



# COMMUNICATION UPDATE

<b>TO:</b>	Mayor and Members City Council
<b>DATE:</b>	March 29, 2021
<b>SUBJECT:</b>	2021 Tax Impacts Due to Area Rating (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
<b>SIGNATURE:</b>	

This Communication Update presents introductory information concerning the 2021 tax impacts of area rating by ward. While the information below speaks to varying 2021 tax increases, it should be noted that the City's current average residential tax position remains at 2.1% pending Council approval on March 31, 2021. The 2021 Tax Policy Report presenting the final tax impacts is scheduled to be before the General Issues Committee on April 21, 2021.

## FIRE

### Service Delivery Change

In June of 2019, Council approved Hamilton Fire Department's "Hamilton Fire Department Service Delivery Plan (2019 - 2028)" (Report HSC19026). The budgetary impacts of this Plan were approved by Council in March 2020 through the 2020 Budget process. Among other things, the Plan outlined the challenges faced by the Hamilton Fire Department relating to the significant growth that has occurred and continues to occur in rural / suburban areas such as Waterdown, Binbrook, Upper and Lower Stoney Creek.

The Plan proposed to increase the level of composite operations in high growth areas of the City to maintain service delivery through the addition of daytime crews from the career response and an increase in volunteer response. These changes, which have already taken place, have resulted in changes in the service delivery boundaries.

Therefore, approximately 6,000 properties with an assessment of approximately \$3.5 B (of which approximately 5,200 properties and \$2.4B in assessment are in the Residential property class) from the former municipalities of Stoney Creek (Ward 10) and Glanbrook (Ward 11) have been reclassified from “Rural Fire” to “Urban Fire”. This results in significant changes in the tax impacts as explained below.

### **Tax Impacts**

The urban fire areas of the City (“urban areas”) are experiencing an area rating benefit of -0.5% from \$13 in Ward 4 to \$41 in Ward 10 (Hamilton) and Ward 14 (Ancaster), while the rural fire areas of the City (“rural areas”) will experience an increase of approximately 2.4%-2.6% from \$113 Ward 11 (Glanbrook) to \$178 Ward 14 (Ancaster). This is because of the repositioning of the \$3.5 B in assessment, which helps lower the cost of the fire service in the urban areas by spreading costs across a greater base but at the same time, increases the burden for the reduced number of properties paying for the service in the rural areas.

In 2021, the budgeted cost of the fire service had an increase of \$326 K over 2020. This budgeted increase has been offset by assessment growth. A portion of the budget is allocated to each area based on historical call volumes by career / volunteer crews. The percentage of response by career / volunteer crews remained relatively unchanged even though there was an overall reduction of approximately 47% in the number of responses in 2020. This was because the Fire Department stopped responding to some types of calls to minimize exposure to COVID-19. Therefore, the change in the boundaries on the fire service delivery is the most significant driver in the tax impact differences between urban areas and rural areas.

### **Average Change**

Table 1 shows the total and average change for the residential properties that changed from rural fire to urban fire.

Table 1

	<b>Count</b>	<b>Total Asmt</b>	<b>Average Asmt</b>	<b>Average 2020 Tax</b>	<b>Average 2021 Tax</b>	<b>Average Change</b>
<b>Ward 10</b>	4347	\$ 2,087,970,235	\$ 480,324	\$ 256	\$ 489	\$ 233
<b>Ward 11</b>	845	\$ 350,999,500	\$ 415,384	\$ 221	\$ 423	\$ 202

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

## **TRANSIT**

### **2021 Assumptions**

In a normal year, the winter, spring and fall periods for the current year are forecasted based on the service levels as of September of the previous year (i.e. September 2019 was used to forecast winter, spring and fall of 2020) and the summer period is forecasted based on the previous summer service levels (i.e. summer of 2019 was used to forecast summer of 2020). Adjustments are made for expansions.

However, due to COVID-19, Transit has been operating on a “summer” schedule since last fall and it is assumed that it will continue to at least the summer 2021. Therefore, for 2021, Transit is assuming summer 2020 service levels for the winter, spring and summer 2021 and assuming regular weekday service, last operated in winter 2019 (pre-COVID-19) for the fall 2021.

### **Tax Impacts**

Changes in Transit have a significant weight on tax impacts. Ward 15 (Flamborough) is experiencing a benefit of -0.2% or \$13 due to a lower cost allocation associated with previous years’ changes (Route 18 which covers Burlington but is charged to Hamilton and was previously charged to Flamborough). Conversely, wards in Hamilton and Ancaster have an impact of 0.2% (average of \$9 for Hamilton and \$12 for Ancaster) due to higher allocations associated with previous years expansions (Route 44 in Ancaster and Route 18 in Hamilton as previously explained).

### **PARKLAND PURCHASES**

Stoney Creek has a benefit of -0.2% or \$7 due to the full repayment of the lands located at 605 Highway #8.

### **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” – 2021 Total Residential Tax Impacts

GR/dt