



# Significant Budget Items City Departments

Social Housing	\$2.3M
Operating Impacts from Capital	\$2.1M
Paramedic Service Annualization - 2015	\$1.4M
HWRP Pension	\$1.0M
Tax Write Offs	\$0.9M
Paramedic Service - Phase 3	\$0.9M
Ontario Works Client Costs	\$0.8M
Winter Control & Mtnce	\$0.6M
Waste Contracts	\$0.6M
Public Health Funding Formula	\$0.5M
10 Year Transit Strategy Annualization	\$0.3M
Payment in Lieu	(\$0.6M)
Paramedic Service Subsidy	(\$2.0M)
Ontario Works Provincial Upload	(\$3.4M)
<b>Total</b>	<b>\$5.4M</b>

Note – anomalies in totals due to rounding



# Employee Related Expenses

## Employee Related Expenses (Estimated Gross)

COLA / Settlements	\$6.4M
Annualization of Enhancements	\$4.2M
OMERS	\$1.5M
Merit/Step Increases/Job Change	\$1.1M
HWRF Pension	\$1.0M
Government Benefits	\$0.5M
Employer Benefits	\$0.3M
Retiree Benefits	\$0.1M
Other	\$0.5M

**Total of Employee Related Expenses**

**\$15.8M**



## 2016 Preliminary Budget - Boards & Agencies / Other

	2016	2016 / 2015	
	Preliminary	\$	%
Hamilton Police Services	152.5M	4.2M	2.8%
Hamilton Public Library	28.8M	0.3M	1.0%
MPAC	6.3M	0.1M	1.0%
Other Boards & Agencies	6.0M	0.1M	1.2%
City Enrichment Fund	5.3M	0.0M	0.0%
<b>Total Boards &amp; Agencies</b>	<b>198.9M</b>	<b>4.6M</b>	<b>2.4%</b>
<b>Capital Financing</b>	<b>111.8M</b>	<b>3.9M</b>	<b>3.6%</b>
<b>TOTAL OTHER</b>	<b>310.7M</b>	<b>8.5M</b>	<b>2.8%</b>



# 2016 Tax Complement

## Excluding Police & Library (Appendix 1-4)

		<b>Change</b>
<b>2015 Approved</b>	<b>5,690.8</b>	
<b>2015 Restated *</b>	<b>5,702.8</b>	<b>12.1</b>
<b>Impacts from Capital</b>		<b>10.2</b>
<b>Other Complement Change</b>		<b>(15.5)</b>
<b>2016 Preliminary</b>	<b>5,697.6</b>	<b>(5.2)</b>

\* - Restated represents Council's 2015 in-year approvals

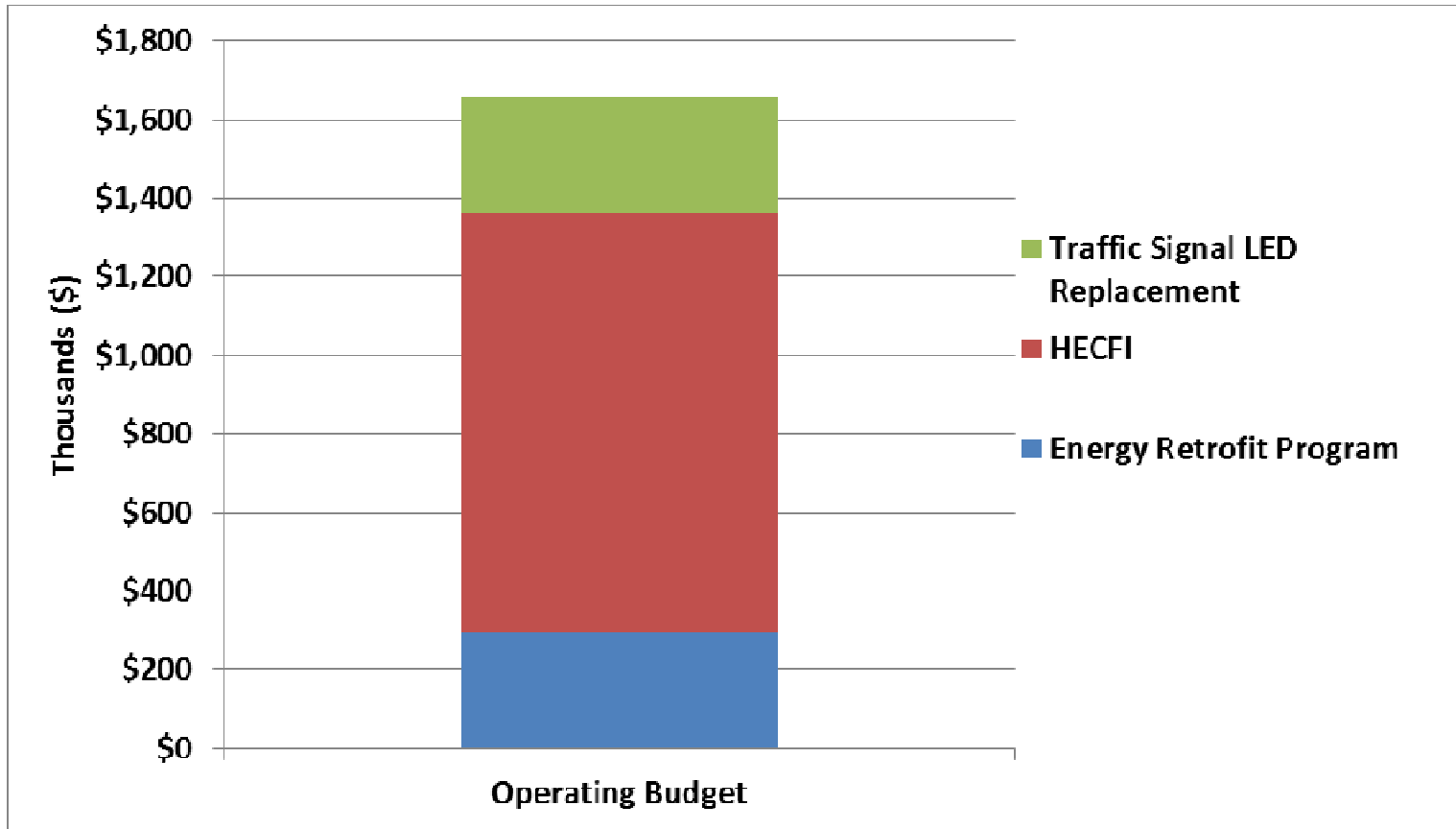


# Savings Generated from Funded Projects

- 18 projects have been approved on the basis of generating savings for the City
- Approximate investment of \$24.0 million since 2010
- \$13.1 million has been paid back - the balance will be paid within the next 5 years
- Expected annual savings of about \$5.2 million (\$4.3 million in operating savings and \$0.9 million in reserve contribution)
- Full report scheduled for Feb 12<sup>th</sup> GIC



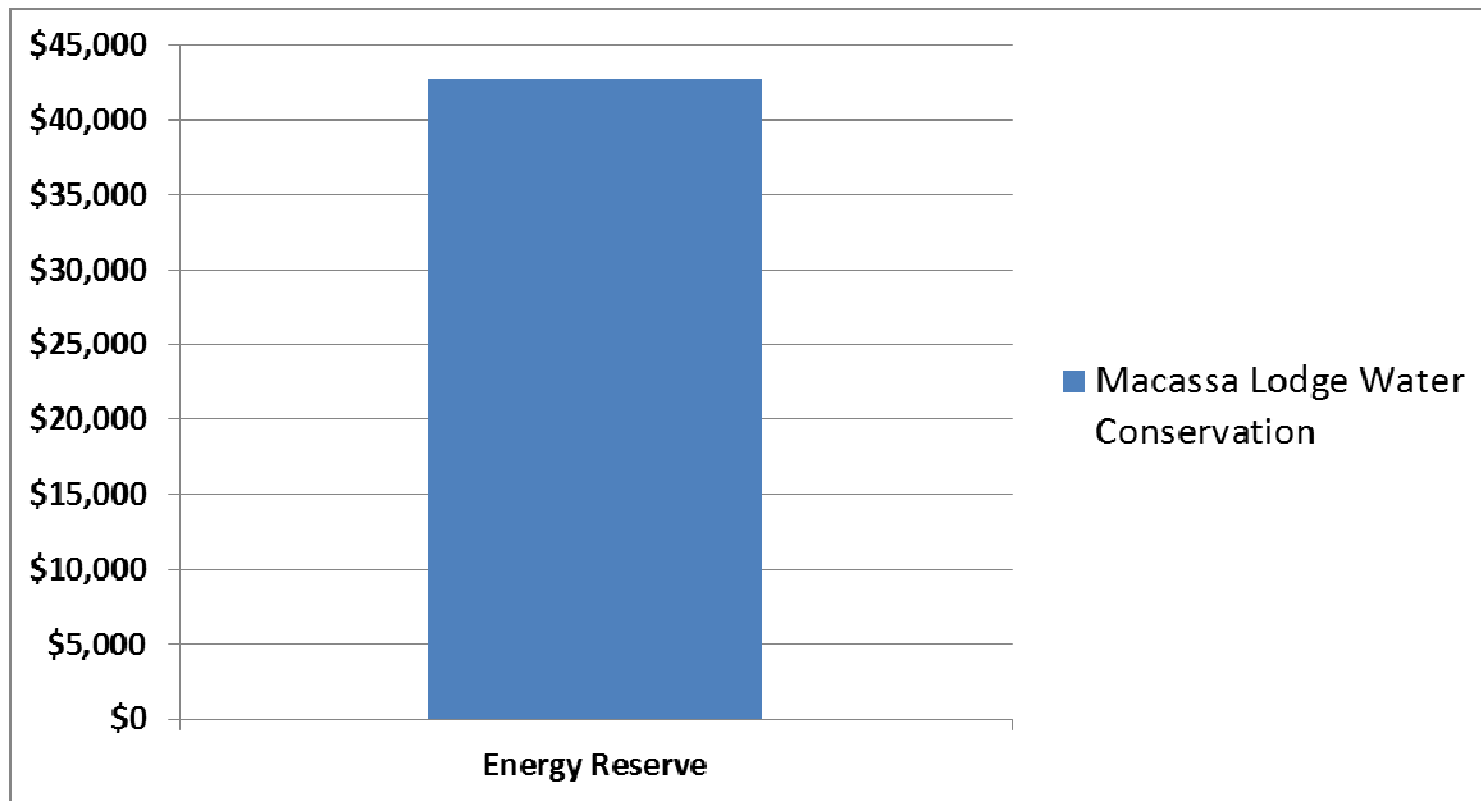
# Savings to the Operating Budget to date







# Contributions to Energy Reserve to date





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# 2016 REFERRED ITEMS



## Referred Items (Appendix 1-5 Updated)

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- Items previously considered at Council and referred to the budget process for further discussion.
  - No new items being introduced in the budget
    - 17 Items in total
    - 15 Items represent \$7.5 million gross, \$7.4 million net; and 5.12 FTE
    - If approved, would result in a additional 1% tax impact
    - 2 Items with 2016 impacts that are “To Be Determined”
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## Referred Items – Highlights (Appendix 1-5 Updated)

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- Transit, AODA: \$2.2 million
- Parking & By-Law Services, Variance Reduction Strategy: \$1.4 million
- Housing Services, portable rent subsidy program: \$0.8 million
- HSR, Debt Financing of 11 Buses: \$0.8 million
- Macassa/Wentworth Lodges, capital plan: \$0.5 million
- HSR, 10 Year Local Transit Strategy: TBD



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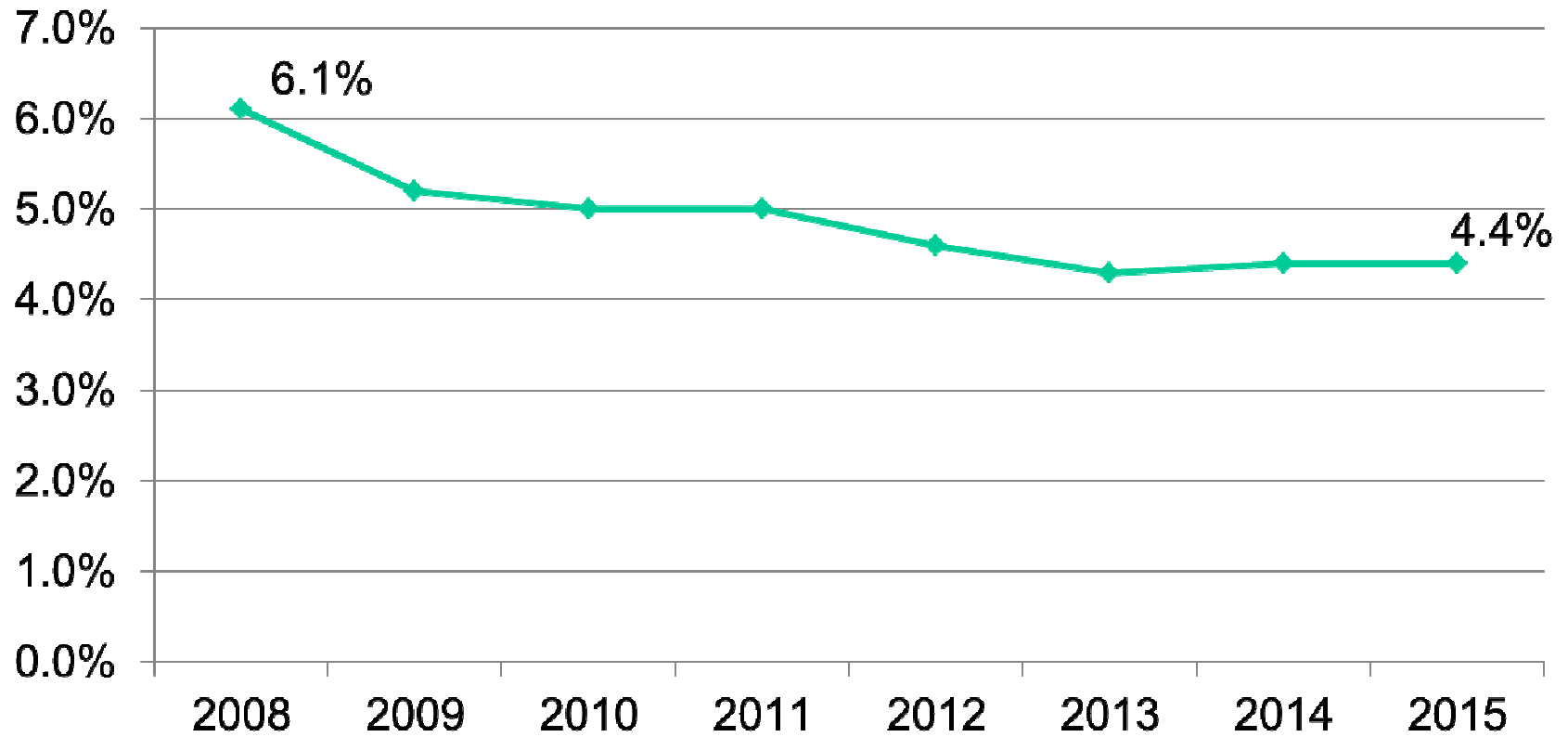
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# **ADDITIONAL INFORMATION & PROCESS**

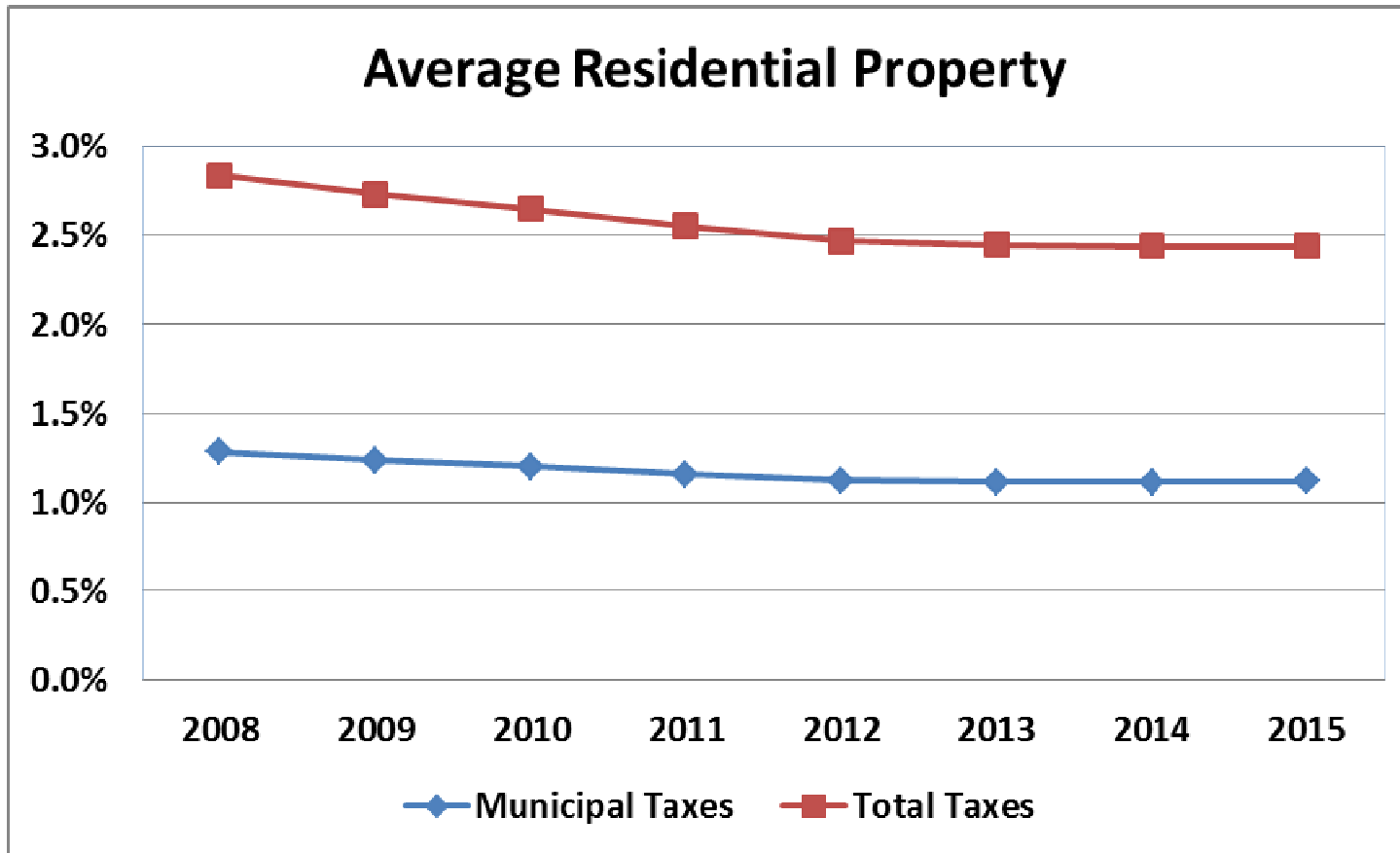


# Property Taxes as a % of Income





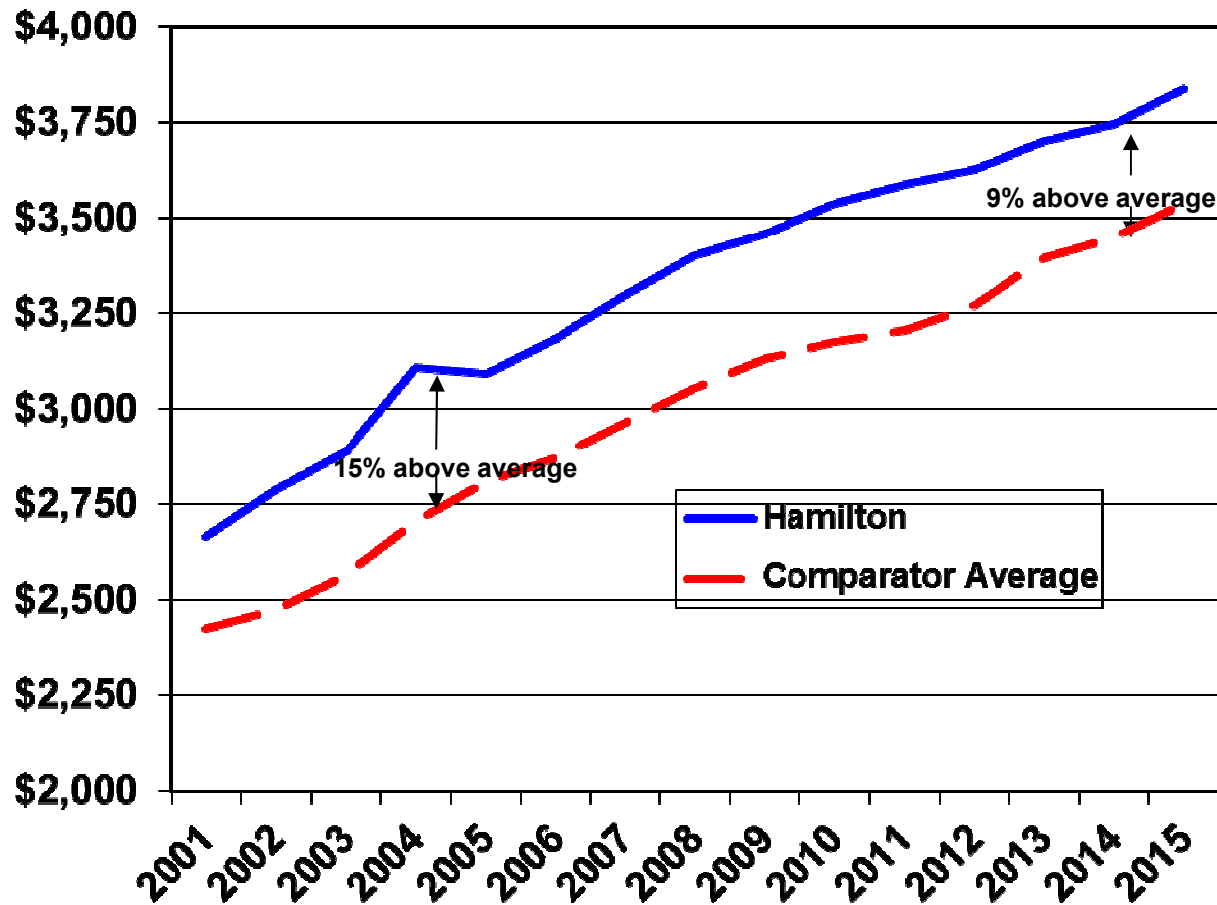
# Property Taxes as a % of Property Value





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# Residential Taxes Detached Bungalow



The city was as high as 15% above the sample average (2004)

Maintained a stable position of 11% above the sample average from 2006 - 2012

Improvement seen in 2013 - 2015 - now 9% above the sample average

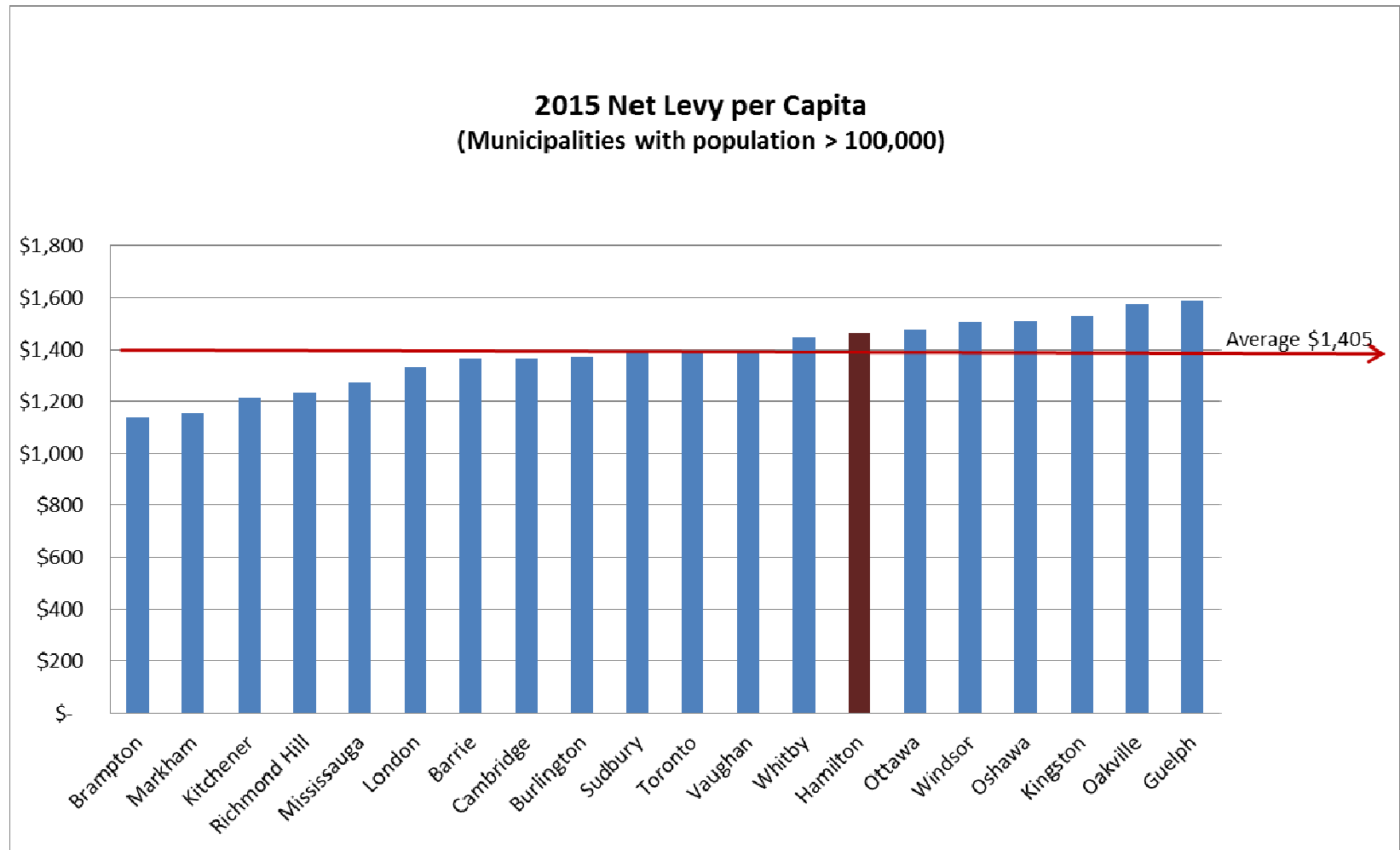




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# 2015 Net Levy per Capita (Municipalities with population > 100,000)

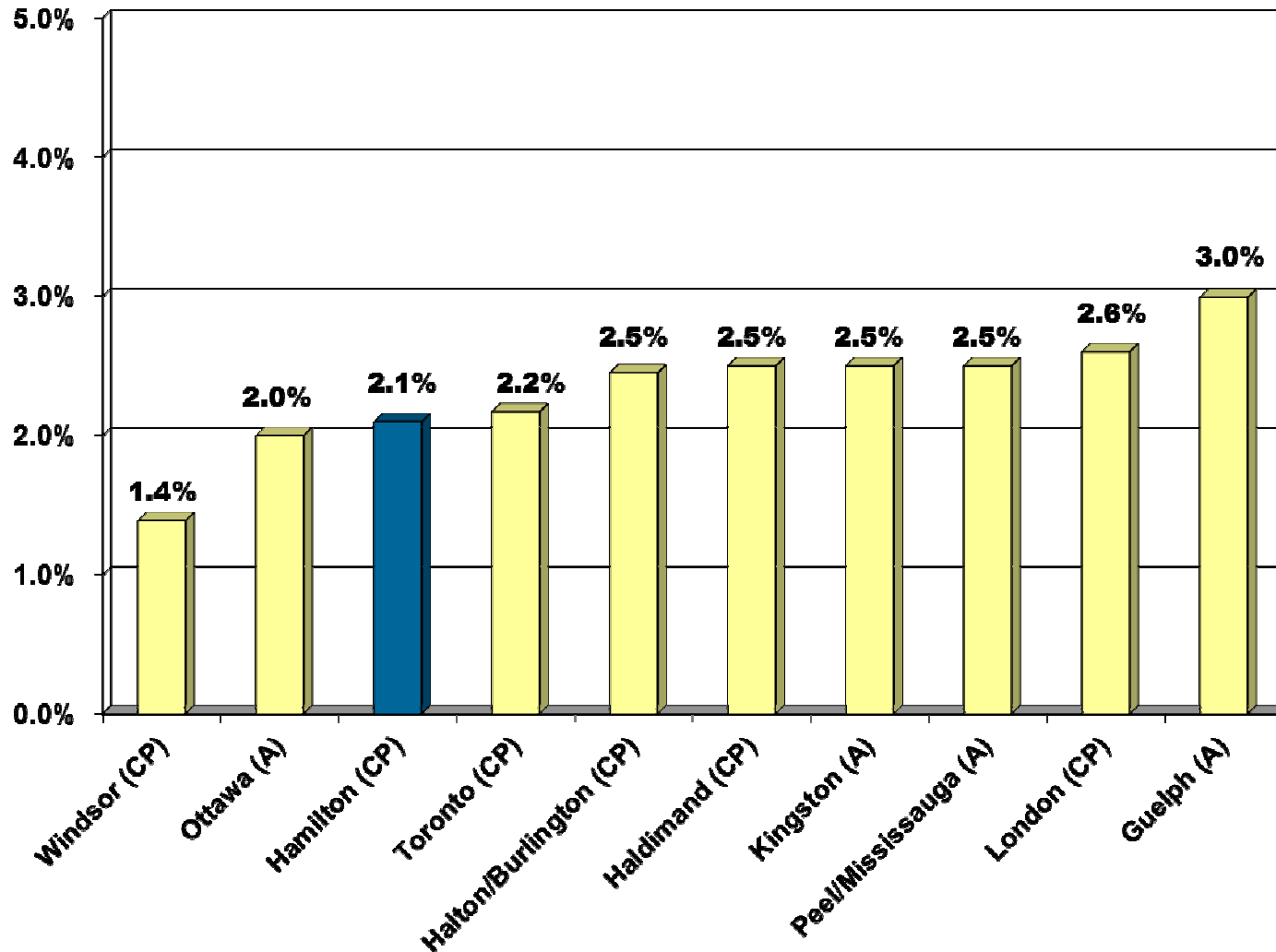
Hamilton's net levy per capita has remained at the average





# 2016 Average Municipal Tax Impacts

(information to date)



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



# 2016 Council Approved Guidelines

## **(GIC – September 23<sup>rd</sup>, 2015)**

- a) That 2016 user fees (excluding golf, transit and ice fees) be increased based on an inflation rate of 2.0% (Average Ontario CPI from June 2014 to May 2015) and any user fee adjustments, other than inflationary, be forwarded to for consideration with an appropriate explanation;
- b) That Boards and Agencies be requested to submit their 2016 operating budget based on an increase of 1.0%, and that any increase beyond the guideline, be forwarded for consideration with an appropriate explanation; and,
- c) That all City departments target a 2016 operating budget guideline, based on an increase of 1.0%, and that any increase beyond the guideline be forwarded for consideration with an appropriate explanation.



# Reducing the Tax Impact

	Reductions	Levy Increase	Residential Tax Incr.
<b>Preliminary Budget</b>		<b>\$ 26,600,000</b>	<b>2.1%</b>
<b>Total Reductions Of</b>	<b>\$ (780,000)</b>	<b>\$ 25,820,000</b>	<b>2.0%</b>
<b>Total Reductions Of</b>	<b>\$ (8,580,000)</b>	<b>\$ 17,240,000</b>	<b>1.0%</b>
<b>Total Reductions Of</b>	<b>\$ (16,380,000)</b>	<b>\$ 10,220,000</b>	<b>0.0%</b>

- 1% on Residential Municipal Tax Increase = \$7.9M



## 2016 Additional Information

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- Currently there are 19 requests on the Council additional information item list.
- Complete list can be found at:
  - S:\Councillor Information\Committee Request\2016 Requests\Outstanding Committee Requests - 2016.xls
- Most of the responses will occur during departmental presentations



- **Jan 19<sup>th</sup>** – Corporate Overview
- **Jan 26<sup>th</sup> & Jan 27<sup>th</sup>** – Boards & Agencies
- **Jan 22<sup>nd</sup> - Feb 5<sup>th</sup>** – Departmental presentations
- **Feb 9<sup>th</sup>** – Public Delegations
- **Feb 12<sup>th</sup>** – Deliberations start
- **March 9<sup>th</sup>** – Council Approval



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**END**