

Item 6.1



Hamilton

2020 BUDGET OVERVIEW

GENERAL ISSUES COMMITTEE

Report FCS20001

January 17th, 2020

2020 BUDGET COUNCIL DIRECTION

- User Fees be increased **3%** and staff report back on fees that could be considered to move towards full cost recovery
- Police, Libraries and Conservation Authorities target a guideline of **2%**
- All other boards and agencies target a guideline of **0%**
- Tax Capital budget be submitted at a total levy impact of **1.3%**
- The Rate budget include options to reduce the projected increase of **4.5%**
- Staff develop options to reduce the tax impact based on these scenarios:
 - Reductions of **\$18.3M** to achieve a **4.6%** tax impact
 - Reductions of **\$27.0M** to achieve a **3.6%** tax impact
 - Reductions of **\$35.7M** to achieve a **2.6%** tax impact

2020 OUTLOOK VS CURRENT

2020 Tax Budget

Municipal	Levy Increase \$	Tax Impact %
Outlook (October)	52,339,000	5.50%
Preliminary	48,217,460	5.00%
Current	42,247,460	4.00%
Total Inclusive with Education		3.50%

PROPOSED BUDGET REDUCTION PRINCIPLES



Financials

- Review 2019 Actuals – Adjust budget based on actuals.



Services

- No service impact.
- Continue to find efficiencies.

2020 BUDGET AMENDMENT ITEMS

			Residential Impact
Preliminary Residential Tax Increase - Budget Book		\$ 48,217,460	5.0%
APPROVED AMENDMENTS:			
Public Works	Minimum vehicle fee inc. - Transfer Stations/CRC (from \$8.50 to \$10)	(100,000)	
Capital Financing	DC Exemptions contribution to be funded one time for 2020	(2,000,000)	
PROPOSED AMENDMENTS:			
Corporate Financials	Partial mitigation of 2020 Operating Impacts of Capital - New Traffic Signals (Decrease of 2.6 FTE)	(327,000)	
Public Works (City Wide)	Fuel Savings as a result of a \$0.02 reduction	(220,000)	
Public Works	Environmental Services - Landfill Contract Efficiencies	(75,000)	
Public Works	Contractual adjustments	(370,000)	
Healthy & Safe Communities	Housing - Financial Adjustments to Benchmarks	(1,000,000)	
Healthy & Safe Communities	OW deliver at 2019 budget levels	(1,100,000)	
Healthy & Safe Communities	Public Health Reserve	(278,000)	
PENDING AMENDMENTS:			
Planning & Economic Development	Parking fines and rates	(500,000)	0.4%
		\$ 42,247,460	4.6%
Updated Assessment Growth Impact (from 1.0% to 1.2%)			(0.2)%
Elimination of tax discount for vacant & excess lands subclass			(0.2)%
AVERAGE RESIDENTIAL MUNICIPAL TAX IMPACT			4.0%
AVERAGE RESIDENTIAL TOTAL TAX IMPACT (INCLUSIVE OF EDUCATION)			3.5%

2020 AVERAGE RESIDENTIAL TAX IMPACT

	2019 \$	2020 \$	Change \$	Change %
City Departments	2,379	2,458	79	2.2%
Boards and Agencies	827	857	30	0.9%
Capital Financing	351	382	31	0.9%
MUNICIPAL TAX IMPACT	3,557	3,698	141	4.0%
Education Taxes	577	581	4	0.7%
TOTAL TAX IMPACT	4,134	4,279	145	3.5%

NOTE: Anomalies due to rounding

**Ward Average Reassessment
Impacts range**



-0.5% to +2.0%

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2020 NET OPERATING BUDGET BY DEPARTMENT

(\$000's)

	2019 \$	2020 \$	Change 2020 / 2019	
Department	Restated Budget	Preliminary Budget	\$	%
Planning & Economic Development	29,334	29,663	329	1.1%
Healthy and Safe Communities	243,634	250,258	6,625	2.7%
Public Works	242,057	255,091	13,035	5.4%
Legislative	4,971	5,087	116	2.3%
City Manager	11,943	12,263	320	2.7%
Corporate Services	32,282	32,721	439	1.4%
Corp Financials/Non Prog Revenues	(25,397)	(21,809)	3,588	14.1%
Hamilton Entertainment Facilities	3,912	4,501	589	15.0%
Total City Departments	542,736	567,776	25,040	4.6%
Total Boards & Agencies	214,172	223,834	9,663	4.5%
Capital Financing	129,880	137,425	7,545	5.8%
Total Preliminary Operating Budget	886,787	929,035	42,247	4.8%
Total Average Residential Municipal Property Tax Impact				4.0%
Total Average Residential Property Tax Impact Inclusive of Education				3.5%

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CITY DEPARTMENTS ANALYSIS OF BUDGET







LESS:



City Departments		
	\$ 25.0 M	2.2%
Provincial Funding	(4.7 M)	(0.5)%
Transportation (Transit, ATS)	(4.3 M)	(0.5)%
Operating Impact of Capital	(2.0 M)	(0.2)%
Total Maintenance Pressure	\$ 14.0 M	1.0%

NOTE: Anomalies due to rounding

BUDGET DRIVERS - MAINTENANCE

	Salaries, Wages & Benefits	\$ 9.3 M
	Insurance Premiums	2.0 M
	WSIB Shortfall	1.5 M
	Road Salt Contract	1.5 M
	Computer Software Licensing	1.5 M
	Other	(1.8 M)
Total		\$ 14.0 M

NOTE: Anomalies due to rounding

BUDGET DRIVERS - ADDITIONAL ITEMS

Provincial Funding



Children's Services

\$ 2.3 M



Public Health

1.4 M



Ontario Works

1.0 M

Total

\$ 4.7 M

Transit



DARTS

\$ 2.7 M



PRESTO

0.9 M



Transit Strategy

0.7 M

Total

\$ 4.3 M

NOTE: Anomalies due to rounding

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BUDGET DRIVERS - ADDITIONAL ITEMS

Operating Impacts of Capital



Traffic Management/Signaling

\$ 0.4 M



Confederation Park

0.3 M



Backflow Prevention

0.2 M



IT Strategy

0.2 M



Other

0.9 M

Total

\$ 2.0 M





TOTAL BUDGET DRIVERS - ADDITIONAL ITEMS

\$ 11.0M

NOTE: Anomalies due to rounding

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CAPITAL FINANCING

	Capital Tax Levy for Block and Discretionary Funding	\$ 4.3 M
	Investing in Canada Infrastructure Program - Transit	1.8 M
	Office Accommodation	1.1 M
	West Harbour Development	0.3 M
Total		\$ 7.5 M

NOTE: Anomalies due to rounding

BOARDS & AGENCIES

2020 NET OPERATING BUDGET (\$000's)

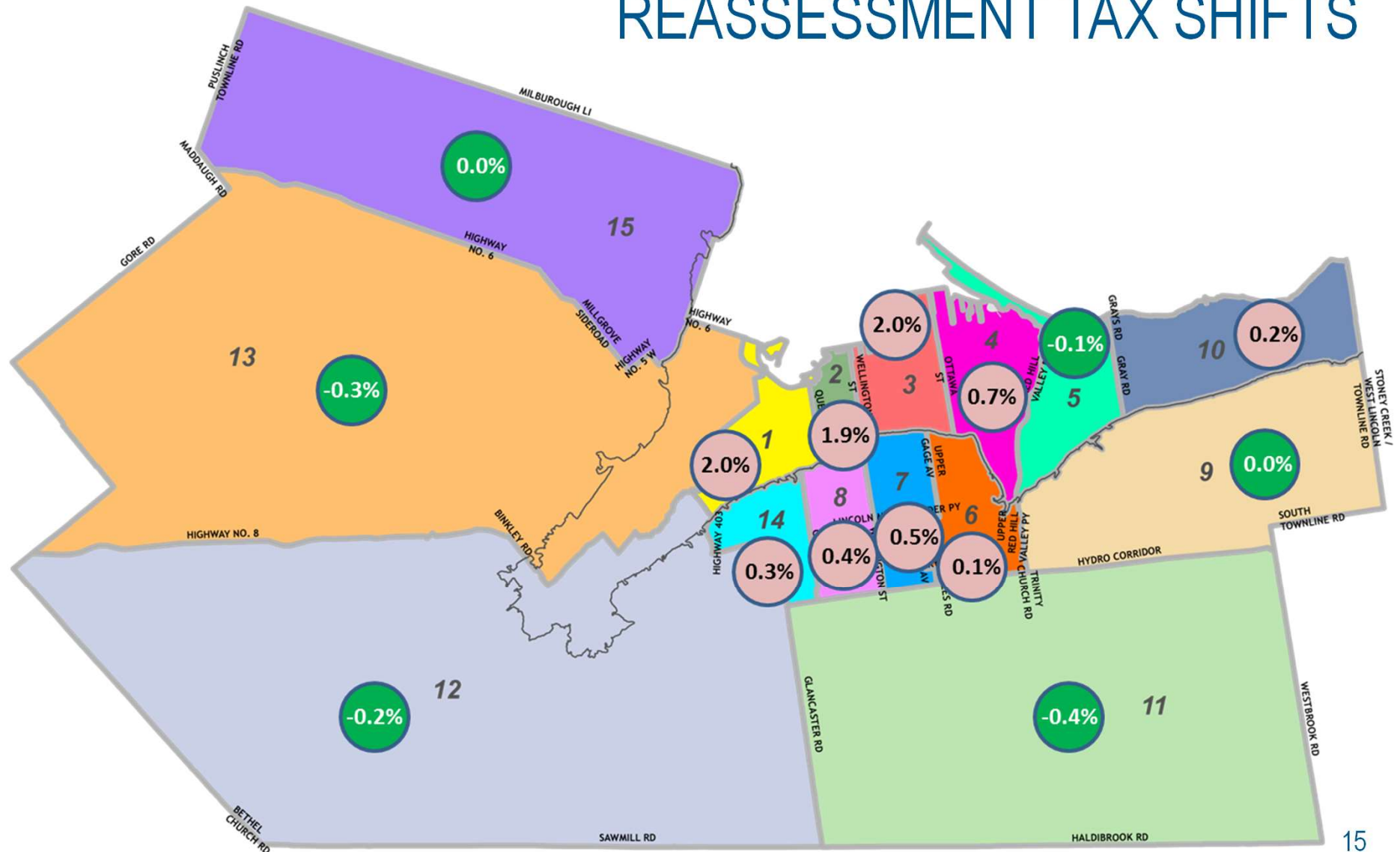
	2020 Budget Impact (\$)	Change (%)
Conservation Authorities	2,681	48.8%
Farmers Market	0	0.0%
Hamilton Beach Rescue Unit	0	0.0%
MPAC	134	2.0%
Royal Botanical Gardens	0	0.0%
Police	6,219	3.8%
Library	629	2.0%
City Enrichment Fund	0	0.0%

Total	9,663	4.5%
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2020 STAFFING COMPLEMENT (TAX) (EXCLUSIVE OF BOARDS & AGENCIES)

	Change	Total
2019 Restated		5,837.30
Operating Impacts from Capital	11.60	
Other Complement Change:		
Reduction (HSC)	(42.70)	
Reduction (PED)	(1.00)	
Public Works - Transit	<u>35.00</u>	
Total Other Complement Change	(8.70)	
Total Change		2.90
Total 2020 Complement		5,840.20
Budget Amendments:		
Reduction in Public Works - OIC	<u>(2.60)</u>	
Total 2020 Complement including Budget Amendments		5,837.60

REASSESSMENT TAX SHIFTS



TAX POLICY MATTERS

- Elimination of the tax discount for vacant and excess lands in the Commercial and Industrial property classes results in a class shift benefiting the Residential property class by (0.2%)
- 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 will also continue for the 2020 year
- These impacts are already included in estimated municipal tax impact of 4.0%

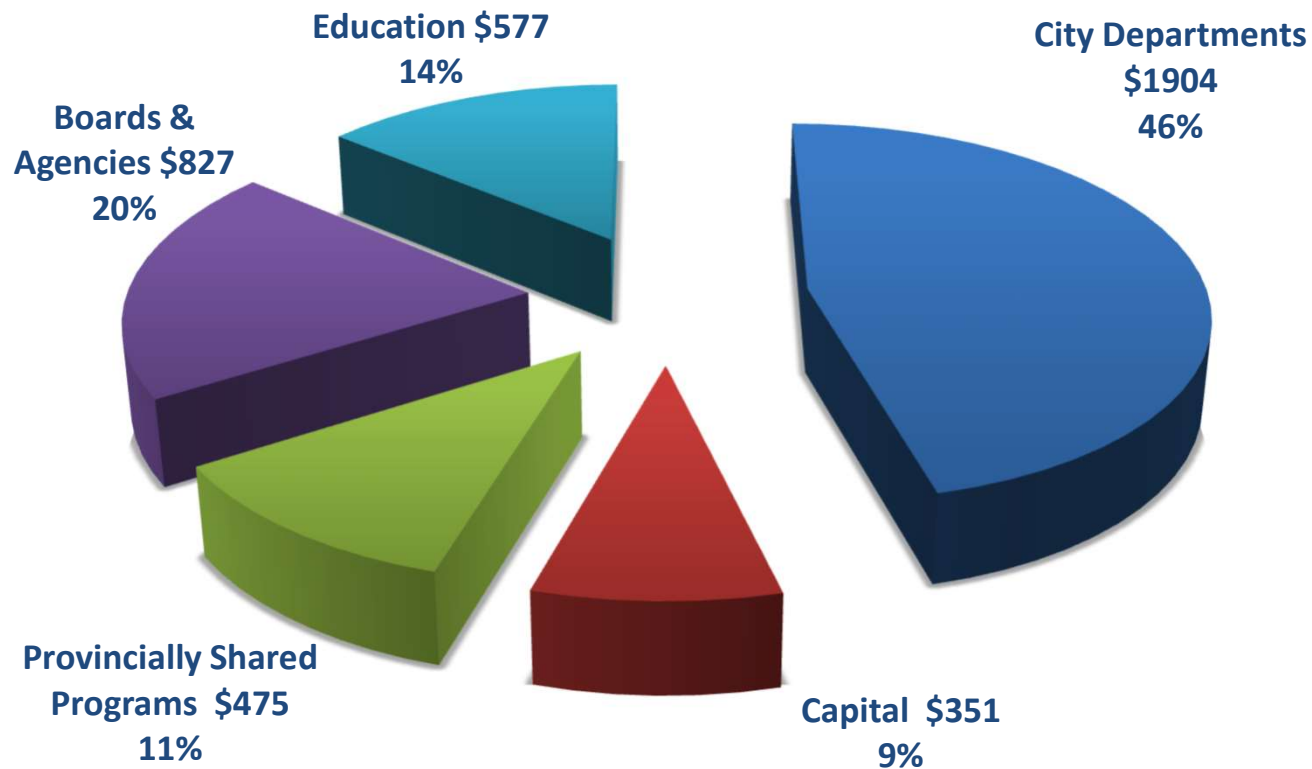
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2020 REDUCTION SCENARIOS

	Reduction (\$)	Levy Increase (\$)	Total Residential Tax Incr.
Preliminary Budget		42,247,460	3.5%
Total Reductions Of	(8,500,000)	33,742,456	2.6%

- Excludes potential increases due to 2020 Referred Items and Business Cases
- \$9.4M is required to adjust the municipal tax impact by 1%
- Total Residential Tax Increase includes Education

LIMITED CONTROL



Based on 2019 Budget - Total \$4,134 - Municipal Only \$3,557 (86%)

MITIGATION OPTION TYPES



Financials

- Reduce contributions to reserves impacting long term financial plan.



Revenues

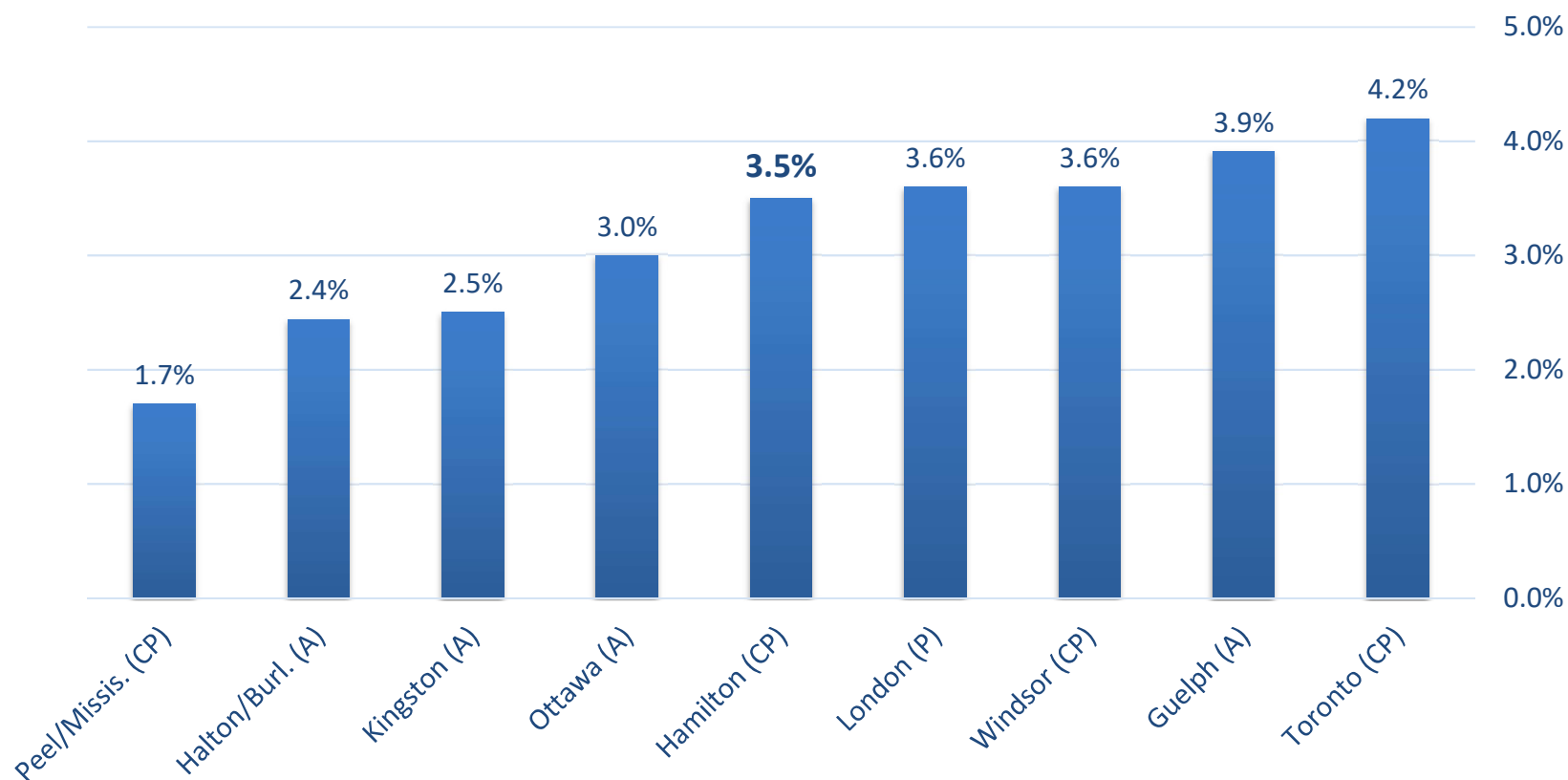
- Enhance user fee increases in many areas. Introduce new fees for service. Reduce or eliminate fee waivers.



Services

- Reduce response time to inquiries, request for service.
- Reduce capability for policy work including in-year requests from Council.
- Reduce service hours for facilities/programs.
- Close under utilized facilities.
- Reduce or eliminate service levels where service is under utilized.
- Align service levels to comparator municipalities where the City exceeds those comparators.
- Align service levels to provincial funding.
- Reduce grants to external agencies.
- Eliminate / Close non-core services / facilities

2020 RESIDENTIAL TAX IMPACTS COMPARATORS



P = Proposed
CP = Current Position
A = Approved

Note: West Lincoln, Haldimand County and Guelph are pending.



2020 COUNCIL REFERRED ITEMS

2020 OPERATING BUDGET

2020 COUNCIL REFERRED ITEMS

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

- 13 council referred items:

Department	# of Items	Gross (\$)	Net (\$)	FTE
Planning & Economic Development	3	45,000	45,000	1.5
Healthy and Safe Communities	2	621,340	583,340	14.0
Public Works	3	30,000	30,000	0.0
City Manager	2	492,730	492,730	0.0
Corporate Services	2	160,000	160,000	0.0
Boards and Agencies	1	145,000	145,000	0.0
TOTAL	13	1,494,070	1,456,070	15.5

- Not included in Preliminary Budget. If approved, would result in a 0.2% tax impact.

2020 COUNCIL REFERRED ITEMS

BUDGET BOOK

#	Department	Item	Gross (\$)	Net (\$)	FTE
1	Planning & Economic Development	Cigarette Butt By-law Enforcement Officer	45,000	45,000	0.50
2	Planning & Economic Development	Hess Village Paid Duty Police	TBD	TBD	0.00
3	Healthy and Safe Communities	10 Year Fire Service Delivery Plan	610,420	572,420	14.00
4	Healthy and Safe Communities	Enhancement for CANUSA Games Funding	10,920	10,920	0.00
5	Public Works	Sidewalk Clearing Program	TBD	TBD	TBD
6	Public Works	Snow Angels Program	TBD	TBD	TBD
7	City Manager	City Enrichment Fund	2,730	2,730	0.00
8	City Manager	Implement Living Wage Over Three Year Period	490,000	490,000	0.00
9	Corporate Services	Establish Climate Change Reserve for Sustainable Funding	TBD	TBD	0.00
TOTAL BUDGET BOOK			1,159,070	1,121,070	14.50
Additional Post-Budget Book Items:					
10	Corporate Services	Corporate Goals and Areas of Focus for Climate Change Mitigation and Adaptation	160,000	160,000	0.00
11	Public Works	Ongoing care and maintenance of the Aviary and birds	30,000	30,000	0.00
12	Boards and Agencies	Parkdale Landing Library Mini Branch	145,000	145,000	0.00
13	Planning & Economic Development	Animal Adoption Pilot Program	TBD	0	1.00
Subtotal:			335,000	335,000	1.00
TOTAL COUNCIL REFERRED ITEMS			1,494,070	1,456,070	15.50



2020 BUSINESS CASES

2020 OPERATING BUDGET

2020 BUSINESS CASES

- 10 business cases for consideration in the 2020 budget process:

Department	# of Business Cases Submitted	Gross (\$)	Net (\$)	FTE
Planning & Economic Development	4	665,620	252,000	8.50
Healthy and Safe Communities	1	1,039,500	1,039,500	10.00
Public Works	2	424,270	(89,530)	6.70
City Manager	1	0	0	1.00
Corporate Services	2	0	0	2.00
Total Business Cases	10	2,129,390	1,201,970	28.20

- The amounts above are not included in the 2020 preliminary budget
- If approved, would result in a 0.1% tax impact

2020 BUSINESS CASES

#	Dept.	Business Case Details	Gross Impact \$(000's)	Net Impact \$(000's)	FTE Impact
1	Planning & Economic Development	Converting Contract Positions to Permanent- Real Estate	323.6	0.0	3.00
2	Planning & Economic Development	Graffiti Management	252.0	252.0	3.50
3	Planning & Economic Development	Animal Adoption Program Coordinator	90.0	0.0	1.00
4	Planning & Economic Development	Transportation Development Review	0.0	0.0	1.00
5	Healthy and Safe Communities	Hamilton Paramedic Service Enhancement (Ambulance)	1,039.5	1,039.5	10.00

2020 BUSINESS CASES

#	Dept.	Business Case Details	Gross Impact \$(000's)	Net Impact \$(000's)	FTE Impact
6	Public Works	Converting Consultant Inspectors to In-house Permanent Technology Inspector & Student Inspectors	284.3	(89.5)	4.40
7	Public Works	Assistant Stadium Technicians Required for Tim Horton's Field to handle the addition of Forge's FC Soccer Games	140.0	0.0	2.30
8	City Manager	Return to Work Services Specialist- HR Employee Health and Labour Relations FTE request being funded by Fire	0.0	0.0	1.00
9	Corporate Services	Enhanced WSIB Payroll Processing Services	0.0	0.0	1.00
10	Corporate Services	Conversion of an FTE for IT Division from Temporary to Permanent	0.0	0.0	1.00
Total			2,129.4	1,202.0	28.20

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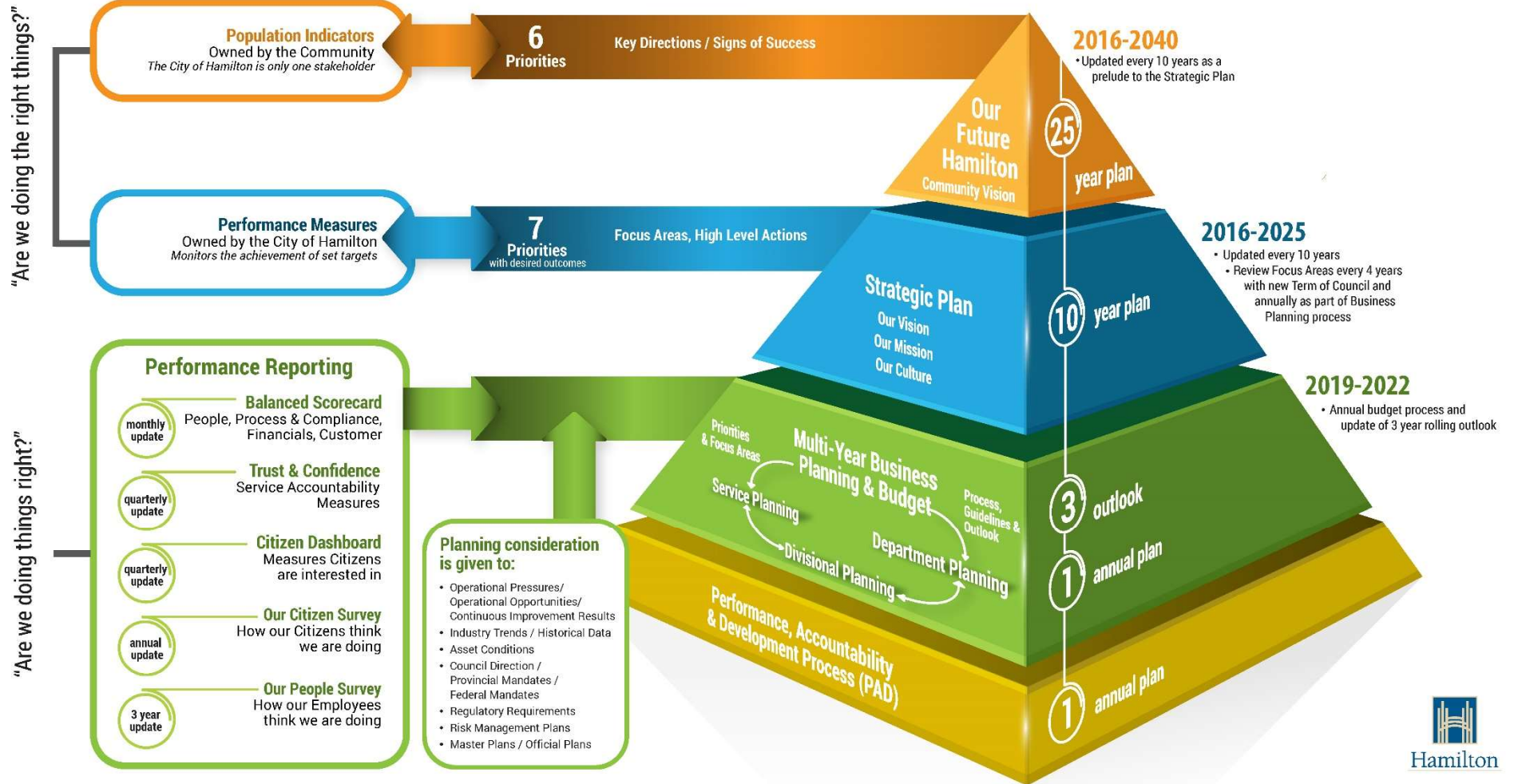
MULTI-YEAR OUTLOOK 2021-2023

2021 – 2023 MULTI-YEAR OUTLOOK

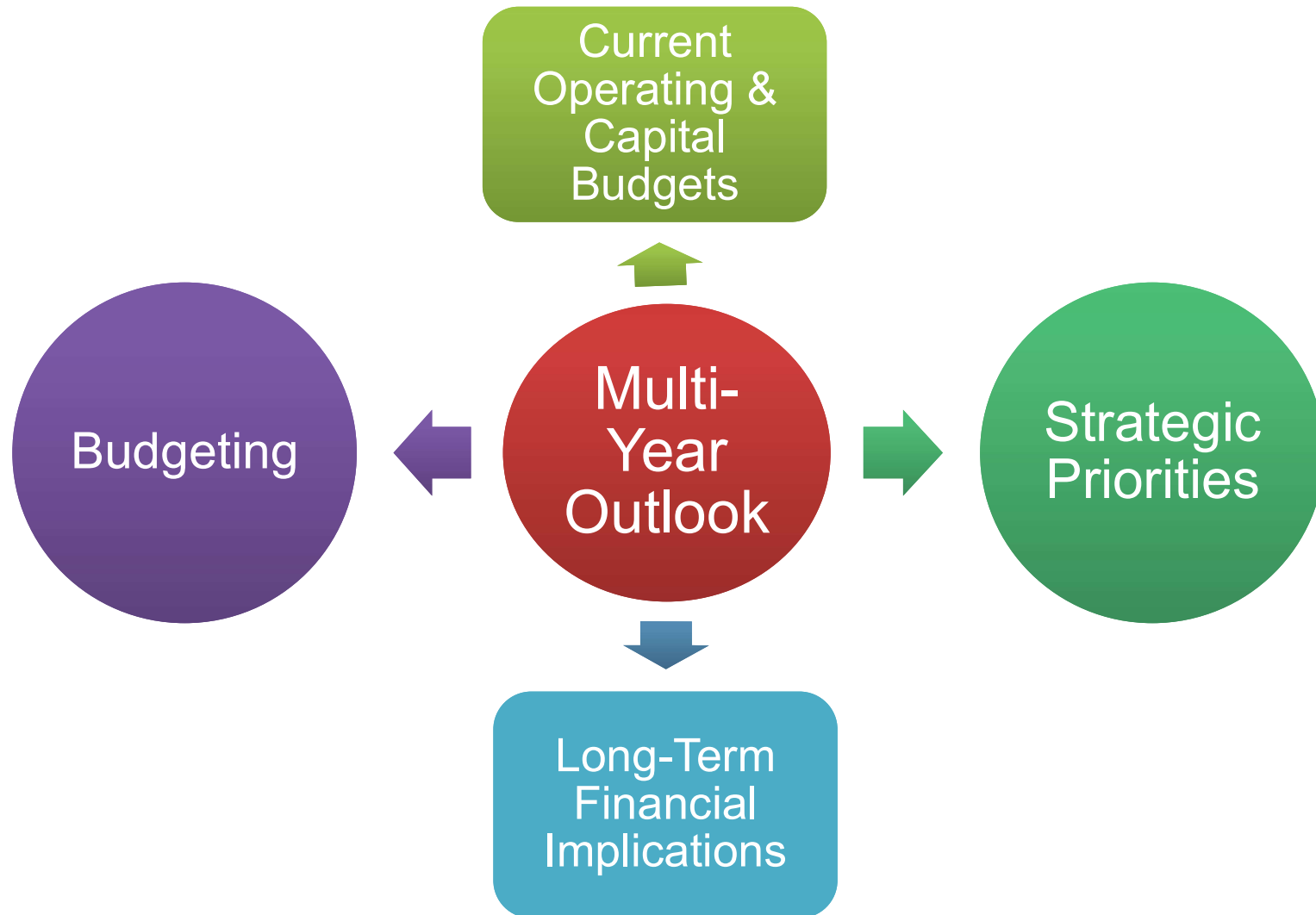
Our Strategy & Performance

(v.3)

November 9, 2018



MULTI-YEAR OUTLOOK PROCESS



MULTI-YEAR OUTLOOK BUDGET INCREASE

(\$000's)

		Increase					
	2020	2021		2022		2023	
	\$	\$	%	\$	%	\$	%
Total City Departments	571,024	31,110	5.3%	18,739	3.0%	19,300	3.0%
Boards & Agencies	223,834	6,371	2.8%	6,474	2.8%	6,503	2.7%
Capital Financing	137,425	6,236	4.5%	5,815	4.0%	5,312	3.5%
Total Preliminary Operating Budget	932,283	43,717	4.7%	31,028	3.2%	31,115	3.1%
Residential Average Property Tax Impact *	4.5%		4.2%		2.7%		2.6%
Residential Average Property Tax Impact as projected in 2019 Budget	3.9%		3.6%		3.3%		
Difference	0.6%		0.6%		(0.6)%		

* - Municipal tax impact excluding education.

MULTI-YEAR OUTLOOK CITY DEPARTMENT DRIVERS

- Change in provincial funding and cost sharing agreements
- Continuing with the implementation of the 10-Year Transit Strategy and increases in DARTS contract due to increase ridership
- Operating impacts from capital projects
- Projected increases in capital financing based on staff recommendation

2020 PROCESS DATES

ITEM	DATE
Tax Supported Operating Budget Overview	January 17, 2020
Departmental Budget Presentations	January 28, 29, 30 & February 7, 2020
Boards & Agencies Presentations	January 21 & 23, 2020
Transit Day	January 24, 2020
Public Delegations	February 10, 2020
GIC Budget Deliberations	February 13, 24, 27, March 2 & 4, 2020
Council - Tax Operating Budget Approval	April 1, 2020



THANK YOU

