

Item 9.2



Hamilton

**FCS19054**  
**2020 BUDGET GUIDELINES,**  
**OUTLOOK & PROCESS**  
**GENERAL ISSUES COMMITTEE**

July 8, 2019

# Presentation Outline

1. Historical Budgets, Tax Impacts & Rate Impacts
2. 2020 Tax Supported Operating Budget Preliminary Outlook
3. 2020 Tax Budget Guidelines & Recommendations
4. 2020 Rate Supported Operating Budget Preliminary Outlook
5. 2020 Rate Budget Recommendations
6. 2020 Budget Schedule



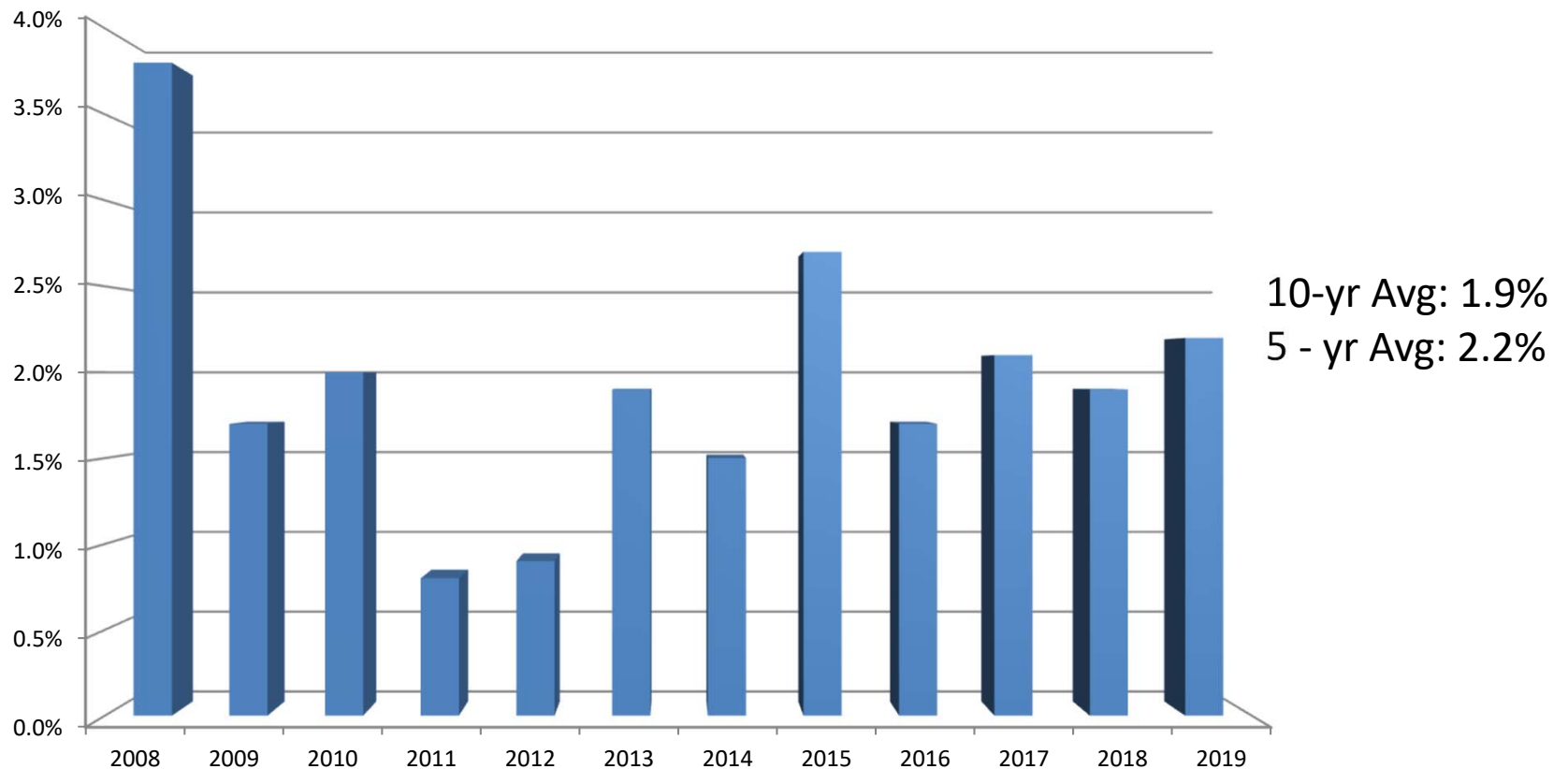
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**HISTORICAL BUDGETS, TAX  
IMPACTS AND RATE IMPACTS**

# Historical Budget Mitigation

	Residential Tax Impacts		
	2017	2018	2019
Preliminary Budget	3.7%	2.4%	3.2%
Change	-1.5%	-0.3%	-0.7%
<b>Municipal Tax Impact</b>	<b>2.2%</b>	<b>2.1%</b>	<b>2.5%</b>
<b>Total Tax Impact</b>	<b>2.1%</b>	<b>1.9%</b>	<b>2.2%</b>

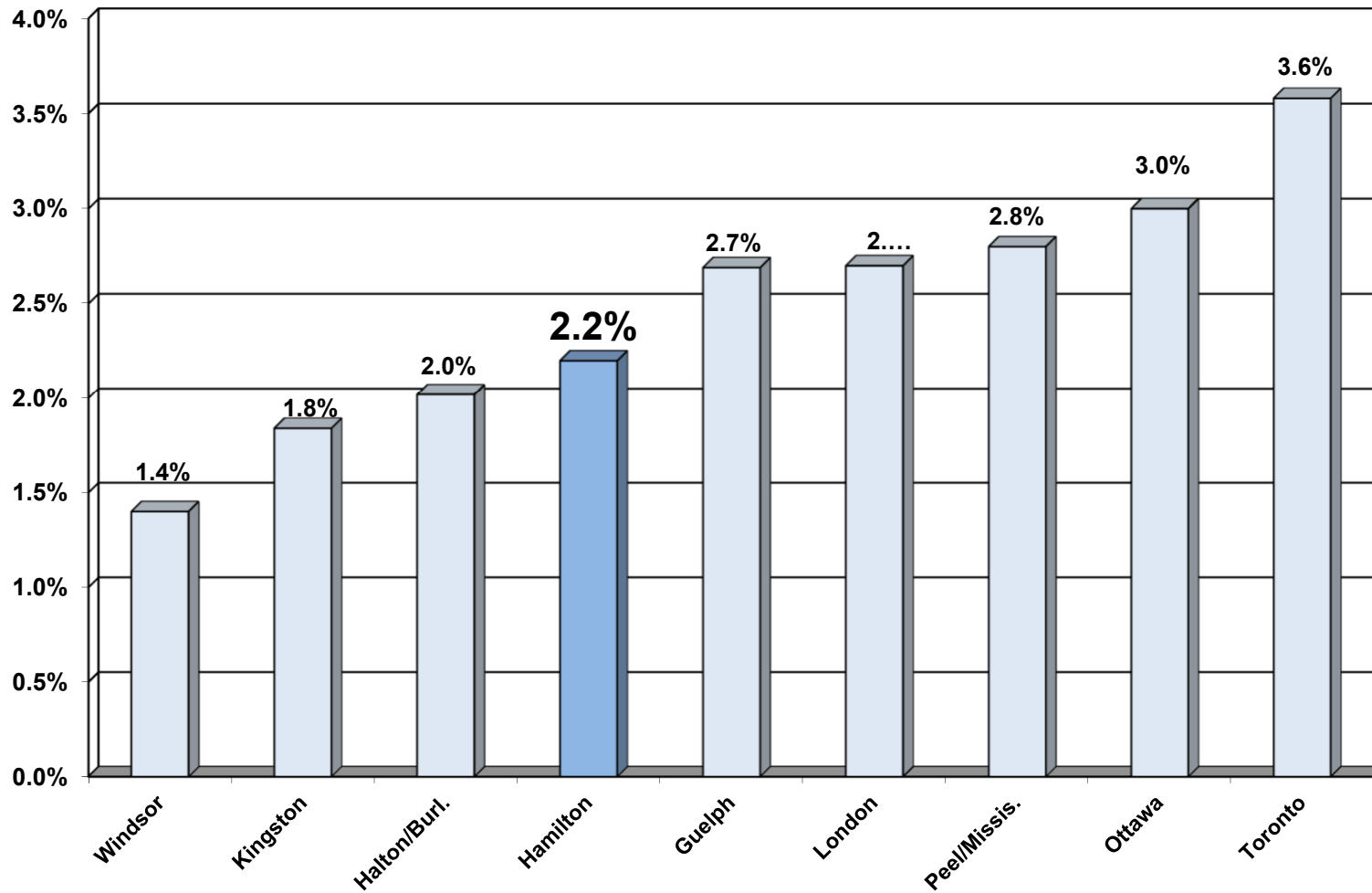
# Annual Average Residential Tax Impacts



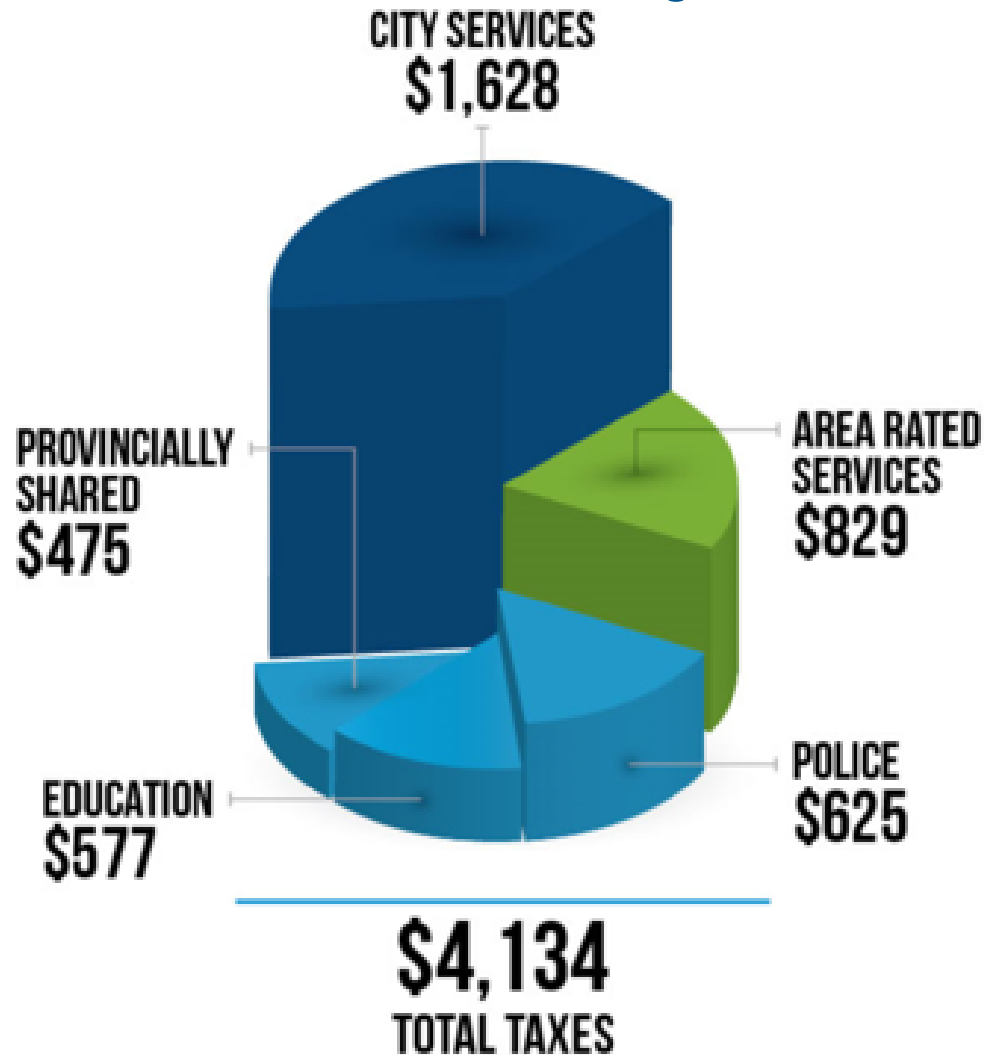
Annual residential impacts - includes budget, reassessment, area-rating, education and tax policies



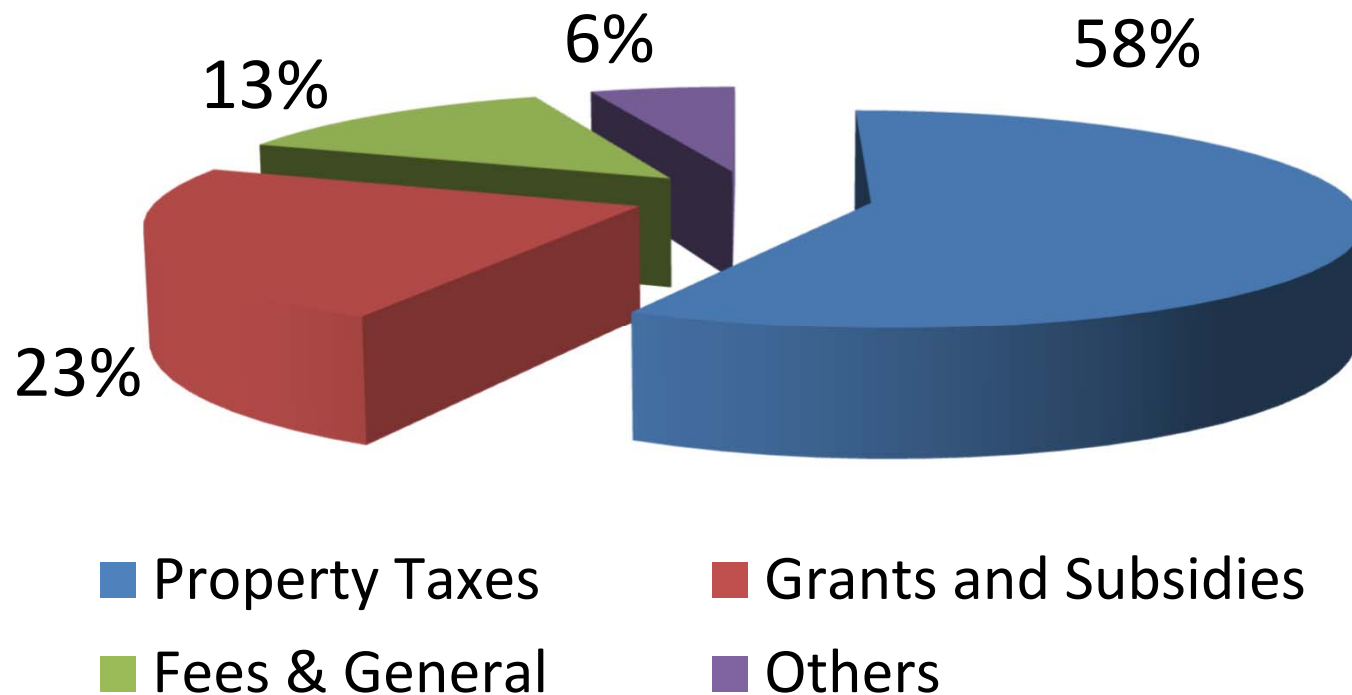
# 2019 Average Residential Tax Impacts



# 2019 Average Residential Tax Bill

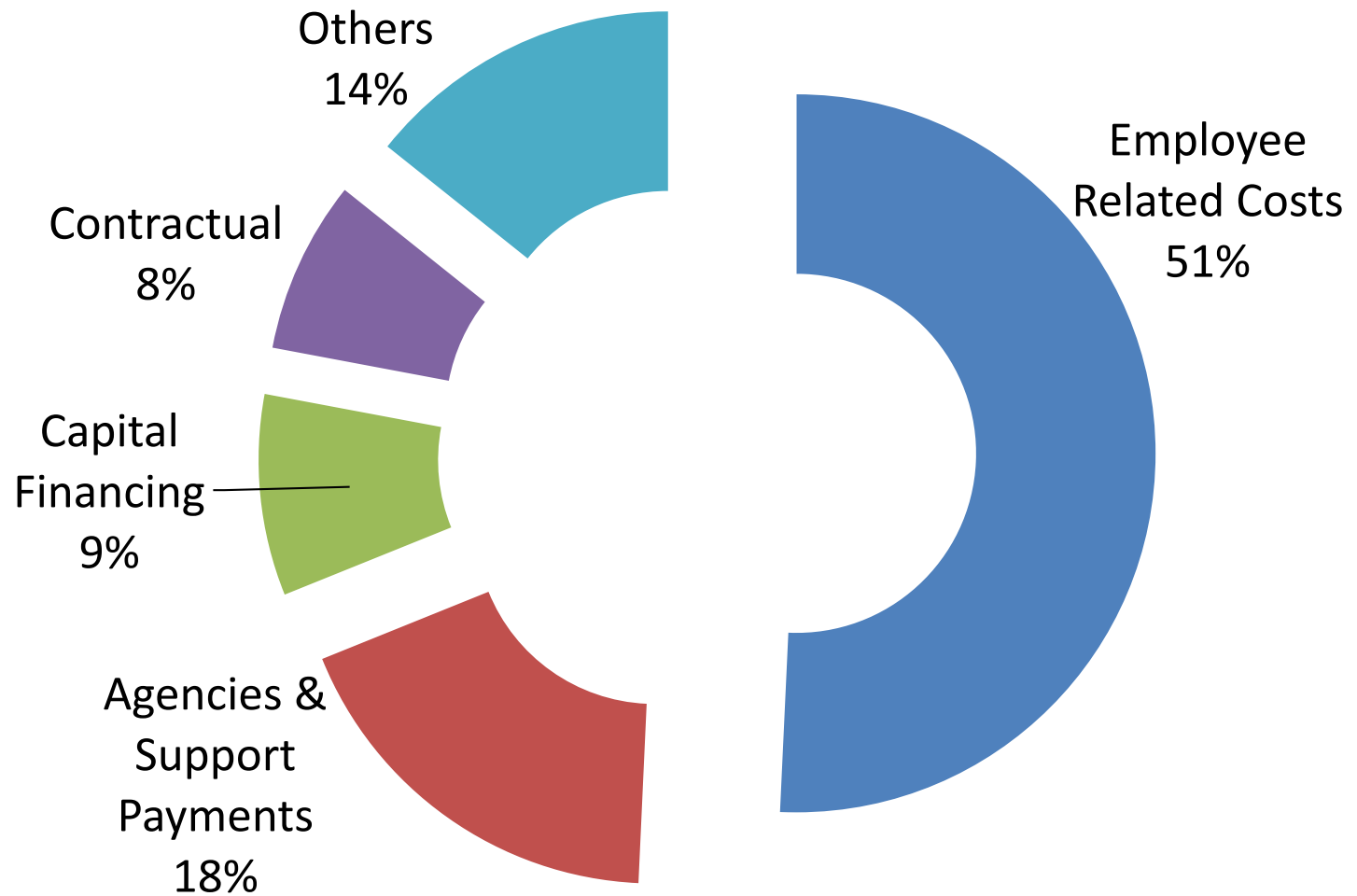


# Reliance on Property Taxes Based on 2019 Budget





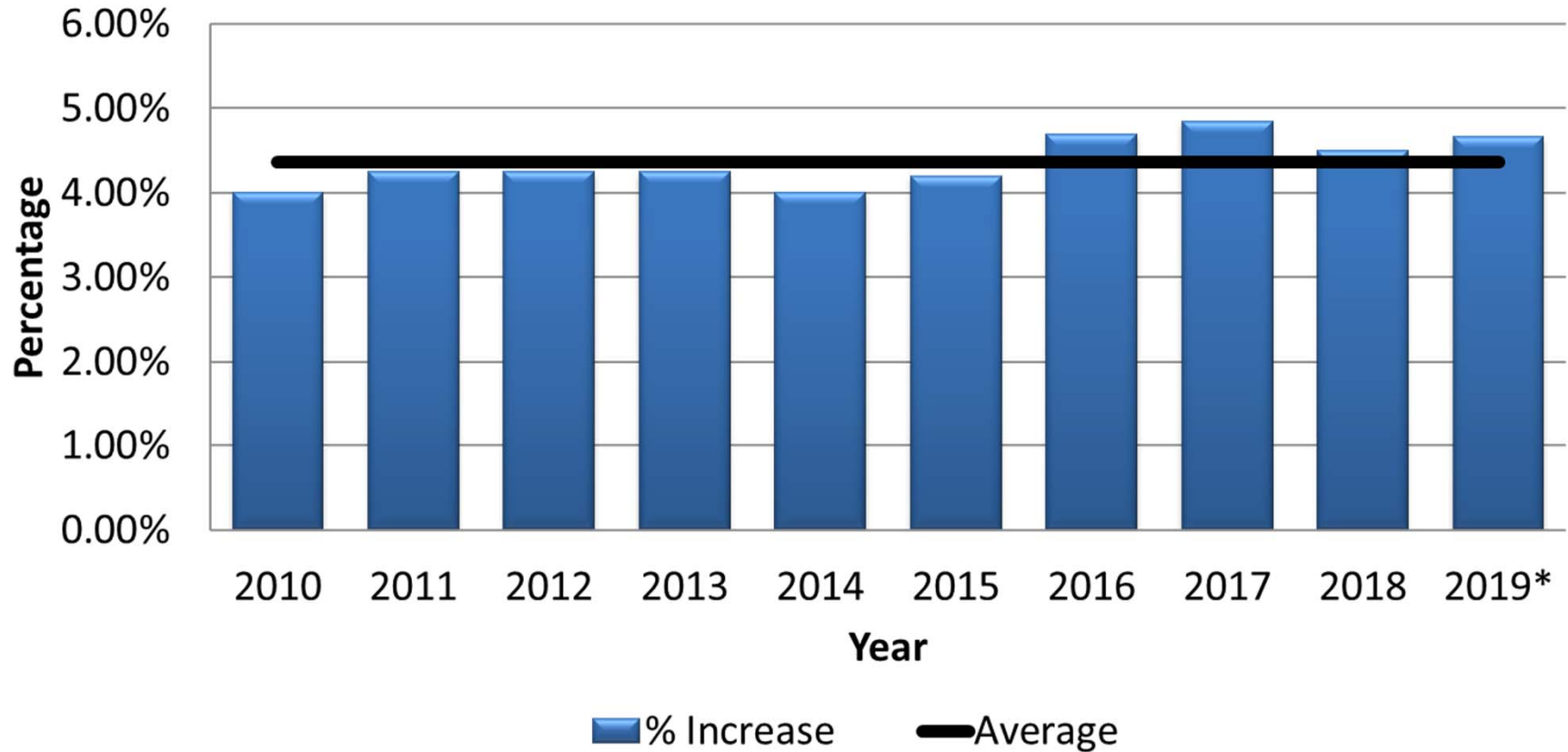
# Cost of Providing Services

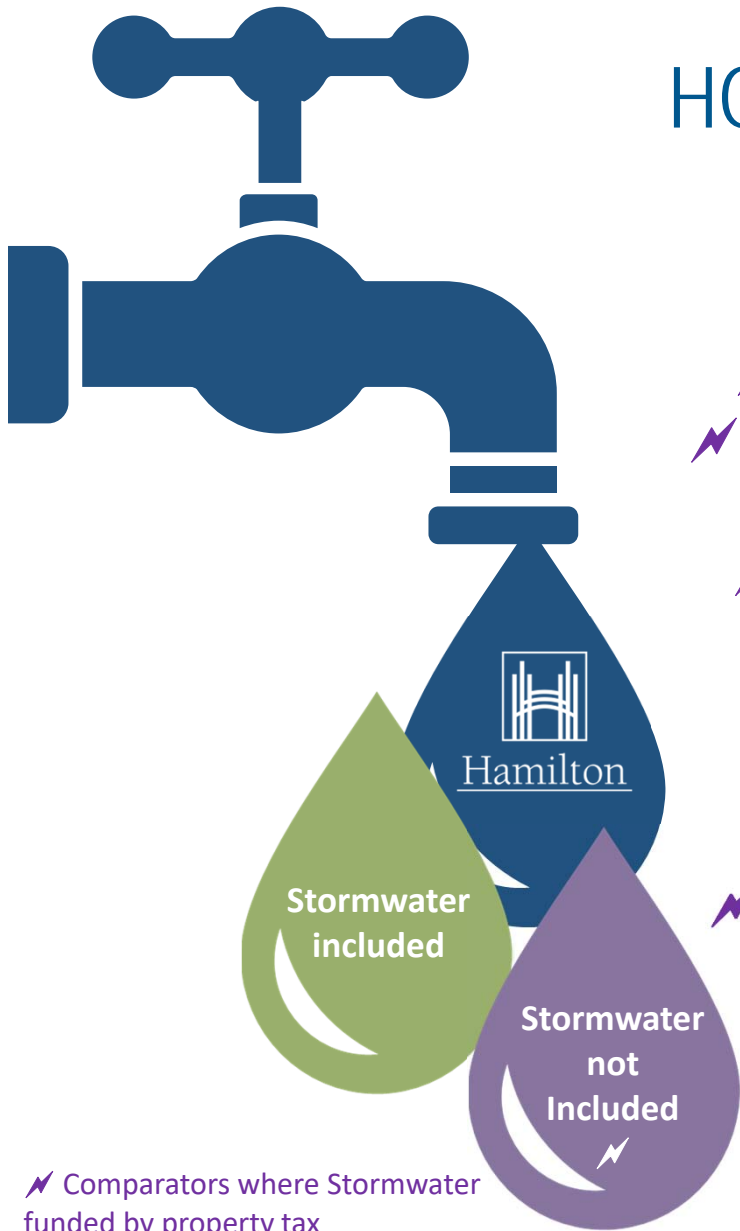


# 10 Year Rate Increase Trend

By the numbers

## Annual Rate Increases





# HOW DOES HAMILTON COMPARE?

**Kitchener: \$1,361**

⚡ **Norfolk: \$1,167**

⚡ **Cambridge: \$1,086**

⚡ **West-Lincoln: \$1,059**

**London: \$1,054**

⚡ **Haldimand: \$1,043**

**Guelph: \$972**

**Waterloo: \$959**

⚡ **Brantford: \$905**

⚡ **Durham: \$877**

⚡ **St. Catharines: \$875**

⚡ **Halton: \$842**

**Toronto: \$761**

**Hamilton: \$690**

**Peel: \$567**

**2018 Water Bill  
Residential**  
*200m<sup>3</sup>/ (year)*

Survey Average  
**\$948**

Hamilton provides **three** services for less than some municipalities which offer **two**

⚡ Comparators where Stormwater funded by property tax

# 2019 RESIDENTIAL AVERAGE ANNUAL BILL



*Based on annual water consumption of 200m<sup>3</sup>*



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**2020 TAX SUPPORTED  
OPERATING BUDGET  
PRELIMINARY OUTLOOK**

# 2020 Tax Operating Outlook

	Levy Increase \$	Tax Impact %
2020 Initial Outlook	\$ 39,087,000	3.9%
Provincial Funding Shortfall	\$ 12,124,000	1.3%
Other Adjustments	\$ 9,464,000	1.2%
Annualizations	\$ 1,666,000	0.2%
<b>2020 Outlook</b>	<b>\$ 62,341,000</b>	<b>6.7%</b>

Note: - Anomalies due to rounding

Major items in Other Adjustments include:

- \$2.5 M in conservation authorities levy
- \$2.0 M for increased risk premiums
- \$2.0 M for DC Exemptions

# Average Residential Tax Impact

	\$	%
Municipal Taxes		
Provincial funding shortfall	\$ 46	1.3%
Other City Departments	\$ 113	3.2%
Boards & Agencies	\$ 34	1.0%
Capital Financing	\$ 45	1.3%
<b>Municipal Taxes</b>	<b>\$ 237</b>	<b>6.7%</b>

Note: - Anomalies due to rounding

Ward Average Reassessment Impacts range from -0.3% to +1.6%



# Budget Drivers – Provincial Funding Shortfall

## Provincial Funding Shortfall

Children's Services and Neighbourhood Development	\$ 3,400,000
Housing Services	-\$ 100,000
Long-Term Care	\$ 700,000
Hamilton Paramedic Service	\$ 1,900,000
Ontario Works	\$ 1,500,000
Public Health Services	\$ 4,700,000
<b>Total</b>	<b>\$ 12,100,000</b>

<b>Tax Impact</b>	<b>1.3%</b>
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# Budget Drivers – City Expenditures

## Transit

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DARTS Contract	\$ 2,300,000
10-year Transit Strategy	\$ 3,400,000
PRESTO Maintenance Agreement	\$ 1,200,000
Transfer to Fleet Reserve	\$ 600,000
<b>Total</b>	<b>\$ 7,500,000</b>

<b>Tax Impact</b>	<b>0.9%</b>
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# Budget Drivers – City Expenditures

## Corporate Financials

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Operating Impacts of Capital	\$ 3,100,000
Insurance premiums	\$ 2,000,000
WSIB	\$ 1,000,000
<b>Total</b>	<b>\$ 6,100,000</b>

<b>Tax Impact</b>	<b>0.7%</b>
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## Budget Drivers – Capital Financing

	Levy Increase \$	Tax Impact %
Discretionary / Block Funding	\$ 4,300,000	0.50%
PTIF - Storage Facility	\$ 2,304,000	0.26%
DC Exemption	\$ 2,000,000	0.23%
Office Accomodation	\$ 1,204,000	0.14%
West Harbour	\$ 1,092,000	0.13%
<b>Total Impact</b>	<b>\$ 10,900,000</b>	<b>1.26%</b>

Note: - Anomalies due to rounding

## Budget Drivers – Boards & Agencies

Police	\$ 6,072,000
Conservation Authorities	\$ 2,500,000
Library	\$ 644,000
Other B&A	\$ 302,000
<b>Total Impact</b>	<b>\$ 9,518,000</b>

<b>Tax Impact</b>	<b>1.0%</b>
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Note: - Anomalies due to rounding

## Council Referred Items

- The 6.7% average residential tax impact does not include Council Referred Items and Business Cases
- Council Referred Items to date add to \$1.2 M
- Major item on list is \$900 K for the Fire Department Service Delivery Expansion
- If approved, Council Referred Items will add 0.1% or \$5 to the average residential tax impact

# Reduction Scenarios

	<b>Reductions</b>	<b>Levy Increase</b>	<b>Residential Tax Incr.</b>
<b>Preliminary Budget</b>		<b>\$ 62,341,000</b>	<b>6.7%</b>
<b>Total Reductions Of</b>	<b>\$ (18,270,000)</b>	<b>\$ 44,071,000</b>	<b>4.6%</b>
<b>Total Reductions Of</b>	<b>\$ (26,970,000)</b>	<b>\$ 35,371,000</b>	<b>3.6%</b>
<b>Total Reductions Of</b>	<b>\$ (35,670,000)</b>	<b>\$ 26,671,000</b>	<b>2.6%</b>

Approximately \$8.7M are equal to a 1.0% tax impact





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# 2020 TAX BUDGET GUIDELINES & RECOMMENDATIONS

## Guidelines & Recommendations

- That staff be directed to report back on a list of user fees that can be increased towards full cost recovery, or user fee waivers (including marginal cost facility leases) that can be reduced or eliminated over a 1 to 3 year phase in period.
- That for all other user fees, the fee be increased by a rate of 3.0% and that any user fee increases below the guideline be forwarded for consideration with appropriate explanation.

## Guidelines & Recommendations

- That staff report back by October of 2019 with an updated 2020 Tax Budget Outlook and provide a number of scenarios to achieve the following:

Tax Impact				Budget Reduction (\$ M)
City Departments	Provincial Shortfall	Capital	Total	
2.0%	1.3%	1.3%	4.6%	\$ 18.3
1.0%	1.3%	1.3%	3.6%	\$ 27.0
0.0%	1.3%	1.3%	2.6%	\$ 35.7

## Guidelines & Recommendations

- That Police, Library and Conservation Authorities target a 2020 tax operating budget guideline based on an increase of 2.0%;
- That all other Boards and Agencies including Hamilton Beach Rescue Unit, Royal Botanical Gardens, Farmer's Market and the Community Enrichment Fund target a 0%.

## Guidelines & Recommendations

- That the 2020 Tax Capital budget be submitted with the following guideline:

	<b>Tax Impact</b> %
Discretionary / Block Funding	0.50%
PTIF - Storage Facility	0.26%
DC Exemption	0.23%
Office Accomodation	0.14%
West Harbour	0.13%
<b>Total Impact</b>	<b>1.26%</b>

Note: - Anomalies due to rounding





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# 2020 RATE BUDGET OUTLOOK

# Rate Budget Outlook

## 2020 Projected Average Rate Impact

	\$	%
City Division (Hamilton Water)		
Energy and Other Operating Costs	\$ 8	1.2%
Capital Financing	\$ 24	3.3%
<b>Average Residential Impact</b>	<b>\$ 32</b>	<b>4.5%</b>





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# 2020 RATE BUDGET RECOMMENDATIONS

## Recommendation

- That staff report back with options that include the use of reserves, reducing reliance on debt and reducing operating costs in order to reduce the current projection of a rate 4.5% increase when submitting the 2020 Rate Supported Budget.



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# BUDGET SCHEDULE

# 2020 BUDGET KEY DATES

ITEM	DATE
GIC – Updated Outlook Report	October 16th
GIC – 2020 Rate Budget	November 25 <sup>th</sup> & December 6 <sup>th</sup>
GIC – 2020 Tax Capital Budget	November 29 <sup>th</sup> and Dec. 9th
GIC – User Fee Report	December 4, 2019
GIC – Tax Operating Overview and Departmental Presentations	January 17 <sup>th</sup>
GIC – Boards and Agencies	January 21 <sup>st</sup> & 23rd
GIC – Transit Day	January 24th
GIC – Departmental Presentations	January 28 <sup>th</sup> , 29 <sup>th</sup> , 30 <sup>th</sup> , Feb. 7th
GIC – Budget Delegations (Public)	Feb. 10 <sup>th</sup>
GIC – Budget Deliberations	Feb. 24 <sup>th</sup> , 27 <sup>th</sup> , March 2 <sup>nd</sup> , 4th