




CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	January 19, 2024
SUBJECT/REPORT NO:	2024 Tax Supported Budget and Financing Plan (FCS24002) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Duncan Robertson (905) 546-2424 Ext. 4744 Kayla Petrovsky Fleming (905) 546-2424 Ext. 1310 Tran Trang (905) 546-2424 Ext. 4371
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the proposed 2024 tax supported budget and financing plan be approved, inclusive of:
- (i) The net tax levy of \$727.1M, representing an increase over 2023 of \$63.2 M, for City Departments, as detailed in Appendix "A" to Report FCS24002 and inclusive of Business Cases and Council Referred Items outlined in Appendix "C" to Report FCS24002;
 - (ii) The Capital Levy of \$162.3 M, representing an increase over 2023 of \$20.8 M;
 - (iii) The Area Rating Special Capital Re-Investment Levy of \$13.4 M, representing no change over 2023;
 - (iv) The net tax levy of \$267.3 M, representing an increase over 2023 of \$16.5 M, for external Boards and Agencies inclusive of proposed service level adjustments as outlined in Appendix "G" to Report FCS24002;

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- (v) The introduction of a Special Hospital Redevelopment Levy of \$12.0 M, representing an average residential tax increase of 1.0%;
- (vi) One-time financing of \$72.3 M to support the Housing Sustainability and Investment Roadmap as outlined in Appendix “E” to Report FCS24002;
- (vii) One-time financing of \$24.1 M to phase-in statutory and discretionary development charge exemptions permitted under the *Development Charges Act, 1997* and the City of Hamilton’s Development Charges Bylaw as outlined in Appendix “E” to Report FCS24002;
- (viii) One-time financing of \$18.4 M to support tax affordability as outlined in Appendix “E” to Report FCS24002;
- (ix) The 2024 gross capital budget of \$373.3 M and financing sources outlined in Appendix “F” to Report FCS24002;

- (b) That the Tax Supported Multi-Year Operating Budget 2025 to 2027, attached as Appendix “H” to Report FCS24002, and the Capital Financing Plan 2025 to 2033, attached as Appendix “I” to Report FCS24002, be approved, in principle, and subject to deliberations by Council each budget year;
- (c) That the General Manager, Finance and Corporate Services, be authorized and directed to implement the reserve financing strategy, including closure of the identified reserves, as outlined in Appendix “E” to Report FCS24002;
- (d) That the General Manager, Finance and Corporate Services, be authorized and directed to negotiate and confirm the terms for the placement and issuance of all debenture issue(s), in either a public or private market and / or bank loan agreements and debenture issue(s), in and / or variable interest rate bank loan agreement and debenture issue(s), in an amount not to exceed \$21.1 M Canadian currency, as attached in Appendix “F” to Report FCS24002, which includes \$3.7 M in Tax Supported municipal debt and \$17.4 M in Development Charges municipal debt;
- (e) That the General Manager, Finance and Corporate Services, be authorized to engage the services of all required professionals to secure the terms and issuance of the debenture issue(s) described in recommendation (d) including, but not limited to, external legal counsel and fiscal agents;

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- (f) That the General Manager, Finance and Corporate Services, be authorized and directed, on behalf of the City of Hamilton, to enter into and / or execute, all agreements and necessary ancillary documents to secure the terms and issuance of the debenture issue(s) described in recommendation (d), on terms satisfactory to the General Manager, Finance and Corporate Services and in a form satisfactory to the City Solicitor;
- (g) That staff be authorized and directed to prepare all necessary By-Law(s) for Council's consideration, for the purpose of authorizing debenture issue(s) described in recommendation (d);
- (h) That the General Manager, Healthy and Safe Communities, or delegate, be authorized and directed to execute, on behalf of the City, all agreements, including all federal and provincial funding agreements and any agreements with Community Services Provider(s), as well as, any ancillary agreements, contracts, extensions and documents, associated with, or arising out of, Council's approval of the 2024 Tax Supported Budget and Financing Plan, which also includes the authority to authorize the submission of budgets and quarterly and / or year-end reporting, as well as, the authority to make appropriate payments to community service providers, in a form satisfactory to the City Solicitor;
- (i) That, where required for Public Health Services, the General Manager, Healthy and Safe Communities, or delegate, or the Medical Officer of Health, or delegate, be authorized and directed to execute, on behalf of the City, all agreements, including all federal and provincial funding agreements, as well as, any ancillary agreements, contracts, extensions and documents, associated with or arising out of Council's approval of the 2024 Tax Supported Budget and Financing Plan, and includes the authority to authorize the submission of budgets and quarterly and / or year-end reporting;
- (j) That the City Solicitor be authorized and directed to prepare all necessary by-laws, for Council approval, for the purposes of establishing the tax levy, totalling \$1,181.7 M exclusive of Education per Recommendation (a);
- (k) That in accordance with the "Budgeted Complement Control Policy", the requested change in staff complement as outlined in Appendix "L" to Report FCS24002, be approved; and
- (l) That the budget exclusions related to Regulation 284/09 of the *Municipal Act* titled "Budget Matters – Expenses", as per Appendix "L" attached to Report FCS23007(a), be received as information.

EXECUTIVE SUMMARY

Through Report FCS24002, staff proposes 2024 Tax Supported Operating and Capital Budget be recommended to Council for consideration. The recommendations, if approved, would provide staff with the authority to establish the tax levy for 2024, enter into agreements with the provincial and federal governments, as well as, community service providers and to issue debentures required to carry out the 2024 Tax Supported Budget.

In setting the tax levy, the City of Hamilton (the City) first considers all other revenue sources available to the municipality, such as, user fees and subsidies from senior levels of government and levies the remaining funds required to deliver services at a balanced budget in accordance with *The Municipal Act, 2001*.

The staff proposed 2024 Tax Supported Budget and Financing Plan, as presented, represents an estimated residential property tax increase of 7.9%. The City's principal source of revenue is property taxes and these revenues support over 70 distinct City services, including provincially-shared programs, such as social services, social housing, public health, police services, potential municipal contribution towards hospital redevelopment, as well as, the local school boards through the education rate. Municipalities are facing increasingly complex challenges, such as tackling homelessness and climate change, without the proper financial tools to solve them. New financial realities like inflation, rising interest rates and rapid legislative changes impact the City's ability to deliver services and invest in infrastructure.

In alignment with the Mayoral Directive to Staff (MDI-2023-02), the staff proposed 2024 Tax Supported Budget and Financing Plan balances the need for continuity of services, as well as, increased level of service in priority investment areas, with affordability, recognizing the current rate of inflation and economic environment that residents and businesses in the community are facing. Additionally, changes in provincial legislation and funding levels for provincially mandated services continues to represent a significant challenge for the City of Hamilton and all municipalities in Ontario, resulting in increased reliance on property taxes to fund services. Key challenges and priority investment areas in the 2024 Tax Supported Budget include:

- Affordable housing and homelessness;
- Advancing the City's climate action goals;
- Transportation;
- Public health and safety;
- Employee relations; and
- Provincial legislative changes (i.e., development charges).

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To reduce the immediate financial burden on residents and businesses in 2024, staff has developed a multi-year financing strategy that leverages the City's strong financial position with increased reliance on discretionary reserves and debt, as well as, identified opportunities for budget amendments, savings and efficiencies that have been incorporated into the budget for Council's consideration. As such, the multi-year operating budget (2025 to 2027) and capital plan (2025 to 2033) have been presented and recommended for approval in principle as 2024 marks the first year of a four-year financial plan to phase-in investments in priority services and provincial legislation changes.

In 2023, City Council established the 2022 to 2026 Council Priorities, which were developed to reflect Hamilton's most pressing needs and biggest opportunities, as well as, support the City's vision to be the best place to raise a child and age successfully. The Council Priorities are designed to guide the decisions of Council and City staff and allow for the prioritization of resources and the clear and transparent progression towards achievable goals and measures of success.

Through this process, City Council has referred various priority investments to the 2024 budget for consideration, attached as Appendix "C" to Report FCS24002, which staff has prioritized and presented to Council for consideration in the 2024 budget. The Financing Plan balances the need to advance these investments with affordability over a four-year period (2024 to 2027). However, in leveraging the City's discretionary reserves and debt capacity, it limits the City's ability to respond to unplanned events or unidentified investments over the next several years outside of additional debt, utilization of reserves and property tax increases.

Alternatives for Consideration – See Page 52

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Detailed financial information is located in the 2024 Proposed Tax Supported Operating Budget Book attached as Appendix "A" to Report FCS24002 and the 2024 Proposed Tax Supported Capital Budget Book attached as Appendix "B" to Report FCS24002.

Staffing: A complement summary is in the 2024 Proposed Tax Supported Operating Budget Book (Appendix "A" to Report FCS24002).

Legal: O. Reg. 530/22: Part VI.1 of *The Municipal Act, 2001* provides the implications of *The Strong Mayors, Building Homes Act, 2022* on the annual budget process.

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In accordance with *The Municipal Act, 2001*, Section 289, the City must prepare a balanced budget and provide for any deficit in the previous year's budget.

HISTORICAL BACKGROUND

Staff provided an update on the 2024 Budget Outlook at the General Issues Committee through Report FCS23074 on September 20, 2023. At that time, the proposed outlook for the 2024 Tax Supported Budget was an estimated residential tax impact of 14.2%, which included estimates to maintain existing services, provide for provincially legislated changes and to incorporate priority investments that had been referred to the budget process by City Council.

Report FCS23074 outlined the principles staff would use in preparation of the 2024 budget and financing plan, as well as, the Mayoral Directive to Staff (MDI-2023-02) and the 2022 to 2026 Council Priorities. The proposed 2024 Tax Supported Budget and Financing Plan incorporates the direction provided by the Mayoral Directive and investments required to advance the 2022 to 2026 Council Priorities.

On June 16, 2023, the provincial government announced that strong mayor powers would be issued to the City along with 25 other municipalities that have committed to a housing pledge to build 1.5 million homes by 2031. On August 21, 2023, the provincial government announced the expansion of strong mayor powers to an additional 21 municipalities effective October 31, 2023.

The Strong Mayors, Building Homes Act, 2022 created new powers for Mayors to implement provincial priorities as defined in *The Municipal Act, 2001*. These provincial priorities are building 1.5 million new homes by 2031 to address the housing supply crisis and the construction and maintenance of infrastructure, such as transit and roads, to support new and existing housing development.

On July 14, 2023, Council set its three priorities and outcomes for this term of Council (2022 to 2026):

- **Sustainable Economic and Ecological Development:**
Outcomes: 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:**
Outcomes: increased housing units for all, reduced homelessness and improved mobility, accessibility and road safety; and

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- Working of City Hall and Transparency in Municipal Government:
Outcomes: new and improved budget process, increased public engagement, enhanced customer service and communication and being considered an employer of choice

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Asset Management

The municipal asset management planning regulation (O. Reg. 588/17) under Bill 6, *Infrastructure for Jobs and Prosperity Act, 2015*, was adopted on January 1, 2018. On June 26, 2019, City Council adopted a Strategic Asset Management Policy (Report PW19053) and recently updated in June 2023 through Report PW23044. On March 15, 2021, O. Reg. 588/17 was amended to extend regulatory timelines for phases 2, 3 and 4 by one year:

1. July 1, 2019: Date for municipalities to have a finalized strategic asset management policy that promotes best practices and links asset management planning with budgeting, operations, maintenance and other municipal planning activities.
2. July 1, 2022: Date for municipalities to have an approved asset management plan (AMP) for core assets (roads, bridges and culverts, water, wastewater and stormwater management systems) that identifies current levels of service and the cost of maintaining those levels of service.
3. July 1, 2024: Date for municipalities to have an approved asset management plan for all municipal infrastructure assets that identifies current levels of service and the cost of maintaining those levels of service.
4. July 1, 2025: Date for municipalities to have an approved asset management plan for all municipal infrastructure assets that builds upon the requirements set out in 2024. This includes an identification of proposed levels of service, what activities will be required to meet proposed levels of service and a strategy to fund these activities.

Through Report PW22048, Core Asset Management Plan, Council approved Asset Management Plans for transportation and waterworks assets on June 22, 2022, in accordance with the provincial regulations introduced through Ontario Regulation 588/17. Additionally, Asset Management Plans for Waste Management, the Hamilton Police Service and the Hamilton Municipal Parking System were approved in December 2023 through Report PW23073. Financial plans to address the annual funding gaps identified for these services will be developed in alignment with the legislated requirements by July 1, 2025.

Debt Management

Report FCS24002 meets the requirements of the City of Hamilton's Debt Policy, whereby Council authority is required to issue debt.

1. Council Approved Debt Limits:

- A. Total tax and rate-supported debt as a percentage of City Own-Source revenues, not to exceed 60%, unless approved by Council.

The City's debt ratio in 2022 was 17.5% and is forecasted to be 15.1% in 2023 and 18.5% in 2024 (see Appendix "J" to Report FCS24002) well within the limit of 60%.

- B. Total Development Charge (DC) supported debt as a percentage of the total DC Eligible Costs for the forecast period of the latest DC Background Study, not to exceed 25%, unless approved by Council.

The City's DC supported debt in 2022 was 1.0% and is forecasted to be 1.5% in 2023 and 1.4% in 2024 (see Appendix "J" to Report FCS24002) well within the limit of 25%.

2. Statutory Limits:

- A. The annual debt and financial obligation limit for the City is calculated in accordance with Section 3 of Ontario Regulation 403/02, as amended.

The City's debt service charges as a percentage of City Own Source Revenue of 4.0% in 2022 and forecasted at 3.1% in 2023 and 2.8% for 2024 are well within the limit of 25% (see Appendix "J" to Report FCS24002).

- B. Outstanding variable interest rate bank loan agreements and variable interest rate debentures, in total, cannot exceed 15% of the total outstanding debt of the City as set out in Ont. Reg. 276/02 s (2).

The City's debt ratios are below the limit of 15% with 3.6% in 2022 and forecasted at 3.6% in 2023 and 2.2% in 2024 (see Appendix "J" to Report FCS24002).

3. Financial Ratios:

The debt related financial ratios will remain within statutory and Council approved limits for 2024 and are forecasted to achieve the highest scoring in budgetary performance in assessing the City's credit rating. Appendix "J" to Report FCS24002 provides the results of the following ratios:

- Debt and debt service charges per capita;
- Debt service charges as a percentage of City Own Source Revenue;
- Debt service charges as a percentage of the municipal levy;
- Debt to operating revenues;
- Debt to reserves and reserve funds; and
- Cash and liquid assets to debt service; cash and liquid assets minus debt.

According to Ontario Regulation 403/02, Council shall, before giving authorization for capital work that would require a long-term debt or financial obligation, have the City Treasurer calculate an updated Annual Repayment Limit (ARL) using the most recent ARL determined by the Ministry. The most recent ARL, determined and sent, in writing, by the Ministry to the City Treasurer, is the 2023 ARL in the amount of \$304.6 M and is based on 2021 Financial Information Returns.

Using this 2023 ARL, the City Treasurer has calculated an updated ARL of \$177.2 M, shown on page two of Appendix "J" to Report FCS24002. The 2023 ARL was adjusted for potential debt service charges of \$133.6 M corresponding to approximately \$1.4 B of debt which has been approved by Council in prior years but not yet issued. The 2023 ARL was then further adjusted for debt service charges assumed or discharged on debt since December 31, 2021, to the end of 2023 and outstanding debt issuances related to CityHousing Hamilton. According to this calculation, the updated ARL of \$177.2 M represents the maximum amount that the City has available to commit to payments related to debt and financial obligations before the statutory limit is breached and corresponds to approximately \$1.8 B of additional borrowing capacity (assuming a 15-year term and 5.5% interest rate).

RELEVANT CONSULTATION

The 2024 Tax Supported Budget and Financing Plan was prepared in consultation with staff from all departments, as well as, senior leadership to determine the proposed submission that appropriately addresses budget pressures, risks and priority investments while balancing tax affordability.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Budget Process

The staff proposed 2024 Tax Supported Budget and Financing Plan was developed through a collaborative process undertaken by City staff throughout 2023. The Tax Supported Budget provides the financial and human resources to support the delivery of all the City’s services except for Water, Wastewater and Stormwater services, which are supported through water and wastewater rates (Rate Supported Budget). The 2024 Rate Supported Budget was submitted separately through Report FCS23100 and approved by Council on December 13, 2023.

Report FCS24002 contains staff’s recommendations on the 2024 Tax Supported Budget and Financing Plan for deliberation at the General Issues Committee (GIC) over the course of the 2024 budget deliberations. An overview presentation to the GIC will accompany Report FCE24002 on January 19, 2024, which will be followed by detailed departmental presentations throughout the week of January 22nd. The deliberation process and final budget approval is expected to be completed by February 15, 2024. Table 1 summarizes the schedule for upcoming budget meetings for the GIC and Council.

**TABLE 1
2024 Tax Supported Budget Schedule**

Subject	Date
Public Delegations	January 16, 2024
Tax Supported Budget Overview	January 19, 2024
Boards and Agencies Presentations	January 22, 2024
Housing and Healthy and Safe Communities Budget Presentations	January 23, 2024
Corporate Services and City Manager’s Office Budget Presentations	January 25, 2024
Planning and Economic Development and Public Works Budget Presentations	January 26, 2024
Tax Supported Budget Deliberations	January 30, 2024
Special Council Tax Supported Budget Approval	February 15, 2024

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The process for the 2024 Tax Supported Budget has been amended in accordance with the Mayoral Directive to Staff (MDI-2023-02), as well as, Council's priority of "Working of City Hall and Transparency in Municipal Government". On March 27, 2023, City Council approved that staff undertake a review and transition to a new budget process for implementation in the 2025 budget that:

- Emphasizes long-term financial planning through asset management principles;
- Considers equity and carbon budgeting principles;
- Is accessible, prioritizes public engagement and promotes transparency;
- Shifts timing of budget approval from early Q2 to mid Q1 annually; and
- Integrates current operating, capital and rate budgets into two annual budgets (Water, Wastewater and Stormwater Rate Supported Budget and a Tax Supported Budget).

The Mayoral Directive to Staff on the 2024 budget provided further direction to accelerate the timing of budget approval and integration of the Tax Supported Operating and Capital Budgets into a single approval process. In 2024, staff will be reporting back on the outcomes of the Budget Process Review through the 2025 Budget Outlook and Process Report with further recommendations on amendments to the process for 2025 budget in support of the direction provided and Council priority.

The 2024 budget process incorporates the following components:

A. Tax Supported Operating Budget

The City of Hamilton's Tax Supported Operating Budget details the expenses required to deliver municipal programs and services and the revenues available to the City to fund those programs and services.

The staff proposed 2024 Tax Supported Operating Budget is detailed in Appendix "A" to Report FCS24002 and recommended for deliberations at GIC throughout January.

Included in the City's Tax Supported Operating Budget are budget requests for City Departments and the submissions received from external Boards and Agencies, which are summarized in Appendix "G" to Report FCS24002.

The 2024 Tax Supported Operating Budget includes details on service level enhancements to be considered during budget deliberations as either Council Referred Items (budget requests that have been referred to the budget process via motion or staff report) or Business Cases (budget requests that have been put forward by staff through the budget process). Council Referred Items and Business Cases are detailed and prioritized in Appendix "C" to Report FCS24002.

Additionally, budgets for external Boards and Agencies, including any proposed service level enhancements, have been summarized in Appendix “G” to Report FCS24002. Additional details can be found in the reports submitted by their respective boards, which will be included as correspondence to the Boards and Agencies agenda for the January 22, 2024, GIC meeting.

B. Tax Supported Capital Budget

The City of Hamilton’s multi-year capital budget supports the City’s planned investment in capital infrastructure and capital assets. The Tax Supported Capital Budget and Financing Plan details the financing required to contribute to maintaining the City’s capital infrastructure in a state-of-good-repair, support growth and economic development and infrastructure investments required to support services in accordance with strategic plans endorsed by Council.

The 2024 Tax Supported Capital Budget and 10-Year Capital Forecast is detailed in Appendix “B” to Report FCS24002 and proposed for deliberations at the GIC throughout January. Appendix “F” to Report FCS24002 provides the capital project submissions for 2024 and the recommended financing sources.

C. Tax Supported User Fees

User fees are one of the main funding mechanisms for a range of municipal services where the users can be identified and the amount of service provided can be measured. The City of Hamilton’s user fees represent direct charges to users of specific municipal services and are an integral part of the annual budget process. Revenue estimates for the current budget year are based on the fees contained in Report FCS24003, “2024 Tax Supported User Fees”.

Report FCS24003, “2024 Tax Supported User Fees”, is before the GIC on January 17, 2024, for consideration.

D. Rate Supported Budget

The City of Hamilton’s Rate Supported Operating and Capital Budget provides the cost and financing sources to deliver water, wastewater and stormwater programs and services to ratepayers and the capital investment required to maintain infrastructure and support growth. The cost for water, wastewater and stormwater programs are almost entirely funded from user fees and, therefore, do not principally affect municipal property taxes.

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The 2024 Recommended Water, Wastewater and Stormwater Rate Supported Budget (Report FCS23100) was presented to GIC on November 21, 2023, with a second meeting held on November 27, 2023 and approved by Council on December 13, 2023.

Staff prepared the 2024 Tax Supported Budget and Financing Plan in accordance with the Mayoral Directive to Staff and the principles outlined in the 2024 Budget Outlook Report (FCS23074):

- The annual budget reflects and supports the current 2016–2025 Strategic Plan and 2022–2026 Council Priorities;
- The annual budget is aligned with the financial policies approved by Council;
- The annual budget is aligned with approved Asset Management Plans;
- Reserves are maintained per policy in order to repair / replace infrastructure, fund identified priorities and ensure long-term sustainability;
- Total tax and rate supported debt as a percentage of City own-source revenues does not exceed 60% unless approved by Council;
- Total development charge supported debt as a percentage of the total development charge eligible costs for the forecast period of the latest Development Charge Background Study does not exceed 25% unless approved by Council;
- The annual budget leverages user fees to the extent permitted under the *Municipal Act, 2001*; and
- The 2024 budget strategy balances the need for municipal services with affordability by leveraging debentures and reserves in a financially responsible manner.

In allocating the Capital Levy, the City of Hamilton employs a hybrid Capital Block Funding Prioritization methodology across municipal programs and services, originally approved through Report FCS02017, that has evolved over the years, aligning with the City's Strategic Plan and the Transportation Asset Management Plan. This process ensures stable long-term capital funding for infrastructure program areas and facilitates priority planning outcomes.

2024 Tax Supported Operating Budget

The staff proposed 2024 Tax Supported Operating Budget, summarized in Table 2, represents a gross investment of \$2.0 B and a net for tax levy requirement of \$1.2 B, which would require an average residential tax increase of 7.9%. The proposed 2024 net for tax levy would be an increase of \$100.5 M over 2023 and is broken down into three components:

1. Maintenance: the additional cost required for the continuity of municipal services (to maintain existing levels of service);

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2. 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); and
3. Capital Levy: the additional investment required to support the City’s capital program, growth and development.

**TABLE 2
2024 Tax Supported Operating Budget Summary (\$000’s)**

(\$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%
Reassessment				0.0%						0.0%
Tax Policy				0.5%						0.5%
Education Impact				0.0%						0.0%
Total				4.1%						7.9%

Appendix “A” to Report FCS24002 provides additional detail on the staff proposed 2024 Tax Supported Operating Budget. The average residential tax increase of 7.9% equates to approximately \$382 for the average residential home assessed at \$385 K. Table 3 highlights the estimated tax increase by component on the residential tax bill, as well as, the impact of the approved Rate Supported Budget for the average residential household.

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**TABLE 3
2024 Average Residential Impact**

2024 Average Residential Impact (Per \$385,000 Current Value Assessment / 200m ³ of water consumption)				
Service	Property Tax (\$)	Property Tax (%)	Water Bill (\$)	Water Bill (%)
City Services	\$ 38.45	0.8%		
Provincial Impact and Legislated Services	\$ 242.74	5.1%		
Police	\$ 42.94	0.9%		
Other Boards & Agencies	\$ 7.15	0.1%		
Hospital Redevelopment Levy	\$ 50.23	1.0%		
Education	-	-		
Water, Wastewater, Stormwater			\$ 88.10	10.0%
Ave. Residential Impact	\$ 381.51	7.9%	\$ 88.10	10.0%

Note: anomalies due to rounding

As indicated in Table 3, the tax impact attributable to City services is 0.8%. The increase is driven by inflation on employee related costs and contracted services, which have led to increased expenses in the delivery of municipal programs and services, as well as, additional proposed investments to services as directed by Council through budget referrals and strategic plans. Additionally, the staff proposed budget relies extensively on leveraging the City’s discretionary reserves to help offset the immediate tax burden of both provincial impacts and City services to outer years of the multi-year budget.

Provincial Impacts and Legislated Services represents the largest impact on the 2024 tax rate at 5.1%. These impacts include Housing Services, Public Health, Hamilton Paramedic Service, Ontario Works, Long-Term Care and Children’s Services and to provide development charge exemptions under the *Development Charges Act, 1997*. Over the past several years, these programs have experienced an increased reliance on property taxes resulting from structural changes to funding agreements with senior levels of government that have capped the amount of funding available to pay for these services. Additionally, the *More Homes, Built Faster Act, 2022*, made several changes that reduced the amount of revenues the City will be eligible to collect from developers through development charges to support growth related infrastructure. As a result, the City will need to fund those lost revenues from property taxes to proceed with growth plans and support housing development.

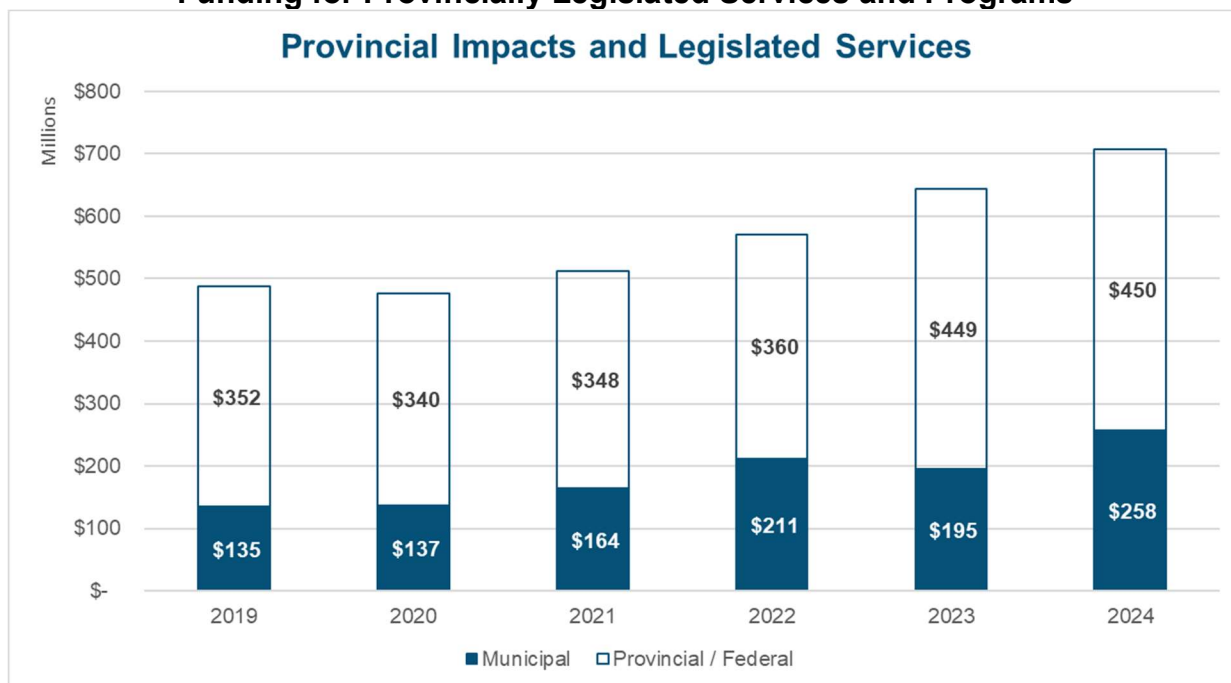
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Figure 1 shows the escalation in costs of providing provincially mandated services and legislated impacts since 2019 and funding share between the Municipal, Provincial and Federal governments. The municipal cost share has increased by \$123 M, or 91%, over the past six years bringing the City’s contribution from 28% in 2019 to 36% of the 2024 budgeted expenditures.

**FIGURE 1
Funding for Provincially Legislated Services and Programs**



An average increase of \$43, or 0.9%, per household is related to Police Services. The Hamilton Police Service budget is approved by the Police Services Board and submitted to City Council for its consideration in accordance with the *Comprehensive Ontario Police Services Act, 2019*. Additionally, other outside boards and agencies have submitted budgets for Council’s consideration, which total \$7, or 0.1%, of the total tax increase. The Hamilton Police Service Budget Report, as well as, the budget submissions for other boards and agencies are on the January 22, 2024, GIC agenda as correspondence and GIC will receive presentations from select boards and agencies at that meeting. A summary of boards and agencies budgets is attached as Appendix “G” to Report FCS24002.

The 2024 budget includes the introduction of a special levy for Hamilton Hospital Redevelopment of \$12 M, or 1.0%. As detailed in Report FCS23108, staff has been in discussions with Hamilton Health Sciences and St. Joseph’s Healthcare Hamilton at their request for a municipal contribution to the local share for the capital redevelopment plans of the two hospitals.

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Over the years, there has been growing emphasis by the Provincial Government of Ontario for municipalities to participate in the local share plan for hospital capital projects with numerous municipalities across the province contributing to the local share at various levels. A report back on the progress of discussions will be before Committee in the first quarter of 2024.

The education rate will remain unchanged for 2024 because of the freeze on property tax reassessments by the Province of Ontario. On August 16, 2023, the Province extended the current assessment cycle through to the end of the 2024 taxation year. For 2024, property assessments will remain the same as they were for the 2023 tax year based on the assessment valuation date of January 1, 2016. The Province of Ontario also announced that the new valuation date for the 2025 taxation year will be January 1, 2023. Any reassessment impacts on the residential tax rate will be based on the new valuation starting in 2025. The provincial government has committed to conducting a review of the property assessment and taxation system that will focus on fairness, affordability and business competitiveness.

City of Hamilton residents in all communities pay the same rate for general City services, such as police, public health, roads, waste management, libraries, parks and City administration while some services are area rated based on former municipal boundaries or other boundaries delineated by service standard. Area rating is a municipal property taxation policy tool intended to account for either significant differences in service levels or differences in the cost of providing services across different parts of the City (*Municipal Act, 2001*, Section 326).

2024 Maintenance Budget for City Services

The costs of providing municipal services have increased as a result of inflationary factors, as well as, incorporating investments in services that have previously been approved by Council. The “maintenance budget”, or the budget required for the continuation of services at approved service levels, for City Departments is proposed at a \$39.2 M increase for 2024, which has an average residential tax impact of 3.3%. The major drivers of the maintenance budget increase are:

- **\$36.0 M** in expenditures for employee related costs due to contractual settlements, cost of living adjustments, increases in premiums for employer provided benefits, Canada Pension Plan, Employment Insurance and Workers’ Safety and Insurance Board and the annualization of staffing changes approved in the 2023 Tax Supported Operating Budget. City operations are service oriented where salaries, wages and benefits comprise approximately 50% of the City’s gross operating expenses;
- **\$7.3 M** in contractual agreements, inclusive of inflation escalation factors, across Transportation, Recreation, Corporate Facilities and Security;

- **\$4.5 M** in additional contributions to reserves for inflationary pressures related to vehicle and fleet replacement and premiums for hybrid and electric options as part of the Green Fleet Strategy;
- **\$3.1 M** in expenditures for the annualization of year seven and implementation of year eight of the Ten-Year Local Transit Strategy;
- **\$2.8 M** in additional funding to Social Housing providers to address inflationary pressures in maintenance, administration, capital reserves, hydro and fuel;
- **\$2.8 M** in additional expenditures in recycling facility processing, Transfer Stations / Community Recycling, landfill and composting operations;
- **\$2.6 M** in expenditures related to the changes in Provincial Funding Agreements. Since the funding for mandatory programs is based on 2019 expenses, the municipal portion of these programs continues to increase at an exponential rate;
- **\$2.4 M** in expenditures for year three of the curb-side waste collection contract negotiated in late 2020;
- **\$2.3 M** in expenditures for the annualization of Affordable Housing and Homelessness program enhancements approved through the 2023 Tax Supported Operating Budget;
- **(\$8.8 M)** in additional revenues from user fees based on the fees contained in the 2024 Tax Supported User Fees Report (FCS22084); and,
- **(\$15.8 M)** in budget amendments, operational savings and efficiencies including repurposing vacant positions, reducing expenditure budgets based on historical actuals and gains in efficiency, increases in revenue estimates based on new projections and adjustments to gapping targets.

2024 Strategic Priorities for City Services

On July 14, 2023, City Council set its priorities and outcomes for this term of Council (2022 to 2026) and referred several investments to the 2024 budget process that would advance those outcomes. Items that Council has referred by motion or through the approval of staff recommendations to the 2024 Tax Supported Budget are termed “Council Referred Items” and have been included in the City’s budget submission for deliberations. In accordance with the Mayoral Directive to Staff, all Council Referred Items have been ranked and prioritized using the methodology attached as Appendix “D” to Report FCS24002.

Additionally, investments that advance strategic or master plans that have been endorsed by this term or previous terms of Councils have been put forward as Business Cases and included in the City’s budget submission. Similarly, to Council Referred Items, Business Cases have been ranked and prioritized using the same methodology. The consolidated list of Council Referred Items and Business Cases put forward for Council’s consideration is attached as Appendix “C” to Report FCS24002.

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Administrative services that are required to advance the strategic objectives and support the proposed level of investment have been listed separately under “Enabling Administrative Services”.

Items that have been referred to the budget process by Council represent a total gross investment of \$65.3 M and 91.48 FTE in the 2024 budget and an annualized gross investment of \$71.9 M. These investments would have a net levy impact of \$22.1 M in 2024 and \$29.1 M in subsequent years. The residential tax impact of Council Referred Items in 2024 is 1.84% with an annualized impact of 2.42%.

Business Cases that have been put forward by staff for Council’s consideration in the budget process represent a total gross investment of \$6.0 M and 50.25 FTE in the 2024 budget and an annualized investment of \$8.0 M. These investments would have a net levy impact of \$2.5 M in 2024 and \$5.0 M in subsequent years. The residential tax impact of Business Cases in 2024 is 0.21% with an annualized impact of 0.41%.

Table 4 provides a consolidated summary of proposed investments by Council priority.

**TABLE 4
Summary of Priority Investments in City Services (\$000’s)**

	Business Cases		Council Referred Items		TOTAL	
	Annualized Gross Investment	Annualized Net Levy Impact	Annualized Gross Investment	Annualized Net Levy Impact	Annualized Gross Investment	Annualized Net Levy Impact
Sustainable Economic & Ecological Development	\$ 209	\$ 34	\$ 350	\$ 66	\$ 559	\$ 100
Safe & Thriving Neighbourhoods	\$ 2,261	\$ 2,001	\$ 64,589	\$ 27,019	\$ 66,851	\$ 29,021
Responsiveness and Transparency	\$ 5,579	\$ 2,993	\$ 7,005	\$ 1,980	\$ 12,584	\$ 4,973
TOTAL	\$ 8,049	\$ 5,027	\$ 71,945	\$ 29,066	\$ 79,994	\$ 34,093

Boards and Agencies Budget Submissions

External boards and agencies have submitted their budgets for Council’s consideration, which represents a total increase of \$16.5M, or 6.6%, over 2023 budget. In its request for submissions, the City advised external boards and agencies that increases should reflect the resources required to maintain existing services and that service enhancements should be presented as business cases. Table 5 summarizes the current Boards and Agencies budgets for 2024 in comparison to 2023 – additional details are provided in Appendix “A” to Report FCS24002 and Appendix “G” to Report FCS24002.

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**TABLE 5
2024 Boards and Agencies Budget Summary**

2024 Boards & Agencies Preliminary Budgets (\$000's)						
Board/Agency	2023 Budget Net \$	2024 Maintenance Budget	2024 Service Enhancements	2024 NET Preliminary Budget \$	Change	
					\$	%
Conservation Authorities	8,930	8,758	599	9,357	427	4.8%
MPAC	6,833	6,976	-	6,976	143	2.1%
Hamilton Beach Rescue Unit	143	146	-	146	3	1.8%
Hamilton Farmers' Market	245	282	50	332	87	35.7%
Royal Botanical Gardens	660	674	-	674	13	2.0%
Hamilton Police Services	193,596	205,467	1,984	207,451	13,855	7.2%
Hamilton Public Library	33,730	35,114	100	35,214	1,483	4.4%
City Enrichment Fund	6,575	6,575	526	7,101	526	8.0%
Total Boards & Agencies	250,713	263,991	3,259	267,250	16,537	6.6%

Detailed budget information can be found in the reports submitted by the respective boards, which will be included as correspondence to the Boards and Agencies agenda for the January 22, 2024 GIC meeting where select boards will be presenting to Committee.

2024 Capital Levy and the 2024 to 2033 Tax Supported Capital Budget

The complete details of the capital budget are provided in the 2024 Tax Supported Capital Budget Book attached as Appendix “B” to Report FCS24002. The proposed gross capital investment by the City of Hamilton in 2024 is \$411.8 M. To support the investment, the Capital Financing Plan detailed within Report FCS24002 incorporates a \$20.8 M increase to the Capital Levy, or a 1.94% increase to the net for tax levy. The increase in the Capital Levy is broken down as follows:

- \$9.5 M, or 0.89%, increase for year one of a ten-year transitional plan to address the \$94.7 M annual infrastructure funding gap for transportation assets that was identified in the Transportation Asset Management Plan;
- \$4.7 M, or 0.44%, for year one of a four-year phase-in strategy to address statutory DC exemptions resulting from the *More Homes Built Faster Act, 2022* (Bill 23);
- \$3.4 M, or 0.32%, for year one of a three-year phase-in strategy to address historically unfunded statutory DC exemptions prescribed under the *Development Charges Act, 1997*; and
- \$3.2 M, or 0.30%, for year one of a three-year phase-in strategy to address unfunded discretionary DC exemptions provided under the City’s Development Charges By-law.

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In addition to the Capital Levy increase, the 2024 Capital Financing Plan relies heavily on contributions from reserves to support the proposed level of investment. Appendix “E” to Report FCS24002 highlights the use of reserves to phase-in the property tax impacts of development charge exemptions and to address the extraordinary inflation impacts on construction projects.

The proposed 2024 Tax Supported Capital Budget and 2024-2032 Capital Forecast is supported by a multi-year Capital Financing Plan that prioritizes asset reinvestment in accordance with Asset Management Plans, as well as, investment required to support growth and development and the City’s Strategic Plan, while maintaining the City’s strong financial position and AAA credit rating. The primary elements of the multi-year Capital Financing Plan include:

1. Annual increases to the Capital Levy to meet the required asset reinvestment needs and inflationary increases to maintain infrastructure in its current state, as well as, a transitional plan to address the \$94.7 M annual funding gap for transportation assets that was identified in the Transportation Asset Management Plan over the next 10 years;
2. Increases to the Capital Levy equal to the annual debt servicing charges for all new debt to be issued over the 10-year planning period. It is necessary to increase the Capital Levy at least in proportion with the amount needed to finance new debt in order to ensure continuity of the level of funding available for replacement and rehabilitation, as well as, the proportion of debt repayments to City own-source revenues in order to maintain the City’s AAA credit rating;
3. A four-year phase-in strategy to incorporate the annual sustainable funding level required for development charge exemptions. The phase-in strategy leverages the City’s Unallocated Capital Levy Reserve in order to spread the immediate financial burden over several years given the current economic environment. It is necessary to fund the DC reserves for the lost revenues resulting from exemptions in order to continue with growth and development plans. Not funding these exemptions would result in delayed investment in infrastructure that supports growth and development;
4. All program block allocations are increased annually at the rate of inflation (Non-Residential Construction Price Index). This ensures that program areas maintain the same level of investment in capital infrastructure over the planning period and purchasing power is not eroded by inflation. Block allocations and service level targets will be revisited with the presentation of Asset Management Plans by the July 1, 2025, legislated deadline;

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5. The Capital Financing Plan includes a strategy to address the \$54 M funding shortfall in discretionary DC exemptions. Beginning in 2023, the Capital Financing Plan incorporated an additional \$6.5 M per year over an eight-year period (ending in 2030) as dedicated funding for unfunded DC exemptions that were realized prior to 2020;
6. The Capital Financing Plan has prioritized funding for growth and development, such as, the West Harbour Waterfront and Airport Employment Growth District that will provide both economic and socio-economic advantages to businesses and residents while also increasing the City’s non-residential assessment; and
7. The Capital Financing Plan advances key priorities of the 2016-2025 Strategic Plan through investment in strategic initiatives including Transportation, Transit, Housing and Homelessness, Parkland Development, Integrated Growth and Development and others.

The 2024 Tax Supported Capital Budget and Financing Plan, attached as Appendix “F” to Report FCS24002, details the gross costs of \$411.8 M and sources of financing.

The Discretionary Tax Supported Net Capital Funding Forecast 2024–2033, attached as Appendix “I” to Report FCS24002, provides details of the Capital Financing Plan for the next ten years in the total amount of \$3.2 B.

Table 6 provides a summary of the of the Capital Levy increases required to support the 2024 Tax Supported Capital Budget, as well as the multi-year investments for 2025 through 2027.

**TABLE 6
Tax Supported Capital Financing Plan 2024-2027**

	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 (Bill 23)	0.44%	0.44%	0.44%	0.63%
Unfunded Statutory DC Exemptions (DC Act)	0.32%	0.32%	0.32%	0.00%
Unfunded Discretionary DC Exemptions (City Bylaw)	0.30%	0.30%	0.30%	0.00%
West Harbour Strategic Initiatives (debt)	0.00%	0.24%	0.00%	0.03%
Transit Storage Facility (debt)	0.00%	0.83%	0.00%	0.00%
Main Street Two-Way Conversion (debt)	0.00%	0.00%	0.10%	0.10%
Police Marine Unit (debt)	0.00%	0.03%	0.00%	0.00%
Macassa Lodge B-Wing Expansion (debt)	0.00%	0.14%	0.00%	0.00%
Total Net for Levy Impact	1.94%	3.18%	2.54%	2.15%

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Some capital projects, especially those that provide new or expanded services, have an impact on operating costs on an ongoing basis once the projects have been completed. The estimated operating budget impacts of the recommended 2024 capital projects is \$13.6 M and 78.8 FTE positions. The operating impacts are detailed in Appendix “B” to Report FCS24002 and have been included in the 2024 Tax Supported Operating Budget and 2025 to 2027 Multi-Year Outlook for consideration by Council.

Table 7 provides a summary of the historical Capital Levy increases over the past four years in comparison to the proposed increase for 2024.

**TABLE 7
Historical Tax Supported Capital Levy Increases**

	2020 Approved	2021 Approved	2022 Approved	2023 Approved	2024 Proposed
General Capital Levy	0.50%	0.00%	0.50%	0.50%	0.00%
Transportation Asset Management Plan	0.00%	0.00%	0.00%	0.00%	0.89%
Climate Change Action Strategy	0.00%	0.00%	0.00%	0.25%	0.00%
ICIP - Transit Stream (City Share - debt)	0.21%	0.18%	0.11%	0.01%	0.00%
West Harbour Strategic Initiatives (debt)	0.03%	0.00%	0.04%	0.08%	0.00%
Downtown Office Accomodations Strategy (debt)	0.14%	0.00%	0.00%	0.00%	0.00%
Paramedic Services and Central Stores Facility (debt)	0.00%	0.00%	0.00%	0.09%	0.00%
DC Exemptions	0.00%	0.22%	0.00%	0.00%	1.05%
Total Levy Impact	0.88%	0.40%	0.65%	0.92%	1.94%

Proposed 2024 Tax Supported Capital Budget

The Preliminary 2024 Tax Supported Capital Budget recommends a gross capital investment by the City of Hamilton of \$411.8 M in total. This amount includes the \$373.3 M recommended for approval through Report FCS24002, as well as, \$38.5 M of previously approved funding for 2024.

The detailed 2024 Tax Supported Capital Budget Book, attached as Appendix “B” to Report FCS24002, provides additional information on the capital projects recommended by staff. The 2024 Tax Supported Capital Budget Book includes:

1. A list of all projects included in the 2024 Tax Supported Capital Budget with funding sources;
2. A list of 2024 capital projects that have been previously approved by Council;
3. A list of unaffordable projects identified by staff for 2024 due to insufficient financial resources in the 10-year capital forecast;
4. The operating impacts of the proposed 2024 capital projects;
5. The affordable / unaffordable capital forecast that shows the difference between available capital financing and the 10-year capital project submissions for the 2024-2033 Capital Financing Plan;

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6. A list of capital projects by ward in the 2024-2033 capital forecast; and
7. The capital summaries by department and division for the 2024-2033 capital forecast.

Table 8 summarizes the proposed 2024 Tax Supported Capital Budget by program area and compares it to the previous year’s approved capital program. The staff proposed 2024 capital budget incorporates a 1.94% net levy increase (\$20.8 M) dedicated to the Capital Levy. The \$20.8 M increase in the Capital Levy would result in an average residential tax impact of 1.73%, or approximately \$79 for the average household assessed at \$385 K.

**TABLE 8
Tax Supported Capital Budget**

(\$000's)	2023		2024		Difference	
	CAPITAL PROGRAM		CAPITAL PROGRAM			
	GROSS	NET	GROSS	NET	GROSS	NET
Proposed Program Funding						
Corporate Facilities & Energy Management	30,981	13,999	25,855	17,243	(5,126)	3,244
Corporate Asset Management	-	-	16,743	-	16,743	-
Environmental Services	18,724	7,928	18,775	6,585	51	(1,343)
Waste Management	3,206	2,870	14,718	13,140	11,513	10,270
Transit Services	3,661	2,133	2,386	606	(1,275)	(1,527)
Transit Services (ICIP PW19083/FCS18048(a))	28,923	533	62,953	27,588	34,030	27,055
Roads / Bridges / Sidewalk / Street Lighting / Traffic	110,845	65,852	121,887	72,885	11,043	7,033
West Harbour & Waterfront Initiatives	8,172	8,172	7,000	4,404	(1,172)	(3,768)
Healthy and Safe Communities- Other	510	510	356	256	(154)	(254)
Housing Services	3,653	3,653	3,746	3,746	93	93
Fire / Paramedics	14,851	1,526	23,002	1,600	8,152	74
Corporate Services / City Manager	6,625	5,754	12,974	6,054	6,349	300
Area Rating	900	-	900	-	-	-
Planning & Development	8,100	1,322	11,763	2,290	3,663	968
Tourism & Culture	4,761	2,325	2,727	2,585	(2,034)	260
Commercial Districts and Small Business	5,994	5,094	6,206	5,081	212	(13)
Total Program Funding	249,904	121,671	331,992	164,063	82,088	42,392
Other Major Projects						
Parkland Acquisition	2,064	2,064	2,399	2,399	335	335
DC Exemptions	19,451	19,451	62,142	49,329	42,691	29,878
Council Priorities	3,500	3,500	-	-	(3,500)	(3,500)
Climate Change Action Plan	3,300	3,300	2,500	2,500	(800)	(800)
Total Other Major Projects	28,315	28,315	67,041	54,228	38,726	25,913
Total Before Special Levies and Boards	278,220	149,987	399,033	218,291	120,813	68,305
Special Levies & Boards						
CityHousing	688	688	-	-	(688)	(688)
Police Services	4,748	4,748	7,820	7,372	3,072	2,624
Hamilton Public Library	-	-	2,913	1,080	2,913	1,080
Hamilton Farmer's Market	-	-	-	-	-	-
Beach Rescue	70	-	31	-	(39)	-
Hamilton Conservation Authority	2,000	2,000	2,000	2,000	-	-
Total Special Levies & Boards	7,506	7,436	12,764	10,452	5,258	3,016
Total Funded Projects	285,726	157,423	411,797	228,743	126,071	71,321

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The large increase in investment year-over-year is driven by the additional investments in Asset Management and Development Charge Exemptions, as well as, investments in Waste Management per the Waste Management Master Plan. Also, the 2024 Tax Supported Capital Budget addresses extraordinary inflation on construction projects by increasing all program blocks in accordance with the non-residential construction price index and cost escalation funding for the Transit Storage Facility.

The proposed Capital Levy balances the need for additional investment required to support asset rehabilitation, continuity for municipal services, growth and development, and Council’s priorities with affordability for residents and businesses within the community. The City’s Senior Leadership Team supports a total Capital Levy increase of 1.94%, or \$20.8 M, in 2024 to accomplish these objectives. This is in recognition of the sustainable funding required for the Transportation Asset Management Plan, as well as, other non-core asset management plans that will be before Council over the next couple years, development charge exemptions and annual requirements for debt financing.

Table 9 illustrates the distribution of the proposed Capital Levy of \$163.7 M between annual debt servicing costs and “dollar-for-dollar” capital reinvestment.

**TABLE 9
Capital Budget Impact on Operating Budget**

(\$000's)	2023	2024	CHANGE	
	Restated	PROPOSED	\$	%
Debt Charges	37,245	41,519	4,273	11.5
Transfer from Operating	105,714	122,190	16,476	15.6
Total Tax Supported Capital Levy	142,959	163,709	20,750	14.5
Municipal Tax Impact on Average Residential Property Tax 1.94% (\$79)				

Figure 2 and Figure 3 illustrate the proposed 2024 capital funding sources and the corresponding recommended allocation across City programs and services.

FIGURE 2

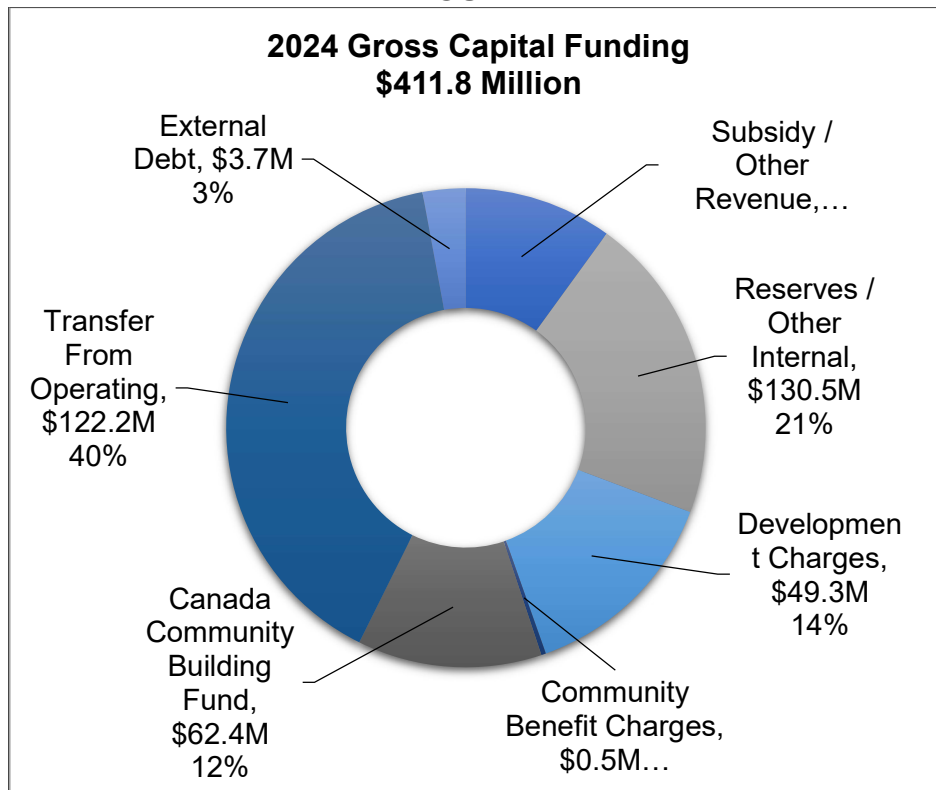
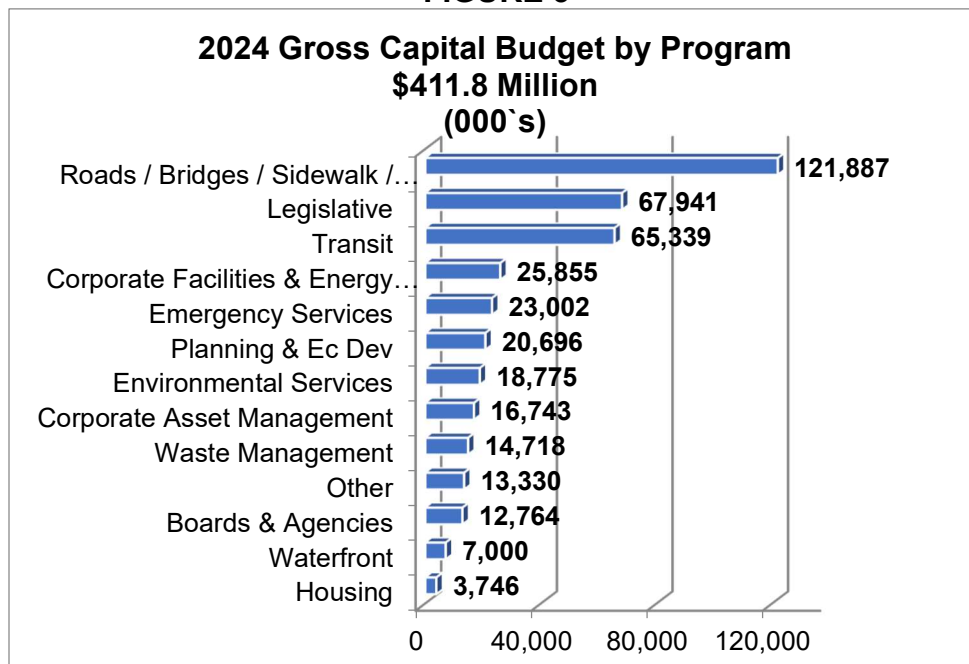


FIGURE 3



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Capital Financing Plan 2024-2033

The Capital Financing Plan is an important tool in achieving Council's strategic priorities ensuring programs have the resources needed to provide services and in maintaining the fiscal health and financial management of the City. It is an essential component of municipal financial planning. Table 9 illustrates a four-year snapshot of the proposed Capital Financing Plan.

This plan consists of a ten-year phased investment to address the \$94.7 M annual funding gap identified in the Transportation Asset Management Plan resulting in net levy increases of 0.89% for 2024 through 2033. Additionally, discretionary capital blocks are increased at the pace of inflation as reported through Statistics Canada for the Non-Residential Construction Price Index over the ten-year Capital Financing Plan. This is to ensure that programs maintain their current rate of investment towards asset replacement and rehabilitation.

The Capital Financing Plan also incorporates additional levy increases for new debt planned within the ten-year outlook. This ensures that funding capacity for the replacement and rehabilitation of existing assets is maintained throughout the Capital Financing Plan and that the City maintains its current financial position and AAA credit rating.

Additionally, the Capital Financing Plan incorporates a four-year phase-in strategy for the lost development charge revenues resulting from the *More Homes, More Choice Act, 2022*, as well as, a three-year phase-in strategy for historically unfunded DC exemptions under the *Development Charges Act, 1997* and the City's DC By-law inclusive of anticipated grant revenues from the Housing Accelerator Fund and the Building Faster Fund.

Table 10 provides the outlook for the 2024 to 2027 Capital Financing Plan.

**TABLE 10
Discretionary Tax Supported Net Capital Forecast for 2024 – 2027**

Discretionary Tax Supported Net Capital Funding 2024 - 2033 Forecast					
Sources of Funding (Net) (\$000's)	2023 Restated	2024 Proposed	2025 Forecast	2026 Forecast	2027 Forecast
Sustainable Funding Sources					
Contribution from Operating	105,714	122,190	145,089	177,680	201,545
Hydro Dividends	2,300	2,300	2,300	2,300	2,300
Hydro Dividends - Poverty reduction	3,000	3,000	3,000	3,000	3,000
Federal Gas Tax	35,537	62,421	40,216	35,537	35,537
Total Sustainable Funding Sources	146,551	189,911	190,605	218,517	242,382
Non-Sustainable Funding Sources					
Unallocated / Other Capital Reserve	6,500	24,612	11,607	-	-
Capital Financing Surplus	-	10,500	6,500	6,500	6,500
Housing Accelerator Fund	-	6,063	6,063	6,063	6,063
Building Faster Fund	-	6,750	6,750	6,750	-
Total Non-Sustainable Funding Sources	6,500	47,925	30,920	19,313	12,563
Total New External Debt (Principal)	8,305	3,720	144,107	13,950	17,064
Total Funding (Net)	161,356	241,557	365,632	251,780	272,010
Net Capital Funding (Block Funding) (\$000's)					
Corporate Services	1,955	500	148	151	155
Information Technology	3,755	3,686	4,586	4,709	4,829
Corporate Facilities	6,308	9,691	7,518	7,711	7,908
Cultural Facilities	2,575	2,585	2,792	2,864	2,937
DC exemptions	12,951	55,642	57,066	58,527	60,025
Downtowns & Commercial Districts	3,042	3,298	3,625	3,718	3,813
Economic Development Initiatives	2,053	2,000	3,281	3,365	3,451
Entertainment Facilities	-	-	-	-	-
Fire / Paramedic Services	1,376	1,600	1,640	1,682	1,726
Forestry & Horticulture	1,851	35	2,206	2,263	2,321
Health and Safe Communities - Other Div	310	256	262	269	276
Housing Services	3,653	4,400	4,682	4,466	4,580
Long Term Care Facilities	688	500	820	841	863
Park Development (New/Expansion)	4,511	4,674	5,317	5,453	5,593
Park's Operations	1,566	1,876	1,867	1,915	1,964
Parkland Acquisition	2,064	2,399	2,461	2,524	2,588
Planning / Development	1,322	1,419	213	219	224
Recreation Facilities	6,303	7,052	7,513	7,706	7,903
Roads / Bridges / Sidewalk / Street Lighting / Traffic	65,852	72,385	89,811	102,092	114,176
Block Funding Total	122,135	173,998	195,810	210,475	225,333

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**TABLE 10 (Continued)
Discretionary Tax Supported Net Capital Forecast for 2024 – 2027**

Net Capital Funding (Corporate Initiatives)	2023	2024	2025	2026	2027
(\$000's)	Restated	Proposed	Forecast	Forecast	Forecast
City Manager	44	1,868	500	3,000	1,500
DC Exemptions Beyond Block	6,500	6,500	6,500	6,500	6,500
Main Street Two-Way Conversion		500	500	13,110	13,090
Macassa B Wing Expansion		-	16,224	-	-
Corporate Facilities Security Program	800	-	800	800	800
Council Priorities	3,500	-	-	-	-
Climate Change Action Plan	3,300	2,500	2,500	2,500	2,500
Transit & ICIP	2,666	28,194	105,115	1,125	4,125
Waste Management	2,870	13,140	2,892	10,123	8,190
West Harbour Development	8,172	4,404	31,290	1,005	4,674
Corporate Initiatives Total	27,852	57,106	166,321	38,163	41,379
Total Block & Major Capital	149,987	231,104	362,131	248,638	266,712
Net Capital Funding (Boards & Agencies)	2023	2024	2025	2026	2027
(\$000's)	Restated	Proposed	Forecast	Forecast	Forecast
Boards & Agencies					
CityHousing Hamilton	688	(0)	820	841	863
Hamilton Conservation Authority	2,000	2,000	2,000	2,000	2,000
Library	-	1,080	-	-	-
Police Services	4,565	7,372	680	300	1,100
Boards & Agencies Total	7,253	10,452	3,500	3,141	3,963
Total Expenditures (Net)	157,240	241,556	365,631	251,779	270,675

In past budget cycles, 0.50% Capital Levy increases have been utilized to keep up with the rising costs of construction and rehabilitation, as well as, to support debt servicing requirements for priority capital investment. The primary emphasis has been on the rehabilitation of the City’s road and transportation network, with these programs receiving 4.0% increases to their annual capital block allotments in order to maintain year-over-year asset replacement value as a result of inflation and to support improvements towards overall asset condition for assets in those categories.

In June of 2022, City Council approved the Transportation Asset Management Plan through Report PW22048 which identified an annual funding gap of \$94.7 M for Transportation assets (\$86.6 M for the Road Network and \$8.1 M for Engineered Structures). In order to provide for the annual funding required needed for asset renewal, the annual historical Capital Levy increase of 0.50% is proposed to increase to 0.89% beginning in 2024 and continuing annually until 2033. This will effectively increase the Roads / Bridges / Sidewalk / Streetlighting / Traffic block from \$65.9 M in 2023 to \$193.5 M in 2033.

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The 10-year Capital Financing Plan includes annual inflationary increases to the capital block allotments for all other asset categories managed by the City, in addition to transportation infrastructure to ensure that all City assets are maintained in their current state until formal Asset Management Plans can be adopted with approved level of service targets by the July 1, 2025, deadline. At that time, the Capital Financing Plan will need to reflect required investment to achieve Council approved service level standards.

Extraordinary inflation pressures over the past several years resulting from global social and economic factors have been a major theme in budget discussions of late and continue to be a theme for 2024. Inflationary pressures of capital expenditures relative to the inflationary capacity of the Capital Levy and property tax increases are illustrated in Table 11. Over the past two years, the inflation on construction activities has far outpaced Capital Levy and property tax increases. The City has funded these pressures in 2024, as well as in previous years, with the reprioritization of retired debt and additional contributions from discretionary reserves.

Moving forward, it is imperative that the Capital Financing Plan continues to increase program funding blocks at least at the rate of the Non-Residential Construction Price Index in order to maintain consistent reinvestment into the City’s capital program and maintain the current state of infrastructure. Investment beyond the rate of inflation would be required in order to address the current infrastructure gap and provide for new assets related to growth that are ineligible for DC or Community Benefit Charges (CBC) funding or new assets for enhancements to existing service levels.

**TABLE 11
Inflationary Pressures on Capital Expenditures**

(%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Non-Residential Building Construction Price Index	1.4	1.8	2.9	3.2	4.6	3.9	2.6	9.5	16.2	6.6
Capital Levy Increase	-	4.9	4.7	3.9	8.8	3.9	6.3	3.0	5.0	6.9
Property Tax Increase	1.5	3.4	1.7	2.1	1.9	2.2	2.9	1.9	2.8	5.8

*forecast

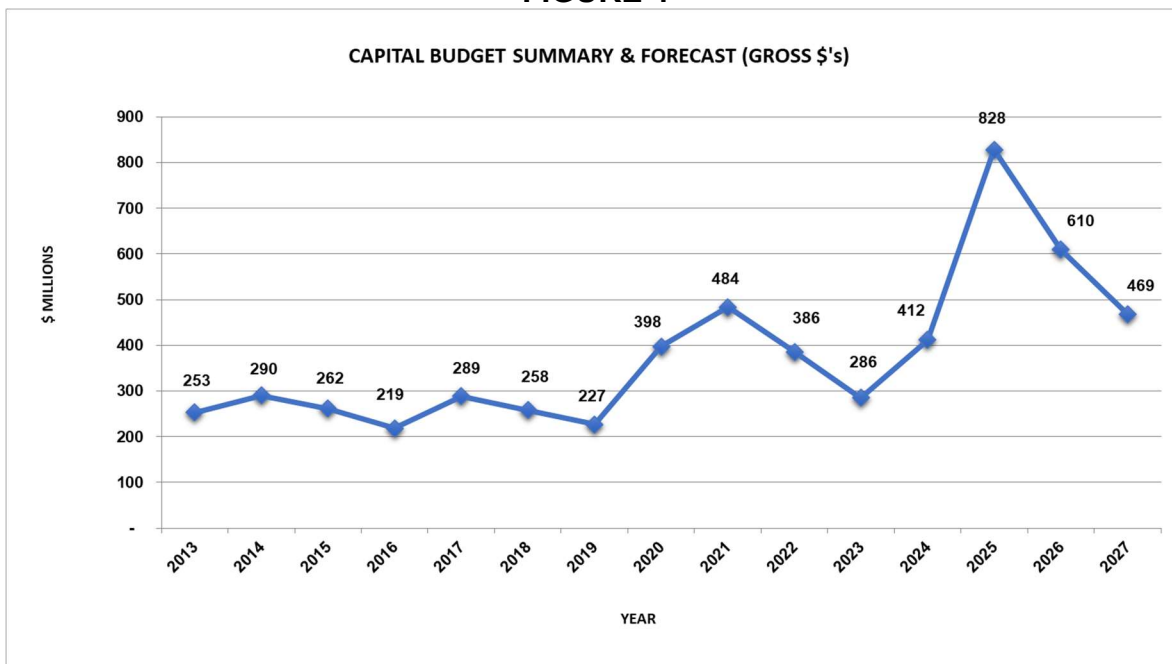
Other important assumptions and highlights of the 2024 to 2033 Capital Financing Plan include:

1. Budgeted debt financing: For debt financed capital projects, it is assumed that debt repayments start on July 1 at a 5.00% interest rate amortized over 15 years for projects in 2024, 4.0% for projects in 2025 and at a 3.0% interest rate for projects in 2026 to 2033. For previously approved capital projects (Works-In-Progress (WIP’s)), July 1 is also the date that debt repayments start accruing;

2. Federal / Provincial Infrastructure Subsidy – Canada Community Building Fund: Most municipalities cannot adequately fund the cost of infrastructure renewal and rehabilitation on their own. In response, the Federal government contributes over \$2 B annually to 3,600 communities across the country. The City of Hamilton assumes an allocation in the 2024 Tax Supported Capital Budget is \$35.5 M and commits the remaining available balance in the fund of \$31.6 M towards the Transit Storage Facility over the next two years (2024 to 2025). This level of subsidy is also assumed, but not yet formally committed, in subsequent years of the ten-year forecast;
3. Hamilton Utilities Corporation Capital Funding Dividend: Based on the Hamilton Utilities Corporation Dividend Policy staff incorporated \$5.3 M in dividends to fund the Capital Program in 2024, as well as, \$5.3 M in each subsequent year thereafter (\$3 M dedicated to capital costs to implement the Poverty Reduction Investment Plan) until 2027 when the funding dedicated to the Poverty Reduction Investment Plan comes to an end;
4. DC Exemptions Backlog: Leveraging \$6.5 M annually between 2023 to 2030 from anticipated savings due to the timing of debt issuances to cover the shortfall (\$54 M) in historical discretionary Tax Supported DC exemptions incurred from 2013 to 2020;
5. Housing Accelerator Fund: As approved in Report HSC23017(a) / FCS23062(a) / PED23143(a), the Capital Financing Plan assumes \$6.1 M per year in funding through the Housing Accelerator Fund to put towards growth related infrastructure investments; and
6. Building Faster Fund: In August 2023, the Province of Ontario announced the Building Faster Fund and expansion of Strong Mayor Powers. The Building Faster Fund will provide \$400 M in new annual funding for three years to municipalities that are on target to meet provincial housing targets by 2031. Municipalities that reach 80 per cent of their annual target each year will become eligible for funding based on their share of the overall goal of 1.5 million homes. Municipalities that exceed their target will receive a bonus on top of their allocation. An assumption on the level of funding has been calculated and included in both the proposed Rate Supported Budget and the Tax Supported Budget financing plans. In the event that housing targets are not met and the revenues are not realized, the City will be required to support those investments with additional draws from discretionary reserves or alternative sources if the discretionary reserve balances are insufficient.

The following 15-year Capital Budget summary of gross spending (Figure 4) shows historical and forecasted levels of capital investment.

FIGURE 4



Asset Management

The goal of asset management is to provide a set level of service in the most cost-effective manner through the acquisition, operation, maintenance, renewal and disposal of assets. The effective management of infrastructure involves taking a lifecycle view, ensuring that cost, risk and level of service are all considered in decision making. This view ensures that, with its limited financial resources, the City of Hamilton can effectively sustain service delivery to residents and businesses.

In the future, the Province will require any municipality seeking provincial capital funding to prepare a detailed Asset Management Plan and show how its proposed project fits within the plan. It is reasonable to assume the ability to demonstrate the benefit of a project to the community through quantifiable metrics tied to legislative-based levels of service and costs will be a component of future provincial funding requests.

Beyond compliance, there are further benefits to the establishment of an Asset Management Program for the City of Hamilton. Enhancements will provide opportunity to gain perspective on the current service levels being rendered to the community and identify the infrastructure needs to maintain current service levels or achieve proposed service levels. A sound policy along with a robust plan provides Council and staff new tools and information to make informed decisions, by offering:

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- The annual requirements for lifecycle management based on asset performance and industry asset management best practices;
- Co-ordinated efforts for the planning of growth-related infrastructure and the ongoing operating and maintenance requirements for those assets;
- A means towards risk assessment and prevention, as well as, a clearer understanding of the risks involved with deferring or foregoing capital investment;
- An interpretation of the impacts of capital investment levels on municipal service delivery; and
- A framework to prioritize capital investment amongst competing priorities for limited resources.

Through Report PW22048, Core Asset Management Plan, Council approved Asset Management Plans for transportation and waterworks assets in accordance with the provincial regulations introduced through Ontario Regulation 588/17. An annual funding gap of \$94.7 M for tax supported programs was identified based on asset renewal needs and planned operations and maintenance. A \$101.1 M annual funding gap was identified for rate supported programs.

The proposed Capital Financing Plan reflects a phase-in approach to increase the annual funding amounts for Transportation assets over the 10-year planning period beginning in 2024 that would effectively close the annual funding gap by 2033. This results in an additional investment of \$9.5 M annually, or 0.89%.

Debt Management

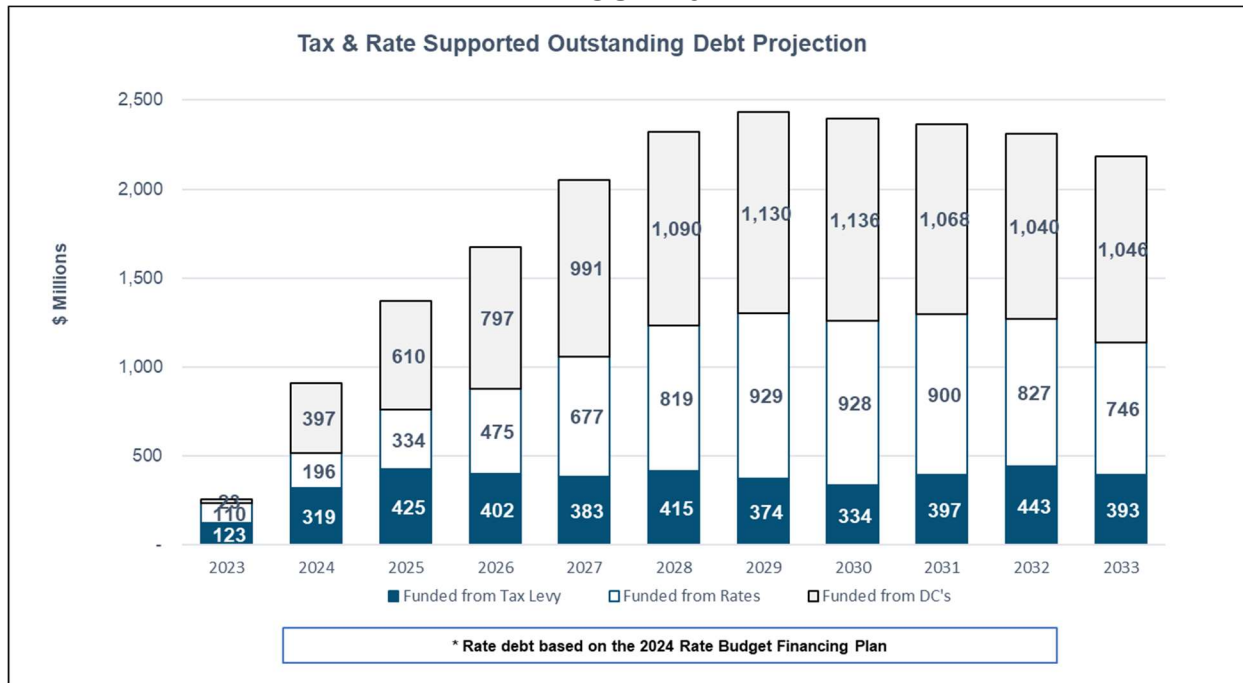
Proposed debt financing in the 2024 to 2033 Capital Financing Plan has increased by \$150 M in comparison to the Capital Financing Plan approved in principle last year. The increase in debt is required to support the Transit Maintenance and Storage Facility, Police Marine Unit, Macassa Lodge B-Wing Expansion, and Main Street Two-Way Conversion and amounts to approximately \$12.6 M in annual debt charges over a 15-year term or an estimated additional 1.06% residential tax increase. Figure 5 provides the projected combined tax and rate supported outstanding debt amounts across the ten-year forecast.

The actual debt forecast takes into consideration the many reasons that debt issuance may be delayed (i.e., capital projects require a longer environmental assessment process, availability of contractors, lead times on materials, etc.). The City will only issue debt upon substantial completion of associated capital works. In the latter end of the ten-year debt forecast, the City is still issuing debt for previous period capital investments and that is why the budgeted debt is greater than the actual debt. Credit Rating Agencies are most focused on the level of actual external debt in assessing investor risk.

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On October 17, 2023, City Council received a communication update that the City of Hamilton maintained its AAA credit rating and stable outlook from S&P Global Ratings. The City has maintained its AAA credit rating since June 2022 when S&P Global Ratings had raised the City of Hamilton’s rating from AA+ to AAA following the revision of the Canadian municipal institutional framework assessment to extremely supportive and predictable from very predictable and well-balanced. S&P Global Ratings cited that the City is expected to have a relatively modest and stable debt burden and prudent long-term financial planning polices such that budgetary performance remains strong.

FIGURE 5



However, approximately \$1.4 B in capital works in progress have been approved for debt funding that has not yet been issued due to timing of completion and cash flow requirements. Given the amount of debt that has been previously approved and the reliance on debt financing for infrastructure improvements needed in the ten-year Rate Financing Plan, the City will exceed Council’s approved DC supported debt limit in 2027 and the approved tax and rate limit in 2028 as illustrated in Figures 6 and 7.

Finance staff will continue to monitor cash flow requirements and only issue debt when needed, but there will likely be a need to revisit Council’s approved debt policy in this term of Council. Staff will minimize the risk associated with DC debt by ensuring that any growth-related debt principal and interest are forecasted to be covered by future growth projections.

FIGURE 6

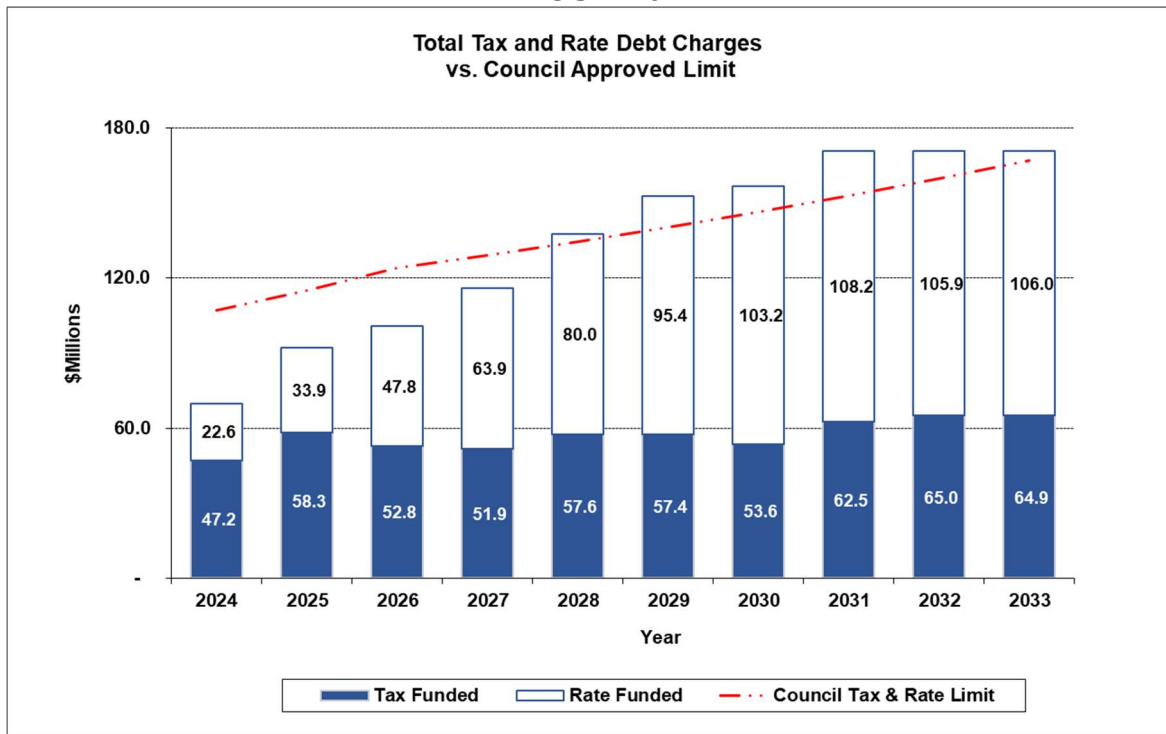
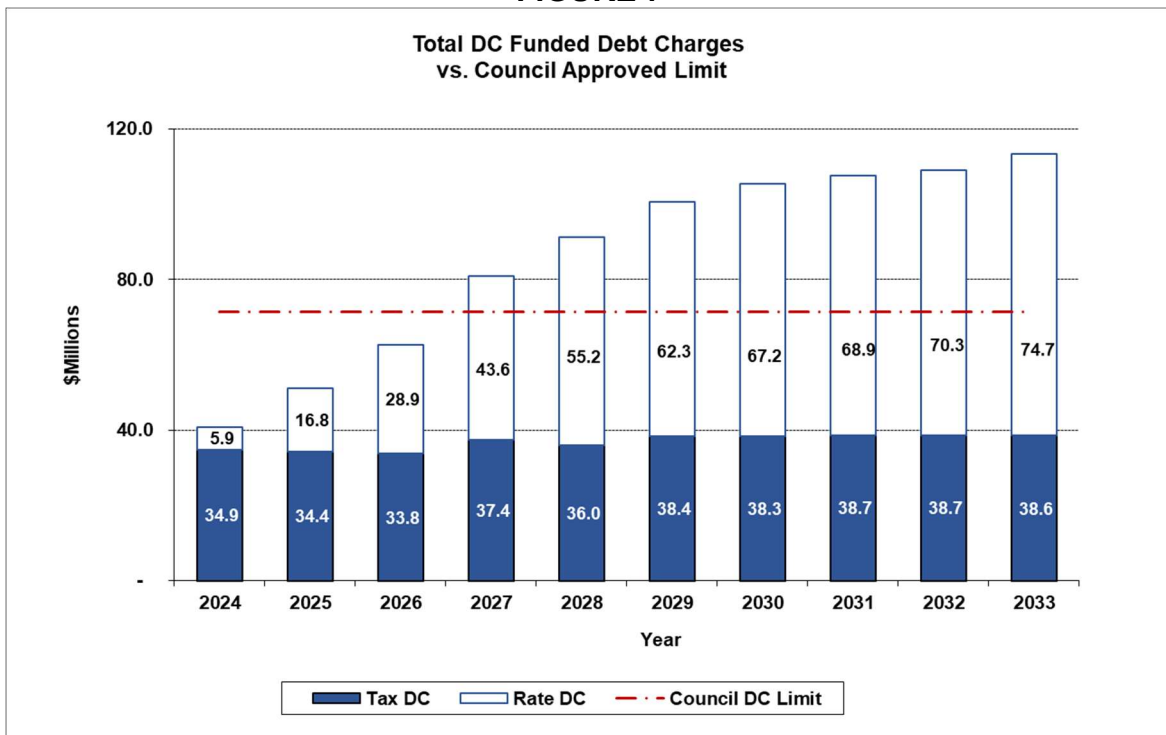


FIGURE 7



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Reserve Management

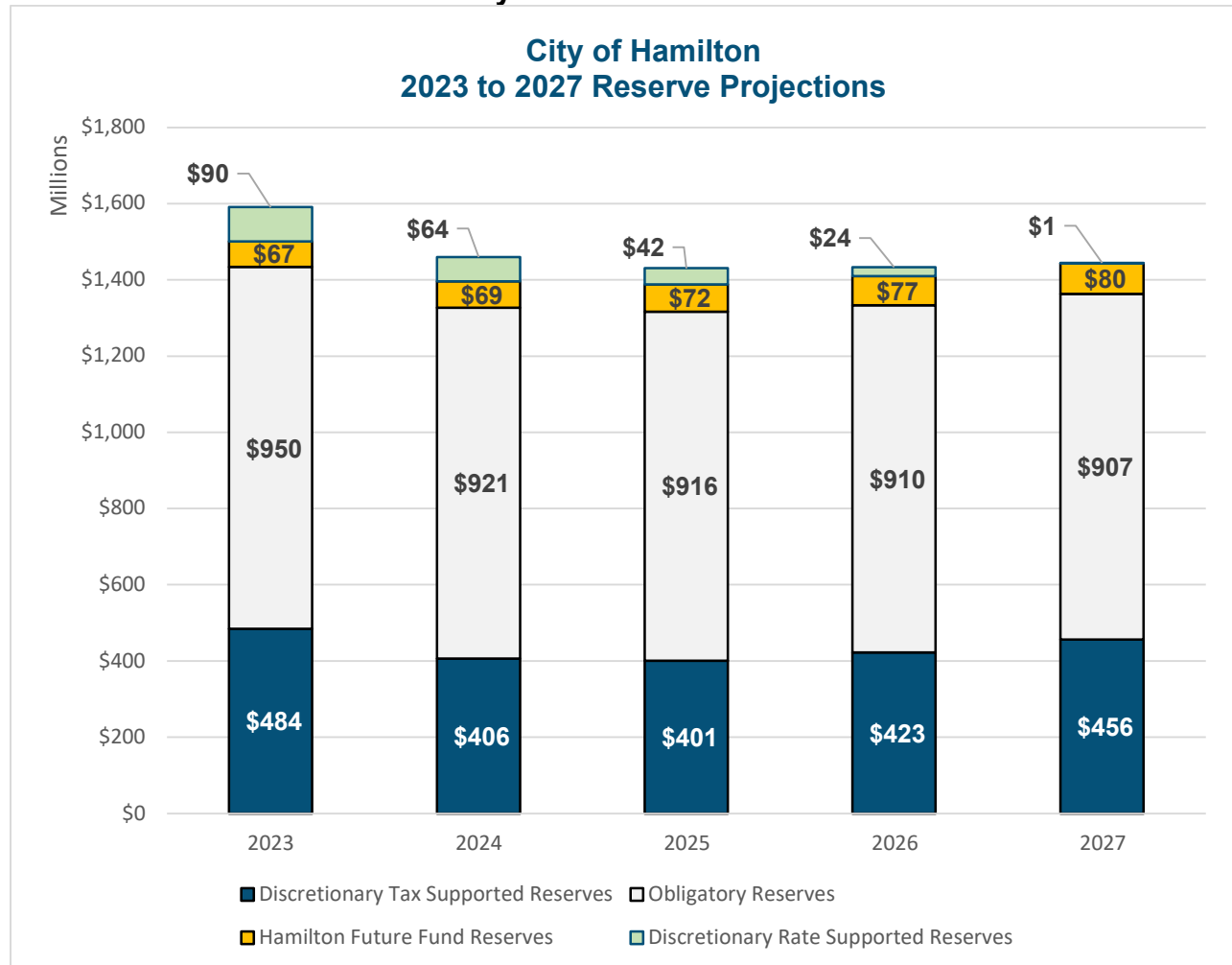
The City maintains reserves and reserve funds to retain capital for future use. Reserves serve as general pools of capital that are often used to mitigate risk, maintain assets, support growth or meet unexpected expenses. Reserve funds are established for a specific purpose such as covering a foreseeable future expense or retaining monies for a particular goal, such as, defined capital projects or initiatives that involve substantial expense. Reserves and reserve funds share the purpose of easing the burden of the levy on the taxpayer for significant or infrequent expenses, minimizing credit market risk by accumulating financial resources for future capital needs, decreasing reliance on borrowing and offering a form of protection against unforeseeable situations, such as, catastrophic events, emergencies, etc. Reserves and reserve funds are leveraged to contribute to the City's long-term financial stability and flexibility.

Reserve Funds may be obligatory (required by legislation) or discretionary (voluntarily established by Council). Council has the authority to allocate funds from obligatory reserve funds subject to the restrictions of applicable legislation. In contrast, Council has defined what constitutes an authorized use from discretionary reserve funds and there are processes that can be undertaken should Council seek to use funds for alternate purposes.

As detailed in the 2022 Reserve Report (FCS23027), reserve balances have increased substantially over the last five years from \$897 M in 2018 to a balance of \$1.4 B on December 31, 2022. The change is the result of increases in reserve provisions and overall collections, including DCs, Canada Community Building Fund and Parkland Dedication offset by completion of major projects and capital financing charges.

In line with the Mayoral Directive to Staff, the 2024 Tax Supported Budget recommends leveraging the City's strong financial position to advance the Housing Sustainability and Investment Roadmap, phase-in property tax impacts resulting from Provincial legislation and to phase-in funding pressures from provincially mandated programs and collective bargaining, given the current economic environment and affordability concerns. Table 12 provides an updated outlook of the City's reserve projections showing the recommended reserve financing strategies that leverage discretionary tax and rate supported reserves over the next several years.

**TABLE 12
2023 to 2027 City of Hamilton Reserve Forecast**



Development Charges and Community Benefit Charges

Table 13 summarizes the significant capital projects required to service growth included in the 2024 Tax Supported Capital Budget and funded, all or in part, from DC and CBC revenues.

**TABLE 13
2024 Major Growth-Related Investments**

Major Growth Related Investments in 2024 (\$000's)	Gross Cost	DC Funding	Grants and Subsidies	Program Reserves	WIP Transfers	Capital Levy	Debt	CCBF Funding
7501941800 Mount Hope Library	2,913	1,833				1,080		
4031380360 Waterdown - Burlington Road Upgrades	1,800	1,800						
4032180184 Dickenson - Upper James to Glanaster (AEGD)	3,000	2,550		450				
4032480388 Lewis - Barton to Hwy 8	5,250	4,463		788				
4032480583 Glanaster - Gamer to Dickenson (AEGD)	2,000	1,700		300				
4032480483 McNeilly Rd Urbanization - Barton St to Hwy 8	4,000	3,400	600					
4032480180 Smith - Gamer to Dickenson Extension	2,550	2,168		383				
4402456211 Waterdown South Neighbourhood Park 3 (East Side) - Smoky Hollow	1,000	1,000						
4402256113 Inch Park inclusive playground	1,902	427		1,000		475		
5301783700 HSR Bus Expansion Program - 10 Year Plan (ICIP)	5,196	420	3,370	1,406				
5301785701 Transit Maintenance and Storage Facility (Cash Flow Project) (ICIP)	30,000	3,079						26,921
5302083001 HSR Expansion Buses - Modal Split (ICIP)	7,794	630	5,055	2,109				
4032321350 Fleet Additions - Roads O&M	1,070	1,070						
4032420499 Public Realm Improvements - LRT	3,330	1,665				1,665		
7101754708 Waterdown Pool and Recreation Centre Feasibility	2,200	2,200						
7101954907 Winona Recreation Centre Feasibility (New)	1,800	1,800						
4412206104 Police Marine Facility Replacement	6,300	2,580					3,720	
7102441001 Ancaster Senior Achievement Centre Gym Expansion	1,800	1,350				450		
Total 2024 Tax Supported Budget	83,905	34,134	9,026	6,434	-	3,670	3,720	26,921

The total amount of budgeted DC revenue required for the 2024 Tax Supported Capital Budget is \$49.3 M. To facilitate growth, the City requires sizeable investment in up-front infrastructure and must incur debt. This means that a significant part of the 2024 to 2033 growth program will be funded through debt and the debt charges repaid from future DC collections.

Of note, the City of Hamilton has a DC Funding Policy that requires staff to limit the amount of risk in sustaining DC reserves. Therefore, growth projects will only be included in the proposed capital budget if the sustainability of reserves is maintained. The impact of this Policy is that some projects may be delayed when compared to their timing in the DC Background Study or infrastructure master plans and debt financing may be required to maintain DC Reserve integrity. Staff will minimize the risk by ensuring that any growth-related debt principal and interest will be covered by anticipated future DC revenues.

The *More Homes Built Faster Act, 2022* (Bill 23) was passed by the Provincial government on November 28, 2022, which made several changes to the *Development Charges Act, 1997* and impacted all municipalities' ability to finance planned growth infrastructure through development charge revenues. The planned growth infrastructure is required to ensure that there are serviced lands available for development, upgraded infrastructure to permit intensification and to provide the community services, such as parks, recreation centres and libraries.

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Additionally, the City has historically budgeted insufficient funding to cover the discretionary DC exemptions that are provided by Council through the City’s DC By-law. While the City has, over the past decade, increased the budget for discretionary DC exemptions, DC exemptions have not been fully budgeted due to budgetary constraints and residential tax affordability concerns.

Through Report FCS23064, Development Charge Exemptions Sustainable Funding Strategy, City Council referred an annual investment of \$40.59 M to the Tax Supported Capital Budget process for consideration. In addition, a \$27.28 M investment was approved in the 2024 Rate Supported Budget (FCS23100). With the \$40.59 M increase, the proposed annual budget for tax supported DC exemptions in 2024 is \$55.6 M.

To reduce the immediate burden on taxpayers, a four-year, phase-in strategy is proposed that utilizes the City’s discretionary reserves in alignment with the Mayoral Directive to Staff (MDI-2023-02). Table 14 summarizes the development charge exemptions budget and phase-in strategy that is recommended through the Capital Financing Plan.

**TABLE 14
Development Charge Exemptions Sustainable Funding Strategy**

	2024	2025	2026	2027	2028	2029	2030
Statutory Development Charge Exemptions <i>More Homes, More Choice Act, 2022</i>	\$ 20,830	\$ 21,363	\$ 21,910	\$ 22,471	\$ 23,046	\$ 23,636	\$ 24,241
Statutory Development Charge Exemptions <i>Development Charges Act, 1997</i>	\$ 10,190	\$ 10,451	\$ 10,718	\$ 10,993	\$ 11,274	\$ 11,563	\$ 11,859
Discretionary Development Charge Exemptions <i>City of Hamilton DC Bylaw</i>	\$ 24,622	\$ 25,252	\$ 25,898	\$ 26,561	\$ 27,241	\$ 27,939	\$ 28,654
Subtotal Annual Development Charge Exemptions	\$ 55,642	\$ 57,066	\$ 58,527	\$ 60,025	\$ 61,562	\$ 63,138	\$ 64,754
Unfunded Discretionary Development Charge Exemptions (2012-2020)	\$ 45,500	\$ 39,000	\$ 32,500	\$ 26,000	\$ 19,500	\$ 13,000	\$ 6,500
Total Development Charge Exemptions	\$ 101,142	\$ 96,066	\$ 91,027	\$ 86,025	\$ 81,062	\$ 76,138	\$ 71,254
Financing Strategy:							
Capital Levy	\$ 26,332	\$ 39,036	\$ 51,777	\$ 60,025	\$ 61,562	\$ 63,138	\$ 64,754
Unallocated Capital Levy Reserve	\$ 22,560	\$ 11,280					
Building Faster Fund	\$ 6,750	\$ 6,750	\$ 6,750				
Capital Financing Surplus	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500
Total Financing	\$ 62,142	\$ 63,566	\$ 65,027	\$ 66,525	\$ 68,062	\$ 69,638	\$ 71,254
Remaining Unfunded Development Charge Exemptions	\$ 39,000	\$ 32,500	\$ 26,000	\$ 19,500	\$ 13,000	\$ 6,500	\$ 0

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Investments in Priority City Services

The proposed 2024 Tax Supported Budget and Financing Plan includes the resources required for continuity of services, as well as, proposed investments for increased level of service in priority areas. In some cases, the need for investment is driven by community demand, changes in demographics, economic conditions and expectations of residents, while in other cases, it is driven by legislated changes from senior levels of government. Changes in legislation and funding levels for provincially mandated services continues to represent a significant challenge for the City of Hamilton and all municipalities in Ontario, resulting in increased reliance on property taxes to fund services. Priority investment areas in the 2024 Tax Supported Budget include:

- I. Affordable housing and homelessness;
- II. Advancing the City's climate action goals;
- III. Transportation; and
- IV. Public health and safety.

I. Addressing Affordable Housing and Homelessness

A. Housing Sustainability and Investment Roadmap

The Housing Sustainability and Investment Roadmap, approved through Report HSC23028 / FCS23055 / PED23099, is a “whole of Hamilton, whole of City government” approach designed to respond to new and growing pressures along the housing continuum to deliver best possible affordable housing outcomes for Hamiltonians. It recognizes the collective need for prioritized action, integrated efforts and a change in how City government and community partners work together to identify and deliver on shared affordable housing goals. The scope of the Roadmap includes affordable market, below-market, community, non-market, public and subsidized housing and it focuses on the urgent actions needed to accelerate and co-ordinate activities related to four pillars: construction, acquisition and retention of affordable housing units, as well as, the increased provision of housing-based supports to ensure successful tenancies.

With the approval of the Housing Sustainability and Investment Roadmap, the Affordable Housing Secretariat Division was formed with the purpose of implementing the roadmap in collaboration across City departments and divisions and with community partners. Each year the Secretariat will develop and recommend an annual program of work that will be presented to Council for approval as the annual implementation plan for the Housing Sustainability and Investment Roadmap.

Within the 2024 budget, several programs have been proposed, detailed in subsequent sections of Report FCS24002, which advance the Housing Sustainability and Investment Roadmap with recommended financing through a combination of both tax levy increases and reserves.

B. Ending Chronic Homelessness

Through Report HSC23021, City Council was provided an update on the current state of homelessness in Hamilton, including needs, trends and existing interventions, as well as, information on what it would take to end homelessness in Hamilton. The Report outlined a proactive approach and a comprehensive set of investments for Council to consider that address gaps and opportunities for expanding the reach and impact of the homeless-serving sector.

Through the Housing Sustainability and Investment Roadmap, Report HSC23028 / FCS23055 / PED23099, detailed actions and investments to end chronic homelessness were presented to Council. Several of those investments have come forward for Council's consideration in the 2024 budget, including:

1. Capital investments in repair and maintenance of existing affordable community housing stock (additional information in Report HSC23050 End of Mortgage Strategy and Implementation);
2. Capital investment in development and acquisition of affordable housing (additional information in Report HSC23041, Addressing Needs of Unsheltered Individuals);
3. Enhance investments in prevention (additional information in Report HSC23067, Housing Stability Benefit and Rent Ready Programs Transformation, Report HSC23023(b), Hamilton Tenant Support Program and Report HSC20036(g), Public Feedback and Recommendations for an Encampment Protocol and Sanctioned Sites);
4. Permanent supportive housing (additional information in Report HSC22047, Housing with Supports for Women, Transgender and Nonbinary);
5. Emergency response (additional information in Report HSC23041, Addressing Needs of Unsheltered Individuals and those Relying on Hamilton's Emergency Shelter System, Report HSC23019, Arkledun Delay Mitigation and Interim Plan for Homelessness System Service Levels for Single Women, Report HSC23041(b) Family Shelter System, and Report HSC23012(a) Winter Response Strategy)

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C. Canadian Housing and Mortgage Corporation Accelerator Fund

The City of Hamilton submitted its Housing Accelerator Fund application on June 14, 2023, which included the required Housing Action Plan outlining seven initiatives that the City would undertake to accelerate housing development in the City. Through Report HSC23017 / FCS23062 / PED23143, Council approved an investment strategy for the Housing Accelerator Fund funds with the primary objective of creating housing at an accelerated pace and enhancing certainty in the approvals and building process.

On October 10, 2023, the Federal government announced a Housing Accelerator Fund Agreement with the City of Hamilton. The approval included some refinements and revisions to the City's submitted Housing Action Plan, as summarized in Report HSC23017(a) / FCS23062(a) / PED23143(a).

Overall, the Federal government will provide \$93.5 M in funding to the City for the target of increasing its historical average of newly constructed residential units by 2,675 net new units over the next three years.

D. Poverty Reduction Investment Plan

On May 11, 2016, City Council directed staff to report back to GIC and Council with a plan to increase affordable housing and reduce poverty by investing in people across all wards in the City of Hamilton. The Poverty Reduction and Investment Plan was proposed and approved through Report BOH16034 / CES16043.

Report BOH16034 / CES16043 highlighted that housing must be the cornerstone of any poverty reduction plan including affordable housing and the social supports needed to build a safe and stable home environment to address other needs. Home is the foundation for success in education, employment, health and wellbeing across the life course. Research demonstrates investment in people has the greatest return the earlier we start. Disadvantage grows over the course of a life and makes it less likely youth in poverty will perform well academically, graduate high school and secure adequate employment as adults. This cycle of poverty is reproduced from one generation to the next, unless critical investments are made to support pathways out of poverty.

Based on research and review of existing initiatives, the Poverty Reduction Investment Plan targets gaps with the highest potential impact toward breaking long-term cycles of Poverty, including:

1. Safe, stable and affordable housing: Investment in safe and secure homes addresses immediate needs and is the foundation for building lifelong health, learning and achievement. Broader poverty reduction goals cannot be addressed until housing needs are met.
2. Pathways out of poverty: Early investment in children and families has the greatest impact on education, employment and health outcomes for two generations to escape poverty; and
3. Indigenous-led poverty reduction: Indigenous people in Canada and Hamilton face multiple barriers that lead to higher rates of poverty, illness and homelessness. City-wide action is needed to repair the devastating effects of colonial policies and relationships. Poverty reduction can contribute to reconciliation if rooted in respectful dialogue and self-determination.

This investment forms a critical cornerstone and launches development of a broader comprehensive ten-year Poverty Reduction Strategy. The City of Hamilton will continue building on the success of existing inter-agency partnerships to co-ordinate and leverage poverty reduction initiatives. Aligning existing strategies will also help leverage advocacy for provincial, federal and private investment in poverty reduction. Taking collective action to reduce poverty improves the health and wellbeing of our whole community. This will help achieve the goal of making Hamilton the best place to raise a child and age successfully.

There are three components to the Poverty Reduction Implementation Plan which were approved by Council on September 27, 2017:

- \$20 M for new affordable rental housing construction at \$4 M annually for five years (2017-2021);
- \$20 M for social housing repairs and renovations at \$2 M annually for 10 years (2018-2027); and
- \$10 M for general Indigenous poverty reduction at \$ 1M annually for 10 years (2018-2027).

The \$20 M total Poverty Reduction Implementation Plan funding allocated for rental construction was divided equally between the Housing Services Division (\$10 M) and CityHousing Hamilton (\$10 M), with \$4 M funded annually starting in 2017 and ending in 2021.

II. Climate Change Action Plan

City Council declared a climate change emergency in March 2019, at that time, joining 435 municipalities world-wide. Since then, the total number of municipalities has reached more than 800 cities around the world, as well as, the Government of Canada, all acknowledging the scale of the climate crisis and the need for accelerated action.

To support the Corporate Climate Change Task Force and Hamilton's Climate Change Action Strategy, City Council established a Climate Change Reserve and Policy with initial funding of \$1.5 M in the disposition of the 2020 tax operating budget surplus.

A 0.25% special levy (\$2.5 M) was approved in the 2023 Tax Supported Capital Budget (FCS22081) along with an additional one-time contribution to the Climate Change Reserve of \$800 K to support the implementation of the City's Climate Change Action Strategy. Additional information on the City's Climate Change Action Strategy is available in Report PED22058 / HSC22030, Hamilton's Climate Change Action Strategy.

Hamilton's Climate Action Strategy implementation, resources and governance was approved through Report CM22016 / PED22058(a) / HSC22030(a). The approved governance structure is comprised of a newly created Climate Change Office within the Planning and Economic Development Department with routine reporting on progress to the City Manager and Senior Leadership Team. The structure also includes a multi-department director level Steering Committee to co-ordinate many of the cross-cutting actions needed across the corporation and with community and industry stakeholders and a community climate advisory committee.

To implement the Climate Action Strategy, multiple Divisions across the Corporation have integrated climate change related initiatives into their workplans and budgets and delegated authority was provided to staff to utilize the Climate Change Reserve to advance priority focus areas. Report PED23064 summarizes the priority focus areas for the Office of Climate Change under five themes:

- Climate Change Governance and Innovation
- Community Climate Outreach
- Carbon Budgeting
- Green Buildings
- Urban Greening

III. Transportation

A. Roads, Bridges, Traffic Infrastructure Rehabilitation Program

A key priority of the annual capital budget is to provide sufficient funding to maintain the City’s transportation network. As indicated in the Transportation Asset Management Plan, the road network, alleyways, bridges and structures, street lighting and traffic system assets are valued at approximately \$6.7 B and an annual rehabilitation funding deficit of approximately \$94.7 M, or \$0.9 B over the ten-year planning period.

The sustainable annual investment amount for roads, bridges and traffic capital improvements is approximately \$160 M. The 2024 Capital Financing Plan recommends annual increases to the Capital Levy in a phased approach over the next 10 years in order to meet close the infrastructure gap by 2033.

Table 15 shows the four-year Capital forecast for the Roads / Bridges / Traffic Infrastructure Renewal Program. The net City investment for the four programs (roads / bridges / O&M / Development) fluctuates based on where the rehabilitation priority is the greatest.

**TABLE 15
Investment in Roads / Traffic / Bridges**

\$(000's)	2024		2025		2026		2027	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Roads	32,662	24,325	82,347	73,126	116,188	87,581	98,444	73,161
Bridges and Structures	26,177	22,772	32,822	32,937	28,228	28,451	22,914	23,145
Sidewalks	1,350	1,113	1,400	1,163	1,460	1,223	1,520	1,283
O & M/Studies/Traffic Engineering	31,343	22,393	27,259	22,111	23,273	16,173	16,393	14,343
Total Non Growth	91,532	70,602	143,828	129,338	169,149	133,428	139,271	111,932
Development/Growth Related Program	30,355	2,283	69,815	12,200	120,499	27,960	51,650	14,473
Total Roads	121,887	72,885	213,643	141,538	289,648	161,388	190,921	126,405

Table 16 provides increased detail regarding where dollars for Roads / Traffic / Bridges are forecast to be expended. The Replacement Program represents complete reconstruction of the roadway while the Urban and Local Road Programs are generally resurfacing only.

**TABLE 16
Investment in Roads / Traffic / Bridges**

\$(000's)	2024		2025		2026		2027	
	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET
Growth Related	30,355	2,283	69,815	12,200	120,499	27,960	51,650	14,473
Replacement Program / State of Good Repair	7,178	4,376	31,081	23,824	69,845	42,545	54,907	36,140
Urban Rehabilitation / State of Good Repair	11,412	10,984	32,116	31,184	26,248	26,248	24,901	24,012
Local Road Program / State of Good Repair	1,624	1,624	7,732	6,816	4,525	3,441	7,536	2,141
Rural Rehabilitation / State of Good Repair	7,250	3,373	5,500	5,500	9,250	9,250	4,750	4,750
Bridges and Structures	24,175	21,585	31,540	31,540	27,348	27,348	22,064	22,064
Sidewalks	1,350	1,113	1,400	1,163	1,460	1,223	1,520	1,283
Operations and Maintenance	9,706	9,578	6,850	6,800	3,850	3,800	3,850	3,800
Technical Studies and Reporting	5,520	3,469	5,840	4,180	11,320	6,010	4,540	4,180
Traffic Operations and Engineering	14,517	8,066	13,644	10,206	7,328	5,588	7,228	5,588
Streetlighting	1,600	1,280	925	925	775	775	775	775
Engineering Services Staffing Cost	4,500	2,454	4,500	4,500	4,500	4,500	4,500	4,500
Council Priority Projects	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
TOTAL CAPITAL RELATED EXPENDITURE	121,887	72,885	213,643	141,538	289,648	161,388	190,921	126,405

B. 10-Year Local Transit Strategy

The 10-Year Capital Transit Plan, 2024-2033 proposes \$450 M in gross capital investments as detailed in Table 17. Within these investments are included a portion of a \$505 M of Investing in Canada Infrastructure Program (ICIP), Transit Stream projects that were approved by the federal government over a seven-year period.

In August 2018, Hamilton City Council unanimously approved the Transportation Master Plan (TMP) and the Cycling Master Plan Update (CMP) and, in accordance with those initiatives, the City is committed to providing transportation options that meet legislated standards for both personal travel and good movement in an accessible, convenient, efficient and affordable manner. Along with priority safety measures to support the principles of the Vision Zero Strategy, the City aims to achieve the goal of a 48% non-single occupant vehicle modal split by 2031 with a target of 15% for walk / cycle, 12% for transit and 21% for auto passenger and shared modes.

The Hamilton Street Railway (HSR) operates a fleet comprised of approximately 267 buses and is scheduled to grow by 85 buses by 2025. Due to capacity issues, a new bus storage facility was required and approved by Council. The identified funding sources to support the proposed 10-Year Capital Transit Plan, 2024-2033 include ICIP, new debt, internal reserves, development charges and the Canada Community-Building Fund.

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**TABLE 17
Transit 10-Year Capital Plan**

(\$000's)	Pre 2024		2024		2025-2033		Total 10 Year	
	Gross	Net	Gross	Net	Gross	Net		
Terminal and End of Line Rehabilitation	600	600	200	-	1,050	1,050	1,250	1,050
Bus Stop Shelter Rehabilitation	450	375	175	-	1,575	1,545	1,750	1,545
Renaming the MacNab Terminal	37	37	-	-	-	-	-	-
Transit Shelter Expansion Program	600	-	220	-	1,980	-	2,200	-
Rapid Ready & Ten Year Local Transit Strategy Implementation	600	500	-	-	-	-	-	-
Nonrevenue Vehicle Replace Program	939	-	85	-	1,143	-	1,228	-
HSR Bus Replacement Program	47,135	6,000	-	-	-	-	-	-
Operator Washroom Conveniences	750	600	-	-	-	-	-	-
Real-Time Information Infrastructure	2,000	533	-	-	-	-	-	-
Ranger Equipment Replacement	2,000	533	-	-	-	-	-	-
MTC Parking Expansion	1,225	-	-	-	-	-	-	-
CNG Dispenser Upgrade	500	-	-	-	-	-	-	-
Bus Operator Equipment Sign-in	100	-	-	-	-	-	-	-
Bus Operator Timekeeping	100	-	-	-	-	-	-	-
Transit Hub and End of Line Development	60	60	-	-	-	-	-	-
Stoney Creek Transit Hub Fencing	120	-	-	-	-	-	-	-
HSR Bus Marker Bench	30	30	32	32	33	33	65	65
HSR Solar Transit Pole Lighting	38	38	39	39	41	41	80	80
Reserve Shortfall - OBR Program	1,400	1,400	-	-	27,300	27,300	27,300	27,300
PRESTO Equipment Replacement	4,500	-	-	-	-	-	-	-
Limeridge Mall Terminal Redevelopment	2,500	-	665	-	-	-	665	-
HSR 150	-	-	150	150	-	-	150	150
Transit Capital Hoist Replacement	-	-	250	-	950	-	1,200	-
Transit Supportive Intersection Improvements	-	-	100	35	-	-	100	35
Solar Rechargeable Battery Replacement	-	-	320	320	-	-	320	320
Transit Growth Strategy Studies	-	-	150	30	600	200	750	230
Non ICIP projects	\$ 65,684	\$ 10,706	\$ 2,386	\$ 606	\$ 34,672	\$ 30,169	\$ 37,057	\$ 30,774
Public Transit Stream Project (ICIP):								
Transit Maintenance and Storage Facility (Cash Flow Project)	272,000	36,765	30,000	26,921	115,835	103,947	145,835	130,868
HSR Expansion Buses - Modal Split	28,876	-	7,794	-	7,949	-	15,743	-
HSR Bus Replacement Program	13,528	-	15,163	-	206,708	3,700	221,871	3,700
HSR Bus Expansion Program - 10 Year Plan	27,716	5,190	5,196	-	6,183	-	11,379	-
Active Transportation Connections	4,500	-	3,000	-	2,300	-	5,300	-
Birch Avenue Bridge/Road Works	39,965	10,659	-	-	-	-	-	-
Real-Time Operations Management	5,000	1,333	-	-	-	-	-	-
A-Line Priority Bus Corridor	6,000	1,599	2,500	667	-	-	2,500	667
Transit Hub Planning and Development	81	-	300	-	900	-	1,200	-
Integrated Transit Accessible Vehicles	1,050	-	2,000	-	7,000	-	9,000	-
ICIP projects	\$398,716	\$ 55,547	\$ 65,953	\$ 27,588	\$346,875	\$107,647	\$412,828	\$135,235
Grand Total	\$464,399	\$ 66,252	\$ 68,339	\$ 28,194	\$381,547	\$137,815	\$449,885	\$166,009

Advancing the 10-Year Local Transit Strategy and the Transit Capital Plan relies heavily on the ICIP, Transit Stream funding made available through the federal government. Details on the City of Hamilton's submission through the ICIP, Transit Stream program can be found in Report PW19083 / FCS18048(a).

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In addition to supporting the 10-Year Local Transit Strategy and the BLAST Rapid Transit Network, the Transit Capital Plan provides the following;

- Sustainable reserves to maintain a 12-year life cycle for all buses;
- On-street infrastructure such as shelters and landing pads and associated annual maintenance requirements; and,
- The technology required to monitor the service and deliver customer information.

IV. Public Health and Safety

A. Hamilton Opioid Action Plan

Problematic opioid use and an increasingly toxic drug supply continues to be an area of public health concern in Hamilton. Local data continues to highlight an increasing trend of opioid-attributed overdoses in the community. In the first four months of 2023, Hamilton received 336 opioid-related paramedic calls, which was higher than the same four-month period in both 2021 and 2022. In addition, from January to April 2023, there were 62 suspected opioid-related deaths. A total of 42 of these suspect deaths occurred in private residences.

The Hamilton Opioid Action Plan, approved through Report BOH23021, includes the resources required to support the planning and implementation of the plan, implement drug checking service and surveillance system and implement a supervised consumption site. The plan is the result of a community-driven approach to respond to the toxic drug supply for the municipality. The goals established for the Hamilton Opioid Action Plan are to:

1. Reduce the number of deaths associated with opioid use;
2. Reduce the harms associated with opioid use; and
3. Increase the access to a spectrum of treatment options.

The Hamilton Opioid Action Plan aims to achieve these actions through:

1. Providing a mix of short and long-term actions;
2. Ensuring actions are tangible and achievable;
3. Improving data collection and evaluation; and
4. Enhancing collaboration.

B. Hamilton Paramedic Service Master Plan

City Council adopted the Hamilton Paramedic Service Master Plan on May 26, 2022, through Report HSC22012. This plan provides direction for the service over the next 10 years through technology advancements, innovation, resource allocation and optimization of operations. The plan identifies 29 objectives with corresponding actions to address current and future needs to ensure optimal service delivery under three scenarios.

C. Hamilton Fire Department Service Delivery Plan

Through Report HSC19026, City Council endorsed the Hamilton Fire Department 10-Year Service Delivery Plan, which includes additional costs for volunteer staffing and equipment, as well as, outfitting and staffing for Waterdown Station.

2024 Consolidated Budget

Table 18 summarizes the consolidated gross expenditure budgets for the City combining Tax and Rate supported services. The 2024 Rate Supported Budget was approved by Council on December 13, 2023.

TABLE 18
2024 Consolidated Tax and Rate Supported Budget

2024 Preliminary Consolidated City Budget Gross Expenditures (\$000's)			
	Rate	Tax	Total
Operating	303,339	1,999,853	2,303,192
Capital	285,872	411,797	697,669
Total	589,211	2,411,650	3,000,861

This document provides detailed information in respect to the 2024 Proposed Tax Supported Operating and Capital Budget. The 2024 Rate Supported Operating and Capital Budget was deliberated separately at Budget GIC on November 21, 2023 and November 27, 2023.

2024 to 2027 Multi-Year Budget

Council, at its meeting on July 14, 2017, approved GIC Report 17-015 and Multi-Year Budget Planning Sub-Committee Report 17-001 (Report FCS17066) adopting the Multi-Year Business Planning and Budget Policy (“Policy”) for City Departments and forwarding the Policy to Hamilton Police Service, Hamilton Public Library and Hamilton Farmers’ Market Boards for consideration.

Multi-year budgeting strengthens the link between budgeting and strategic priorities and enables Council to implement a multi-year vision, assessing the long-term financial implications of current and proposed operating and capital budgets and policies.

A detailed three-year outlook for 2025 to 2027 is provided in Appendix “A” to Report FCS24002 and recommended for approval, in principle, subject to deliberation by Council in subsequent budget years. Three-year outlooks for 2025 to 2027 will also be presented by the General Managers and City Manager during their departmental budget presentations.

During the 2023 Tax Supported Operating Budget process, staff prepared a 2024 to 2026 Multi-year Outlook based on assumptions and known increases. The initial Outlook for 2024 was a projected levy increase of \$55.3 M and a 3.7% tax increase. An updated outlook for 2024 was provided to Council through Report FCS23074 in September 2023, which had forecasted a 14.2% residential tax impact. Based on updated information and deliberations by the Senior Leadership Team, the 2024 forecast has been revised and submitted for Council’s consideration with a levy increase of \$100.5 M and an 7.9% tax increase. The 2024 Proposed Tax Supported Budget, as submitted, does not include any measures that would adversely impact programs and services.

The major factors in arriving at the proposed net for levy increase of \$100.5 M (tax impact of 7.9%) in comparison to the forecast in September (14.2%) are as follows:

- Reduction in the proposed Capital Levy from 5.5% to 2.0% with the implementation of three key strategies:
 - Four-year phase-in strategy of development charge exemptions by leveraging City discretionary reserves;
 - Updated cash flow forecast and use of the Canada Community Building Fund for the Transit Maintenance and Storage Facility;
 - Leveraging of discretionary reserves to fund extraordinary inflationary pressures for construction projects;
- Leveraging of \$72 M in reserves to fund the proposed actions in the Housing Sustainability and Investment Roadmap;

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- Leveraging of \$16 M in reserves to offset funding shortfalls in provincially mandated programs and employee related costs pressures; and
- Identification of approximately \$16 M in budget reductions and efficiency savings to offset the general net for tax levy.

The initial outlook for 2025 and 2026 prepared during the 2023 budget process resulted in projected tax increases of 2.8% in each year. However, these projections have been re-evaluated based on current information including known factors such as contractual agreements and operating impacts from capital projects, as well as, service adjustments approved by Council and the multi-year reserve financing strategy proposed through Report FCS24002. Table 19 shows the updated projected levy and tax increases for the 2025 to 2027 period.

**TABLE 19
2024 to 2027 Tax Supported Budget Multi-Year Outlook**

CITY OF HAMILTON UPDATED TAX SUPPORTED 2024-2027 MULTI-YEAR OUTLOOK (\$000's)									
DEPARTMENT	2023 Restated Budget	2024 Budget	%	2025 Outlook	%	2026 Outlook	%	2027 Outlook	%
Planning & Economic Development	33,326	36,445	9.4%	40,629	11.5%	41,965	3.3%	43,029	2.5%
Healthy and Safe Communities	299,145	332,240	11.1%	362,903	9.2%	379,234	4.5%	392,479	3.5%
Public Works	294,768	325,486	10.4%	341,207	4.8%	359,187	5.3%	374,831	4.4%
Legislative	5,555	5,813	4.6%	5,961	2.5%	6,115	2.6%	6,278	2.7%
City Manager	15,182	16,286	7.3%	17,324	6.4%	17,553	1.3%	17,774	1.3%
Corporate Services	44,951	48,282	7.4%	51,074	5.8%	53,167	4.1%	54,472	2.5%
Corporate Financials / Non Program Revenues	(29,164)	(37,425)	28.3%	(45,576)	21.8%	(38,412)	-15.7%	(25,958)	-32.4%
Hamilton Entertainment Facilities	154	-	-100.0%	-	0.0%	-	0.0%	-	0.0%
City Departments	663,918	727,126	9.5%	773,522	6.4%	818,809	5.9%	862,904	5.4%
Hamilton Police Service	193,596	207,451	7.2%	219,866	6.0%	227,169	3.3%	235,100	3.5%
Other Boards & Agencies	50,541	52,698	4.3%	54,296	3.0%	56,363	3.8%	58,378	3.6%
City Enrichment Fund	6,575	7,101	8.0%	7,101	0.0%	7,101	0.0%	7,101	0.0%
Boards & Agencies	250,713	267,250	6.6%	281,264	5.2%	290,633	3.3%	300,579	3.4%
Capital Financing	154,977	175,727	13.4%	207,731	18.2%	233,991	12.6%	242,328	3.6%
Total Net for Levy	1,069,608	1,170,104	9.4%	1,262,517	7.9%	1,343,433	6.4%	1,405,812	4.6%

AVERAGE RESIDENTIAL TAX IMPACT	2024	2025	2026	2027
Municipal Services	8.4%	7.0%	5.7%	4.2%
Hamilton Hospital Redevelopment	1.0%	0.0%	0.0%	0.0%
Assessment Growth	-1.9%	-1.0%	-1.0%	-1.0%
Re-Assessment	0.0%	1.2%	1.2%	1.2%
Tax Policy	0.5%	0.5%	0.5%	0.5%
Education	0.0%	0.0%	0.0%	0.0%
Average Residential Tax Impact	7.9%	7.7%	6.4%	4.9%

Actions taken to mitigate the pressures in the 2024 budget should not include postponing expenditures to future years but rather, they should be geared towards finding sustainable solutions.

For every year, the residential tax increase assumes a growth benefit of (1.0%) based on historical results and a reassessment impact of 1.2%. These assumptions, as well as, all the other assumptions used in the preparation of the outlook such as the rate of inflation and the utility guidelines will be revised annually.

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ALTERNATIVES FOR CONSIDERATION

Council can direct changes to the 2024 Tax Supported Budget and Financing Plan throughout budget deliberations as long as the approved budget remains in balance in accordance with *The Municipal Act, 2001*.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS24002 – 2024 Preliminary Tax Supported Operating Budget Book

Appendix “B” to Report FCS24002 – 2024 Preliminary Tax Supported Capital Budget Book

Appendix “C” to Report FCS24002 – 2024 Prioritized List of Council Referred Items and Business Cases

Appendix “D” to Report FCS24002 – Prioritization Methodology for Additional Investments

Appendix “E” to Report FCS24002 – 2024 to 2027 Reserve Financing Strategy

Appendix “F” to Report FCS24002 – 2024 Tax Supported Capital Budget – Capital Financing for Projects Included in Financing Plan

Appendix “G” to Report FCS24002 – 2024 Boards and Agencies Operating Budget Summary

Appendix “H” to Report FCS24002 – 2025 to 2027 Multi-Year Outlook

Appendix “I” to Report FCS24002 – Discretionary Tax Supported Net Capital Funding 2024–2033 Forecast

Appendix “J” to Report FCS24002 – City of Hamilton Debt Policy Ratios and Treasurer’s Updated 2022 Annual Repayment Limit

Appendix “K” to Report FCS24002 – Budget Exclusions Related to Regulation 284/09

Appendix “L” to Report FCS24002 – Budgeted Complement Transfer Schedule – Staff Complement Change

DR/KPF/TT/dt