



Hamilton

**2017 Tax - Supported Capital Budget
General Issues Committee
November 25, 2016**

- Tax Capital Budget Objectives
- 2017 - 2026 Capital Budget
- Board & Agencies - Library
- Reserves
- Debts
- Operating Impact
- Next Steps

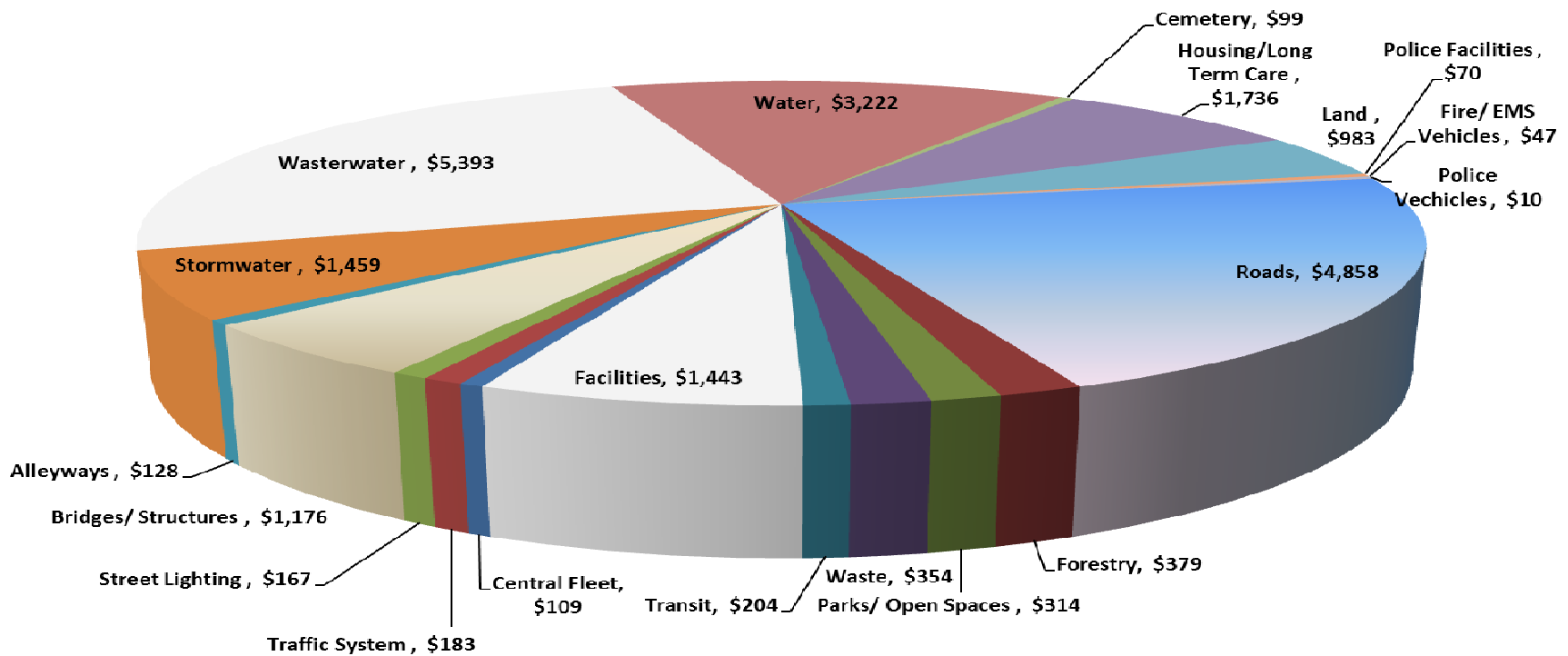
By the Numbers

- 371 Capital Projects
- \$289.3M 2017 Gross Capital
 - \$71M increase over 2016
- \$2.37B 2017 – 2026 Gross Capital

2017 Tax Capital Budget Objectives

- Support the City's Strategic Plan
- Focus on Council's Strategic Directions
 - Economic Prosperity & Growth
 - Built Environment & Infrastructure
 - Our People and Performance
- Principally fund rehabilitation of existing assets and provide targeted funding to support economic growth and job creation

City of Hamilton Infrastructure Assets \$22.3 Billion (\$ Millions)



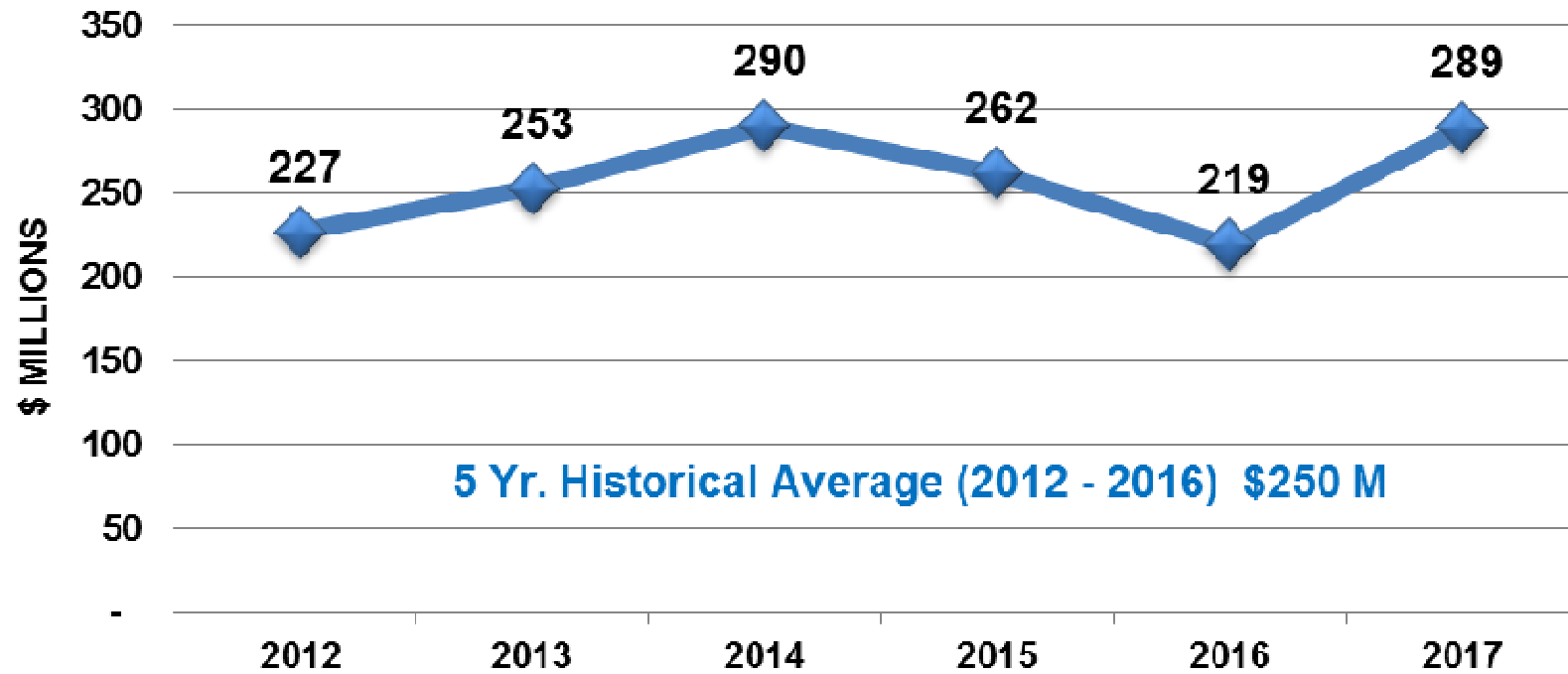
2017 – 2026 Financing Strategy

- 2017 recommended 0.95% tax increase for capital levy, increase of \$7.6M or \$31 per household
 - 0.5% Block and Discretionary; 0.45% PTIF
- 2018 – 2026 recommended 0.5% increase capital levy for Strategic & State of Good Repair investments - additional \$280M
- Additional (Unfunded) Transit 2018 - 0.39%, 2019 - 0.16%



2012 – 2017 Capital Funding

Total Gross Capital



Levy Incr.	0.5%	0.5%	0.5%	0.0%	0.5%	0.95%
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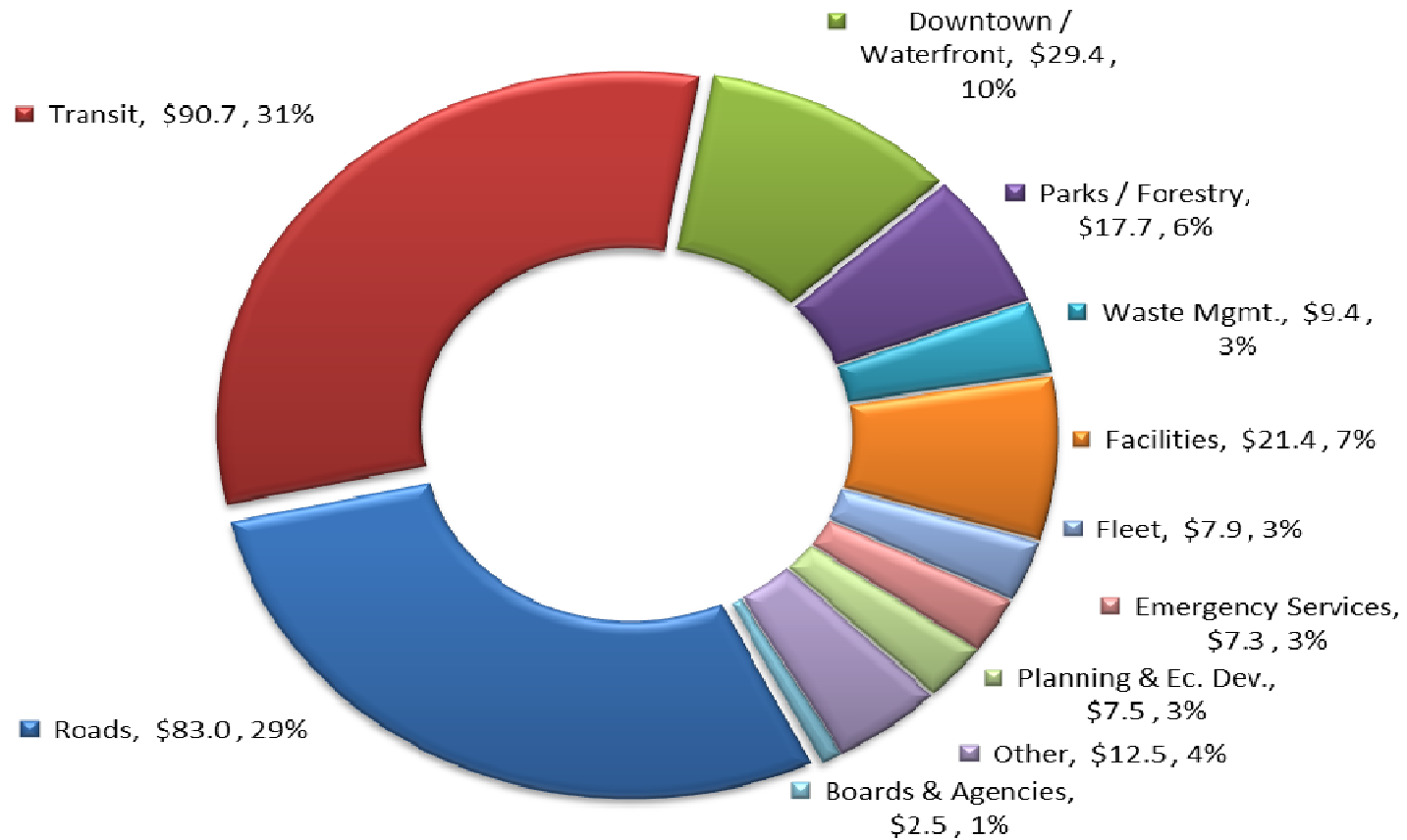


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2017-2026 Capital Budget

2017 Gross Capital Expenditures

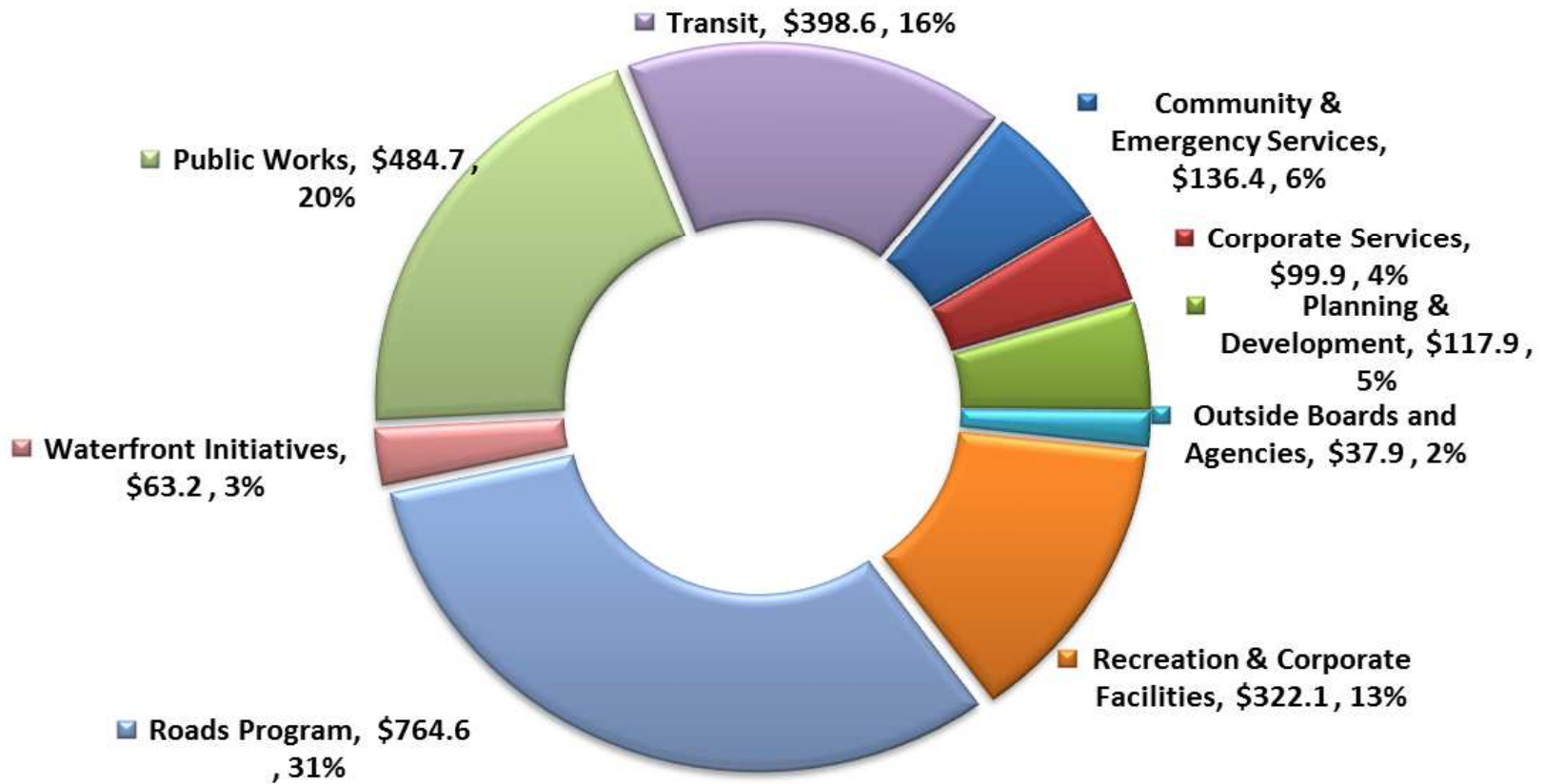
2017 Capital Budget by Program \$289.3 Million





2017 – 2026 Gross Capital Expenditures

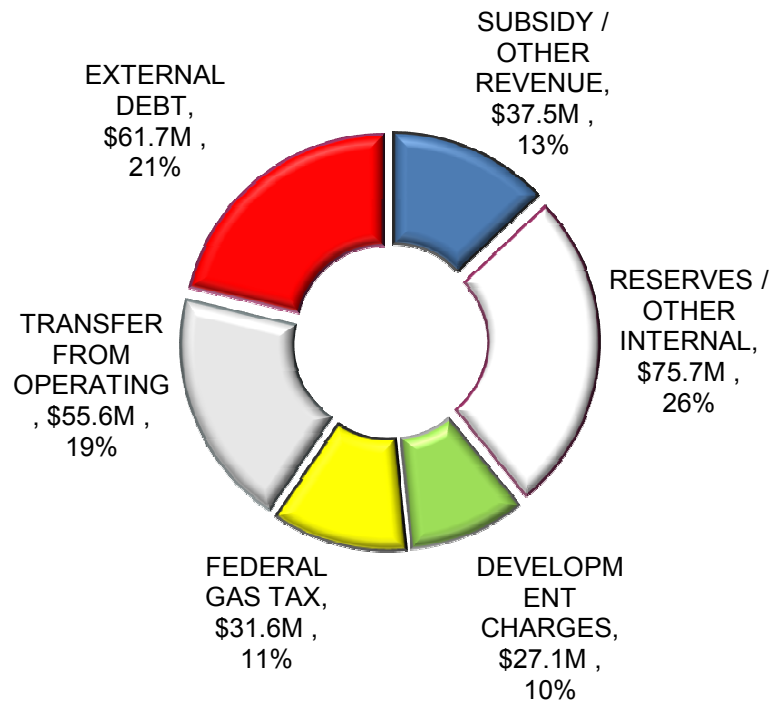
2017-2026 Capital Budget by Program



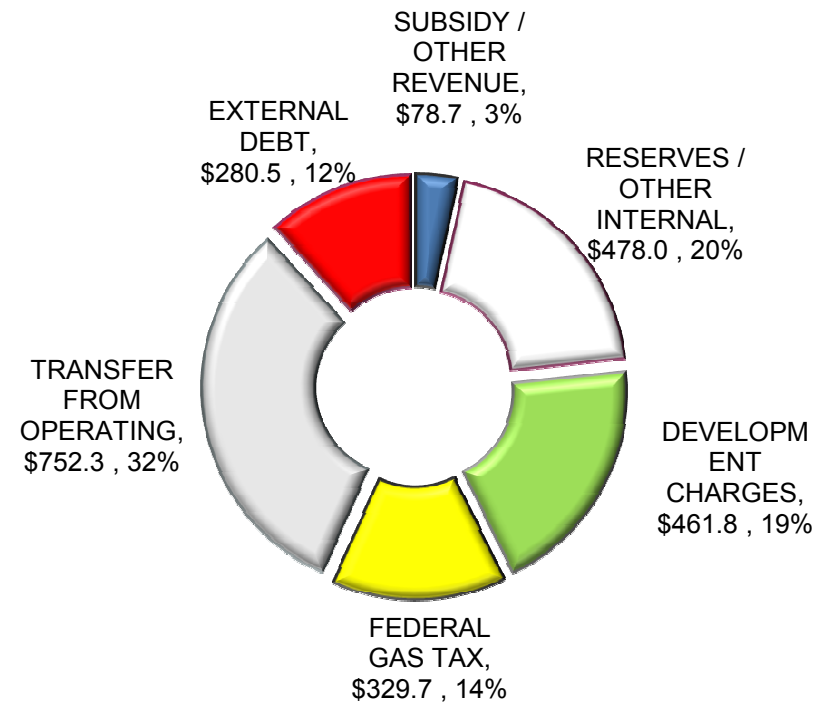


2017 – 2026 Gross Capital Funding

2017 Gross Capital Funding \$289.3 Million



2017 - 2026 Gross Capital Funding \$2.37 Billion



2017 Gross Capital Highlights

\$289.3 M gross capital spending including:

- \$71.9 M Roads, Bridges, Traffic, Sidewalks
- \$11.1 M Roads Growth
- \$90.7 M Transit
- \$9.4 M Waste Management
- \$19.6 M Corporate and Recreation Facilities
- \$27.2 M West Harbour Strategic Initiatives
- \$0.5 M City Housing Hamilton
- \$0.5 M Housing Services
- \$1.7 M Long Term Care Facilities



2017 Gross Capital Highlights (Cont`d)

- \$2.2 M Downtowns & Commercial Districts
- \$2.0 M Hamilton Conservation Authority
- \$13.1 M Vehicle Replacement
- \$1.9 M Tourism and Culture
- \$10.5 M Open Space Development
- \$4.2 M Forestry and Horticulture



2017 Proposed Block Funding

Net Capital Funding (\$000's)	2016 Approved	2017 Proposed
Roads	55,895	55,569
Corporate Facilities	4,583	4,600
Recreation Facilities	5,100	8,620
Entertainment Facilities	800	800
Park Development (New/Expansion)	3,327	3,018
Park's Operations	1,265	1,138
Forestry & Horticulture	1,345	1,345
Waste Management	1,420	8,312
Downtowns & Commercial Districts	2,210	2,210
Cultural Facilities	1,702	1,852
Long Term Care Facilities	1,590	500
Housing Services	1,500	500
Block Funding Total	80,737	88,464



2017 Proposed Discretionary Funding

Net Capital Funding (\$000's)	2016 Approved	2017 Proposed
Major Capital Initiatives		
West Harbour Development	7,475	27,235
Ash Borer	2,600	2,600
Randle Reef	300	300
Fire / Paramedic Services	508	650
Community Services - Other	90	167
Public Health	92	92
Corporate Services	-	-
City Manager/Human Resources	200	1,040
Information Technology	665	500
Planning / Development	1,089	1,203
Economic Development Initiatives	-	-
Parkland Acquisition	1,500	1,500
Transit	3,700	33,026
DC exemptions	2,000	3,000
Boards & Agencies		
CityHousing Hamilton	1,500	500
Hamilton Conservation Authority	2,000	2,000
Library	-	-
Police Services	-	-
Subtotal - Boards & Agencies	3,500	2,500
Total Expenditures (Net)	104,456	162,277



2017 Roads Capital

(\$000's)	2016 Gross	2017 Proposed Gross
2017 Roads Forecast by Program Area		
Replacement Program	15,500	5,050
Urban Rehabilitation	7,700	21,612
Rural Rehabilitation	2,200	4,510
Bridges and Structures	8,974	9,710
O & M/Studies/Traffic Engineering	23,440	21,460
Council Priority Projects	18,125	9,600
<i>Total Non-Growth Related Projects</i>	75,939	71,942
Development/Growth Related Program	15,880	11,140
Total Roads	91,819	83,082



Transit 2017-2019

	<u>Gross (\$)</u>	<u>Net (\$)</u>
2017	90,713	33,026
2018	80,438	55,616
2019	79,527	53,971
Total	250,678	142,613

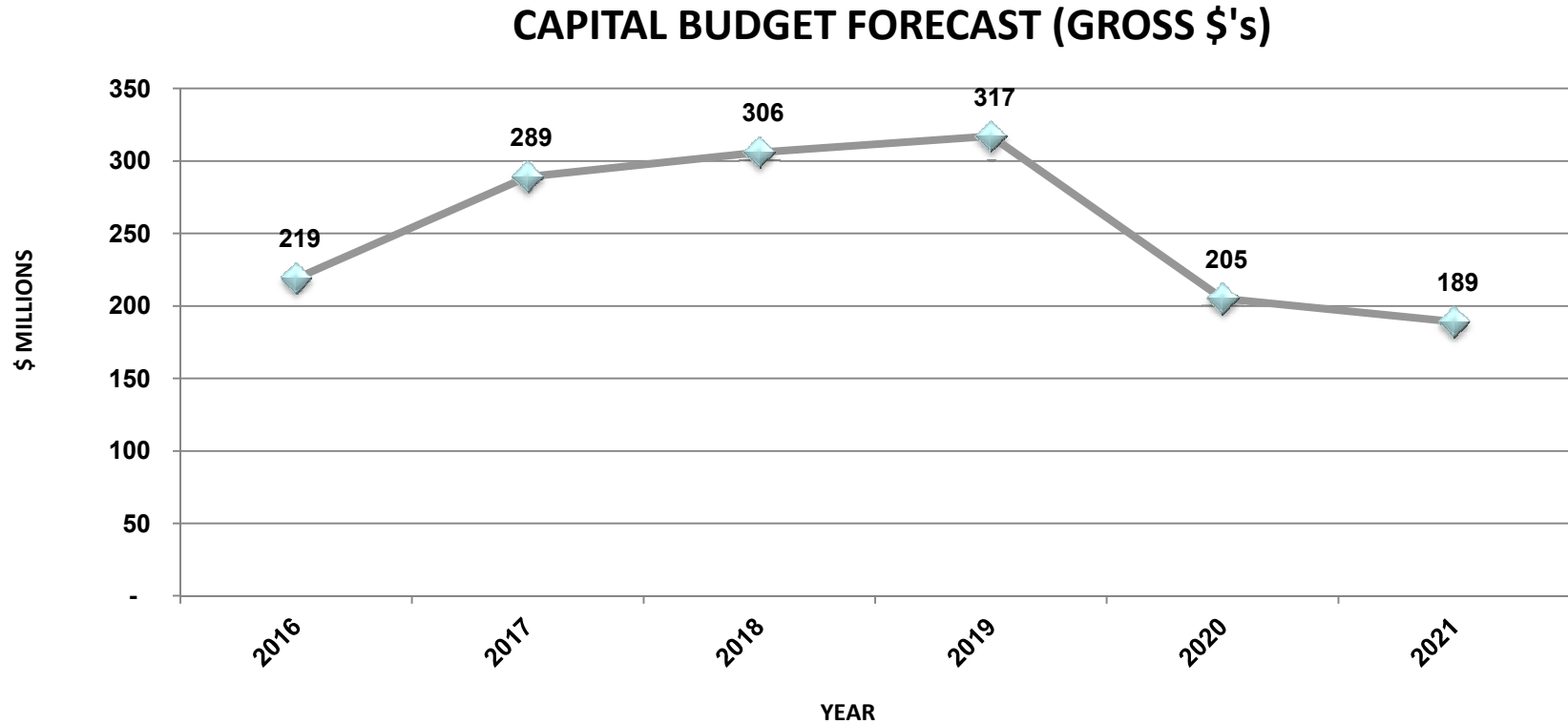


Council Referred Items

- Internal Audit Management Action Plan for Information Technology
- Fallen Firefighter`s Memorial
- Traffic Island Beautification Program
- Renovating Ownership and Privately Owned Rental Units
- Stadium Precinct Park
- Supervised Injection Sites Needs Assessments and Feasibility Study



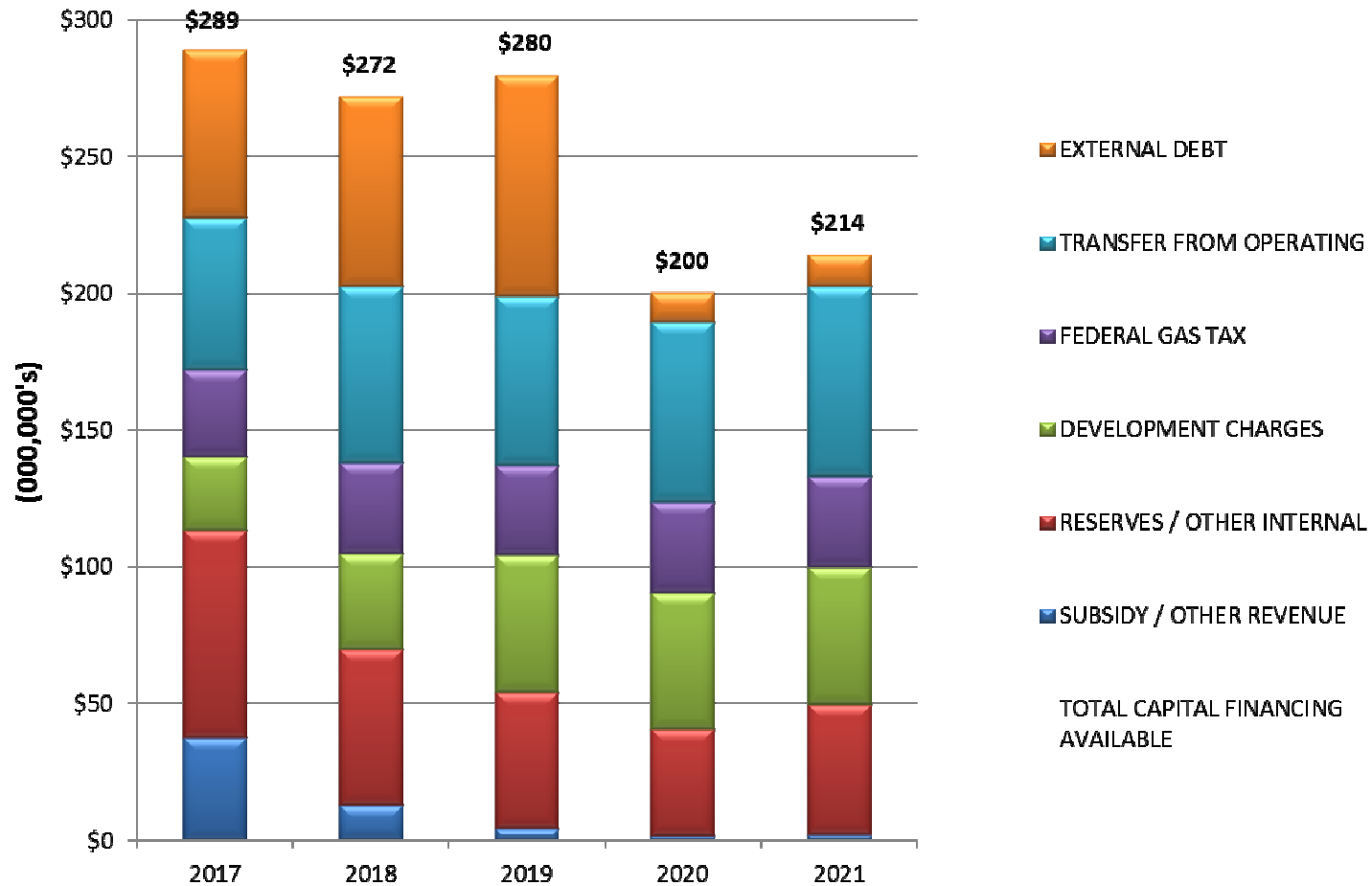
Capital Budget Forecast 2016 -2021





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2017 Gross Capital Funding





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Library

Two projects approved by the Board:

- Valley Park Library Expansion \$2M
- New Library - Greenville \$0.9M



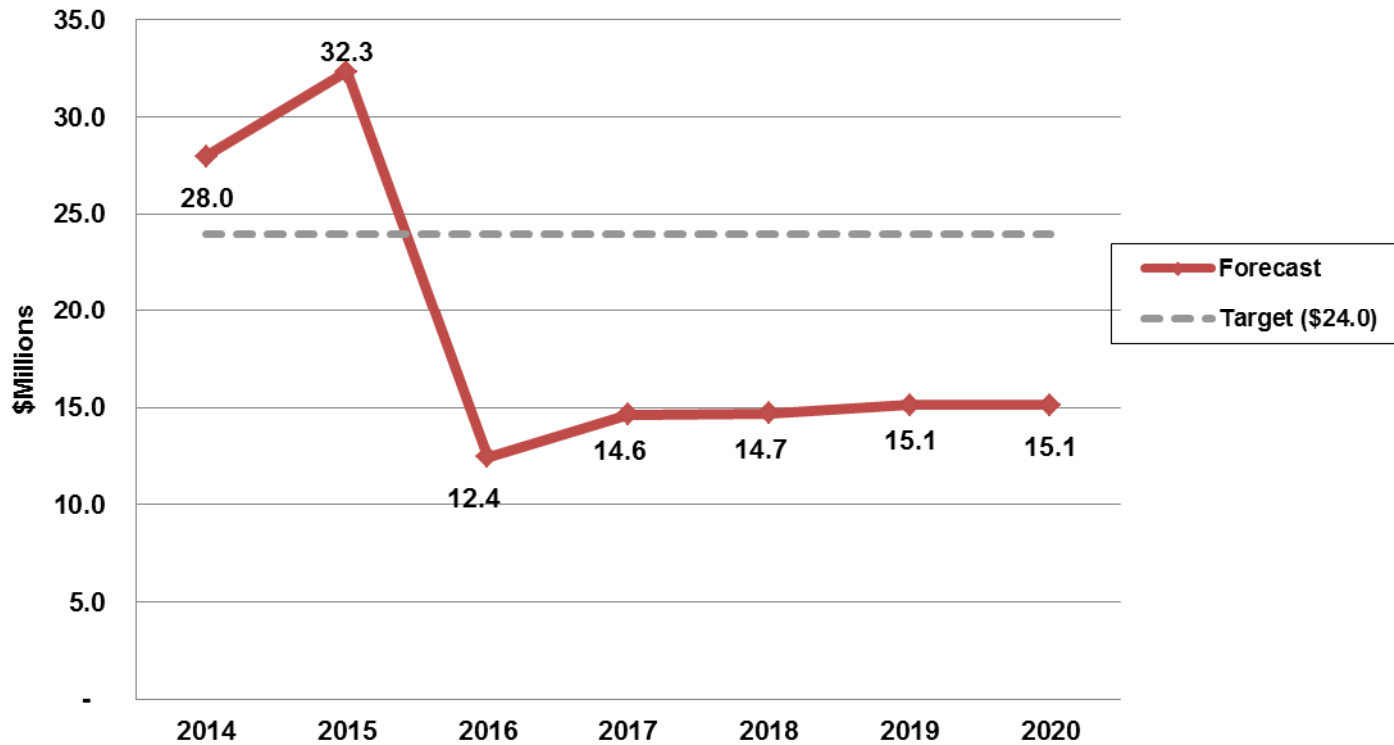
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Reserves



Capital Reserve Forecast

UNALLOCATED CAPITAL RESERVE 2014 - 2020





Area Rating Special Capital Re-Investment Reserves

Reserve	Ward	2016	2017
108051	Ward 1	923	2,315
108052	Ward 2	1,367	2,501
108053	Ward 3	3,978	400
108054	Ward 4	1,209	2,755
108055	Ward 5	235	1,216
108056	Ward 6	2,606	838
108057	Ward 7	2,875	4,503
108058	Ward 8	3,451	691



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Debt



Proposed 2017 Net Capital Financing Plan - Debt

New Debt \$61.7M (\$28.5 M Increase from 2017 forecast)

- Transit \$29.3M
- Other \$4.1M (Includes \$4M Grighthouse Arena)
- West Harbour \$20M
- Waste Management \$8.3M

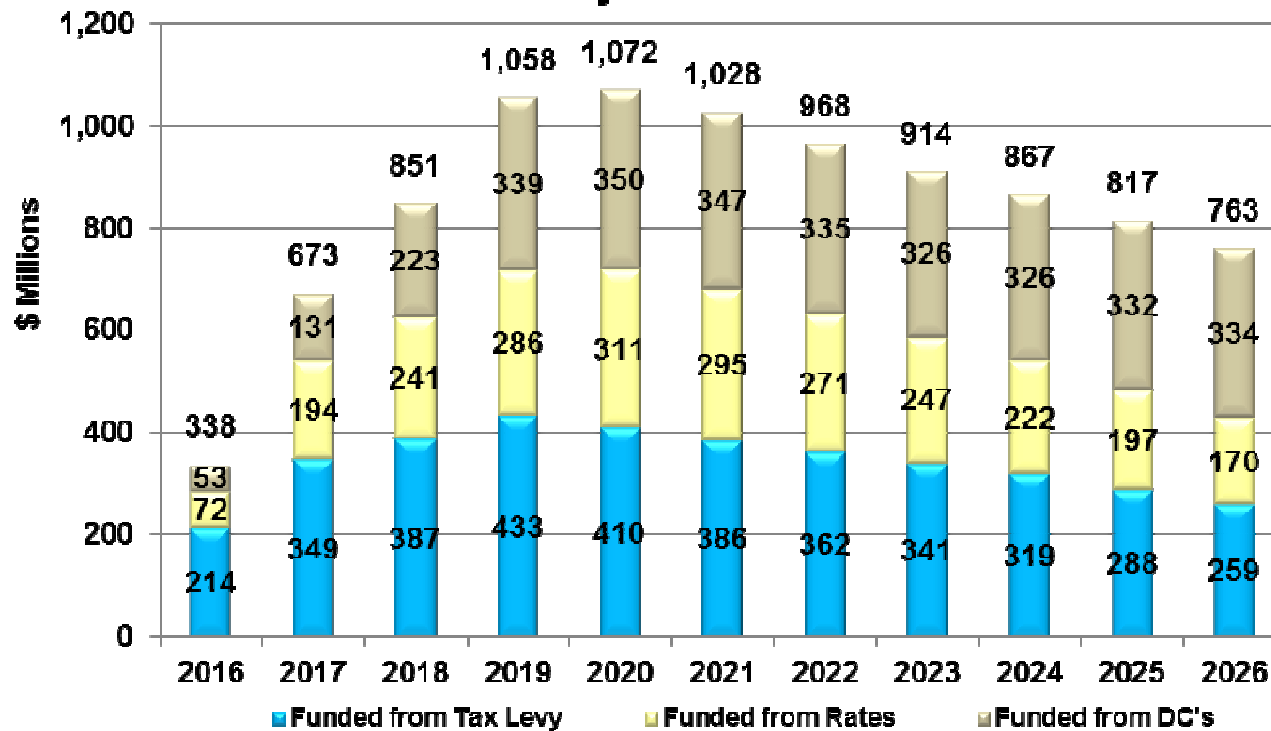
Additional Debt required for 2018 = \$69.4M

Additional Debt required for 2019 = \$80.6M



Debt Forecast

Tax & Rate Supported Outstanding Debt Projection



* Rate debt based on the 2017 Rate Budget Financing Plan



Debt Comparison to Other Municipalities

Debt Comparators

Based on 2015 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⁾	\$ 710	\$ 938	\$ 466	\$ 2,028	\$ 447	\$ 647	\$ 1,067	\$ 1,093	\$ 1,587	\$ 1,483	\$ 1,254	\$ 703	\$ 1,497	\$ 998	\$ 2,772	\$ 1,844
Debt per household ⁽¹⁾	\$ 1,748	\$ 2,076	\$ 994	\$ 4,823	\$ 1,084	\$ 1,759	\$ 2,793	\$ 3,037	\$ 4,595	\$ 4,052	\$ 3,482	\$ 1,615	\$ 3,497	\$ 3,351	\$ 8,973	\$ 4,602
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)	1,287.0	837.4	521.2	2,533.1	221.5	670.8	207.6	684.3	143.6	345.1	154.8	582.1	153.8	1,472.1	1,550.4	8,909.1
Total Debt & LT Liabilities (Incl. Housing)	391.1	357.6	98.2	1,948.0	43.7	351.9	73.4	628.6	67.0	93.5	21.7	315.7	104.3	1,440.8	3,232.9	5,212.4
% to own revenues	30.4%	42.7%	18.8%	76.9%	19.7%	52.5%	69.5%	91.9%	46.7%	27.1%	14.0%	54.2%	67.8%	97.9%	208.5%	58.5%
Total Debt Charges (Incl. Lease & LT Commitment Payments)	61.7	62.8	12.3	190.5	7.8	49.8	16.9	67.0	7.4	14.5	2.9	39.3	12.5	122.2	185.6	700.0
% to own revenues	4.8%	7.5%	2.4%	7.5%	3.5%	7.4%	8.1%	9.8%	5.2%	4.2%	1.9%	6.8%	8.1%	8.3%	12.0%	7.9%
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



Financial Ratios

CITY OF HAMILTON DEBT POLICY

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 E</u>	<u>2017 P</u>
<u>GOALS:</u>						
Tax & Rate Supported Debt as a % of City Own-Source Revenue	21.5%	18.7%	24.0%	20.1%	26.6%	40.1%
<i>Maximum (60%)</i>						
DC Supported Debt as a % of Total DC Eligible Costs	2.3%	2.1%	2.9%	2.6%	2.4%	5.8%
<i>Maximum (25%)</i>						
<u>STATUTORY LIMITS:</u>						
Debt Service Charges As A % of City Own-Source Revenue (ARL)	5.2%	5.2%	4.4%	4.8%	6.2%	6.8%
<i>Limit (25%)</i>						
Total Variable Rate Debt as a % of Outstanding Total Debt	12.6%	12.5%	9.5%	9.3%	6.6%	3.5%
<i>Limit (25%)</i>						

FTE IMPACT FOR PROJECTS

- Preliminary Impact from 2017 Proposed Budget
 - Tax: 13.02 FTEs & Future Operating Costs of \$2.03M
 - PTIF: 29 FTE & Future Operating Costs of \$2.75M
Future
- Preliminary Impact from 2018 Proposed Budget
 - Tax: 5.65 FTEs Future Operating Costs of \$2.6M
 - PTIF: 30 FTE & Future Operating Costs of \$1.445M
Future



Operating & FTE Impact

<u>2017 Proposed Tax Capital Projects</u>	<u>(\$000`s)</u>	<u>(#)</u>
<i>Planning & Economic Development</i>	101.0	-
<i>Council Initiatives</i>	12.9	-
<i>City Manager</i>	110.0	1.00
<i>Corporate Services</i>	117.0	1.00
<i>Public Works Tax</i>	1,693.2	11.02
Sub-total	2,034.1	13.02
<i>Transit - PTIF</i>	2,750.0	29.00
Total Projects with 2017 Operating & FTE Impact	4,784.1	42.02
<u>2018 Proposed Tax Capital Projects</u>		
<i>Tax Capital Projects</i>	2,568.0	5.65
<i>Transit - PTIF</i>	1,445.0	30.00
Total Projects with 2018 Operating & FTE Impact	4,013.0	35.65
Total Projects with 2017 & 2018 Operating & FTE Impact	\$ 8,797.1	77.67

Next Steps

- GIC – December 9 (if required)
- Council Approval – December 14