

# A Quick Introduction to the City of Hamilton Budget

## APPENDIX A: OVERVIEW OF CITY BUDGET

### Background

**City of Hamilton Budget Principle:** "Focusing on the provision of essential Municipal Services while balancing strategic economic development and infrastructure expenditures necessary."

### City of Hamilton Budget Process incorporates the following four components:

#### 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 Available Funding represents a portion of the financing required to support the City's existing capital infrastructure repair and replacement requirements based on industry standards and Council priorities.

#### Rate Supported Operating & Capital Budget

The City of Hamilton's Rate Supported Operating Budget provides the cost and ongoing financial obligations to deliver water, wastewater and storm water programs and services to ratepayers. The City of Hamilton's Rate Supported Capital Budget supports the City's investment in capital infrastructure and capital assets. The cost for water, wastewater and storm water programs are fully funded from user fees and, therefore, do not affect municipal property taxes.

#### Tax Supported Operating Budget (Eta Approval April 8th, with discussions throughout March)

The City of Hamilton's Tax Supported Operating Budget provides the costs and ongoing financial obligations to deliver programs and services to taxpayers.

#### Tax Supported User Fees

The City of Hamilton's User Fees represent charges to individual 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 the Tax Supported User Fee Report (Report FCS15005) and other user fee reports and are included in the Tax Supported Operating Budget.

The Operating Budget funds ongoing financial obligations and costs to provide programs and services to the public. The 2015 Preliminary Tax Supported Operating Budget identifies a levy requirement of \$784 million, which represents a levy increase of \$35.7 million or 4.8% over 2014. In addition, Enhancements of \$4.5 million are also recommended.

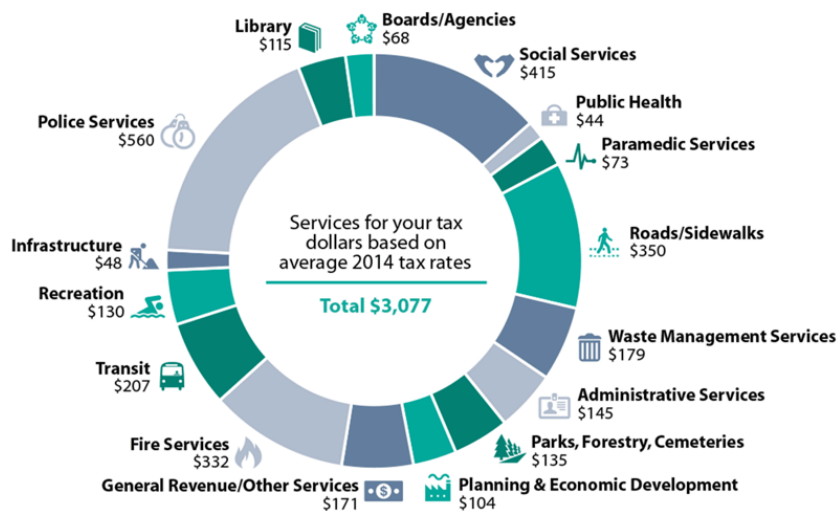
#### Examples of operating expenses are:

- Employee salary/wages/benefits and pension
- Contractual costs – rent and various office or operating equipment
- Facilities costs, including utilities, repairs and maintenance

#### Examples of operating revenues are:

- User fees
- Grants
- Subsidies
- Licence and permit fees
- Property tax revenue

The following infographic, via the City of Hamilton best demonstrates a breakdown for where municipal taxes are utilized.



**Key Facts & Highlights:**

- Average Tax Increase of 1.3% between 2011-2014
- Hamilton Municipal Levy is currently higher than Brampton, Markham, Kitchener, Ajax, Mississauga, London, Cambridge, Burlington and slightly above Toronto. It remains below Ottawa, Whitby, Oshawa, Guelph, Windsor, Oakville, Kingston.
- The draft proposed increase will add \$136 to the annual average (Based on a house assessed at a value of ~\$275k) tax assessment. Council is expected to deliberate throughout March and approve or disapprove aspects of the budget beyond the bare minimum assessment necessary to maintain a basic level of services

**APPENDIX B:**

**2015 MUNICIPAL PRELIMINARY IMPACT  
FOR THE AVERAGE RESIDENTIAL PROPERTY TAX BILL  
(Excludes Education Levy)**

	2015 Impact	
	Draft	
	\$	%
Municipal Taxes		
City Departments	91	2.9%
Boards & Agencies	11	0.4%
Capital	15	0.5%
<b>Total Maintenance Budget</b>	<b>\$ 118</b>	<b>3.8%</b>
<b>Recommended Enhancements</b>	<b>\$ 19</b>	<b>0.6%</b>
<b>Total Municipal Impact <sup>(1)</sup></b>	<b>\$ 136</b>	<b>4.4%</b>

<sup>1</sup> Municipal tax dollar impacts based on City-wide average residential assessment of \$275,700

**APPENDIX C:****Highlights: City Department Budget Pressures**

<b>Compensation (Estimated Gross)</b>		<b>\$M</b>
COLA / Settlements		\$6.4M
Merit/Step Increases/Job Change		\$1.3M
Retiree Benefits		\$0.1M
OMERS		\$1.0M
Employer Benefits		\$0.3M
Government Benefits		\$0.9M
		<b>\$10.0M</b>
<b>Corporate Financials</b>		
Operating Impacts from Capital		\$2.0M
HWRP Pension		\$1.0M
POA		\$0.8M
Parkland purchases		\$0.6M
Payment in Lieu		(\$0.3M)
		<b>\$ 4.0M</b>
<b>Other</b>		
Social Housing		\$2.5M
Winter Control & Mtnce		\$2.0M
Recreation - Operating expenses		\$1.7M
Court House Lease		\$1.5M
Waste Contracts		\$1.3M
Roads Program		\$1.1M
Utilities		\$0.6M
Transit - McMaster Realignment		\$0.5M
Provincial Uploads		(\$3.9M)
		<b>\$ 7.2M</b>
<b>Total of Highlighted Pressures</b>		<b>\$21.3M</b>

Note: Anomalies in amounts due to rounding

**APPENDIX D:**

## 2015 Preliminary Net Tax Budget by Department

Maintenance Budget (Excludes  
ALL Enhancements)

	2015	Change 2015 / 2014	
	Preliminary	\$	%
PLANNING & ECONOMIC DEVELOPMENT	27,139,800	2,159,900	8.8%
PUBLIC HEALTH SERVICES	10,968,080	272,890	2.6%
COMMUNITY & EMERGENCY SERVICES	231,257,300	4,322,220	1.9%
PUBLIC WORKS	214,907,250	13,754,950	6.8%
LEGISLATIVE	4,283,730	194,950	4.8%
CITY MANAGER	12,900,740	352,020	2.8%
CORPORATE SERVICES	19,809,880	547,180	2.8%
CORP FINANCIALS/ NON PROG REVENUES	65,254,690	9,344,200	16.7%
HAMILTON ENTERTAINMENT FACILITIES	4,050,000	(153,630)	(3.7%)
BOARDS & AGENCIES	193,424,990	4,885,070	2.6%
<b>TOTAL LEVY REQUIREMENT</b>	<b>783,996,260</b>	<b>35,679,740</b>	<b>4.8%</b>
COMMUNITY SERVICES (exclusive of upload)		7,546,340	3.3%

Note – anomalies in totals due to rounding

**APPENDIX E:**

Overall Staffing:

### 2015 Preliminary Complement (FTE) (excluding Police & Library)

		Change
<b>2014 Approved</b>	<b>5,548.9</b>	
<b>2014 Restated</b>	<b>5,558.6</b>	<b>9.7</b>
<b>Impacts from Capital</b>		<b>14.4</b>
<b>Other Complement Change</b>		<b>(15.6)</b>
<b>2015 Maintenance</b>	<b>5,557.5</b>	<b>(1.2)</b>
<b>Recommended Enhancements</b>		<b>50.3</b>
<b>Total 2015 Preliminary</b>	<b>5,607.8</b>	<b>49.1</b>

\* - Restated represents Council's 2014 in-year approvals

**APPENDIX F:**

**What does reduction of taxes hypothetically look like:**

The task of achieving the desired tax levy and tax impact will involve a balance between the need to find levy reductions (reduce expenses or increase revenue) and the desire to protect services and programs. The following chart estimates the levy reduction required to achieve certain benchmark tax impacts:

	Reductions	Levy Increase	Residential Tax Incr.*
<b>PRELIMINARY BUDGET &amp; REC. ENHANCEMENTS</b>		<b>\$ 40,200,000</b>	<b>4.4%</b>
<b>TOTAL REDUCTIONS OF</b>	<b>\$ (10,360,000)</b>	<b>\$ 29,840,000</b>	<b>3.0%</b>
<b>TOTAL REDUCTIONS OF</b>	<b>\$ (17,760,000)</b>	<b>\$ 12,080,000</b>	<b>2.0%</b>
<b>TOTAL REDUCTIONS OF</b>	<b>\$ (25,160,000)</b>	<b>\$ 15,040,000</b>	<b>1.0%</b>
<b>TOTAL REDUCTIONS OF</b>	<b>\$ (32,560,000)</b>	<b>\$ 7,640,000</b>	<b>0.0%</b>

\* Residential Municipal Tax Increase

Note - Excludes potential increases due to 2015 Enhancements - Other Priorities

**Approximately \$7.4 million is required to adjust the municipal tax impact by 1%**