

CITY OF HAMILTON

MOTION

General Issues Committee (Budget): February 6, 2026

MOVED BY COUNCILLOR M. TADESON.....

SECONDED BY COUNCILLOR.....

Contingency Allocations for 2026 Public Works Tax Levy Funded Capital Projects - REVISED

WHEREAS, the City of Hamilton includes contingency allowances within capital project budgets to manage delivery risk and cost uncertainty;

WHEREAS, staff have reviewed the 2026 Public Works tax-funded capital program budget and confirmed that a 3% contingency reduction for projects valued between \$100,000 and \$2,000,000 is technically feasible within the current budget framework;

WHEREAS, Public Works Report PW25088, including Appendix “A”, was prepared in response to a motion brought forward by Councillor Tadeson on February 12, 2025, and presents an analysis of applied versus actual contingency usage for completed Public Works capital projects based on available 2024 and first-half 2025 financial data;

WHEREAS, Appendix “A” of Report PW25088 indicates that for Public Works capital projects with contract values of \$100,001 to \$300,000, the average applied contingency rate was 12%, while the average actual contingency rate spent was 3%;

WHEREAS, Appendix “A” of Report PW25088 indicates that for Public Works capital projects with contract values of \$300,001 to \$1,000,000, the average applied contingency rate was 10%, while the average actual contingency rate spent was 4%;

WHEREAS, Appendix “A” of Report PW25088 indicates that for Public Works capital projects with contract values of \$1,000,001 to \$2,000,000, the average applied contingency rate was 12%, while the average actual contingency rate spent was 1%;

WHEREAS, Appendix “A” of Report PW25088 demonstrates that actual contingency usage for completed Public Works capital projects was consistently much lower than applied contingency rates across multiple project value ranges; and

WHEREAS, applying a 3% contingency reduction to eligible 2026 Public Works tax-funded capital projects is estimated to generate approximately \$593,000 in available funding capacity.

THEREFORE, BE IT RESOLVED:

- (a) That the Proposed 2026 Tax Budget **BE AMENDED** as follows:
 - (i) That staff **BE DIRECTED** to implement a 3% reduction in contingency allocations for 2026 Public Works tax levy funded capital projects valued between \$100,000 and \$2,000,000;
 - (ii) That the proposed 2026 Tax Capital Levy **BE REDUCED** by \$593,000;
 - (iii) That staff **BE DIRECTED** to monitor and report on average actual contingency usage, including comparison against historical usage patterns identified in Public Works Report PW25088; and
 - (iv) That staff **BE DIRECTED** to report back to Council by Q3 2026 on realized financial impacts, material cost trends, and any operational considerations arising from implementation.