



Hamilton

**2013 Tax-Suported Capital Budget
Workshop #1**

September 13, GIC



OVERVIEW

- Objectives 2013 tax supported capital budget
- Ward meetings feedback
- Budgeting assumptions
- Preliminary 2013 capital levy (assuming 0.5% Levy increase)
- 2013 and 2013-2022 Preliminary tax-supported capital spending and funding forecasts (gross and discretionary)
- Tax-supported debt forecast and comparators
- Parked capital projects
- 2013 significant capital pressures

OBJECTIVES

- **Renew infrastructure to support service delivery.**
- **Provide a limit level of financial support for additional infrastructure.**
- **Support assessment growth.**
- **Target investments for planned growth.**
- **Maximize value of city assets.**
- **Manage debt to mitigate burden on operating budget.**

VALUE OF CITY ASSETS

- The City has in total \$15B of Capital Assets (50% tax/50% rate).
- There is currently a \$2B infrastructure repair backlog.
- City's annual Infrastructure Repair Deficit=approximately \$195M (2011).

(Source: PW/CS 2009 SOTI Reports)

Capital priorities

- Road Program (local road repair a critical component) a priority (4-year \$48M plan)
- Social housing
- Corporate and Recreation facilities
- Parkland acquisition (surplus schoolboard properties in deficient areas)
- Waterfront development



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WARD MEETINGS FEEDBACK

- Re-enforce message to senior levels of government;
- That increased funding for the growing infrastructure deficits of municipalities become a priority.
- That the amount of infrastructure repair subsidies received by a municipality be based on need (state of disrepair) and not based on population.



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2013 CAPITAL BUDGET PREPARATION

- Preliminary 2013 Tax Capital Program based on historical expenditure averages, pre-approvals, announced subsidies and to deal with critical infrastructure shortfalls.
- Takes into consideration 2012 year-to-date trends
- Assumes 0.5% Tax Levy Increase dedicated to Capital levy (\$3.45M)



PRELIMINARY 2013 CAPITAL LEVY

CAPITAL BUDGET IMPACT ON OPERATING BUDGET

(\$000's)

	2012	0.5% Levy Increase		
	APPROVED	2013 PROPOSED	CHANGE \$	%
Debt Charges	50,444	48,153	(2,291)	-4.5%
Transfer from Operating	36,283	42,024	5,741	15.8%
Total Impact	86,727	90,177	3,450	4.0%

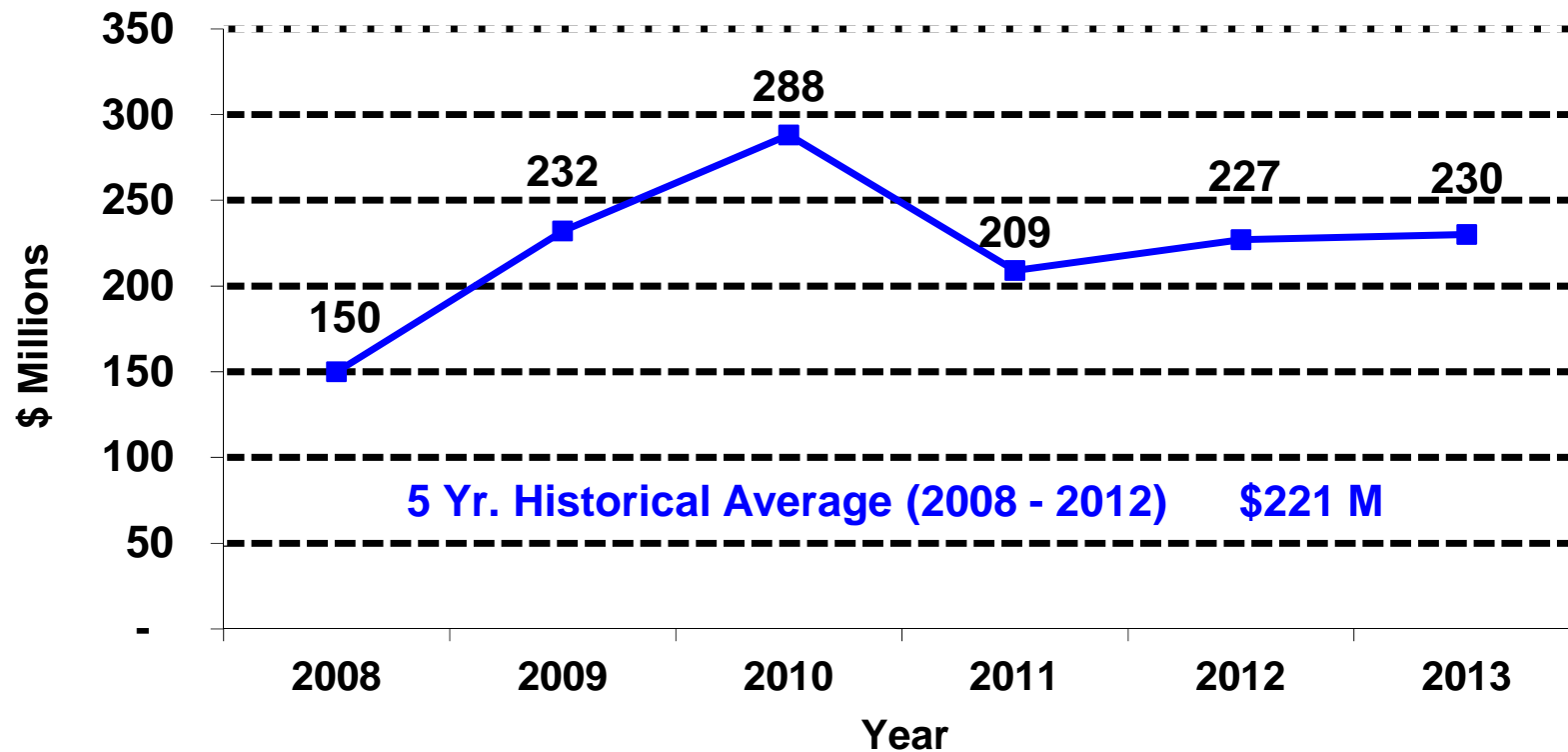
Impact on Average Residential 0.5%



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GROSS TAX CAPITAL EXPENDITURES

Total Gross Capital



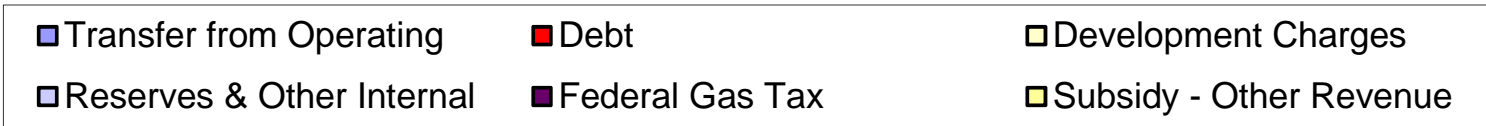
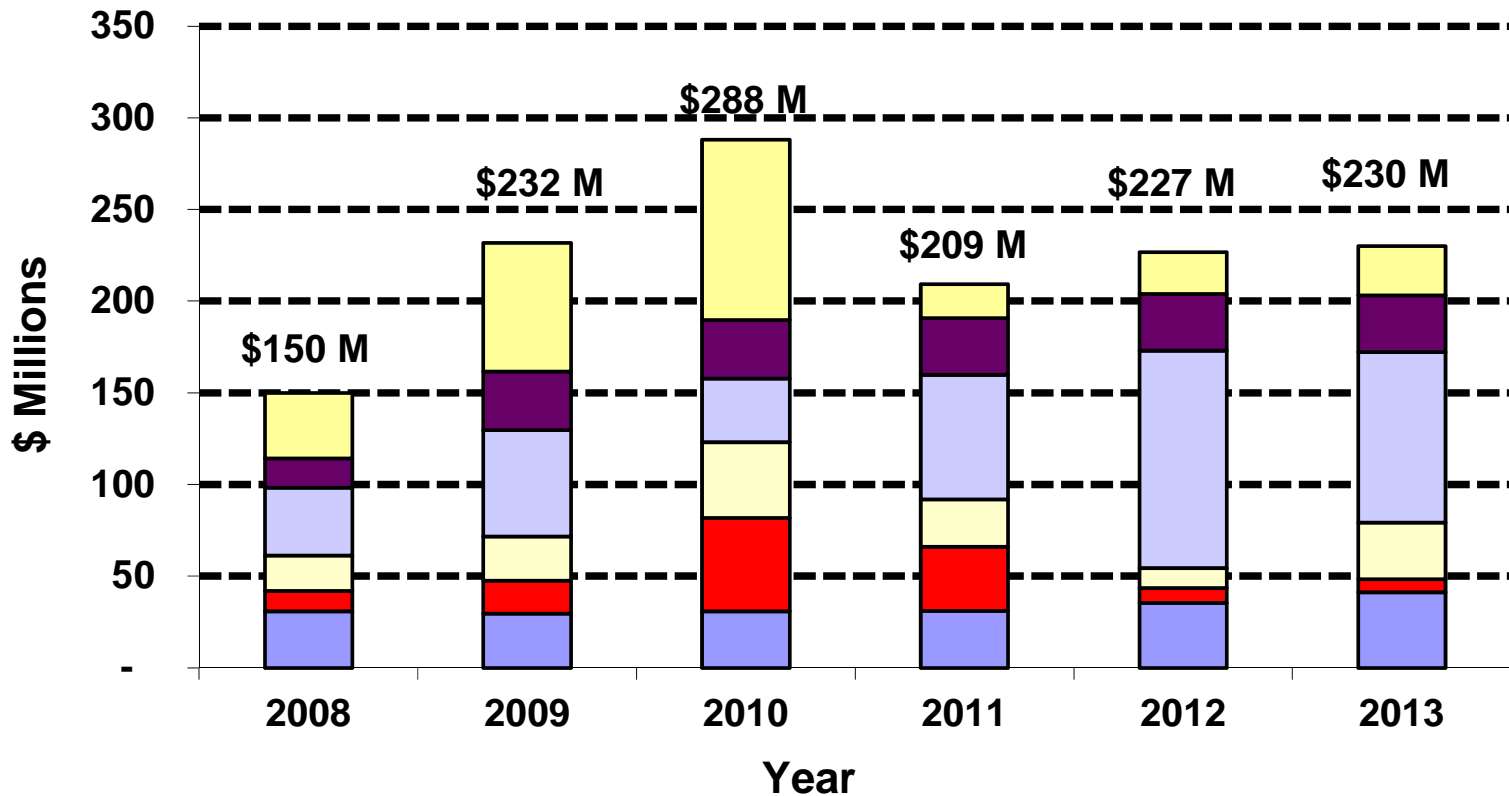
2013 assumes 0.5% Levy Increase for Capital



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GROSS TAX CAPITAL FUNDING SOURCES

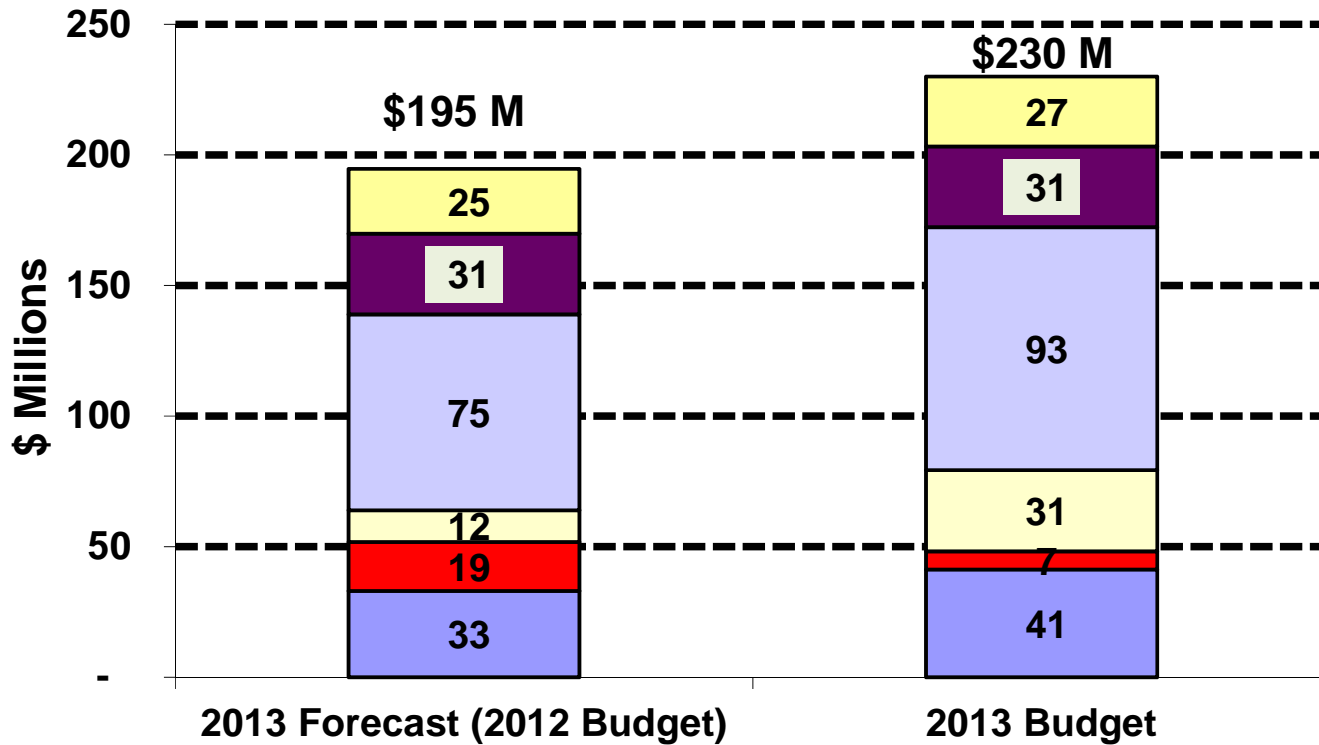
Capital Funding





2013 BUDGET FORECASTS

2013 Capital Funding





PRELIMINARY DISCRETIONARY FUNDING SOURCES

Sources of Funding (Net) (\$000's)	2012	2013	2013
	Approved	Forecast (2012)	Forecast
Contribution from Operating	35,483	32,911	41,224
External Debt	8,000	7,000	7,000
Hydro Dividends (\$2M)	2,000	2,000	2,000
Federal Gas Tax - Roads	27,955	27,955	27,955
Federal Gas Tax - Transit	3,000	3,000	3,000
Total Financing Plan - Discretionary	76,438	72,866	81,179
Previous Yrs. Capital Financing Surplus	7,753	7,000	7,000
Unallocated Capital Reserve	2,409	2,779	2,779
Unallocated Capital Reserve (2011 Parked / Council Strategic)	1,421		
WIP Funding Interest	500	500	500
2011 OMPF Reconciliation	4,076		
WIP Funding (Favourable Road Tenders)			2,094
HFF	7,030		5,825
Total Funding (Net)	99,627	83,145	99,377



PRELIMINARY DISCRETIONARY CAPITAL BUDGET

	2012	2013	2013
Expenditures (net)	Approved	Forecast (2012)	Forecast
Roads	48,520	46,406	48,500
Corporate Facilities	5,113	4,880	4,880
Recreation Facilities	6,340	6,051	3,885
Pan Am - Ivor Wynne Renovations			2,166
Cultural Facilities	1,899	1,813	1,813
Park Development (New/Expansion)	3,616	3,451	3,451
Hamilton Downtown	2,215	2,114	2,114
Suburban Downtowns (B.I.A.s)	250	239	239
Forestry	1,500	1,432	1,432
Park's Operations	1,270	1,212	1,212
Housing	2,500	2,386	2,386
Community Services - Other	100	95	95
Public Health	78	74	74
Corporate Projects	100	95	95
Public Art	191	182	182
Waterfront Initiatives			2,500
Block Funding Total	73,692	70,431	75,024
Major Capital Initiatives			
Ash Boer			2,500
Randle Reef			600
Lodges	1,670	500	1,670
Fire / EMS	540	1,000	1,000
Information Systems	544	500	500
Public Health - Long Term Accomodation (re Health Campus)	2,206	174	174
Pan Am Special Events & Programming	340	710	710
Parking / Animal Control	260		
Planning / Development	130	130	130
Hamilton Conservation Authority	2,000	2,000	2,000
Economic Development Initiatives	2,000	2,000	2,000
Council Strategic Capital	1,250	2,000	2,000
Transit (FGT)	3,700	3,700	3,700
Waste Management	7,030		5,825
Parked Project (KRONOS) - Funding allocated to Roads	2,700		
Unallocated -Funding allocated to HPS Forensic Bldg. & PW Ops.	1,565		
Total Expenditures (Net)	99,627	83,145	97,833
Net Capital Funding Available	-	-	1,544



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PRELIMINARY CAPITAL FUNDING SOURCES (2013 - 2022)

Sources of Funding (Net) (\$000's)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Contribution from Operating	41,224	38,746	42,059	45,078	54,441	67,723	69,650	76,049	79,679	85,921
External Debt	7,000	6,000	5,000	-	-	-	-	-	-	-
Hydro Dividends (\$2M)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Federal Gas Tax - Roads	27,955	27,955	27,955	27,955	27,955	27,955	27,955	27,955	27,955	27,955
Federal Gas Tax - Transit	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total Financing Plan - Discretionary	81,179	77,701	80,014	78,033	87,396	100,678	102,605	109,004	112,634	118,876
Previous Yrs. Capital Financing Surplus	7,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Unallocated Capital Reserve	2,779	1,805	1,026	1,026	1,000	1,000	1,000	1,000	1,000	1,000
HRPI Dividend			250	250	250	250	250	250	250	250
WIP Funding Interest	500	500	500	500	500	500	500	500	500	500
WIP Funding (Favourable Road Tenders)	2,094	4,916								
External Debt - Waste Mgmt.		2,902	2,496	5,018	4,486	6,455	27,320	14,653	-	-
HFF	5,825	3,252								
Total Funding (Net)	99,377	93,076	86,286	86,827	95,632	110,883	133,675	127,407	116,384	122,626



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PRELIMINARY DISCRETIONARY CAPITAL FUNDING (2013-22)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenditures (net)	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Roads	48,500	48,500	40,705	39,339	45,913	52,283	53,388	55,387	59,114	65,285
Corporate Facilities	4,880	4,583	4,281	4,137	4,828	5,498	5,614	5,825	6,217	7,076
Recreation Facilities	3,885	3,516	3,141	5,130	5,987	6,818	6,962	7,222	7,708	8,774
Pan Am - Ivor Wynne Renovations	2,166	2,167	2,167							
Cultural Facilities	1,813	1,702	1,590	1,537	1,793	2,042	2,085	2,163	2,309	2,628
Park Development (New/Expansion)	3,451	3,241	3,027	2,926	3,415	3,888	3,971	4,119	4,396	5,004
Hamilton Downtown	2,114	1,986	1,854	1,792	2,092	2,382	2,432	2,523	2,693	3,065
Suburban Downtowns (B.I.A.s)	239	224	209	202	236	269	275	285	304	346
Forestry	1,432	1,345	1,256	1,214	1,416	1,613	1,647	1,709	1,824	2,076
Park's Operations	1,212	1,138	1,063	1,028	1,199	1,366	1,395	1,447	1,544	1,758
Housing	2,386	2,241	2,093	2,023	2,361	2,688	2,745	2,848	3,040	3,460
Community Services - Other	95	90	84	81	94	108	110	114	122	138
Public Health	74	70	65	63	74	84	86	89	95	108
Corporate Projects	95	90	84	81	94	108	110	114	122	138
Public Art	182	171	160	155	180	205	210	218	232	264
Waterfront Initiatives	2,500									
Block Funding Total	75,024	71,064	61,779	59,708	69,682	79,352	81,030	84,063	89,720	100,120
Major Capital Initiatives										
Ash Borer	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Randle Reef	600	600	600	600	600	600	600	600	600	600
DC exemptions		-	-	-	2,500	2,500	2,500	2,500	2,500	2,500
Lodges	1,670	500	500	500	500	500	500	500	500	500
Fire / EMS	1,000	1,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Information Systems	500	500	500	500	500	500	500	500	500	500
Public Health - Long Term Accomodation (re Health Campus)	174									
Pan Am Special Events & Programming	710	710	710							
Planning / Development	130	130	130	130	130	130	130	130	130	130
Hamilton Conservation Authority	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Economic Development Initiatives	2,000	2,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Council Strategic Capital	2,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Transit (FGT)	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700
Waste Management	5,825	6,154	2,496	5,018	4,486	6,455	27,320	18,943	3,729	2,637
Total Expenditures (Net)	97,833	92,858	84,915	84,656	96,598	108,237	130,780	125,436	115,879	125,187
Net Capital Funding Available	1,544	218	1,371	2,171	(966)	2,646	2,895	1,971	505	(2,561)



BUDGETED vs. ACTUAL DEBT FORECAST

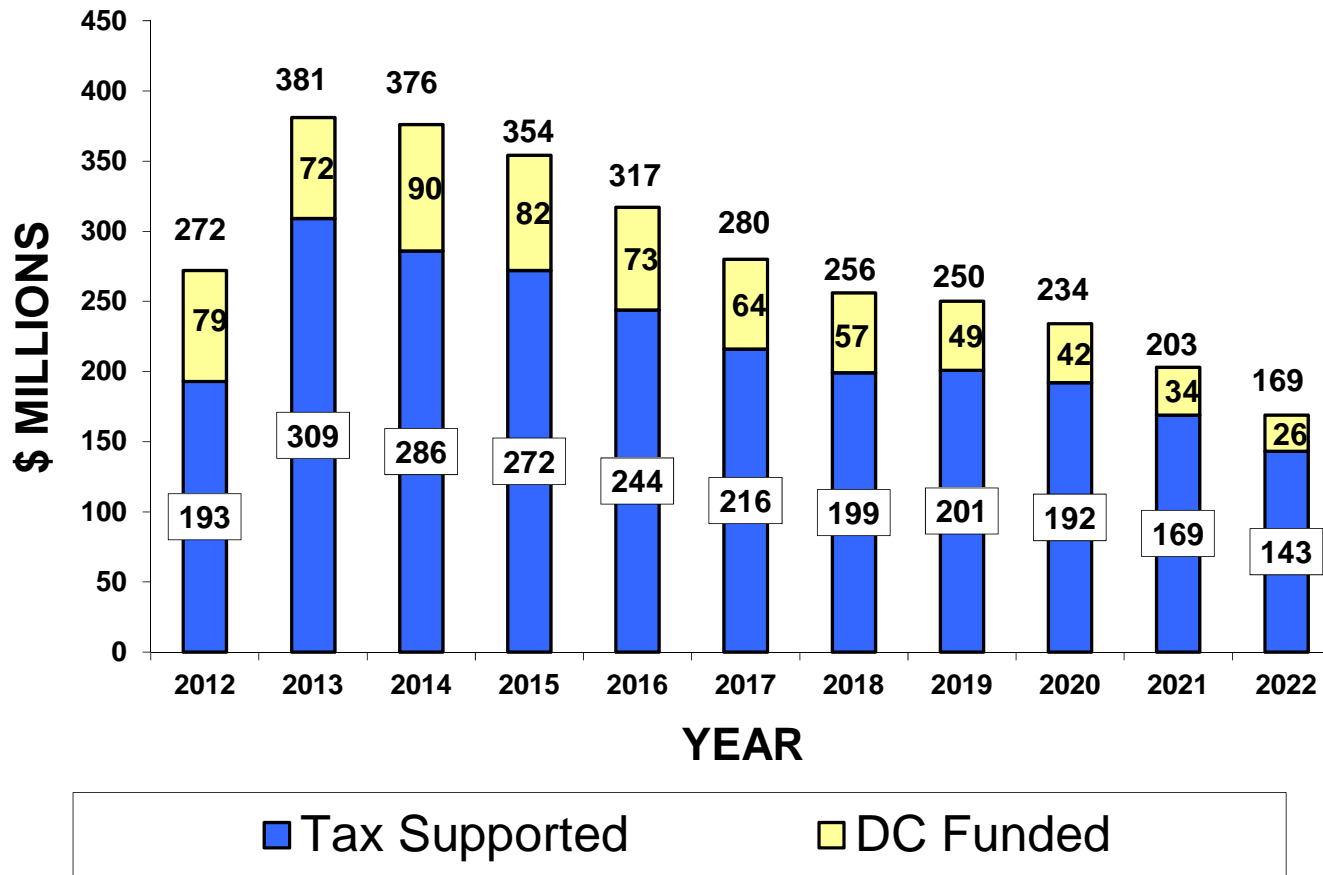
TAX SUPPORTED EXTERNAL DEBT (\$Millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
BUDGETED DEBT FORECAST											
2013 - 2022 FINANCING PLAN	272	381	376	354	317	280	256	250	234	203	169
2012 - 2021 FINANCING PLAN	407	393	401	380	346	315	301	289	259	229	
ACTUAL DEBT FORECAST											
2013 - 2022 FINANCING PLAN	272	320	320	320	300	270	240	240	220	190	169



DEBT FORECAST - TAX

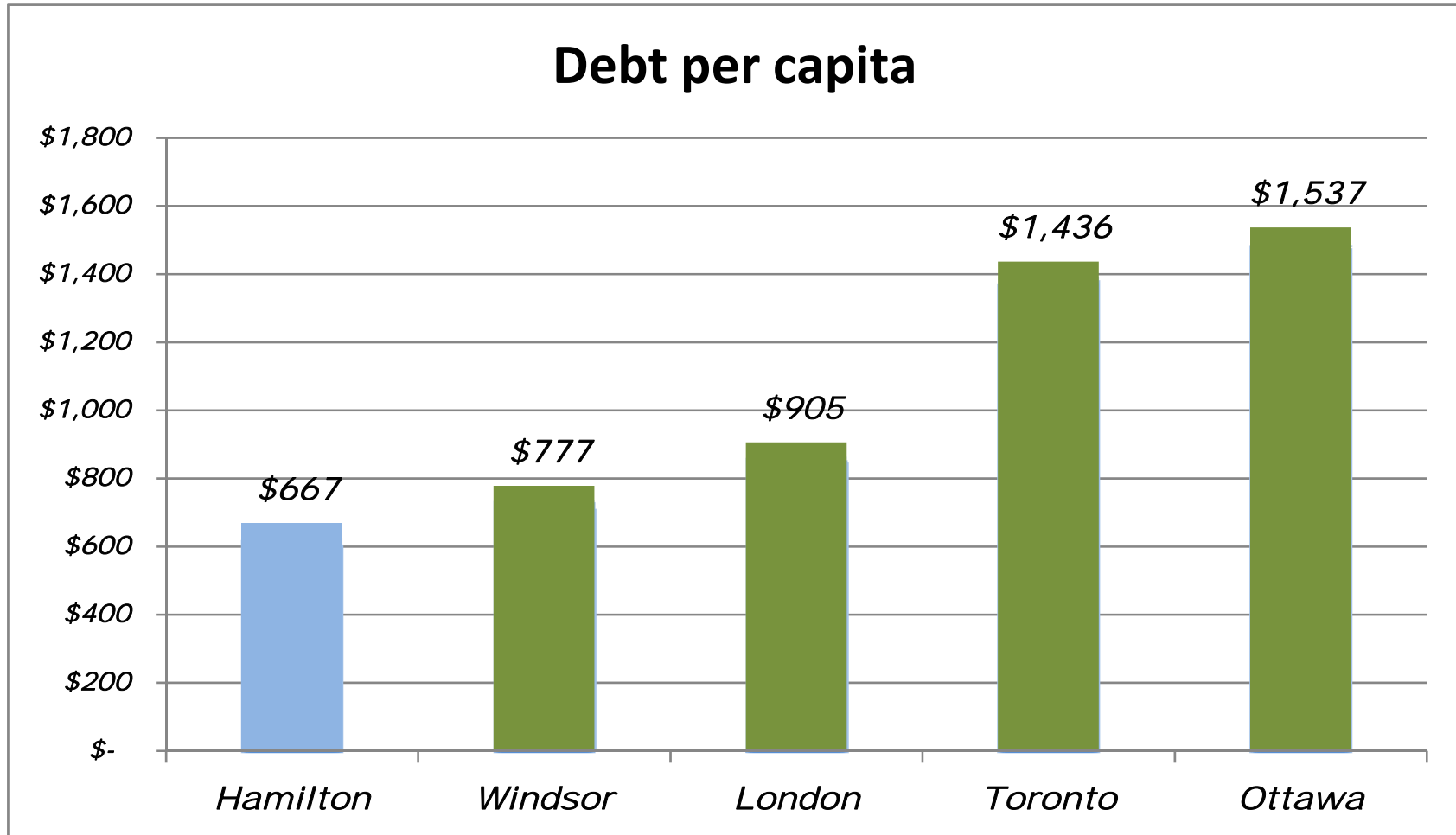
PROJECTED OUTSTANDING DEBT - TAX





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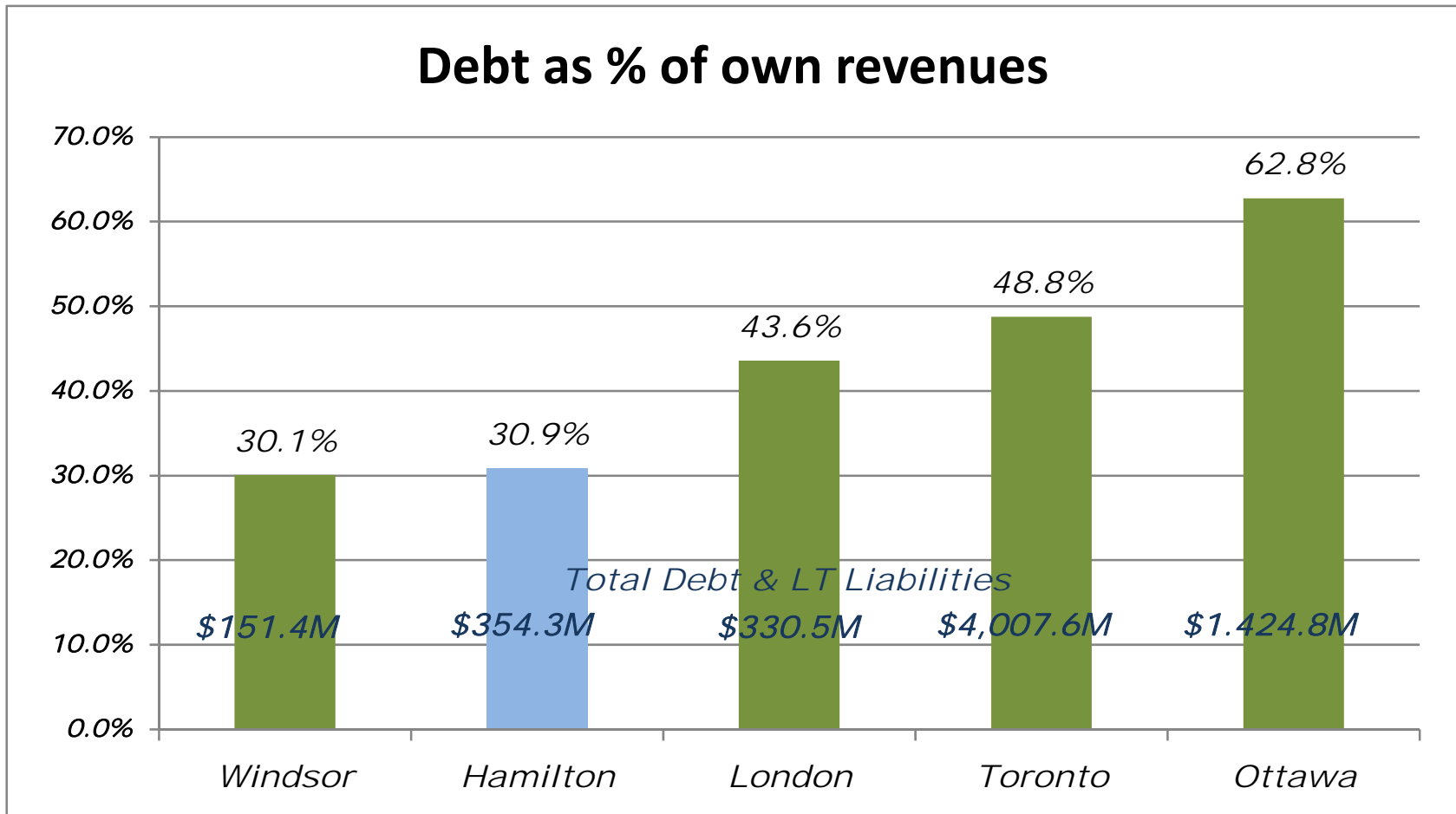
DEBT COMPARISONS



Based on 2011 Financial Information Returns (FIRs)



DEBT COMPARISONS



Based on 2011 Financial Information Returns (FIRs)

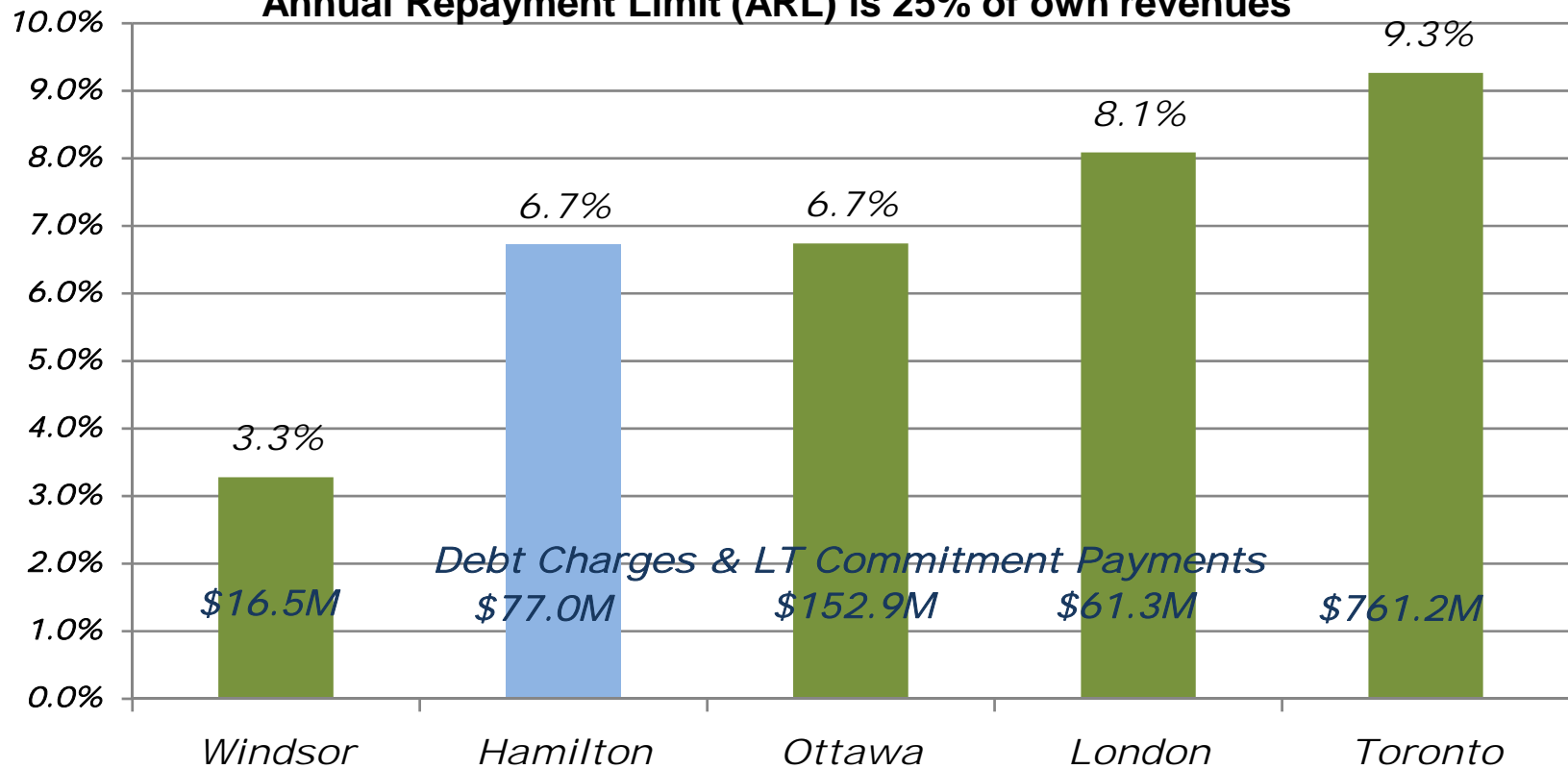


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DEBT COMPARISONS

Debt Charges as % of own revenues

Annual Repayment Limit (ARL) is 25% of own revenues



Based on 2011 Financial Information Returns (FIRs)



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DEBT COMPARISONS

Based on 2011 FIR's
(\$ Millions)

	<i>Hamilton</i>	<i>London (2010)</i>	<i>Windsor (2010)</i>	<i>Ottawa</i>	<i>Brantford (2010)</i>	<i>Halton Region</i>	<i>Burlington (2010)</i>	<i>Waterloo Region</i>	<i>Waterloo</i>	<i>Kitchener (2010)</i>	<i>Cambridge</i>	<i>Niagara Region</i>	<i>St. Catharines</i>	<i>Peel Region</i>	<i>York Region</i>	<i>Toronto</i>
Debt per capita	\$ 667	\$ 905	\$ 777	\$ 1,537	\$ 388	\$ 521	\$ 399	\$ 392	\$ 563	\$ 354	\$ 152	\$ 616	\$ 493	\$ 783	\$ 1,807	\$ 1,436
Credit Rating	AA	AAA	AA	AA	NR	AAA	NR	AAA	NR	NR	NR	AA	NR	AAA	AAA	AA
Total Own Revenues (Net) (per ARL Calculation)	1,146.2	758.1	503.2	2,269.3	213.0	588.2	180.2	598.2	144.2	328.5	148.7	536.9	128.8	1,285.8	1,171.9	8,216.9
Total Debt & LT Liabilities (Incl. Housing)	354.3	330.5	151.4	1,424.8	36.7	256.8	69.5	216.9	70.3	81.3	19.3	265.6	64.8	1,068.8	1,962.0	4,007.6
% to own revenues	30.9%	43.6%	30.1%	62.8%	17.2%	43.7%	69.5%	36.3%	48.8%	24.7%	13.0%	49.5%	50.3%	83.1%	167.4%	48.8%
Total Debt Charges (Incl. Lease & LT Commitment Payments)	77.0	61.3	16.5	152.9	5.2	45.0	11.1	45.8	17.5	10.3	2.4	44.1	11.6	62.5	183.8	761.2
% to own revenues	6.7%	8.1%	3.3%	6.7%	2.4%	7.7%	6.2%	7.7%	12.1%	3.1%	1.6%	8.2%	9.0%	4.9%	15.7%	9.3%
Annual Repayment Limit (ARL) = 25% of Total Own Revenues above																

- NR = Lower Tier Municipality that is not rated



PARKED PROJECTS

Outstanding Projects Parked by Council

	Gross Cost \$	Funding Sources		
		Capital Levy \$	Dev Chgs \$	Dept WIPS \$
2011 Capital Budget				
Hamilton Culture and Protocol Centre at Auchmar Estate	550,000	550,000		
Winona Seniors Centre Expansion	1,650,000	85,000	1,565,000	
	2,200,000	635,000	1,565,000	0
2012 Capital Budget				
IS Process Audit Improvements	405,000			405,000
Total	2,605,000	635,000	1,565,000	405,000

2013 SIGNIFICANT PRESSURES

- Additional \$6m Randle Reef
- Ash Borer Program (\$26M - \$2.5M 2013)
- Macassa Lodge (\$5.1m - Kitchen repairs and back-up generator)
- Hamilton Realty Capital Corp (\$5m additional loan commitment towards downtown – (existing \$2m committed))

2013 SIGNIFICANT PRESSURES

- Employment Landbanking (\$2m – would bring total up to \$8m).
- Accommodations Health Campus \$705k (due to revised Upp.Ottawa prop. sales)
- Recreation
- Parkland purchases (School properties)
- Police Forensic Building



2013 TAX SUPPORTED CAPITAL BUDGET PROCESS

- Sept. 4 to 12 - Councilor ward capital mtgs
- Sept. 13 - 1st Tax-Supported Capital GIC Workshop
- Sept. 21 - Ward Capital GIC Bus tour
- Sept. 28 - 2nd Tax-Supported Capital GIC workshop
- Dec. 11 - 2013 Tax Capital Budget GIC
- Dec. 12 - Council Approval



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Q&A