



Hamilton

**2023 – 2025 MULTI-YEAR OUTLOOK
AND CAPITAL FINANCING PLAN UPDATE**

FCS22064

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General Issues Committee

AGENDA

1. 2023 Budget Process
2. Emerging Themes of the 2023 Budget
3. 2023 Tax Supported Operating Budget Preliminary Outlook
4. 2023 Rate Supported Operating Budget Preliminary Outlook
5. Overview of Report Recommendations

2023 BUDGET PROCESS

- A. Budget Direction:** not seeking a recommended guideline from Council for 2023
- B. Balanced Budget:** in accordance with the *Municipal Act, 2001, section 289*, the City must prepare a balanced budget and provide for any deficit in the previous years' budget
 - i. 2022 Tax Supported Operating Budget is forecasted at a \$23.7M deficit
 - ii. 2022 Rate Supported Operating Budget is forecasted at a \$2.9M deficit
 - iii. 2023 Preliminary COVID-19 Response and Recovery projected at \$23.0M
- C. Budget Process Timeline:** an updated budget process will be communicated later in 2022

2023 BUDGET PROCESS

- D. Budget Principles:** staff will prepare the 2023 budget based on the City's budget principles
- i. Supports the City's Strategic Plan and Term of Council Priorities
 - ii. Alignment with the financial policies approved by Council
 - iii. Ensure the City's AAA credit rating is maintained
 - iv. Growth related infrastructure is supported from DCs / CBCs
 - v. Accounts for investment required to transition to the expected outcomes of the Strategic Asset Management Policy and Asset Management Plans
 - vi. Grants available to municipalities will be investigated
 - vii. New services, enhancements or reductions, changes to the full-time equivalent complement require a Business Case

EMERGING THEMES OF THE 2023 BUDGET

- A. COVID-19 Recovery:** insufficient funding to address forecasted pressures related to pandemic response and recovery efforts
- B. Extraordinary Inflation, Supply Chain and Labour Shortages:** the City is experiencing significant pressures in resources such as fuel, contracted services and employee contractual and benefits obligations
- C. Debt Capacity and Cost of Borrowing:** managing growth-related and replacement infrastructure in conjunction with Council's approved debt limits, maintaining the City's AAA credit rating and rising interest rates
- D. Amendments in Provincial Funding:** changes in Provincial Funding Agreements are expected to continue to represent a significant budget pressure in 2023

EMERGING THEMES OF THE 2023 BUDGET

- E. Asset Management:** an annual funding gap of \$94.7M and \$101.1M for Tax and Rate supported infrastructure respectively was identified through the Core Asset Management Plan (PW22048)
- F. Affordable Housing and Homelessness:**
- i. HSC19034 – Roxborough Housing Incentive Program
 - ii. HSC22040 – Service and Exit Agreements for Community Housing Providers and End of Mortgage
 - iii. HSC22050/FCS22073 – Approaches to Addressing the Challenges of Financing Non-Profit Housing Developments
 - iv. HSC20020(f) – Adaptation and Transformation of Services for People Experiencing Homelessness Update 6
 - v. HSC22047 – Permanent Housing with Supports for Women, Transgender and Non-binary Community Members

EMERGING THEMES OF THE 2023 BUDGET

- G. Responding to Climate Change:** investment required to support Hamilton's Climate Change Action Strategy
- H. Investments in Emergency Response Services:**
 - i. HSC19026 – Hamilton Fire Department 10-Year Service Delivery Plan
 - ii. 21-133 – Hamilton Police Service 10-Year Plan
 - iii. HSC22012 – Hamilton Paramedic Service Master Plan
- I. Ten-Year Local Transit Strategy:** continuation of year seven of the Ten-Year Local Transit Strategy approved by Council

2023 TAX SUPPORTED OPERATING BUDGET

A. 2023-2025 Multi-Year Outlook

CITY OF HAMILTON UPDATED TAX SUPPORTED 2023-2025 MULTI-YEAR OUTLOOK							
DEPARTMENT	2022 Council Approved	2023 Outlook	%	2024 Outlook	%	2025 Outlook	%
Planning & Economic Development	31,304,660	32,244,430	3.0%	33,012,380	2.4%	33,747,920	2.2%
Healthy and Safe Communities	266,826,350	280,679,800	5.2%	290,470,000	3.5%	301,079,360	3.7%
Public Works	278,758,310	299,555,506	7.5%	311,500,996	4.0%	323,590,996	3.9%
Legislative	5,284,590	5,389,090	2.0%	5,484,680	1.8%	5,582,750	1.8%
City Manager	13,652,960	14,002,450	2.6%	14,290,590	2.1%	14,556,580	1.9%
Corporate Services	38,824,160	40,394,910	4.0%	41,204,270	2.0%	41,942,470	1.8%
Corporate Financials	22,984,458	32,631,878	42.0%	33,209,868	1.8%	33,278,738	0.2%
Non-program Revenues	(51,256,190)	(51,188,290)	-0.1%	(51,125,010)	-0.1%	(51,057,940)	-0.1%
Hamilton Entertainment Facilities	2,337,710	-	-100.0%	-	0.0%	-	0.0%
Hamilton Police Service	183,542,540	187,415,288	2.1%	193,037,747	3.0%	198,828,879	3.0%
Other Boards & Agencies	55,589,870	57,216,750	2.9%	58,457,600	2.2%	59,649,610	2.0%
Capital Financing	145,688,310	151,159,310	3.8%	163,968,310	8.5%	175,002,310	6.7%
Maintenance and Pre-Approved Net Levy	993,537,728	1,049,501,122	5.6%	1,093,511,430	4.2%	1,136,201,673	3.9%
Business Cases and Council Referred Items		13,882,760	100.0%	15,194,660	9.4%	17,194,620	13.2%
Cumulative Net Levy	993,537,728	1,063,383,882	7.0%	1,108,706,090	4.3%	1,153,396,293	4.0%
Potential COVID-19 Recovery	-	22,920,000	100.0%	17,110,000	-25.3%	12,800,000	-25.2%
Contribution from COVID-19 Reserve		(11,903,000)	100.0%	-	-100.0%	-	0.0%
Cumulative Net Levy	993,537,728	1,074,400,882	8.1%	1,110,621,430	4.8%	1,149,001,673	3.6%
Assessment Growth			-1.0%		-1.0%		-1.0%
Impact of Levy Restrictions / Re-assessment			0.1%		0.6%		0.6%
Tax Policy			0.0%		0.2%		0.0%
Education			-0.3%		-0.3%		-0.3%
Average Total Residential Tax Impact			6.9%		4.3%		2.9%

2023 TAX SUPPORTED OPERATING BUDGET

B. 2023-2025 Capital Financing Plan

CITY OF HAMILTON UPDATED PRELIMINARY 2023-2025 OUTLOOK FOR CAPITAL FINANCING						
Capital Financing	2023		2024		2025	
	(\$)	(%)	(\$)	(%)	(\$)	(%)
Asset Management	\$ 4,800,000	3.3%	\$ 10,980,000	7.1%	\$ 10,980,000	6.6%
West Harbour Development	\$ 626,000	0.4%	\$ 1,773,000	1.2%	\$ 54,000	0.0%
ICIP - Transit	\$ 45,000	0.0%	\$ 56,000	0.0%	\$ -	0.0%
Climate Change	\$ 2,483,800	1.7%	\$ -	0.0%		0.0%
Net Levy Requirement	\$ 7,954,800	5.5%	\$ 12,809,000	8.3%	\$ 11,034,000	6.6%

- i. Inflation and supply chain pressures
- ii. Rising interest rates
- iii. Approaching debt ceiling
- iv. Asset Management
- v. Responding to Climate Change

2023 RATE SUPPORTED OPERATING BUDGET

A. 2023-2025 Multi-Year Outlook

CITY OF HAMILTON UPDATED RATE SUPPORTED 2023-2025			
RATE FINANCING PLAN (\$000's)	2023	2024	2025
Ave. Total Rate Increase	6.49%	6.45%	6.36%
Total Revenues Available	276,208	296,181	317,368
Debt Charges	28,195	34,380	41,687
DC Exemptions	9,000	9,000	9,000
Operating Expenditures	102,412	106,574	110,905
Net Operating	139,607	149,954	161,592
Required Capital Financing	127,566	141,062	155,458
Reserve Transfers	9,034	5,165	318
Net Capital	136,600	146,227	155,776

2023 RATE SUPPORTED OPERATING BUDGET

B. Key Drivers of the Rate Supported Budget and Financing Plan

- i. PW22048 – Waterworks Asset Management Plan
- ii. FCS22043 – Stormwater Funding Review
- iii. PW19008(o) – Watershed Action Plan
- iv. Flooding and Drainage Improvement Framework
- v. Water, Wastewater, and Stormwater Master Plan
- vi. Woodward Wastewater Treatment Plant Upgrades
- vii. Water, Wastewater, and Stormwater Budget Process Review

OVERVIEW OF RECOMMENDATIONS

- A. That the City of Hamilton continue to seek opportunities to partner with senior levels of government in addressing ongoing recovery efforts related to the COVID-19 pandemic in 2022 and 2023;
- B. That the City of Hamilton appeal to the Province of Ontario for added financial support to address the housing crisis, as well as, additional support for mental health and addiction programs;
- C. That staff develop a communications action plan to assist ongoing education and advocacy efforts related to the challenges the City of Hamilton is facing in its COVID-19 recovery efforts.
- D. Appendix A – Summary of Staff Vacancies provided as requested and committed by staff



THANK YOU

