



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

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| TO: | Chair and Members General Issues Committee |
| COMMITTEE DATE: | October 29, 2020 |
| SUBJECT/REPORT NO: | 2021 Budget Guidelines, Outlook and Process (FCS20087) (City Wide) |
| WARD(S) AFFECTED: | City Wide |
| PREPARED BY: | Kayla Petrovsky (905) 546-2424 Ext. 1335 Duncan Robertson (905) 546-2424 Ext. 4744 |
| SUBMITTED BY: | Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department |
| SIGNATURE: | |

RECOMMENDATION(S)

- (a) That staff be directed to prepare the 2021 Tax Operating Budget at an increase required to maintain current service levels and report back through the 2021 budget process;
- (b) That staff be directed to increase user fees towards full cost recovery where it is reasonable to expect that users can afford to pay;
- (c) That for all other user fees, the fee be increased by a rate of 2.0% and that any user fee increases below the guideline be forwarded for consideration with appropriate explanation;
- (d) That City Council provides a 2021 Tax Operating Budget guideline as it relates to Boards and Agencies and that any increase beyond the guideline be forwarded for consideration with appropriate explanation;
- (e) That staff be directed to prepare the 2021 Tax Capital Budget with a 0% tax increase for capital financing of discretionary block funded projects;
- (f) That staff be directed to prepare the 2021 Rate Supported Budget at a rate increase of 4.28%, in alignment with the long-term financing plan approved in principle;

- (g) That the City Clerk forward Report FCS20087 to local Members of Parliament, local Members of Provincial Parliament, the Federation of Canadian Municipalities, the Association of Municipalities Ontario and Ontario's Big City Mayors for the purposes of advocating senior levels of government for ongoing financial support related to COVID-19 pressures.

EXECUTIVE SUMMARY

The 2021 budget process has begun internally for programs, services and capital infrastructure investments for the City of Hamilton's Tax Supported Operating and Capital Budgets, as well as programs, services and capital infrastructure investments of the Rate Supported Operating and Capital Budgets. The purpose of Report FCS20087 is to provide information regarding the process and an estimate of the pressures the City is facing for 2021.

The 2021 Budget Outlook has been updated with the most current information available and the required municipal levy increase is estimated at \$44.6 M, which amounts to a 4.0% municipal tax increase net of assessment growth, in order to maintain existing service levels. Table 1 outlines the residential property tax impact for municipal services based on the average current value assessment of a household. Details on the pressures requiring the levy increase can be found in the Analysis and Rationale section.

Table 1
Property Tax Impact of Municipal Services
(Per \$380,300 CVA)

| | 2020 | 2021 | Change | |
|-------------------------------|-----------------|-----------------|---------------|-------------|
| Municipal Taxes | | | | |
| City Departments | \$ 2,443 | \$ 2,557 | \$ 114 | 3.1% |
| Boards and Agencies | \$ 861 | \$ 875 | \$ 14 | 0.4% |
| Capital Financing | \$ 384 | \$ 401 | \$ 18 | 0.5% |
| Total Municipal Taxes* | \$ 3,688 | \$ 3,834 | \$ 146 | 4.0% |

Note - Anomalies due to rounding

*Assumes growth benefit of (1.0%) and no reassessment impact

There are still many unknown variables related to the impact of COVID-19 on municipal service delivery in 2021 and whether there will be additional support payments from senior levels of government to mitigate these pressures. Staff is monitoring the impacts of COVID-19 and the recovery plan while preparing the 2021 Tax Operating Budget and will continue to review all City provided services in an effort to generate efficiencies, improve revenues and reduce costs.

In recent years, staff has been directed to work towards full cost recovery for user fees in program areas where it is reasonable to expect that users can afford to pay. This will again be a focus in the 2021 Budget to help reduce financial pressures on the tax base and to ensure continuity of essential services.

The 2021 tax capital financing plan, approved in principle through Report FCS19091, had included a 0.5% tax levy increase for capital financing of discretionary block funded capital projects amounting to approximately \$4.3 M. Staff recommends deferring the 0.5% levy increase in 2021 and to offset the reduction in the 2021 tax capital financing plan with \$4.3 M of remaining Federal Gas Tax funds from the one-time transfer payment in 2019.

Staff recommends that the 2021 Rate Supported Operating and Capital Budgets be prepared in alignment with the long-term financing plan approved, in principle, that would result in a rate increase of 4.28% in 2021.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The Preliminary Tax Operating Budget pressures / risks identified within Report FCS20087 would result in a levy increase of approximately \$44.6 M (inclusive of City Departments, Boards and Agencies and Capital Financing), which represents a residential municipal tax increase of 4.0% (assumes growth benefit of 1.0% and no reassessment impact).

The Preliminary Rate Operating Budget pressures / risks identified within Report FCS20087 result in a projected operating budget expenditure increase of approximately \$11.1 M, which represents a combined rate increase of 4.28%.

Staffing: There are no staffing implications as a result of Report FCS20087. During the budget process, staffing changes are highlighted for Council approval.

Legal: N/A

HISTORICAL BACKGROUND

Council, at its meeting on December 9, 2015, endorsed the creation of a multi-year budgeting and business planning framework through a Multi-Year Budget Planning Sub-Committee. The main goal of the Sub-Committee is to develop an updated process for communicating the cost and performance of City services, based on the Community Vision, Strategic Plan and priorities.

Council, at its meeting on December 14, 2016, approved General Issues Committee (GIC) Report 16-032 and Multi-Year Budget Planning Sub-Committee Report 16-001 (Report FCS16087) adopting a Rolling Budget Cycle Without a Fixed Period as its Multi-Year Budget Process beginning with the 2018 Budget.

Council, at its meeting on July 14, 2017, approved GIC Report 17-015 and Multi-Year Budget Planning Sub-Committee Report 17-001 (Report FCS17066) adopting the Multi-Year Business Planning and Budget Policy (“Policy”) for City Departments and forwarding the Policy to Hamilton Police Service, Hamilton Public Library and Hamilton Farmers’ Market Boards for consideration.

The 2020 Tax Operating Budget approved by Council in March 2020 included a 2021-2023 Multi-Year Budget Outlook with a preliminary budget increase of \$43.7 M, or a residential municipal tax increase of 4.2%, for 2021. Finance staff has consulted with operating departments in determining the revised projected tax and rate budget pressures / risks for 2021 based on more recent information.

The 2020 Rate Supported Budget approved by Council in November 2019, resulted in a combined rate increase of 4.11%. The budget also included a projection for 2021 of a 4.28% rate increase. The 2020 Rate Supported Budget reflects Council's ongoing commitment and dedication to implement a sustainable financing plan while bridging the divide between the funding shortfalls for necessary infrastructure with affordable rates.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

There are no policy implications related to the recommendations within Report FCS20087.

RELEVANT CONSULTATION

Staff has consulted with operating departments and senior leadership in determining the projected tax budget and rate budget pressures / risks for 2021. Staff has also consulted with Council, the City Clerk’s Office and the operating departments in developing the timeline for the 2021 budget.

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

2021 Budget Process Timeline

Appendix “A” to Report FCS20087 provides a high-level summary of the budget calendar for the 2021 Rate and Tax Budgets (Operating and Capital). The Rate Operating and Capital Budgets and Tax Capital Budget are scheduled to be deliberated in late November 2020. The Tax Supported Operating Budget (which sets the tax increase) is scheduled to commence in January 2021 with an expected approval in March 2021. All budgets will be deliberated at meetings of the General Issues Committee.

Budget Principles

Staff will prepare the 2021 budget and 2022-2024 Multi-Year Outlook in accordance with the following principles:

- The annual budget reflects and supports the updated 2016-2025 Strategic Plan;
- The annual budget is aligned with the financial policies approved by Council;
- The City’s strong financial position and prudent financial management of debt is prioritized to ensure the City’s AA+ credit rating is maintained;
- All growth-related infrastructure costs that can be recovered under the *Development Charges Act, 1997* will be supported from development charge revenue, including dedicated development charge exemption funding for Council approved exemptions and interim financed through debt or reserves as necessary;
- The annual budget accounts for the investment required to maintain infrastructure in a state-of-good-repair in accordance with the Strategic Asset Management Policy and the Asset Management Plan;
- All grants available to municipalities will be investigated;
- Reserves are maintained per policy in order to repair / replace infrastructure, fund identified priorities and ensure long-term sustainability;
- Use of the Capital Levy is maximized and debt capacity is leveraged to finance capital infrastructure projects in order to limit the impact on taxpayers;
- Total tax and rate supported debt as a percentage of City own-source revenues does not exceed 60% unless approved by Council;
- Total development charge supported debt as a percentage of the total development charge eligible costs for the forecast period of the latest Development Charge Background Study does not exceed 25% unless approved by Council;
- Ongoing expenses are funded from sustainable revenue sources to ensure continuity of services;

- New services, service level enhancements or reductions, increases or decreases to the full-time equivalent staff complement and changes in user fees beyond Council direction require a Business Case to be considered by Council as part of the annual budget process; and
- All 2021 capital projects require an accompanying Capital Detail Sheet to be considered by Council as part of the annual budget process.

Recommended Budget Direction

Staff is recommending that the 2021 Tax Operating Budget be prepared at an increase required to maintain existing levels of service. The updated preliminary Budget Outlook would result in a residential municipal tax increase of 4.0%, net of assessment growth, in 2021. There are still many unknown variables related to the impact of COVID-19 on municipal service delivery in 2021 and whether there will be sufficient provincial funding under the Safe Restart Agreement to mitigate these pressures. Staff is monitoring the impacts of COVID-19 and the recovery plan while preparing the 2021 Tax Operating Budget and will continue to review all City provided services in an effort to generate efficiencies and reduce costs.

The 2021 tax capital financing plan approved, in principle, had included a 0.5% tax levy increase for capital financing of discretionary block funded capital projects amounting to approximately \$4.3 M. Staff recommends deferring the 0.5% levy increase in 2021 and offset the reduction to the 2021 tax capital financing plan with \$4.3 M of remaining Federal Gas Tax funds from the one-time transfer payment in 2019.

Staff is recommending that the 2021 Rate Supported Operating and Capital Budgets be prepared in alignment with the long-term financing plan approved, in principle, that would result in a rate increase of 4.28% in 2021. While industrial and commercial water consumption declined over the past year as a result of lockdown restrictions in response to the COVID-19 pandemic, the increase in residential consumption has offset the negative impact on revenues. With no change in overall consumption, it is recommended that staff continues with the long-term financing plan for water, wastewater and storm capital infrastructure.

Advancing Council's Strategic Priorities

The 2016-2025 Strategic Plan is a key consideration in the preparation of the annual budget. The Strategic Plan outlines the priorities that support the community vision for the delivery of all City provided services. Through discussions with the City Manager, motions of Council and approval of various staff reports, previous Council direction where significant work was under way and matters critical to the successful operation of the administration, the following priorities were identified for the remainder of this Term of Council (2018-2022):

- Climate Change;
- Multi-Modal Transportation;
- Affordable Housing;
- Equity, Diversity and Inclusion;
- Integrated Growth and Development;
- Trust and Confidence in City Government;
- Fiscal Health and Financial Management; and,
- A Healthy, Respectful and Supportive Workplace.

COVID-19 Economic Recovery and Financial Pressures

The Canadian economy is in the deepest recession since the 1930s, peaking in April and slowly recovering throughout the summer with the gradual reopening of the economy. Municipalities were hit particularly hard as they managed service continuity for essential services and infrastructure during the lockdown period. While financial pressures for municipalities in 2020 were somewhat alleviated through the historic Safe Restart Agreement and Social Services Relief Fund, it is anticipated that health risks will continue to remain on an ongoing basis and economic activity is not expected to return to pre-COVID-19 levels until at least 2022.

As the economy reopens, municipalities will play a crucial role in implementing robust crisis management programs, public health safeguards and community support for the most vulnerable. It is essential that municipalities continue to provide service continuity for front-line workers and to play a key role in local economic recovery through rebuilding growth and providing stimulus.

The City will continue to face many financial pressures in 2021 including the loss of revenue from transit operations and recreation user fees, as well as, increased costs for Public Health and housing for the most vulnerable. In accordance with the Safe Restart Agreement, the City can address its 2021 COVID-19 related financial pressures with remaining funds at the end of 2020, but there have been no announcements related to ongoing funding to address additional pressures in 2021.

Based on current information, staff is projecting additional financing pressures related to COVID-19 in 2021 between \$34.8 M and \$59.2 M. Staff will continue to monitor these assumptions and how they are impacted by the reopening strategy and report back to the General Issues Committee with a financing strategy through the 2021 budget process. In the 2021 Outlook, it is assumed that these pressures will be funded through contributions from senior levels of government.

**Table 2
City of Hamilton
Projected 2021 COVID-19 Financial Pressures by Department**

| Department | Low (\$) | High (\$) |
|--|-------------------|-------------------|
| Planning & Economic Development | 2,403,000 | 5,391,000 |
| Healthy and Safe Communities | 20,322,000 | 27,267,000 |
| Public Works | 12,060,000 | 24,989,000 |
| Corporate Financials | - | 1,540,000 |
| Subtotal | 34,785,000 | 59,188,000 |
| Contribution from Senior Levels of Gov't | (34,785,000) | (59,188,000) |
| Net Levy Impact | - | - |

As supported through the recommendations in this report, the City of Hamilton should continue to pursue advocacy efforts for relief funding relating to ongoing financial pressures of COVID-19 and potential economic stimulus funding programs. A summary of the federal and provincial government priorities and how they have been impacted by the COVID-19 pandemic is attached as Appendix “B” to Report FCS20087.

2021 Preliminary Tax Budget Pressures (Outlook)

During the 2020 budget process, staff prepared a 2021-2023 Multi-Budget Year Outlook, which was included in the budget book and presented by the General Managers.

The initial Outlook for 2021 was projecting a levy increase of \$43.7 M and a 4.2% municipal tax increase. Based on updated information, the initial projection has been revised to a levy increase of \$44.6 M, resulting in a municipal tax increase of 4.0% (assumes assessment growth of 1.0% and no reassessment impact). Table 3 shows the 2021 Outlook by Department.

**Table 3
2021 Operating Budget Outlook**

| Department | 2020 Restated \$ | 2021 Outlook \$ | Change from 2020 \$ |
|--|-----------------------------|----------------------------|--------------------------------|
| Planning and Economic Development | \$29,842,050 | \$30,543,500 | \$701,450 |
| Healthy and Safe Communities | \$247,637,470 | \$256,382,390 | \$8,744,920 |
| Public Works | \$257,247,140 | \$267,427,160 | \$10,180,020 |
| Legislative | \$5,109,610 | \$5,195,690 | \$86,080 |
| City Manager | \$12,344,910 | \$12,853,700 | \$508,790 |
| Corporate Services | \$34,200,240 | \$36,647,340 | \$2,447,100 |
| Corporate Financials / Non Program Revenues | (\$28,136,590) | (\$16,594,960) | \$11,541,630 |
| Hamilton Entertainment Facilities | \$4,096,190 | \$4,037,180 | (\$59,010) |
| Total City Expenditures | \$562,341,020 | \$596,492,000 | \$34,150,980 |
| Hamilton Police Services | \$170,815,160 | \$175,597,980 | \$4,782,820 |
| Other Boards and Agencies | \$47,489,140 | \$48,736,630 | \$1,247,490 |
| City Enrichment Fund | \$6,088,340 | \$6,088,340 | \$0 |
| Total Boards and Agencies | \$224,392,640 | \$230,422,950 | \$6,030,310 |
| Capital Financing | \$137,424,860 | \$141,802,270 | \$4,377,410 |
| Total Levy Requirement | \$ 924,158,520 | \$ 968,717,220 | \$ 44,558,700 |
| | | | |
| Municipal Tax Impact (after assessment) | | | 4.0% |

City Expenditures

Staff has identified a levy pressure of approximately \$34.2 M for City departments, which would have a residential municipal tax impact of 3.1%. This increase includes the following drivers as shown in Table 4 and described below.

**Table 4
City of Hamilton
2021 Outlook – Summary of Budget Pressures**

| Budget Pressure | 2021 Increase |
|--|----------------------|
| Inflationary pressures including salary and benefits | \$ 17,543,120 |
| Information Technology expenditures | \$ 3,250,000 |
| Operating impacts of capital | \$ 3,167,000 |
| Roxborough Housing Incentive Program | \$ 2,100,000 |
| Curbside waste collection | \$ 2,900,000 |
| Organics and recycling processing contracts | \$ 1,500,000 |
| Recycling Program Revenue Pressure | \$ 1,500,000 |
| Children's Services provincial funding | \$ 1,200,000 |
| Insurance premiums | \$ 1,000,000 |
| Total | \$ 34,160,120 |

- **\$17.5 M** for general maintenance and inflation including salaries and benefits increases. This includes previously approved contract adjustments, performance increments, job evaluation changes and the proposed cost of living adjustment of 1.60%, as well as, employer provided benefits, Canada Pension Plan, Employment Insurance and Workers' Safety and Insurance Board changes;
- **\$3.3 M** for projected information technology expenditures including a \$1.4 M increase for the annual equipment replacement program, \$0.9 M increase in software licences and subscriptions (largely comprised of the addition of the Information Enterprise Asset Management System) and \$0.4M in additional security as a result of increased cloud-based applications;
- **\$3.2 M** for operating impacts of approved capital projects through the 2020 Capital Budget (Report FCS19091), including 7.6 full-time equivalent positions (FTE), have been incorporated into the 2021 Outlook, as well as, operating impacts that were previously approved but deferred to 2021 (10.8 FTE);
- **\$2.1 M** for the Roxborough Housing Incentive Program (RHIPP) as approved in Report HSC19034. The RHIPP allows developers of affordable rental or ownership housing units to receive exemptions of the City's development charges and parkland dedication fees for 10 years after the issuance of a building permit. Total cost of the program is estimated at \$10.47 M over five years;
- **\$2.9 M** has been included as a budget pressure for year one of the new curbside waste collection contract. The 2021 projection includes three months of the existing contract and nine months of new contracts with a 2% Consumer Price Index (CPI) and 1% growth;
- **\$1.5 M** in additional expenditures is projected for the organics processing contract (\$0.9 M) and the recycling processing contract (\$0.6 M). The organics processing contract assumes the current contract continues until June 2021 with a 2% estimated CPI over 2020 rates for the period of April to June. The new contract is projecting to begin July 2021 and has not yet been negotiated. The recycling processing contract has been adjusted for 2% CPI over 2020 rates and will be the first full year of the new contract;
- **\$1.5 M** has been included as a recycling program revenue pressure. This is the residual difference after depleting the Recycling Reserve Fund established to stabilize ongoing deficits as a result of declining recycling commodity revenues;
- **\$1.2 M** pressure in Children's Services and Neighbourhood Development as a result of reductions in provincial funding; and
- **\$1.0 M** in additional expenses related to an increase in insurance premiums.

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.

Boards and Agencies

Based on historical trends and updated information, staff has preliminary projected budget pressures / risks for Boards and Agencies of approximately \$6.0 M (refer to Table 5). The Police budget pressure of \$4.7 M, as well as, the \$892 K pressure for the Hamilton Public Library, is based on the Multi-Year Outlook prepared as part of the 2020 budget process with some updates to cost driver assumptions.

**Table 5
Boards and Agencies Levy Impact**

| Board / Agency | Net Levy Increase |
|---------------------------|--------------------------|
| Police | \$ 4,782,820 |
| Conservation Authorities | \$ 139,000 |
| Library | \$ 892,000 |
| Other Boards and Agencies | \$ 207,350 |
| Total Impact | \$ 6,021,170 |

A budget pressure of \$139 K is related to the increased levy payable to the Niagara Peninsula Conservation Authority (NPCA) for capital works at the Binbrook Conservation Area. On January 21, 2020, the NPCA's 2020 Operating and Capital Budgets were presented to the City of Hamilton's General Issues Committee. The Binbrook Conservation Area capital levy was noted as a critical unfunded pressure for 2020 as it related to an urgently required septic system replacement.

The *Conservation Authority Act* requires that the benefitting municipality levy for capital projects that are deemed by the Conservation Authority to directly benefit that municipality. City staff is recommending providing the NPCA the required funds and fund this payment internally through reserves for the required \$1.2 M. Repayments to the reserve would be made through the NPCA levy over a period of 15 years.

Staff is seeking direction from Council on the 2021 Tax Operating Budget guideline for Boards and Agencies. Historical increases are provided in Table 6.

**Table 6
Historical Budget Trends 2018-2020
City of Hamilton Boards and Agencies**

| Historical Budget Board or Agency | Annual % Increase | | |
|--------------------------------------|-------------------|-------|---------|
| | 2018 | 2019 | 2020 |
| Conservation Authorities | | | |
| Niagara Peninsula Conservation | 1.50% | 1.50% | 161.15% |
| Grand River Conservation | 3.06% | 1.50% | 433.90% |
| Halton Region Conservation | 3.50% | 1.50% | 243.98% |
| Hamilton Conservation | 1.50% | 1.50% | 1.64% |
| Other Agencies | | | |
| Hamilton Beach Rescue | 1.51% | 1.50% | 0.00% |
| Royal Botanical Gardens | 1.50% | 1.50% | 0.00% |
| MPAC | 2.65% | 1.94% | 1.90% |
| City Boards | | | |
| Hamilton Farmer's Market | 1.51% | 1.53% | 0.00% |
| Hamilton Public Library | 2.18% | 2.40% | 2.86% |
| Hamilton Police Service | 2.46% | 2.38% | 3.97% |

Note: 2020 increases for Conservation Authorities are the result of a levy formula change after loss of appeal

Capital Financing

The 2021 Outlook for Capital Financing includes a \$1.9 M pressure related to the City's share of Investing in Canada Infrastructure Program (ICIP) – Transit funding that was approved through Report PW19083 / FCS18048(a) and a \$2.0 M pressure for Development Charge (DC) exemptions that was deferred in the 2020 Capital Budget (Report FCS19054), as well as, changes in debt servicing costs required for the Hamilton Police Service and the Hamilton Public Library as outlined in Table 7.

**Table 7
Capital Financing Levy Impact**

| | Levy Increase | | Tax Impact | |
|-----------------------|---------------|------------------|-------------|----------|
| | \$ | | % | |
| ICIP - Transit | \$ | 1,893,000 | 0.20 | % |
| DC Exemption | \$ | 2,000,000 | 0.22 | % |
| B&A Capital Financing | \$ | 484,410 | 0.05 | % |
| Total Impact | \$ | 3,893,000 | 0.47 | % |

Note - Anomalies due to rounding

The 2021 tax capital financing plan approved, in principle, had also included a 0.5% tax levy increase for capital financing of discretionary block funded capital projects amounting to approximately \$4.3 M. Staff recommends deferring the 0.5% levy increase in 2021 and offset the reduction to the 2021 tax capital financing plan with \$4.3 M of remaining Federal Gas Tax funds from the one-time transfer payment in 2019.

2021 Preliminary Rate Budget Pressures (Outlook)

A number of pressures / risks have been identified for 2021 (refer to Table 8).

**Table 8
2021 Preliminary Rate Supported
Budget Outlook**

| Rate Budget Pressures | \$ M |
|--------------------------------------|---------------|
| City Division (Hamilton Water) | |
| Energy and Other Operating Costs | \$1.7 |
| Capital Financing | \$9.4 |
| Preliminary Pressures / Risks | \$11.1 |
| Combined Rate Impact | 4.28% |

The preliminary outlook for the 2021 Rate Operating Budget projects an operating expenditure increase for Hamilton Water Division of approximately \$1.7 M or 2.0% over the 2020 Budget.

The recommended rate increase of 4.28% is largely comprised of capital financing requirements. Net capital costs are estimated at \$173.5 M in 2021 versus \$135.6 M in 2020. The \$38.0 M increase year-over-year is broken down as \$16.5 M for wastewater, \$19.5 M for water and \$1.9 M for stormwater infrastructure.

2022 – 2024 Multi-Year Budget

Multi-year budgeting strengthens the link between budgeting and strategic priorities and enables Council to implement a multi-year vision, assessing the long-term financial implications of current and proposed operating and capital budgets and policies.

The initial outlook for 2022 prepared during the 2020 budget process resulted in a projected municipal tax increase of 2.7% and combined rate increase of 4.5%. This projection, however, needs to be re-evaluated to identify pressures and tax increases above inflation and other known factors such as contractual agreements and needs to be adjusted based on the 2021 budget. Actions taken to mitigate the pressures in the 2021 budget should not include postponing expenditures to future years but rather, they should be geared towards finding sustainable solutions. The 2023 outlook projected a municipal tax increase of 2.6% and a combined rate increase of 4.6%.

During the 2021 budget process, the Multi-Year Budget Outlook will be updated for the 2022 and 2023 budget years, as well as, to include 2024.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS20087 – 2021 City of Hamilton Budget Schedule
Appendix “B” to Report FCS20087 – Summary of Federal and Provincial Government Priorities

KP/DR/dt