



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

<b>TO:</b>	Chair and Members General Issues Committee
<b>COMMITTEE DATE:</b>	November 26, 2021
<b>SUBJECT/REPORT NO:</b>	2022 Tax Supported Capital Budget (FCS21096) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Duncan Robertson (905) 546-2424 Ext. 4744 Tran Trang (905) 546-2424 Ext. 4371
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATIONS**

- (a) That the 2022 Tax Supported Capital Levy in the amount of \$133,563,000 be approved, inclusive of;
- (i) a net levy increase of \$4,800,000 (0.50%) for discretionary block funded projects to be used principally for state-of-good-repair in the City's 10-year Capital Financing Plan;
  - (ii) a net levy increase of \$1,024,000 (0.11%) to fund the debt servicing costs associated with the City's share of the approved Investing in Canada Infrastructure Program Transit Stream projects for 2022;
  - (iii) a net levy increase of \$374,000 (0.04%) to fund the debt servicing costs associated with the West Harbour Waterfront strategic initiatives in 2022;
- (b) That the 2022 Tax Supported Capital Budget and Financing Plan in the amount of \$280,083,810 attached as Appendix "B" to Report FCS21096, be approved with the following funding sources:
- (i) \$52,000 from government grants and subsidies;
  - (ii) \$387,000 from other external sources;

- (iii) \$25,866,850 from Development Charges Reserves;
- (iv) \$6,450,000 from Rate Revenues;
- (v) \$35,347,810 from Reserves;
- (vi) \$15,103,000 from Work-in-Progress and other internal transfers;
- (vii) \$89,823,150 from the 2022 Tax Supported Capital Levy;
- (viii) \$5,300,000 from Hamilton Utilities Corporation (HUC) / Alectra Dividends;
- (ix) \$34,057,000 from Canada Community Building Fund / Federal Gas Tax Reserve (112213);
- (x) \$20,259,000 from Tax Supported Debenture Financing;
- (xi) \$47,438,000 from Development Charge Supported Debenture Financing;
- (c) That the General Manager, Finance and Corporate Services, be authorized to provide an internal loan of \$970,000 from the Investment Stabilization Reserve (112300) to finance the Albion Falls – Waterfalls Viewing project (4401856819) to be repaid from Parks and Open Space Operating Budget over a 15-year term at an annual interest rate of 2.78%;
- (d) That the Tax Supported Discretionary Net Capital Funding Forecast 2023–2031, attached as Appendix “C” to Report FCS21096, which assumes the following, be approved, in principle, and re-visited by Council each budget year:
  - (i) a net levy increase of \$4,800,000 (0.50%) in each year from 2023 to 2031;
  - (ii) an additional net levy increase of \$671,000 (0.07%) in 2023, \$1,829,000 (0.19%) in 2024, \$54,000 (0.01%) in 2025, \$20,000 (0.00%) in 2026, \$59,000 (0.01%) in 2027, \$87,000 (0.01%) in 2029, \$3,072,000 (0.32%) in 2030 and \$3,238,000 (0.34%) in 2031 to fund the debt servicing costs associated with the Investing in Canada Infrastructure Program Transit Stream and West Harbour Waterfront Strategic Initiatives;
- (e) That the operating budget and full-time equivalent (FTE) impacts of the 2022 Tax Supported Capital Budget, estimated at \$762,000 and 4.0 FTEs for 2022 and \$884,585 and 2.6 FTEs for future years, included in Appendix “D” to Report FCS21096 be incorporated into future Tax Supported Operating Budgets subject to Council approval;
- (f) That the General Manager, Finance and Corporate Services, be authorized to negotiate the terms and placement of a debenture issue(s), and / or private

---

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.

- placement debenture issue(s), in either a public or private market and / or bank loan agreement and debenture issue(s) and / or variable interest rate bank loan agreement and debenture issue(s), in an amount not to exceed \$67,697,000 Canadian currency, as attached in Appendix “B” to Report FCS21096, which includes \$20,259,000 in Tax Supported municipal debt and \$47,438,000 in Development Charges Tax Supported municipal debt;
- (g) That the General Manager, Finance and Corporate Services, be authorized to engage the services of all required professionals to secure the terms and issuance of the debenture issue(s) described in Recommendation (f) including, but not limited to, external legal counsel, fiscal agents and Infrastructure Ontario’s Loan Program;
- (h) That the General Manager, Finance and Corporate Services, Mayor and City Clerk are each authorized and directed to enter into and / or execute, on behalf of the City of Hamilton, all agreements and necessary ancillary documents requiring their respective signatures, to secure the terms and issuance of the debenture issue(s) described in Recommendations (f) and (g), in a form satisfactory to the City Solicitor;
- (i) That the Mayor and City Clerk are authorized and directed to enter into and / or execute, on behalf of the City of Hamilton, all agreements and necessary ancillary documents not requiring any specific signing authority, to secure the terms and issuance of the debenture issue(s) described in Recommendations (f) and (g), in a form satisfactory to the City Solicitor and with content acceptable to the General Manager, Finance and Corporate Services;
- (j) That all necessary By-Law(s) be passed to authorize the debenture issue(s) negotiated placed and secured in accordance with Recommendations (f) and (g).

## **EXECUTIVE SUMMARY**

Report FCS21096 provides the recommendations required to approve and implement the 2022 Tax Supported Capital Budget. The complete details of the capital budget are provided in the 2022 Tax Supported Capital Budget Book attached as Appendix “A” to Report FCS21096.

The City of Hamilton’s 2022 Tax Supported Capital Budget and 10-year Tax Supported Capital Program supports the City’s Strategic Plan and Long-Term Capital Financing Plan. The proposed 2022 Tax-Supported Capital Projects align with the following City objectives:

- Maintaining existing assets in a state-of-good-repair and a commitment to asset stewardship best practices;
- Resiliency and economic recovery in response to the COVID-19 global pandemic;
- Leveraging funding programs from senior levels of government for transit, culture and recreation, affordable housing, disaster mitigation and adaptation, long-term care and climate change initiatives;

- Continuation of year six of the 10-Year Local Transit Strategy, as well as, other commitments to support multi-modal transportation options across the municipality;
- Providing affordable housing and capacity building across the community; and
- Supporting integrated growth and development to ensure long-term sustainability and opportunities for residential and business development in the City.

The proposed gross capital investment by the City of Hamilton in 2022 is \$386.0 M. This amount includes the \$280.1 M recommended for approval through Report FCS21096, as well as, \$105.9 M of previously approved projects for 2022 that were funded through the use of reserves and leveraging of grant funding made available from senior levels of government.

The Tax Supported Operating Budget funds a portion of the projects in the Tax Supported Capital Budget through the Capital Levy. The recommendations in Report FCS21096 and Table 1 reflect a capital levy increase in the Tax Supported Operating Budget of \$6,198,000 that translates into an average residential property tax increase of 0.65% or \$28 for an average residential property assessed at \$381,000.

**Table 1  
Tax Supported Capital Levy Impact on Operating Budget**

(\$000's)	2021	2022	CHANGE	
	Restated	PROPOSED	\$	%
Debt Charges	40,708	40,793	85	0.2
Transfer from Operating	86,657	92,770	6,113	7.1
<b>Total Tax Supported Capital Levy</b>	<b>127,365</b>	<b>133,563</b>	<b>6,198</b>	<b>4.9</b>

**Municipal Tax Impact on Average Residential Property Tax 0.65% (\$28)**

The increase in the Capital Levy of \$6,198,000 is broken down as follows:

- A \$4.8 M, or 0.50%, increase for discretionary block funded projects to be used principally for state-of-good-repair infrastructure in the City’s 10-year Capital Financing Plan.
- An additional \$1.0 M, or 0.11%, increase to fund the debt servicing costs associated with the City’s share of the ICIP – Transit approved capital investments. The total cost of the approved ICIP – Transit projects for the City is \$75.1 M in 2022, with the City’s share amounting to \$20.0 M with \$11.9 M to be funded through tax supported debt.

- An additional \$374 K, or 0.04%, increase to fund the debt servicing costs associated with West Harbour Waterfront Development strategic initiatives. Planned tax supported debt for 2022 in support of West Harbour is \$4.5 M for the Macassa Bay Shoreline Improvements and Pier 5-7 Boardwalk projects.

Since the approval of the 2021 Tax Supported Capital Budget, there have been further announcements from senior levels of government regarding additional capital financing available in 2022, as well as, capital projects that were approved in-year by Council. The gross cost of previously approved capital investment for 2022 capital projects totals \$105.9 M and is in addition to the \$280.1 M recommended for approval through Report FCS21096.

The proposed 2022 Tax Supported Capital Budget and 2023-2031 Capital Forecast are a continuation of a solid long-term plan to maximize own source capital funding and leverage partnerships with senior levels of government (transit, housing, culture and recreation). Elements of this plan include the following:

1. It is recommended that the usual 0.50% Capital Levy increase for discretionary state-of-good-repair continue in 2022 and subsequent years to meet the required asset reinvestment needs to maintain infrastructure in its current state. A 0.50% levy increase would amount to approximately \$4.8 M in additional capital investment in 2022.
2. An additional 0.15% Capital Levy increase to fund the debt servicing costs associated with the City's share of the Investing in Canada Infrastructure Program (ICIP) – Transit Stream and West Harbour Development strategic initiatives. It is necessary to increase the Capital Levy at least in proportion with the amount needed to finance new debt in order to ensure continuity of the level of funding available for state-of-good-repair, as well as, the proportion of debt repayments to City own-source revenues to maintain the City's AA+ credit rating.

On October 28, 2021, City Council received a communication update that the City of Hamilton once again achieved an AA+ credit rating and stable outlook from S&P Global Ratings and has done so each year since June 2017. The rating agency suggests that Hamilton's economy is aided by economic diversification and will recover as COVID-19 restrictions are eased. Maintaining the AA+ credit rating is a key priority in development of the Capital Budget and Capital Financing Plan.

3. The Capital Financing Plan was updated with new allocations for discretionary block funding. All discretionary blocks have been increased by the cumulative Non-Residential Construction Price Index for the years 2012 through 2020 and at an annual average rate of 2.6% for all subsequent years beginning in 2023. This will provide program areas with the capital investment required to maintain the current state of infrastructure until service level targets and investment rates are revisited with formal Asset Management Plans by the July 1, 2025 legislated deadline. The

---

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.

increases in capital block allotments are funded through the reprioritization of debt paid by the Capital Levy that is expected to be retired over the next few years.

4. The Capital Financing Plan has been updated with a strategy to address the \$54 M funding shortfall in historical discretionary Development Charges (DC) exemptions. Beginning in 2023, the Capital Financing Plan incorporates an additional \$6.5 M per year over an eight-year period (ending in 2030) as dedicated funding for DC exemptions. Updates were made to the 10-year forecast for the timing of debt issuance, which provided the funding required over the eight-year period.
5. The Capital Financing Plan has prioritized funding for growth and development, such as the West Harbour Waterfront and Airport Employment Growth District, that will provide both economic and socio-economic advantages to businesses and residents while also increasing the City's non-residential assessment.
6. The Capital Financing Plan advances key priorities of the 2016-2025 Strategic Plan and the 2019-2022 Term of Council through investment in strategic initiatives including Transit, Affordable Housing, Waste Management, Park Development, Integrated Growth and Development and others.
7. The plan ensures that debt levels are sustainable. This is accomplished by ensuring that the City has an efficient Works-In-Progress Capital turn-around process thereby freeing up funds that are not in use. Debt sustainability is further achieved by examining each major project with a cost/benefit approach, deferring when necessary until debt capacity is freed-up, as well as, determining this appropriate timing for the issuance of debt.
8. Additional capacity for capital investment was created through updates to the Capital Financing Plan, as well as, additional funding from senior levels of government. Through these two avenues, the City of Hamilton has made considerable progress towards increasing the asset reinvestment rate in the ten-year Capital Financing Plan, as well as, addressing the discretionary DC exemption funding shortfall while managing tax competitiveness by staying within the 0.50% annual increases to the Capital Levy that were approved in principle.

The City continues to work towards addressing the investment levels required to ensure infrastructure is maintained in a state-of-good-repair and continuity of essential municipal services that residents and businesses of the community rely upon.

### **Alternatives for Consideration – See Page 13**

### **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The 2022 Tax Supported Capital Budget and Financing Plan in the amount of \$386,010,810, attached as Appendix “B” to Report FCS21096, includes the gross costs and sources of financing. The 2022 Capital Levy of \$133,563,000

will be incorporated into the 2022 Tax Supported Operating Budget, representing a \$6,198,000 increase from 2021 and a 0.65% tax impact.

Some capital projects, especially those that provide new or expanded services, have an impact on operating costs on an ongoing basis once the projects have been completed. The estimated operating budget impacts of the recommended 2022 capital projects is \$1,646,585 and 6.6 FTE. The operating impacts are detailed in Appendix “D” to Report FCS21096 and recommended to be incorporated into future years Tax Supported Operating Budgets with the exception of \$762,000 and 4.0 FTE which are required in 2022.

The Discretionary Tax Supported Net Capital Funding Forecast 2022–2031, attached as Appendix “C” to Report FCS21096, provides a forecast of discretionary capital funding for years 2022–2031 in the total amount of \$1,841,815,000.

The 2022–2031 forecast assumes increases for the Capital Levy with an annual standard tax levy increase of 0.50% in years 2022-2031, as well as, additional increases for debt servicing requirements for the municipal share of the Investing in Canada Infrastructure – Public Transit Stream (ICIP) and West Harbour Waterfront Strategic Initiatives projects.

Table 2 details the anticipated future Capital Levy impacts that are required to support the 2022-2025 Capital Financing Plan.

**Table 2  
Tax Supported Four-Year Capital Financing Plan**

	2022	2023	2024	2025
Capital Levy Increase dedicated to rehab of existing Assets	0.50%	0.50%	0.50%	0.50%
<i>Additional Capital Levy Impact:</i>				
Capital Levy Increase for ICIP - Transit Stream (City Share - debt)	0.11%	0.00%	0.00%	0.00%
Capital Levy Increase for West Harbour MP increase (debt)	0.04%	0.07%	0.19%	0.01%
Total Levy Impact	0.65%	0.57%	0.69%	0.51%

In order to accommodate capital spending requirements, \$67,697,000 has been allocated to debt financing in the 2022 Tax Capital Budget. This amount includes \$20,259,000 in Tax Supported debt and \$47,438,000 in Development Charges Tax Supported debt.

**Staffing:** The operating budget and FTE impacts related to the proposed 2022 Tax Supported Capital Budget totals \$1,646,585 and 6.6 FTE as identified in Appendix “D” to Report FCS21096. Approval of the 2022 Capital Budget would approve these ongoing operating costs, in principle, with consideration given in

future budget years based on implementation of the associated capital works. Currently, \$762,000 and 4.0 FTE of this amount is required for 2022.

Legal: N/A

### **HISTORICAL BACKGROUND**

The City of Hamilton employs a hybrid Capital Block Funding Prioritization methodology that has evolved over the years, aligning with the City’s Strategic Plan. This has been accomplished by senior staff in all program areas endorsing a corporate capital funding program focused on meeting a base level financial requirement. This process ensures stable long-term capital funding for hard infrastructure program areas and facilitates effective costing and priority planning outcomes.

Council, through the 2021 Tax Supported Capital Budget Report (FCS20101), approved, in principle, the Tax Supported Discretionary Net Capital Funding forecast for 2022–2030.

In October 2021, through the 2022 Budget Guidelines, Outlook and Process Report (FCS21057(a)), the General Issues Committee and Council approved the guideline of a 0.6% tax increase for capital financing of discretionary block funded projects and debt servicing requirements for the ICIP – Transit Stream projects and West Harbour Redevelopment strategic initiatives.

Table 3 provides a summary of the historical tax supported Capital Levy increases over the past three years in comparison to the proposed increase for 2022 based on the recommendations in Report FCS21096.

**Table 3  
Historical Tax Supported Capital Levy Increases**

	<b>2019 Approved</b>	<b>2020 Approved</b>	<b>2021 Approved</b>	<b>2022 Proposed</b>
Discretionary Block Funding	0.50%	0.50%	0.00%	0.50%
ICIP - Transit / PTIF	0.27%	0.21%	0.18%	0.11%
West Harbour	0.13%	0.03%	0.00%	0.04%
Downtown Office Accomodations	0.00%	0.14%	0.00%	0.00%
DC Exemptions	0.00%	0.00%	0.22%	0.00%
<b>Total Tax Supported Capital Levy</b>	<b>0.90%</b>	<b>0.88%</b>	<b>0.40%</b>	<b>0.65%</b>



## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The municipal asset management planning regulation (O. Reg. 588/17) under Bill 6, *Infrastructure for Jobs and Prosperity Act, 2015*, was adopted on January 1, 2018. On June 26, 2019, City Council adopted a Strategic Asset Management Policy (Report PW19053). On March 15, 2021, O. Reg. 588/17 was amended to extend regulatory timelines for phases 2, 3 and 4 by one year:

1. July 1, 2019: Date for municipalities to have a finalized strategic asset management policy that promotes best practices and links asset management planning with budgeting, operations, maintenance and other municipal planning activities.
2. July 1, 2022: Date for municipalities to have an approved asset management plan (AMP) for core assets (roads, bridges and culverts, water, wastewater and stormwater management systems) that identifies current levels of service and the cost of maintaining those levels of service.
3. July 1, 2024: Date for municipalities to have an approved asset management plan for all municipal infrastructure assets that identifies current levels of service and the cost of maintaining those levels of service.
4. July 1, 2025: Date for municipalities to have an approved asset management plan for all municipal infrastructure assets that builds upon the requirements set out in 2024. This includes an identification of proposed levels of service, what activities will be required to meet proposed levels of service and a strategy to fund these activities.

Report FCS21096 meets the requirements of the City of Hamilton's Debt Policy, whereby Council authority is required to issue debt.

### **Debt Management**

#### **I. Council Approved Debt Limits:**

1. Total tax and rate-supported debt as a percentage of City Own-Source revenues, not to exceed 60%, unless approved by Council.

The City's debt ratio in 2020 was 23.5% and is forecasted to be 20.4% in 2020 and 21.9% in 2022 – well within the limit of 60%.

2. Total Development Charge (DC) supported debt as a percentage of the total DC Eligible Costs for the forecast period of the latest DC Background Study, not to exceed 25%, unless approved by Council.

The City considers the limit of 25% to be an appropriate balance between two competing uses of revenues generated by development charges: (i) to sustain and

ensure adequate infrastructure (capital), services and resources to support the City's growth plans; and, (ii) to repay the debt issued for development.

The City's DC supported debt in 2020 was 2.0% and is forecasted to be 1.7% in 2021 and 2.5% in 2022 – well within the limit of 25%.

II. Statutory Limits:

1. The annual debt and financial obligation limit for the City is calculated in accordance with Section 3 of Ontario Regulation 403/02 as amended.

The City's debt service charges as a percentage of City Own Source Revenue of 4.3% in 2020 and forecasted at 4.7% in 2021 and 5.2% for 2022 are well within the limit of 25%.

2. Outstanding variable interest rate bank loan agreements and variable interest rate debentures, in total, cannot exceed 15% of the total outstanding debt of the City as set out in Ont. Reg. 276/02 s(2).

The City's debt ratios are below the limit of 15% with 4.1% in 2020 and forecasted at 3.7% in 2021 and 2.7% in 2022.

III. Financial Ratios:

The debt related financial ratios will remain well within the acceptable levels of prudent financial management. Appendix "G" to Report FCS21096 provides the results of the following ratios:

- Debt and debt service charges per capita;
- Debt service charges as a percentage of City Own Source Revenue;
- Debt service charges as a percentage of the municipal levy;
- Debt to operating revenues;
- Debt to reserves and reserve funds; and
- Cash and liquid assets to debt service; cash and liquid assets minus debt.

According to Ontario Regulation 403/02, Council shall, before giving authorization for capital work that would require a long-term debt or financial obligation, have the City Treasurer calculate an updated Annual Repayment Limit (ARL) using the most recent ARL determined by the Ministry. The most recent ARL, determined and sent in writing by the Ministry to the City Treasurer, is the 2021 ARL in the amount of \$291,914,218 and is based on 2019 Financial Information Returns.

Using this 2021 ARL, the City Treasurer has calculated an updated ARL of \$219,967,107, shown on page two of Appendix "G" to Report FCS21096. The 2021 ARL was adjusted for possible debt service charges of \$73,168,030 corresponding to approximately \$903.8 M of debt which has been approved by Council in 2021 and prior years but not yet issued. The

---

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.

2021 ARL was then further adjusted for debt service charges assumed or discharged on debt since December 31, 2019 to the end of 2020. According to this calculation, the updated ARL of \$219,967,107 represents the maximum amount that the City has available to commit to payments related to debt and financial obligations before the statutory limit is breached and corresponds to approximately \$2,625,953,039 of additional borrowing capacity (assuming a 15-year term and 3% interest rate).

## **RELEVANT CONSULTATION**

The 2022 Tax Supported Capital Budget is prepared in consultation with staff from all departments, as well as, senior leadership to determine the proposed submission and Capital Levy requirements to appropriately address budget pressures and risks while balancing tax affordability.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

The recommendations for the 2022 Tax Supported Capital Levy and the proposed 2022 capital projects are the result of a lengthy and thorough process in which available discretionary funding is identified, operating groups prioritize capital needs and Council's previous directions are incorporated to the extent that funding is available.

In setting the discretionary funding for the 2022 Tax Supported Capital Budget, staff updated the assumptions in the Financing Plan to determine the amount of funding available. Discretionary funds are base funding amounts that can be directed to any Capital program area. This would not include specific use reserve funds (i.e. Development Charges, Fleet, Transit, etc.) or any other specific use funding.

The distribution of available discretionary funds was first allocated based on the hybrid Capital Block Funding Prioritization methodology funding allocations approved, in principle, for 2022 through the 2021 Tax Supported Capital Budget (Report FCS20101). The hybrid Capital Block Funding Prioritization methodology was developed to direct funding towards addressing the City's infrastructure deficit. The methodology has been in use by the City for many years and has been based on historical funding averages, masterplan requirements and subsidy eligibility.

Departments reviewed capital works-in-progress and existing reserve balances to determine if the gross cost associated with the 2022 capital program could be offset from existing funds. Funding from reserves and works-in-progress transfers in the 2022 Tax Supported Capital Budget are detailed in Appendix "E" and "F" to Report FCS21096, respectively. Reserves account for approximately 15% of all funding sources for 2022 capital projects, while works-in-progress transfers account for 4%.

Capital projects receiving significant subsidy and / or referred to the capital budget process by Council receive priority in the funding allocation process. Municipal pressures and Council priorities were used in allocating funding outside of the established funding allocations.

In order to show a holistic view of the City’s 2022 Capital Program, Appendix “B” to Report FCS21096 details the list of 2022 capital projects that are being recommended, as well as, the projects previously approved to arrive at the full value of the 2022 Capital Program. The 2022 Tax Supported Capital Budget, inclusive of previously approved 2022 capital projects, provides \$386.0 M in funding compared to \$484.4 M from the restated 2021 Tax Supported Capital Budget.

Table 4 of Report FCS21096 provides a summary of the proposed 2022 Tax Supported Capital Budget by program area, inclusive of previously approved 2022 capital projects, with a comparison to the Restated 2021 Tax Supported Capital Budget.

**Table 4  
2022 Proposed Tax Supported Capital Budget Compared to 2021  
Inclusive of In Year Project Approvals**

(\$000's)	2021		2022		Difference	
	Approved		CAPITAL PROGRAM			
	GROSS	NET	GROSS	NET	GROSS	NET
<b>Proposed Program Funding</b>						
Energy, Fleet and Facilities	47,023	12,120	60,450	10,463	13,427	(1,657)
Entertainment Facilities	2,900	800	-	-	(2,900)	(800)
Environmental Services	18,453	6,833	35,927	15,300	17,474	8,467
Waste Management	6,515	4,034	9,258	7,577	2,743	3,543
Transit Services	41,468	2,474	1,435	1,200	(40,033)	(1,274)
Transit Services (ICIP PW19083/FCS18048(a))	151,424	16,876	75,952	11,926	(75,472)	(4,951)
Roads / Bridges / Sidewalk / Street Lighting / Traffic	113,662	65,759	129,983	64,814	16,321	(945)
West Harbour & Waterfront Initiatives	9,020	9,020	19,850	16,430	10,830	7,410
Healthy and Safe Communities- Other	160	160	160	160	-	-
Housing Services	30,296	17,500	3,500	3,500	(26,796)	(14,000)
Fire / Paramedics	13,250	5,940	10,429	1,000	(2,821)	(4,940)
Corporate Services / City Manager	17,088	16,178	14,442	13,960	(2,646)	(2,218)
Area Rating	900	-	900	-	-	-
Planning & Development	9,182	2,639	7,990	2,099	(1,192)	(540)
Tourism & Culture	2,533	1,702	3,147	1,702	614	-
Commercial Districts and Small Business	2,210	2,210	2,210	2,210	-	-
<b>Total Program Funding</b>	<b>466,084</b>	<b>164,245</b>	<b>375,633</b>	<b>152,340</b>	<b>(90,451)</b>	<b>(11,905)</b>
<b>Other Major Projects</b>						
Parkland Acquisition	1,500	1,500	1,500	1,500	-	-
Randle Reef	500	500	-	-	(500)	(500)
Emerald Ash Borer Program	2,600	2,600	2,600	2,600	-	-
<b>Total Other Major Projects</b>	<b>4,600</b>	<b>4,600</b>	<b>4,100</b>	<b>4,100</b>	<b>(500)</b>	<b>(500)</b>
<b>Total Before Special Levies and Boards</b>	<b>470,684</b>	<b>168,845</b>	<b>379,733</b>	<b>156,440</b>	<b>(90,951)</b>	<b>(12,405)</b>
<b>Special Levies &amp; Boards</b>						
CityHousing	500	500	500	500	-	-
Police Services	10,040	1,540	3,708	2,625	(6,332)	1,085
Hamilton Public Library	1,000	-	-	-	(1,000)	0
Hamilton Farmer's Market	98	-	-	-	(98)	0
Beach Rescue	70	-	70	-	-	-
Hamilton Conservation Authority	2,000	2,000	2,000	2,000	-	-
<b>Total Special Levies &amp; Boards</b>	<b>13,708</b>	<b>4,040</b>	<b>6,278</b>	<b>5,125</b>	<b>(7,430)</b>	<b>1,085</b>
<b>Total Funded Projects</b>	<b>484,392</b>	<b>172,885</b>	<b>386,011</b>	<b>161,565</b>	<b>(98,381)</b>	<b>(11,320)</b>

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.

The 2022 Tax Supported Capital Budget Book attached as Appendix “A” to Report FCS21096 provides additional analysis and rationale around the capital projects included in the detailed listing attached as Appendix “B” to Report FCS21096.

The 2022 Tax Supported Capital Budget Book includes:

1. A detailed report on the 2022 Capital Budget and 2022-2031 Capital Financing Plan (page 5);
2. A list of all projects included in the 2022 Tax Supported Capital Budget with funding sources (page 62);
3. A list of 2022 capital projects that have been previously approved by Council (page 70);
4. A list of projects removed from the 10-year capital forecast (page 72);
5. The operating impacts of the proposed 2022 capital projects (page 74);
6. The affordable / unaffordable capital forecast that shows the difference between available capital financing and the 10-year capital project submissions for the 2022-2031 Capital Financing Plan (page 86);
7. A breakdown of the discretionary tax supported net capital funding available in the 2022-2031 Capital Financing Plan (page 88);
8. A list of capital projects by ward in the 2022-2031 capital forecast (page 91); and,
9. The capital summaries and project detail sheets by department and division for the 2022-2031 capital forecast (page 114).

The 2022 Tax Supported Capital Budget and Financing Plan in the amount of \$280,083,810 (\$386,010,810 if including projects previously approved), attached as Appendix “B” to Report FCS21096, includes the gross costs and identifies the sources of financing for each project recommended.

Staff is recommending a 2022 Capital Levy of \$133,563,000, which represents an increase of \$6,198,000 over the 2021 Capital Levy of \$127,365,000 in the Tax Supported Operating Budget amounting to a net levy increase of 0.65%, or \$28 per average residential household (home assessed at \$381,000).

## **ALTERNATIVES FOR CONSIDERATION**

Council can direct changes to the 2022 Tax Supported Capital Budget as long as the approved Financing Plan remains in balance with the forecasted gross cost of all approved capital projects.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

### **Economic Prosperity and Growth**

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

**Healthy and Safe Communities**

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

**Clean and Green**

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

**Built Environment and Infrastructure**

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

**Culture and Diversity**

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

**Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report FCS21096 – 2022 Tax Supported Capital Budget Book

Appendix “B” to Report FCS21096 – Tax Capital Budget - 2022 Capital Budget Project List

Appendix “C” to Report FCS21096 – Discretionary Tax Supported Net Capital Funding, 2022–2031 Forecast

Appendix “D” to Report FCS21096 – 2022 Tax Supported Capital Budget – Operating Budget Impacts for Projects Included in the 2022 Financing Plan

Appendix “E” to Report FCS21096 – 2022 Tax Supported Capital Budget Reserve Funding by Reserve and Project

Appendix “F” to Report FCS21096 – 2022 Tax Supported Capital Budget Summary of Work-in-Progress (WIP) and other Internal Funding

Appendix “G” to Report FCS21096 – City of Hamilton Debt Policy Ratios and Treasurer’s Updated 2021 Annual Repayment Limit

DR/TT/dt