



Our Vision

To be the best place to raise a child and age successfully.

Our Mission

To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

Our Culture

Collective Ownership

Steadfast Integrity Courageous Change Sensational Service

Engaged Empowered Employees

2



管PRIORITIES



Community Engagement & Participation



Economic Prosperity & Growth



Healthy & Safe Communities



Clean & Green



Built Environment & Infrastructure

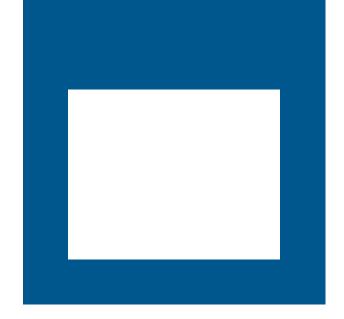


Culture & Diversity



Our People & Performance





2018 PRELIMINARY TAX OPERATING BUDGET MIKE ZEGARAC, GENERAL MANAGER FINANCE & CORPORATE SERVICES

OBJECTIVES

- Budget Overview
- 2017 Assessment Growth
- Council Referred Items
- Business Cases
- Additional Information & Process
- Multi-Year Outlook



2018 COUNCIL APPROVED GUIDELINES

- 2018 user fees (excluding golf fees, transit fares, and ice rental fees) be increased based on guideline of 2.0%
- That all City departments target a 2018 operating budget guideline, based on an increase of 1.5%
- That the Boards and Agencies be requested to submit their 2018 operating budget based on a guideline increase of 1.5%
- Tax supported operating budget guideline for capital of a 0.5% increase and a 0.41% tax increase for capital financing of Public Transit Infrastructure Fund (PTIF) projects



MITIGATION

2018 Operating Budget Impact

| | Levy | Res. |
|------------------|----------|------------|
| | Increase | Impact (*) |
| Outlook (August) | \$43.7 M | 4.8% |
| Budget Book | \$23.6 M | 2.4% |
| GIC - Overview | \$22.9 M | 2.3% |



^{*} Municipal impact

PENDING AMENDMENTS

| | | 2018 Impact | | |
|-----------------------------|-----------------------|-------------|------|--|
| | (Average Residential) | | | |
| | Draft | | | |
| | \$ % | | | |
| Preliminary Municipal Taxes | \$ | 80 | 2.4% | |

| Adjustments | |
|---|-----------|
| Hamilton Police Services - Approved Budget Adj. | (886,294) |
| Volunteer Firefighters Wage Impact | 160,000 |

| Updated Municipal Taxes | \$ | 77 | 2.3% |
|-------------------------|----|----|------|
|-------------------------|----|----|------|



2018 RESIDENTIAL TAX IMPACT

2018 Municipal Preliminary Impact For the Average Residential Property Tax Bill (Excludes Education Impact)

| Municipal Taxes | | |
|---------------------------|----------|------|
| City Departments | \$ 32 | 0.9% |
| Boards & Agencies | \$ 14 | 0.4% |
| Capital Financing | \$ 17 | 0.5% |
| Sub-Total Municipal Taxes | \$ 63 | 1.9% |
| Capital Financing - PTIF | \$ 14 | 0.4% |
| Total Municipal Taxes | \$ 77 | 2.3% |

Assumes benefit of 1% net assessment growth and impact of 0.5% reassessment

- These numbers exclude Council Referred Items & Enhancements
- Excludes Tax Policy & Education Impacts



2018 NET OPERATING BUDGET BY DEPARTMENT

| | Net Operating Budget | | | | |
|------------------------------------|----------------------|--------------------|------------|---------------|---------|
| | 2017 | 2018 | Dropood | Revised Chang | je 2018 |
| | | | Proposed | / 2017 | |
| | Restated Budget | Preliminary Budget | Amendments | \$ | % |
| PLANNING & ECONOMIC DEVELOPMENT | 26,999,570 | 27,404,140 | - | 404,570 | 1.5% |
| PUBLIC HEALTH SERVICES | 12,300,240 | 12,477,980 | - | 177,740 | 1.4% |
| COMMUNITY & EMERGENCY SERVICES | 225,921,990 | 225,000,040 | - | (921,950) | (0.4%) |
| PUBLIC WORKS | 224,636,950 | 232,273,370 | - | 7,636,420 | 3.4% |
| LEGISLATIVE | 4,802,410 | 4,875,090 | - | 72,680 | 1.5% |
| CITYMANAGER | 10,416,890 | 10,556,460 | - | 139,570 | 1.3% |
| CORPORATE SERVICES | 27,210,230 | 27,615,460 | - | 405,230 | 1.5% |
| CORP FINANCIALS/ NON PROG REVENUES | (24,449,800) | (21,573,840) | 160,000 | 3,035,960 | 12.4% |
| HAMILTON ENTERTAINMENT FACILITIES | 3,882,030 | 3,617,990 | - | (264,040) | (6.8%) |
| TOTAL CITY EXPENDITURES | 511,720,510 | 522,246,690 | 160,000 | 10,686,180 | 2.1% |

| | | | - |
|--|-----------|------|---|
| COMMUNITY SERVICES (exclusive of upload) | 2,235,610 | 1.0% | , |

Note – Due to timing constraints, the 2018 Preliminary Budget is not adjusted for some Organizational changes that occurred at the end of 2017.



10

2018 BOARDS & AGENCIES / CAPITAL LEVY

| | Net Operating Budget | | | | |
|--------------------------|-------------------------|----------------------------|------------------------|-------------------------------|-------------|
| | 2017 Restated Budget | 2018 Preliminary Budget | Proposed Amendments | Revised Chang / 2017 \$ | e 2018 % |
| TOTAL CITY EXPENDITURES | 511,720,510 | 522,246,690 | 160,000 | 10,686,180 | 2.1% |
| HAMILTON POLICE SERVICES | 156,616,870 | 161,356,900 | (886,294) | 3,853,736 | 2.5% |
| OTHER BOARDS & AGENCIES | 42,052,190 | 42,865,190 | - | 813,000 | 1.9% |
| CITY ENRICHMENT FUND | 6,022,690 | 6,022,690 | - | - | 0.0% |
| TOTAL BOARDS & AGENCIES | 204,691,750 | 210,244,780 | (886,294) | 4,666,736 | 2.3% |
| CAPITAL FINANCING | 116,382,880 | 123,882,880 | - | 7,500,000 | 6.4% |
| TOTAL LEVY REQUIREMENT | 832,795,140 | 856,374,350 | (726,294) | 22,852,916 | 2.7% |



SIGNIFICANT BUDGET ITEMS - CITY DEPARTMENTS

| Transit Strategy | \$2.1M | |
|------------------------------------|--------|--------|
| DARTS Contractual/Ridership | \$1.7M | |
| Winter Control & Mtnce | \$1.1M | |
| Other (Primarily Employee Related) | \$2.7M | \$7.6M |

Non-Departmental

| Operating Impacts from Capital | \$1.2M | |
|------------------------------------|--------|---------|
| Other (Primarily Employee Related) | \$1.5M | \$ 2.7M |

Other Departments

| Corporate Services | \$0.4M | |
|---|----------|---------|
| Planning & Economic Development | \$0.4M | |
| Public Health Services | \$0.2M | |
| City Manager | \$0.1M | |
| Community & Emergency Services ¹ | \$(0.9M) | \$ 0.2M |

| Total of City Departments Pressures | \$10.5M |
|-------------------------------------|---------|
|-------------------------------------|---------|

¹ CES Excluding provincial upload benefit is increasing \$2.2M or 1.0%



EMPLOYEE RELATED EXPENSES

Changes to Employee Related Expenses

| COLA / Settlements /Other | \$7.2M |
|--|----------|
| Personal Emergency Leave | \$1.3M |
| Employer Benefits | \$0.9M |
| Government Benefits | \$0.7M |
| Overtime | \$0.6M |
| Operating Impact of Capital | \$0.6M |
| Minimum Wage Impact | \$0.4M |
| OMERS | \$(0.3)M |
| Other | \$1.3M |
| Pension Deficiency - HWRF ¹ | \$1.3M |
| Total of Employee Related Expenses | \$14.0M |

^{1.} Fully funded from reserve



2018 GAPPING

- Included in the employee related expenses is budgeted savings for salary/wage gapping.
- Gapping has traditionally been budgeted in the Corporate Financials portion of the Tax Supported Operating Budget.
- Further to direction from Council, the City has changed the reporting methodology and the budgeted gapping savings of -\$4.5 million has been distributed to the departments within the City Mgr/General Manager's budgets.
- Next steps are to develop policies and procedures related to use of gapping.



2018 BOARDS & AGENCIES

| | | 2017 Budget | 2018 NET Preliminary | | Change | |
|--------------------------------|------|----------------|-------------------------|-------------|-----------------|--------|
| Board/ Agency | | Net \$ | | Budget \$ | \$ | % |
| Conservation Authorities | | | | | | |
| Grand River CA | \$ | 263,510 | \$ | 271,570 | \$ 8,060 | 3.1% |
| Halton Region CA | \$ | 202,030 | \$ | 209,100 | \$ 7,070 | 3.5% |
| Hamilton CA | \$ | 4,313,970 | \$ | 4,391,880 | \$ 77,910 | 1.8% |
| Niagara Peninsula CA | \$ | 549,060 | \$ | 557,300 | \$ 8,240 | 1.5% |
| Total Conservation Authorities | \$ | 5,328,570 | \$ | 5,429,850 | \$ 101,280 | 1.9% |
| MPAC | \$ | 6,417,100 | \$ | 6,587,150 | \$ 170,050 | 2.6% |
| Hamilton Beach Rescue Unit | \$ | 130,390 | \$ | 132,360 | \$ 1,970 | 1.5% |
| Hamilton Farmers' Market | \$ | 116,600 | \$ | 111,100 | \$ (5,500) | (4.7%) |
| Royal Botanical Gardens | \$ | 616,090 | \$ | 625,340 | \$ 9,250 | 1.5% |
| Hamilton Police Services * | \$ | 156,616,870 | \$ | 160,470,606 | \$ 3,853,736 | 2.5% |
| Hamilton Public Library | \$ | 29,443,440 | \$ | 29,979,390 | \$ 535,950 | 1.8% |
| City Enrichment Fund | \$ | 6,022,690 | \$ | 6,022,690 | \$ - | 0.0% |
| Total for Above Items | | | | | | |
| excluding Capital Financing | \$ 2 | 204,691,750 | \$ 2 | 209,358,486 | \$ 4,666,736 | 2.3% |

^{*} Includes proposed HPS amendment



NPCA APPEAL

- The City's appeal regarding the apportionment of the Niagara Peninsula Conservation Authorities (NPCA) levy was heard during 2017 by the Commissioner of Mining and Lands.
- Recently, the Commissioner ruled against the City of Hamilton's appeal.
- Potential impact with respect to NPCA and the other Conservation Authorities is \$2.4M
- Refer to LS16020(a) on this agenda.



2018 STAFFING COMPLEMENT (TAX) (EXCLUSIVE OF BOARDS & AGENCIES)

| | _ | Change |
|--------------------------|--------|---------|
| 2017 Restated | | 5,710.1 |
| Impacts from Capital | | 22.5 |
| Other Complement Change: | | |
| Reductions | (35.2) | |
| Transit Strategy | 29.0 | (6.2) |
| - - | | 16.3 |
| 2018 Preliminary | | 5,726.4 |



^{* -} Restated represents Council's 2017 in-year approvals

2017 ASSESSMENT GROWTH

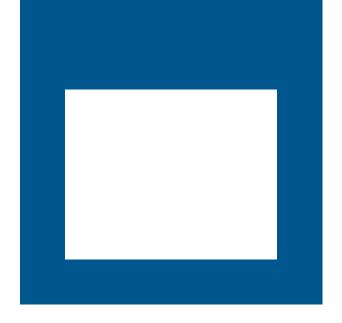
- Estimated net assessment growth for 2017 is 1.0%
- Includes the restatement of \$356 million in assessment due to the reclassification of CityHousing Hamilton properties from Multi-Residential to Exempt
- Without the restatement the assessment growth would be a decrease of (0.6%)
- Growth continues to be negatively affected by appeals in the non-residential class eg. Stelco Lands



POTENTIAL TAX IMPACT – WARD AVERAGES

| Potential Municipal Impact | 1.4% | 4.1% | |
|----------------------------|-------------|------|--|
| Reassessment (Ward shifts) | -0.9% | 1.8% | |
| Current Projection | 2.3% | | |
| | Impact | | |
| | Residential | | |





2018 COUNCIL REFERRED ITEMS

2018 COUNCIL REFERRED ITEMS

- Items previously considered at Council and referred to the budget process for further discussion.
- 5 council referred items:

| Department | # of Items | Gross (\$) | Net (\$) | FTE |
|---------------------------------|------------|------------|----------|------|
| Planning & Economic Development | 2 | 125,000 | 25,000 | |
| Public Works | 2 | 334,000 | 334,000 | 1.00 |
| Corporate Services | 1 | - | - | - |
| | 5 | 459,000 | 359,000 | 1.00 |

- If approved, would result in a 0.04% tax impact
- See Appendix 1-5 in the Preliminary Tax Supported Operating Budget Book for further details



21

2018 COUNCIL REFERRED ITEMS

| | | | 201 | 18 Amount | |
|---|--|---|-----------------|---------------|------|
| | Department/Service | Referred Item | Gross Impact | Net Impact | FTE |
| 1 | PED: Tourism & Culture: Music | Music and Creative Industries Operations and Programming | \$25,000 | \$25,000 | 0.00 |
| 2 | PED: Tourism & Culture: Tourism | Phase III Tourism Enhancement | \$100,000 | \$0 | 0.00 |
| 3 | PW: Forestry & Horticulture: Horticultural Programs | Equalization of Horticulture Services to BIAs in the 2018 Public Works Operating Budget | \$224,000 | \$224,000 | 1.00 |
| 4 | PW: Transportation: Parks | Identified Tobogganing Locations on City Property | \$110,000 | \$110,000 | 0.00 |
| 5 | CS: Corporate Financials | Allocation of savings resulting from changes in the vacancy rebate program | TBD | TBD | 0.00 |
| | TOTAL | | \$459,000 | \$359,000 | 1.00 |





(FORMERLY ENHANCEMENTS)

 8 business cases for consideration in the 2018 budget process:

| Department | # of Items | Gross (\$) | Net (\$) | FTE |
|---------------------------------|------------|------------|----------|-------|
| Planning & Economic Development | 2 | 373,780 | 373,780 | 4.32 |
| Public Health | 1 | 327,160 | - | 2.00 |
| Community & Emergency Services | 1 | 894,920 | 447,460 | 7.50 |
| Corporate Services | 4 | 263,000 | 153,000 | 7.50 |
| | 8 | 1,858,860 | 974,240 | 21.32 |

- If approved, would result in a 0.1% tax impact
- See Appendix 1-6 in the Preliminary Tax Supported Operating Budget Book for further details



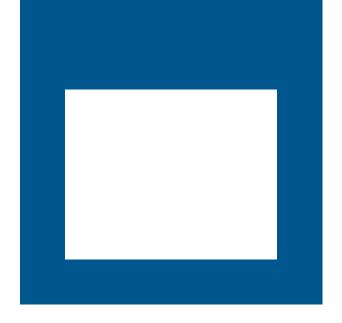
2018 Amount

| | Department/Service | Business Case Details | Gross Impact | Net Impact | FTE |
|---|---|--|-----------------|---------------|------|
| 1 | PED: Building Permits and Zoning By-Law Review | Zoning Section Program Enhancement | \$293,700 | \$293,700 | 3.00 |
| 2 | PED: Municipal Law Enforcement | Parks Patrol and Waterfalls Enforcement Team | \$80,080 | \$80,080 | 1.32 |
| 3 | PH: Healthy Environments | Raccoon Rabies Response | \$327,160 | \$0 | 2.00 |
| 4 | CES: Paramedic Service | Paramedic Service Staffing | \$894,920 | \$447,460 | 7.50 |
| 5 | CS: Office of the City Clerk | Administration of Freedom of Information | \$76,000 | \$76,000 | 1.00 |
| 6 | CS: Financial Services, Taxation & Corporate Controller: Financial Management | Oversight of City Procurement and Contract Management | \$77,000 | \$77,000 | 1.50 |



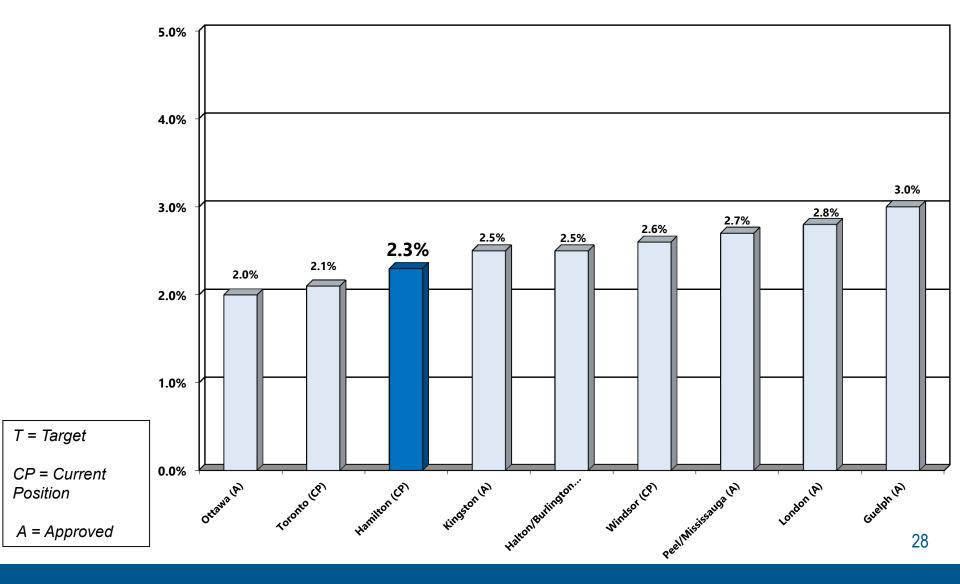
| | | | 201 | 8 Amount | |
|---|--|--|-----------------|---------------|-------|
| | Department/Service | Business Case Details | Gross Impact | Net Impact | FTE |
| 7 | CS: Customer Services & Provincial Offences Administration | Relocation of Provincial Offences Administration Courtrooms and Offices – Addition of 1 Court Room | \$110,000 | \$0 | 4.00 |
| 8 | CS: Legal & Risk Management Services | Risk Assistant | \$0 | \$0 | 1.00 |
| | TOTAL | | \$1,858,860 | \$974,240 | 21.32 |





ADDITIONAL INFORMATION & BUDGET PROCESS

2018 AVERAGE RESIDENTIAL TAX IMPACTS





2018 REDUCTION SCENARIOS

| | Reductions | Levy Increase | Residential Tax Incr. |
|----------------------|-------------------|------------------|--------------------------|
| Preliminary Budget * | | \$ 22,900,000 | 2.3% |
| Total Reductions Of | \$ (2,460,000) | \$ 20,440,000 | 2.0% |
| Total Reductions Of | \$ (6,560,000) | \$ 13,880,000 | 1.5% |

Note - Excludes potential increases due to 2018 Referred Items and Business Cases

\$8.2M is required to adjust the municipal tax impact by 1%



^{*} Includes proposed amendments

2018 PROCESS DATES

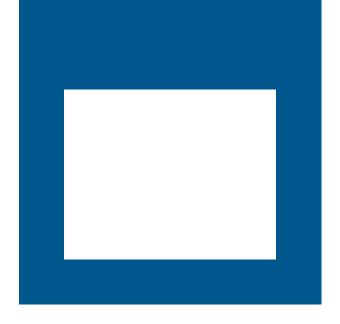
| ITEM | DATE |
|-----------------------------------|--|
| Boards and Agencies Presentation | January 23 and 25, 2018 |
| Transit Day (if required) | January 26, 2018 |
| Departmental Budget Presentations | January 30, 2018 / February 1, 9, 13, 16, 2018 |
| Public Delegations | February 27, 2018 |
| GIC Budget Deliberations | March 2, 5, 6, 8, 2018 |
| Tax Assessment and Growth Reports | February / March 2018 |
| Council Budget Approval | March 28, 2018 |



2018 ADDITIONAL INFORMATION

- As in the past, Staff are committing to provide Council additional information.
- Complete list can be found at:
 - S:\Councillor Information\Committee Request\2018
 Requests\Outstanding Committee Requests 2018.xls
- Most of the responses will occur during budget presentations.
- Staff will also respond to information requests that occur during the budget process.





MULTI-YEAR OUTLOOK 2019-2021

MULTI-YEAR OUTLOOK PROCESS

- Council has provided direction to implement a Multi-Year Budget beginning with the 2018 Budget process
- 2018 Preliminary Budget was used as the base and was adjusted for forecasted incremental changes across 2019 to 2021
- Multi- year Outlook is provided to Council as information to be received during the 2018 Budget Process – Outlook will be included in the March Budget Recommendation Report
- Multi- year Budget / Business Planning Sub-Committee will be engaged as the process evolves during 2018 for the upcoming 2019 Budget Process



MULTI-YEAR OUTLOOK ASSUMPTIONS

- Salary / Wage Compensation:
 - Annual Contingency 2%
 - Employer Benefits range 2% to 10%
 - Government Benefits includes CPP increase
 - OMERS no increase in rate
- Utilities (Fuel, Natural Gas, Electricity, Water) 5%
- User Fee Revenue (excluding golf fees, transit fares, and ice rental fees) 2%
- Net assessment growth of 1.0%



MULTI-YEAR OUTLOOK BY DEPARTMENT

| | BUDGET | MULTI-YR OUTLOOK | | |
|------------------------------------|--------|------------------|--------|------|
| | 2018 | 2019 | 2020 | 2021 |
| | % | % | % | % |
| | | | | |
| PLANNING & ECONOMIC DEVELOPMENT | 1.5% | 6.4% | 4.2% | 2.7% |
| PUBLIC HEALTH SERVICES | 1.4% | 9.6% | 7.4% | 6.8% |
| COMMUNITY & EMERGENCY SERVICES | (0.4%) | 3.1% | 1.9% | 2.5% |
| PUBLIC WORKS | 3.4% | 3.8% | 4.1% | 2.2% |
| LEGISLATIVE | 1.5% | 3.2% | 2.2% | 2.3% |
| CITY MANAGER | 1.3% | 3.5% | 3.0% | 2.7% |
| CORPORATE SERVICES | 1.5% | 4.7% | 3.4% | 3.3% |
| CORP FINANCIALS/ NON PROG REVENUES | 12.4% | 17.0% | 6 7.8% | 7.8% |
| HAMILTON ENTERTAINMENT FACILITIES | (6.8%) | 2.5% | 2.6% | 2.6% |
| TOTAL CITY EXPENDITURES | 2.1% | 4.7% | 3.6% | 2.9% |



MULTI-YEAR OUTLOOK BY DEPARTMENT

| | BUDGET | MULTI-YR OUTLOOK | | |
|------------------------------------|--------|------------------|------|------|
| | 2018 | 2019 | 2020 | 2021 |
| | % | % | % | % |
| | | | | |
| HAMILTON POLICE SERVICES | 2.5% | 2.2% | 1.9% | 1.9% |
| OTHER BOARDS & AGENCIES | 1.9% | 2.1% | 1.7% | 1.6% |
| CITY ENRICHMENT FUND | 0.0% | 0.0% | 0.0% | 0.0% |
| TOTAL BOARDS & AGENCIES | 2.3% | 2.2% | 1.8% | 1.9% |
| CAPITAL FINANCING | 6.4% | 4.5% | 3.2% | 3.1% |
| · | | | | |
| TOTAL LEVY REQUIREMENT | 2.7% | 4.0% | 3.1% | 2.7% |
| | | | | |
| TOTAL MUNICIPAL TAXES | 2.3% | 3.6% | 2.7% | 2.3% |



MULTI-YEAR OUTLOOK CITY DEPARTMENT DRIVERS

| | 2019 | 2020 | 2021 |
|---|---------|---------------|---------|
| Pressures | | (\$M) | |
| Employee Related Costs | \$18.5 | \$11.9 | \$15.0 |
| Departmental Inflationary / Contractual | \$5.6 | \$8.9 | \$3.3 |
| Utilities (Fuel, Natural Gas, Electricity, Water) | \$1.6 | \$2.0 | \$2.1 |
| Operating Impact of Capital Projects | \$1.1 | \$0.2 | \$0.1 |
| User Fee Revenues | \$(2.2) | \$(3.3) | \$(4.0) |
| Total City Department Pressures | \$24.5 | \$19.6 | \$16.5 |



SIGNIFICANT DEPARTMENTAL PRESSURES

| 2019 | 2020 | 2021 |
|------|-------|------|
| | (\$M) | |

Public Works

| - GRANG TTOTAG | | | |
|------------------------------------|---------|---------|---------|
| Transit Strategy Plan | \$2.5 | \$1.2 | - |
| Various Contractual Pressures | \$2.1 | \$1.9 | \$1.9 |
| DARTS Contractual Increase | \$1.6 | \$2.3 | \$1.7 |
| Presto Operating Agreement | \$0.6 | \$1.2 | \$0.7 |
| Transfer to Vehicle Reserve (OBRP) | \$0.5 | \$0.5 | - |
| Gas Tax Increase | \$(2.5) | \$(0.5) | \$(1.0) |
| | | | |

Other pressures mainly due to employee related costs, CUP capacity charge, Wentworth Courthouse, and contractual Bill 148 impact

Planning Economic Development

Main pressures related to employee related costs, property tax reassessment for parking lots, partially offset by net revenue increase



38

SIGNIFICANT DEPARTMENTAL PRESSURES

| | 2019 | 2020 | 2021 | |
|---|---------|---------|---------|--|
| | | (\$M) | | |
| Community Emergency Services | | | | |
| Social Housing Federal Funding | \$1.7 | \$(0.1) | \$1.2 | |
| Social Housing Provincial Benchmark | \$0.4 | \$0.4 | \$0.2 | |
| Transfer to Vehicle & Equipment Reserve | \$0.5 | \$0.5 | \$0.5 | |
| Employee Related Costs | \$0.5 | - | - | |
| Provincial Subsidies | \$(1.0) | \$(0.8) | \$(0.8) | |
| Social Housing Mortgage & Debenture Savings | \$(0.8) | \$(0.6) | \$(0.5) | |

Public Health Services

Pressure mainly due to employee related costs and stagnant Provincial subsidies

Other City Departments

Corporate Services, City Manager Office, and Legislative pressures largely due to employee related costs



MULTI-YEAR OUTLOOK RISKS / OPPORTUNITIES

- Unknown increases for expiring external operational contracts
- Labour related assumptions are subject to negotiation and arbitration outcomes
- Various subsidies have been assumed to offset costs however there is a risk that subsidies may not materialize
- By generating the multi-year outlook, staff will have an earlier opportunity to begin mitigating future year pressures.



40



THANK YOU