

ITEM #6.2

**2023 BUDGET OVERVIEW**  
GENERAL ISSUES COMMITTEE  
Report FCS23007



January 10<sup>th</sup>, 2023

## 2023 Budget Overview Agenda

1. 2023 Budget Process
2. 2023 Preliminary Tax Supported Budget
3. Key Themes of the 2023 Budget
4. Investments in the Community
5. 2024-2026 Multi-Year Outlook
6. Next Steps



***The Municipal Act, 2001***

- Required to prepare and approve a budget each year
- Must provide for any deficit of the previous year in preparing the annual budget (balanced budget requirement)
- Can establish reserves and reserve funds for future anticipated needs
- Can authorize temporary borrowing to address short-term cash flow needs
- Can issue debentures for funding the acquisition of capital works



## 2023 Budget Process

# 2023 Budget Process Timeline

Spring

- Senior Leadership Team confirmed the multi-year budget strategy
- 2023 Budget Guidelines issued internally

Summer -  
Fall

- Staff prepared Preliminary Budget Submissions
- Update on City of Hamilton Multi-Year Outlook provided to Council (Report FCS22064)

Fall - Winter

- Budget presentations to GIC
- Public delegations
- Budget deliberations

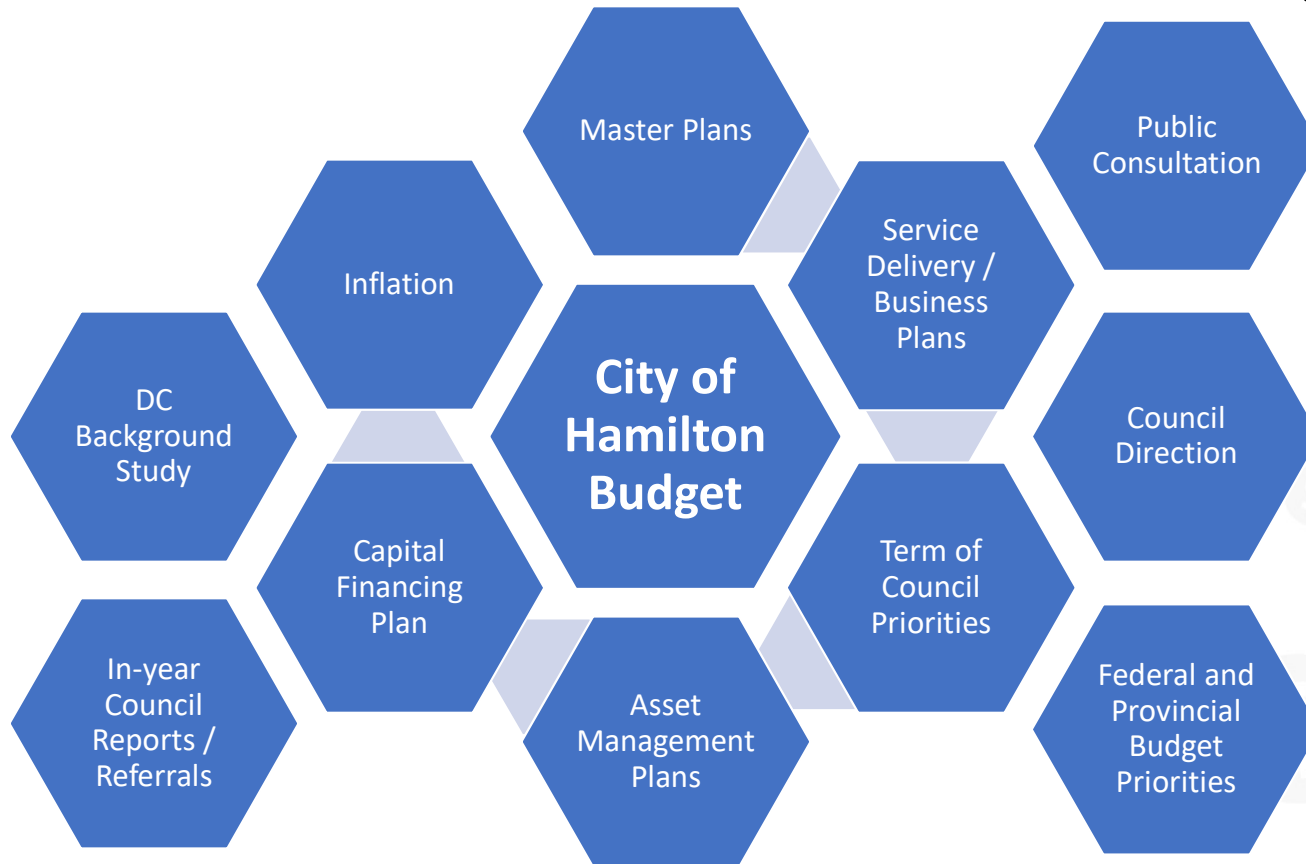
## 2023 Budget Overview

# Budget Preparation

**Budget Principles:** staff prepared the 2023 budget based on the City's budget principles

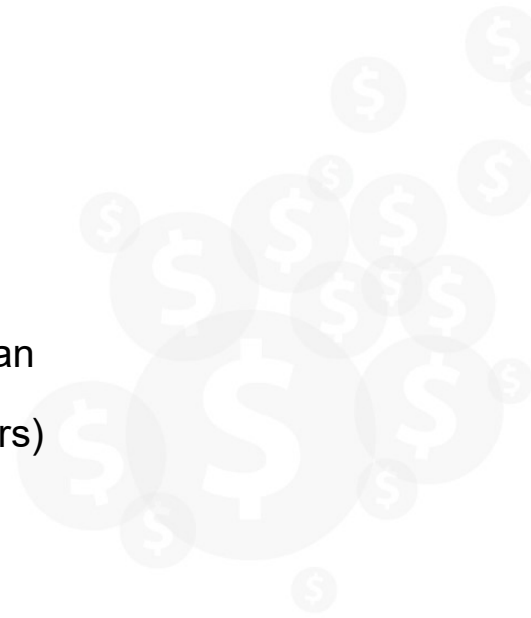
- Supports the City's Strategic Plan
- Alignment with the financial policies approved by Council
- Ensure the City's AAA credit rating is maintained
- Growth related infrastructure is supported from DCs / CBCs
- Accounts for investment required to transition to the expected outcomes of the Strategic Asset Management Policy and Asset Management Plans
- Grants available to municipalities will be investigated
- New services, enhancements or reductions, changes to the full-time equivalent complement require a Business Case

# 2023 Budget Overview Budget Preparation



## Balancing the Budget

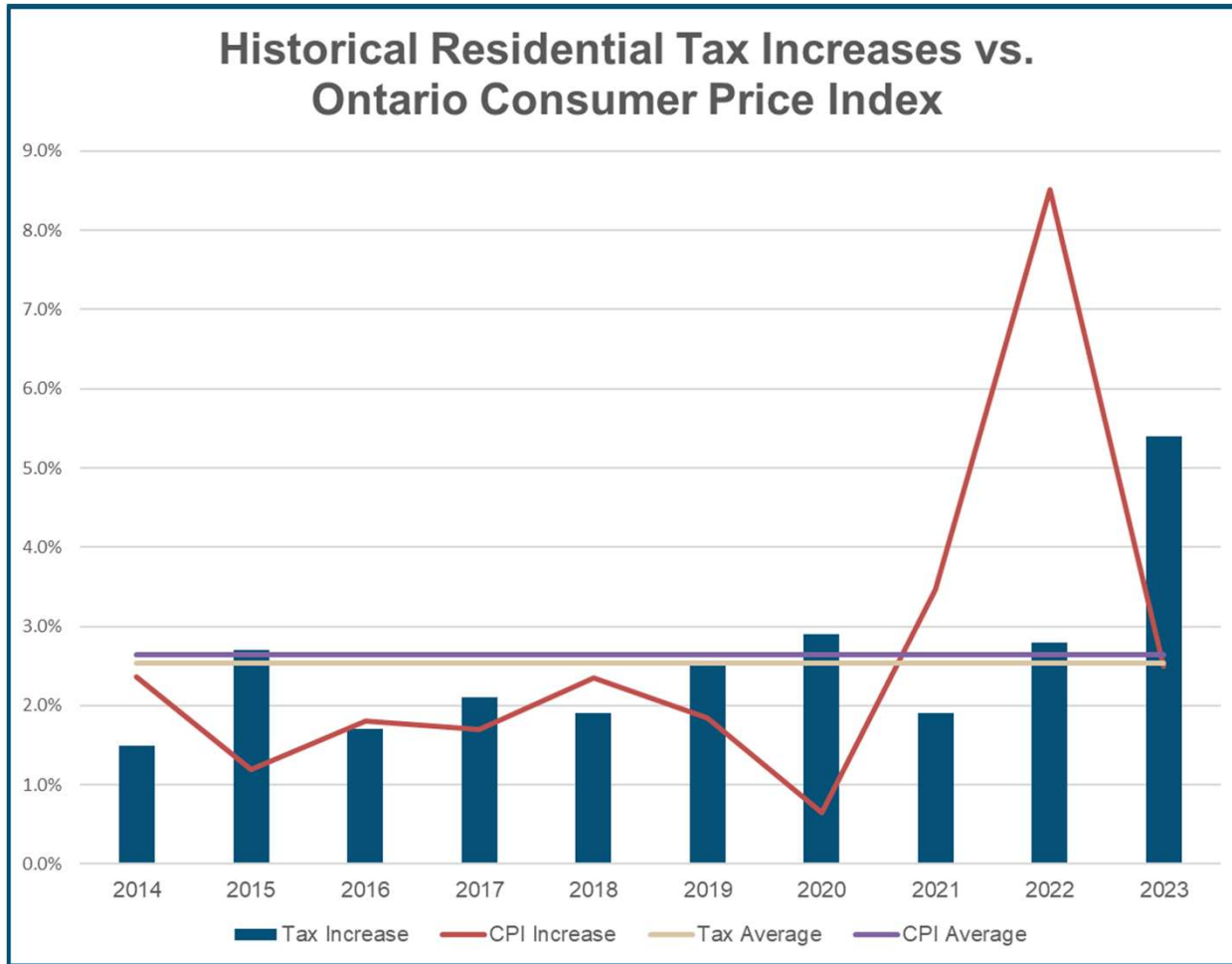
- Set user fees at a rate commensurate with the cost of providing the service while taking into consideration affordability and equity challenges through targeted subsidy programs
- Finding efficiencies and reducing costs
- Leveraging grant opportunities from senior levels of government
- Further mitigation options (Council directed):
  - Reduce contributions to reserves impacting long term financing plan
  - Service level reductions (response times, policy work, service hours)
  - Align service levels to provincial funding



# Historic Budget Performance

Sources:

- Statistics Canada reported Consumer Price Index for Ontario from 2014 to November 2022
- Province of Ontario 2022 Budget for 2023 forecasted Consumer Price Index



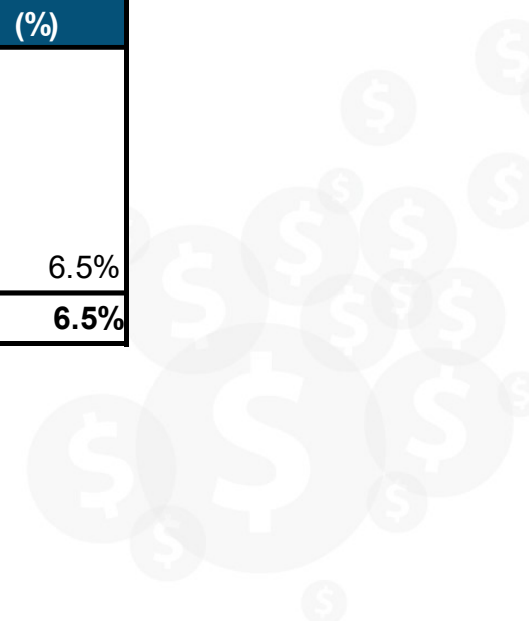
10-Year CPI Average = 2.6%

10-Year Tax Increase Average = 2.5%

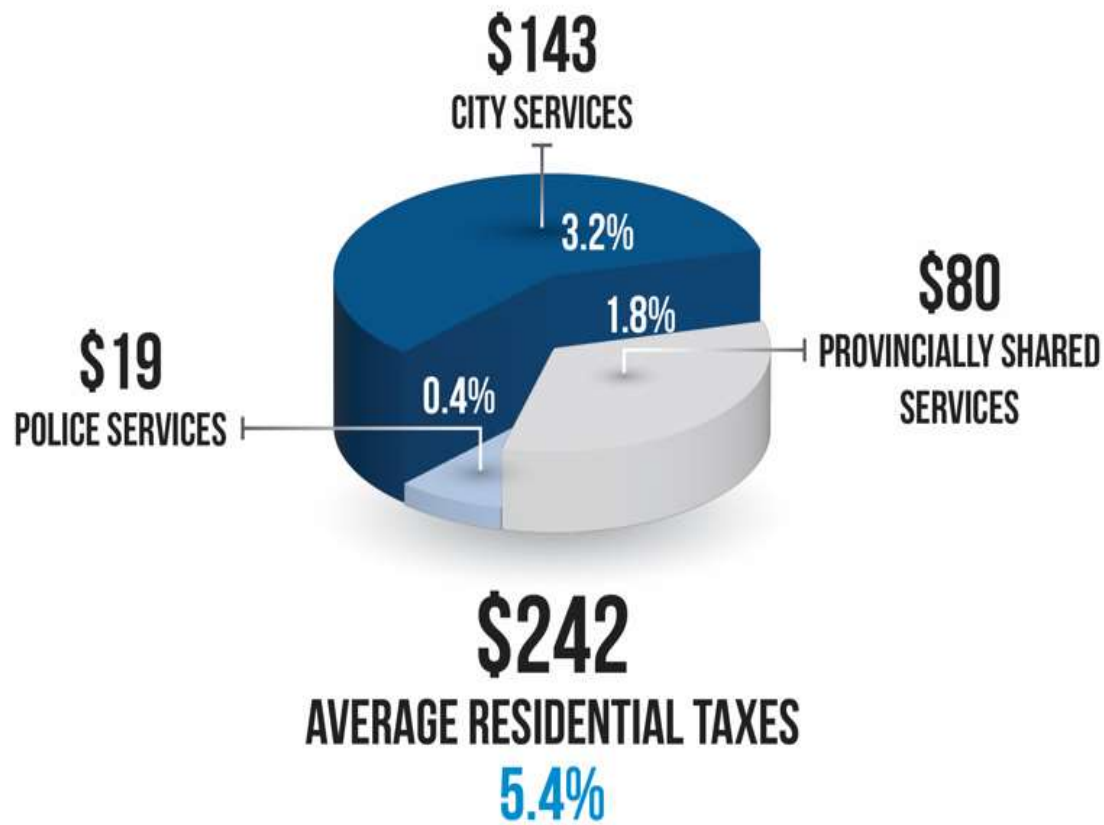


# 2023 Total Average Residential Impact

2023 Average Residential Impact (Per \$382,000 Current Value Assessment / 200m <sup>3</sup> of water consumption)				
Service	Property Tax (\$)	Property Tax (%)	Water Bill (\$)	Water Bill (%)
City Services	\$ 142.93	3.2%		
Provincially Shared	\$ 79.83	1.8%		
Police	\$ 19.25	0.4%		
Education	\$ -	0.0%		
Water, Wastewater, Stormwater			\$ 53.45	6.5%
<b>Ave. Residential Impact</b>	<b>\$ 242.01</b>	<b>5.4%</b>	<b>\$ 53.45</b>	<b>6.5%</b>



# Preliminary Residential Tax Impact Breakdown



2023 Forecasted CPI = 2.5%  
Source: Province of Ontario  
2022 Budget



## 2023 Budget Overview

# 2023 Net Operating Budget by Department

(\$000's)	2022				2023				
	Restated	Preliminary	Preliminary vs. Restated		Business Cases	Council Referred	Total	Total vs. Restated	
Planning and Economic Development	31,769	32,896	1,127	3.5%	-	511	33,407	1,638	5.2%
Healthy and Safe Communities	267,989	285,727	17,738	6.6%	6,799	2,431	294,957	26,968	10.1%
Public Works	278,499	292,943	14,445	5.2%	172	1,118	294,233	15,734	5.6%
Legislative	5,283	5,530	247	4.7%	-	-	5,530	247	4.7%
City Manager	13,689	14,298	608	4.4%	-	200	14,498	808	5.9%
Corporate Services	39,667	41,635	1,968	5.0%	368	772	42,775	3,108	7.8%
Corporate Financials / Non Program Revenues	(30,546)	(26,156)	4,390	-14.4%	-	-	(26,156)	4,390	-14.4%
Hamilton Entertainment Facilities	2,338	150	(2,188)	-93.6%	-	-	150	(2,188)	-93.6%
<b>Total City Expenditures</b>	<b>608,689</b>	<b>647,023</b>	<b>38,335</b>	<b>6.3%</b>	<b>7,339</b>	<b>5,032</b>	<b>659,395</b>	<b>50,706</b>	<b>8.3%</b>
Hamilton Police Services	183,543	189,834	6,291	3.4%	-	-	189,834	6,291	3.4%
Other Boards and Agencies	49,530	51,345	1,816	3.7%	-	-	51,345	1,816	3.7%
City Enrichment Fund	6,088	6,088	0	0.0%	-	-	6,088	0	0.0%
<b>Total Boards and Agencies</b>	<b>239,161</b>	<b>247,268</b>	<b>8,107</b>	<b>3.4%</b>	<b>-</b>	<b>-</b>	<b>247,268</b>	<b>8,107</b>	<b>3.4%</b>
Capital Financing	145,688	154,977	9,289	6.4%	-	-	154,977	9,289	6.4%
<b>Total Net for Levy</b>	<b>993,538</b>	<b>1,049,268</b>	<b>55,731</b>	<b>5.6%</b>	<b>7,339</b>	<b>5,032</b>	<b>1,061,640</b>	<b>68,102</b>	<b>6.9%</b>
<b>Assessment Growth Assumption</b>									<b>1.0%</b>
<b>Total Residential Tax Impact</b>									<b>5.4%</b>

## 2023 Budget Overview

# Key Themes of the 2023 Budget

- COVID-19 response and recovery
- Extraordinary inflation and supply chain impacts
- Asset Management
- Affordable Housing and Homelessness
- Responding to Climate Change
- Provincial Funding Agreements
- Multi-modal transportation and the Ten-Year Local Transit Strategy
- Investments in Emergency Response Services

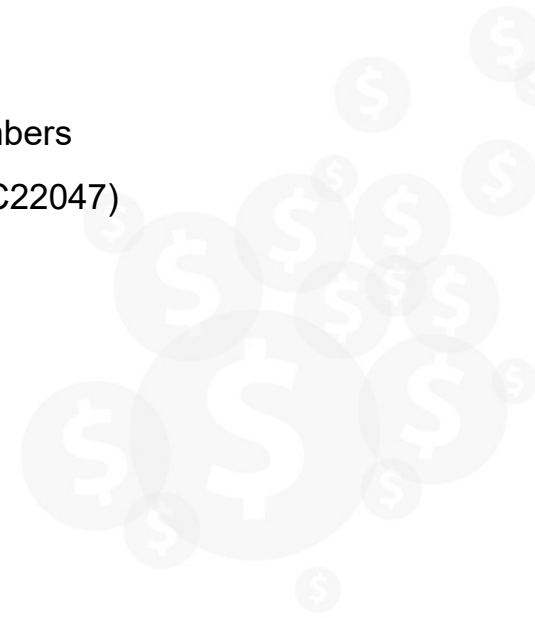


## 2023 Budget Overview

# Service Improvements

### **PRE-APPROVED:**

- Ten-Year Local Transit Strategy (Report PW14015a)
- Roxborough Housing Incentive Program (Report HSC19034)
- National Housing Strategy Co-Investment Fund (HSC19048(b))
- Housing with Supports for Women, Transgender and Non-binary Community Members  
(Conditional Grant for Good Shepherd Centre – 35 Arkledun Avenue - Report HSC22047)
- Climate Change Action Strategy (Report CM22016/PED22058(a)/HSC22030(a))
- Sidewalk Snow Clearing (Report PW19022(c))
- Public Bike Share (Report PED20109(d))



## 2023 Budget Overview

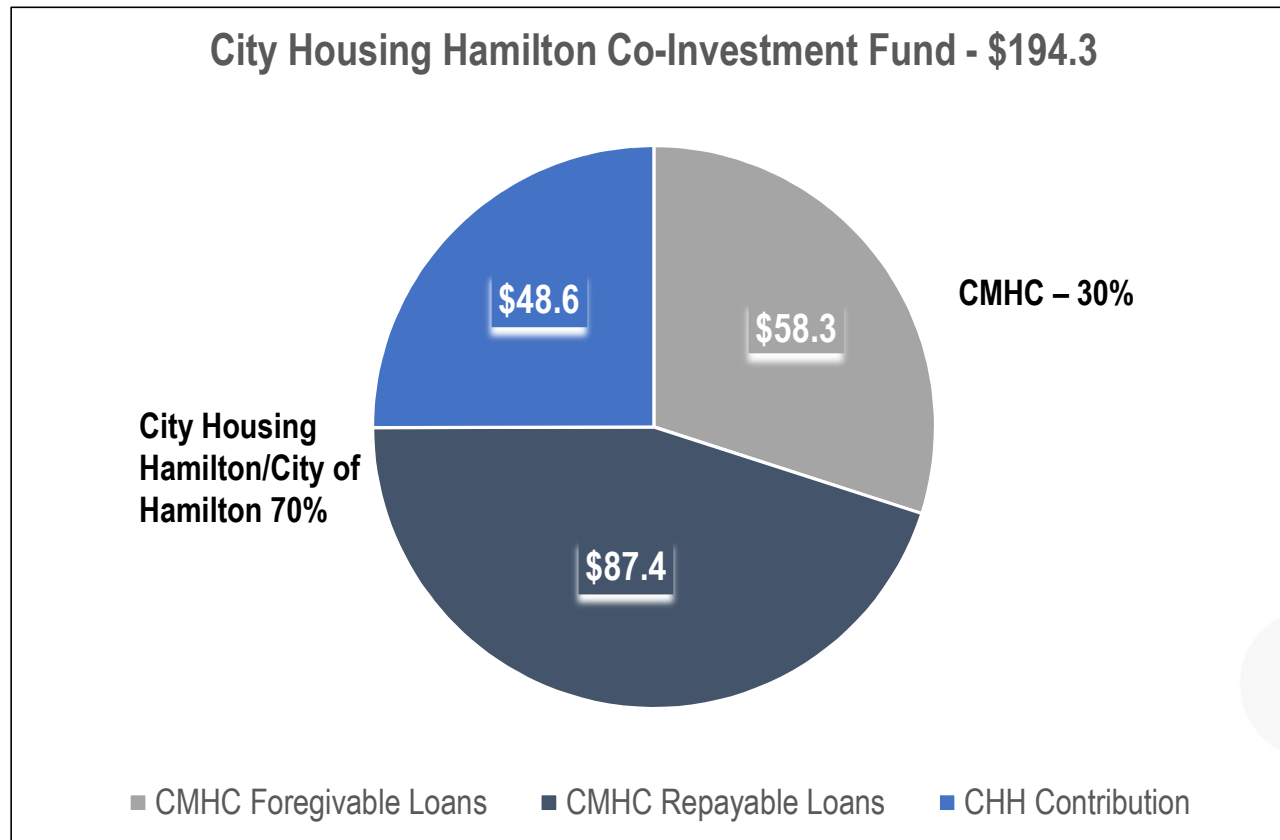
# COVID-19 Funding and Outlook

COVID-19 Response and Recovery (\$000's)							
	2020 Actuals	2021 Actuals	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
General Municipal	17,372	21,526	4,309	2,353	1,870	1,387	905
Transit	12,642	8,340	8,591	2,137	0	0	0
Housing Services	18,453	31,334	29,111	1,932	0	0	0
Public Health and Emergency Services	9,047	30,872	29,249	17,509	0	0	0
Other Social Services	3,744	7,752	5,127	2,005	2,005	2,005	2,005
<b>Total Pressures</b>	<b>61,257</b>	<b>99,823</b>	<b>76,388</b>	<b>25,936</b>	<b>3,875</b>	<b>3,392</b>	<b>2,910</b>
Safe Restart Agreement - General Municipal	(17,372)	(21,920)	0	0	0	0	0
COVID-19 Funding for Municipalities Program		(12,366)	(6,315)	0	0	0	0
Safe Restart Agreement - Transit	(12,178)	(8,340)	(6,591)	0	0	0	0
Social Services Relief Fund	(13,026)	(20,901)	(6,582)	0	0	0	0
Ministry of Health Funding	(8,928)	(29,709)	(16,134)	(17,509)	0	0	0
Other Federal or Provincial Funding	(9,753)	(6,587)	(4,563)	0	0	0	0
<b>Total Funding</b>	<b>(61,257)</b>	<b>(99,823)</b>	<b>(40,185)</b>	<b>(17,509)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>City of Hamilton Financial Impact</b>	<b>0</b>	<b>0</b>	<b>36,203</b>	<b>8,427</b>	<b>3,875</b>	<b>3,392</b>	<b>2,910</b>

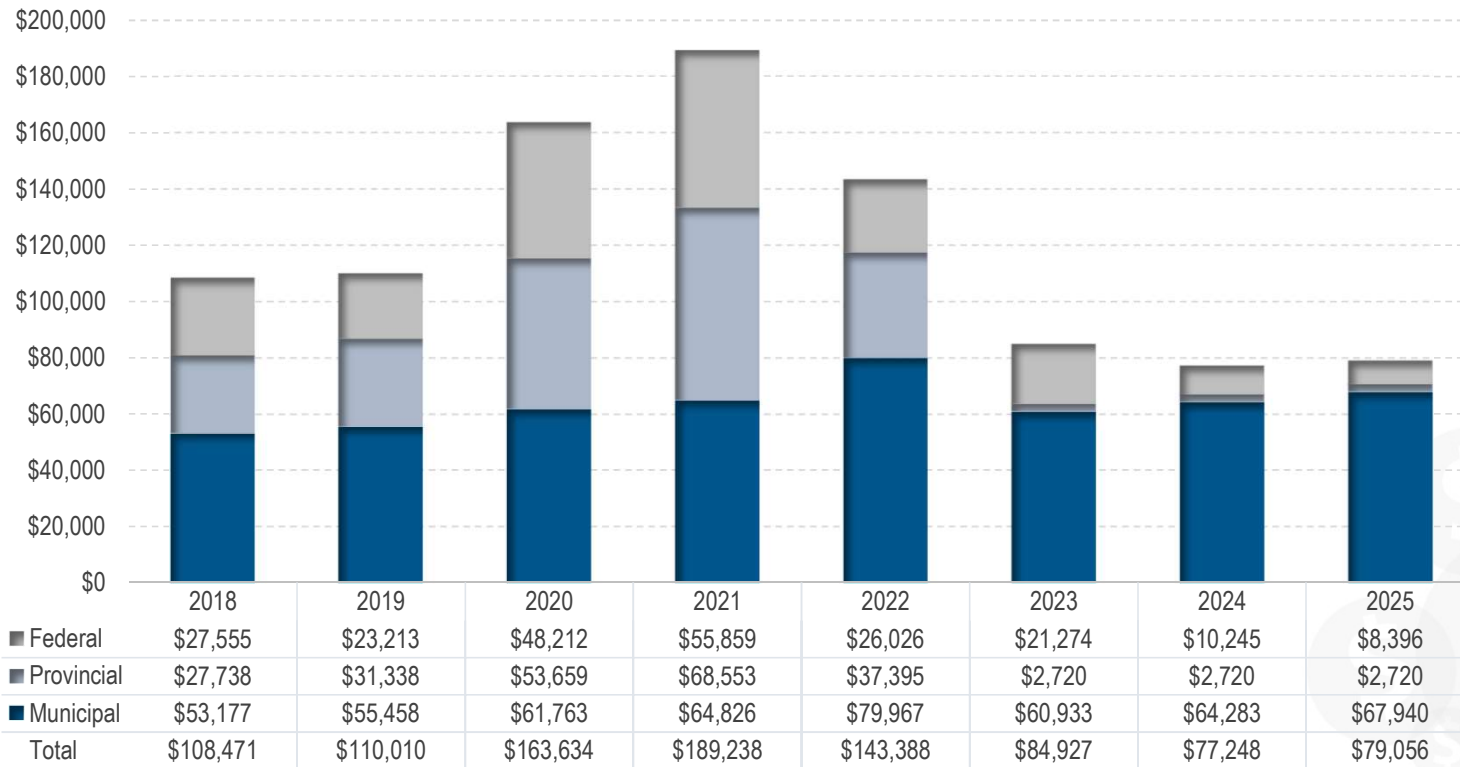
\* formal commitment not yet received from Ministry of Health for 2023 funding

# National Housing Strategy Co-Investment Fund

(\$ Millions)

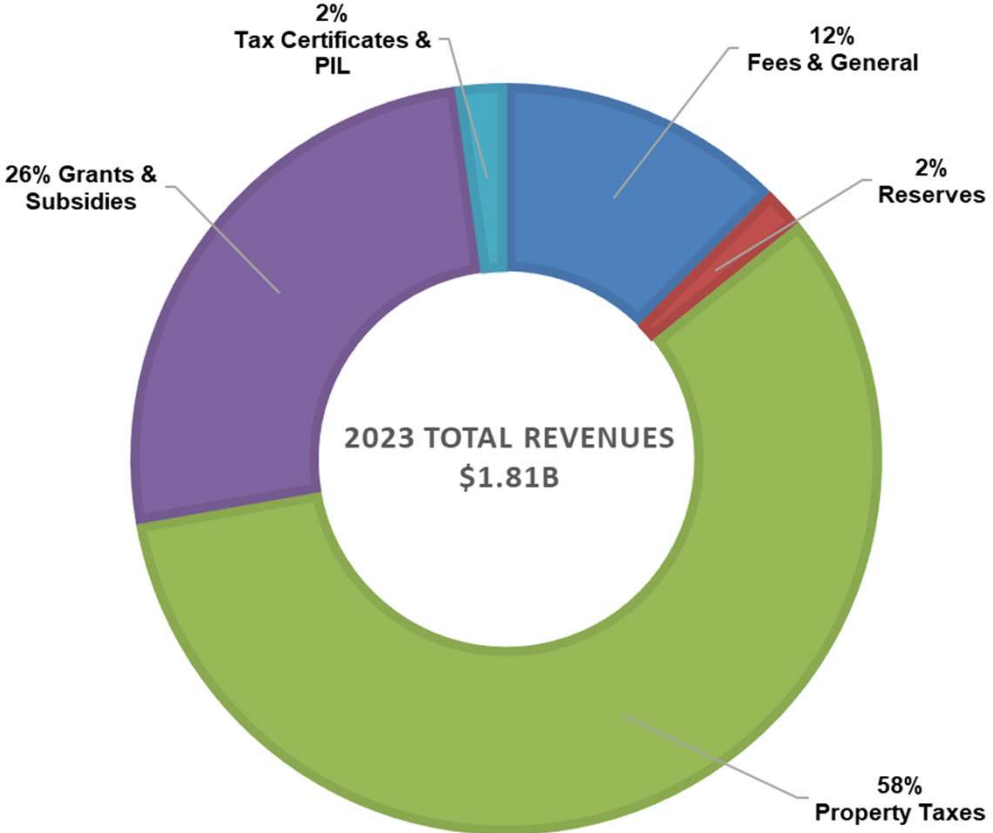


# 2018 to 2025 Total Housing Investment (\$000's)

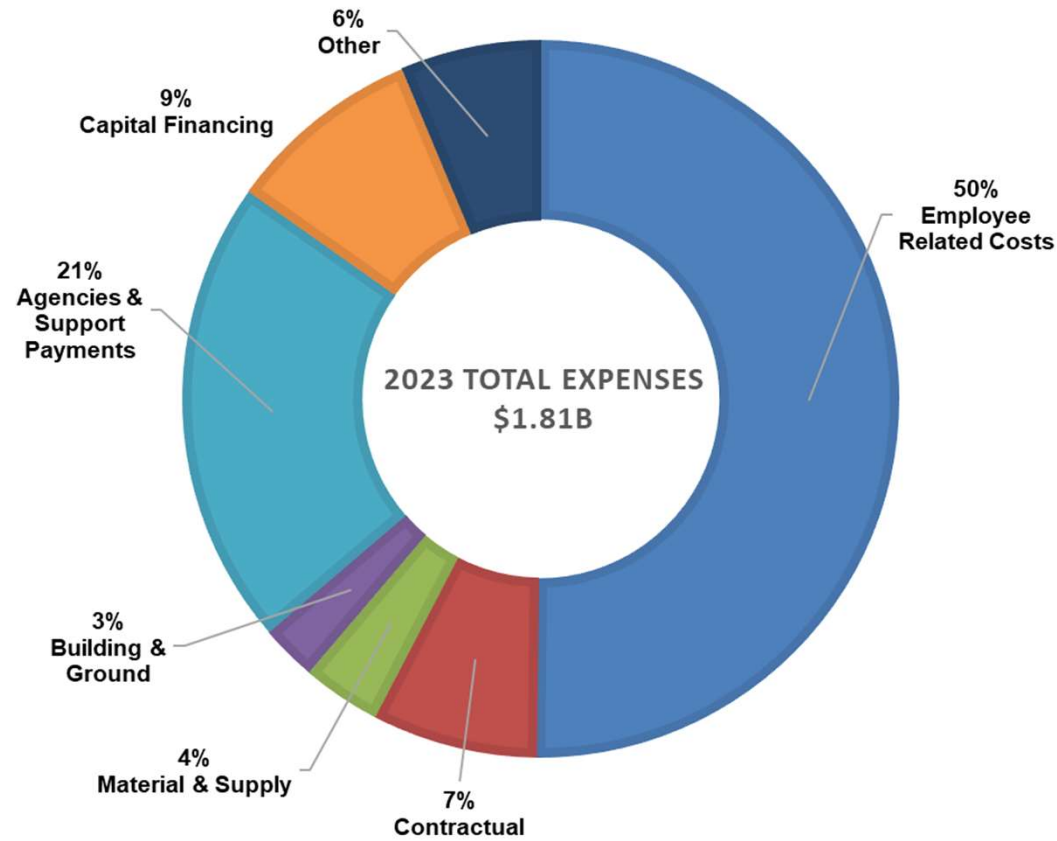




# 2023 – Tax Operating Revenue Distribution



# 2023 – Tax Operating Expenditure Distribution



2023 Budget Overview  
**Budget Drivers - Maintenance**

Budget Drivers - Maintenance (\$000's)	
	2023 Budget Impact
Salaries, Wages and Benefits (net of Funding Agreements)	20,134
Boards & Agencies	8,107
Fuel and Energy	3,727
Housing Service Providers - Provincial Benchmarking	3,100
Contributions to Reserves	3,093
Waste Collection Contract	2,708
Additional contingency for B&A budgets not yet received	2,600
WSIB	1,018
CCF, TS/CRC Operations, Landfill & LYW Composting	731
Insurance premiums	687
Other	(153)
TS/CRC Recycling Revenues	(1,734)
Hamilton Entertainment Facilities	(2,188)
User Fee Increase	(6,000)
<b>Total Maintenance Budget</b>	<b>35,830</b>



2023 Budget Overview  
**Budget Drivers – Strategic Priorities**

Strategic Priorities - Net Levy Investments (\$000's)				
Item	Pre- approved/ Pending	Business Cases	Council Referred	Total
Asset Management	5,000		1,118	6,118
Hamilton Paramedics Service Master Plan		4,310		4,310
Operating Impacts from Capital	3,476			3,476
10-Year Local Transit Strategy	3,260			3,260
Climate Change Action Strategy	2,717	46	312	3,075
Affordable Housing and Homelessness	284		2,421	2,705
Long-Term Care COVID-19 Response		2,005		2,005
Debt and Operating Adjustments for New Assets	1,927			1,927
Hamilton Fire Department 10-Year Plan	1,671			1,671
Administrative Services		368	1,053	1,421
Sidewalk Snow Clearing	1,404			1,404
Urban Indigenous Strategy		484		484
Tourism and Culture		126	128	254
Public Bike Share	162			162
<b>Total Strategic Priorities</b>	<b>19,901</b>	<b>7,339</b>	<b>5,032</b>	<b>32,272</b>

2023 Budget Overview  
**Budget Drivers – Capital Financing**

Capital Financing (\$000's)		
	2023	
	Change	Net Levy %
Asset Management	5,000	0.50%
Climate Change Action Strategy	2,500	0.25%
Paramedic Services and Central Stores Facility (debt)	869	0.09%
West Harbour Strategic Initiatives (debt)	774	0.08%
ICIP - Transit Stream (City Share - debt)	53	0.01%
<b>Total</b>	<b>9,196</b>	<b>0.93%</b>

2023 Budget Overview

## Budget Drivers – Boards & Agencies

2023 Boards & Agencies Preliminary Budgets (\$000's)				
Board/Agency	2022 Budget	2023 NET Preliminary	Change	
	Net \$	Budget \$	\$	%
Conservation Authorities	8,651	9,108	457	5.3%
MPAC	6,980	7,119	140	2.0%
Hamilton Beach Rescue Unit	133	143	10	7.7%
Hamilton Farmers' Market	242	242	(0)	(0.0%)
Royal Botanical Gardens	647	674	26	4.0%
Hamilton Police Services	182,369	188,620	6,251	3.4%
Police Capital Financing	1,174	1,214	40	3.4%
Hamilton Public Library	32,710	33,861	1,151	3.5%
Library Capital Financing	166	198	32	19.3%
City Enrichment Fund	6,088	6,088	-	0.0%
<b>Total Boards &amp; Agencies</b>	<b>239,161</b>	<b>247,268</b>	<b>8,107</b>	<b>3.4%</b>

2023 Budget Overview

## Budget Drivers – Staffing Complement (Exclusive of Boards & Agencies)

2023 Preliminary Complement (FTE) (exclusive of Boards & Agencies)		
		Change
2022 Approved	6,004.5	
2022 Restated	6,006.0	1.5
Impacts from Capital		14.0
Other Complement Change		117.6
<b>2023 Preliminary</b>	<b>6,137.6</b>	<b>131.6</b>



## 2023 Tax Supported Operating Budget Department Multi-Year Outlook

2024 - 2026 Multi-Year Outlook - Net Levy Increases						
(\$000's)	2024		2025		2026	
	(\$000's)	%	(\$000's)	%	(\$000's)	%
Total City Departments	36,467,110	5.6%	27,868,730	4.1%	31,666,590	4.5%
Boards & Agencies	6,966,070	2.8%	7,218,008	2.8%	7,342,569	2.8%
Capital Financing	11,824,990	7.6%	13,643,000	8.2%	12,118,000	6.7%
<b>Total Preliminary Operating Budget</b>	<b>55,258,170</b>	<b>5.3%</b>	<b>48,729,738</b>	<b>4.4%</b>	<b>51,127,159</b>	<b>4.4%</b>
<b>Residential Average Property Tax Impact</b>		<b>3.7%</b>		<b>2.8%</b>		<b>2.8%</b>

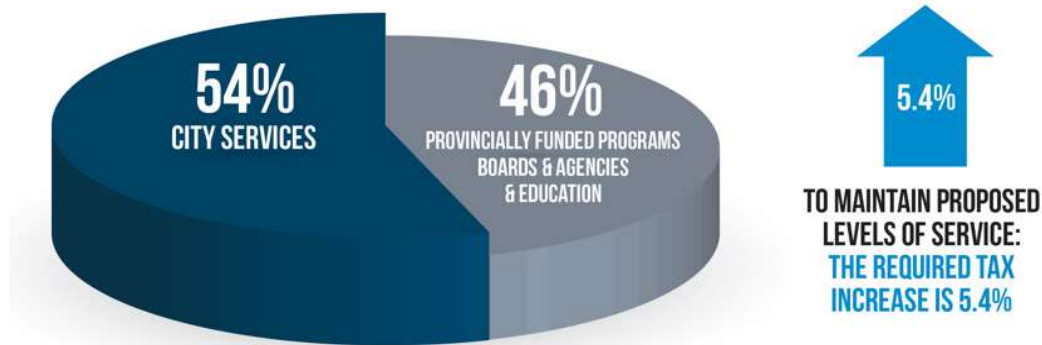


2023 Budget Overview  
**2023 Reduction Scenarios**

<b>Reduction Scenarios</b>			
	<b>Reduction (\$)</b>	<b>Levy Increase (\$)</b>	<b>Total Residential Tax Increase</b>
Adjusted Preliminary Budget		68,102,057	5.4%
Total Reductions Of	(4,400,000)	63,702,057	5.0%
Total Reductions Of	(9,900,000)	58,202,057	4.5%
Total Reductions Of	(21,010,000)	47,092,057	3.5%

# 2023 Budget Overview

## Property Tax Breakdown



**0%**  
TO MAINTAIN 2022 TAX LEVY:  
CITY COUNCIL HAS FULL CONTROL TO  
REDUCE OR ADJUST SERVICE LEVELS  
THAT MAKE UP 54% OF THE TAX LEVY

**9.5%**  
9.5% 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



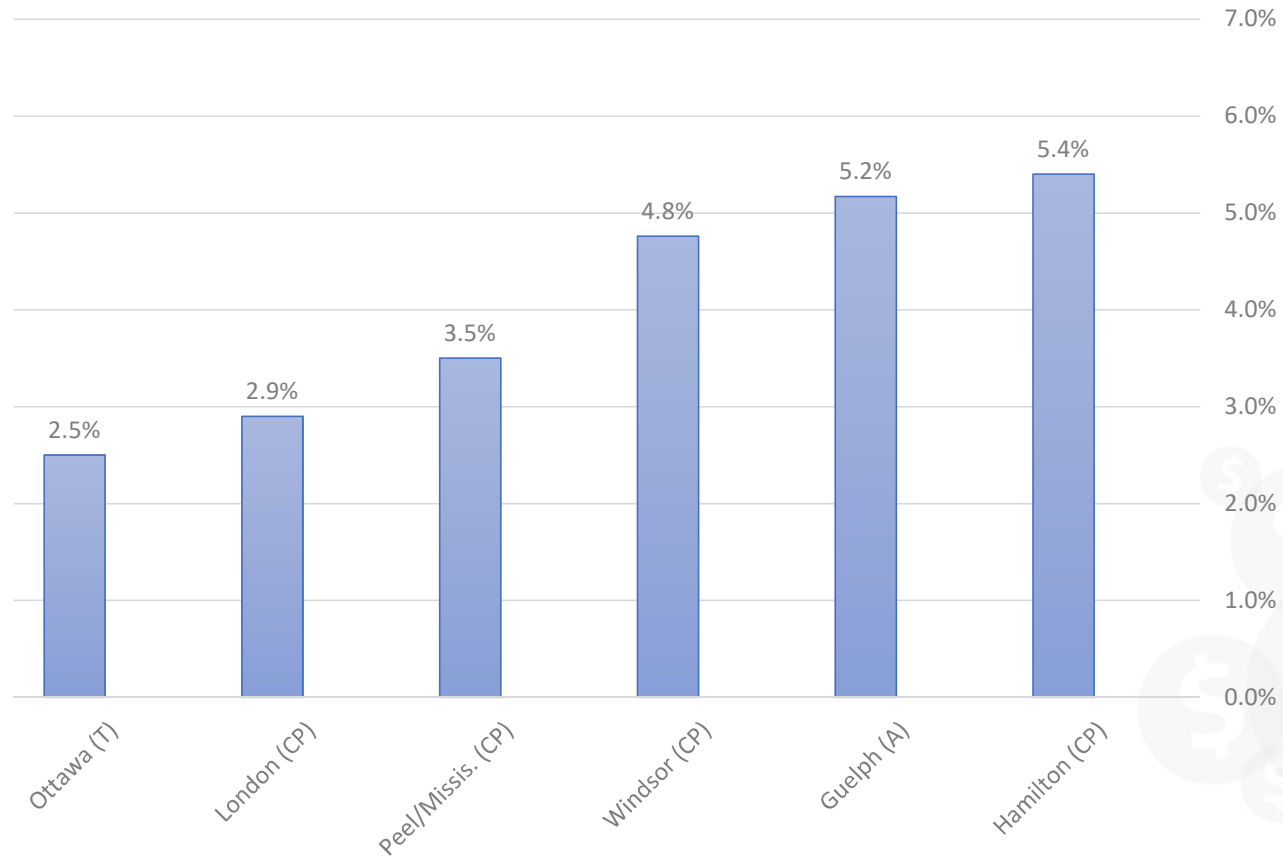
PLANNING AND ECONOMIC  
DEVELOPMENT



# 2023 Residential Tax Impacts Comparators

T = Targeted  
CP = Current Position  
A = Approved

**Note: West Lincoln, Haldimand County, Halton/Burlington, Niagara Falls and Toronto are pending.**



## 2023 Council Referred Items

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

Department	# of Council Referred Items	Gross (\$)	Net (\$)	FTE
Planning & Economic Development	5	532,700	510,700	2.75
Healthy and Safe Communities	5	2,431,400	2,431,400	-
Public Works	1	1,117,900	1,117,900	10.00
Corporate Services	4	772,100	772,100	7.00
City Manager	1	200,000	200,000	2.00
City Enrichment Fund	1	TBD	TBD	-
Total Council Referred Items	17	5,054,100	5,032,100	21.75

- Not included in Preliminary Budget. If approved, would result in a 0.5% tax impact.

2023 Budget Overview  
**2023 Business Cases**

- 20 business cases for consideration in the 2023 budget process:

Department	# of Business Cases Submitted	Gross (\$)	Net (\$)	FTE
Planning & Economic Development	2	279,520	-	2.00
Healthy and Safe Communities	6	7,077,800	6,799,100	40.00
Public Works	8	720,600	171,900	11.00
Corporate Services	4	368,300	368,300	6.00
<b>Total Business Cases</b>	<b>20</b>	<b>8,446,220</b>	<b>7,339,300</b>	<b>59.00</b>

- The amounts above are not included in the 2023 preliminary budget
- If approved, would result in a 0.7% tax impact

## 2023 Budget Overview 2023 Next Steps

Item	Date
Boards and Agencies Presentations	January 11, 2023
Tax Supported Capital Budget Deliberations	January 20, 2023
Tax Supported Capital Budget Council Approval	January 25, 2023
Departmental Budget Presentations	January 23, 24, 26, and February 3, 2023
Public Delegations	February 6, 2023
Tax Supported Operating Budget Deliberations	February 7, 21 and March 1, 3, 2023
Tax Supported Operating Budget Council Approval	March 29, 2023



# THANK YOU