



**2019 BUDGET OVERVIEW**  
**MIKE ZEGARAC, INTERIM - CITY**  
**MANAGER**

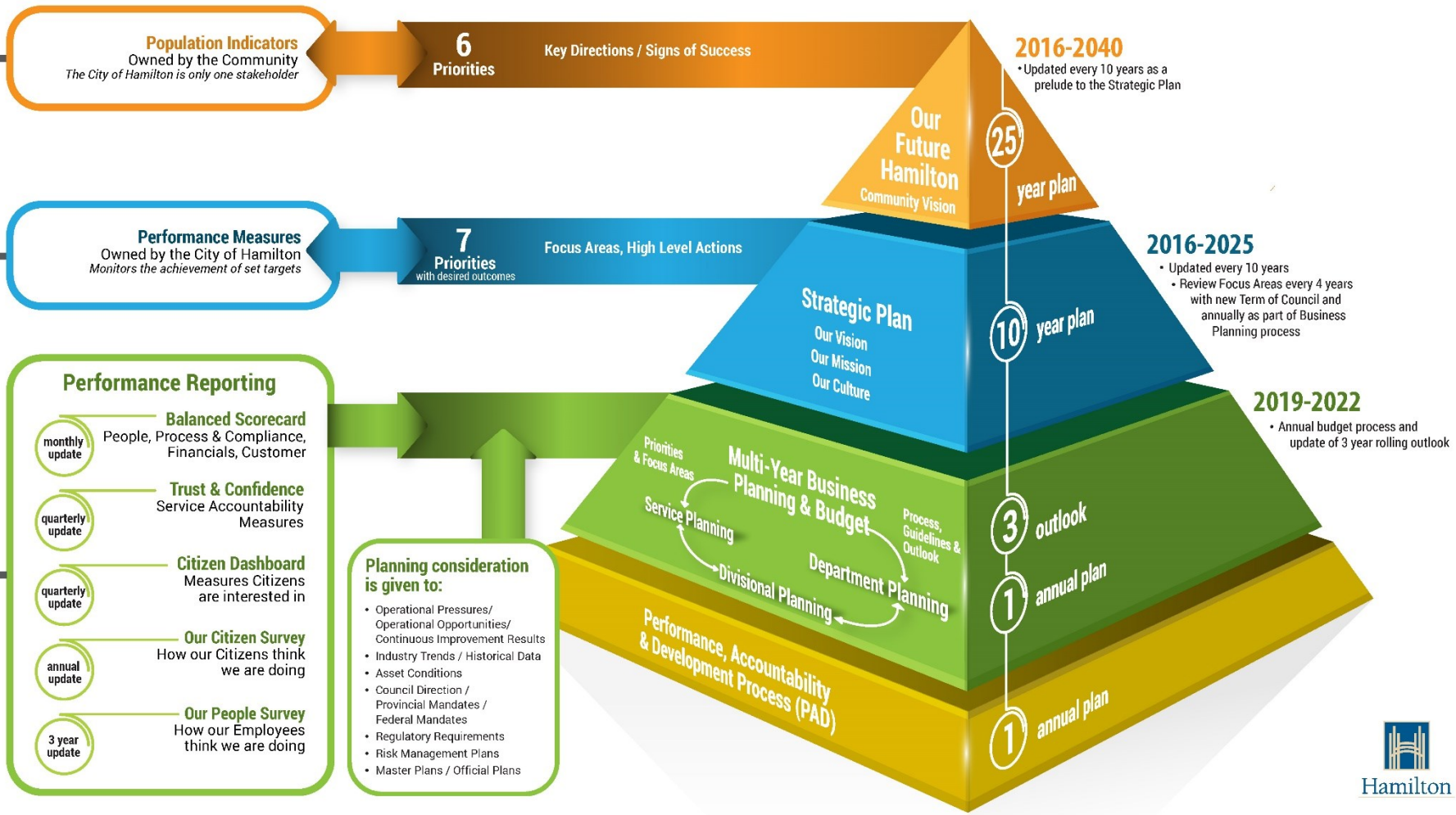
**December 7<sup>th</sup>, 2018**

# Our Strategy & Performance

(v.3)  
November 9, 2018

"Are we doing the right things?"

"Are we doing things right?"



# 2019 INTERNAL BUDGET GUIDELINES

Senior Leadership Team developed guidelines at the start of the budget process in June:

- 2019 user fees be increased based on guideline of 2.0%
- Department maintenance budget guideline of 1.5% (excludes Business Cases and Council Referred items)
- 2019 Tax Capital budget be submitted with a 0.5% tax increase for capital financing of discretionary block funded projects
- Letter was sent to Boards & Agencies advising them of City's internal department guidelines

# 2019 NET OPERATING BUDGET BY DEPARTMENT

(\$'000's)

	2018	2019	Change 2019 / 2018	
Department	Restated Budget	Preliminary Budget	\$	%
Planning & Economic Development	29,386	30,185	799	2.7%
Healthy and Safe Communities	239,632	243,245	3,613	1.5%
Public Works	231,221	241,780	10,559	4.6%
Legislative	4,871	5,016	145	3.0%
City Manager	10,796	10,968	172	1.6%
Corporate Services	28,617	29,178	561	2.0%
Corp Financials/Non Prog Revenues	(25,031)	(19,998)	5,033	20.1%
Hamilton Entertainment Facilities	3,618	3,912	294	8.1%
<b>Total City Departments</b>	<b>523,110</b>	<b>544,286</b>	<b>21,176</b>	<b>4.0%</b>
Hamilton Police Services	160,471	165,094	4,623	2.9%
Other Boards & Agencies	42,854	43,766	912	2.1%
City Enrichment Fund	6,023	6,023	-	-
<b>Total Boards &amp; Agencies</b>	<b>209,348</b>	<b>214,883</b>	<b>5,535</b>	<b>2.6%</b>
Capital Financing	125,523	129,880	4,357	3.5%
<b>Total Preliminary Operating Budget</b>	<b>857,981</b>	<b>889,049</b>	<b>31,068</b>	<b>3.6%</b>
<b>Average Residential Property Tax Impact</b>				<b>3.2%</b>

# 2019 RESIDENTIAL TAX IMPACT

## 2019 Municipal Preliminary Impact For the Average Residential Property Tax Bill (Excludes Education Impact)

	\$	%
Municipal Taxes		
City Departments	75	2.2%
Boards & Agencies	18	0.5%
Capital Financing	17	0.5%
Capital Financing - PTIF2	1	0.02%
<b>Residential Tax Impact</b>	<b>111</b>	<b>3.2%</b>

Assumes (1.0%) benefit for growth and 0.5% reassessment impact

- *Anomalies due to rounding*
- *Average residential assessment: \$337,100*
- *These numbers exclude Council Referred Items & Business Cases*

# MAJOR BUDGET DRIVERS

Item	2019 Budget Impact
DARTS	\$4.3 M
Operating Impacts from Capital	\$3.9 M
Transit Strategy	\$1.8 M
Provincial Offences Administration	\$1.4 M
HWRF & HSR Pension Deficiency	\$1.0 M
<b>Total Major Budget Drivers</b>	<b>\$12.4 M</b>

# CITY DEPARTMENTAL INCREASE

	Levy Increase	Tax Impact
City Departments Levy Increase	\$ 21.2 M	2.2%
Major Budget Drivers	\$ 12.4 M	1.5%
<b>Departmental Increase Net of Major Drivers</b>	<b>\$ 8.8 M</b>	<b>0.7%</b>

# EMPLOYEE RELATED EXPENSES

<b>Change to Employee Related Expenditures</b>	
COLA Settlements/Merit Increase	\$9.8 M
Operating Impacts from Capital	\$2.1 M
Transit	\$1.2 M
Employer Benefits	\$1.3 M
Government Benefits	\$1.1 M
OMERS	\$1.2 M
WSIB	\$0.4 M
Retiree Benefits	\$0.5 M
Other	\$0.5 M
<b>Total Increase in Employee Related Expenses</b>	<b>\$18.1 M</b>



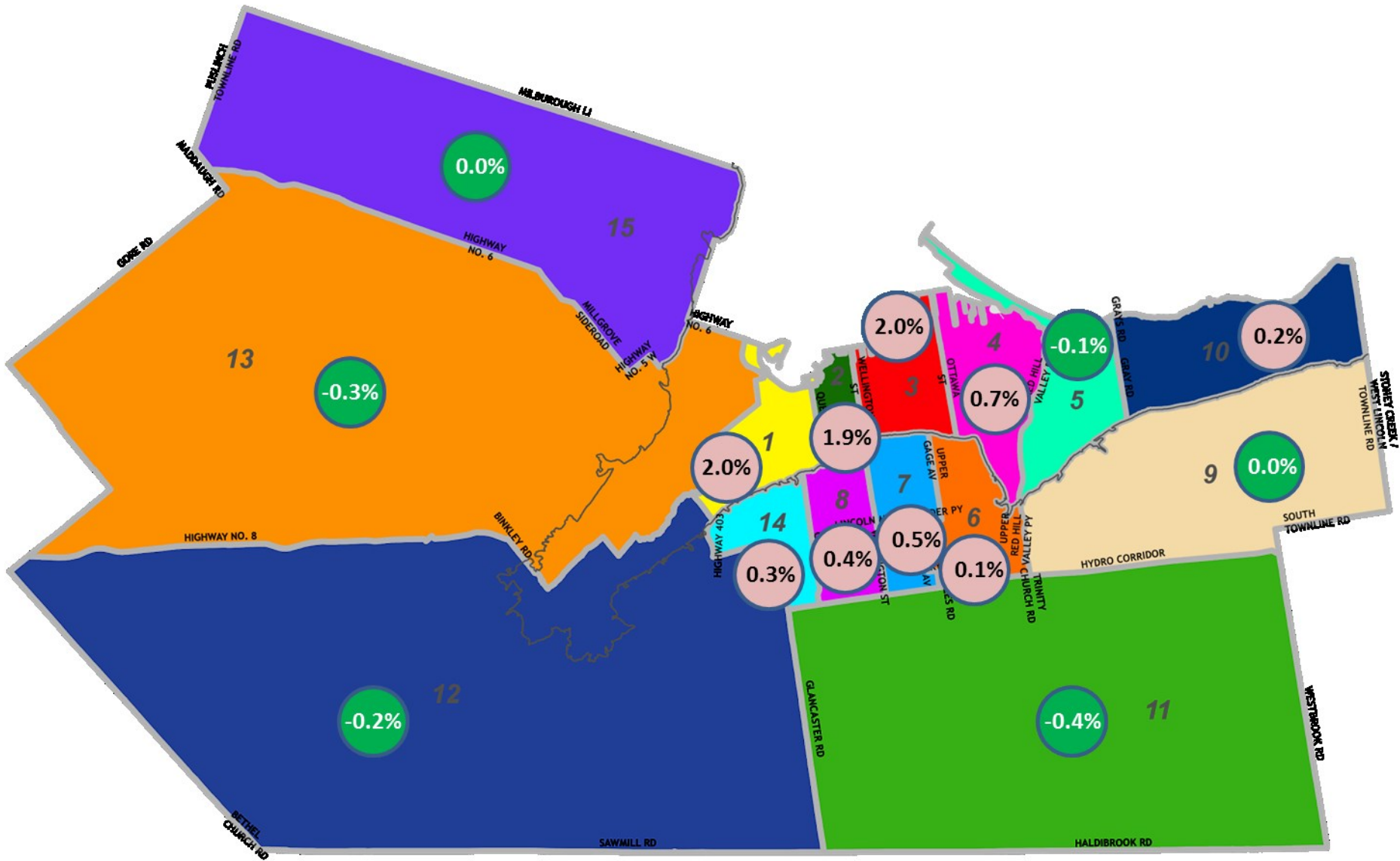
# 2019 STAFFING COMPLEMENT (TAX) (EXCLUSIVE OF BOARDS & AGENCIES)

	Change	Total
2018 Restated		<b>5,776.96</b>
Operating Impacts from Capital	<b>20.58</b>	
Other Complement Change:		
Reduction (HSC)	(0.20)	
Reduction (PED)	(2.50)	
Reduction (PW Admin)	(2.00)	
Public Works - Transit	30.00	
City Manager's Office	<u>1.50</u>	
Total Other Complement Change	<b>26.80</b>	
Total Change		<b>47.38</b>
<b>Total 2019 Complement</b>		<b>5,824.34</b>

# BOARDS & AGENCIES

## 2019 NET OPERATING BUDGET (\$000's)

	2018	2019	2019-2018 Change	
	Restated Budget	Preliminary Budget	\$	%
<b>Conservation Authorities</b>				
Grand River Conservation Authority	272	276	4	1.5%
Halton Region Conservation Authority	209	212	3	1.5%
Hamilton Conservation Authority	4,379	4,444	65	1.5%
Niagara Peninsula Conservation Authority	557	566	9	1.5%
<b>Total Conservation Authorities</b>	<b><u>5,417</u></b>	<b><u>5,498</u></b>	<b><u>81</u></b>	<b><u>1.5%</u></b>
<b>Farmers Market</b>	111	113	2	1.5%
<b>Hamilton Beach Rescue Unit</b>	132	134	2	1.5%
<b>MPAC</b>	6,587	6,686	99	1.5%
<b>Royal Botanical Gardens</b>	625	635	10	1.5%
<b>Police</b>	160,471	165,094	4,623	2.9%
<b>Library</b>	29,981	30,700	719	2.4%
<b>City Enrichment Fund</b>	6,023	6,023	0	0.0%
<b>Total Boards &amp; Agencies</b>	<b>209,348</b>	<b>214,883</b>	<b>5,535</b>	<b>2.6%</b>



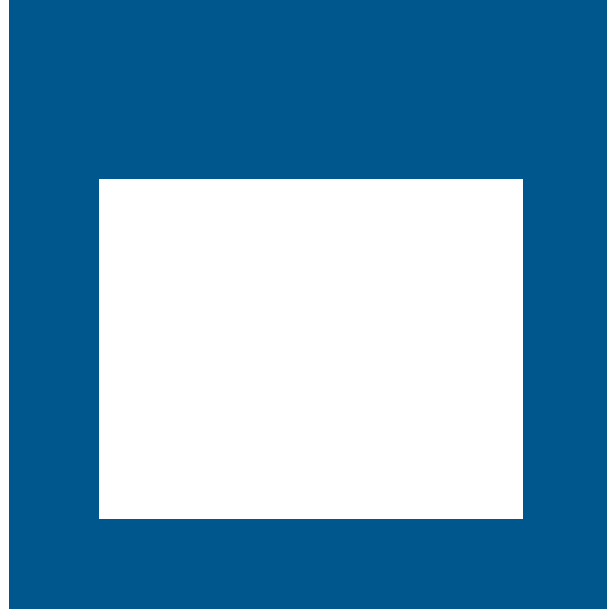
# TAX POLICY ISSUES

- The City continues to be impacted by the levy restriction to the Industrial property class
- Reassessment and full levy restrictions to the Multi-Residential property class are expected to continue
- Tax impact of these restrictions is approximately 0.2% (already included in estimated tax impact of 3.2%)

# 2019 REDUCTION SCENARIOS

	Reductions	Levy Increase	Residential Tax Increase
Preliminary Budget		\$ 31,068,630	<b>3.2%</b>
Total Reductions Of	\$ (10,080,000)	\$ 20,988,630	<b>2.0%</b>
Total Reductions Of	\$ (18,480,000)	\$ 12,588,630	<b>1.0%</b>

- Excludes potential increases due to 2019 Referred Items and Business Cases
- \$8.4M is required to adjust the municipal tax impact by 1%



# 2019 COUNCIL REFERRED ITEMS

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

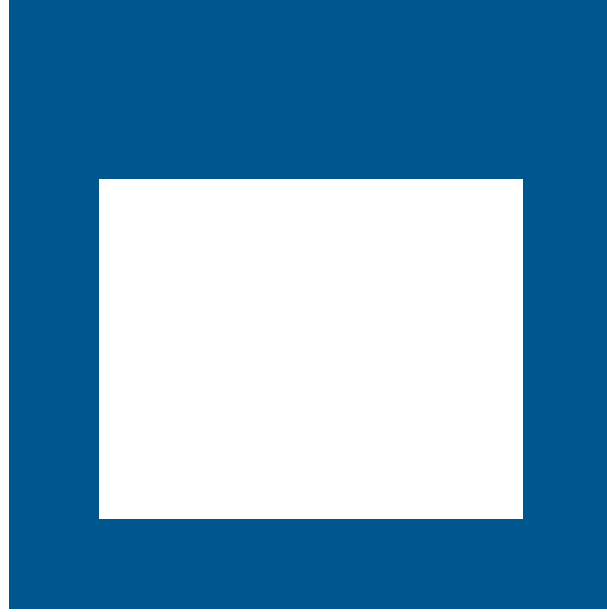
Department	# of Items	Gross (\$)	Net (\$)	FTE
City Manager's Office	1	93,200	93,200	0.00
Planning & Economic Development	3	146,240	146,240	1.50
<b>TOTAL</b>	<b>4</b>	<b>239,440</b>	<b>239,440</b>	<b>1.50</b>

- Not included in Preliminary Budget. If approved, would result in a 0.03% tax impact.

# 2019 COUNCIL REFERRED ITEMS

#	Department	Item	Gross	Net	FTE
1	Planning & Economic Development	Zoning Examiner/Enforcement Officer	\$116,240	\$116,240	1.00
2	Planning & Economic Development	Cigarette Butt By-law Enforcement Officer	\$30,000	\$30,000	0.50
3	Planning & Economic Development	Financial Incentives to Provide Accessible Taxicab Trips	Defer to 2020		
4	City Manager's Office	City Enrichment Fund	\$93,200	\$93,200	0.00
<b>TOTAL</b>			<b>\$239,440</b>	<b>\$239,440</b>	<b>1.50</b>





# 2019 BUSINESS CASES

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- 12 business cases for consideration in the 2019 budget process:

Department	# of Business Cases Submitted	Gross	Net	FTE	Res. Tax Impact
Planning & Economic Development	4*	\$743,830	\$0	6.0	0.00%
Corporate Services	1	\$102,630	\$0	1.0	0.00%
City Manager	7	\$834,740	\$563,790	3.4	0.10%
<b>Total Business Cases</b>	<b>12</b>	<b>\$1,681,200</b>	<b>\$563,790</b>	<b>10.4</b>	<b>0.10%</b>

- The amounts above are not included in the 2019 preliminary budget
- If approved, would result in a 0.10% tax impact

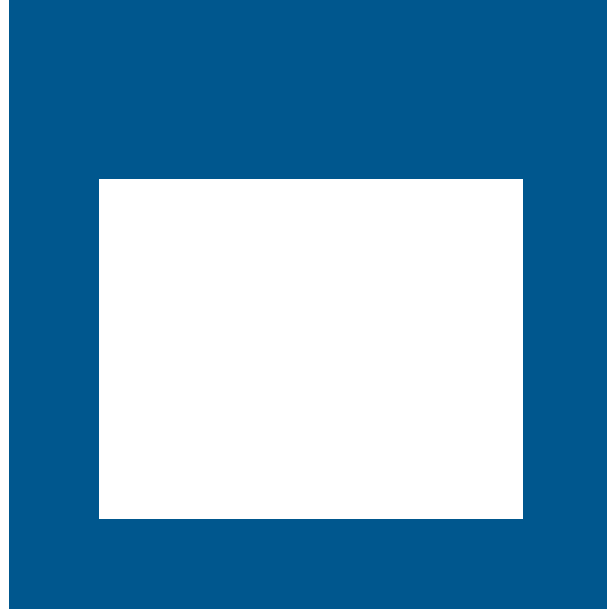
\* Including one business case (BC-01) jointly submitted with Corporate Services Department.

# 2019 BUSINESS CASES

#	Dept.	Business Case Details	Gross Impact \$(000's)	Net Impact \$(000's)	FTE Impact
1	PED & CS	Senior Business Development Consultant / Legal Services	\$ 443	\$ -	3.00
2	PED	Hamilton SBEC Business Development Officer	\$ 103	\$ -	1.00
3	PED	Student Coordinator/Trainer	\$ 102	\$ -	1.00
4	PED	Licensing Administrator, Licensing Compliance - Mobile PED16099(c)	\$ 95	\$ -	1.00
5	CS	City Procurement Issuing Procurements on behalf of CityHousing Hamilton - AUD17024	\$ 103	\$ -	1.00

# 2019 BUSINESS CASES

#	Dept.	Business Case Details	Gross Impact \$(000's)	Net Impact \$(000's)	FTE Impact
6	CMO	Digital Media Administrator	\$ 69	\$ 69	1.00
7	CMO	Graphic Designer	\$ 69	\$ -	1.00
8	CMO	Citizen Engagement and Marketing (Our Citizen Survey) - CM18016	\$ 65	\$ 65	-
9	CMO	Converting Contractual Positions to Permanent	\$ 130	\$ -	1.40
10	CMO	Government Relations & Civic Engagement	\$ 200	\$ 200	-
11	CMO	Arbitration Legal Fees	\$ 230	\$ 230	-
12	CMO	Return to Work Services Assistant	\$ 72	\$ -	-
<b>TOTAL</b>			<b>\$ 1,681</b>	<b>\$ 564</b>	<b>10.40</b>



# MULTI-YEAR OUTLOOK 2020-2022

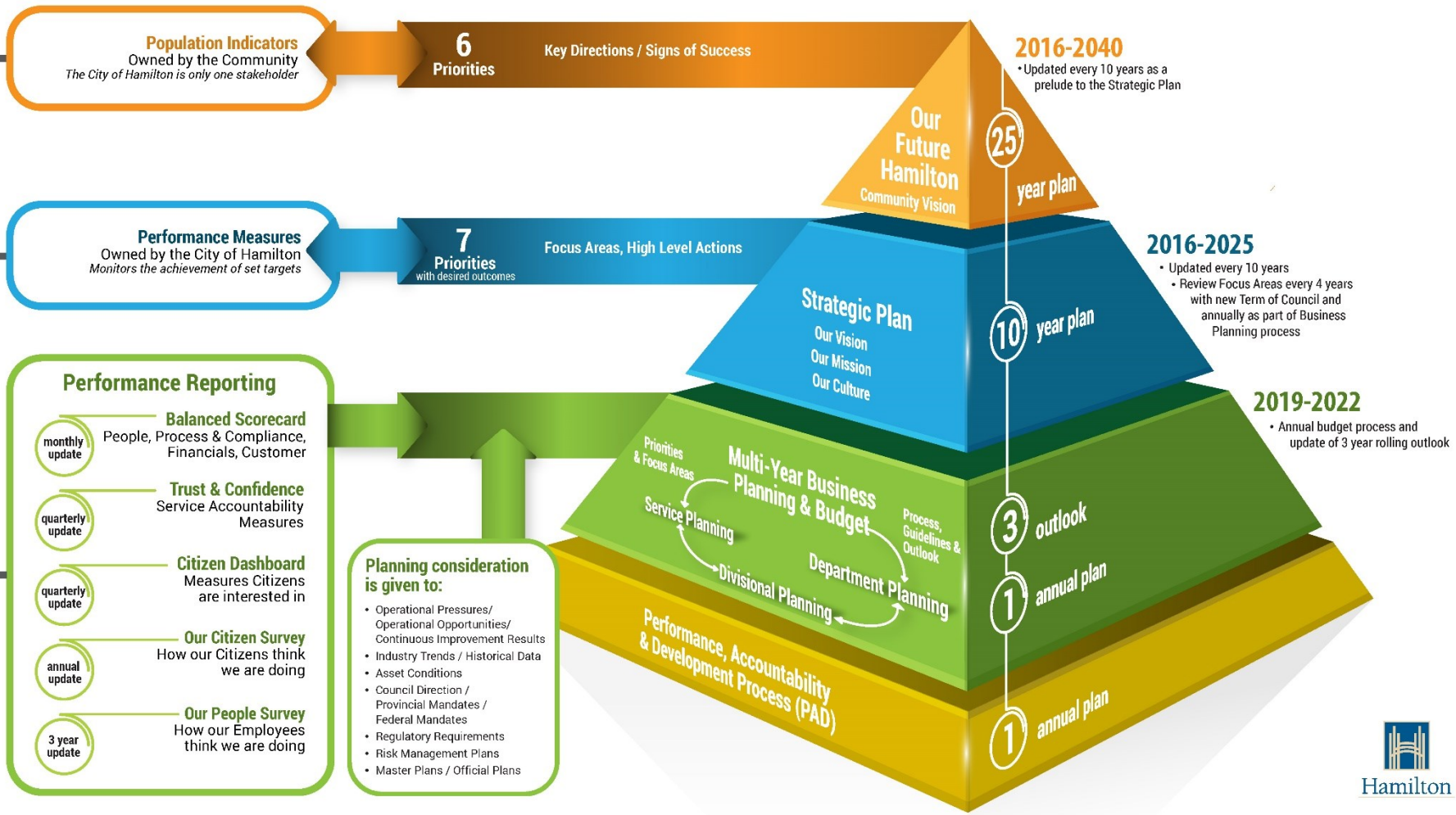
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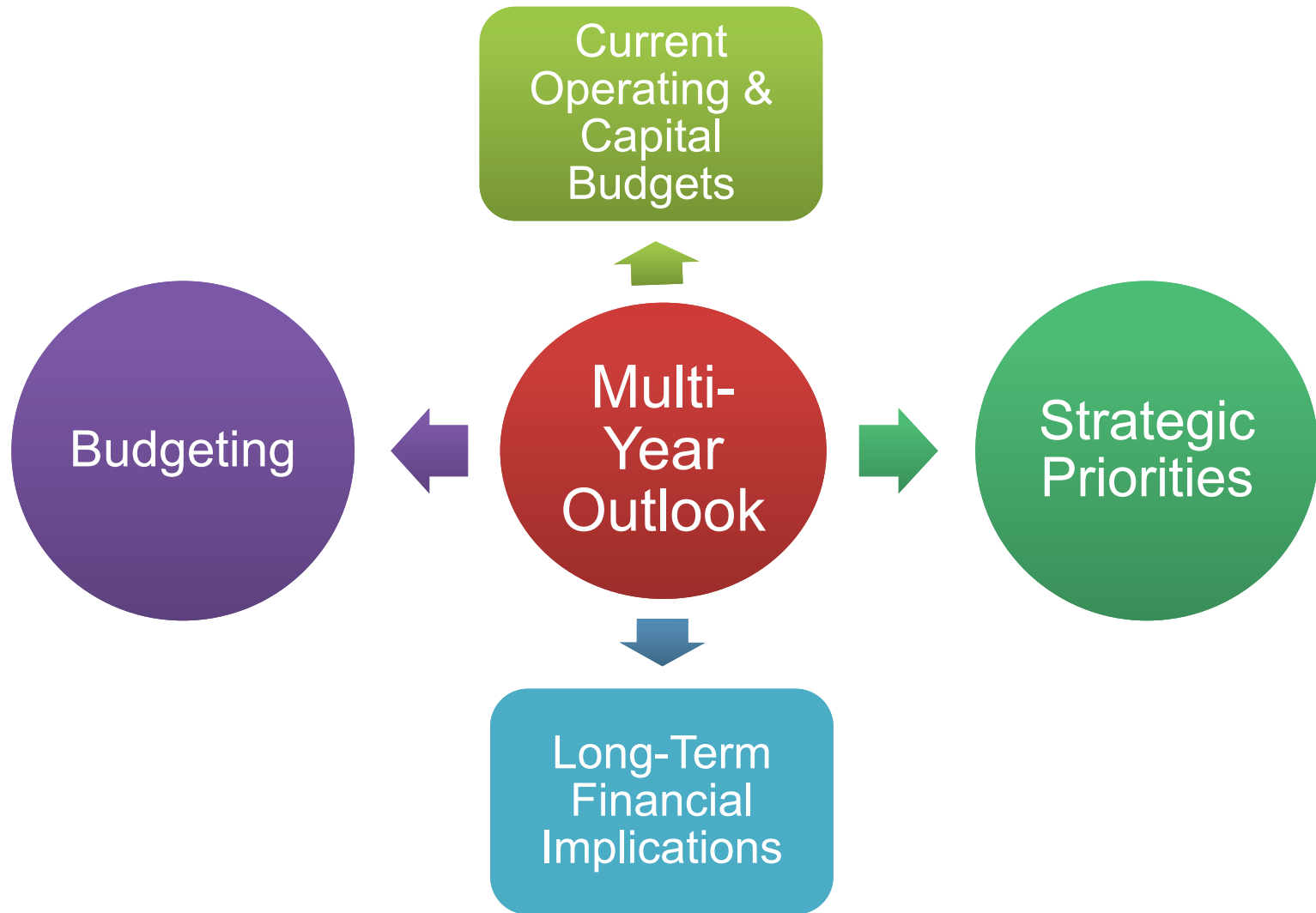
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# MULTI-YEAR OUTLOOK PROCESS



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- Multi-Year Outlook was introduced during the 2018 budget process
- For 2019, staff has continued to build on the Multi-Year Outlook process by enhancing the information provided:
  - ✓ Multi-Year Outlook included in the Budget Book at a City and Department level.
  - ✓ Multi-Year Outlook included in Departmental presentations



# MULTI-YEAR OUTLOOK PROCESS

- Making the multi-year budgets more prominent will assist towards approval in principle of these budgets, in the upcoming years
- The Multi-Year Outlook for **2020-2022** was developed as a maintenance budget and include projected changes such as operating impacts from capital and annualizations of previously approved business cases.

# MULTI-YEAR OUTLOOK BUDGET INCREASE

(\$000's)

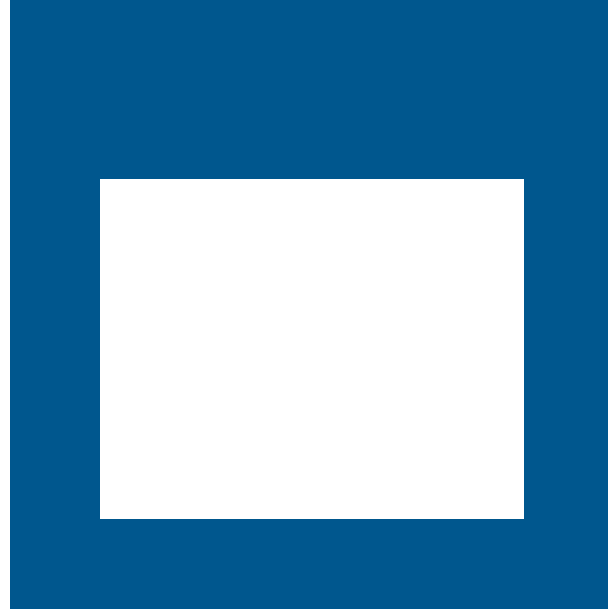
	2020 vs. 2019		2021 vs. 2020		2022 vs. 2021	
	\$	%	\$	%	\$	%
Total City Departments	\$ 25,696	4.7%	\$ 23,547	4.1%	\$ 22,620	3.8%
Boards & Agencies	\$ 5,686	2.6%	\$ 5,866	2.7%	\$ 5,847	2.6%
Capital Financing	\$ 7,696	5.9%	\$ 8,818	6.4%	\$ 8,544	5.8%
<b>Total Preliminary Operating Budget</b>	<b>\$ 39,078</b>	<b>4.4%</b>	<b>\$ 38,231</b>	<b>4.1%</b>	<b>\$ 37,011</b>	<b>3.8%</b>
<b>Residential Average Property Tax Impact</b>		<b>3.9%</b>		<b>3.6%</b>		<b>3.3%</b>

# MULTI-YEAR OUTLOOK CITY DEPARTMENT DRIVERS

- Continuing with the implementation of the 10-Year Transit Strategy
- Operating impacts from capital projects
- Projected increases in capital financing based on staff recommendation

# 2019 PROCESS DATES

ITEM	DATE
Rate Budget	Dec 6, 2018
Tax Capital; Tax Supported Operating Budget Overview	Dec 7, 2018
Rate Budget (if required)	Dec 13, 2018
Tax Capital (if required)	Dec 14, 2018
Council - Rate & Tax Capital Approval	Dec 19, 2018
Departmental Budget Presentations	Jan 18, 29, 30, 31, Feb 8, 2019
Transit Day	Jan 25, 2019
GIC Budget Deliberations	Feb 15, 25, 28, Mar 1, 2019
Council - Tax Operating Budget Approval	Mar 27, 2019



THANK YOU