



Hamilton

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# ***2012 PRELIMINARY TAX OPERATING BUDGET Corporate Overview***

**General Issues Committee**

**January 24, 2012**



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# ***CITY MANAGER - INTRODUCTION***

# ***Introduction - Chris Murray***

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## **1. Council Approved Guidelines**

- 2011 Council Recommendation
- 2012 Budget Guidelines

## **2. Where are we now and what are we working on ?**

- 2012 Preliminary Tax Impact
- Service Delivery Review
- Employee Suggestion Program
- Audit Enhancements

## **3. Retirement Statistics**

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# 2011 Council Recommendation

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## **Sustainable Savings Strategy (2011) (Item 9.1) (GIC -April 7, 2011)**

That further to Council's 2011 operating budget principle to hold the line on the 2011 budget by achieving the goal of 0% tax change with no service cuts while utilizing attrition and departmental reorganizations, Senior Management be directed to:

- (a) Identify sustainable mechanisms and processes to reduce employee related costs during the current Council term on an on-going basis through the 2012, 2013, and 2014 budget processes;
- (b) Identify other sustainable efficiencies and non-employee related cost saving measures for Council's consideration;
- (c) Identify and implement cost reduction opportunities with a goal of up to \$1M by December 31, 2011, prior to the approval of the 2012 budget.

# 2012 Council Approved Guidelines

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**(GIC – September, 2011)**

That, in an effort to achieve the goal of an overall tax impact of zero percent for City Services, all City departments target a 2012 budget guideline of 0% increase, and that any increase be forwarded for consideration with appropriate explanation.

That Boards & Agencies be requested to submit a 2012 budget based on a guideline of 0% increase, and that any increase be forwarded for consideration with appropriate explanation.



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# 2012 Preliminary Tax Impact

	Change (2012 over 2011)	
	PRELIMINARY	
	\$	%
Municipal Taxes <sup>1</sup>		
City Departments	\$ 23	0.8%
Grant Loss	\$ 17	0.6%
Boards & Agencies	\$ 12	0.4%
Capital	\$ 14	0.5%
<b>Total Municipal Taxes</b>	<b>\$ 67</b>	<b>2.3%</b>
Education Taxes <sup>1</sup>	\$ 1	0.3%
<b>Total Tax Impact</b>	<b>\$ 68</b>	<b>2.0%</b>

<sup>1</sup> preliminary

Note - Dollar impacts based on City-wide average residential assessment of \$258,000

***These numbers exclude Council Referred and Program Enhancements***



# ***What are we working on?***

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1. **Service Delivery Review** - currently underway, RFP has closed, moving forward with work plan.
2. **Employee suggestion program** - staff will be bringing forward a report for consideration (Q1).
3. **Audit Services Enhancements** - additional staff resources are being added which will enable value for money audits. Report coming forward in Q1.

# ***Retirement Statistics***

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- 1. Projected employee retirements - union and non-union**
- 2. Succession Planning**
- 3. Leadership Training**





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***GENERAL MANAGER,  
CORPORATE SERVICES -  
PRELIMINARY 2012 BUDGET  
OVERVIEW***



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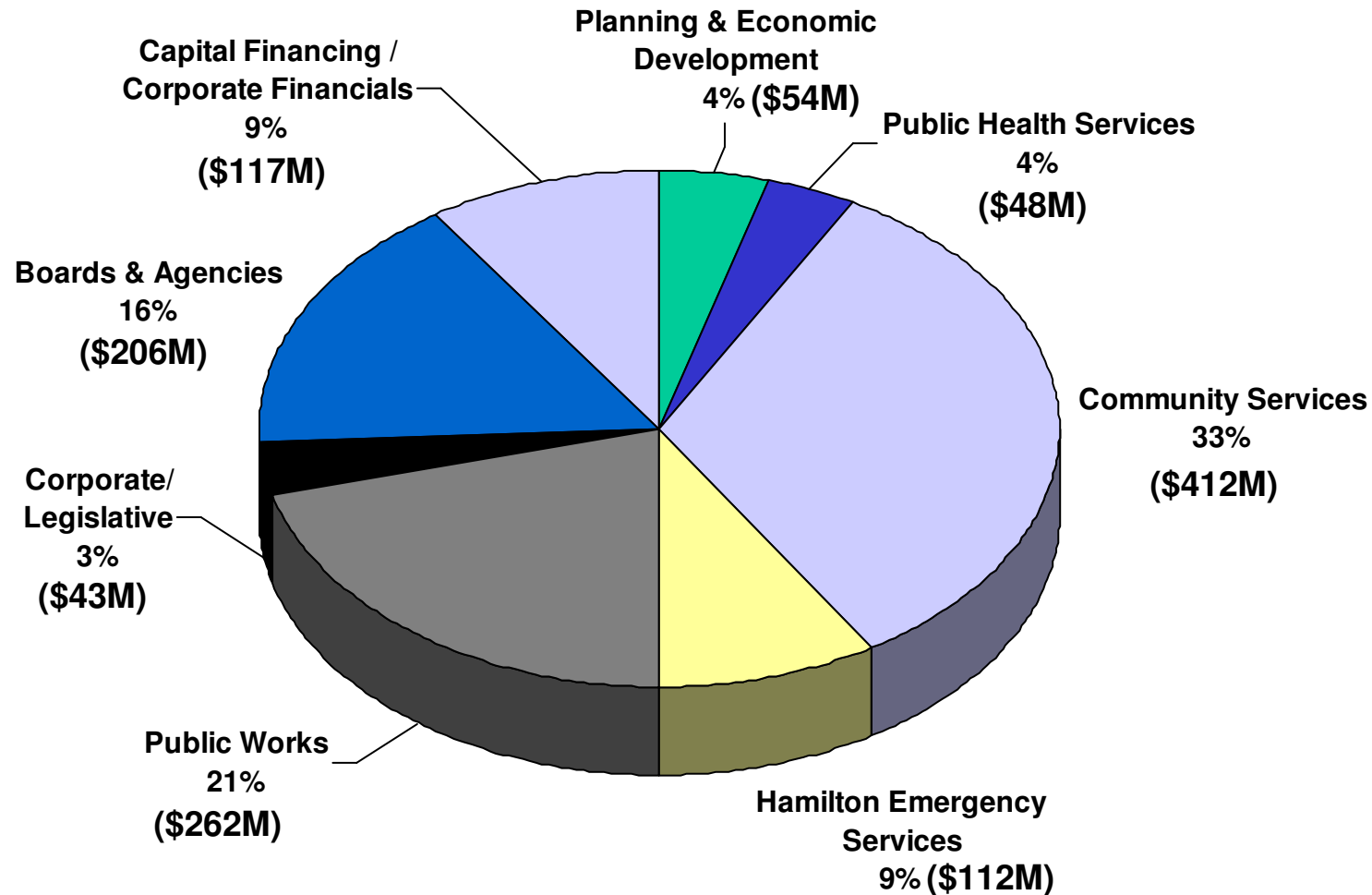
# ***CONTEXT***



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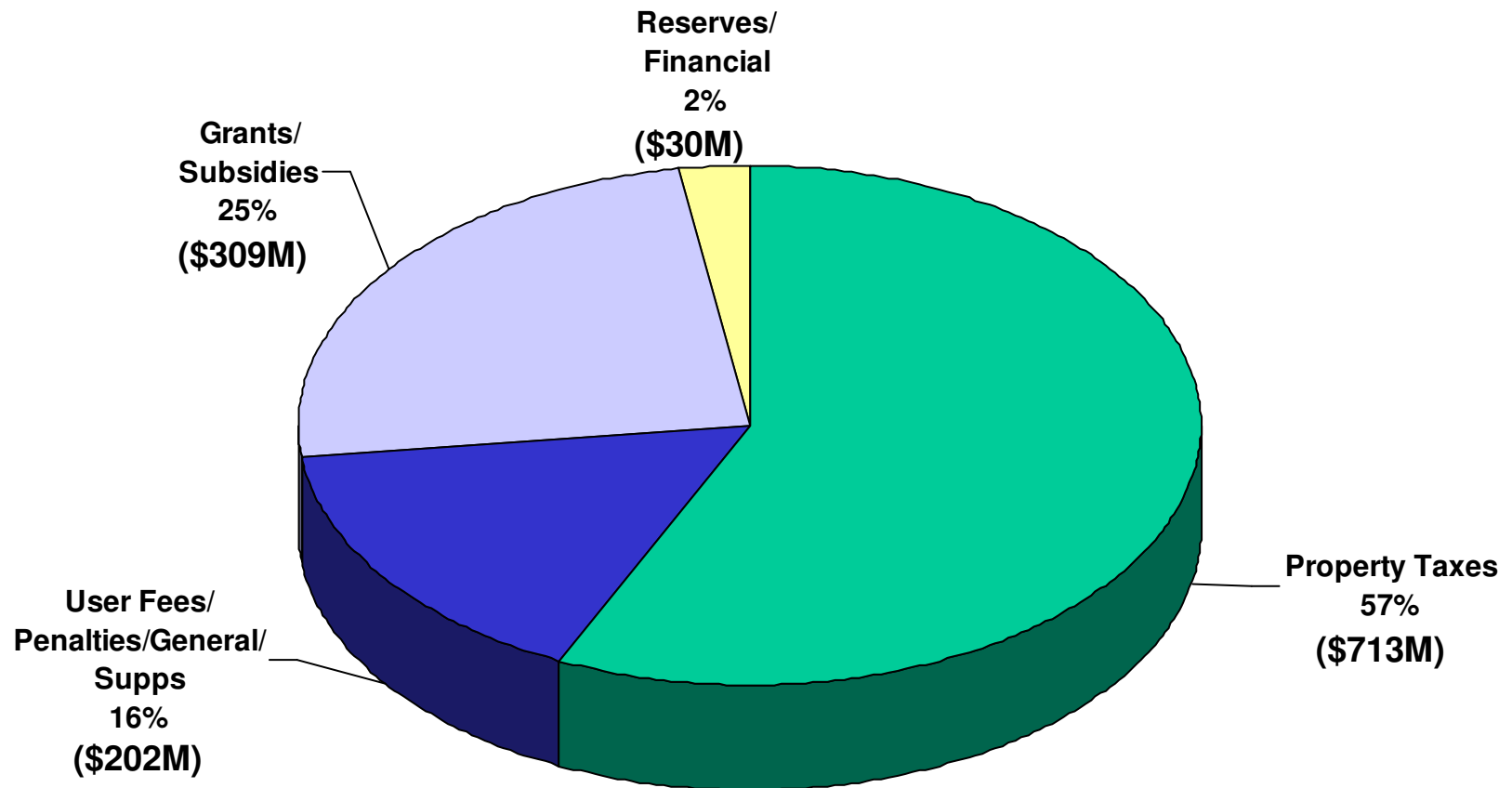
# 2012 Gross Tax Operating Budget by Service

## 2012 Gross Tax Operating Budget By Service - \$1.25 billion



# 2012 Gross Tax Revenues by Type

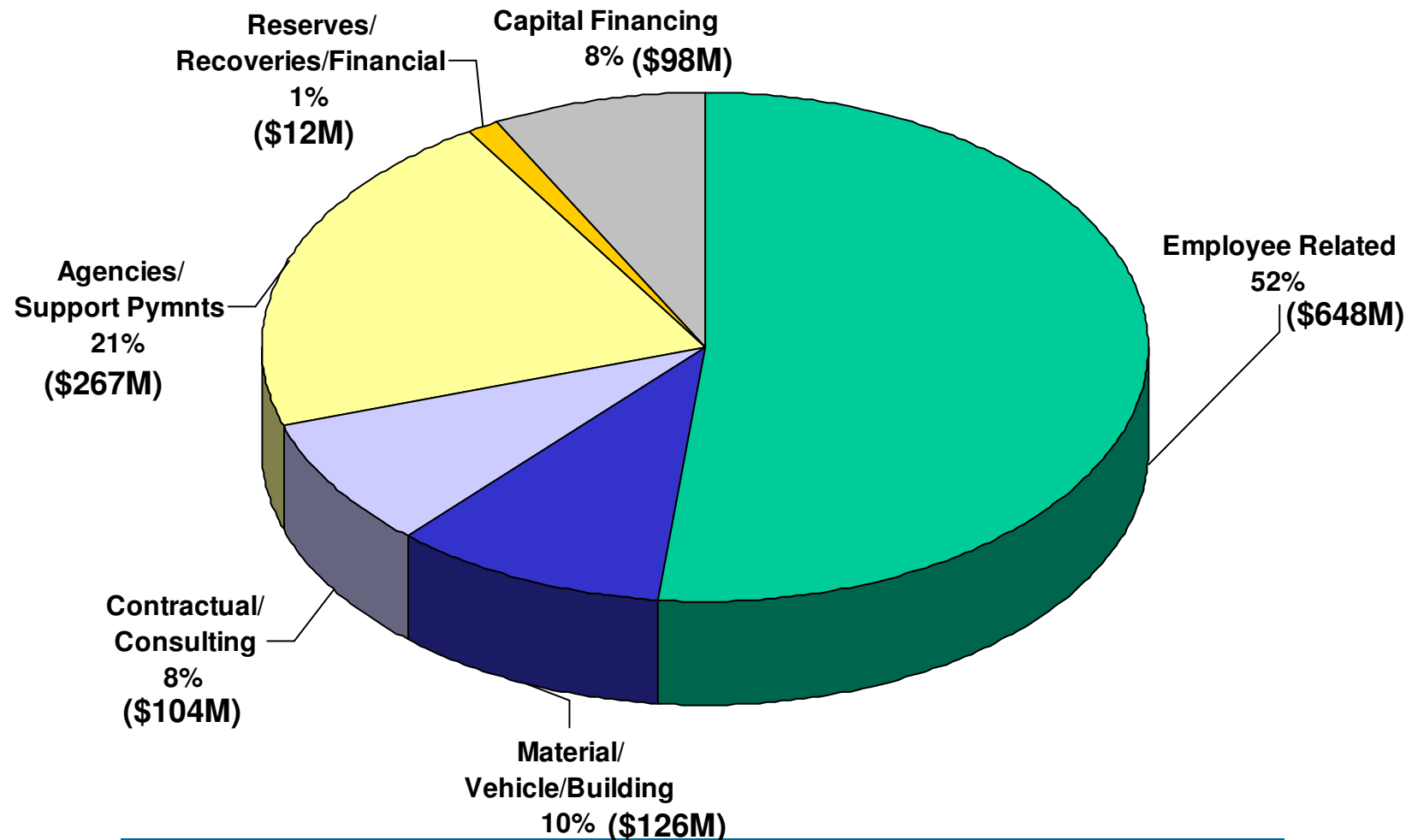
## 2012 Gross Tax Revenues by Type - \$1.25 billion





# 2012 Gross Tax Expenditures by Type

## 2012 Gross Tax Expenditures by Type - \$1.25 billion

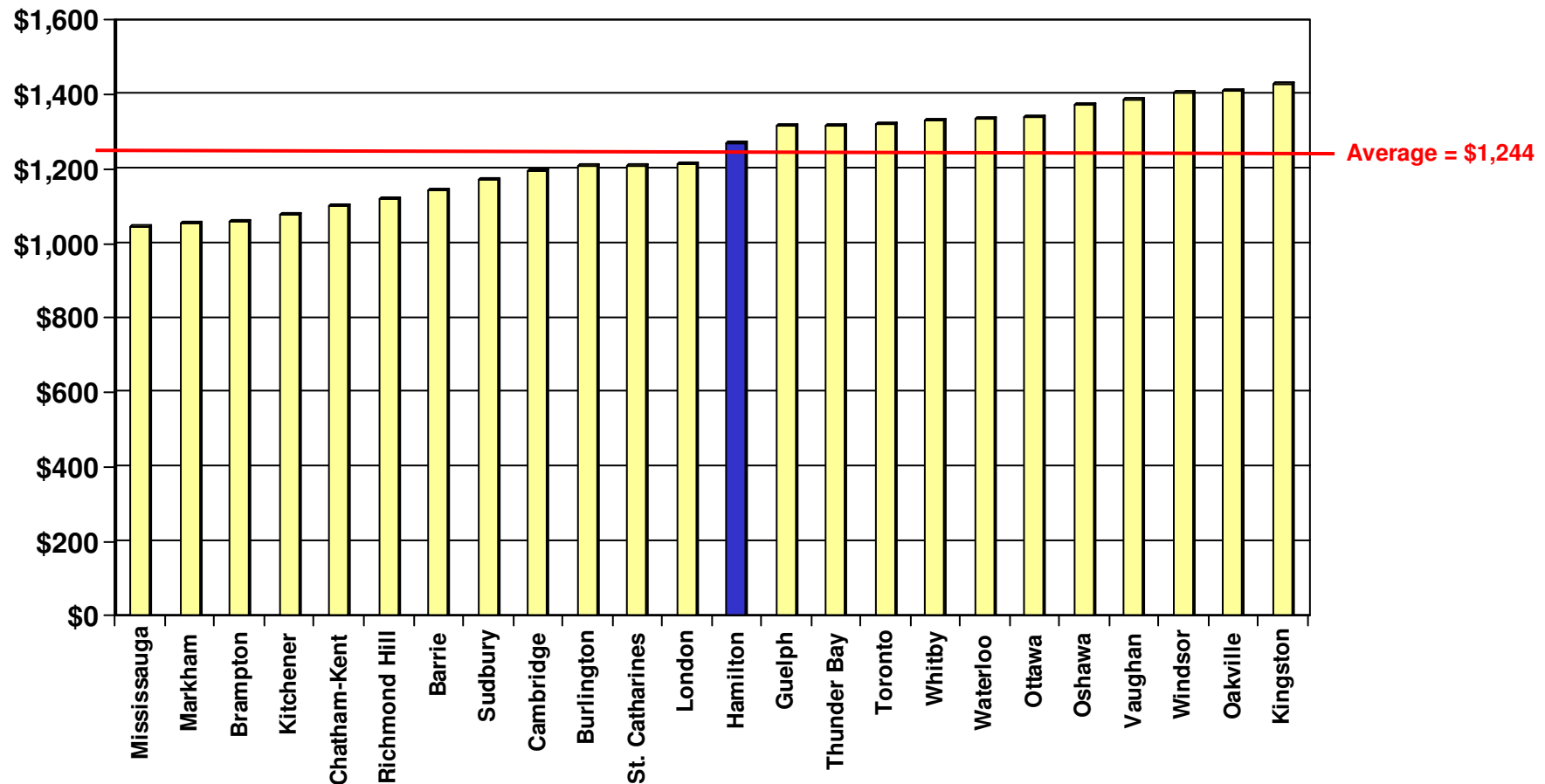




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# Comparing Levy per Capita – Hamilton's Spending on Par

**2010 Net Levy per Capita**  
(Municipalities with population > 100,000)





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# 2011 Cost for Municipal Services for Average Home

Services for Your Tax Dollar - 2011		cost per month
	\$	
<b>Municipal Services</b>		
Police	516	\$43
Social Services	422	\$35
Roads & Sidewalks / Streetlights	393	\$33
Fire Services & Emergency Medical	374	\$31
Waste Management Services	182	\$15
Transit (HSR) & Accessible Transportation Services (ATS)	171	\$14
Culture & Recreation Services	150	\$13
Administrative Services	129	\$11
Parks	120	\$10
Library	116	\$10
Boards / Agencies / Community Partnership Program	86	\$7
General Revenues / Capital Program / Other Services	76	\$6
Planning / Economic Development	73	\$6
Public Health	44	\$4
<b>Total City Services</b>	<b>2,853</b>	<b>\$ 238</b>

# Comparing Social Service Costs - 2010

## General Assistance

### PER CAPITA

	2010 General Assistance Per Capita			
	Hamilton	Peel	Halton	York
Exclusive of OMPF/Special Funding	131	75	54	50
Inclusive of OMPF/Special Funding	77	75	54	50

### PER ASSESSMENT

	2010 General Assistance Per \$100,000 CVA			
	Hamilton	Peel	Halton	York
Exclusive of OMPF/Special Funding	144	61	36	31
Inclusive of OMPF/Special Funding	84	61	36	31





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## Comparing 2012 Upload Benefit/(Shortfall)

Municipality	2012 Upload Benefit/(Shortfall)
<b>York Region</b>	\$13.2 M (GTA Pooling Upload)* \$0.9 M (OW Upload) <u>\$0.0 M (OMPF clawback)</u> <b>\$14.1 million benefit</b>
<b>Peel Region</b>	\$10.1 M (GTA Pooling Upload)* \$2.8 M (OW Upload) <u>\$0.0 M (OMPF clawback)</u> <b>\$12.9 million benefit</b>
<b>Halton Region</b>	\$5.8 M (GTA Pooling Upload)* \$0.4 M (OW Upload) <u>\$0.0 M (OMPF clawback)</u> <b>\$6.2 million benefit</b>
<b>City of Hamilton</b>	\$0.0 M (GTA Pooling Upload) \$2.2 M (OW Upload) <u>(\$4.0 M) (Special Funding clawback)</u> <b>(\$1.8 million) shortfall</b>

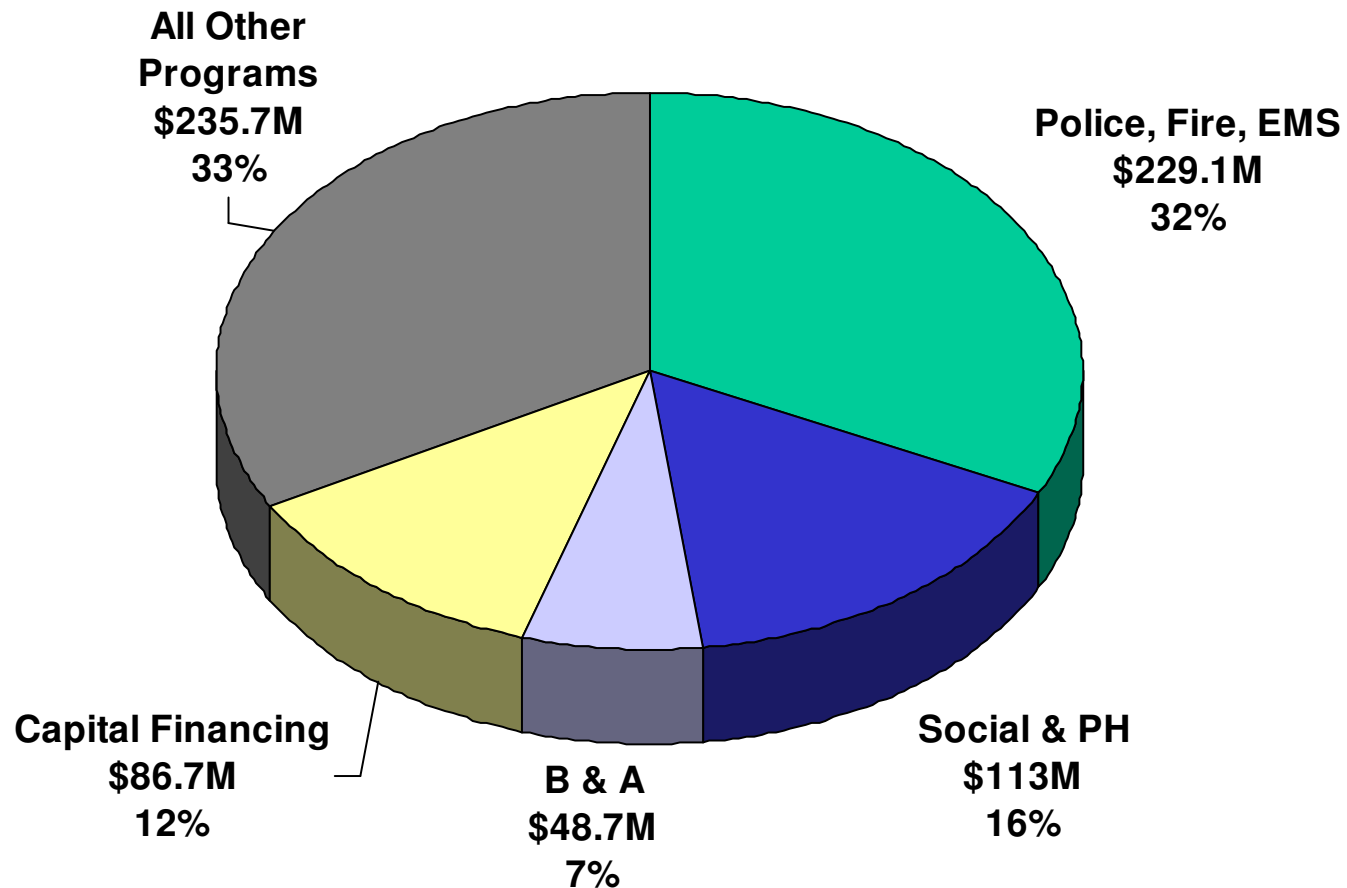
\* Note that the GTA Pooling Upload amount is realized every year for six years (from 2007-2013)



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# Where to Get to 0% ?

**2012 Preliminary Net Levy = \$713M**





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# ***2012 PRELIMINARY BUDGET***

## Significant Mitigation Since Original Outlook – Sept. '11

### 2012 Operating Budget Impact

	Levy Increase	Res. Impact
September*	\$41 M	4.8%
December**	\$26 M	2.3%
Budget Book**	\$24 M	2.0%



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# 2012 Preliminary Tax Impact

## Average Home

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	PRELIMINARY	
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<sup>1</sup> preliminary

Note - Dollar impacts based on City-wide average residential assessment of \$258,000



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# 2012 Preliminary Tax Impact Average Home

			Change (2012 over 2011)	
			PRELIMINARY	
	2011	2012	\$	%
<b>Total Municipal Taxes</b>	<b>\$ 2,853</b>	<b>\$ 2,920</b>	<b>\$ 67</b>	<b>2.3%</b>
Education Taxes <sup>1</sup>	\$ 569	\$ 570	\$ 1	0.3%
<b>Total Tax Impact</b>	<b>\$ 3,422</b>	<b>\$ 3,490</b>	<b>\$ 68</b>	<b>2.0%</b>

<sup>1</sup> – Education taxes based on preliminary rate provided by Province

Note - Dollar impacts based on City-wide average residential assessment of \$258,000



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# 2012 Preliminary Budget by Department

	2012 Prel. Budget	Change 2012 / 2011	
		\$	%
Planning & Ec dev	16,956,299	(121,211)	(0.7%)
Public Health	10,302,772	(124,731)	(1.2%)
Community Services	136,702,451	1,334,586	1.0%
HES	94,425,107	2,922,633	3.2%
Public Works	183,782,187	6,897,672	3.9%
Legislative	3,740,937	30,700	0.8%
City Manager	9,706,012	227,267	2.4%
Corporate Services	19,324,791	(13,329)	(0.1%)
Corporate Financials	6,240,930	1,582,485	34.0%
Non Program Revenue	(38,029,752)	(1,260,880)	(3.4%)
<b>TOTAL CITY EXPENDITURES</b>	<b>443,151,733</b>	<b>11,475,191</b>	<b>2.7%</b>

Comm Serv. (Exclusive of upload)	138,902,451	3,534,586	2.6%
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# Significant Budget Items City Departments

Compensation	\$	\$
Salary/Wage	7,100,000	
OMERS	3,000,000	
Employer Benefits	1,200,000	
Government Benefits	<u>900,000</u>	12,200,000
Provincial Impacts *		
Social Service Upload	(2,200,000)	
OW Benefit / Caseload	350,000	
Housing	<u>1,700,000</u>	(150,000)
Operating Impacts from Capital		2,200,000
Energy		
Fuel - Unleaded/Diesel	2,600,000	
Fuel - Natural Gas	(460,000)	
Heating - Natural Gas	(420,000)	
Hydro Electricity	<u>400,000</u>	2,120,000
Base Budget Savings		<u>(4,200,000)</u>
<b>Total of Highlighted Pressures</b>		<b>\$ 12,170,000</b>





## 2012 Base Budget Savings

DEPARTMENT	\$ GROSS IMPACT	\$ NET IMPACT
PLANNING & ECONOMIC DEVELOPMENT	\$ (2,319,752)	\$ (1,210,312)
PUBLIC HEALTH SERVICES	\$ (469,651)	\$ (115,496)
COMMUNITY SERVICES	\$ (962,059)	\$ (674,937)
HAMILTON EMERGENCY SERVICES	\$ -	\$ -
PUBLIC WORKS	\$ (1,452,530)	\$ (1,452,530)
CITY MANAGER	\$ (56,695)	\$ (47,018)
CORPORATE SERVICES	\$ (689,575)	\$ (689,575)
<b>TOTAL BUDGET SAVINGS INCORPORATED INTO THE 2012 DEPARTMENTAL PRELIMINARY BUDGET</b>	<b>(\$5,950,262)</b>	<b>(\$4,189,868)</b>

- Included in preliminary budget
- Reduces the total residential tax impact about -0.5%
- Further information included in Appendix 1-5



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## 2012 Preliminary Budget - Boards & Agencies / Other

	2012 Prel. Budget	Change 2012 / 2011	
		\$	%
Hamilton Police Services	134,712,320	4,415,930	3.4%
Hamilton Public Library	28,038,568	290,523	1.0%
HECFI	3,247,140	0	0.0%
MPAC	6,205,585	200,115	3.3%
Boards & Agencies - Other	7,983,346	512,002	6.9%
Community Grants	3,212,176	0	0.0%
<b>Total Boards &amp; Agencies</b>	<b>183,399,135</b>	<b>5,418,570</b>	<b>3.0%</b>
<b>Capital Financing</b>	<b>86,727,000</b>	<b>3,350,000</b>	<b>4.0%</b>
<b>Provincial Funding / OMPF</b>	<b>0</b>	<b>4,000,000</b>	<b>100.0%</b>
<b>TOTAL OTHER</b>	<b>270,126,135</b>	<b>12,768,570</b>	<b>5.0%</b>

# 2012 Tax Complement (Appendix 1-4)

## 2012 Preliminary Complement (FTE) (excluding Boards & Agencies)

		Change
2011 Approved	5,556.9	
2011 Restated	5,578.7	21.8
Impacts from Capital		33.8
Other Complement Change		(2.9)
2012 Preliminary	5,609.6	

**The 2012 Additional Complement includes 34fte Operating Impacts from Capital (ISF projects = 27 fte)**

**The 2011 Restatements include:**

- Community Services – Lodges 12 fte
- Public Health – Child and Adolescent Services 5.0 fte
- Public Works restructuring reduced -6.0 fte
- Planning Growth Management – 4.0 fte

**Additional information can be found in Appendix 1-5**

Note – anomalies in totals due to rounding



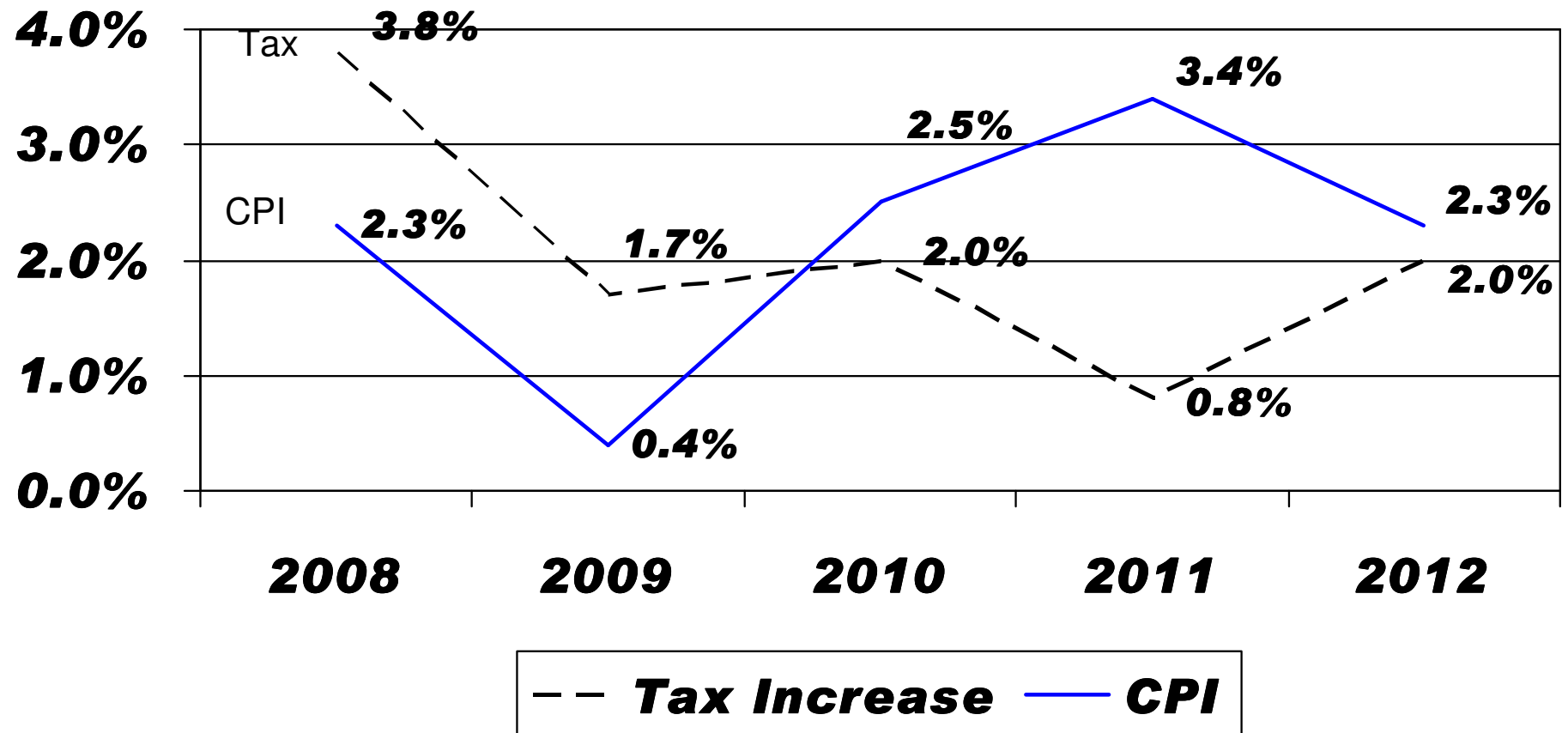
## Risks & Assumptions

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- OW caseload at 2011 levels
- Winter control budget at 5 yr average
- Provincial legislation to allow restricted classes to pick up 50% of residential increase and that Council will pass on the maximum allowable
- Assumes education increase based on preliminary provincial rate (about 0.3%).
- Fuel budgeted @ \$1.06 per litre



# Historical Tax Increases



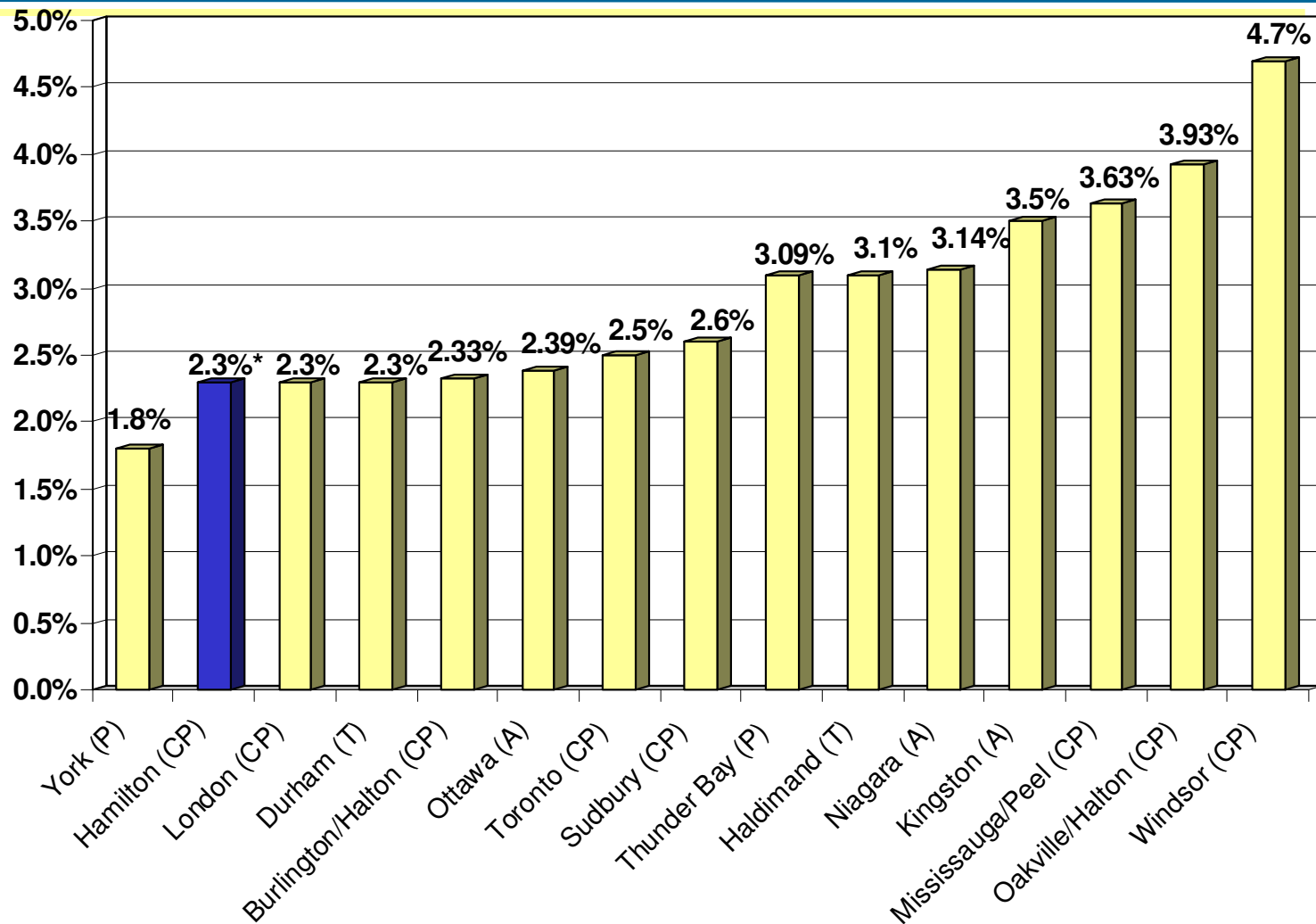
2012 – CPI Dec 2011; Preliminary Budget



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# 2012 Average Municipal Tax Impacts

(information to date)



P = Projected; CP = Current Position; T = Target; A = Approved/Actual

excludes Education

\* Inclusive of Education Hamilton = 2.0%

Source: Regional Treasurer's



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# ***COUNCIL REFERRED & OTHER ITEMS***

***(not included in preliminary budget totals)***



# 2011 Council Referred Enhancements

## (Appendix 1-6)

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- 16 items referred by Council to the 2012 budget process.
- Represents \$7.6 million gross, \$6.4 million net; 31.5FTE.
- **NOT** included in the preliminary budget pending Council's consideration
- If all approved, would increase total tax impact by 0.8%.
- Details to be presented during departmental presentations





# 2012 Requested Enhancements (Appendix 1-7)

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In addition to Council Referred :

- 5 requested items submitted to the 2012 budget process.
- Represents \$1.4 million gross, \$0.5 million net; 28.1 FTE.
- **NOT** included in the draft budget pending Council's consideration
- If all approved, would increase total tax impact by 0.06%.
- Details to be presented during departmental presentations



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# ***ADDITIONAL INFORMATION & PROCESS***



- Department presentations will include more detailed information on levy requirement, pressures, staffing, services, and responses to additional information requests.
- Departments also continue to review budgets for potential reductions (not impacting service).
- Process includes opportunity for Council to engage the Boards & Agencies and public.



## Reducing the Tax Impact

	Reductions	Levy Increase	Residential Tax Incr.*
<b>PRELIMINARY BUDGET</b>		<b>\$ 24,200,000</b>	<b>2.0%</b>
<b>TOTAL REDUCTIONS OF</b>	<b>-\$ 4,000,000</b>	<b>\$ 20,200,000</b>	<b>1.5%</b>
<b>TOTAL REDUCTIONS OF</b>	<b>-\$ 8,000,000</b>	<b>\$ 16,200,000</b>	<b>1.0%</b>
<b>TOTAL REDUCTIONS OF</b>	<b>-\$ 16,000,000</b>	<b>\$ 8,200,000</b>	<b>0.0%</b>

\* - Total residential tax increase includes estimated education impact

- Excludes Council referred & requested enhancement items
- 1% on Residential Tax Increase:
  - **“TOTAL” INCLUDING EDUCATION = \$8.0M**
  - **1% municipal only = \$6.7M**



## 2012 Additional Information

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- Currently there are 32 requests on the Council additional information item list.
- Complete list can be found at:
  - S:\Councillor Information\Committee Request\2012 Requests\Outstanding Committee Requests.xls
- Provided today is the response to all of the account inquiry requests (Items 1-11)
- Most of the other responses will occur during department presentations



- **Jan 24th** – Corporate Overview; Budget Distribution
- **Jan 26th & Jan 27th** – Boards & Agencies
- **Jan 30th - Feb 7th** – Departmental presentations including additional information responses
- **Feb 10th – Feb 17th** – Additional Information / Follow-up
- **Feb 15th** – Public Delegations
- **Feb 17th** – Deliberations start
- **March 7th** – Council Approval



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***END***