

Item 6.1



Hamilton

2022 BUDGET OVERVIEW

GENERAL ISSUES COMMITTEE

Report FCS22002

January 14th, 2022

AGENDA

1. 2022 Budget Process Overview
2. 2022 Preliminary Tax Supported Budget
3. Tax Policy
4. 2022 Council Guideline
5. Council Referred Items
6. Business Cases
7. 2023-2025 Multi-Year Outlook
8. Next Steps



2022 BUDGET PROCESS OVERVIEW



BUDGET PROCESS OVERVIEW

- The preliminary budget includes all costs required to continue the delivery of services provided by the City of Hamilton, as well as previously approved strategic investments to advance the Term of Council priorities
- Staff have built the 2022 budget assuming continuity of service for City programs and services without disruption or impact from the COVID-19 pandemic response
- Staff have assumed that all pressures related to COVID-19 will be funded from senior levels of government or the City of Hamilton's COVID-19 Emergency Reserve

COVID-19 FUNDING AND OUTLOOK

City of Hamilton
 2021 COVID-19 Financial Forecast
 As of August 31, 2021

2021 Funding from Senior Levels of Government (\$000,s)					
Service or Program	Net Financial Impact (\$000's)	Social Services Relief Fund	Ministry of Health	Safe Restart Agreement	Recovery Funding for Municipalities Program
Parking Services	6,311			(6,311)	
Housing Services	27,510	(20,785)		(4,780)	(1,945)
Long Term Care	5,569			(5,569)	
Recreation	1,119			(1,119)	
Public Health Services	40,481		(40,481)		
Emergency Response	5,012		(4,123)	(889)	
Transit	7,430			(7,430)	
Slot Revenues	2,600			(2,600)	
General Municipal	5,369			(5,369)	
Total	101,400	(20,785)	(44,604)	(34,066)	(1,945)

COVID-19 FUNDING AND OUTLOOK

City of Hamilton
2022 COVID-19 Financial Forecast
As of December 10, 2021

		2022 Funding from Senior Levels of Government (\$000,s)				City of Hamilton (\$000's)
Service or Program	Net Financial Impact (\$000's)	Social Services Relief Fund	Ministry of Health	Safe Restart Agreement	Recovery Funding for Municipalities Program	COVID-19 Emergency Reserve
Parking Services	4,700				(4,700)	
Housing Services	22,529	(16,900)			(5,629)	
Long Term Care	818					(818)
Recreation	7,254				(2,452)	(4,802)
Public Health Services	46,158		(46,158)			
Emergency Response	2,957					(2,957)
Transit	4,495			(4,495)		-
Slot Revenues	2,600				(2,600)	
General Municipal	1,399				(1,399)	
Total	92,910	(16,900)	(46,158)	(4,495)	(16,780)	(8,577)

2022 BUDGET DIRECTION

- Tax Operating Budget prepared at an increase required to maintain current service levels with a 2.0% guideline for City Departments, as well as Boards & Agencies
 - Note: In development of the 2022 Preliminary Tax Operating Budget, staff have assumed that all pressures related to COVID-19 will be funded from senior levels of government or the COVID-19 Emergency Reserve
- The majority of 2022 user fees were approved at a 2.0% increase
- Tax Capital Levy increase of 0.6%



2022 PRELIMINARY TAX SUPPORTED BUDGET



2022 OUTLOOK VS PRELIMINARY

2022 Tax Budget	Budget Stage	Levy Increase \$	Total Residential Tax Impact %
	Outlook (October)	48,741,320	4.10%
	Preliminary (Budget Book)	42,944,500	3.30%
	Adjusted for Boards & Agencies*	46,376,660	3.70%

2022 PRELIMINARY ADJUSTED FOR B&A SUBMISSIONS

		Total Residential Tax Impact
Preliminary Residential Tax Increase - Budget Book		\$ 42,944,500
		3.3%
PENDING AMENDMENTS:		
B&A	Hamilton Police Services – to align to Board Approval	3,389,570
B&A	Conservation Authorities & Other Agencies – to align to Board Approval	<u>42,590</u>
		\$ 46,376,660
		<u>0.4%</u>
AVERAGE TOTAL RESIDENTIAL MUNICIPAL TAX IMPACT with B&A at Board submission		3.7%

*Anomalies due to rounding

2022 TOTAL AVERAGE RESIDENTIAL TAX IMPACT

	2021 \$	2022 \$	Change \$	Change %
City Departments	2,527	2,634	107	2.8%
Boards and Agencies	875	898	23	0.6%
Capital Financing	373	396	25	0.7%
MUNICIPAL TAX IMPACT	3,775	3,930	154	4.1%
Education Impact*				(0.3%)
TOTAL AVERAGE RESIDENTIAL TAX IMPACT				3.7%

* Note: Education impact is based on historical assumptions. Final Education rates will be factored in at a future Budget GIC in February

2022 NET OPERATING BUDGET BY DEPARTMENT

(\$000's)

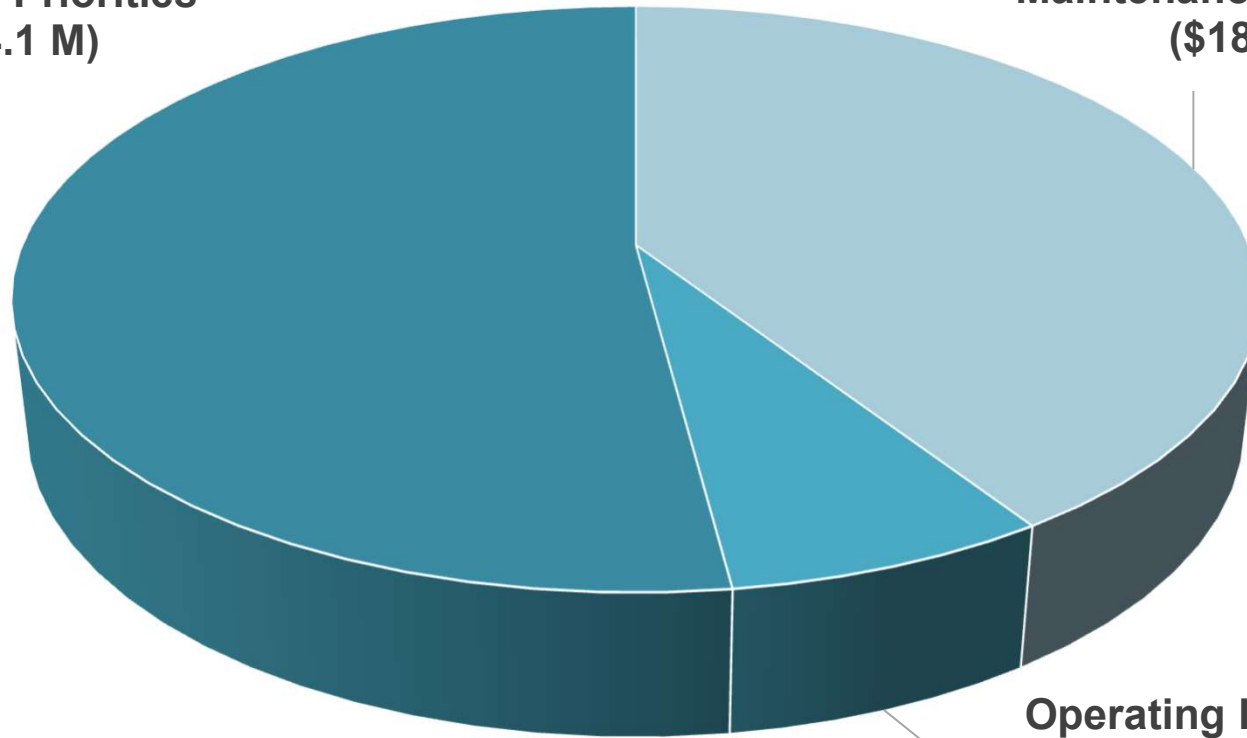
	2021 \$	2022 \$	Change 2022 / 2021	
Department	Restated Budget	Preliminary Budget	\$	%
Planning & Economic Development	30,390	30,980	590	1.9%
Healthy and Safe Communities	255,190	268,870	13,681	5.4%
Public Works	266,574	279,668	13,094	4.9%
Legislative	5,171	5,285	113	2.2%
City Manager	13,022	13,616	594	4.6%
Corporate Services	37,673	38,381	708	1.9%
Corp Financials/Non Prog Revenues	(28,383)	(25,046)	3,337	-11.8%
Hamilton Entertainment Facilities	4,037	4,188	151	3.7%
Total City Departments	583,674	615,942	32,268	5.5%
Total Boards & Agencies	231,203	239,165	7,962	3.4%
Capital Financing	139,542	145,688	6,146	4.4%
Total Preliminary Operating Budget	954,419	1,000,796	46,377	4.9%
Total Average Residential Property Tax Impact				3.7%

DEPARTMENT ANALYSIS OF BUDGET

Total Levy Increase of \$46.4 M

**Strategic Priorities
(\$24.1 M)**

**Maintenance Pressures
(\$18.9M)**



**Operating Impacts of
Capital (\$3.3 M)**

BUDGET DRIVERS - MAINTENANCE

	Salaries, Wages & Benefit (Net of Funding Agreements)	\$ 14.9 M
	Contributions to Reserves/Fiscal Health and Financial Management	2.2 M
	Curbside Waste Collection	1.9 M
	Social Housing Provider Benchmarks	1.8 M
	Fuel and Energy Costs	0.8 M
	Recycling Processing & Transfer Station/Community Recycling	0.5 M
	Tim Hortons Field Contractual Agreement	0.5 M
	PRESTO Operating Agreement	0.4 M
	Confederation Park Contractual Agreement	0.2 M
	Increase in user fees	(7.2 M)
	Miscellaneous	(0.5 M)
	B&A Budget Submission Adjustment	\$3.4 M

NOTE: Anomalies due to rounding

Total

\$ 18.9 M

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BUDGET DRIVERS – STRATEGIC PRIORITIES






Operating Impacts of Capital



Information Technology	\$ 1.7 M
Tree planting and parks maintenance	0.6 M
West Harbour & Waterfront Strategic Initiatives	0.2 M
Transportation Infrastructure	0.2 M
Others	0.6 M
Total	\$ 3.3 M

NOTE: Anomalies due to rounding

BUDGET DRIVERS – STRATEGIC PRIORITIES

	Fiscal Health and Financial Management	\$ 10.4 M
	Multi-Modal Transportation, EDI, & Climate Change	5.4 M
	Affordable Housing and Homelessness	4.4 M
	COVID-19 Resilience	1.3 M
	Provincial Funding	2.6 M
Total		\$ 24.1 M




NOTE: Anomalies due to rounding

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BUDGET DRIVERS – SALARIES & BENEFITS

Average Salary & Benefits Increase by Employee	
Component	2022
Collective Agreements	1.60%
Government Provided Benefits	7.50%
Employer Provided Benefits	7.07%
WSIB	3.63%
Total Ave. Salaries & Benefits Increase by Employee	2.21%

CAPITAL FINANCING

	Capital Tax Levy – Discretionary Blocks	4.8 M
	Investing in Canada Infrastructure Program - Transit	1.0 M
	West Harbour Strategic Initiatives	0.4 M
Total		\$ 6.2 M

NOTE: Anomalies due to rounding

BOARDS & AGENCIES

2022 NET OPERATING BUDGET (\$000's)

	2022 Budget Impact (\$)	Change (%)
Conservation Authorities	224	2.7%
Farmers' Market	127	110.6%
Hamilton Beach Rescue Unit	0	0.0%
MPAC	0	0.0%
Royal Botanical Gardens	0	0.0%
Police	6,956	3.9%
Library	654	2.0%
City Enrichment Fund	0	0.0%

Total	7,961	3.5%
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NOTE: Amounts reflect 2022 Budgets as submitted by respective Board and detailed in Appendix B to Report FCS22002

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2022 STAFFING COMPLEMENT (TAX) (EXCLUSIVE OF BOARDS & AGENCIES)

	Change	Total
2021 Restated		5,891.97
Operating Impacts from Capital	13.30	
Other Complement Change:		
Staffing addition (PED)	9.00	
Staffing addition (HSC)	2.74	
Staffing addition (PW)	43.26	
Staffing addition (CMO)	0.50	
Staffing addition (CS)	<u>5.00</u>	
Total Other Complement Change	60.50	
Total Change		73.80
Total 2022 Complement		5,965.77



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TAX POLICY



TAX POLICY MATTERS

- Reassessment was paused by Province for 2022 and 2023 in response to the pandemic
 - No reassessment shifts
 - 2022 impact will reflect budget and area rating decisions
- The City continues to be impacted by the levy restriction to the Industrial and Multi-Residential property classes

AREA RATING REVIEW

- Review of Area Rating Methodologies report being discussed today at GIC
- Includes analysis and rationale for the review of the following area rated levies:
 - Sidewalk snow removal
 - Sidewalk and Streetlighting
 - Recreation
 - Parkland purchases
 - Phased-in Fire
- Recommendation report will be brought forward in February



2022 COUNCIL GUIDELINE



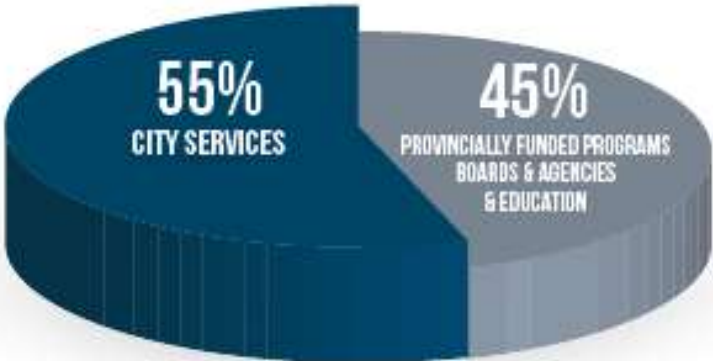
2022 REDUCTION SCENARIOS

	Reduction (\$000's)	Levy Increase (\$000's)	Total Residential Tax Incr.
Adjusted Preliminary Budget		46,377	3.7%
Total Reductions Of	(6,500)	39,877	3.0%
Total Reductions Of	(11,150)	35,227	2.5%
Total Reductions Of	(15,800)	30,577	2.0%

- Excludes potential increases due to 2022 Referred Items and Business Cases
- \$9.3M is required to adjust the municipal tax impact by 1%

LIMITED CONTROL

2022 PROPERTY TAX BREAKDOWN



TO MAINTAIN CURRENT LEVELS OF SERVICE: THE REQUIRED TAX INCREASE IS 3.3%

0% **TO MAINTAIN 2021 TAX LEVY: CITY COUNCIL HAS FULL CONTROL TO REDUCE OR ADJUST SERVICE LEVELS THAT MAKE UP 55% OF THE TAX LEVY**

5.8% **5.8% 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

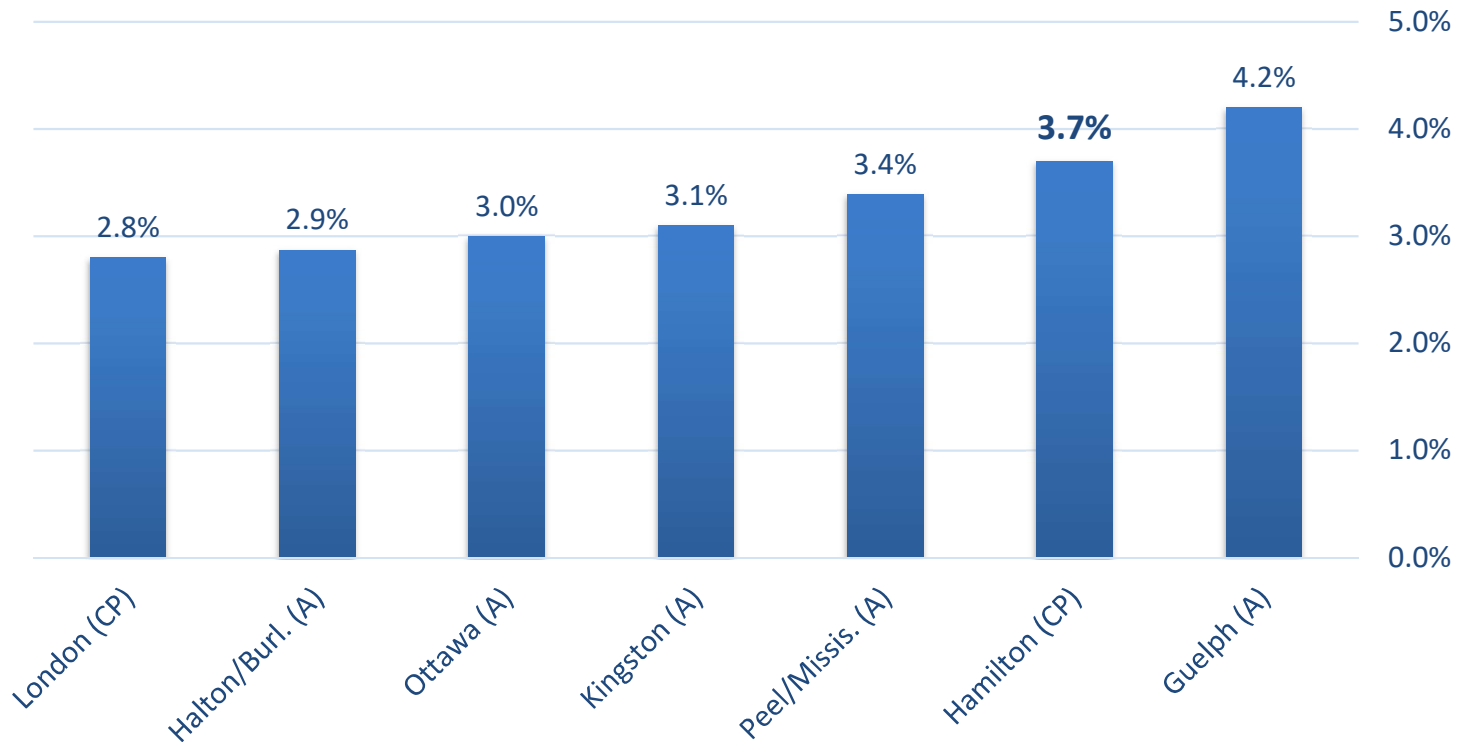
- Enhance user fee increases in many areas. Introduce new fees for service. Reduce or eliminate fee waivers.



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

2022 RESIDENTIAL TAX IMPACTS COMPARATORS



T = Targeted
CP = Current Position
A = Approved

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



2022 COUNCIL REFERRED ITEMS



2022 COUNCIL REFERRED SUMMARY

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

Department	# of Items	Gross (\$)	Net (\$)	FTE
Public Works	1	\$45,000	\$45,000	0.00
Corporate Services	3	\$75,300	\$75,300	0.00
City Manager's Office	1	\$141,300	\$36,900	2.00
TOTAL	5	\$261,600	\$157,200	2.00

- Not included in Preliminary Budget. If approved, would result in a 0.03% tax impact.

2022 COUNCIL REFERRED DETAILED SUMMARY

BUDGET BOOK					
#	Department	Item	Gross (\$)	Net (\$)	FTE
1	Public Works	City-Wide Private Tree Giveaway (PW21044)	\$45,000	\$45,000	0.00
2	Corporate Services	Canada Healthy Communities Initiative Intake Two (FCS21020(a)) - The Public Space and Park Wi-Fi Connectivity Project	\$30,000	\$30,000	0.00
3	Corporate Services	2022 Municipal Election: Communication Plan (FCS21071)	\$14,000	\$14,000	0.00
4	Corporate Services	City Clerk's Vote by Mail (FCS21073)	\$31,300	\$31,300	0.00
5	City Manager's Office	Transitioning CityLAB from pilot to permanent program (CM21009)	\$141,300	\$36,900	2.00
TOTAL COUNCIL REFERRED ITEMS			\$261,600	\$157,200	2.00



2022 BUSINESS CASES



2022 BUSINESS CASES SUMMARY

- 11 business cases for consideration in the 2022 budget process:

Department	# of Business Cases Submitted	Gross (\$)	Net (\$)	FTE
Planning & Economic Development	2	178,720	0	2.00
Healthy and Safe Communities	2	1,082,000	541,000	10.80
Corporate Services	7	1,215,500	610,600	15.00
Total Business Cases	11	2,476,220	1,151,600	27.80

- The amounts above are not included in the 2022 preliminary budget
- If approved, would result in a 0.1% tax impact

2022 BUSINESS CASES DETAILED SUMMARY

#	Dept.	Business Case Details	Gross (\$)	Net (\$)	FTE Impact
1	Planning & Economic Development	Film Production Facilitation	\$77,720	\$0	1.00
2	Planning & Economic Development	Infrastructure Planning Project Manager - in support of PW/EcDev/Corporate storm water management initiatives	\$101,000	\$0	1.00
3	Healthy and Safe Communities	Hamilton Paramedic Service 2022-2025 Enhancement (Ambulance)	\$1,082,000	\$541,000	10.00
4	Healthy and Safe Communities	Ontario Seniors Dental Care Program (OSDCP) Service Delivery	\$0	\$0	0.80
5	Corporate Services	POA Virtual Court	\$604,900	\$0	8.00
6	Corporate Services	Development Finance Analysis and Support	\$70,700	\$70,700	1.00

(CONTINUED ON NEXT SLIDE)

2022 BUSINESS CASES DETAILED SUMMARY

#	Dept.	Business Case Details	Gross (\$)	Net (\$)	FTE Impact
7	Corporate Services	Additional FTEs for Information Technology	183,100	183,100	2.00
8	Corporate Services	Additional FTE for Senior Contract Specialist	82,900	82,900	1.00
9	Corporate Services	IT Security FTE	115,300	115,300	1.00
10	Corporate Services	Strategy & Architecture FTEs	86,600	86,600	1.00
11	Corporate Services	Administrative Assistant to City Solicitor	72,000	72,000	1.00
TOTAL BUSINESS CASES			2,476,220	1,151,600	27.80



MULTI-YEAR OUTLOOK

2023-2025



MULTI-YEAR OUTLOOK (2023 – 2025)

- The Multi-Year Budget assumes continuity of services and forecasted growth per Council approved Master Plans
- There have been no confirmed COVID-related funding commitments for 2023 and beyond
- It is anticipated that municipal services will continue to be impacted by the pandemic beyond 2022 principally in Transit, Housing, Recreation, Tourism & Culture, Parking, Public Health, Long-Term Care and Children's Services

MULTI-YEAR OUTLOOK BUDGET INCREASE (\$000's)

	Increase						
	2022	2023		2024		2025	
	\$	\$	%	\$	%	\$	%
Total City Departments	615,492	26,023	4.2%	23,734	2.3%	24,420	2.9%
Boards & Agencies	235,733	5,170	2.2%	4,890	2.0%	4,914	2.0%
Capital Financing	145,688	5,471	3.8%	6,629	4.4%	4,854	3.1%
Total Preliminary Operating Budget	997,363	36,663	3.7%	35,253	3.4%	34,188	3.2%
Residential Average Property Tax Impact *	3.3%		3.5%		3.0%		2.8%
Residential Average Property Tax Impact as projected in 2021 Budget	3.4%		2.5%		3.0%		
Difference	(0.1)%		1.0%		-		

* - Municipal tax impact excluding education.



Hamilton

NEXT STEPS



2022 PROCESS DATES

ITEM	DATE
GIC – Boards and Agencies	January 18 th & 20 th
GIC – Transit Day	January 21 st
GIC – Departmental Presentations	January 25 th , 26 th , 27 th , Feb.4 th
GIC – Budget Delegations (Public)	Feb. 7 th
GIC – Budget Deliberations	Feb. 10 th , 22 nd , 25 th and March 1 st & 3 rd (if required)
Council Budget Approval	March 30 th



THANK YOU

