



Hamilton

2012 PRELIMINARY TAX OPERATING BUDGET Corporate Overview

General Issues Committee

January 24, 2012



Hamilton

CITY MANAGER - INTRODUCTION



Introduction - Chris Murray

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



2011 Council Recommendation

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

(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.



2012 Preliminary Tax Impact

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

¹ 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?

- 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

- 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***



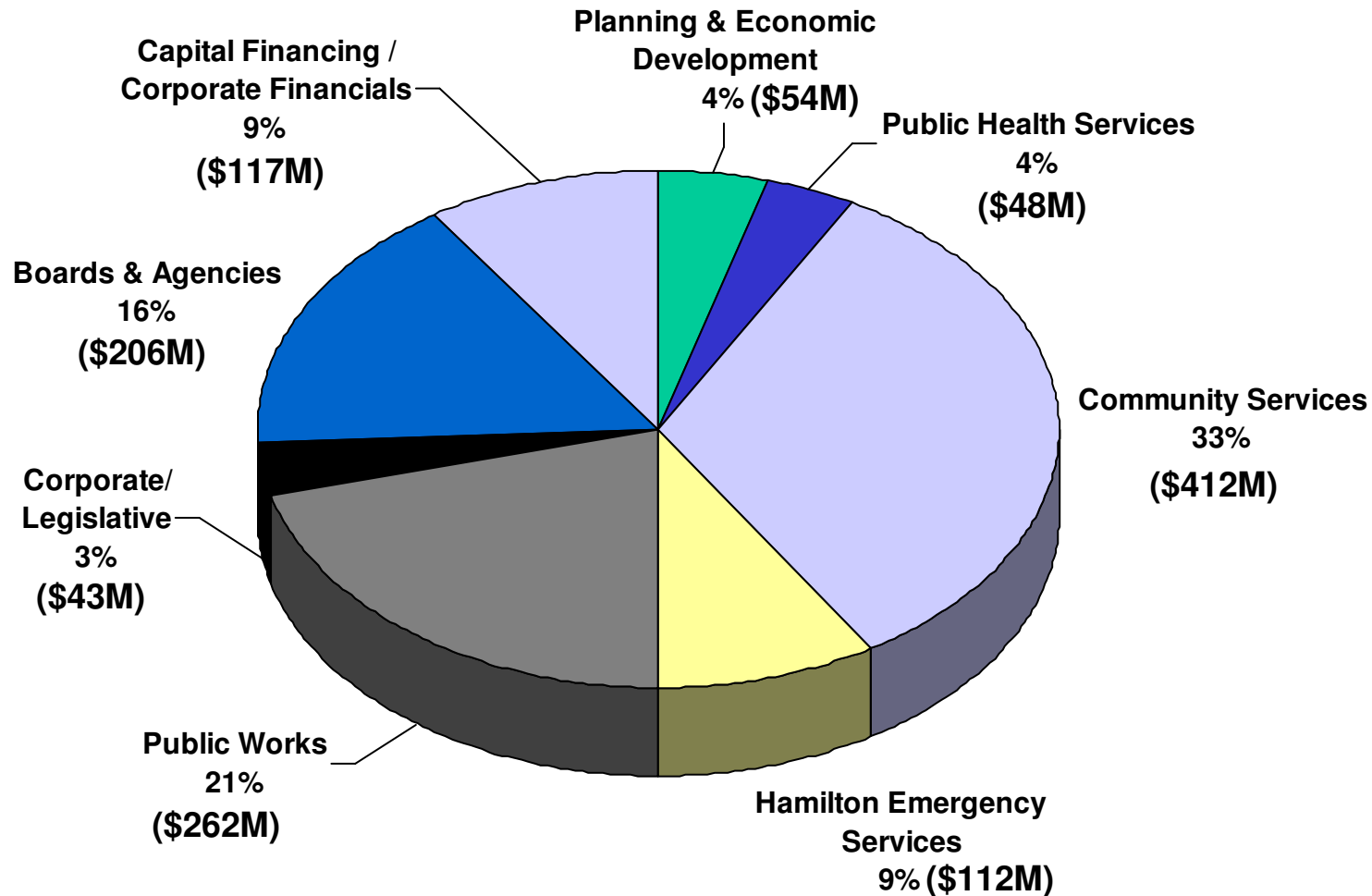
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CONTEXT



2012 Gross Tax Operating Budget by Service

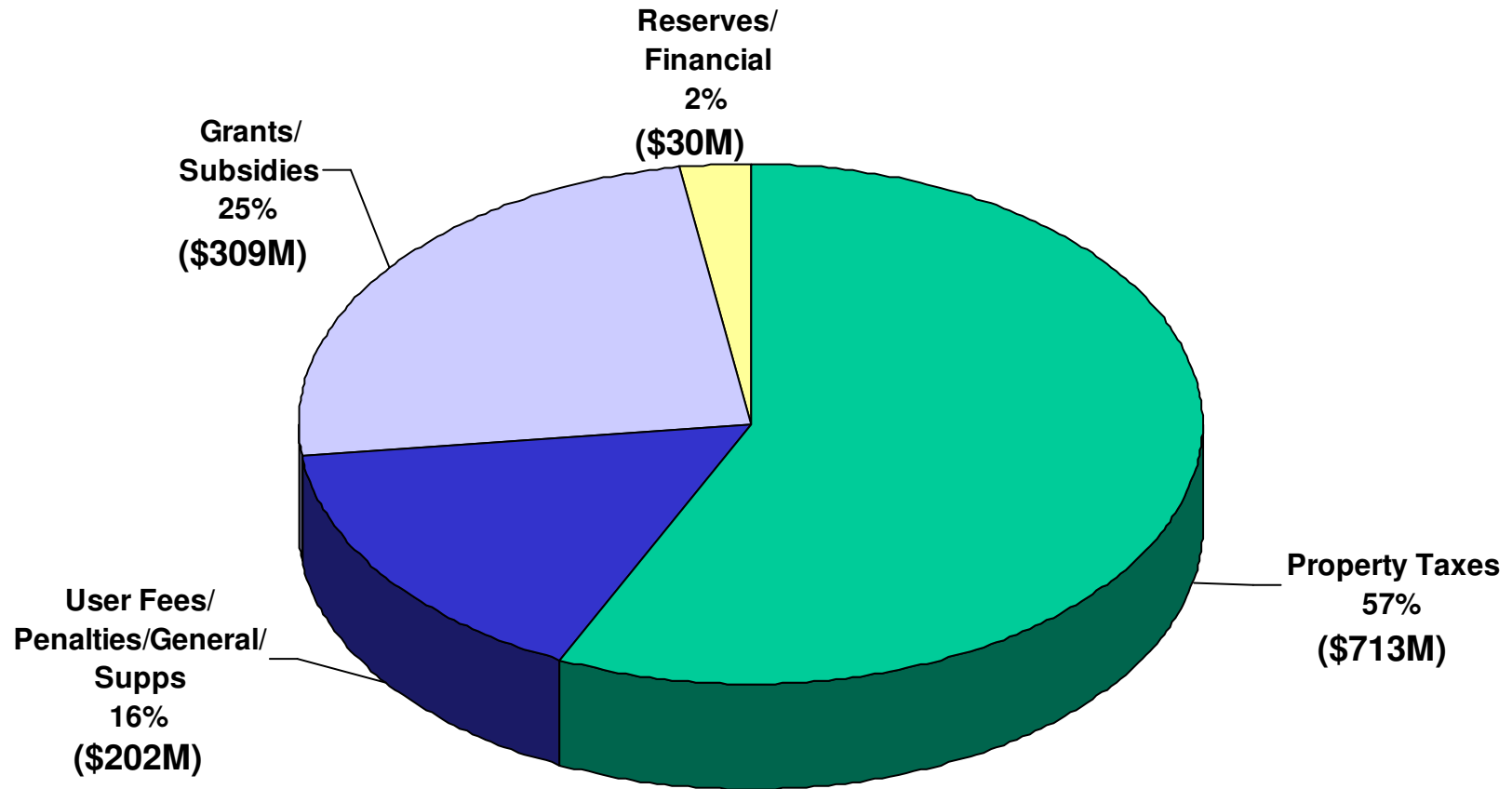
2012 Gross Tax Operating Budget By Service - \$1.25 billion





2012 Gross Tax Revenues by Type

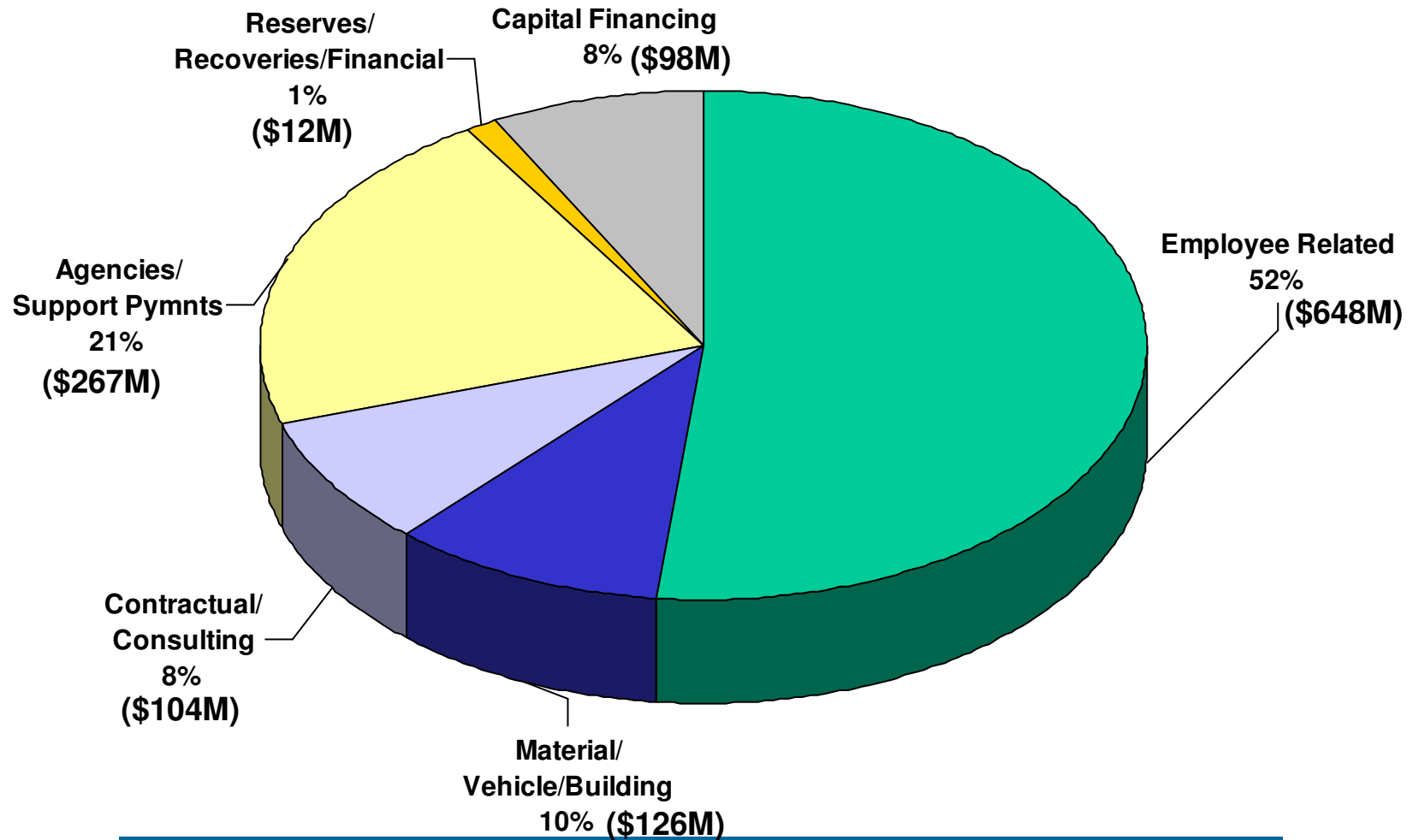
2012 Gross Tax Revenues by Type - \$1.25 billion





2012 Gross Tax Expenditures by Type

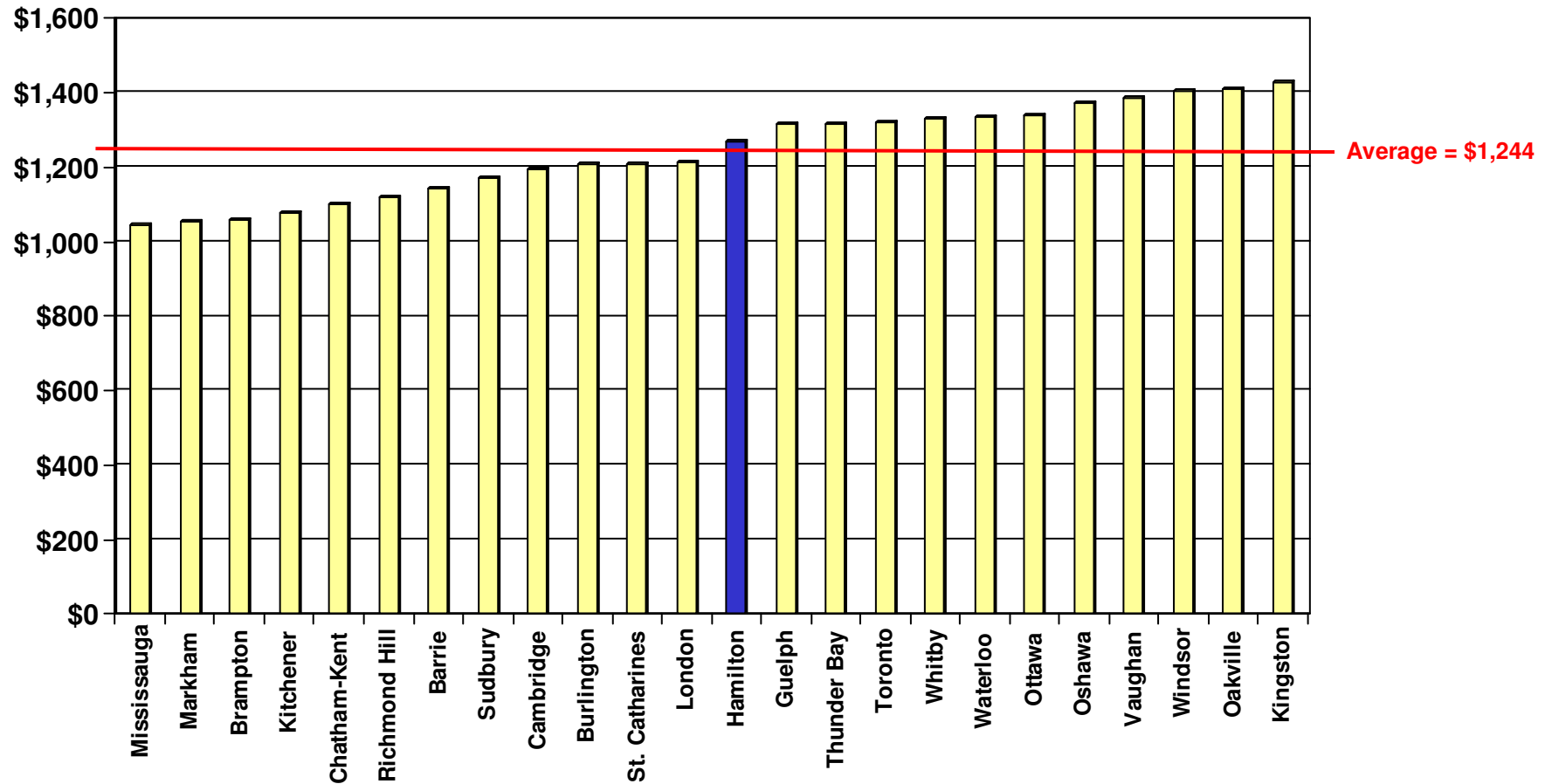
2012 Gross Tax Expenditures by Type - \$1.25 billion





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
	\$	
Municipal Services		
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
Total City Services	2,853	\$ 238



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



Comparing 2012 Upload Benefit/(Shortfall)

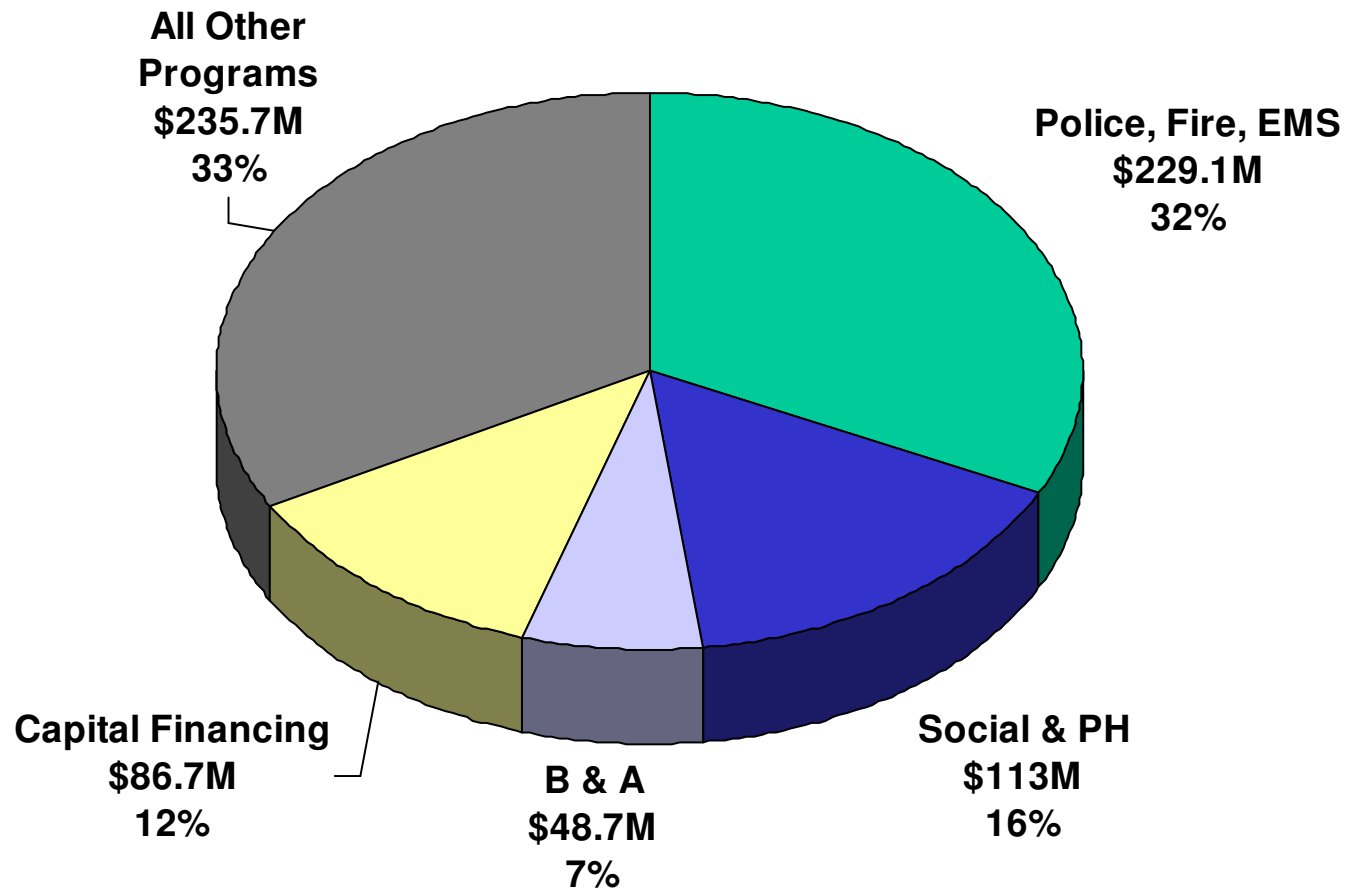
Municipality	2012 Upload Benefit/(Shortfall)
York Region	\$13.2 M (GTA Pooling Upload)* \$0.9 M (OW Upload) <u>\$0.0 M (OMPF clawback)</u> \$14.1 million benefit
Peel Region	\$10.1 M (GTA Pooling Upload)* \$2.8 M (OW Upload) <u>\$0.0 M (OMPF clawback)</u> \$12.9 million benefit
Halton Region	\$5.8 M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

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



Where to Get to 0% ?

2012 Preliminary Net Levy = \$713.3M





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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%

* municipal impact

** total impact



2012 Preliminary Tax Impact Average Home

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	PRELIMINARY	
	\$	%
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Capital	\$ 14	0.5%
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Education Taxes ¹	\$ 1	0.3%
Total Tax Impact	\$ 68	2.0%

¹ preliminary

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



2012 Preliminary Tax Impact Average Home

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

¹ – Education taxes based on preliminary rate provided by Province

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



2012 Preliminary Budget by Department

	2012	Change 2012 / 2011	
	Prel. Budget	\$	%
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%)
TOTAL CITY EXPENDITURES	443,151,733	11,475,191	2.7%
Comm Serv. (Exclusive of upload)	138,902,451	3,534,586	2.6%



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>
Total of Highlighted Pressures		\$ 12,170,000



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)
TOTAL BUDGET SAVINGS INCORPORATED INTO THE 2012 DEPARTMENTAL PRELIMINARY BUDGET	(\$5,950,262)	(\$4,189,868)

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



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%
Total Boards & Agencies	183,399,135	5,418,570	3.0%
Capital Financing	86,727,000	3,350,000	4.0%
Provincial Funding / OMPF	0	4,000,000	100.0%
TOTAL OTHER	270,126,135	12,768,570	5.0%



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

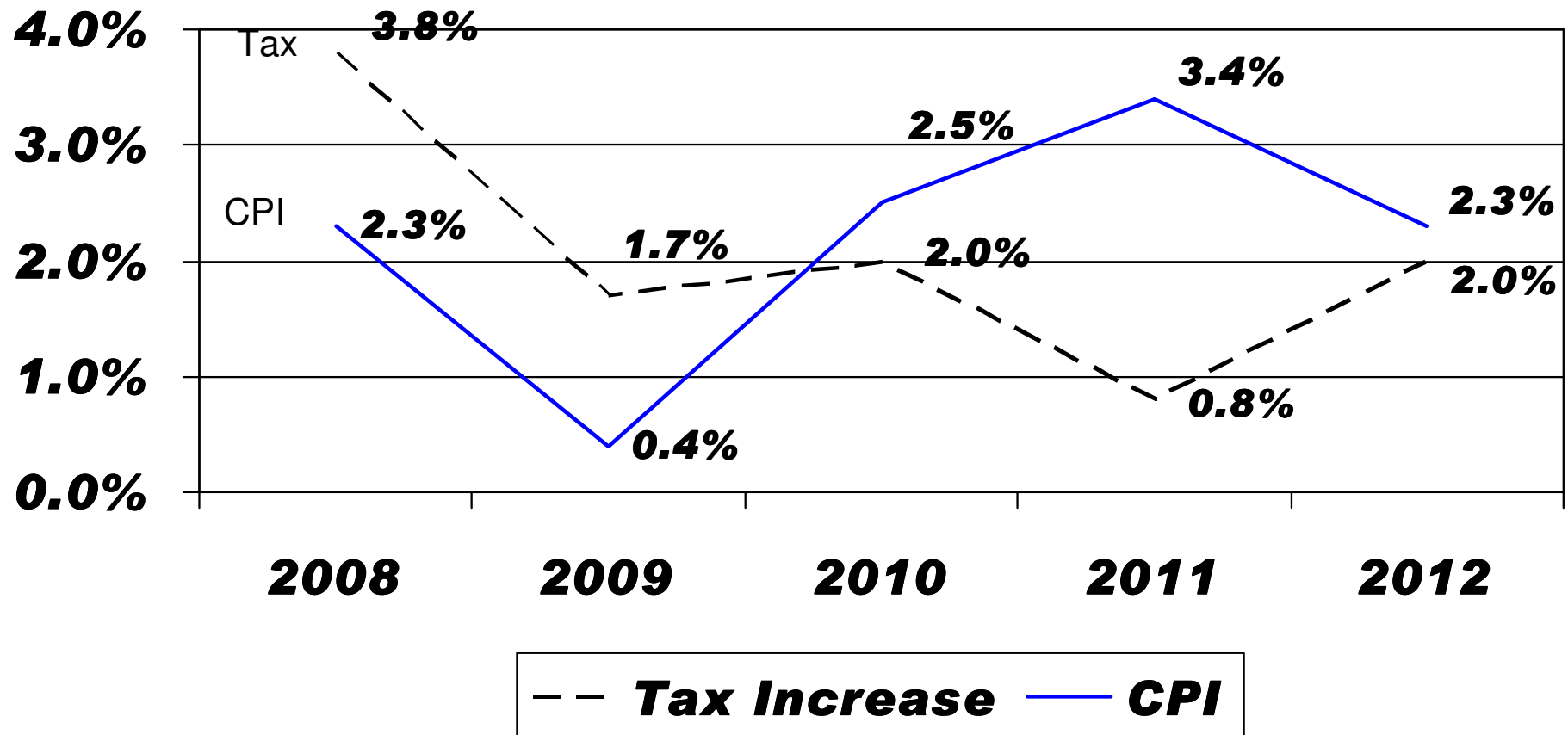
Note – anomalies in totals due to rounding



- 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



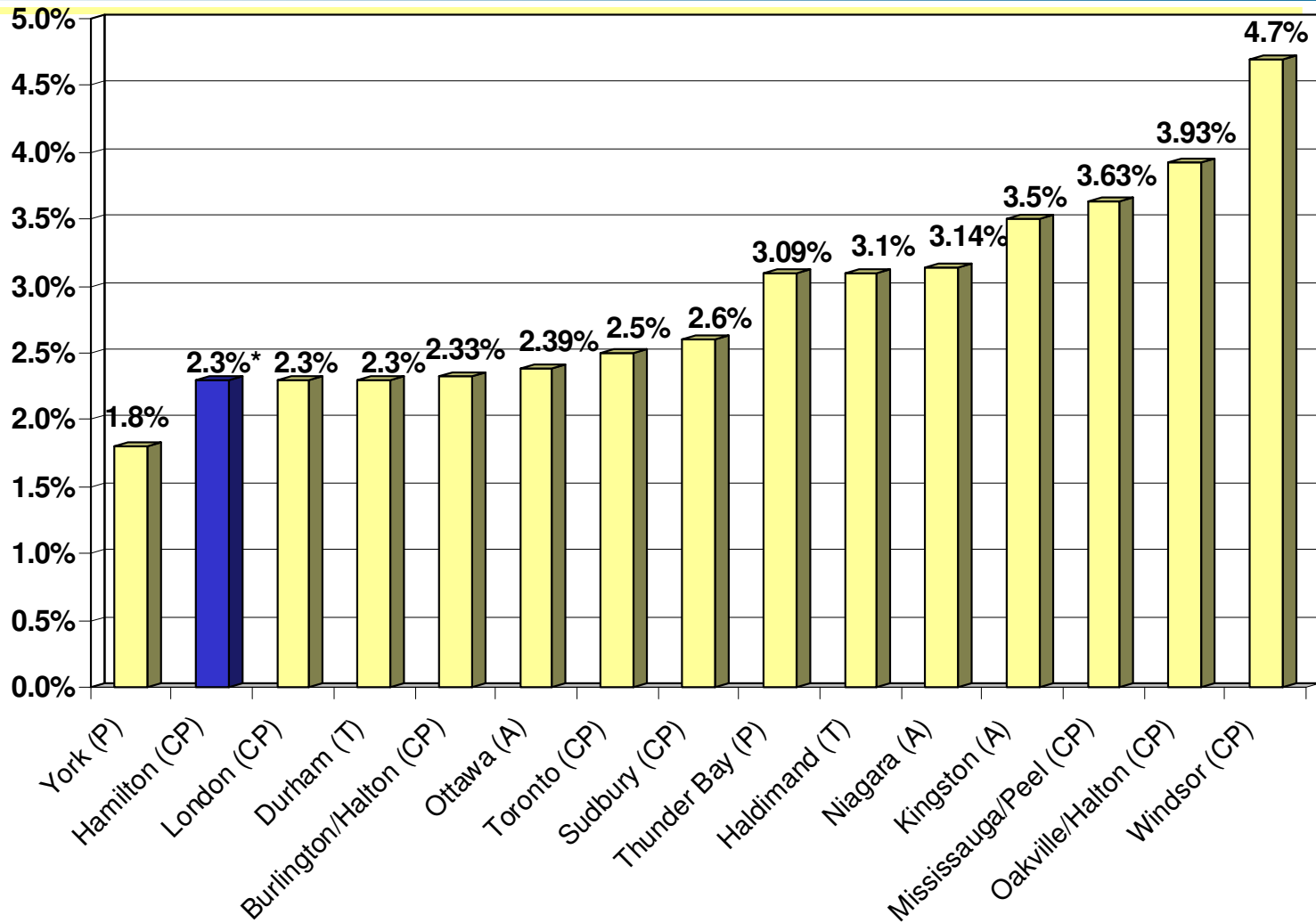
Historical Tax Increases



2012 – CPI Dec 2011; Preliminary Budget



2012 Average Municipal Tax Impacts (information to date)



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



COUNCIL REFERRED & OTHER ITEMS

(not included in preliminary budget totals)



2011 Council Referred Enhancements (Appendix 1-6)

- 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)

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.*
PRELIMINARY BUDGET		\$ 24,200,000	2.0%
TOTAL REDUCTIONS OF	-\$ 4,000,000	\$ 20,200,000	1.5%
TOTAL REDUCTIONS OF	-\$ 8,000,000	\$ 16,200,000	1.0%
TOTAL REDUCTIONS OF	-\$ 16,000,000	\$ 8,200,000	0.0%

* - 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

- 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



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