

Ward 2 Town Hall

2026 City Budget

CAMERON
KROETSCH
City Councillor



Tuesday, November 25
Ringside Hamilton
322 James Street North
7:00pm to 9:00pm



Livestream at [instagram.com/ward2hamilton](https://www.instagram.com/ward2hamilton)

Agenda for the Ward 2 Town Hall

- Land acknowledgement
- Town Hall Code of Conduct and introductions
- Budget history and structure
- \$5.2b infrastructure deficit
- Mayoral Directives
- Budget outlook
- Budget motions

Land Acknowledgement

- Huron-Wendat, Neutral, Erie, Mississaugas, Haudenosaunee, Anishinaabe
- Haldimand Tract
- Dish with One Spoon
- Wampum Belt
- Treaty and rights holders



Town Hall Code of Conduct

- Questions at end of each section and at **the end**
- Raise your hand - we'll keep a speakers list
- Kindness and generosity first - no yelling, name calling, or rudeness - we'll adjourn the meeting
- Interrupt if you need clarity or help

Introductions to the Ward 2 Team

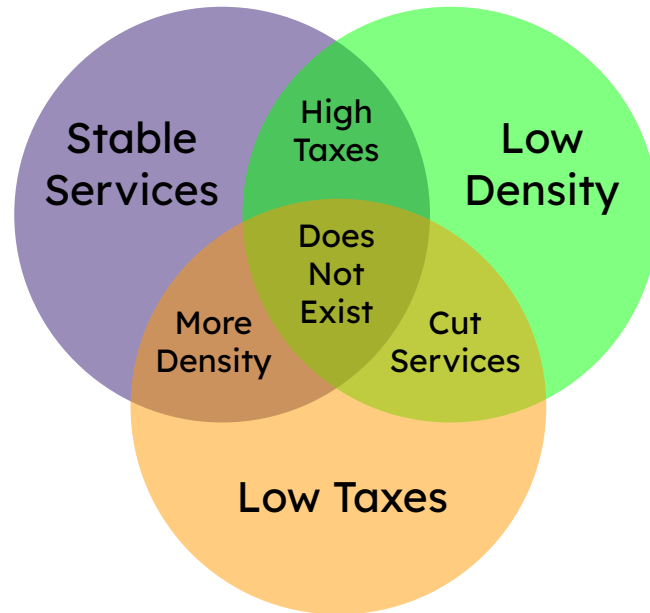
- Councillor Cameron Kroetsch
- Constituency Coordinators -
 - Liesl Thomas
 - Joey McCullough
 - Phoenix Friesen



Questions before
we get into the
town hall?

Budget history and structure

- Stable Services
- Low Density
- Low Taxes



Budget history and structure

- **Water Budget** - November and December
- **Tax Budget** - January and February
 - Capital Budget - physical assets like roads, sewers, and sidewalks
 - Operating Budget - staffing and other employee costs

Budget history and structure

- Budgets are **not happening in isolation** in a single term of Council
- Decisions by previous terms of Council have a significant impact on what tax increases future Councils must bring forward to **maintain** and **improve** City services

Budget history and structure

- Arbitrarily and artificially keeping taxes lower for purely **optical or political** reasons will make it more difficult for future Councils to properly fund City programs and services and avoid raising user fees
- This is **preventable**

Budget history and structure

Case study of 6 years of tax increases below national inflation

- **2011** - tax increase = 0.8% < inflation = 2.9%
- **2012** - tax increase = 0.9% < inflation = 1.5%
- **2014** - tax increase = 1.5% < inflation = 2.0%
- **2018** - tax increase = 1.9% < inflation = 2.3%
- **2021** - tax increase = 1.9% < inflation = 3.4%
- **2022** - tax increase = 2.8% < inflation = 6.8%

9.1%
difference

Budget history and structure

Municipal Price Index (MPI) vs. Consumer Price Index (CPI)

- Accounts for costs faced by municipalities not households
- Studied by the City of Ottawa in 2023 and used by the Town of Milton in preparing their budget since 2008
- The Town of Milton calculated their 2025 MPI at 4.67%
- On average, since 2019, the Town of Milton's MPI has been 131% higher than CPI

Budget history and structure

CPI vs. Town of Milton MPI based on averaging

- **2024** - CPI = 2.4% vs. Town of Milton MPI = 6.28%
- **2023** - CPI = 3.9% vs. Town of Milton MPI = 7.11%
- **2022** - CPI = 6.8% vs. Town of Milton MPI = 2.73%
- **2021** - CPI = 3.4% vs. Town of Milton MPI = 2.51%
- **2020** - CPI = 0.7% vs. Town of Milton MPI = 3.44%
- **2019** - CPI = 1.9% vs. Town of Milton MPI = 2.87%

Budget history and structure

Case study of 6 years of tax increases compared to average Milton MPI

- **2011** - tax increase = 0.8% < inflation = ~~2.9%~~ 3.78%
- **2012** - tax increase = 0.9% < inflation = ~~1.5%~~ 1.96%
- **2014** - tax increase = 1.5% < inflation = ~~2.0%~~ 2.61%
- **2018** - tax increase = 1.9% < inflation = ~~2.3%~~ 3%
- **2021** - tax increase = 1.9% < inflation = ~~3.4%~~ 4.43%
- **2022** - tax increase = 2.8% < inflation = ~~6.8%~~ 8.87%

14.85%
difference

Budget history and structure

Case study for the current term of Council -

- 2023 - tax increase = 5.8% > inflation = 3.9%
- 2024 - tax increase = 5.8% > inflation = 2.4%
- 2025 - tax increase = 5.6% > inflation = 2.2%*
- 2026 - tax increase = 4.25% > inflation = 2.0%*

Budget history and structure

Case study of this term of Council -

- Based on just looking at the budgets of this Council in the year 2023, 2024, 2025, and 2026, using a **needs based budget and asset management approach**, we're projecting increases above inflation **at 10.95%**
- This puts us squarely between the 9.1% (CPI) and 14.85% (MPI) - **but it's not enough**

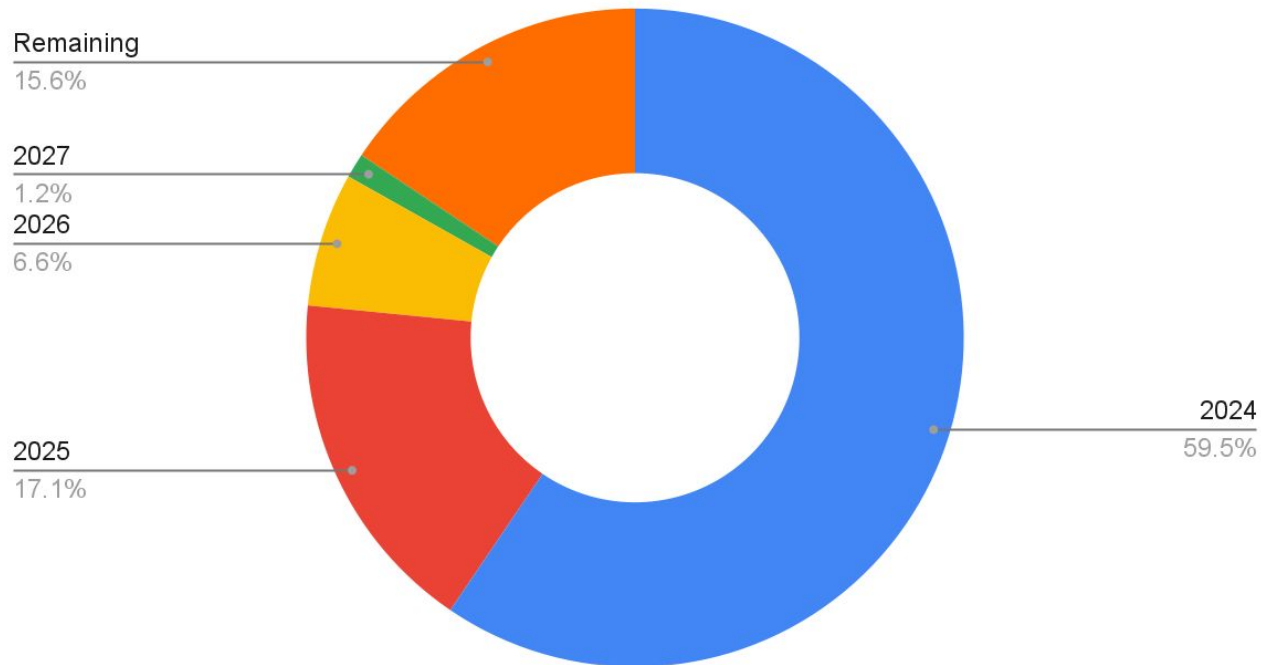
Budget history and structure

In order to deal with some of this, the City decided to use a Reserve Financing Strategy for the years 2024-2027

- The City of Hamilton has a number of **obligatory and non obligatory reserves**
- Non obligatory reserves totalled **\$256.5m** before the 2024 tax year
- Using **84% of these reserves** helped us to address the impacts of COVID and the increased costs of delivering City services and improving them

Budget history and structure

Non Obligatory Reserves



Questions about
the budget history
and structure?

\$5.2b infrastructure deficit

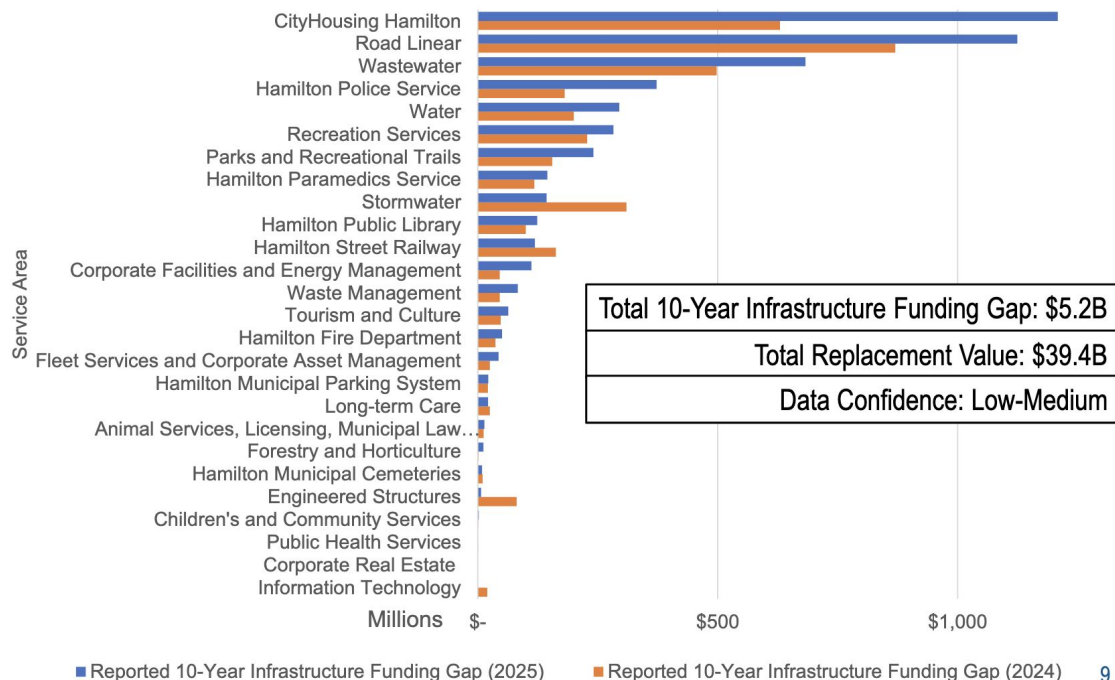
- Decisions by previous Councils create deficits that future Councils have to deal with, which is one reason, including the pandemic, we are using our **reserves** to help us recover
- To put it another way, even if we have budgets closer to the Municipal Price Index, above inflation, it's nearly impossible to catch up in the short term - **it's going to take a while**

\$5.2b infrastructure deficit

	Replacement Value	10-Year Infrastructure Funding Gap	10-Year Infrastructure Funding Gap Per Year Over 10 years
Core Assets			
Reported in 2025	\$24.9B	\$2.3B	\$230M/year
Reported in 2022	\$21.3B	\$1.96B	\$196M/year
Difference	+\$3.6B	+\$0.3B	+\$34M/year
Non-Core Assets			
Reported in 2025	\$14.5B	\$2.9B	\$290M/year
Reported in 2023 and 2024	\$9.9B	\$1.87B	\$187M/year
Difference	+\$4.6B	+\$1.0B	+\$103M/year
Total			
Reported in 2025	\$39.4B	\$5.2B	\$520M/year
Data Confidence	Medium	Low-Medium	

\$5.2b infrastructure deficit

10-Year Infrastructure Funding Gap by Service Area



\$5.2b infrastructure deficit

Who pays for the infrastructure?

- **Example 1** - Rural road - stable rural residential lots, average of less than 10 residents
- **Example 2** - Urban downtown street - massive redevelopment, thousands of residents + Development Charges

\$5.2b infrastructure deficit

What if we want better services and programs?

- We can't get better recreation centres if we can't pay to maintain existing ones
- We can't prioritize road repairs to a high standard when we're still trying to raise money to fill potholes
- We can't improve the quality of our water if we're relying on old pipes and a combined sewer system

\$5.2b infrastructure deficit

Works in Progress or WIP lists

- A strategy to reduce the budget is to look at projects that are funded, **but not started**, and consider eliminating them to put that money back into the main budget
- This is one of the problems with 4 year election cycles - if projects are on the way to significant completion **they can be cancelled**

Questions about
the \$5.2b
infrastructure
deficit?

Mayoral Directives

- **Strong Mayor Powers** were granted to some Mayors in Ontario in exchange for signing on to the Ford government's housing pledge in 2023, which I opposed, for the record
- The Powers speak broadly to a number of new things Mayors can do, including **directing municipal budgets**
- To date, the Mayor has exercised these powers for the 2025 and 2026 budgets through **Mayoral Directives**

Mayoral Directive - 2025 City Budget



clear options for Council to consider. These options must balance the significant demands facing the City against property tax impacts on Hamiltonians who continue to grapple with affordability challenges, while clearly addressing the need for multi-year investment plans addressing needs such as infrastructure renewal and programs that

I am committed to working collaboratively with Council to finalize the 2025 budgets, ensuring an accountable and transparent process that maximizes the effectiveness of our city resources while addressing the economic hardships faced by our residents. Together with City staff, we will implement measurable initiatives that prioritize

- Rather than directing a specific, arbitrary budget target that risks underfunding of critical programs and infrastructure, and which results in significant deficiencies for Hamiltonians and inflated costs over time, that staff be directed to provide a range of

Date: October 28, 2024

To: Marnie Cluckie
Corporate Services

WHEREAS pursuant to the *Municipal Act, 2001*, Sections 284.3 (Direction to Employees) the mayor may direct municipal employees to:

- a) undertake research, develop policies and programs, and perform other duties under the *Municipal Act, 2001*;
- b) carry out duties including implementing

AND WHEREAS pursuant to Section 7 of O. Regulation

I, Andrea Horwath, Mayor of the City of Hamilton, do hereby direct the Treasurer, to prepare and submit for consideration by Council

- It is imperative that the City address the challenges residents face with ongoing affordability challenges, revenue streams, and the city's credit rating to ensure the 2024 Budget.

• Rather than directing a specific, arbitrary budget target that risks underfunding of critical programs and infrastructure, and which results in significant deficiencies for Hamiltonians and inflated costs over time, that staff be directed to provide a range of

priorities.

c.c. - Matthew Trepanier, City Clerk

clear options for Council to consider. These options must balance the significant demands facing the City against property tax impacts on Hamiltonians who continue to grapple with affordability challenges, while clearly addressing the need for multi-year investment plans addressing needs such as infrastructure renewal and programs that Hamiltonians need and deserve.

- That staff will expand the 2025 Budget engagement process by incorporating and promoting online tools, enabling Hamiltonians to identify their priorities.

Mayoral Directive - 2026 City Budget



Hamilton

Mayoral Directive to Staff MDI 2025.04

Date: October 1, 2025

To: Marnie
Mike Z

WHEREAS the
Regulation 5

I, Andrea Ho
Treasurer, to
consideration

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input
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- Staff s
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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

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:

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2027

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that

- 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.

- 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.

Questions about Mayoral Directives?

Budget outlook



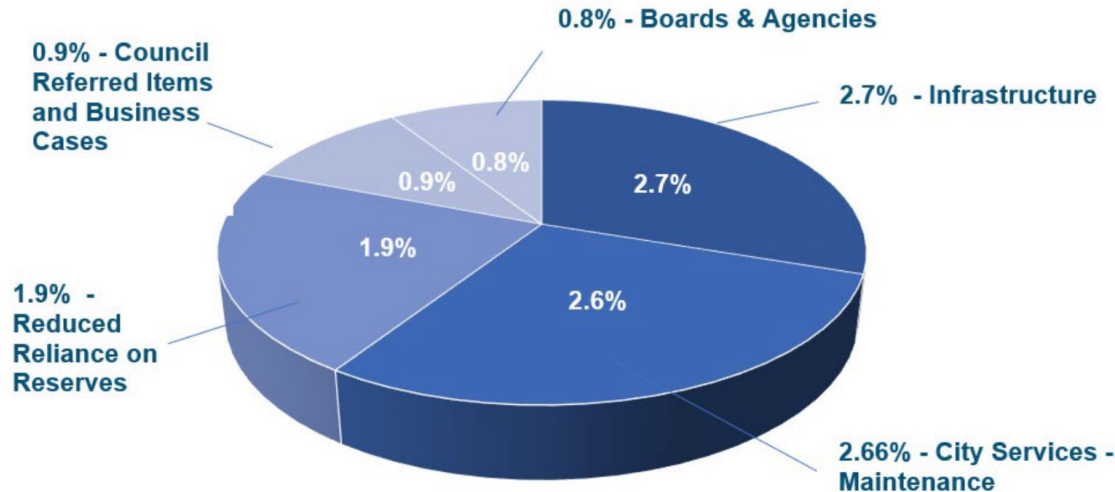
Budget outlook

8.9%

Avg. Residential Tax Impact

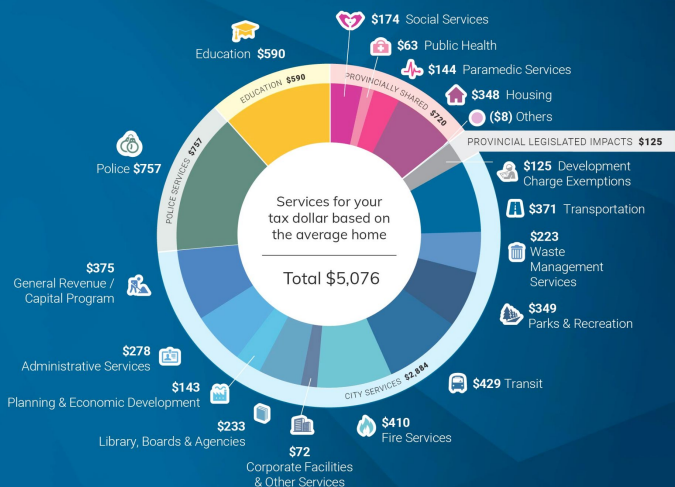
2026 BUDGET OUTLOOK

2026 Outlook – Average Residential Tax Impact



Budget outlook - 2025

2024 Distribution of Tax Dollars

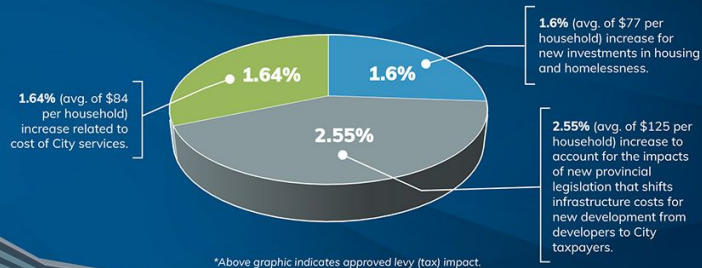


Based on Council Approved Budget, February 15, 2024

hamilton.ca/budget2024



City of Hamilton's Approved 2024 Budget



hamilton.ca/budget2024



Budget outlook

2026 BUDGET OUTLOOK

Forecasted Net Expenditure Increase - \$131.7 M

- Employee related costs – \$44.6 M (34%)
- Infrastructure investments – \$42.3 M (32%)
- Reduced reliance on reserves – \$29.7 M (23%)
- Operating impacts of capital – \$10.5 M (8%)
- Transit strategy – \$3.9 M (3%)

Budget outlook - 2025

Spending

Recreation

3.5%

Waste Management

3.6%

Legislative and Administrative Services

4.0%

Other

4.3%

Housing

5.7%

Long Term Care and Public Health

5.8%

Capital Financing

9.6%

Emergency Services

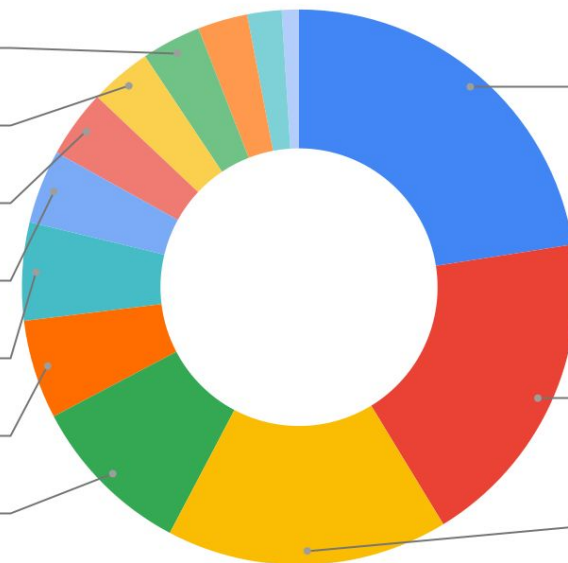
22.5%

Community Services and Engagement

18.7%

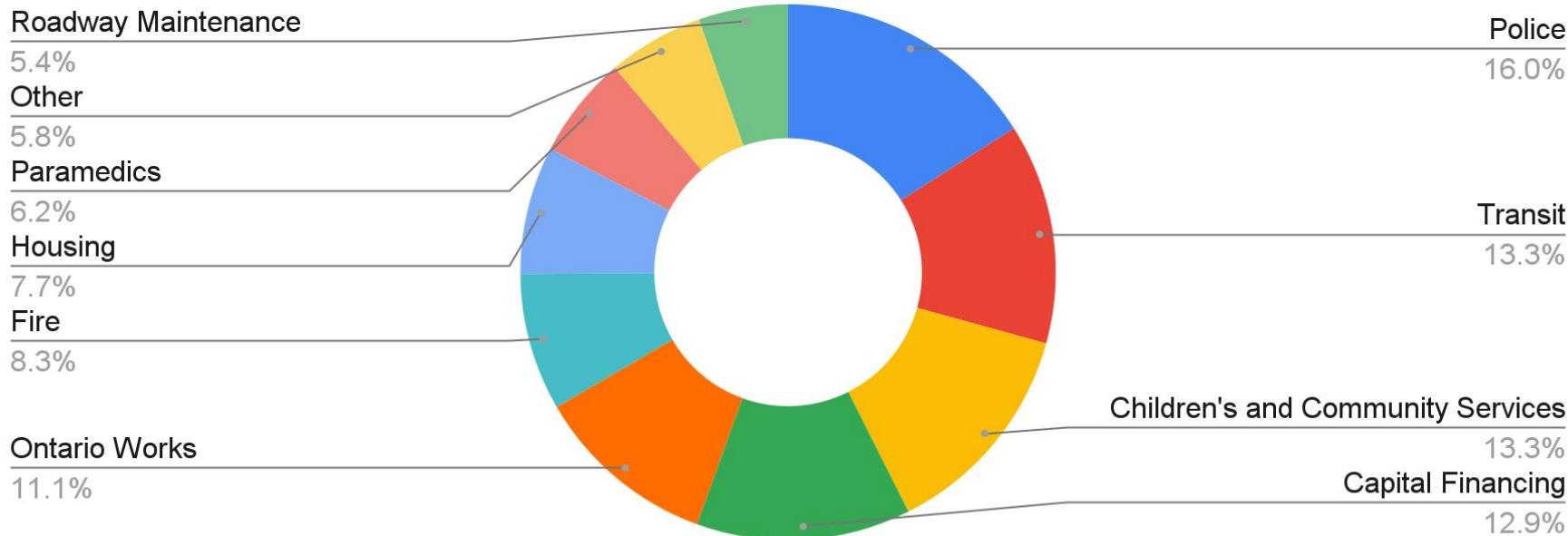
Transit, Transportation, and Parking

16.4%



Budget outlook - 2025

Top 10 Spending



Budget outlook - 2025

Revenue

Non-Program Revenues

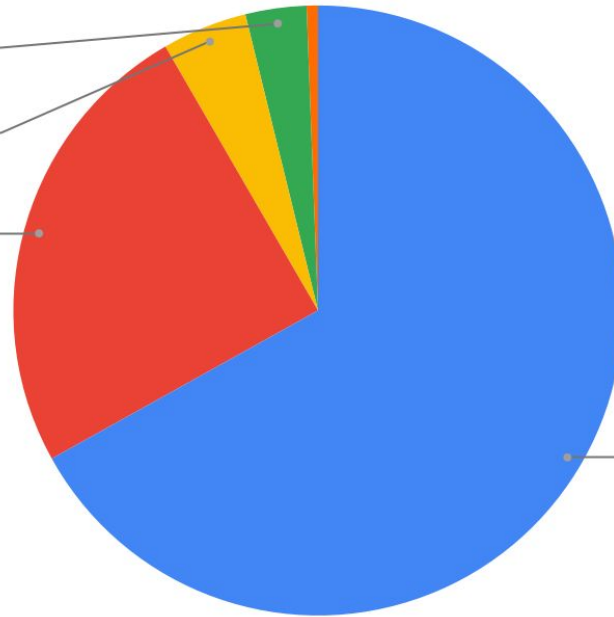
3.2%

User Fees

4.5%

Grants and Subsidies

24.7%



Taxes

66.9%

Budget outlook

2026 BUDGET OUTLOOK Mitigation Opportunities

The average residential tax impact of 8.9% could be reduced to 6.6% if Council were to decide to pause the funding of the asset management gap and defer all Business Cases and Council Referred Items.

Preliminary Average Residential Impact	8.9%
Deferral of Council Referred Items	-0.6%
Deferral of Business Cases	-0.4%
Defer Funding of Infrastructure Gap	-1.3%
Average Residential Tax Impact Including Mitigation Opportunities	6.6%

Budget outlook

Public Delegations - (November 17, 2025) and January 19, 2026

- Opportunity for the public to let Council know what their priorities are for the (Water and) Tax Budget(s)
- Opportunity for the public to make comments to Council to make changes, support items, or not support items
- Residents fought to have dates that let them see the budget before commenting on it (January)

Questions about
the 2026 Budget
outlook?

Budget motions

- **Hamilton Police Service Board** - Reduction in non essential spending and things not mandated under the Community Safety and Policing Act - approximately \$1.2m
- **Downtown Sub-Committee** - Funding plan for improvements
- **Community Safety and Well-Being Plan** - Funding plan, lacking since 2019
- **Recreation Master Plan** - Accelerating maintenance + new assets

Budget motions

- **CityHousing Hamilton's Strategic Development Plan** - Phased funding of hundreds of millions of dollars in affordable housing
- **Temporary Shelter at Barton-Tiffany** - Funded exit strategy
- **311** - Enhanced Resident Service and Tracking - Accelerated funding
- **211** - Hamilton Community Crisis Service - Earmarked for 2027
- **Continue Staff Hiring in Key Areas** - Increased service levels

Any questions
about my budget
motions?

Any questions or
feedback about
the budget?