

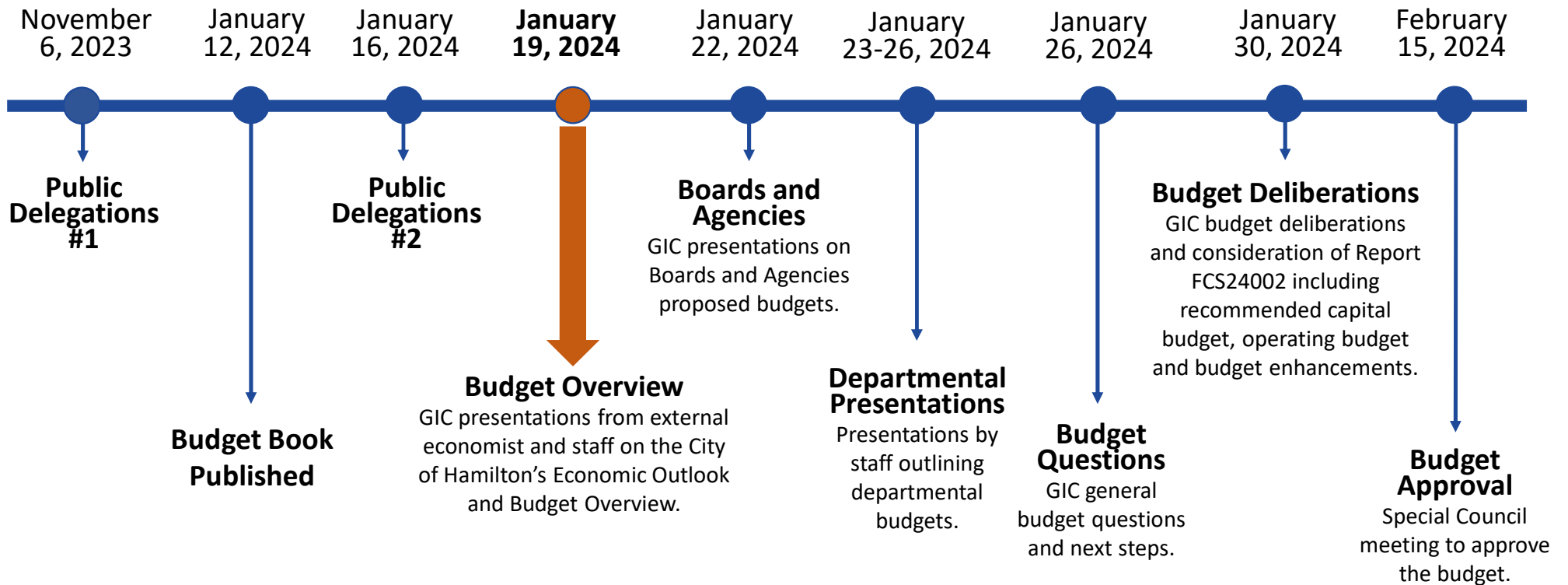
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Proposed 2024 Tax Budget Overview



JANUARY 19, 2024

Tax Budget Process





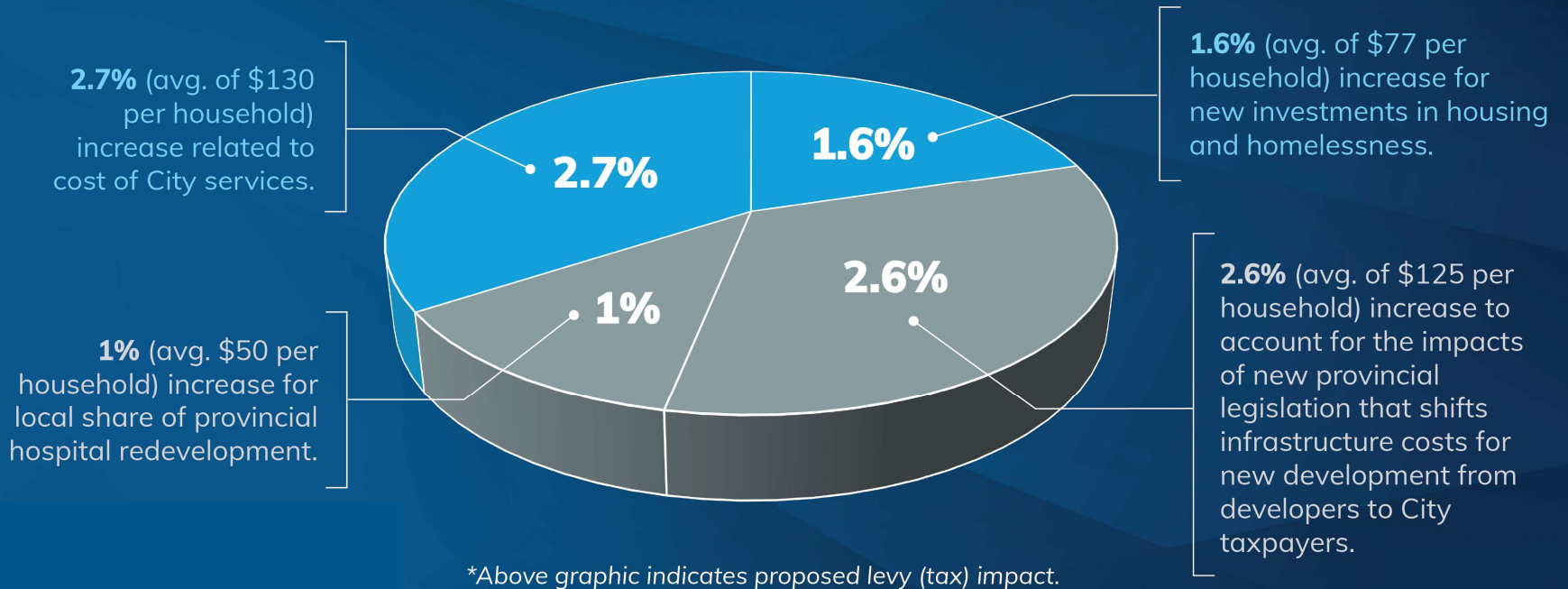
Updates to the Tax Budget Process

- Proposed 2024 Tax Budget (combination of Operating Budget and Capital Budget)
- Proposed 2024 Tax Budget prepared in alignment with the Mayoral Directive to Staff (MDI-2023-02), as well as Council's priorities
 - Combination of Tax Operating Budget and Tax Capital Budget
 - Reduces the burden on taxpayers through a series of savings and budget adjustments, and by responsibly utilizing reserves; and,
 - Business Cases and Council Referred Items prioritized

Additionally, the budget

- Financially supports over 70 distinct services
- Increased level of service in priority investment areas
- Reflects external boards and agencies requested budgets

Proposed 2024 Residential Tax Increase





Agenda

1. 2024 Budget Process & Timeline
2. Proposed 2024 Tax Operating Budget
3. Proposed 2024 Tax Capital Budget



Proposed 2024 Tax Budget Summary

- Balances the need for continuity of services with affordability
- Captures several key investments – Council priorities
- Leverages the City’s strong financial position to manage affordability
- Responds to rapid legislative changes and insufficient funding for provincial impacts
- Calls for continued support from senior levels of government:
 - Housing and homelessness
 - Climate change
 - Foregone development charge revenues



ADVANCING STRATEGIC PRIORITIES

Council Priorities (2022 to 2026)

Sustainable Economic and Ecological Development

reduced burden on residential taxpayers, advancement of our climate change / decarbonization efforts and increased protection of our green spaces and water.

Safe and Thriving Neighbourhoods

increased housing units for all, reduced homelessness and improved mobility, accessibility and road safety

Working of City Hall and Transparency in Municipal Government

new and improved budget process, increased public engagement, enhanced customer service and communication, and being considered an employer of choice



PROPOSED 2024 TAX OPERATING BUDGET



2024 Gross Tax Budget

The City of Hamilton's proposed 2024 Tax Supported Operating and Capital budgets total \$2.4 billion, which support 70 distinct City services and key investments.

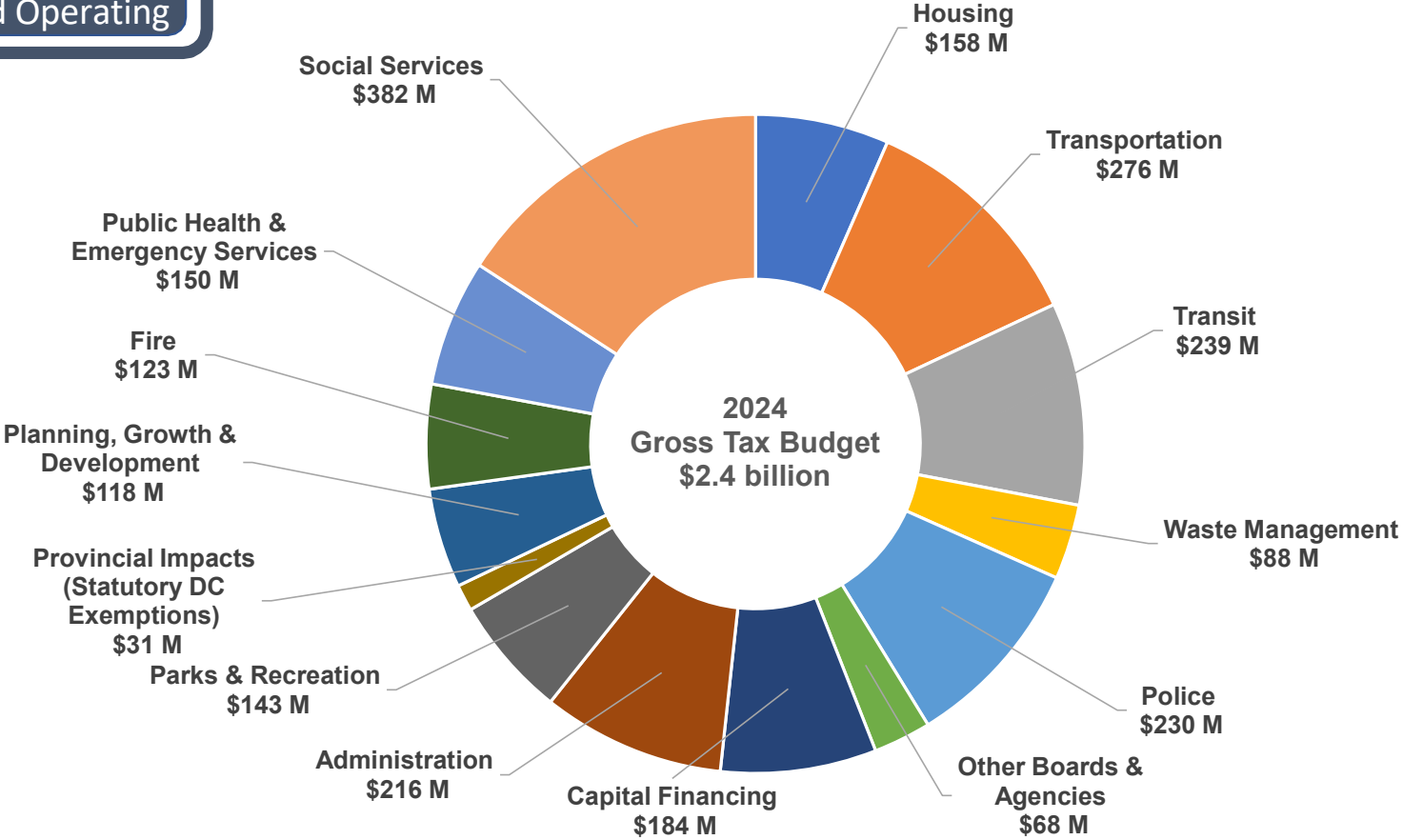
The 2024 tax budget represents an increase of 7.9%. This amounts to a \$382 increase for an average residential property.

Key investments the City is making in 2024:

- \$382 million in Social Services (CCS, LTC, OW)
- \$276 million in Transportation
- \$239 million in Transit
- \$230 million in Police Services
- \$158 million in Housing Services
- \$150 million in Public Health & Emergency Services
- \$143 million in Parks & Recreation
- \$123 million in Fire Services
- \$88 million in Waste Management

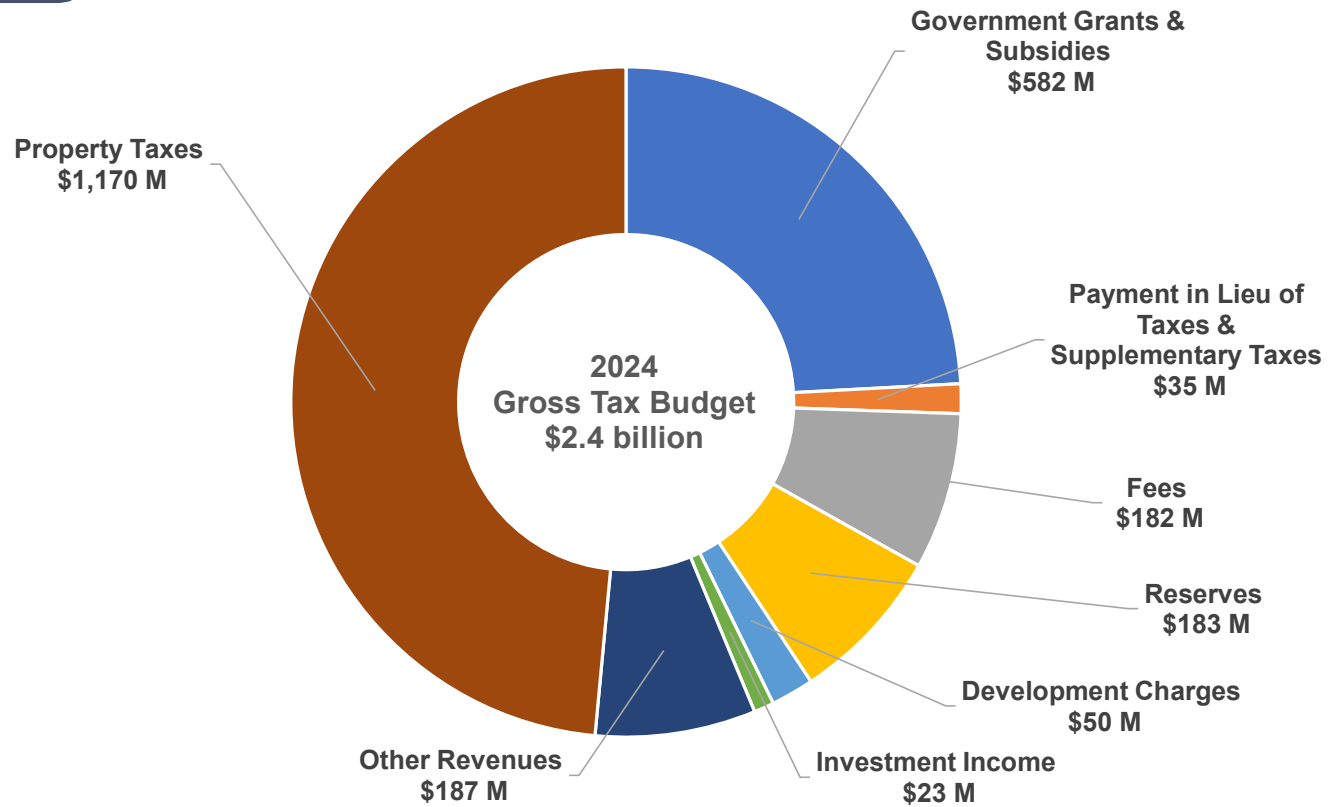
2024 Gross Expenditures

\$2.4B
Capital and Operating



2024 Revenues

\$2.4B
Capital and Operating





2024 Gross Tax Budget

Total increase in gross investments of \$273 million:

- Transit \$50 million
- Transportation \$39 million
- Housing \$32 million
- Provincial impacts \$31 million
- External Boards & Agencies \$26 million
- Waste Management \$19 million
- Planning, Growth & Development \$16 million
- Parks & Recreation \$10 million
- Public Health & Emergency Services \$8 million
- Social Services \$6 million
- Capital Financing, Administration & Other \$36 million



2024 Net Tax Budget

Total Gross Budget of \$2.4 billion represents an increase of \$273 million:

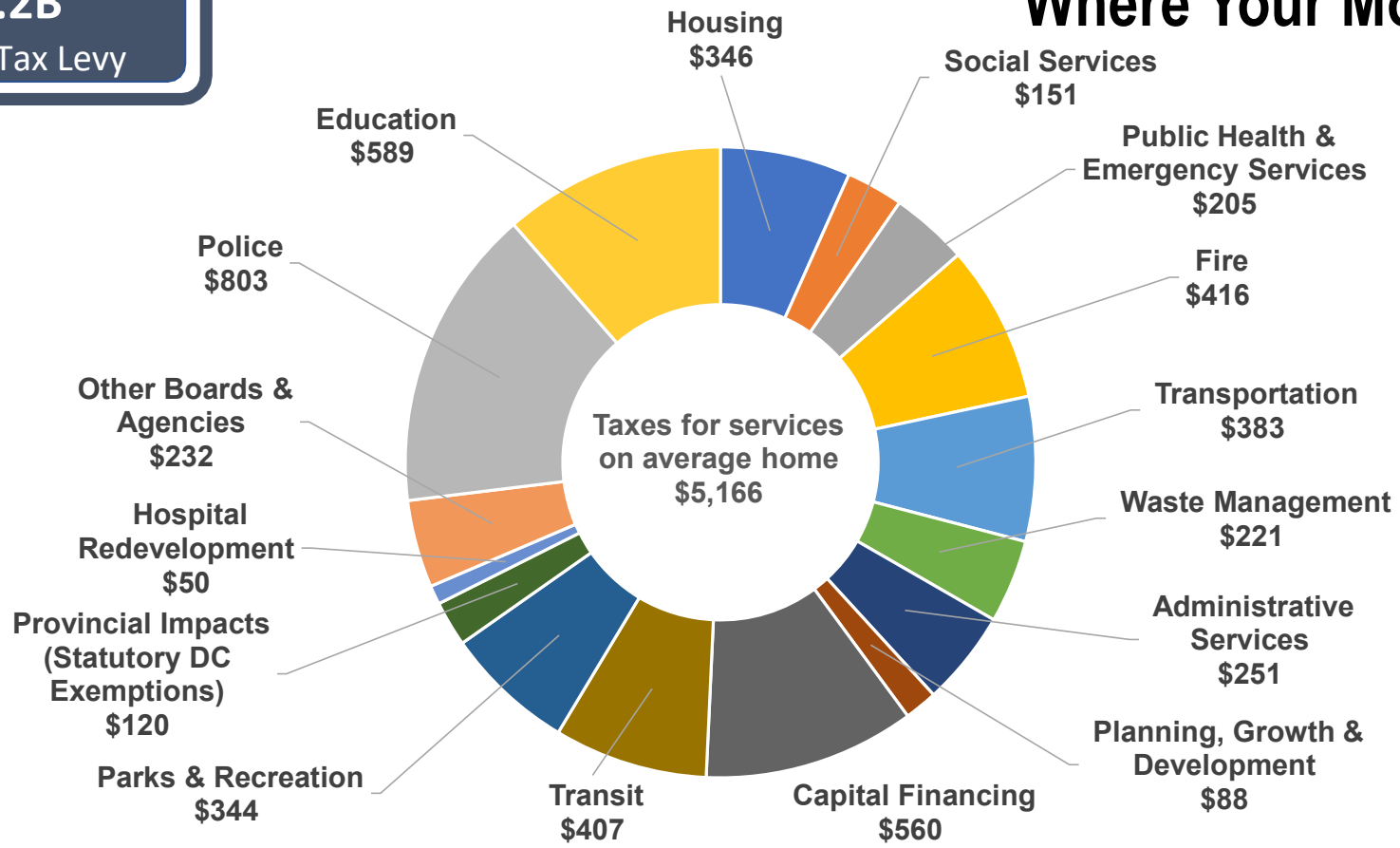
- Less: Reserves \$129 million
- Less: Capital Work-in-progress Transfers \$15 million
- Less: Development Charges \$10 million
- Less: User Fees \$9 million
- Less: Grants & Subsidies \$8 million
- Less: PIL & Supplementary Taxes \$3 million
- Add: Reduction in Other Revenues \$2 million

Total Net for Tax Levy of \$1.2 billion representing an increase of \$101 million

* Note: operational efficiencies and budget adjustments reduced the gross budget by \$15.8 million (1.3%)

\$1.2B
Net for Tax Levy

Where Your Money Goes



City Services 2024 Tax Operating Budget

Maintenance

the additional cost required for the continuity of municipal services (to maintain existing levels of service)

\$39.2M

Strategic Priorities

the additional investments required to advance term of Council priorities and other strategies that have been endorsed by Council (to enhance levels of service)

\$24.0M

Capital Levy

the additional investment required to support the City's capital program, growth and development

\$20.8M

Note: does not include budget requests for External Boards & Agencies

Proposed 2024 Tax Operating Budget by Department

(\$000's)	2023		2024							
	Restated Budget	Maintenance Budget	Maintenance vs. Restated		Capital Levy	Strategic Priorities		Total	Total vs. Restated	
						Business Cases	Council Referred			
Planning and Economic Development	33,326	34,884	1,558	4.7%	-	-	1,561	36,445	3,119	9.4%
Healthy and Safe Communities	299,145	315,376	16,231	5.4%	-	875	15,989	332,240	33,095	11.1%
Public Works	294,768	321,365	26,597	9.0%	-	826	3,295	325,486	30,717	10.4%
Legislative	5,555	5,813	258	4.6%	-	-	-	5,813	258	4.6%
City Manager	15,182	16,022	840	5.5%	-	149	115	16,286	1,103	7.3%
Corporate Services	44,951	47,091	2,140	4.8%	-	668	524	48,282	3,331	7.4%
Corporate Financials / Non Program Revenues	(29,164)	(37,425)	(8,261)	28.3%	-	-	-	(37,425)	(8,261)	28.3%
Hamilton Entertainment Facilities	154	-	(154)	-100.0%	-	-	-	-	(154)	-100.0%
Total City Expenditures	663,918	703,125	39,207	5.9%		2,517	21,484	727,126	63,208	9.5%
Hamilton Police Services	193,596	207,451	13,855	7.2%	-	-	-	207,451	13,855	7.2%
Other Boards and Agencies	50,541	52,648	2,107	4.2%	-	-	50	52,698	2,157	4.3%
City Enrichment Fund	6,575	6,575	-	0.0%	-	-	526	7,101	526	8.0%
Total Boards and Agencies	250,713	266,674	15,962	6.4%			576	267,250	16,537	6.6%
Capital Financing	154,977	154,977	-	0.0%	20,750	-	-	175,727	20,750	13.4%
Total Net for Levy	1,069,608	1,124,777	55,169	5.2%	20,750	2,517	22,060	1,170,104	100,495	9.4%
Average Residential Tax Impact										
Municipal Net Levy Tax Impact				4.6%						8.4%
Assessment Growth				(1.9%)						(1.9%)
Hamilton Hospital Redevelopment Tax Impact				1.0%						1.0%
Reassessment				0.0%						0.0%
Tax Policy				0.5%						0.5%
Education Impact				0.0%						0.0%
Total				4.1%						7.9%

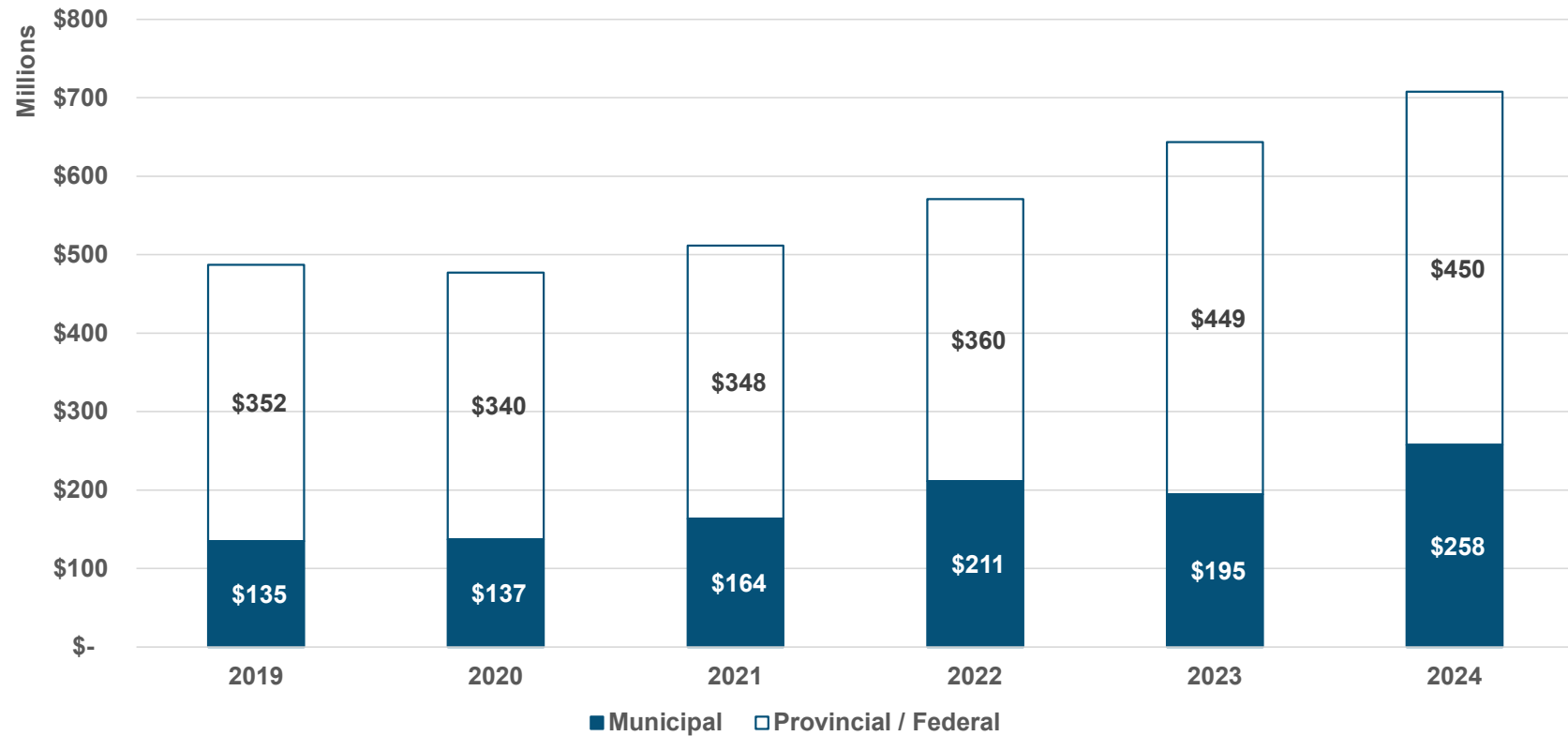
Maintenance Budget

\$39.2M

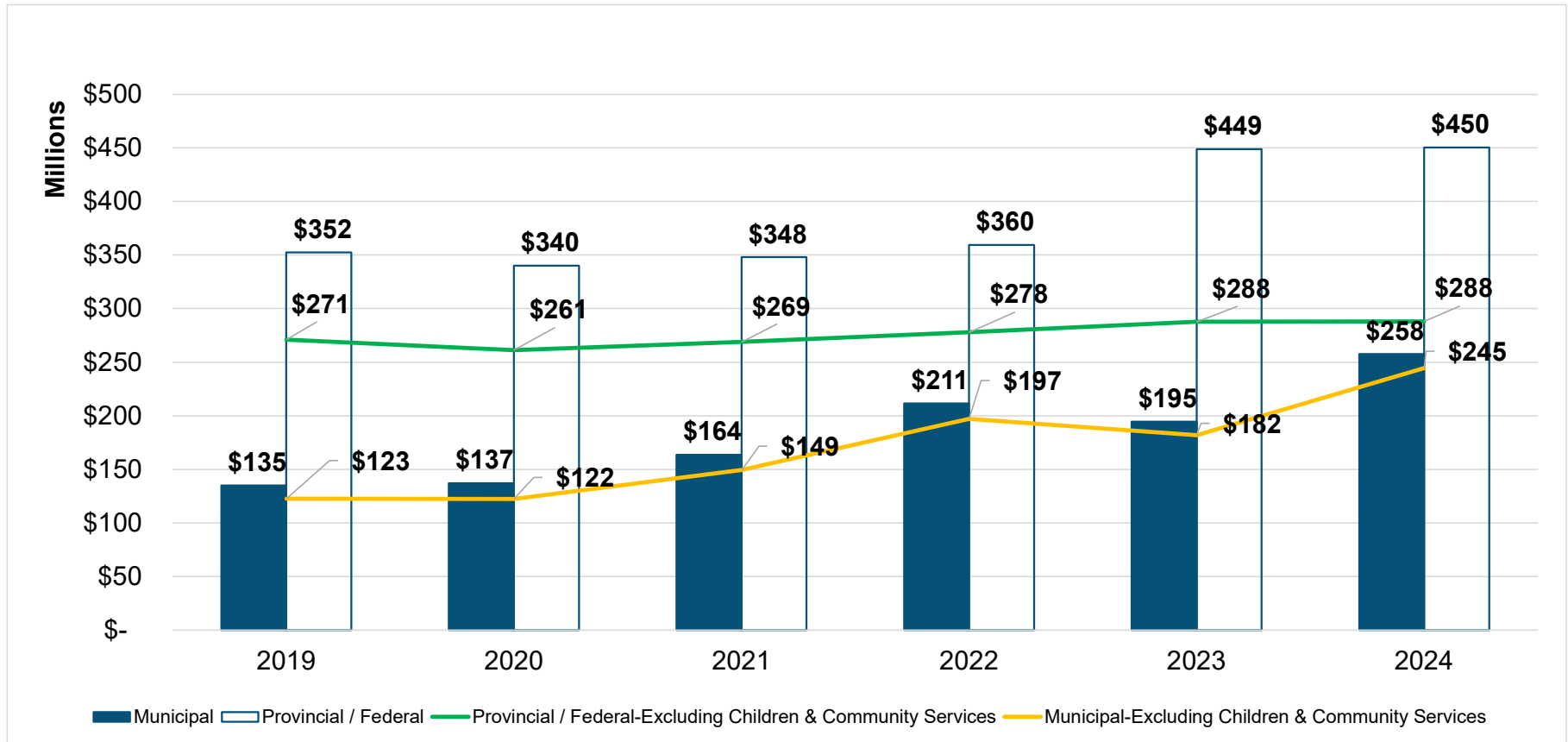
Net Increase

- **\$36.0M** | Employee related
- **\$17.0M** | Inflationary increases (Inclusive of contractual escalation factors)
- **\$3.1M** | Transit service expansion
- **\$2.8M** | Funding to Social Housing providers to address inflationary pressures
- **\$2.6M** | Provincial Funding Agreements expenditures
- **\$2.3M** | Annualization of Housing program enhancements
- **(\$8.8M)** | Recommended User Fee Increase
- **(\$15.8M)** | Budget amendments, operational savings, and efficiencies & Other

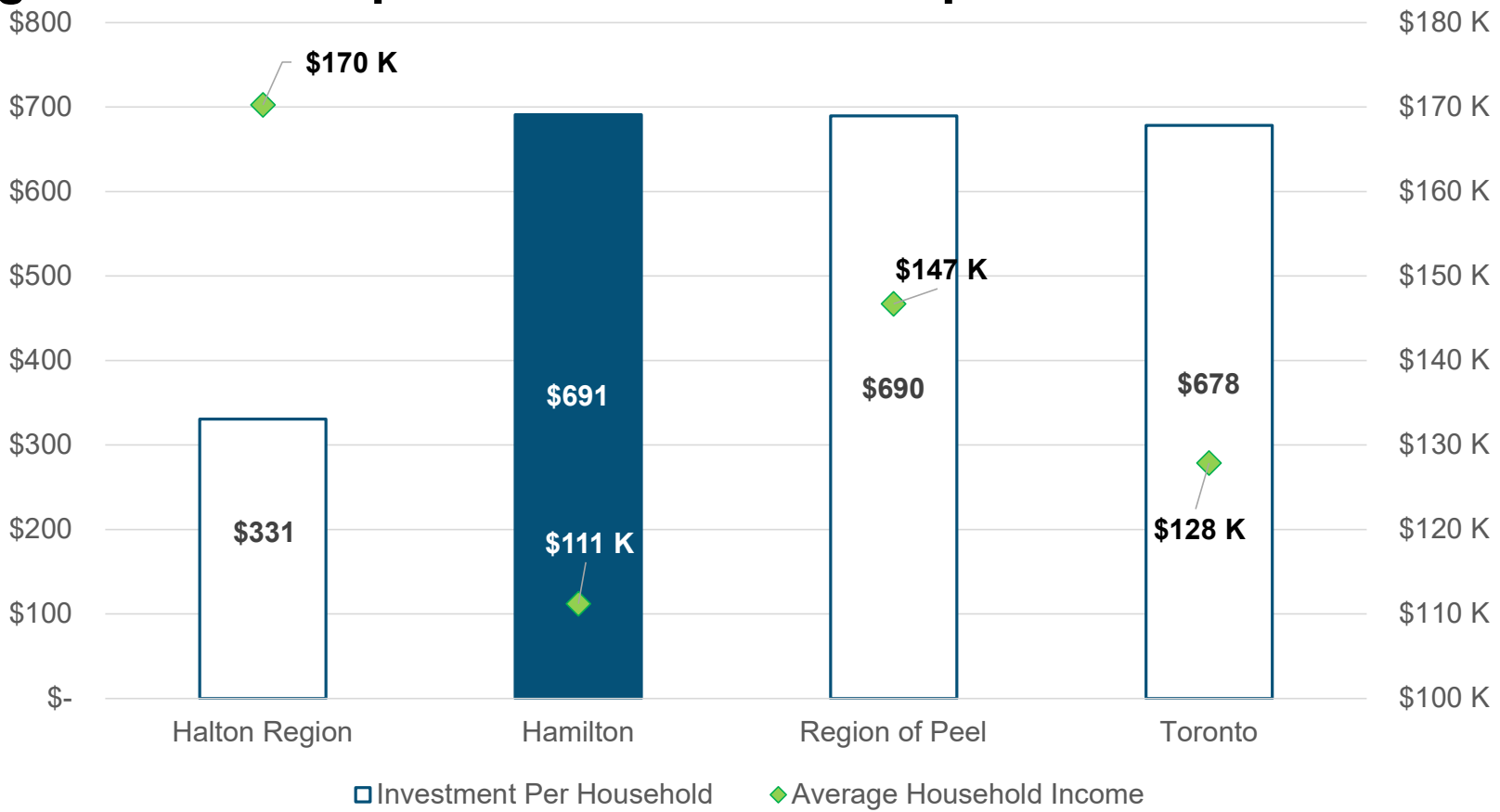
Funding for Provincially Legislated Services and Programs



Funding for Provincially Legislated Services and Programs



Housing Investments per Household in Comparison to Household Income



Strategic Priorities

Summary of Priority Investments in City Services (\$000's)

	Business Cases		Council Referred Items		TOTAL	
	2024 Net Levy	Annualized Net Levy	2024 Net Levy	Annualized Net Levy	2024 Net Levy	Annualized Net Levy
Sustainable Economic & Ecological Development	\$ 34	\$ 34	\$ -	\$ -	\$ 34	\$ 34
Safe & Thriving Neighbourhoods	\$ 1,130	\$ 2,001	\$ 20,070	\$ 26,493	\$ 21,201	\$ 28,495
Responsiveness and Transparency	\$ 1,353	\$ 2,993	\$ 1,413	\$ 1,980	\$ 2,766	\$ 4,973
CITY SERVICES TOTAL	\$ 2,517	\$ 5,027	\$ 21,484	\$ 28,473	\$ 24,001	\$ 33,501

Note: Does not include items referred to the budget process or proposed service enhancements for Boards & Agencies

2024 Boards & Agencies

2024 Boards & Agencies Proposed Budgets (\$000's)						
Board/Agency	2023 Budget Net \$	2024 NET Operating Budget	Change		Funded from Capital Levy	2024 TOTAL Budget
			\$	%		
Conservation Authorities	8,930	9,357	427	4.8%	2,000	11,357
MPAC	6,833	6,976	143	2.1%	-	6,976
Hamilton Beach Rescue Unit	143	146	3	1.8%	-	146
Hamilton Farmers' Market	245	332	87	35.7%	-	332
Royal Botanical Gardens	660	674	13	2.0%	-	674
Hamilton Police Services ¹	193,596	207,451	13,855	7.2%	7,372	214,823
Hamilton Public Library	33,730	35,214	1,483	4.4%	1,080	36,294
City Enrichment Fund	6,575	7,101	526	8.0%	-	7,101
Total Boards & Agencies	250,713	267,250	16,537	6.6%	10,452	277,702

1. Includes Personal Issued Portable Radio Replacement (PIPRs) of \$1.4M

2024 Staffing Complement

2024 Proposed Complement (FTE) (exclusive of Boards & Agencies)		
2023 Restated		6,321.2
Operating Impacts from Capital	8.8	
Previously Approved by Council	65.6	
Business Cases and Council Referred	141.8	216.2
2024 Proposed		6,537.4

Note: Does not include 5.57 FTE approved by the Library Board through the 2024 Operating Budget Report and 29 FTE approved by the Police Services Board through Report 23-109

2024 Average Residential Tax Impact

2024 Average Residential Impact (Per \$385,000 Current Value Assessment)		
Service	Property Tax (\$)	Property Tax (%)
City Services	\$ 38.45	0.8%
Provincially Shared Services	\$ 122.65	2.6%
Statutory DC Exemptions	\$ 120.09	2.6%
Police	\$ 42.94	0.9%
Other Boards & Agencies	\$ 7.15	0.1%
Hospital Redevelopment Levy	\$ 50.23	1.0%
Ave. Residential Impact	\$ 381.51	7.9%

* Anomalies due to rounding



Affordability Strategy

- Proposed Tax Budget 7.9% vs. Budget Outlook of 14.2%:
 - Adjusted Capital Levy requirements (3.0%)
 - Leveraged City's strong financial position to phase-in development charge exemptions and fund extraordinary inflation pressures with discretionary reserves
 - Updated cash flow forecast for the Transit Maintenance and Storage Facility
 - Leveraging of \$72.3 million in reserves for the Housing Sustainability and Investment Roadmap (1.7%)
 - Leveraging of \$18.4 million in reserves to phase-in provincial impacts and employee related costs (1.5%)
 - \$16 million in budget reductions and efficiency savings to offset the general net for tax levy (1.3%)



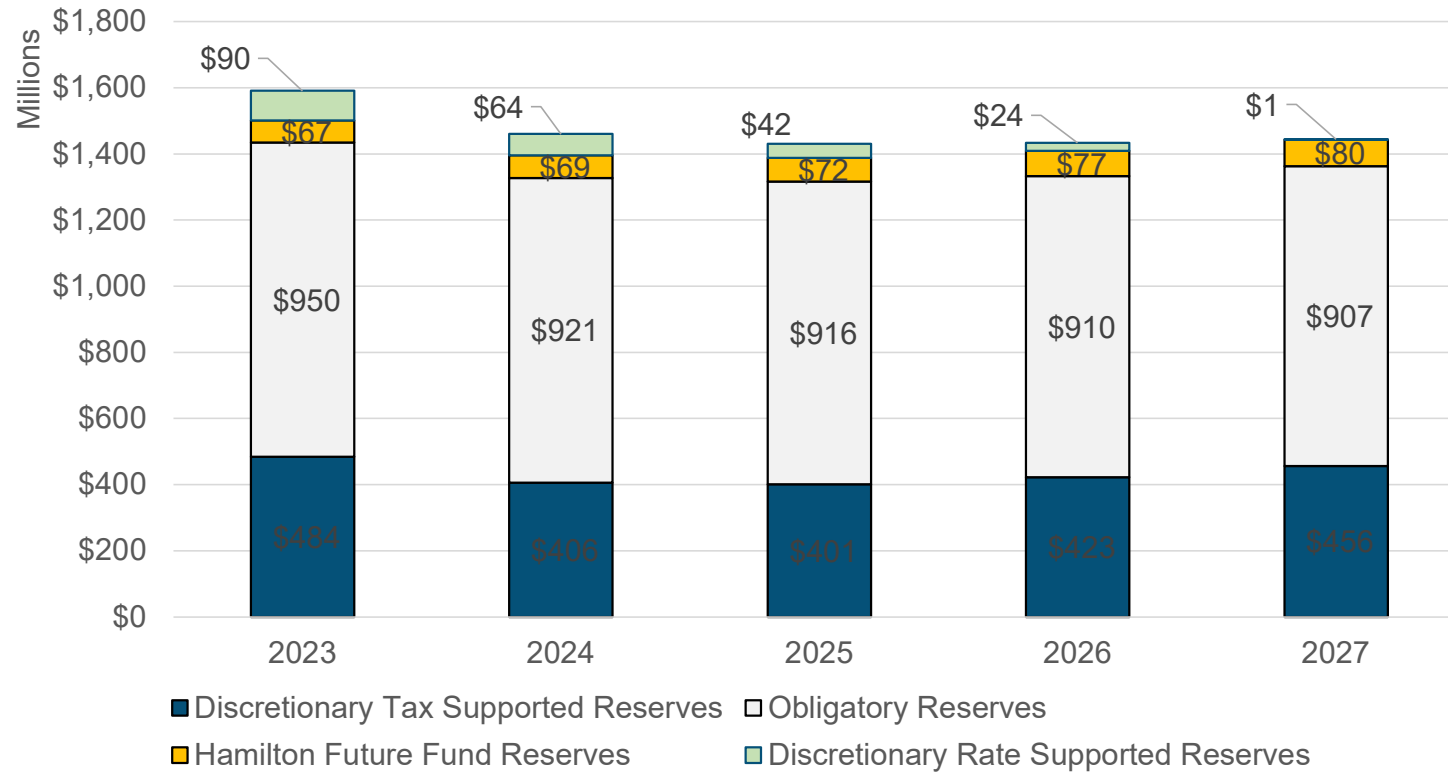
Reserve Strategy

\$216 million 2024-2027

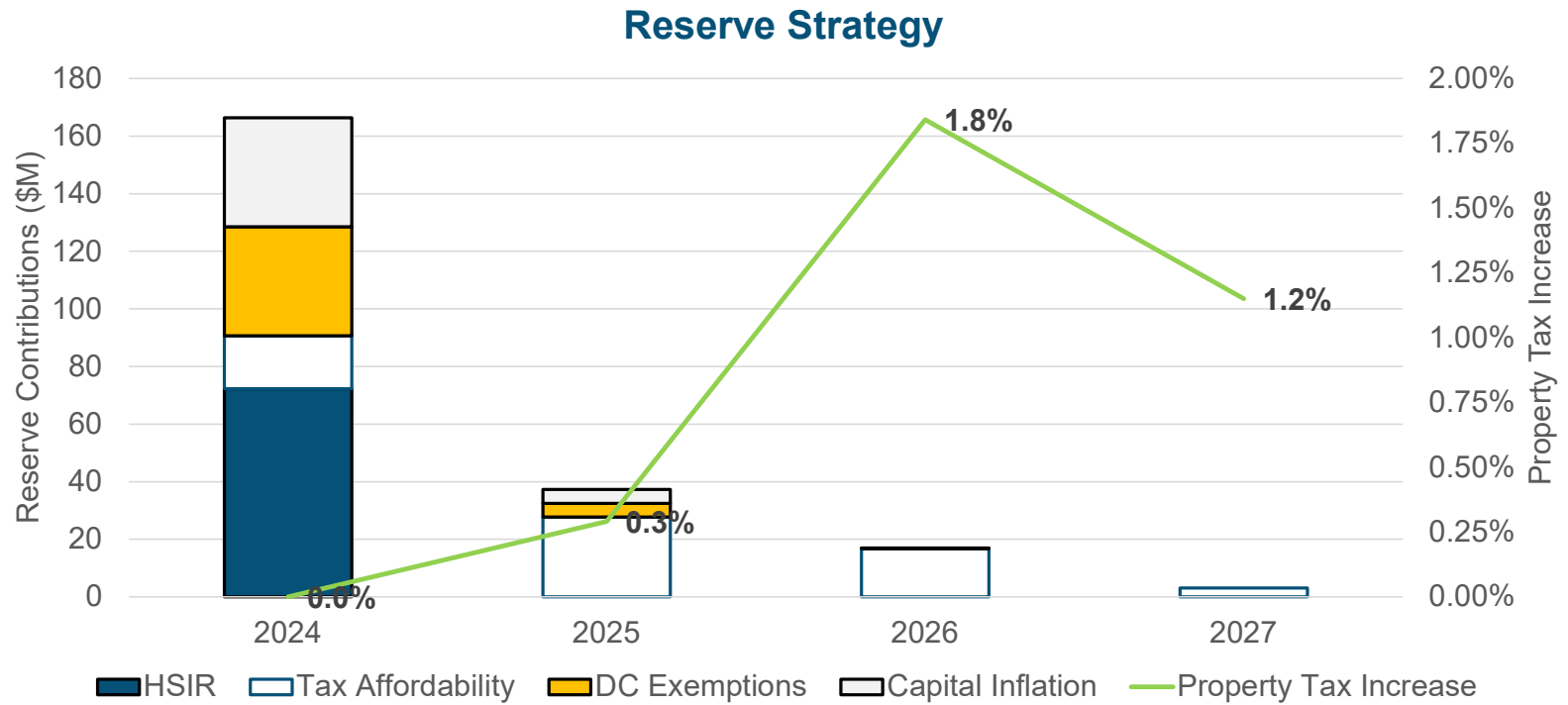
- Housing Stability and Investment Roadmap \$72.3 million
 - Encampment Protocol \$4.6 million 2024-26
 - Hotel Overflow \$13.9 million 2024-26
 - Family Shelter System \$1.85 million 2024-26
 - End of Mortgage Strategy \$20.8 million 2024-27
 - Supportive Housing \$31.0M 2024-2026
- Property Tax Affordability Strategy \$66.1 million
 - Transit (revenue shortfall and service expansion) \$16.0 million 2024-27
 - Shortfall Provincial Funding Agreements \$5.0 million 2024-2025
 - Employee related costs \$41.4 million 2024-26
 - Winter Control \$3.7 million 2024-26
- Development Charge Exemption Phase-in \$35.4 million 2024-2026
- Extraordinary Capital Inflation \$42.7 million 2024-2026

Reserve Management

City of Hamilton
2023 to 2027 Reserve Projections



Reserve Management



Multi-Year Forecast

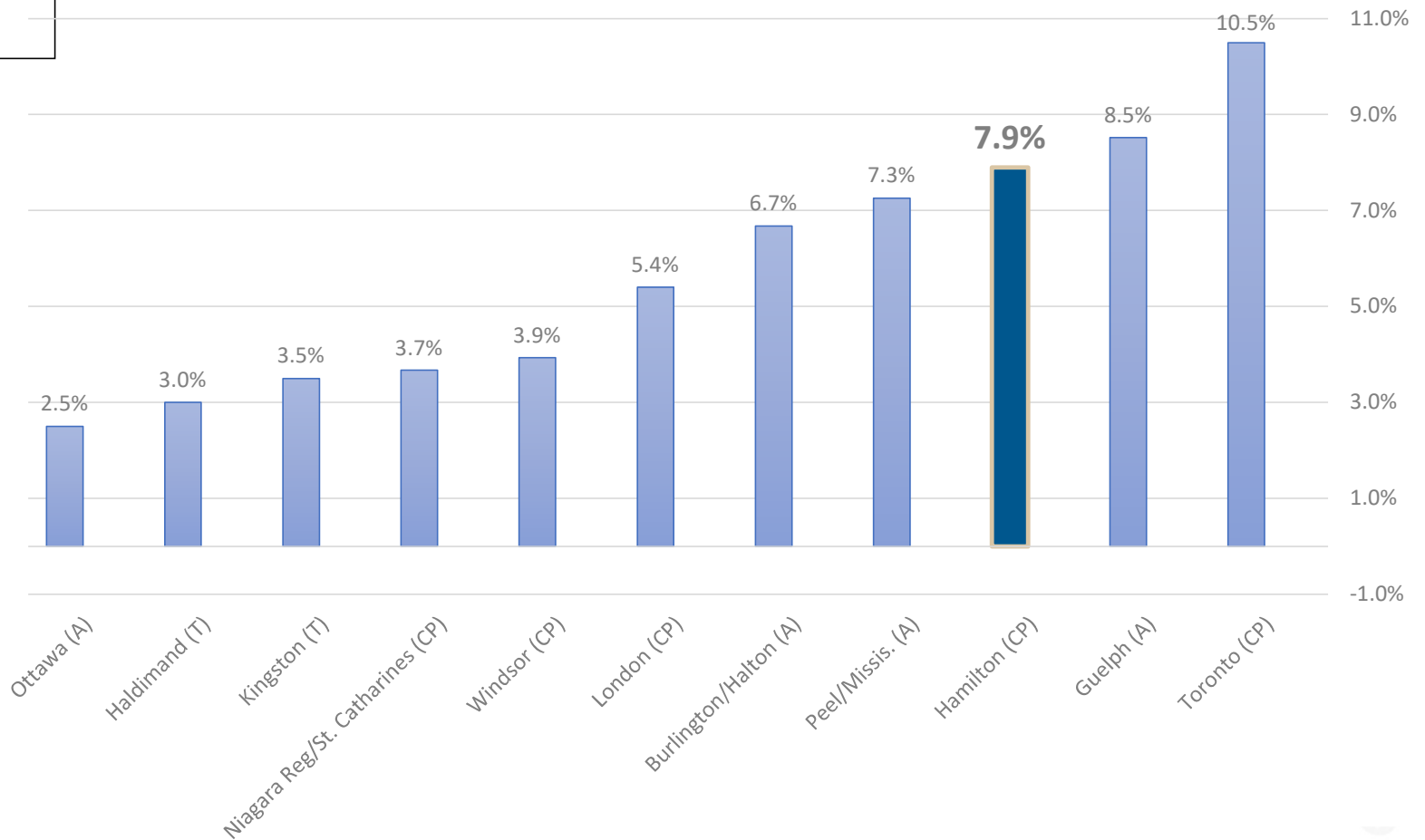
	2024	2025	2026	2027	Total
Reserve Strategy					
Operating:					
Housing Sustainability and Investment Roadmap	(\$72.3M)				(\$72.3M)
Tax Affordability	(\$18.4M)	(\$27.7M)	(\$16.9M)	(\$3.1M)	(\$66.1M)
Capital:					
DC Exemptions	(\$24.1M)	(\$11.3M)			(\$35.4M)
Capital Inflation	(\$37.8M)	(\$4.8M)	(\$0.0M)		(\$42.6M)
Total	(\$152.6M)	(\$43.8M)	(\$16.9M)	(\$3.1M)	(\$216.4M)
Multi-Year Residential Tax Impact	7.9%	7.7%	6.4%	4.9%	

2024 Residential Tax Comparators

T = Council Directed Target
 CP = Current Position
 A = Approved

Notes:

- **Municipalities that are reflecting a target was set by Council. This may not reflect the current position**



2024 Reduction Scenarios

Reduction Scenarios			
	Reduction (\$)	Levy Increase (\$)	Total Residential Tax Increase
Adjusted Preliminary Budget		100,495,480	7.9%
Total Reductions Of	(10,800,000)	89,695,500	7.0%
Total Reductions Of	(22,800,000)	77,695,500	6.0%
Total Reductions Of	(34,920,000)	65,575,500	5.0%

Note: A 1% residential tax increase for the average household assessed at \$385 thousand represents approximately \$12 million in investments



PROPOSED 2024 TAX CAPITAL BUDGET



2024 – 2027 Capital Financing Plan: Key Objectives

- Asset reinvestment in accordance with Asset Management Plans
- Address deficiencies in statutory and discretionary DC exemptions
- Support inflationary increases to maintain infrastructure in its current state
- Investment in strategic initiatives including Transportation, Transit, Integrated Growth and Development and others
- Maximize the utilization of Federal / Provincial funding

\$20.8M




2024 Levy Increase

Forecasted Capital Levy Increases

	2024	2025	2026	2027
Transportation Asset Management Plan	0.89%	0.89%	0.89%	0.89%
Non-Core Asset Management Plans	0.00%	0.00%	0.50%	0.50%
Statutory DC Exemptions	0.76%	0.76%	0.76%	0.63%
Unfunded Discretionary DC Exemptions (City Bylaw)	0.30%	0.30%	0.30%	0.00%
Servicing requirements for new debt	0.00%	1.24%	0.10%	0.13%
Total Net for Levy Impact	1.94%	3.18%	2.54%	2.15%

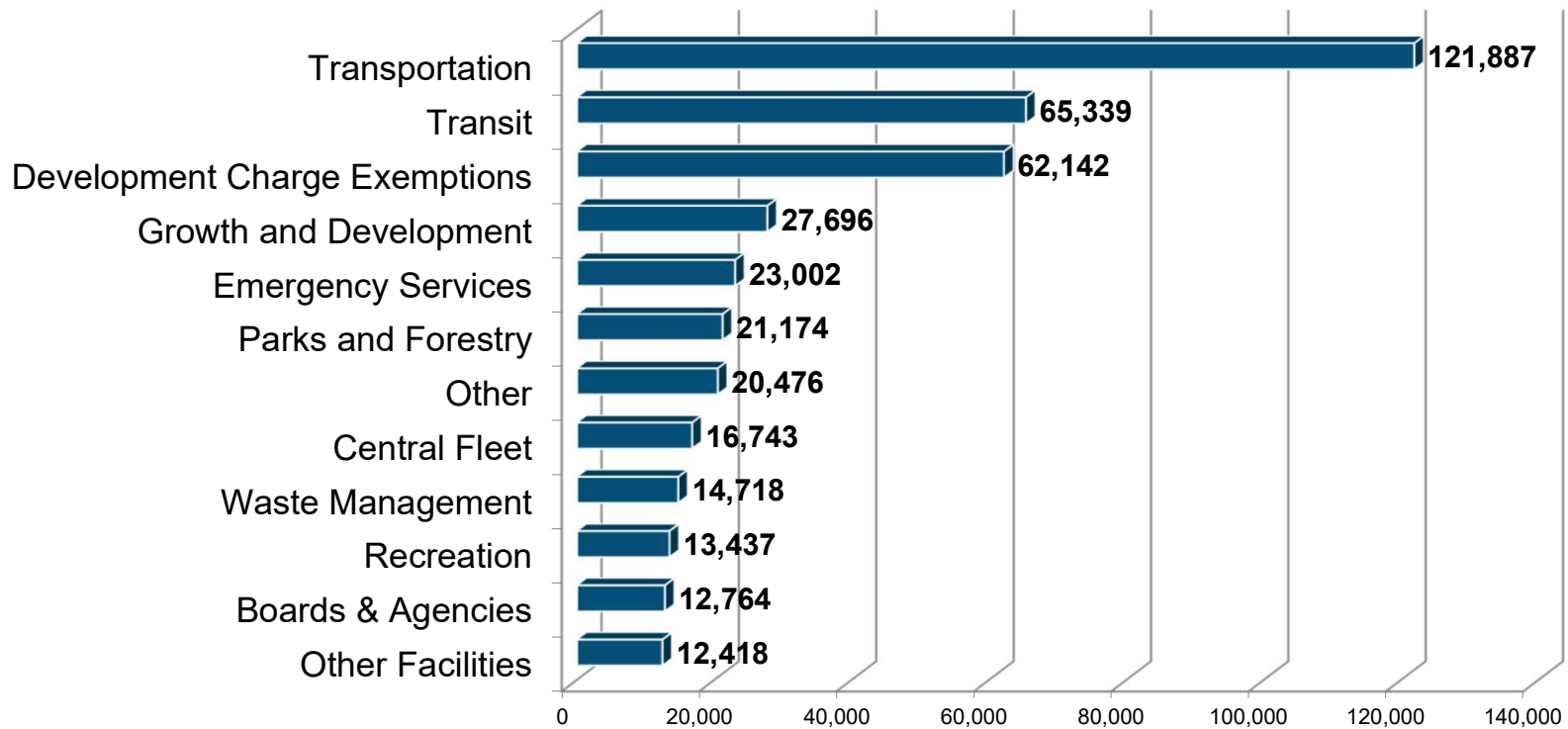
Debt Management

2024 Debt Assessment

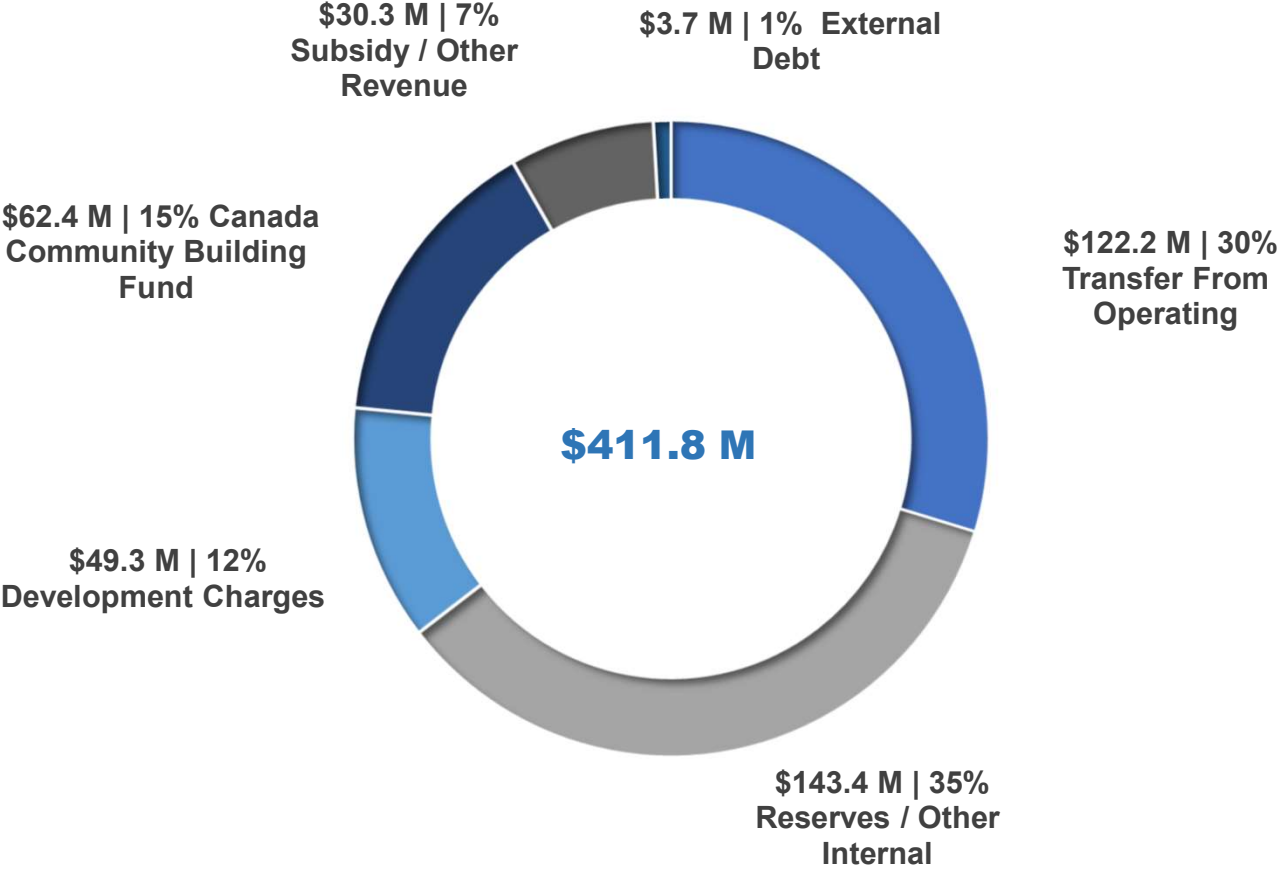
Measurement	2024		
	Forecast	Target	
Tax & Rate Supported Debt as a % of City Own-Source Revenue	18%	60%	
DC Supported Debt as a % of Total DC Eligible Costs	1%	25%	
Debt to Adjusted Operating Revenue (to maintain AAA credit rating)	23%	30%	

2024 Gross Capital Investment

2024 Gross Capital Budget by Program
\$411.8 Million
(000`s)



2024 Gross Capital Funding





2024 Major Investments

Transit

- Transit Maintenance and Storage Facility - **\$30M**
- HSR Bus Replacement Program (ICIP) - **\$15M**
- HSR Expansion Buses - Modal Split (ICIP) - **\$8M**

Roads

- Fifty Road Escarpment Access - Retaining Walls - **\$5M**
- Lewis - Barton to Hwy 8 - **\$5M**
- Highway 8 - Middletown to Rosebough - **\$4M**
- McNeilly Rd Urbanization - Barton St to Hwy 8 - **\$4M**
- Dickenson - Upper James to Glancaster - **\$3M**



2024 Major Investments

Asset Management

- Fleet and Equipment Replacement (Public Works, Fire Services, Paramedic Services, Waste Management) - **\$42M**
- Information Technology Asset Management - **\$4M**

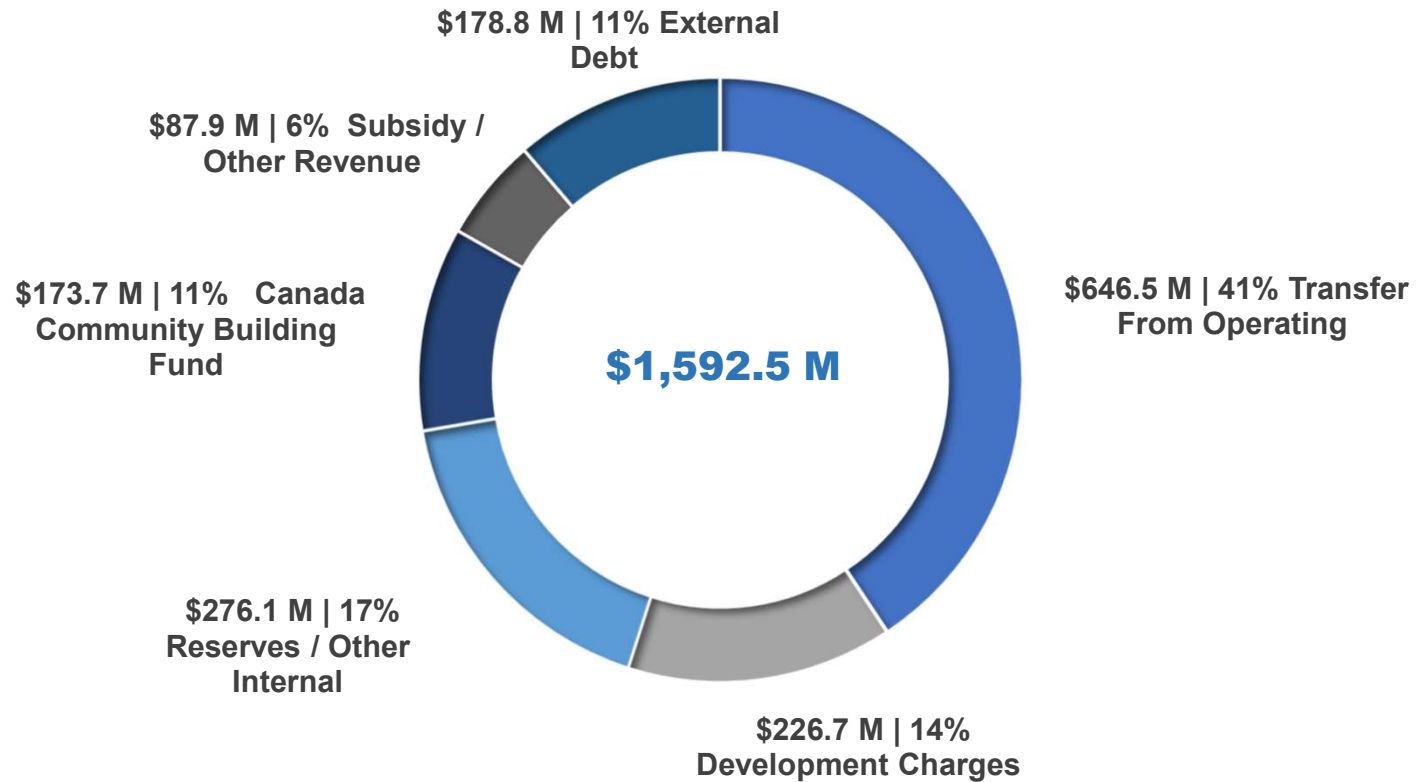
Other

- DC Exemptions - **\$62M**
- Mount Hope Library - **\$3M**
- Climate Change Action Plan - **\$3M**
- Parkland Acquisition - **\$2M**



2024 – 2027 CAPITAL FORECAST

2024 – 2027 Gross Capital Funding





2025 – 2027 Major Investments

Transit

- Transit Maintenance and Storage Facility - **\$116M (2025)**
- HSR Bus Replacement Program - **\$46M (2025-2027)**

Roads

- Garner Road / Glancaster (3 projects) – AEGD - **\$45M (2025-2027)**
- Main Street Two-Way Conversion - **\$27M (2025-2027)**
- Barton - Fruitland to Fifty - **\$27M (2025-2027)**
- Arterial Road 1N Oversizing (AEGD) - Glancaster Road to Dickenson Road - **\$22M (2025)**
- Glover – Rymal to Twenty Rd - **\$21M (2026)**



2025 – 2027 Major Investments

Facilities

- Waterdown Pool and Recreation Centre - **\$28M (2025)**
- Macassa Lodge B-Wing - **\$22M (2025)**
- Riverdale Community Hub - **\$19M (2025-2026)**
- Ancaster Senior Achievement Centre Gym Expansion - **\$16M (2025)**
- Winona Recreation Centre - **\$16M (2025)**
- Sackville Hill Senior Expansion & Renewal - **\$14M (2026)**

Parks

- Parks Master Plan 2025-2033 - **\$102M (2025-2027)**

QUESTIONS?