

Item 6.1



Hamilton

2021 BUDGET OVERVIEW

GENERAL ISSUES COMMITTEE

Report FCS21001

January 15th, 2021

2021 BUDGET DIRECTION

- Tax Operating Budget prepared at an increase required to maintain current service levels
- 2021 user fees were approved with inflationary increases (2%), with a limited number of exceptions, including the freezing of a small number of fees at 2020 rates.
- Tax Capital Levy increase of **0.4%**
 - debt financing for ICIP – Transit and the City's DC exemption program
- Hamilton Police Service, Hamilton Public Library, Conservation Authorities, Royal Botanical Gardens and Hamilton Beach Rescue Unit were directed to target a **2.0%** increase at November 11, 2020 Council

2021 OUTLOOK VS CURRENT

2021 Tax Budget

Municipal	Levy Increase \$	Tax Impact %
Outlook (October)	44,558,700	4.00%
Preliminary (Budget Book)	34,793,910	2.90%
Current – City (w/o HPS)	30,182,860	2.40%
Current – City & HPS	31,456,741	2.50%

2021 BUDGET AMENDMENT ITEMS

			Residential Impact
Preliminary Residential Tax Increase - Budget Book		\$ 34,793,910	2.9%
APPROVED AMENDMENTS:			
Public Works	PW Committee Dec 7/2020 - Motion 11.1: Park Improvements (W3)	11,800	
Healthy and Safe Communities	Roxborough CIPA adjustment Dec 16/2020	(1,047,000)	
Capital Financing	Elimination of discretionary block funding Dec 18/2020	(4,500,000)	
Corporate Financials	Operating Impacts of Capital - Dec 18/2020 FCS20101	<u>865,500</u>	
		\$ 30,124,210	
POTENTIAL AMENDMENTS:			
Corporate Financials	Operating Impacts of Capital - Remainder	2,492,100	
Non-Program Revenues	POA – SRA funding for forgone revenue	(1,043,500)	
Public Works	Blue Box Municipal Funding Allocation	<u>(1,389,950)</u>	
		\$ 30,182,860	(0.5)%
PENDING AMENDMENTS:			
B&A	Hamilton Police Services – to align to Board Approval	1,271,247	
B&A	Other B&A – to align to Board Approval	<u>2,634</u>	
		\$ 31,456,741	(0.4)%
AVERAGE RESIDENTIAL MUNICIPAL TAX IMPACT with B&A at 2.0% guideline			2.4%
AVERAGE RESIDENTIAL MUNICIPAL TAX IMPACT with B&A at Board submissions			2.5%

2021 AVERAGE RESIDENTIAL TAX IMPACT

	2020 \$	2021 \$	Change \$	Change %
City Departments	2,443	2,509	66	1.8%
Boards and Agencies	861	879	17	0.5%
Capital Financing	384	392	9	0.2%
MUNICIPAL TAX IMPACT	3,688	3,780	92	2.5%
MUNICIPAL TAX IMPACT (with Boards and Agencies @ 2.0% guideline)				2.4%

2021 NET OPERATING BUDGET BY DEPARTMENT

(\$000's)

	2020 \$	2021 \$	Change 2021 / 2020	
Department	Restated Budget	Preliminary Budget	\$	%
Planning & Economic Development	29,813	30,327	515	1.7%
Healthy and Safe Communities	247,663	255,897	8,235	3.3%
Public Works	256,712	264,742	8,030	3.1%
Legislative	5,110	5,165	55	1.1%
City Manager	12,378	12,867	489	4.0%
Corporate Services	34,814	35,820	1,007	2.9%
Corp Financials/Non Prog Revenues	(28,246)	(23,988)	4,259	15.1%
Hamilton Entertainment Facilities	4,096	4,037	(59)	(1.4)%
Total City Departments	562,338	584,868	22,530	4.0%
Total Boards & Agencies	225,249	231,205	5,956	2.6%
Capital Financing	136,571	139,542	2,971	2.2%
Total Preliminary Operating Budget	924,159	955,615	31,457	3.4%
Total Average Residential Municipal Property Tax Impact				2.5%
Total Average Residential Municipal Property Tax Impact with B&A @ 2.0% Guideline				2.4%

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CITY DEPARTMENTS ANALYSIS OF BUDGET









LESS:



City Departments			\$ 22.5 M	1.8%
Operating Impacts of Capital			(3.4 M)	(0.4)%
Environmental Services			(1.5 M)	(0.2)%
Housing Services			(1.0 M)	(0.1)%
Provincial Cost Share (Children's Services)			(0.8 M)	(0.1)%
Total Maintenance Pressure			\$ 15.8 M	1.1%

NOTE: Anomalies due to rounding

BUDGET DRIVERS - MAINTENANCE

	Salaries, Wages & Benefits (Net of Funding Agreements)	\$ 14.8 M
	Curbside Waste Collection	2.9 M
	PRESTO Operating Agreement	1.1M
	Computer Software Licensing	0.9 M
	Miscellaneous	1.2 M
	Fuel and Energy Costs	(1.1 M)
	Community Recycling Centres Contract	(1.5 M)
	Increase in user fees (2% guideline)	(2.5 M)
Total		\$ 15.8 M

NOTE: Anomalies due to rounding

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BUDGET DRIVERS - ADDITIONAL ITEMS

Housing Services



Roxborough Housing Incentive
Program

\$ 1.0 M

Environmental Services



Recycling Program Revenue
Pressure

\$ 1.5 M

Provincial Cost Share



Children's Services

\$ 0.8 M

Total

\$ 3.3 M

NOTE: Anomalies due to rounding

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BUDGET DRIVERS - ADDITIONAL ITEMS

Operating Impacts of Capital



Information Technology	\$ 0.9 M
West Harbour & Waterfront Strategic Initiatives	0.9 M
Transportation Infrastructure	0.4 M
Tree planting and parks maintenance	0.3 M
Performance and Learning Management System	0.2 M
Backflow prevention	0.1 M
Others	0.6 M
Total	\$ 3.4 M

TOTAL BUDGET DRIVERS - ADDITIONAL ITEMS

\$ 6.7M

NOTE: Anomalies due to rounding

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CAPITAL FINANCING



DC Exemptions

2.0 M



Investing in Canada
Infrastructure Program - Transit

1.6 M



Prior Year Adjustment

(0.6 M)

Total

\$ 3.0 M

NOTE: Anomalies due to rounding

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BOARDS & AGENCIES

2021 NET OPERATING BUDGET (\$000's)

	2021 Budget Impact (\$)	Change (%)
NPCA (Binbrook Special Levy)	92	N/A
Other Conservation Authorities	172	2.0%
Farmers Market	2	2.0%
Hamilton Beach Rescue Unit	(3)	(2.1)%
MPAC	137	2.0%
Royal Botanical Gardens	13	2.0%
Police	5,109	3.0%
Library	427	1.5%
City Enrichment Fund	0	0.0%

Total	5,956	2.6%
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2021 STAFFING COMPLEMENT (TAX) (EXCLUSIVE OF BOARDS & AGENCIES)

	Change	Total
2020 Restated		5,897.30
Operating Impacts from Capital	14.70	
Other Complement Change:		
Reduction (HSC)	(31.09)	
Reduction (PED)	(13.25)	
Reduction (PW)	(5.84)	
Reduction (CM)	(2.00)	
Staffing addition (CS)	<u>3.50</u>	
Total Other Complement Change	(48.68)	
Total Change		(33.98)
Total 2021 Complement		5,863.32

TAX POLICY MATTERS

- The City continues to be impacted by the levy restriction to the Industrial and Multi-Residential property classes
- Reassessment was paused by Province for 2021 in response to the pandemic
 - No reassessment shifts
 - 2021 impact will reflect budget and area rating decisions
- Reduction of the BET of approximately 10% for the commercial property class and of approximately 25% for the industrial property class

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TAX POLICY MATTERS

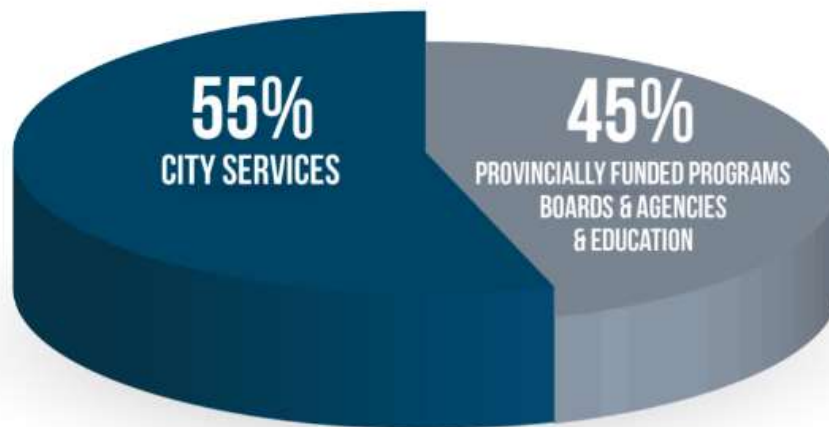
- New Small Business property class
 - Optional class
 - “Small Business” to be defined by the municipality
 - Pending legislation
 - Implementation for 2022
- Other initiatives
 - Creative enterprise property tax
 - Residential vacancy tax

2021 REDUCTION SCENARIOS

	Reduction (\$)	Levy Increase (\$)	Total Residential Tax Incr.
Preliminary Budget		31,456,741	2.5%
Total Reductions Of	(4,500,000)	26,956,741	2.0%
Total Reductions Of	(13,500,000)	17,956,741	1.0%

- Excludes potential increases due to 2021 Referred Items and Business Cases
- \$9.0M is required to adjust the municipal tax impact by 1%

LIMITED CONTROL



**TO MAINTAIN CURRENT
LEVELS OF SERVICE:
THE REQUIRED TAX
INCREASE IS 2.5%**

0%

**TO MAINTAIN 2020 TAX LEVY:
CITY COUNCIL HAS FULL CONTROL TO
REDUCE OR ADJUST SERVICE LEVELS
THAT MAKE UP 55% OF THE TAX LEVY**



**4.4% SERVICE LEVEL
REDUCTION IN CITY SERVICES:
IS REQUIRED TO MAINTAIN THE
CURRENT TAX RATE**

CITY SERVICES



**ROADS, SIDEWALKS
AND STREETLIGHTING**



WASTE MANAGEMENT



PARKS



FIRE SERVICES



TRANSIT



RECREATION



**PLANNING AND ECONOMIC
DEVELOPMENT**

MITIGATION OPTION TYPES



Financials

- Reduce contributions to reserves impacting long term financial plan.



Revenues

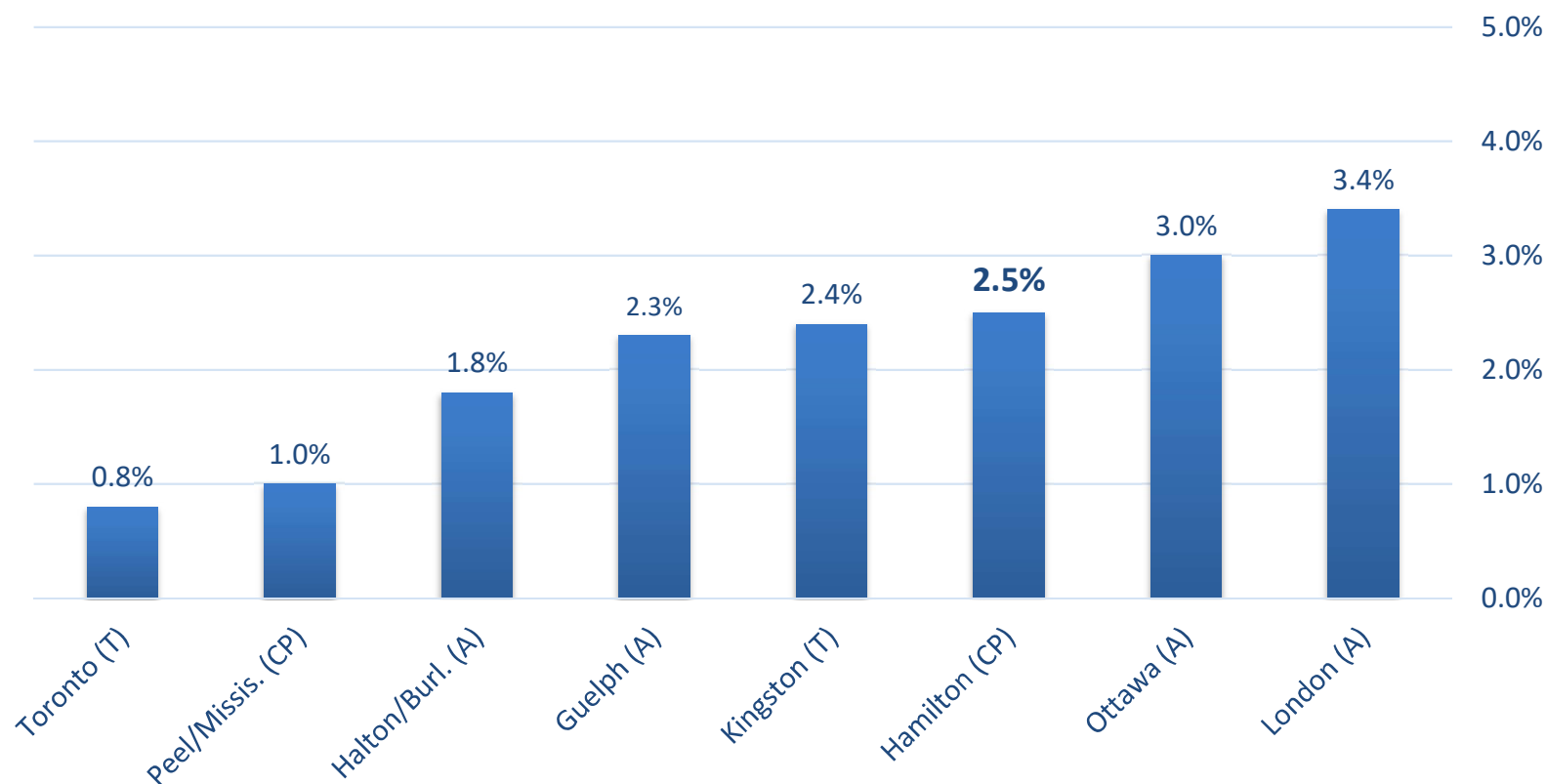
- Enhance user fee increases in many areas. Introduce new fees for service. Reduce or eliminate fee waivers.



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

2021 RESIDENTIAL TAX IMPACTS COMPARATORS



T = Targeted
CP = Current Position
A = Approved

Note: West Lincoln, Haldimand County, Windsor and Toronto are pending.



2021 COUNCIL REFERRED ITEMS

2021 OPERATING BUDGET

2021 COUNCIL REFERRED ITEMS

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

Department	# of Items	Gross (\$)	Net (\$)	FTE
Healthy and Safe Communities	1	\$950,000	\$950,000	0.00
Public Works	1	TBD	TBD	TBD
Corporate Services	1	\$109,000	\$109,000	1.00
TOTAL	3	\$1,059,000	\$1,059,000	1.00

- Not included in Preliminary Budget. If approved, would result in a 0.1% tax impact. This doesn't include the TBD item above.

2021 COUNCIL REFERRED ITEMS

BUDGET BOOK					
#	Department	Item	Gross (\$)	Net (\$)	FTE
1	Healthy and Safe Communities	Expanding Housing and Support Services for Women and Transgender Community Sub-Committee	\$950,000	\$950,000	0.00
2	Corporate Services	FTE requested in the Records and FOI section of the Clerk's office in order to continue to support and educate staff in our legislated requirement to protect personal and confidential information.	\$109,000	\$109,000	1.00
3	Public Works	Sidewalk Clearing Program - PW19022 (a) <ul style="list-style-type: none"> • Option 1: Existing Service • Option 2: Priority 1 and 2A Roadways additional \$1.78 M • Option 3: City Wide Roadways - additional \$3.78 M 	TBD	TBD	TBD
TOTAL COUNCIL REFERRED ITEMS			\$1,059,000	\$1,059,000	1.00



2021 BUSINESS CASES

2021 OPERATING BUDGET

2021 BUSINESS CASES

- 3 business cases for consideration in the 2021 budget process:

Department	# of Business Cases Submitted	Gross (\$)	Net (\$)	FTE
Planning & Economic Development	1	62,093	0	1.00
Healthy and Safe Communities	1	1,045,580	522,790	10.00
Corporate Services	1	182,250	182,250	2.00
Total Business Cases	3	1,289,923	705,040	13.00

- The amounts above are not included in the 2021 preliminary budget
- If approved, would result in a 0.1% tax impact

2021 BUSINESS CASES

#	Dept.	Business Case Details	Gross Impact \$(000's)	Net Impact \$(000's)	FTE Impact
1	Planning & Economic Development	Communications Associate HIPC funded	62.1	0.0	1.00
2	Healthy and Safe Communities	Hamilton Paramedic Service 2021-2024 Enhancement (Ambulance)	1,045.6	522.8	10.00
3	Corporate Services	Additional FTEs for Information Technology	182.3	182.3	2.00
Total			1,290.0	705.1	13.00



MULTI-YEAR OUTLOOK

2022-2024

2022 – 2024 MULTI-YEAR OUTLOOK

MULTI-YEAR OUTLOOK BUDGET INCREASE

(\$000's)

		Increase					
	2021	2022		2023		2024	
	\$	\$	%	\$	%	\$	%
Total City Departments	584,868	27,220	4.1%	15,639	2.3%	20,058	2.9%
Boards & Agencies	231,205	4,832	2.1%	4,501	1.9%	4,697	2.0%
Capital Financing	139,542	5,697	4.0%	5,171	3.5%	6,329	4.1%
Total Preliminary Operating Budget	955,615	37,749	3.9%	25,311	2.5%	31,084	3.0%
Residential Average Property Tax Impact *	2.5%		3.4%		2.0%		2.5%
Residential Average Property Tax Impact as projected in 2020 Budget	4.2%		2.7%		2.6%		
Difference	(1.7)%		0.7%		(0.6)%		

* - Municipal tax impact excluding education.

2021 PROCESS DATES

ITEM	DATE
GIC – Tax Operating Overview	January 15 th
GIC – Boards and Agencies	January 19 th & 21 st
GIC – Transit Day	January 22 nd
GIC – Departmental Presentations	January 26 th , 27 th , 28 th , Feb.5 th
GIC – Budget Delegations (Public)	Feb. 8 th
GIC – Budget Deliberations	Feb. 11 th , 22 nd , 25 th and March 1 st & 3 rd
Council Budget Approval	March 31 st



THANK YOU

