




INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	January 23, 2025
SUBJECT/REPORT NO:	2025 Tax Budget Overview (FCS25004) (City Wide)
WARD(S) AFFECTED:	City Wide
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SIGNATURE:	

COUNCIL DIRECTION

N/A

INFORMATION

Report FCS25004, the 2025 Tax Budget Overview, provides an overview of the 2025 Tax Budget and outlines the budget process leading into the General Issues Committee (GIC) discussion of the Tax Supported Budget.

Budget Process

The 2025 Tax Budget outlines the financial and staffing necessary 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 (Water Budget 2025). The 2025 Water Budget was submitted separately through Report FCS24055 and adopted by City Council at its meeting on December 11, 2024.

The process for the 2025 Tax Budget was amended in accordance with the Mayoral Directive to Staff (MDI-2024-03), as well as, Council's priority of "Working of City Hall and Transparency in Municipal Government". On March 27, 2024, 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 (Rate Supported Budget and a Tax Supported Budget).

On October 28, 2024, the Mayor pursuant to Subsection 284.16 of the *Municipal Act, 2001* and Section 7 of O. Regulation 530/22, directed the City Manager and City Treasurer under Mayoral Directive MDI 2024-03 to prepare the 2025 Budgets (Rate Supported and Tax Supported) for consideration by City Council, with the certain directions.

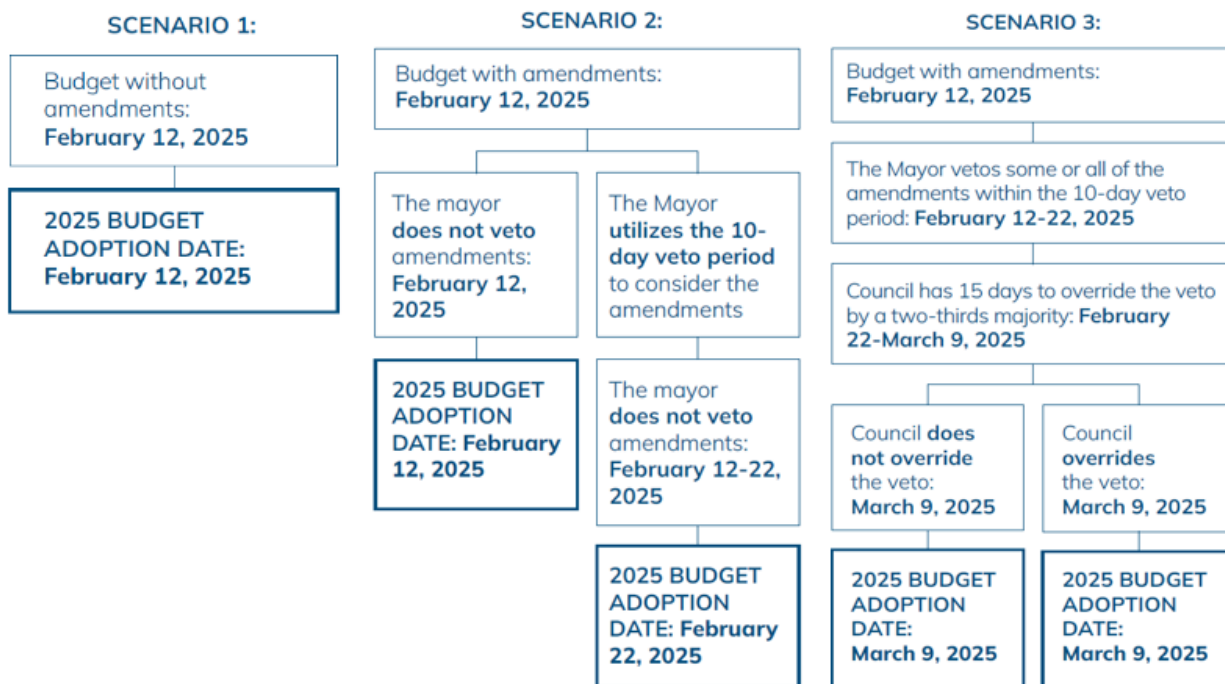
As the Mayor's directive allows for the budget to be presented in two parts and separately (Rate Supported and Tax Supported), the legislated timelines outlined below will apply and run based on the dates that they are each presented.

Section 284.16 of the *Municipal Act, 2001* and O. Reg. 530/22 sets out the process for the preparation of a proposed budget by the Mayor, the provision of the budget to each Member of Council for its consideration, for amendments to the budget by resolution of Council, for the veto of resolutions respecting amendments to the budget by the Mayor, for the override of a Mayoral veto by Council, and for the deemed adoption of the budget. In particular, the Mayor must prepare and provide a proposed budget to Council for its consideration by February 1. Council then has 30 calendar days to pass a resolution making amendment(s) to that budget. Council can approve a shorter amendment period if it chooses to do so.

If no resolution is made by Council, the budget is deemed to be adopted. If a resolution is passed, the Mayor has 10 calendar days following the expiration of the amendment period to veto any budget amendments passed by Council. The Mayor can approve a shorter veto period if they choose to do so. If the Mayor does not veto any amendments, the budget is deemed to be adopted. If the Mayor vetoes any amendments, then within 15 days after the expiry of the veto period, Council may seek to override the veto by a two-thirds majority. If Council does not exercise an override of the Mayor's veto, the proposed budget is deemed adopted.

Figure 1 summarizes the schedule for upcoming budget meetings for the GIC and Council.

**FIGURE 1
2025 Tax Supported Budget Consideration Timeline**



The 2025 budget process incorporates the following major deliverables:

- A. Tax Operating Budget: The City’s 2025 Tax Budget and 2026-2028 Multi-Year Outlook details the investments required to deliver municipal programs and services and the funding available to the City to support those programs and services.

Included in the City’s 2025 Tax Budget are the proposed budgets for City Departments and the proposed budget submissions received from external Boards and Agencies.

The 2025 Tax Budget includes details on service level enhancements, including those defined as either Council Referred Items (budget requests that have been referred to the Mayor for consideration) or Business Cases (investments that have been put forward for consideration).

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

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

- C. 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’s user fees represent direct charges to users of specific municipal services and are an integral part of the financing strategy of the budget.
- D. The 2025 Tax Budget was prepared in accordance with the Mayoral Directive to Staff and the principles outlined in the 2025 Budget and Financing Plan Outlook Report (FCS24041):
- 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 adjusted for inflation, or reflective of full cost recovery as permitted under the *Municipal Act, 2001* unless an alternative strategy is approved by Council.

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 Network Plan. This process ensures stable long-term capital funding for infrastructure program areas and facilitates priority planning outcomes.

For full details of the 2025 Tax Budget, refer to Appendix “A” and “B” to Report FCS25004.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS25004 – 2025 Tax Budget Report

Appendix “B” to Report FCS25004 – 2025 Tax Budget and Financing Plan

Appendix “C” to Report FCS25004 – 2025 Prioritized List of Council Referred items and Business Cases

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Appendix “D” to Report FCS25004 – 2025 Boards and Agencies Budget Summary

Appendix “E” to Report FCS25004 – Budget Exclusions Related to Regulation 284-09

Appendix “F” to Report FCS25004 – 2024-2027 Reserve Strategy

KW/KP/TT/MH/dt