

7.1



Hamilton

**2018 - 2021 TAX SUPPORTED CAPITAL
BUDGET**

GENERAL ISSUES COMMITTEE

NOVEMBER 24, 2017

2018 BUDGET PROCESS

- 2018 Budget Guidelines, Preliminary Outlook and Process (Aug 14th)
- Tax Supported Capital Budget Workshop (Oct 20th)
- Tax Supported Capital Budget GIC (Nov 24th & Dec 1)
- Council approval Dec. 8th

OVERVIEW

- 2018 - 2021 Tax Capital Budget Objectives
- 2018 - 2021 Tax Capital Budget
- Reserves
- Debt
- Operating Impact
- Next Steps

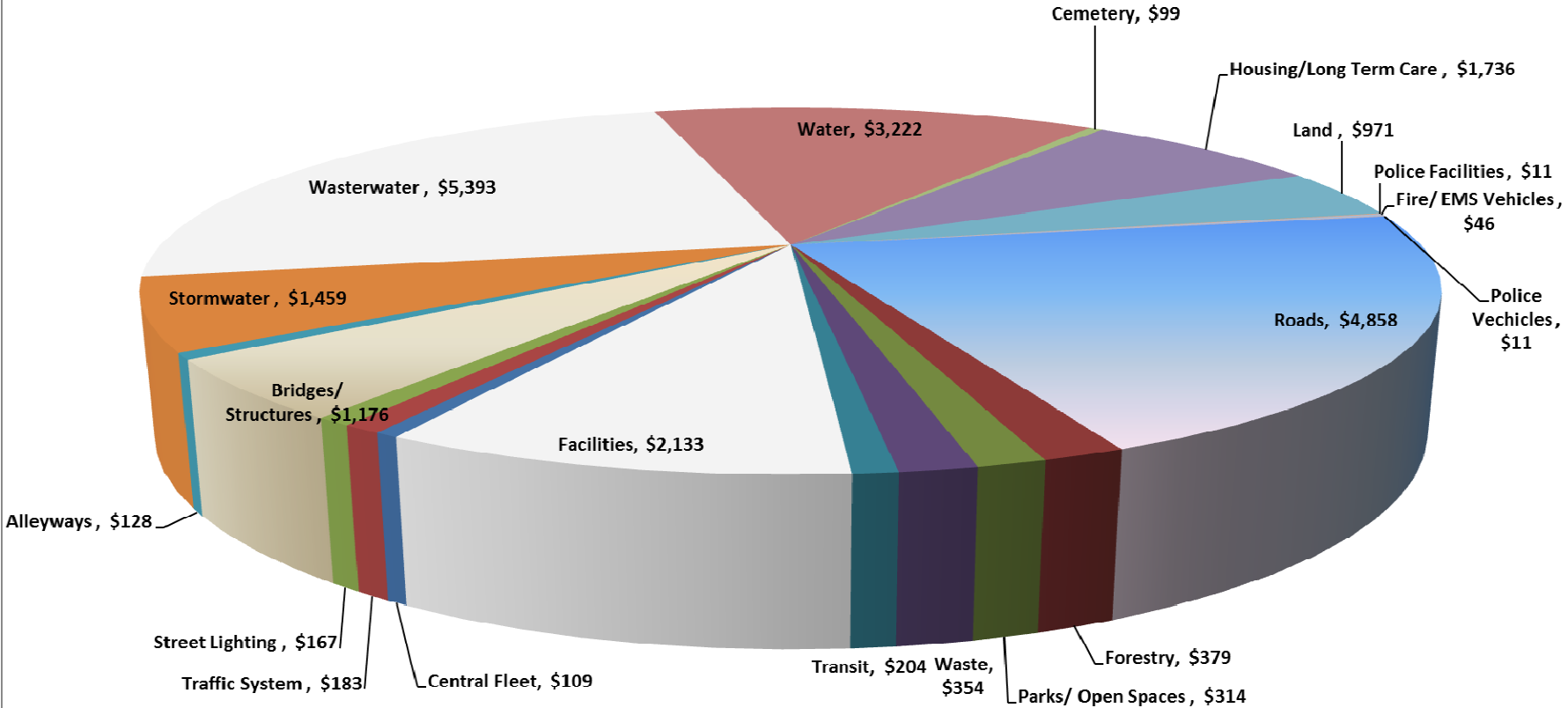
2018 - 2021 TAX SUPPORTED CAPITAL BUDGET OBJECTIVES

2018 - 2021 TAX CAPITAL BUDGET OBJECTIVES

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

ASSET VALUES

City of Hamilton Infrastructure Assets \$23.0 Billion (\$ Millions)



2018 -2021 TAX SUPPORTED CAPITAL BUDGET

2018-2021 CAPITAL INVESTMENT PLAN

2018 CAPITAL BUDGET

FORECASTED EXPENDITURES

\$236M



5.97
centreline kms

ROAD
RECONSTRUCTION

17.6
lane kms

25.05
centreline kms

156.4
lane kms



ROAD
RESURFACING

20,239_m



SIDEWALKS REPLACED

20,147_m

NEW SIDEWALKS
CONSTRUCTED



45,849
NEW
STREET LIGHTS

16,023
NEW
STREET POLES



2,900
SERVICES
CALLS



17,500
LIGHTS CHANGED
TO LED

1.36_{MW}
OF ENERGY
SAVED



1,580_{km}
ROADWAYS
RE-LIT



1,225_{km}
SIDEWALKS
RE-LIT



6
NEW
TRAFFIC
SIGNALS

BUS STOPS & SHELTERS

20 REHABILITATED
4 ENHANCED



2
STREET
SWEEPER
PURCHASES

18
HSR BUSES
PURCHASED



5
Ambulances



3
Emergency
Response Vehicles

VEHICLE
REPLACEMENT

2018 CAPITAL BUDGET

FORECASTED EXPENDITURES

\$236M

6
NEW
FIRE
TRUCKS



3
NEW HVAC UNITS



160 UNITS REPAIRED
40 INDIGENOUS UNITS REPAIRED
53 NEW AFFORDABLE UNITS



7000
TREES
PLANTED



8 NEW PARK DESIGNS
23 PARKS CONSTRUCTED



6 NEW TRAILS CONSTRUCTED
3 NEW TRAIL DESIGNS



8 COMMUNITY, REC CENTRE & SENIOR CENTRE RENOS



6 ARENA UPGRADES
(including those approved mid-2017)



4 NEW
2 RENOS
PARK WASHROOMS



50 TEMPORARY
15 PERMANENT
NEW SPEED HUMPS



5 ACCESSIBLE PEDESTRIAN SIGNALS



4 INTERSECTION PEDESTRIAN SIGNALS



20
PEDESTRIAN CROSSOVERS



10
SIGNAL CONTROLLER REPLACEMENTS



100
SIGNALS
CONNECTED TO THE TRAFFIC
MANAGEMENT SYSTEM



121
NEW VEHICLE PURCHASES

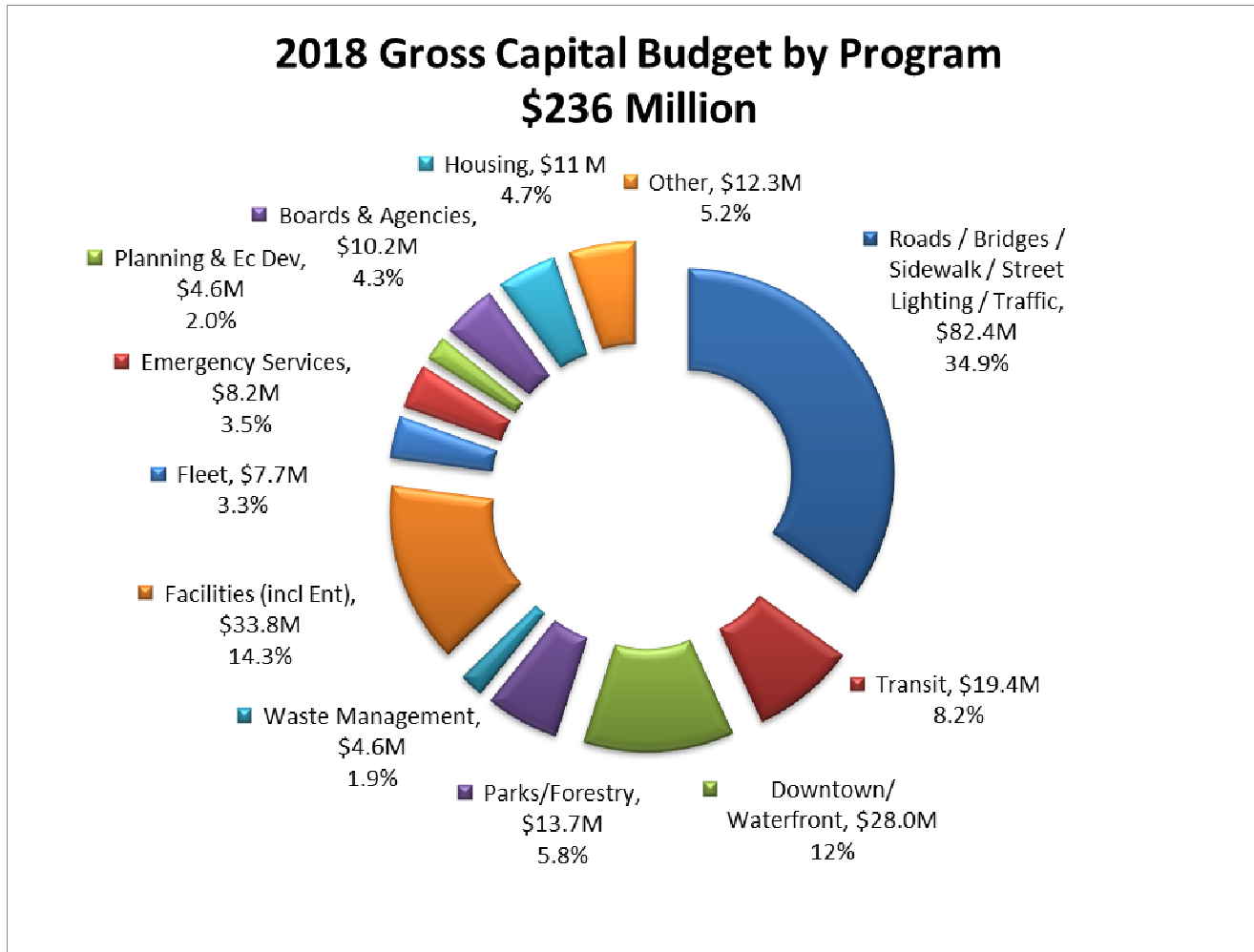


2018 INVESTMENT PLAN AT A GLANCE

2018:

- Housing Services additional \$11M for Poverty Reduction
- Roads / Bridges / Sidewalk / etc. additional \$5M
- Entertainment Facilities \$6.8M
- Development Charges exemptions additional \$2M
- Library \$2.3M

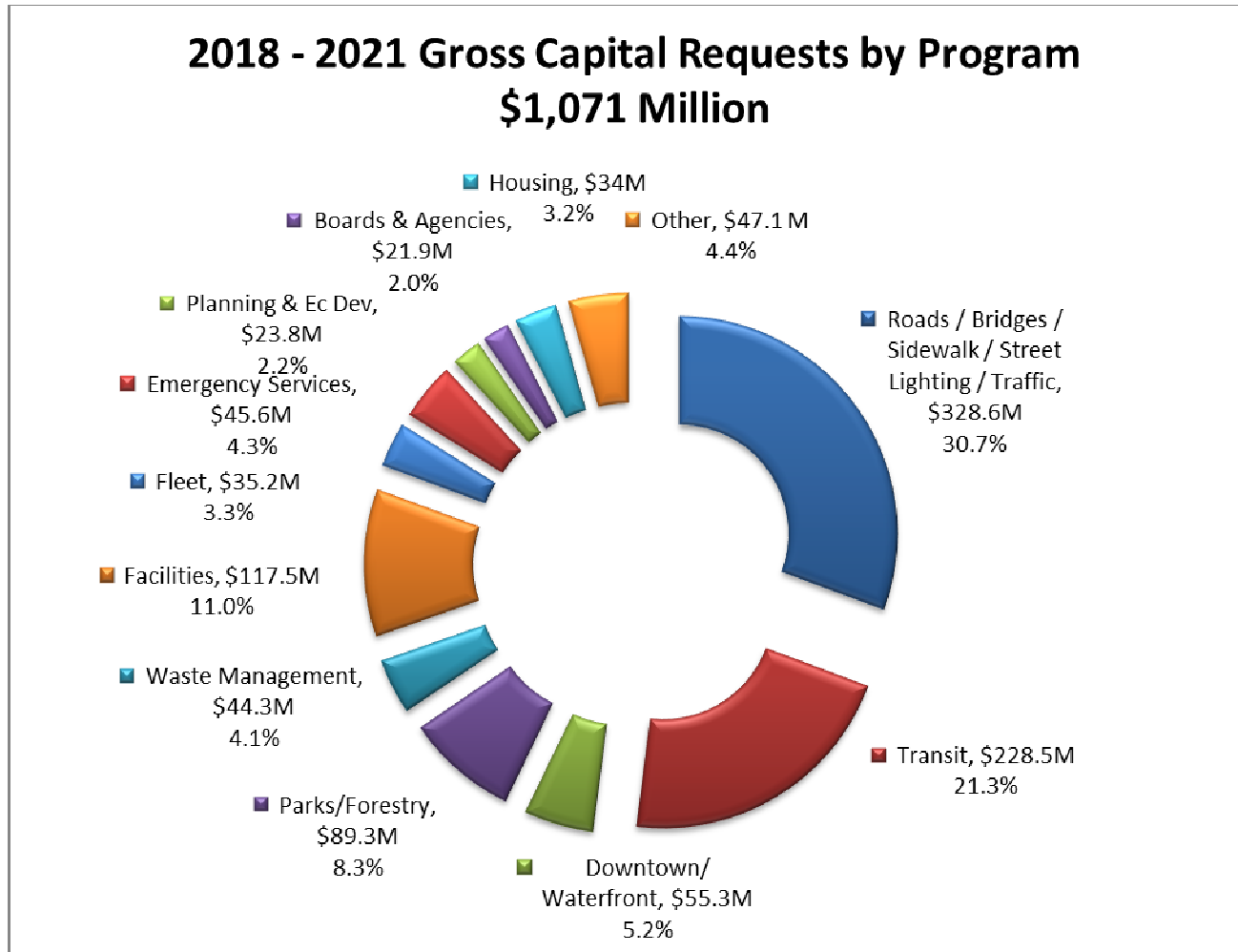
2018 GROSS CAPITAL EXPENDITURE



2018 TAX OPERATING BUDGET – CAPITAL LEVY

- 2018 recommended 0.9% Property Tax increase for capital levy; increase of \$7.5M or \$30 per household
 - 0.5% tax increase or \$4.1M for Capital Blocks and Major Capital Initiatives
 - 0.4% tax increase or \$3.4M City`s approved \$36M commitment for Transit (Public Transit Infrastructure Fund)

2018-2021 GROSS CAPITAL EXPENDITURE



2018 PROPOSED CAPITAL BUDGET

2018 PROPOSED TAX SUPPORTED CAPITAL BUDGET (\$000's)				
	2017 APPROVED		2018 PROPOSED	
	GROSS	NET	GROSS	NET
Proposed Program Funding	\$	\$	\$	\$
Recreation Facilities	14,482	8,620	10,596	4,624
Corporate Facilities	4,960	4,450	16,217	4,507
Entertainment Facilities	1,590	800	7,000	1,300
Forestry & Horticulture (Includes Tree Planting)	1,550	1,345	1,742	1,345
Open Space Development	10,505	3,018	7,768	3,241
Waste Management	8,959	7,862	4,556	4,556
Transit Services	90,713	33,027	19,408	4,820
Corporate Fleet Services	7,895	-	7,739	-
Parks & Cemeteries	1,590	1,138	1,590	1,138
Roads / Bridges / Sidewalk / Street Lighting / Traffic	82,532	55,019	82,375	55,202
West Harbour & Waterfront Initiatives	27,235	27,235	25,790	24,280
Public Health	92	92	-	-
Community Services	167	167	320	-
Housing Services	500	500	11,000	11,000
Long-Term Care Facilities	1,709	500	1,606	500
Emergency Services	7,338	650	8,232	580
Corporate Services / City Manager	5,786	4,540	7,455	5,983
Area Rating (Ward 1-8)	2,053	-	870	-
Planning & Development	7,336	1,053	4,611	130
Tourism & Culture	1,852	1,852	1,702	1,702
Downtowns & Commercial Districts	2,210	2,210	2,260	2,210
Total Program Funding	281,054	154,078	222,837	127,118

2018 PROPOSED CAPITAL BUDGET

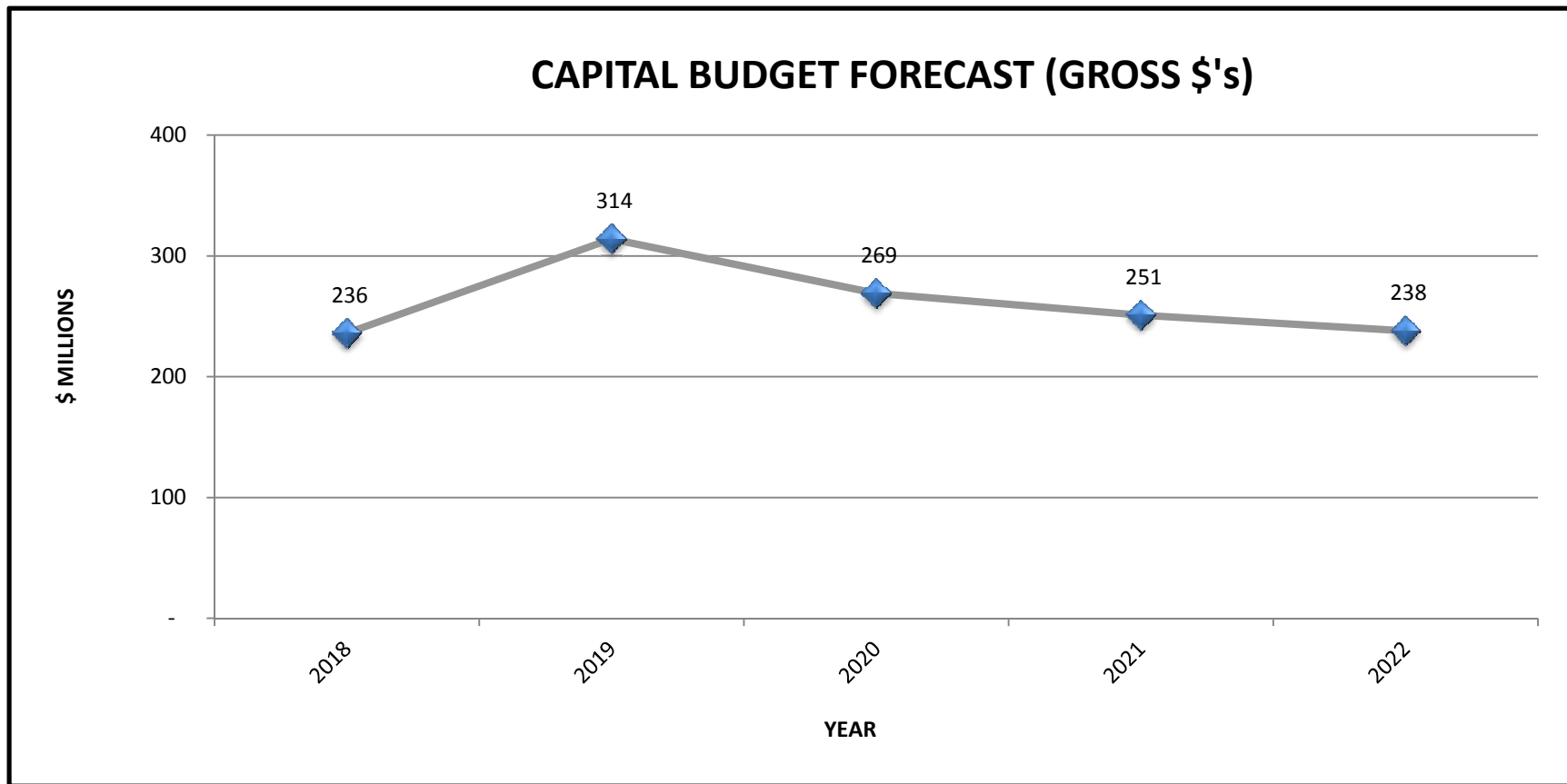
2018 PROPOSED TAX SUPPORTED CAPITAL BUDGET (\$000's)				
	2017 APPROVED		2018 PROPOSED	
	<u>GROSS</u>	<u>NET</u>	<u>GROSS</u>	<u>NET</u>
<u>Other Major Projects</u>	\$	\$	\$	\$
Parkland Acquisition	-	-	-	-
Randle Reef	300	300	375	375
Emerald Ash Borer Program	2,600	2,600	2,600	2,600
Total Other Major Projects	2,900	2,900	2,975	2,975
Total Before Special Levies and Boards	283,954	156,978	225,812	130,093
<u>Special Levies & Boards</u>				
CityHousing	500	500	500	500
Police Services	-	-	1,330	1,330
Hamilton Public Library	2,905	1,136	6,344	2,260
Beach Rescue	45	-	42	-
H.C.A\Confederation Park\Westfield	2,000	2,000	2,000	2,000
Total Special Levies & Boards	5,450	3,636	10,216	6,090
Total Funded Projects	289,404	160,614	236,028	136,183

COUNCIL REFERRED ITEMS

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Tax Supported Capital excluding Transit 0.5%	0.50%	0.50%	0.50%	0.50%
Transit Levy Impact (debt funded)	0.40%	0.66%	0.61%	0.27%
	0.90%	1.16%	1.11%	0.77%

Assumption: Senior Level of Government to fund 50% of Gross Capital Requests

2018-2021 CAPITAL BUDGET FORECAST



2018-2021 MULTI-YEAR PROJECT

2018 Tax Capital Projects with Multi-year Impacts

	2018		2019		2020		2021	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Community & Emergency Services	11,480	11,000	8,078	7,658	7,000	7,000	7,000	7,000
Planning & Economic Development	1,661	1,180	1,975	1,750	1,492	1,492	1,385	1,385
City Manager	540	118	2,975	2,975	125	125	125	125
Corporate Services	715	375	620	620	110	110	105	105
Public Works Tax								
Corporate Facilities	1,677	1,677	1,800	1,800	150	150	-	-
Recreation Facilities	3,300	1,972	13,330	7,784	88	-	-	-
Entertainment Facilities	200	-	100	-	100	-	-	-
Forestry & Horticulture	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Open Space Development	2,255	1,513	4,175	3,695	2,670	1,530	2,855	2,341
Roads/Bridges/Sidewalks etc.	18,500	11,720	22,270	13,280	2,570	2,570	7,670	7,670
Transit	1,180	1,080	62,195	48,176	62,385	48,316	7,500	7,400
Waste Management	175	175	200	200	-	-	-	-
West Harbour	1,925	1,925	9,140	9,140	4,520	4,520	7,160	7,160
Total Multi-year projects	46,188	35,335	129,456	99,678	83,810	68,413	36,400	35,786
Annual Projects	78,190	41,266	94,726	57,530	93,969	56,988	92,317	55,553
Total Multi-year and Annual	124,378	76,601	224,182	157,208	177,779	125,401	128,717	91,339

2018-2021 MULTI-YEAR PROJECT

Multi-Year Projects - Highlights

2051857111	Corporate KRONOS
4241409341	W4 Pipeline Trail
4401856819	Waterfalls Viewing
7101558501	Parkdale Outdoor Pool Redevelopment
7101754805	Sir Wilfrid Laurier Gymnasium Replacement/Addition.
7101854803	Domenic Agostino Riverdale Community Centre - Expansion
4031811015	RHVP Rehabilitation
4661820001	ATMS – Advanced Traffic Management System
5301783700	HSR Bus Expansion Program - 10 Year Plan
5301785701	Transit Maintenance and Storage Facility
5301785702	Express Bus (L-A-S-T Lines) Enhanced Passenger Amenities
4411806102	Macassa Bay Shoreline Improvements
4411806103	Macassa Bay Boardwalk and Trail

2018		2019		2020		2021	
Gross	Net	Gross	Net	Gross	Net	Gross	Net
250	118	2,410	2,410	-	-	-	-
300	200	300	-	600	600	-	-
120	120	1,200	1,200	-	-	-	-
1,000	802	1,600	1,284	-	-	-	-
550	550	6,050	6,050	-	-	-	-
500	50	4,500	450	-	-	-	-
6,750	6,500	6,750	6,500	-	-	-	-
790	790	900	900	900	900	1,000	1,000
-	-	5,520	5,520	5,630	5,630	6,460	6,460
-	-	55,675	41,756	55,675	41,756	-	-
420	420	740	740	760	760	770	770
150	150	3,570	3,570	700	700	-	-
150	150	4,520	4,520	-	-	-	-

OPERATING & FTE IMPACT

	<u>Operating Costs</u> <u>(\$000`s)</u>	<u>FTE`s</u> <u>(#)</u>
<u>2018 Proposed Operating Impacts</u>		
<i>Public Works Tax</i>	65.0	0.67
<i>Total Projects with 2018 Operating & FTE Impact</i>	65.0	0.67
<u>2019 Proposed Operating Impacts</u>		
<i>Planning & Economic Development</i>	11.0	-
<i>Outside Boards and Agencies</i>	9.5	-
<i>City Manager</i>	142.0	1.00
<i>Corporate Services</i>	125.0	1.00
<i>Public Works Tax</i>	1,843.5	13.44
<i>Total Projects with 2019 Operating & FTE Impact</i>	2,131.0	15.44
<u>2020 Proposed Operating Impacts</u>		
<i>Public Works Tax</i>	76.0	0.33
<i>Total Projects with 2020 Operating & FTE Impact</i>	76.0	0.33
<i>Total Projects with 2018, 2019, 2020 Operating & FTE Impact</i>	\$ 2,272.0	16.44

2018-2021 Capital Financing Plan

FINANCIAL MANAGEMENT AT A GLANCE

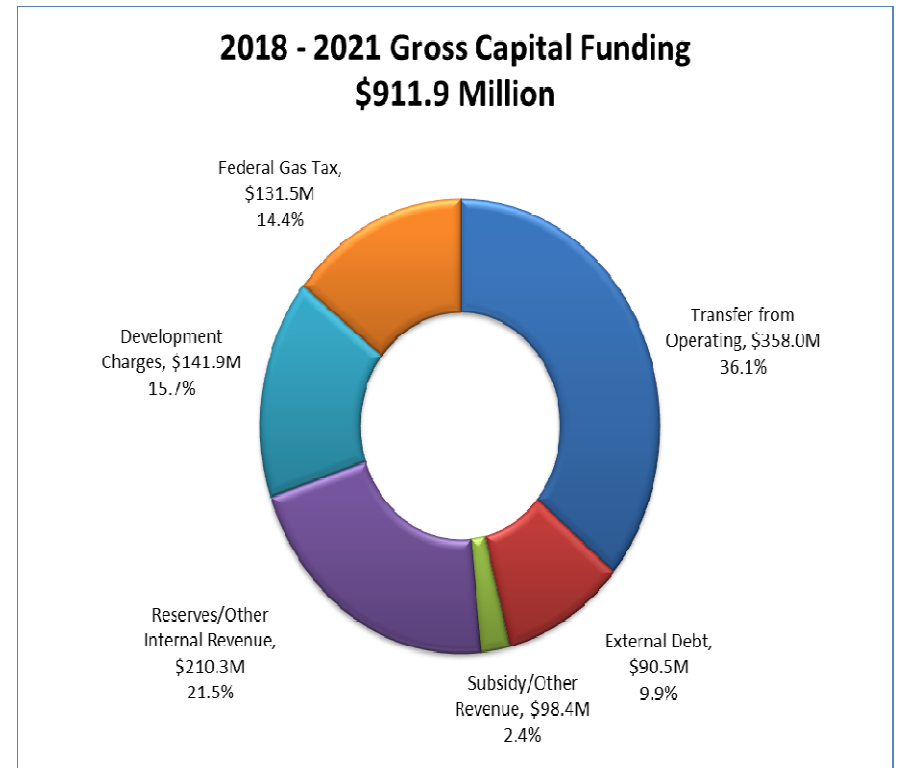
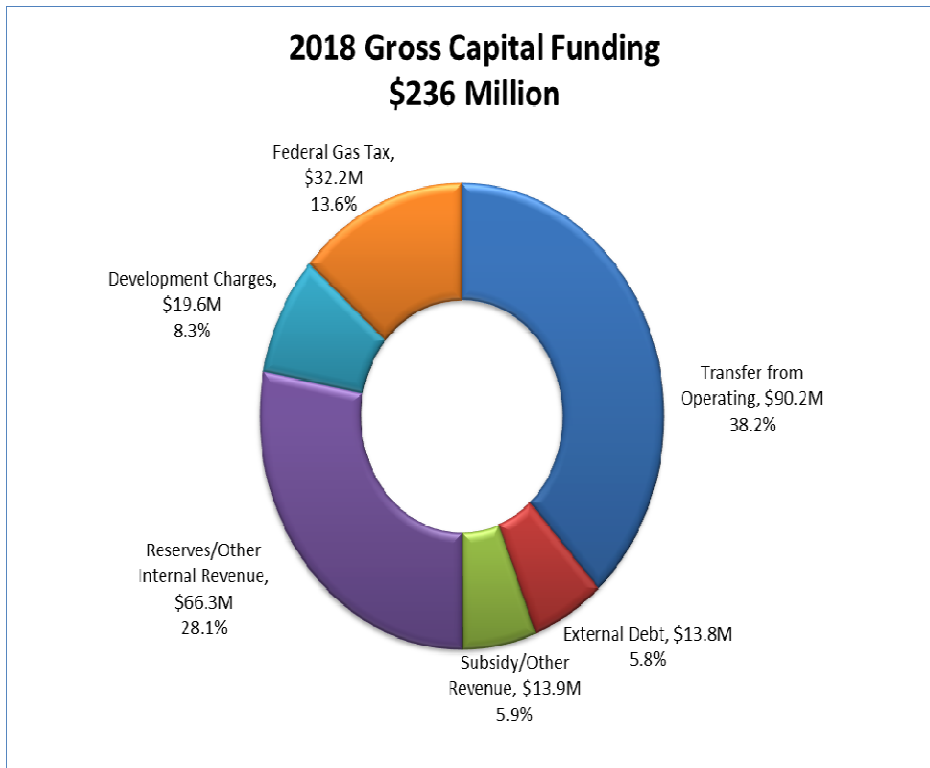


2018 FINANCING STRATEGY AT A GLANCE

2018:

- Additional \$6.5M in HUC/Alectra dividends
- Future Fund \$8M
- Road Tender Surplus \$1.5M
- Deferred debt \$58M (Transit, Waste)
- Increased reliance on Contribution from Operating Budget

2018-2021 GROSS CAPITAL FUNDING



2018 - 2021 PROPOSED BLOCK FUNDING

Net Capital Funding (\$000's)	2017 Approved	2018 Proposed	2019 Forecast	2020 Forecast	2021 Forecast
Roads / Bridges / Sidewalk / Street Lighting / Traffic	55,019	55,202	56,202	58,450	58,450
Corporate Facilities	4,450	4,507	4,583	4,583	18,635
Recreation Facilities	8,620	4,624	4,580	4,580	4,580
Entertainment Facilities	800	1,300	800	800	800
Park Development (New/Expansion)	3,018	3,241	3,241	3,241	3,241
Park's Operations	1,138	1,138	1,138	1,138	1,138
Forestry & Horticulture	1,345	1,345	1,345	1,345	1,345
Waste Management	7,862	4,556	3,468	13,937	22,298
Hamilton Downtown	1,986	-	-	-	-
Suburban Downtowns (B.I.A.s)	224	-	-	-	-
Downtowns & Commercial Districts	2,210	2,210	2,210	2,210	2,210
Cultural Facilities	1,852	1,702	1,702	1,702	1,702
Long Term Care Facilities	500	500	500	500	500
Public Art	-	-	-	-	-
Housing Services	500	11,000	7,500	7,500	7,500
Block Funding Total	87,314	91,325	87,269	99,986	122,399

2018 - 2021 PROPOSED DISCRETIONARY FUNDING

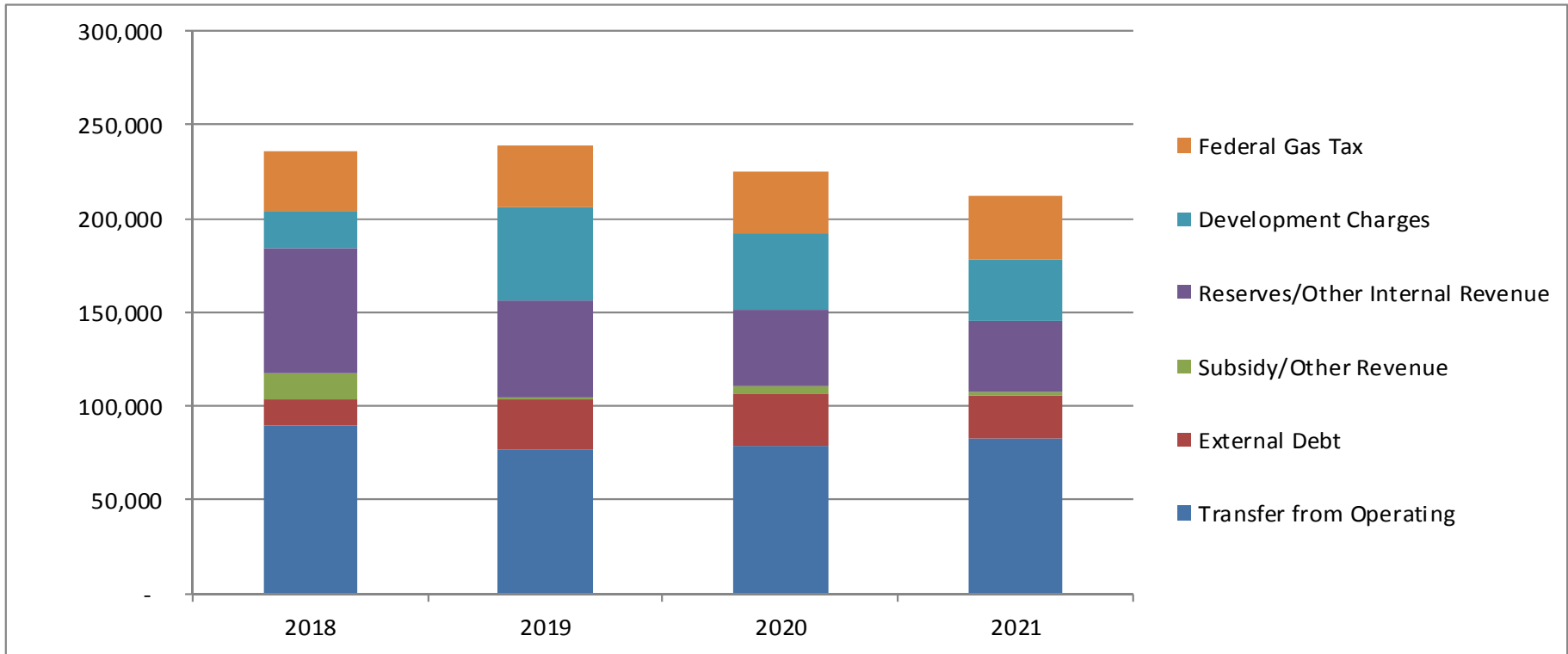
Net Capital Funding (\$000's)	2017 Approved	2018 Proposed	2019 Forecast	2020 Forecast	2021 Forecast
Major Capital Initiatives					
West Harbour Development	27,235	24,280	10,160	4,520	11,010
Ash Borer	2,600	2,600	2,600	2,600	2,600
Randle Reef	300	375	375	375	375
Fire / Paramedic Services	650	580	1,000	1,000	1,000
Community Services - Other	167	-	90	90	90
Public Health	92	-	70	70	70
Corporate Services	-	115	90	90	90
City Manager/Human Resources	1,040	368	-	-	-
Information Technology	500	500	500	500	500
Planning / Development	1,053	130	130	130	130
Economic Development Initiatives	-	-	1,000	2,000	2,000
Parkland Acquisition	-	-	1,500	1,500	1,500
Transit	33,027	4,820	30,159	30,767	12,785
DC exemptions	3,000	5,000	6,000	6,000	6,000
Boards & Agencies					
CityHousing Hamilton	500	500	500	500	500
Hamilton Conservation Authority	2,000	2,000	2,000	2,000	2,000
Library	1,136	2,260	-	-	-
Police Services	-	1,330	-	-	-
Subtotal - Boards & Agencies	3,636	6,090	2,500	2,500	2,500
Unallocated - Surplus(Shortfall)	112	-	(6,768)	(12,784)	(24,315)
Total Expenditures (Net)	160,726	136,183	136,675	139,344	138,734

2018 - 2021 PROPOSED NET FINANCING

Sources of Funding (Net) (\$000's)	2017 Approved	2018 Proposed	2019 Forecast	2020 Forecast	2021 Forecast
<u>Sustainable</u>					
Contribution from Operating	50,864	67,967	63,094	68,155	71,475
Hydro Dividends	3,000	5,500	2,000	2,000	2,000
Hydro Dividends - Poverty reduction	-	3,000	3,000	3,000	3,000
Future Fund - Poverty Reduction	-	8,000	4,000	4,000	4,000
Federal Gas Tax	31,616	32,176	33,122	33,122	33,122
Previous Yrs. Capital Financing Surplus	2,000	4,000	5,000	2,000	2,000
Sub-total	87,480	120,643	110,216	112,277	115,597
<u>Non-Sustainable</u>					
Unallocated Capital Reserve	950	-	-	-	-
HRPI Dividend	250	-	-	-	-
WIP Funding Interest	500	250	-	-	-
Sale of Assets	6,600	-	-	-	-
Roads WIP / Tender Surplus Funding	1,590	1,500	-	-	-
Sub-total	9,890	1,750	-	-	-
External Debt	63,356	13,790	26,459	27,067	23,137
Total Funding (Net)	160,726	136,183	136,675	139,344	138,734

2018-2021 CAPITAL BUDGET FINANCING FORECAST

\$000's



	2018	2019	2020	2021
Unallocated - Surplus(Shortfall)	-	(6,768)	(12,784)	(24,315)

RESERVES

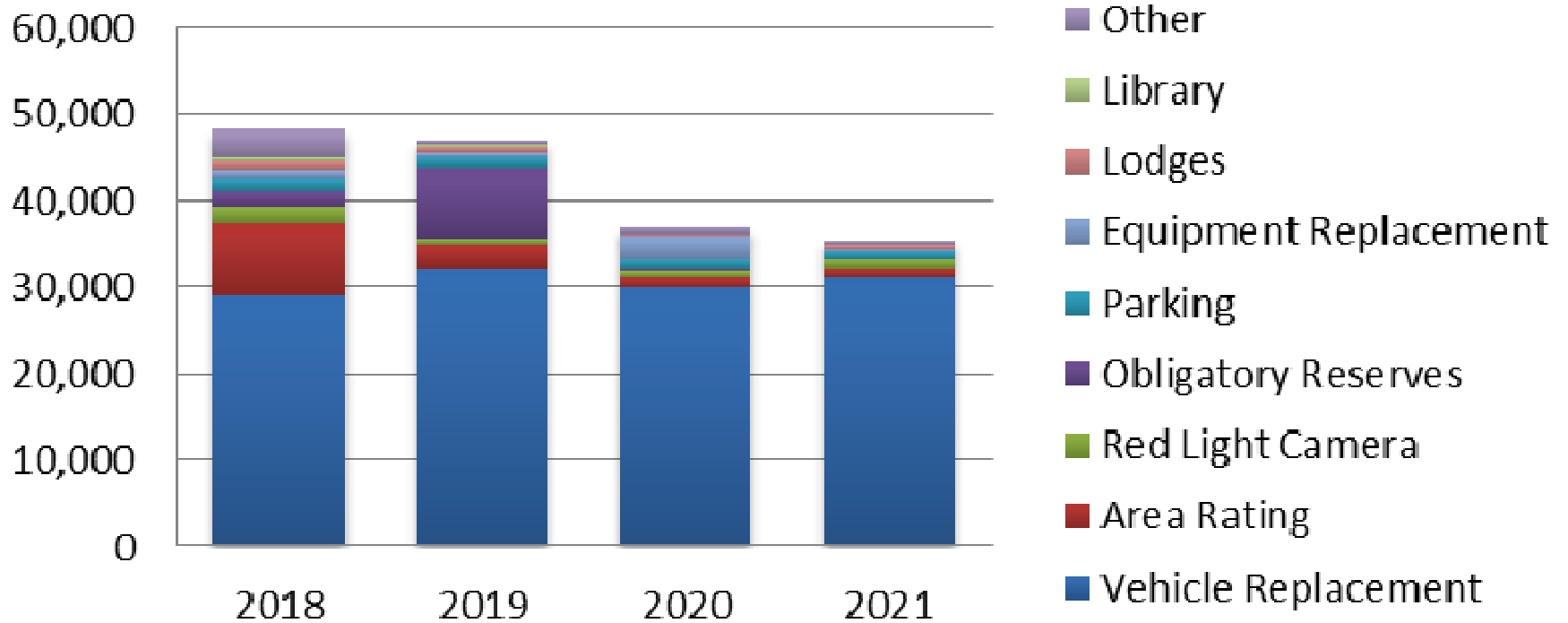
RESERVE MANAGEMENT

Reserve management is key to improving financial position

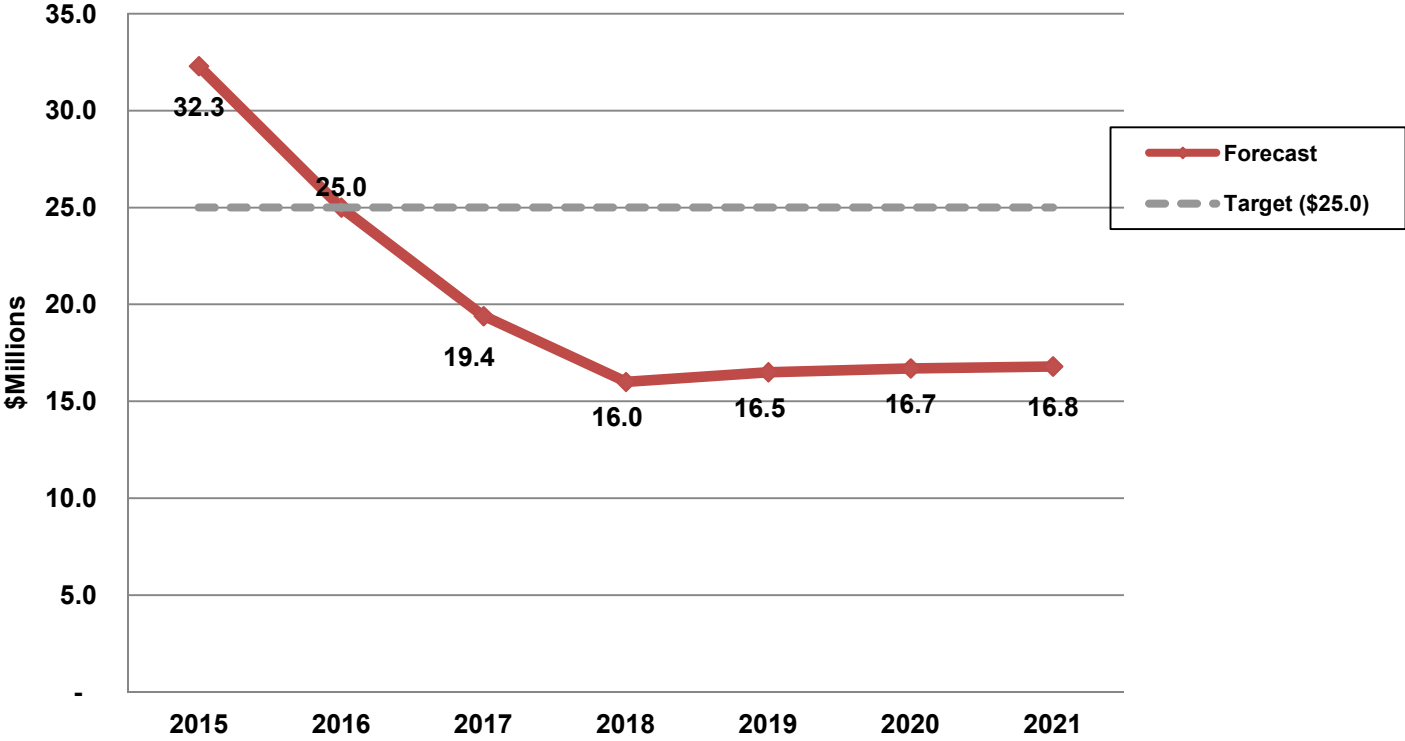
Improving financial position will require

- Levying and saving for future capital asset life cycle replacement investments
- Using reserves prudently to manage debt and future levy increase

2018 - 2021 Tax Capital Reliance on Reserves (\$000's)



UNALLOCATED CAPITAL RESERVE 2015 - 2021



DEBT

DEBT STRATEGIES

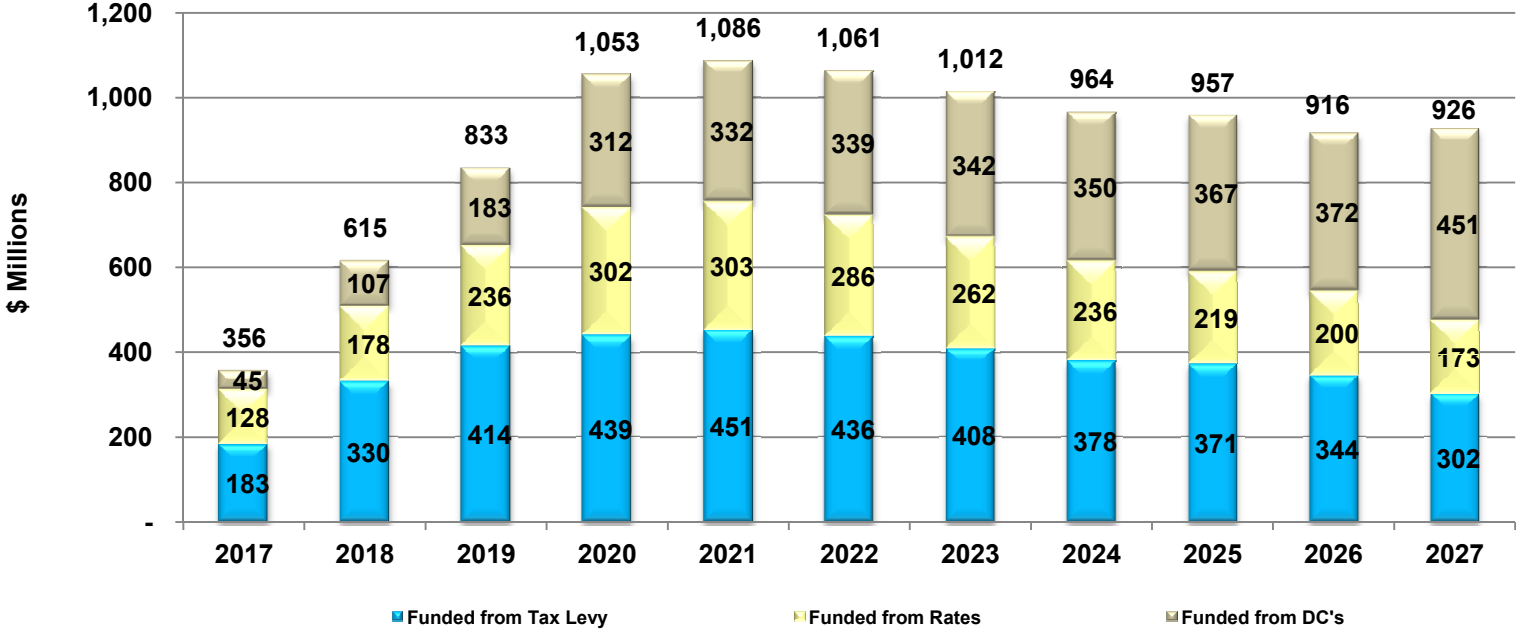
- Support Economic Prosperity & Growth
- Leverage Federal / Provincial Funding
- Stay within Council approved debt ratios

FISCAL IMPACT AT A GLANCE

	2018
Peak outstanding debt	\$1.08 B (2021)
New DC debt for next 10 years	\$506 M
New Tax levy debt for next 10 years	\$365 M
New Rate supported debt for next 10 years	\$131 M
Change in Rate Reserves for next 10 years	\$120 M (2017) to \$85 M (2027)

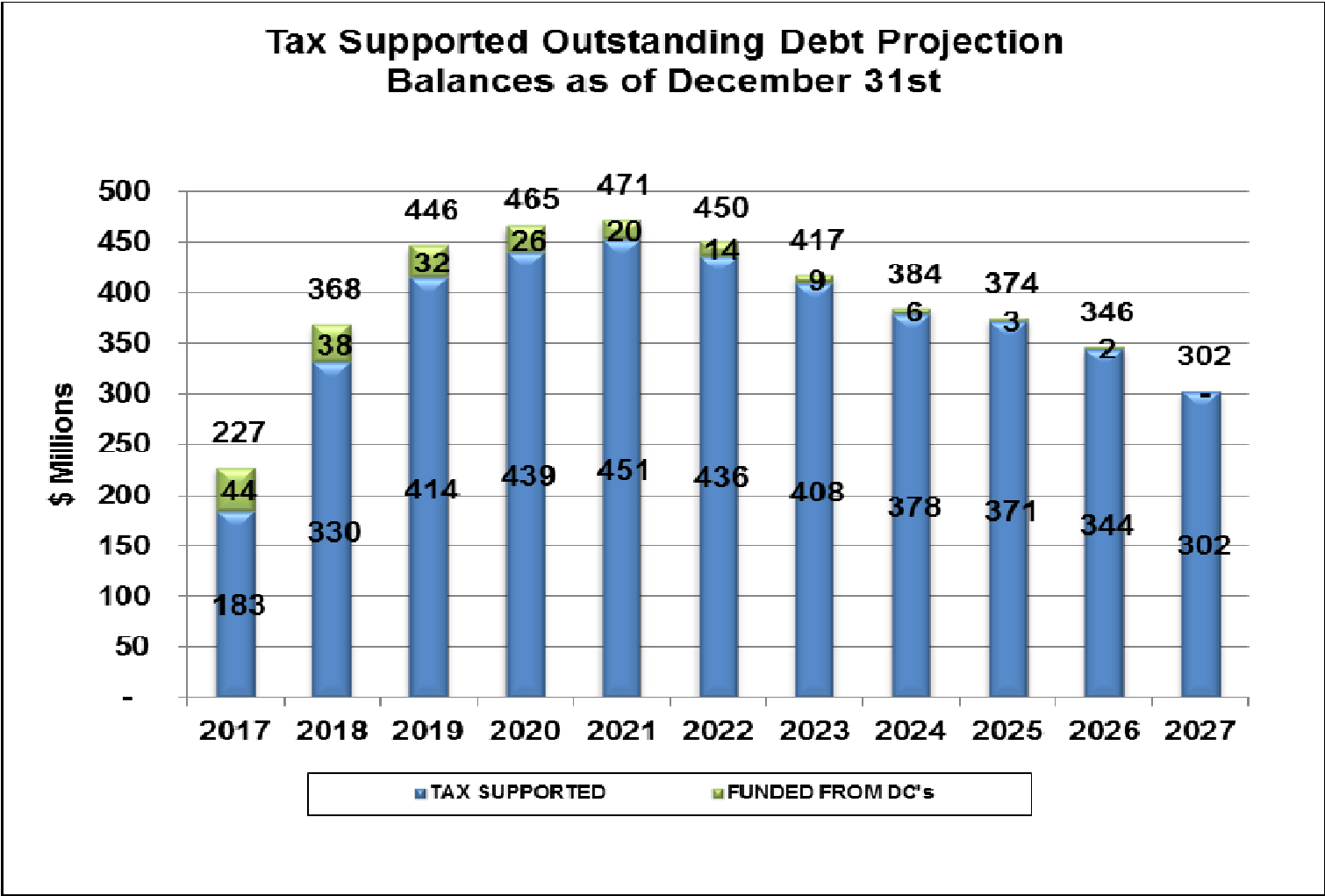
DEBT FORECAST

Tax & Rate Supported Outstanding Debt Projection



* Rate debt based on the 2018 Rate Budget Financing Plan

DEBT FORECAST - TAX



DEBT POLICY RATIOS

CITY OF HAMILTON DEBT POLICY							
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 E</u>	<u>2018 f</u>
Goals:							
Tax & Rate Supported Debt as a % of City Own-Source Revenue	21.5%	18.7%	24.0%	20.1%	26.7%	23.0%	23.5%
Maximum (60%)							
DC Supported Debt as a % of Total DC Eligible Costs	2.3%	2.1%	2.9%	2.6%	2.3%	2.0%	3.7%
Maximum (25%)							
Statutory Limits:							
Debt Service Charges as a % of City Own-Source Revenue (ARL)	5.2%	5.2%	4.4%	4.8%	4.7%	6.0%	4.1%
Limit (25%)							
Total Variable Rate Debt as a % of Outstanding Total Debt	12.6%	12.5%	9.5%	9.3%	6.5%	6.2%	5.0%
Limit (15%)							

NEXT STEPS

NEXT STEPS

- GIC November 24, 2017
- GIC December 1, 2017 (if required)
- Council December 8, 2017



THANK YOU