



Mayoral Directive to Staff MDI-2025-01

Date: October 7, 2025

To: Marnie Cluckie, City Manager/CAO,
Mike Zegarac, General Manager, Finance & Corporate Services/City Treasurer

WHEREAS pursuant to subsection 284.16 of the *Municipal Act, 2001* and section 7 of O. Regulation 530/22, the mayor shall prepare a proposed budget for the City.

I, Andrea Horwath, Mayor of the City of Hamilton, direct the City Manager and the City Treasurer, to prepare the 2026 Budgets (Rate Supported and Tax Supported) for consideration by City Council, with the following directions:

- The ongoing economic uncertainty caused by U.S. tariffs, together with continued affordability challenges faced by Hamiltonians, makes it clear that the 2026 Budgets must respond to the needs of our community. Feedback from residents throughout the year, reinforced during Budget Engagement sessions, as well as input from members of Council and the priorities outlined in the 2026 Outlook report of September 11, 2025, underscore the need to prioritize affordability while maintaining critical infrastructure and addressing community safety and well-being.
- Staff are directed to prepare a proposed *Hold the Line* tax budget targeting a maximum increase of 4.25%, ensuring that critical infrastructure investments (like roads, transit, and water/wastewater), community safety and well-being priorities (like public safety initiatives, recreation centres and programming, parks, sports fields and housing), and the service levels Hamiltonians rely on, are not compromised.
- All items referred to the 2026 Budget process by Council, as well as Business Cases provided in the outlook, must be reconsidered within a *Hold the Line* fiscal framework. Hamiltonians are stretching every dollar - the City of Hamilton must do the same. Any requests outside this framework must demonstrate a clear and urgent need for inclusion in the 2026 budget.

- While the details of the annual budget preparation work undertaken by staff may include such considerations, it is important to set out specific expectations about the rigour of this exercise.
- The target should be achieved through measures including but not limited to:
 - Review and implementation of operational efficiencies and cost-saving measures that achieve a permanent cost reduction without negatively impacting service levels, for example:
 - Modernizing processes
 - Leveraging technology
 - Eliminating redundancies
 - Right-sizing staffing complements across the corporation including vacancies
 - New and expanded revenue streams including funding opportunities from other levels of government and outside agencies, with analysis and review of unsuccessful previous applications in order to improve the likelihood of success in future applications
 - Review of capital projects to identify savings, for example:
 - Applying surpluses from closed projects
 - Closing projects no longer required
 - Determining whether capital investments for future projects, and equipment and vehicle purchases, can be spread across future budgets to ease the impact in 2026 without jeopardizing completion or operationally required delivery dates
 - Prudent utilization of debt and reserves, while protecting the City's credit rating
- The 2026 Budget Process must integrate Operating, Capital, and Rate budgets into two annual budgets: Rate Supported and Tax Supported. This integration will provide clear information about how capital projects affect operating costs and will improve accountability and long-term planning.
- The 2026 Budget process must start earlier, give Council and the public more time and information to review, and follow a clear, accessible schedule that emphasizes public engagement and transparency.
- Staff must expand budget engagement activities to ensure broad community input, including in-person sessions, a survey, and online tools, increasing accessibility for Hamiltonians to share their priorities.

I am committed to working collaboratively with Council to finalize the 2026 budgets through the prescribed process that maximizes the impact of our city's resources while addressing the economic challenges facing Hamiltonians. Together with City staff, we will implement measurable initiatives that prioritize exceptional customer service and directly benefit Hamiltonians. This approach will strengthen trust, deliver tangible results, and uphold our commitment to fiscal responsibility.

Proactive Planning for the 2027 budget:

In April 2026, the City Manager, together with the General Manager of Finance and Corporate Services, are to issue written direction to staff to begin a critical review of all program lines to assess their ongoing public value and ensure that every program and service reflects responsible stewardship of public funds, and is delivered in the most modern, effective and efficient way possible by leveraging technology, innovation and up-to-date processes. A copy of the direction from the City Manager and General Manager of Finance and Corporate Services, is to be provided to the Mayor's Office, and shall confirm that pre-budget efficiency and sustainable cost-saving measures for the 2027 budget have begun.

In addition, staff are to strengthen the 2027 budget process by delivering information and decision points earlier, and by establishing a streamlined, transparent process that increases meaningful public engagement.



Andrea Horwath
Mayor, City of Hamilton

c.c. Matthew Trennum, City Clerk