



Hamilton

City of Hamilton

2011 Budget Process, Schedule, Pressures

*Committee of the Whole
June 21, 2010*

FCS10055



1. Budget Context
2. 2011 budget process
3. 2011 budget schedule
4. 2011 tax budget pressures (draft)
5. 2011 budget guidelines
6. “Seeing the way forward”



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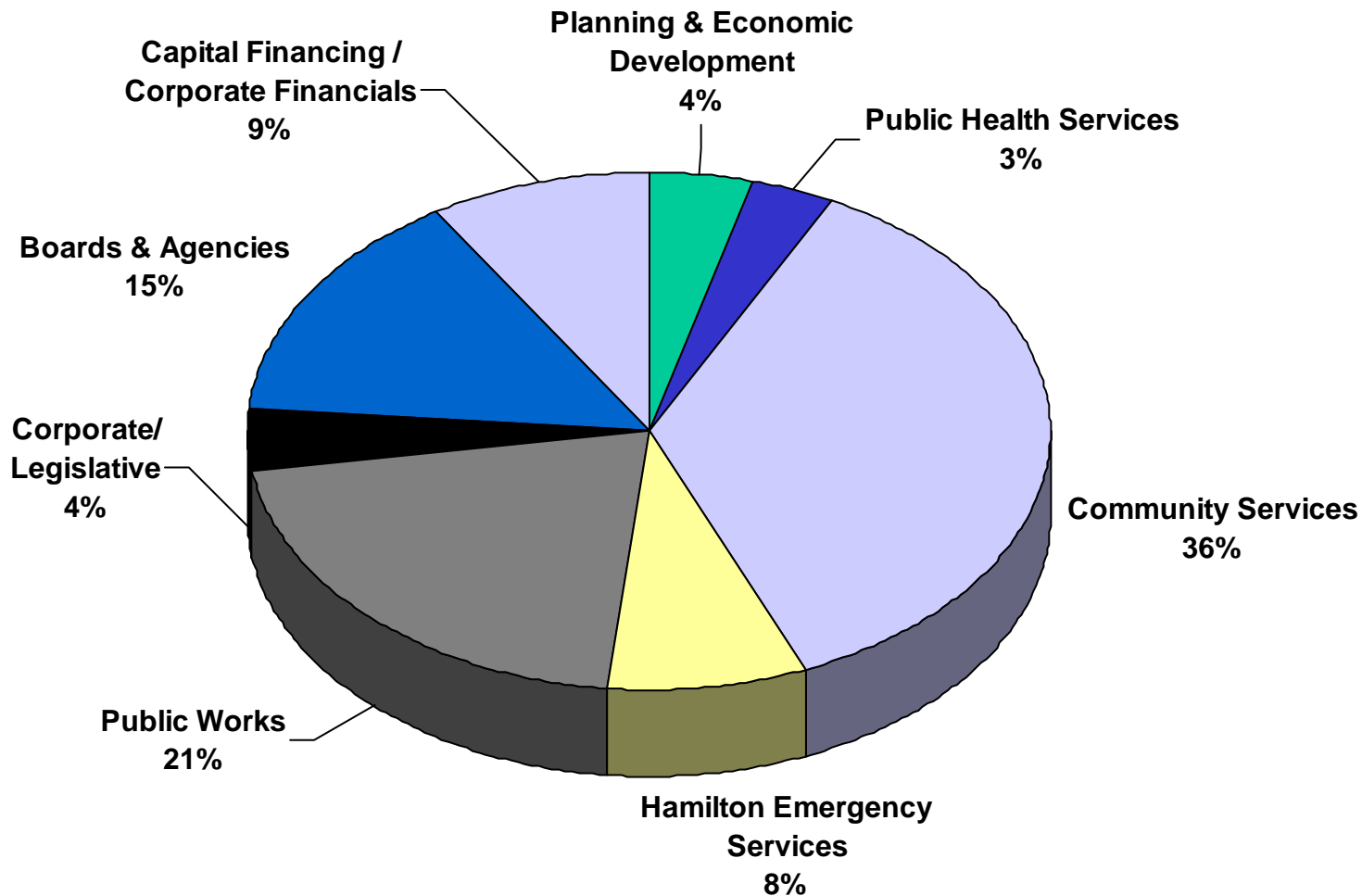
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Budget Context



2010 Gross Tax Operating Budget by Service

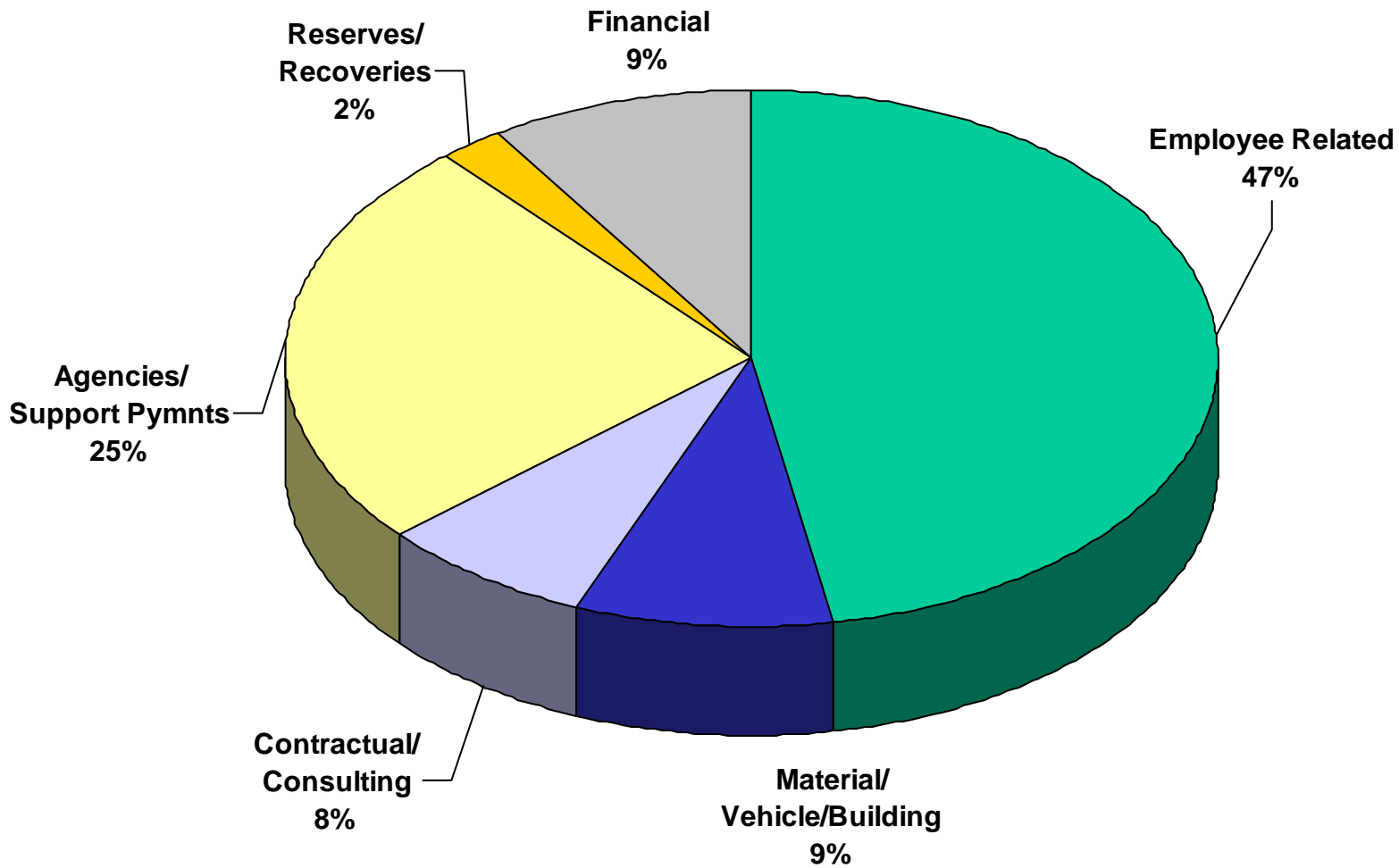
\$1.3 billion





2010 Gross Tax Expenditures by Type

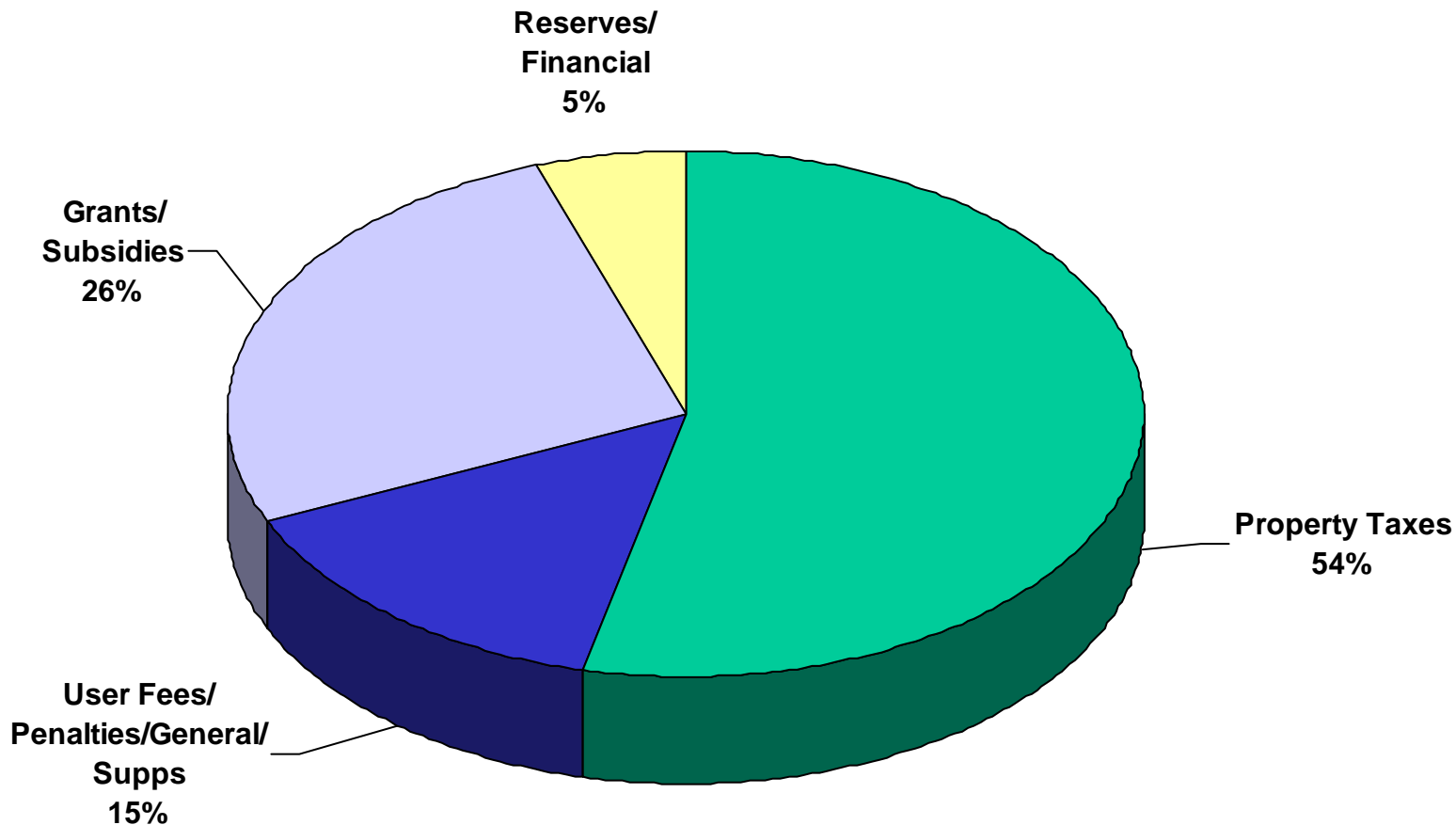
\$1.3 billion





2010 Gross Tax Revenues by Type

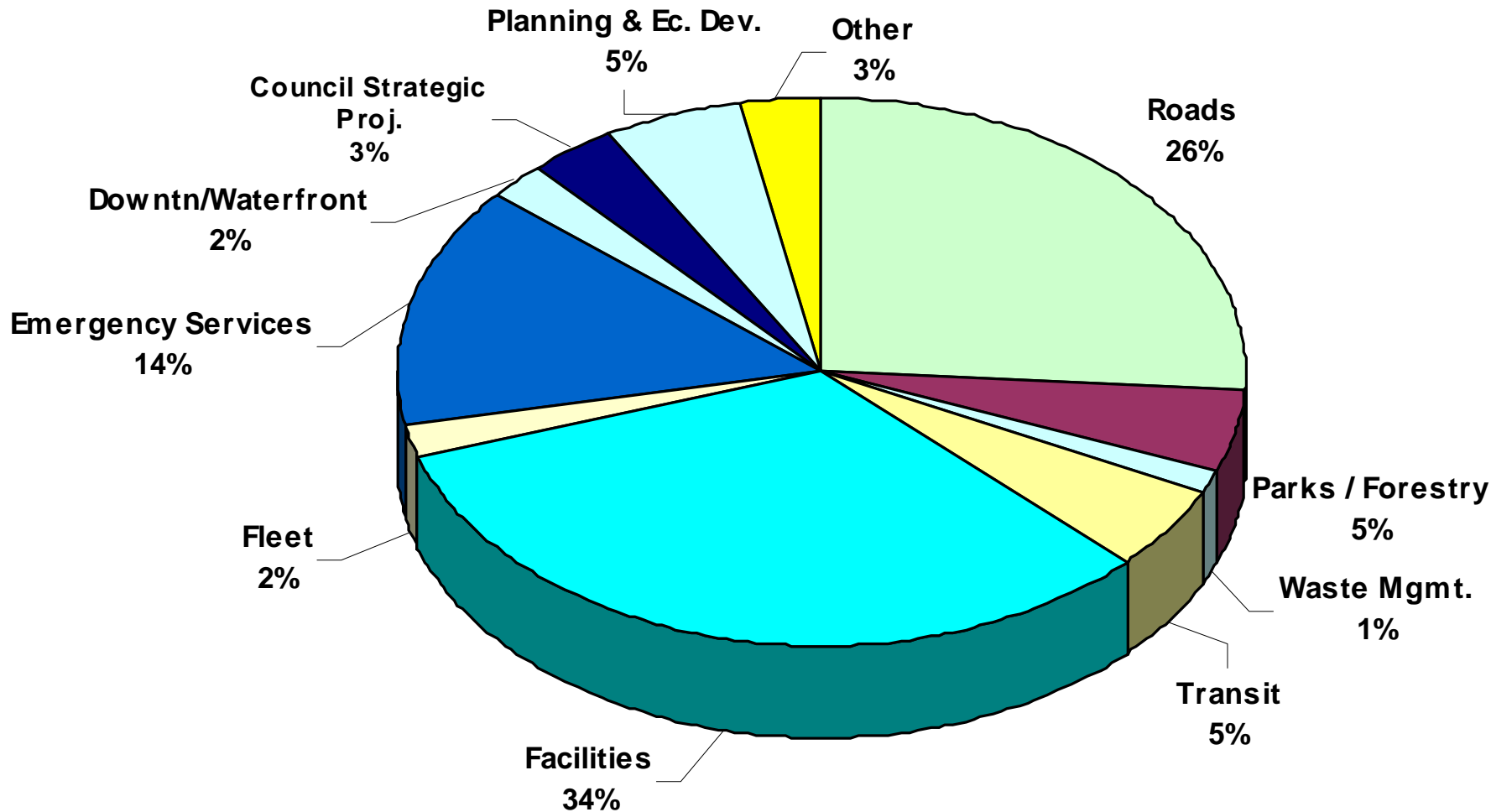
\$1.3 billion





2010 Capital Budget by Program

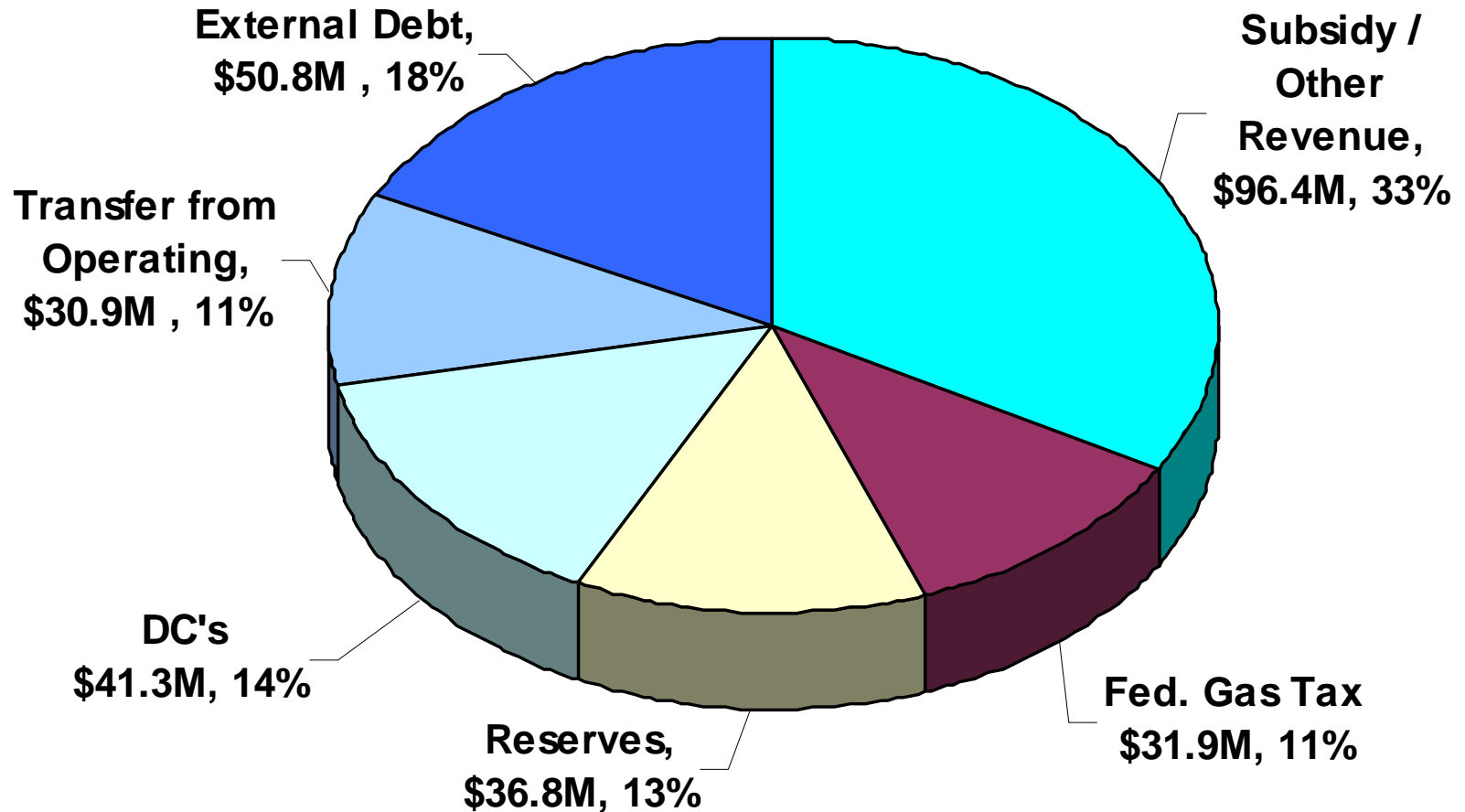
\$288.1 Million





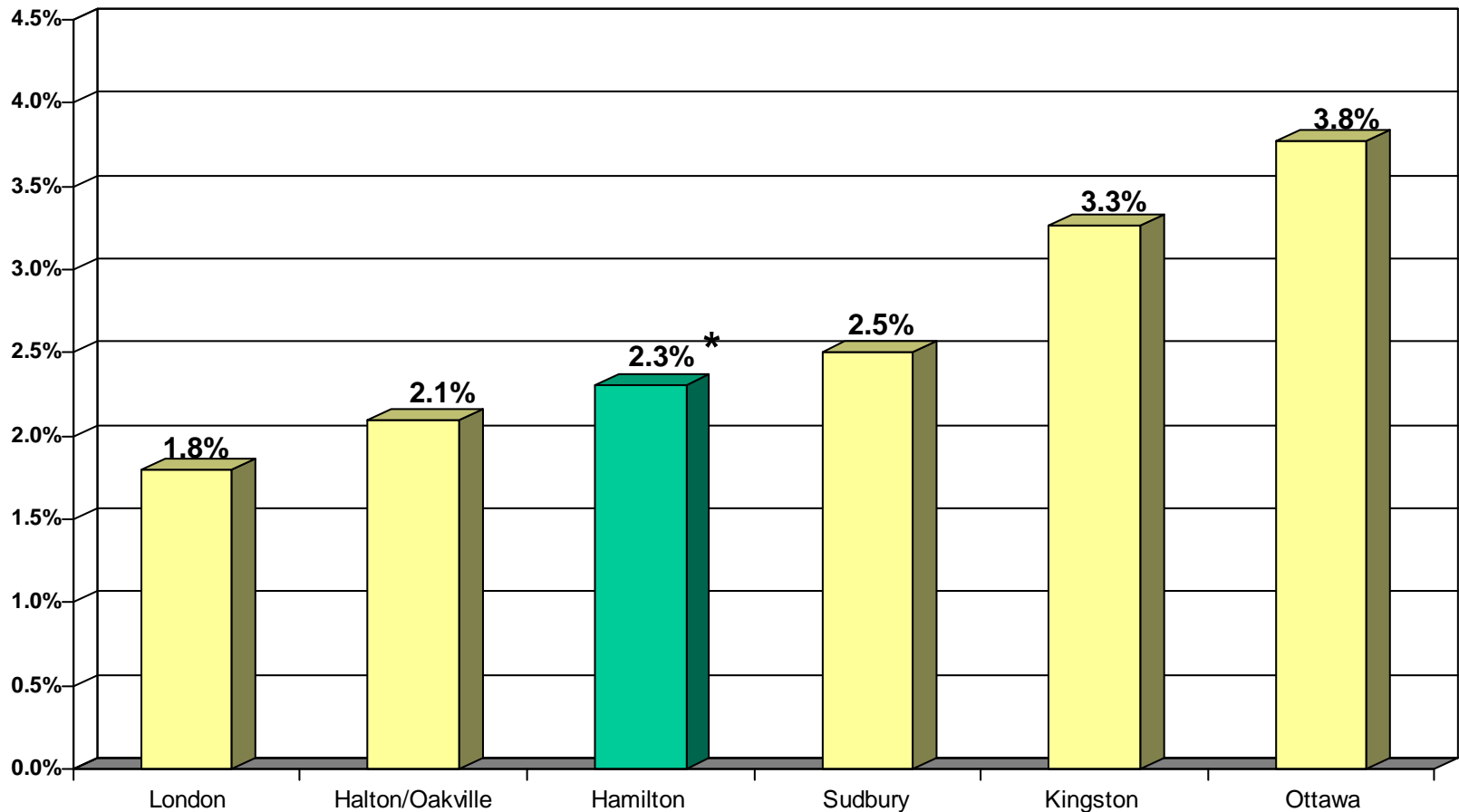
2010 Capital Funding

\$288.1 Million



2010 Municipal Comparison

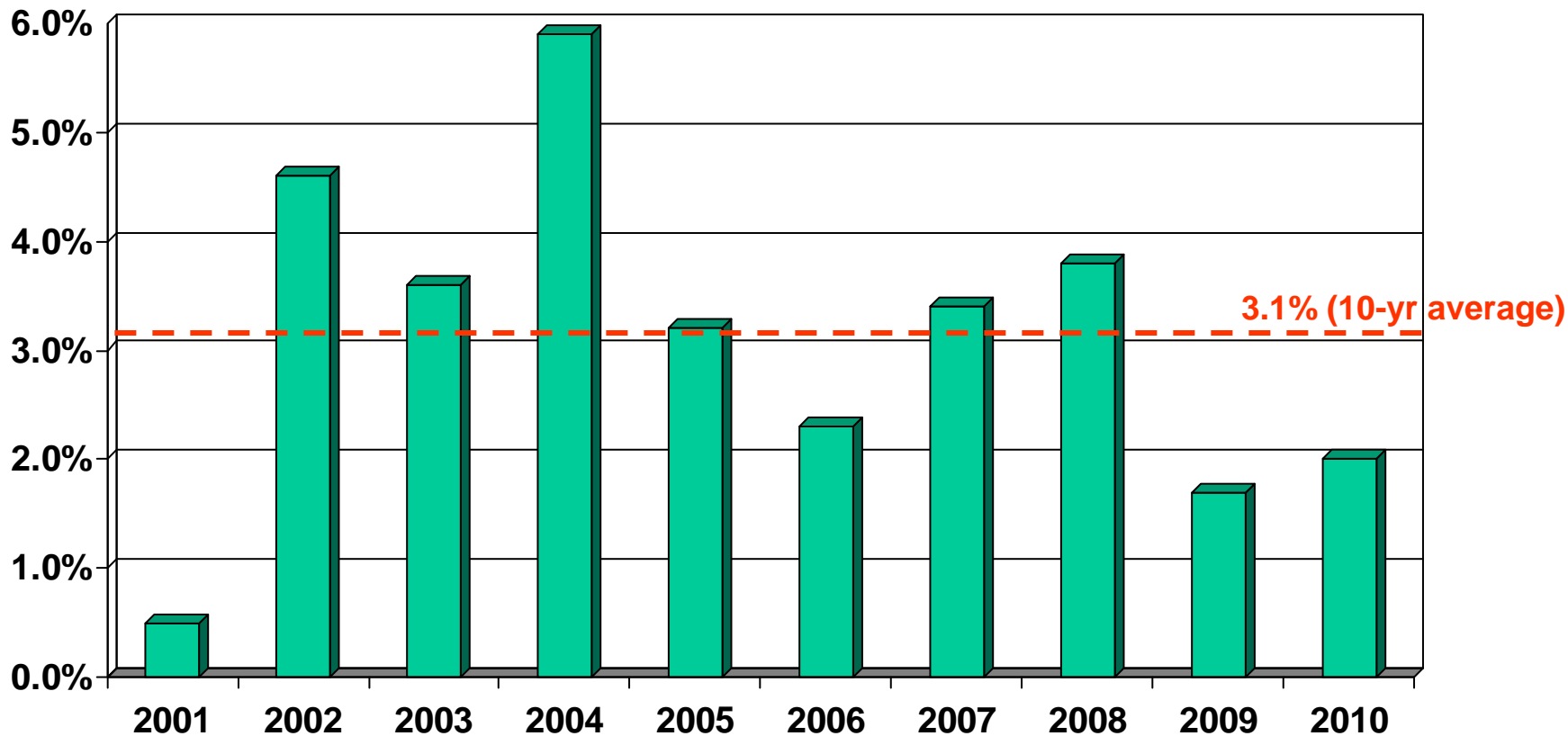
Excludes Education



* 2.0% including education



Annual City-wide Residential Tax Impacts



Annual residential impacts - includes budget, reassessment, area-rating, education and tax policies



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2011 Budget Process

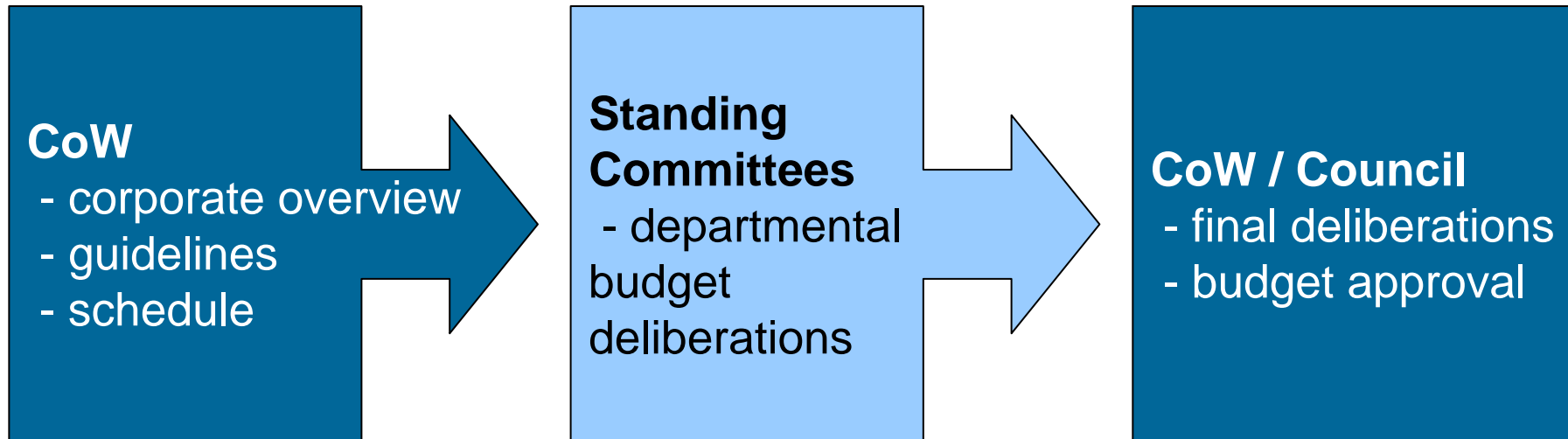


- Staff have reviewed results of questionnaire sent out to Council/ SMT
- Feedback received to date has been positive
- For the most part it appears that Council was satisfied with the 2010 budget committee process



2011 Budget Process

- Not recommending any changes to the current budget committee process (CoW – Standing Committees – CoW)
- Due to positive feed back, other options were not investigated





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2011 Budget Schedule



- Due to the municipal election (late Oct) and pending labour negotiations strategy (late Dec / early Jan), budget process is not recommended to commence until January
 - Many cities adopting this approach
- Only the rate budget and user fees are proposed to go in December



2011 Budget Schedule

- **Dec 13-15:** Rate (operating & capital) budget; User fees (including Transit fees)
- **Early Jan:** Tax Capital budget
- **Late Jan:** Distribute Tax Operating Budget Book
- **First week Feb:** CoW - Corporate Overview
- **Feb:** Standing Committees
- **Mar:** CoW - Public Delegations, B&A, Deliberations
- **Early April:** Area Rating / Tax Policies/ Council Approval



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2011 Tax Budget Pressures



- *Public Sector Compensation Restraint to Protect Public Services Act, 2010* (2010 Ontario Budget) – ensures compensation plans are not increased for 2 years
- Municipalities not governed by this legislation, however encouraged to follow Province's lead
- Compensation increases for cost shared programs will likely NOT attract Provincial \$
- Current uncertainties = salary/wage increases **not** included in 2011 pressures (1% = \$4M)



	Levy Impact \$	Residential Tax Increase %
Non-Salary/Wage Compensation Base Budget Pressures		
OMERS draft rate increase	5,100,000	
EI rate draft increase	571,000	
Employer Benefits	2,000,000	
Non-Salary/Wage Compensation Base Budget Pressures	7,671,000	1.2%

Note: 1% salary/wage = \$4 million



Pre-approvals / Provincial Impacts

	Levy Impact \$	Residential Tax Increase %
2010 Pre-approvals & Annualizations		
Street Tree Trimming Program - phase 4	410,000	
Ice Revenues (CS10029 approved rates decrease)	80,000	
Operating Impact of Capital Projects (FCS09114) - 2010	997,000	
Provincial Impacts		
ODSP / OW upload net of OMPF / Provincial funding reduction ¹	0	
Transit: Loss of Provincial Gas Tax Funding	300,000	
Pre-approvals/annualizations & Provincial Impacts	1,787,000	0.3%

¹ assumes receipt of special Provincial funding in 2011 to fully offset the impact of ODSP/OW upload net of the reduction of OMPF / 2010 special funding



	Levy Impact \$	Residential Tax Increase %
Corporate Pressures		
Inflationary/Contractual Requirements (2%)	8,000,000	
Energy (Fuel, Hydro)	1,368,000	
Cost Allocation Review - Shift to Rate (3yr phase)	900,000	
Boards & Agencies	3,340,000	
Contribution from Reserves Phase-out - Risk Management	300,000	
Public Works		
Transit: Loss of Bus Advertising Revenue	225,000	
Recycling Revenues	400,000	
HRPI Dividend (pending policy review)	500,000	



Corporate / Departmental (cont'd)

	Levy Impact \$	Residential Tax Increase %
Community Services		
Macassa / Wentworth Lodge - mandatory training requirements	85,000	
Hamilton Emergency Services		
EMS - MUMC adult emergency department closure (annualized = \$1.5M)	750,000	
Corporate Services		
IS - Microsoft software licence upgrade	150,000	
Corporate / Departmental Pressures	16,018,000	2.5%



Total Potential Tax Impact

	Levy Impact \$	Residential Tax Increase %
Non-Salary/Wage Compensation Base Budget Pressures¹	7,671,000	1.2%
Pre-approvals/annualizations & Provincial Pressures²	1,787,000	0.3%
Corporate / Departmental Pressures	16,018,000	2.5%
Capital Infrastructure	6,500,000	1.0%
Estimate Assessment Growth / Reassessment Impact		-1.0%
TOTAL	31,976,000	3.9%

¹ assumes 0% for salary/wage

² assumes receipt of special Provincial funding in 2011



- Assumes receipt of special provincial funding to ensure no budget impact of upload
 - 2010 special funding = \$14.2M
 - 2011 special funding required = TBD (original estimate of \$9.1M)



Potential Risks (cont'd)

- Loss of Ontario bus replacement program funding (\$3.7M)
- Legislative compliance for Winter control
- Minimum Maintenance Standards – roads and sidewalk programs (\$900k)
- Development Fee Stabilization Reserve
- J/Es (report forthcoming)
- No subsidy increases for cost shared programs (union and non-union)
- Non-union percentile movement / adjustments



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2011 Budget Guidelines



2011 Budget Guidelines

- That user fees (excluding golf, transit and ice fees) be increased by inflation and that any user fee adjustments other than inflationary be forwarded for consideration with appropriate explanation
- That the Boards & Agencies be requested to submit a 2011 budget to Committee of the Whole based on a guideline of at or below inflation and that Boards & Agencies be requested to justify any additional increase above this guideline



2011 Budget Guidelines (cont'd)

- Due to pending labour negotiations strategy and significant implications of the provincial guideline on wages, not feasible to identify guideline for departmental budgets
- Proceed with development of departmental budgets which ensures lowest possible tax impact without affecting service levels



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*Seeing the Way
Forward*



- New term of Council
- Strategic priorities set in the first year, followed by the implementation of a financial plan in remaining years
- Review of multi-year budgeting, business planning, zero based and other budgeting methodologies