

# 2024 Budget Outlook

FCS23074

*General Issues Committee*



# 2024 BUDGET OUTLOOK **Agenda**

1. 2023 Budget and Strategic Investments
2. Emerging Themes of the 2024 Budget
3. 2024 Tax and Rate Budgets Preliminary Outlook
4. 2024 Budget Strategy
5. 2024 Budget Schedule



# 2023 Budget and Strategic Investments

- In 2023, City Council approved a \$1.07 B Tax Budget inclusive of a \$76.1M increase to the net levy mostly related to strategic investments across four major themes:
  - Housing and Homelessness;
  - Transportation;
  - Public Health and Emergency Services; and,
  - Infrastructure and Asset Management
- Some Strategic investments that have come into effect in 2023 have a budget impact in 2024 for the annualization of program costs based on the effective date of the service change

## 2023 Budget and Strategic Investments

- In addition to the investments approved in the 2023 budget, City Council has approved several one-time initiatives in-year by leveraging reserves:
  - Addressing Needs of Unsheltered Individuals \$7.9M;
  - Emergency Shelter and Drop-in Services for Women and Non-Binary Individuals (Arkledun) \$3.5M;
  - Encampment Pilot and Protocol \$1.1M;
  - Subsidizing Student Transit Fares Pilot Program \$3.3M;
  - Climate Change Investments \$0.8M;
  - Hamilton Opioid Action Plan \$0.8M;
  - Next Generation 9-1-1 \$2.5M;
  - Kenilworth Watermain \$2.5M;
  - Various Other Initiatives \$2.0M



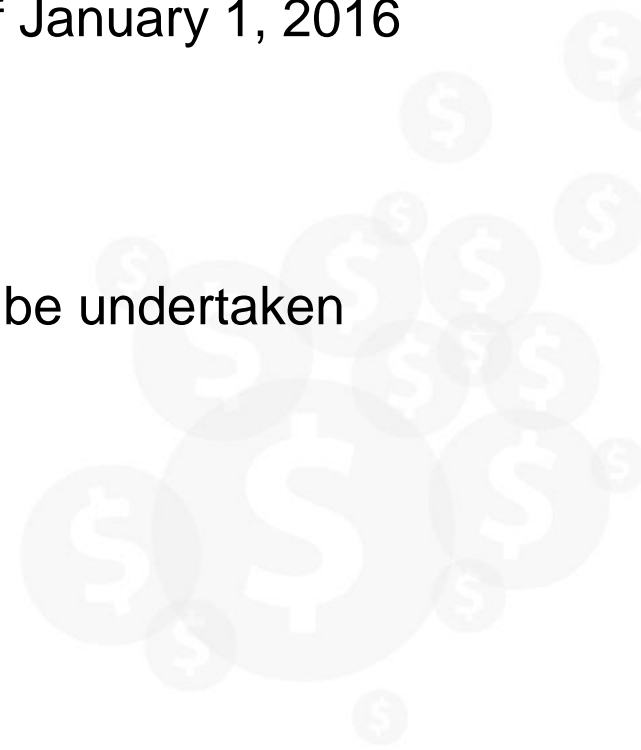
2024 BUDGET OUTLOOK  
**2024 Environmental Scan**

- Global economy
- Provincial legislated changes – growth related revenues
- Crisis response:
  - Climate Change
  - Homelessness
  - Mental Health
  - Opioid Addiction
- City's strong liquidity (AAA credit rating)



# 2024 Property Tax Reassessment

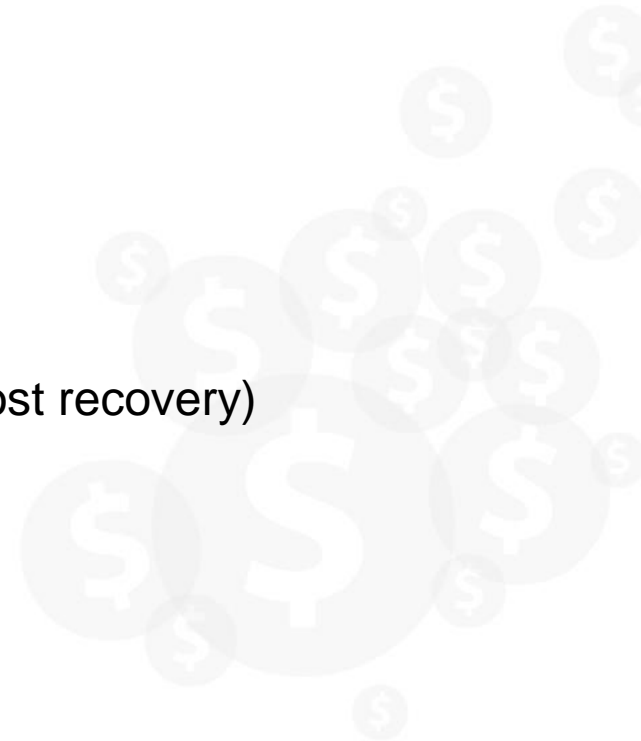
- Reassessment Deferred in 2024
  - For 2024 Property Assessments will be based on Valuation Date of January 1, 2016
- Beginning in 2025 Valuation Date will be January 1, 2023
  - Any Resulting Reassessment tax impacts will impact 2025
- Provincial Review of the Property Assessment and Taxation System to be undertaken



# 2024 Budget Process - Principles

**Budget Principles:** staff will prepare the 2024 budget based on the following budget principles:

- Supports the City's Strategic Plan and Council Priorities
- Includes approaches to achieving priorities
- Aligns with the Mayoral 2024 Budget Directive
- Aligns with the financial policies approved by Council
- Aligns with Asset Management Planning
- Leverages user fees to the extent permitted under the Municipal Act (full cost recovery)



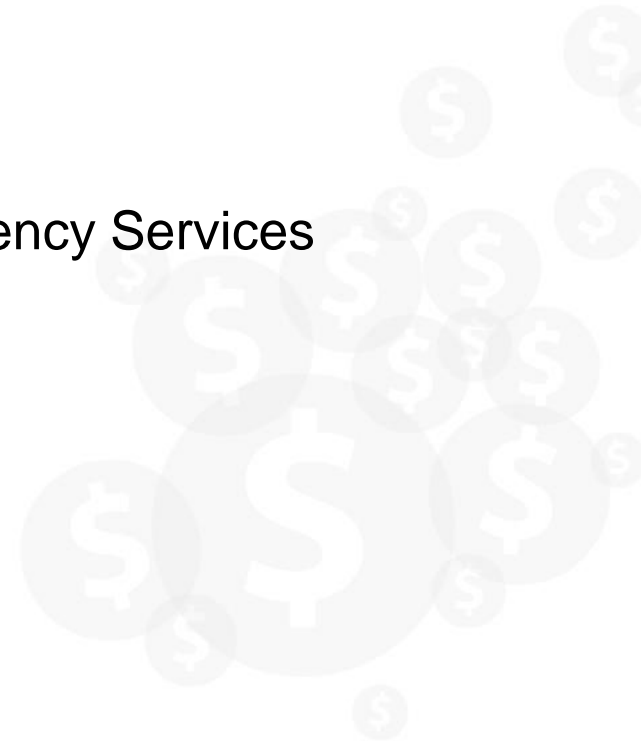
# Key Themes of 2024 Tax Supported Budget

## Mandatory & Legislated Pressures

- Employee Relations
- Development Charge Exemptions
  - i. Legislated development charge exemptions to support affordable and attainable housing
  - ii. Voluntary exemptions to support growth and housing development

## Crisis Response & Council Priorities

- Affordable Housing & Homelessness
- Climate Change
- Transportation
- Public Health & Emergency Services





# 2024 Maintenance Budget Drivers and Reduced Fiscal Capacity

## Inflation

- Housing Provincial Benchmark Rent Subsidies \$2.3M
- Waste and Recycling Contracts \$1.5M
- Presto Agreement \$0.4M
- Employee Related Costs \$29.3M
  - Collective Agreements/Contingencies
  - Employer and Government Benefits

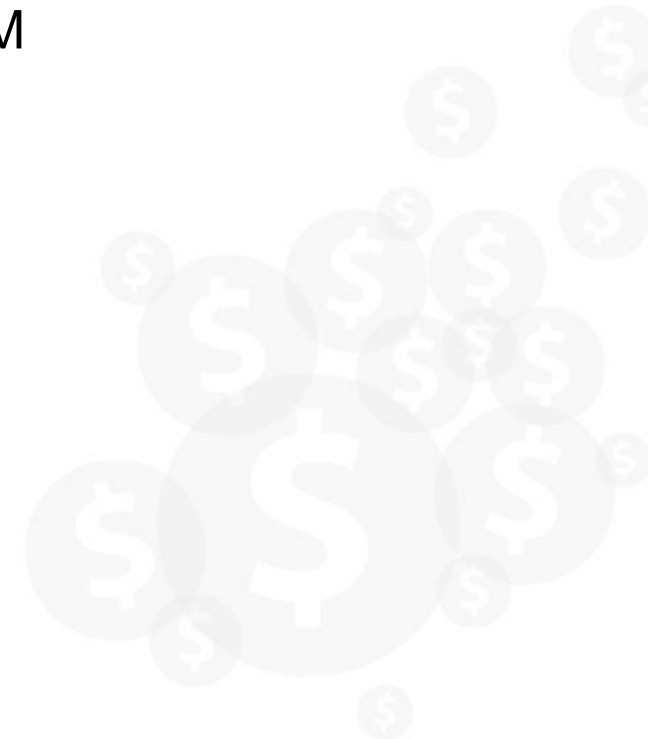
**Annualization of 2023 Strategic Investments \$13.0M**

**Outside Boards & Agencies \$10.5M**



# Affordable Housing and Homelessness

- Ending Chronic Homelessness (HSC23021) \$4.1M
- Addressing Needs of Unsheltered Individuals (HSC23041) \$8.7M
- Affordable Housing Special Levy (HSC23041) \$10.3M
- Capital Rehabilitation Funding for Service Providers (HSC22040) \$6.0M
- Tenant Support Program (HSC23023(b)) \$1.4M
- Encampment Protocol (HSC20036(g)) \$1.5M
- Annual Winter Response Strategy (HSC23012(a)) \$4.2M



# Climate Change

- Hamilton's Climate Action Strategy (CM22016/PED22058(a)/HSC22030(a) was approved on August 12, 2022 which formally established the Climate Change Office
- Throughout 2023, Council has endorsed several action plans that will inform the updated 10-year Capital Plan in the context of achieving the City's climate goals:
  - Priority Focus Areas for the Office of Climate Change (PED23064)
  - Climate Change Advisory Committee (PED23028)
  - Protection of Woodlands (PED23115)
  - Biodiversity Action Plan (PED21065(c))
  - Hamilton Urban Forest Strategy (PED20173(a))



# Transportation

- Ten-Year Local Transit Strategy (PW14015(a)) \$3.4M
  - Annualization of Year 7 and implementation of Year 8 – represents an additional 49,000 hours of service
- Transportation Asset Management Plan (PW22048) \$11.5M
- Transit Storage Facility funded in partnership through the Investing in Canada Infrastructure Program
- Transit Network Redesign (PW23021)



# Development Charge Exemptions

Development Charges Financial Impacts related to the *More Homes Built Faster Act, 2022* (Bill 23) and Development Charges Exemption Strategy

**SUMMARY TABLE**

	Annual Budget			
	Tax		Rate	
	\$ Increase	% Increase	\$ Increase	% Increase
FUNDING BLOCK ADJUSTMENTS - BILL 23	\$ 3,746,173	0.34%	\$ -	0.00%
STATUTORY EXEMPTIONS - BILL 23	\$ 17,083,396	1.55%	\$ 14,081,251	5.03%
<b>SUBTOTAL - BILL 23</b>	<b>\$ 20,829,569</b>	<b>1.89%</b>	<b>\$ 14,081,251</b>	<b>5.03%</b>
STATUTORY EXEMPTIONS - Previous	\$ 10,189,656	0.93%	\$ 10,304,039	3.68%
DISCRETIONARY EXEMPTIONS - Previous	\$ 9,569,319	0.87%	\$ 2,899,670	1.04%
<b>SUBTOTAL - Previous Exemptions</b>	<b>\$ 19,758,975</b>	<b>1.80%</b>	<b>\$ 13,203,710</b>	<b>4.72%</b>
UNFUNDED DISCRETIONARY EXEMPTIONS BACKLOG	N/A		N/A	
<b>TOTAL</b>	<b>\$ 40,588,544</b>	<b>3.69%</b>	<b>\$ 27,284,960</b>	<b>9.75%</b>

# Public Health & Emergency Services

- Hamilton Opioid Action Plan (BOH23021)
- Mental Health & Addiction (BOH22012(b))
- Hamilton Paramedic Service Master Plan (HSC22012)
- Hamilton Fire Department Service Delivery Plan (HSC19026)



2024 BUDGET OUTLOOK

# 2024 – 2026 Tax Supported Budget Outlook

CITY OF HAMILTON UPDATED TAX SUPPORTED 2024-2026 MULTI-YEAR OUTLOOK (\$000's)								
DEPARTMENT	2023 Net Levy	2024 Increase	2024 Outlook	%	2025 Outlook	%	2026 Outlook	%
Planning & Economic Development	33,471	2,374	35,846	7.1%	37,427	4.4%	38,762	3.6%
Healthy and Safe Communities	300,021	60,268	360,289	20.1%	394,010	9.4%	426,074	8.1%
Public Works	293,698	11,832	305,530	4.0%	315,082	3.1%	327,394	3.9%
Legislative	5,499	124	5,623	2.3%	5,754	2.3%	5,882	2.2%
City Manager	14,703	972	15,675	6.6%	16,279	3.9%	16,863	3.6%
Corporate Services	44,207	2,552	46,760	5.8%	48,151	3.0%	49,443	2.7%
Corporate Financials	24,534	14,220	38,754	58.0%	45,517	17.5%	52,803	16.0%
Non-program Revenues	(52,787)	(134)	(52,921)	0.3%	(52,991)	0.1%	(53,050)	0.1%
Hamilton Entertainment Facilities	150	3	153	2.0%	156	2.3%	160	2.3%
<b>City Departments</b>	<b>663,497</b>	<b>92,211</b>	<b>755,708</b>	<b>13.9%</b>	<b>809,386</b>	<b>7.1%</b>	<b>864,331</b>	<b>6.8%</b>
Hamilton Police Service	193,596	8,657	202,253	4.5%	207,963	2.8%	215,261	3.5%
Other Boards & Agencies	50,963	1,307	52,271	2.6%	53,660	2.7%	55,000	2.5%
City Enrichment Fund	6,575	617	7,193	9.4%	7,810	8.6%	8,427	7.9%
<b>Boards &amp; Agencies</b>	<b>251,135</b>	<b>10,582</b>	<b>261,716</b>	<b>4.2%</b>	<b>269,433</b>	<b>2.9%</b>	<b>278,688</b>	<b>3.4%</b>
Capital Financing	154,977	63,604	218,581	41.0%	232,224	6.2%	244,342	5.2%
<b>Total Net for Levy</b>	<b>1,069,608</b>	<b>166,397</b>	<b>1,236,005</b>	<b>15.6%</b>	<b>1,311,042</b>	<b>6.1%</b>	<b>1,387,361</b>	<b>5.8%</b>

AVERAGE RESIDENTIAL TAX IMPACT	2024	2025	2026
Municipal Net Levy Tax Impact	13.7%	5.4%	5.2%
Hamilton Hospital Redevelopment Tax Impact	1.0%	0.0%	0.0%
Assessment Growth	-1.0%	-1.0%	-1.0%
Re-Assessment	0.0%	1.2%	1.2%
Tax Policy	0.5%	0.5%	0.5%
Education	0.0%	0.0%	0.0%
<b>Average Residential Tax Impact</b>	<b>14.2%</b>	<b>6.1%</b>	<b>5.9%</b>

# Forecasted Average Residential Tax Impacts

	2024	\$	%	2025	\$	%	2026	\$	%
Municipal Taxes	\$ 4,882	\$ 678	14.2%	\$ 5,217	\$ 335	6.1%	\$ 5,561	\$ 344	5.9%
Education Taxes	\$ 584	\$ -	0.0%	\$ 584	\$ -	0.0%	\$ 584	\$ -	0.0%
<b>Total Taxes</b>	<b>\$ 5,466</b>	<b>\$ 678</b>	<b>14.2%</b>	<b>\$ 5,801</b>	<b>\$ 335</b>	<b>6.1%</b>	<b>\$ 6,145</b>	<b>\$ 344</b>	<b>5.9%</b>

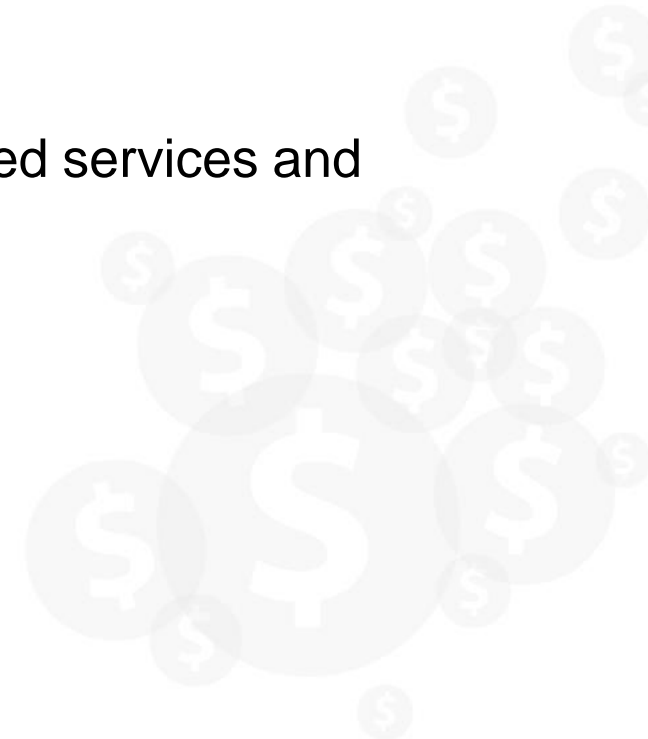




2024 BUDGET OUTLOOK

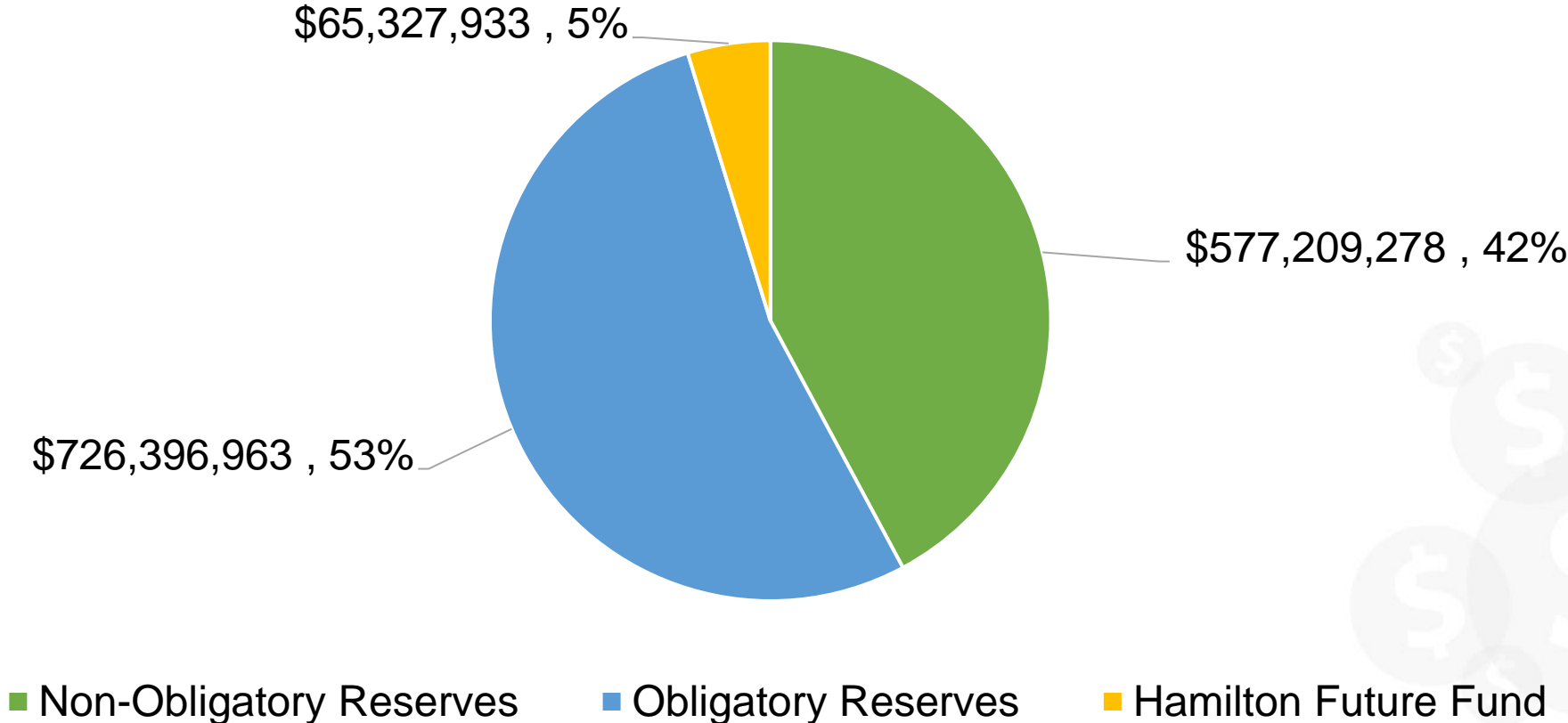
# 2024 Budget Strategy

- Leverage the City's financial position by utilizing debt and reserves to address Council priorities
- Replace the loss of development charge revenues with tax and rate supported revenues in order to support development goals of affordable and attainable housing
- Increase user fees towards full cost recovery
- Investigate redundancies and efficiencies in delivery of Council approved services and service levels (maintenance budget)



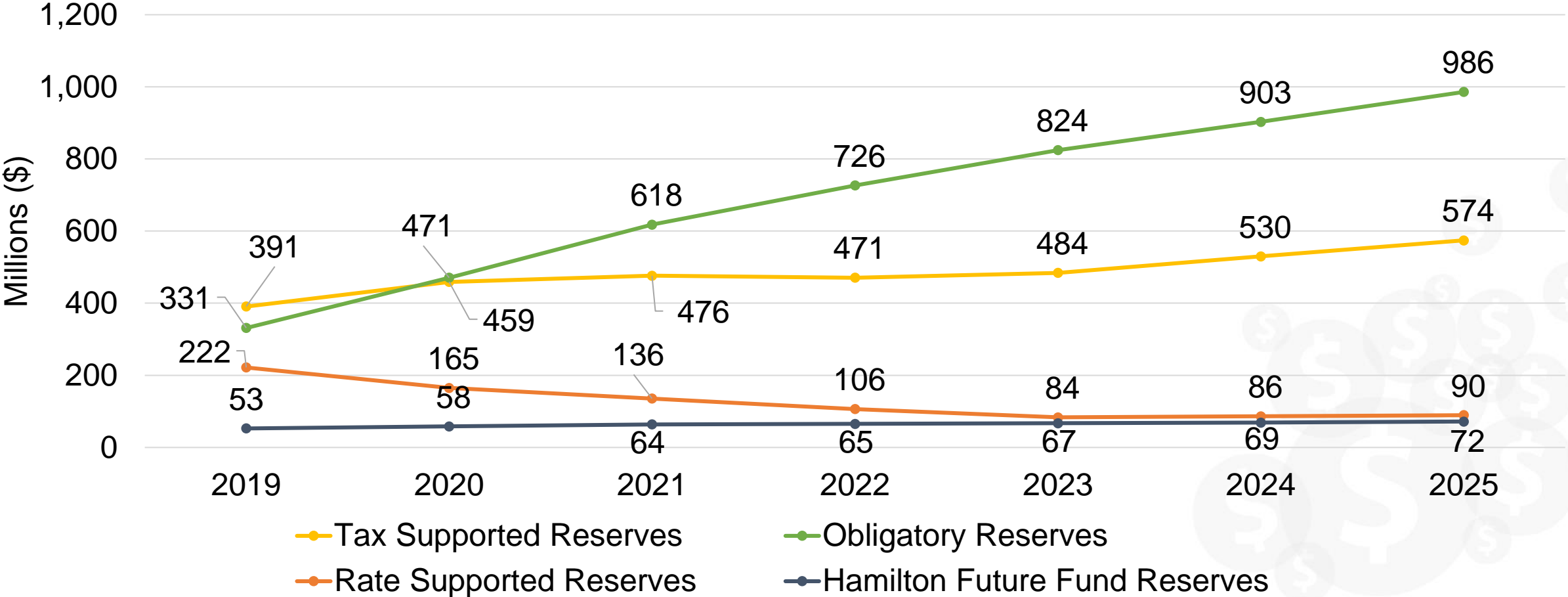
2024 BUDGET OUTLOOK  
**2024 Budget Strategy**

**Total Reserve Balance at December 31, 2022**  
**\$1.4 B**



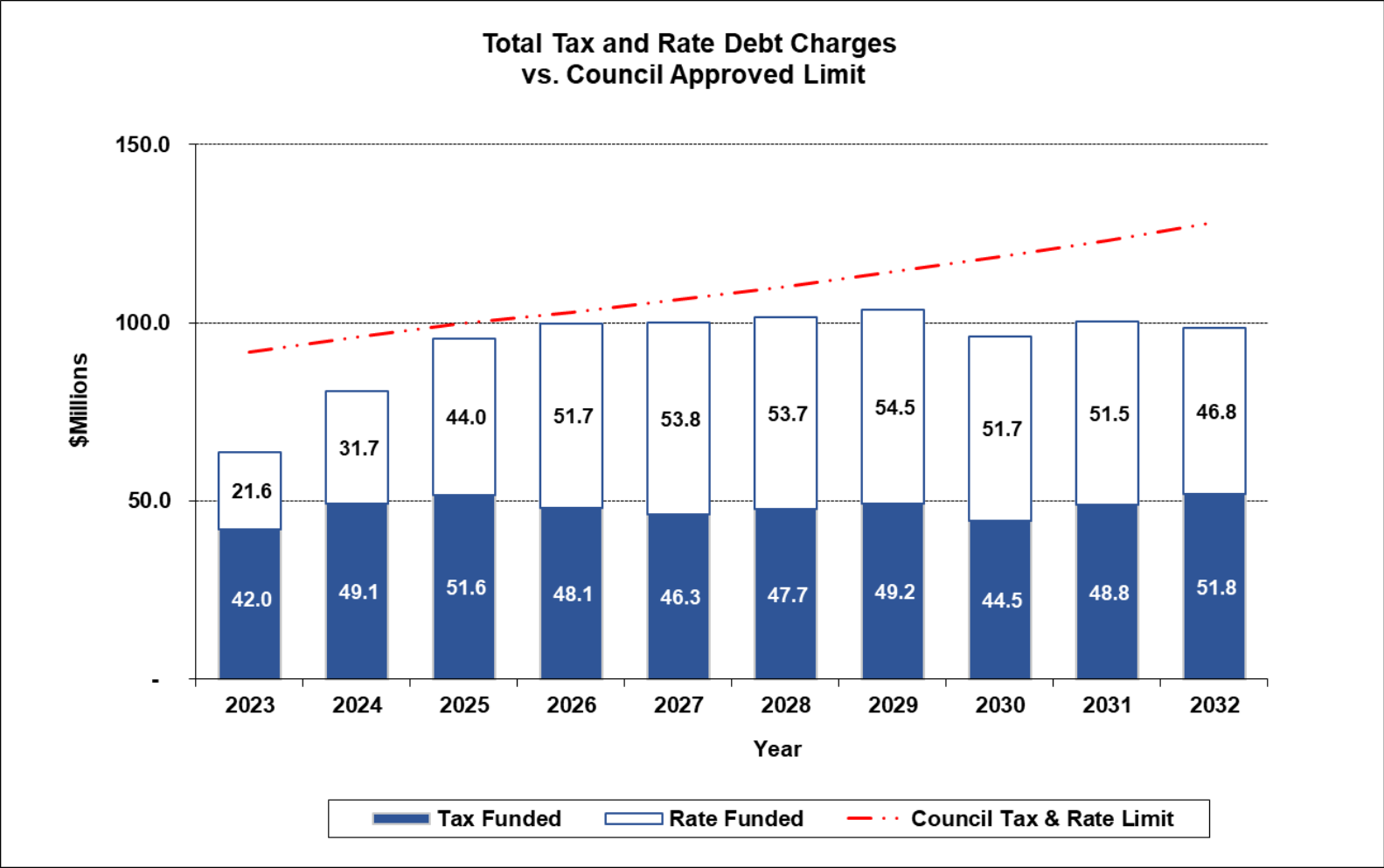
2024 BUDGET OUTLOOK  
**2024 Budget Strategy**

**City of Hamilton  
 Forecasted Reserves Summary**



# 2024 BUDGET OUTLOOK

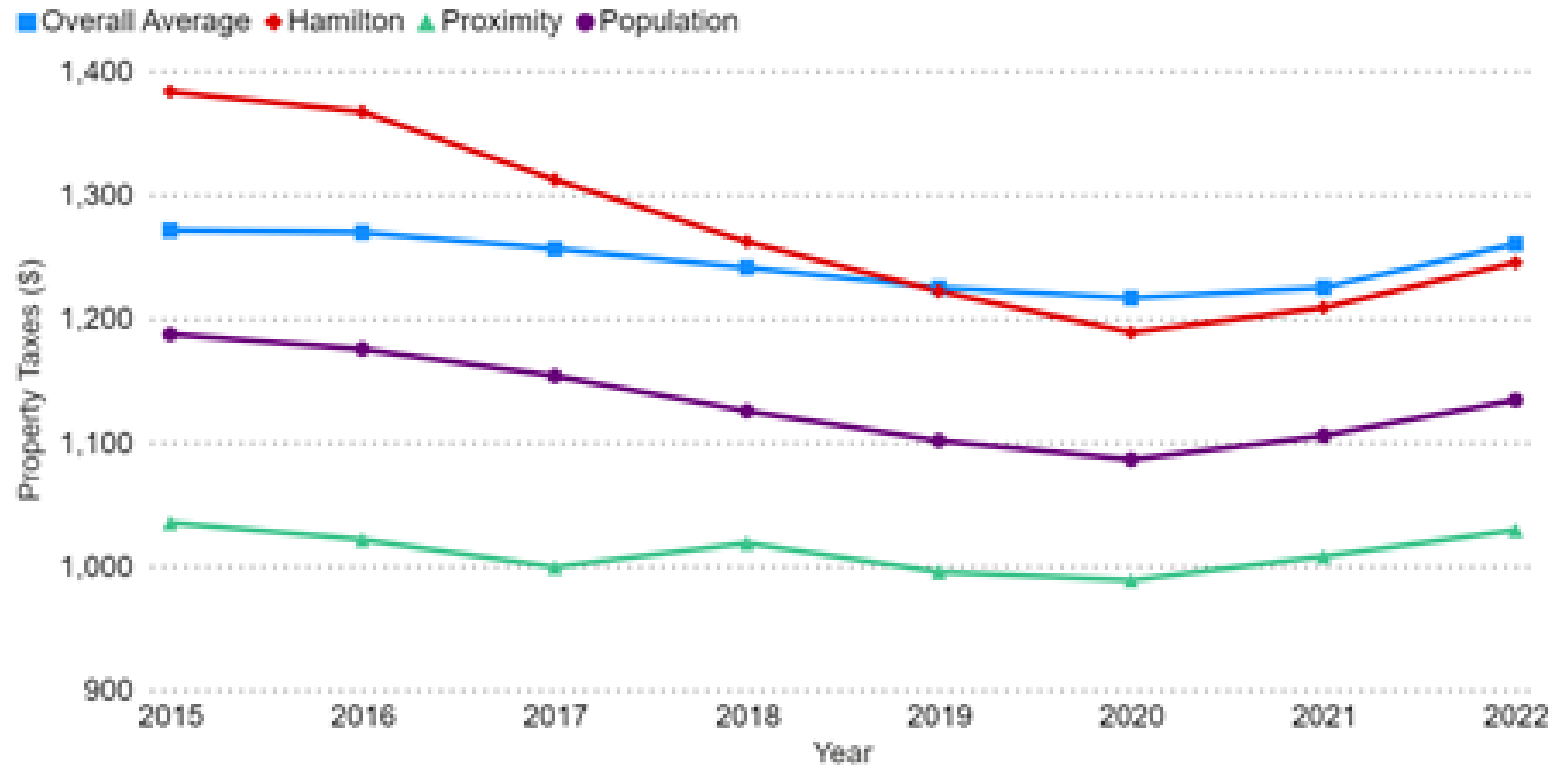
## 2024 Budget Strategy



# 2024 BUDGET OUTLOOK

## Tax Competitiveness

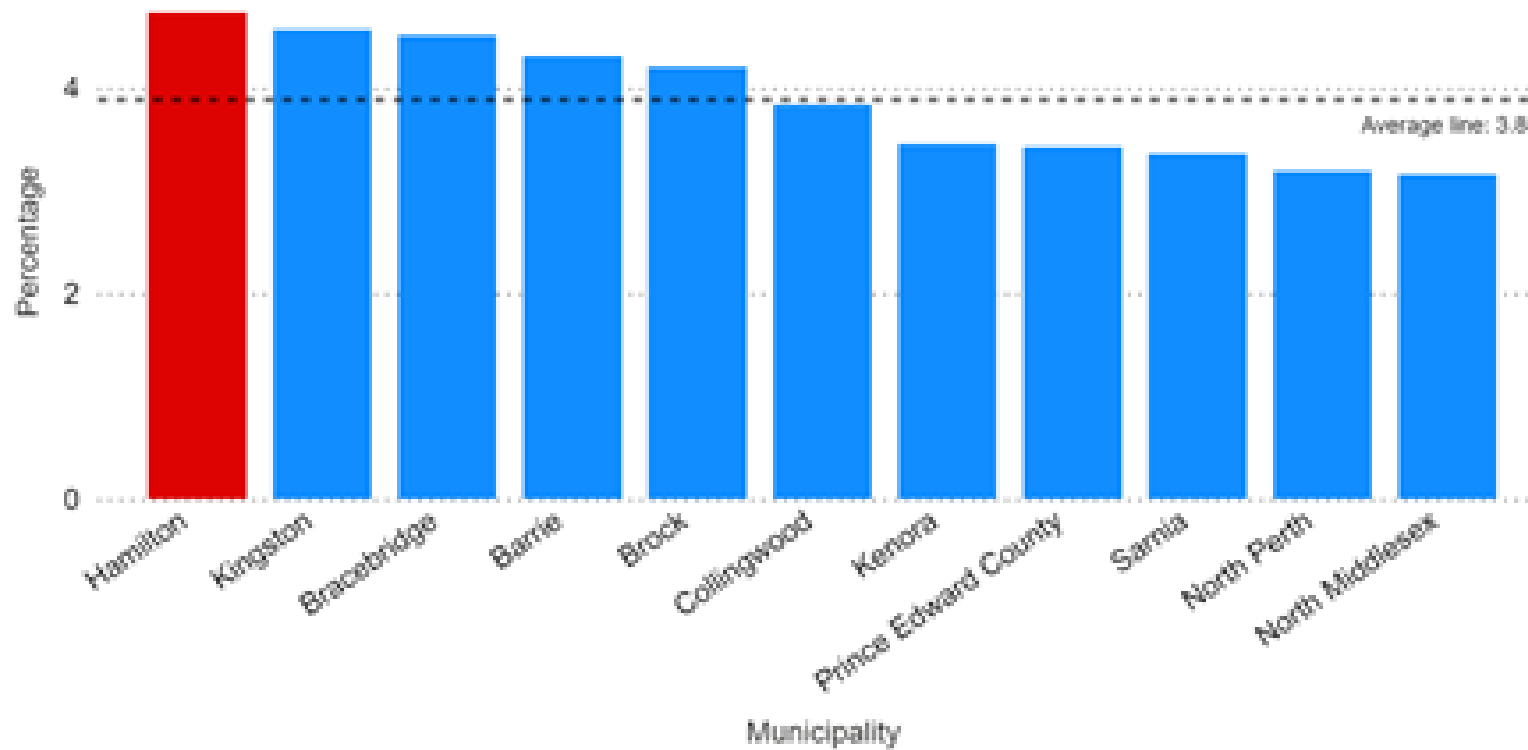
### Residential Property Taxes per \$100,000 of Assessed Value



# 2024 BUDGET OUTLOOK

## Tax Competitiveness

### Residential Property Taxes as a Percentage of Household Income



# Key Themes of 2024 Rate Supported Budget

1. Inflation & Supply Chain
2. Development Charge Exemptions
3. Legislated Impacts
4. Climate Change



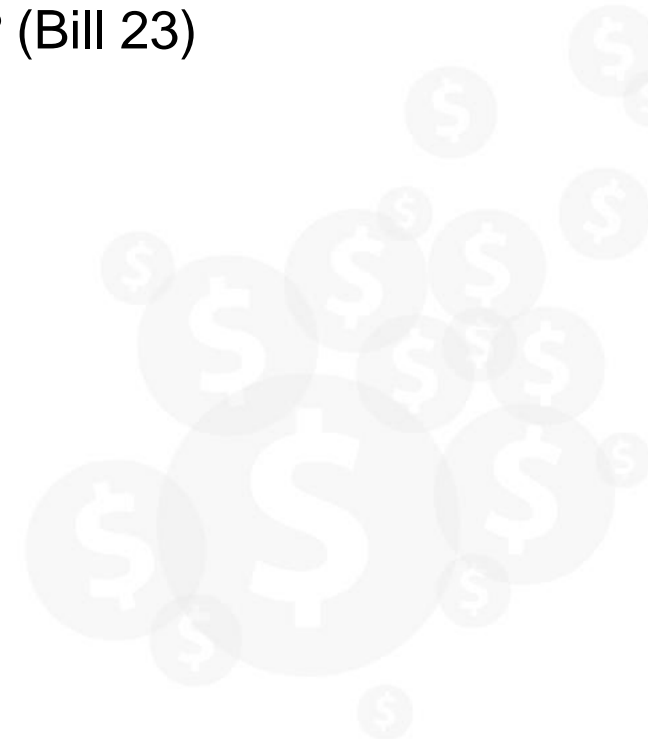
# Key Drivers of 2024 Rate Supported Budget

## Mandatory & Legislated Pressures

- Inflation and Supply Chain
- *Getting Ontario Connected Act, 2022* (Bill 93)
- Development Charge Exemptions - *More Homes Built Faster Act, 2022* (Bill 23)

## Crisis Response & Council Priorities

- Waterworks Asset Management Plan
- Watershed Action Plan
- Flooding and Drainage Improvement Framework
- Wastewater Treatment Plan Upgrades





# 2024 – 2027 Rate Supported Budget Outlook

RATE FINANCING PLAN (\$000's)	CURRENT YEAR				MULTI-YEAR		
	2023 Council Approved	2024 Approved in Principle	2024 Preliminary	2024 Preliminary vs. Approved in Principle	2025	2026	2027
Ave. Total Rate Increase	6.49%	10.04%	19.79%	9.75%	9.95%	10.04%	10.06%
<b>Total Revenues Available</b>	<b>272,447</b>	<b>298,647</b>	<b>325,932</b>	<b>27,285</b>	<b>358,160</b>	<b>393,595</b>	<b>432,297</b>
Debt Charges	21,581	31,687	31,687	-	43,967	51,688	53,832
DC Exemptions	9,000	9,000	36,285	(27,285)	39,006	41,932	45,077
Operating Expenditures	108,512	113,066	113,066	-	117,588	122,292	127,183
<b>Total Operating</b>	<b>139,093</b>	<b>153,753</b>	<b>181,038</b>	<b>(27,285)</b>	<b>200,562</b>	<b>215,912</b>	<b>226,092</b>
<b>Net Capital Budget Submission</b>	<b>148,246</b>	<b>235,080</b>	<b>235,080</b>	<b>-</b>	<b>237,447</b>	<b>186,038</b>	<b>239,213</b>
New Debt	14,892	90,186	90,186	-	79,848	8,355	33,009
Contributions to Capital	133,354	144,894	144,894	-	157,599	177,683	206,204
<b>Capital Financing Available</b>	<b>148,246</b>	<b>235,080</b>	<b>235,080</b>	<b>-</b>	<b>237,447</b>	<b>186,038</b>	<b>239,213</b>
<b>Suplus (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>

2024 BUDGET OUTLOOK  
**Budget Schedule**

Subject	Date
Public Delegations	November 6
Rate Supported Budget	November 24 November 27, 30 (if required)
Tax Supported Budget (Operating & Capital) Overview	January 9
User Fee Report	TBD
Boards & Agencies Presentations / Deliberations	Mid January
Housing Presentation / Deliberations	Mid January
City Departments Presentations / Deliberations	Mid January
Public Delegations	Mid January
Budget GIC Deliberations	Mid January
Special Council Budget	February 15



# THANK YOU