

2016 General Levy Budget

January 27, 2016

Presentation Overview

- 1) Update on timetable
- 2) Introduction
- 3) Review of 2015
- 4) 2016 Budget: Base & Assessment
- 5) 2016 Budget: Supplementary
- 6) Risks and Opportunities
- 7) Recommendations & Questions

1) 2016 Budget Timetable Update

Budget	Date
Council-in-Budget #4: General Levy Budget & Assessment Analysis Report	January 27, 2016
Council-in-Budget #5: General Levy (if necessary)	February 3, 2016
General Levy By-law & General Capital Budget By-law	February 22, 2016

2) Introduction

2016 Budget guided by:

- 1) Report No. CS-17-2015: **1.5%** controllable costs
- 2) Corporate Services Sub-Committee: **3.0 to 3.5%**
total tax bill increase guidance at Sept. 21 meeting
- 3) 2015-2018 Strategic Plan: various initiatives

2) Introduction

- Funding Structure Overview



\$58 million
in proposed budgets

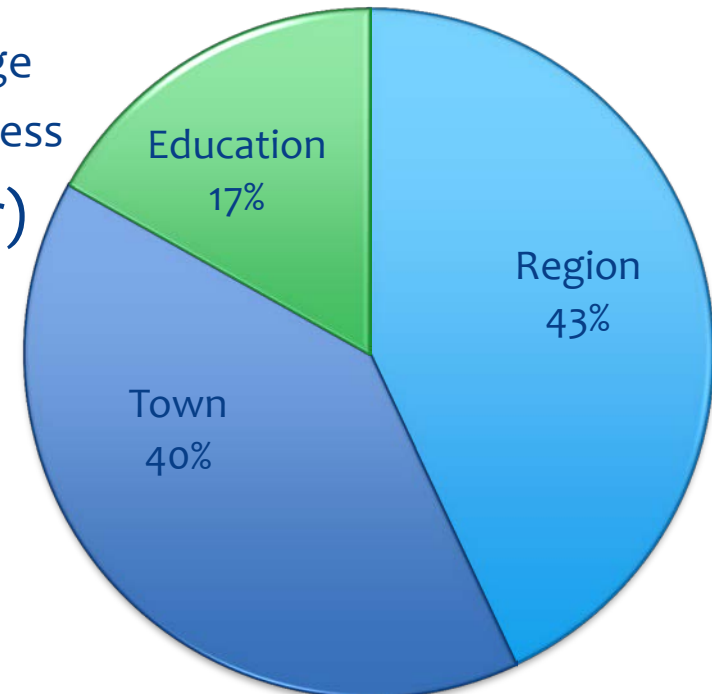
*Using 2015 Budget figures

2) Introduction

- 2015 Taxes

Total 2015 taxes billed was \$58 million allocated to:

- **Fort Erie** - \$23 million (lower tier)
 - Roads, transit, arenas, parks, cemeteries, drainage
 - Building, planning, fire, museums, health & wellness
- **Niagara Region** - \$25 million (upper tier)
 - Arterial roads, garbage & recycling
 - Social housing, children & senior services
 - Policing, public health, provincial offences
- **School Boards** - \$10 million (education)



2) Introduction - Tax Calculation

Town's General Levy Operations

$$\frac{\text{Town's General Levy Operations}}{\text{Town's Total Assessment (provided by MPAC)}} = \text{Town's Tax Rate}$$

$$\text{Property owner pays} = \text{Their property assessment} \times \text{Town's Tax Rate}$$

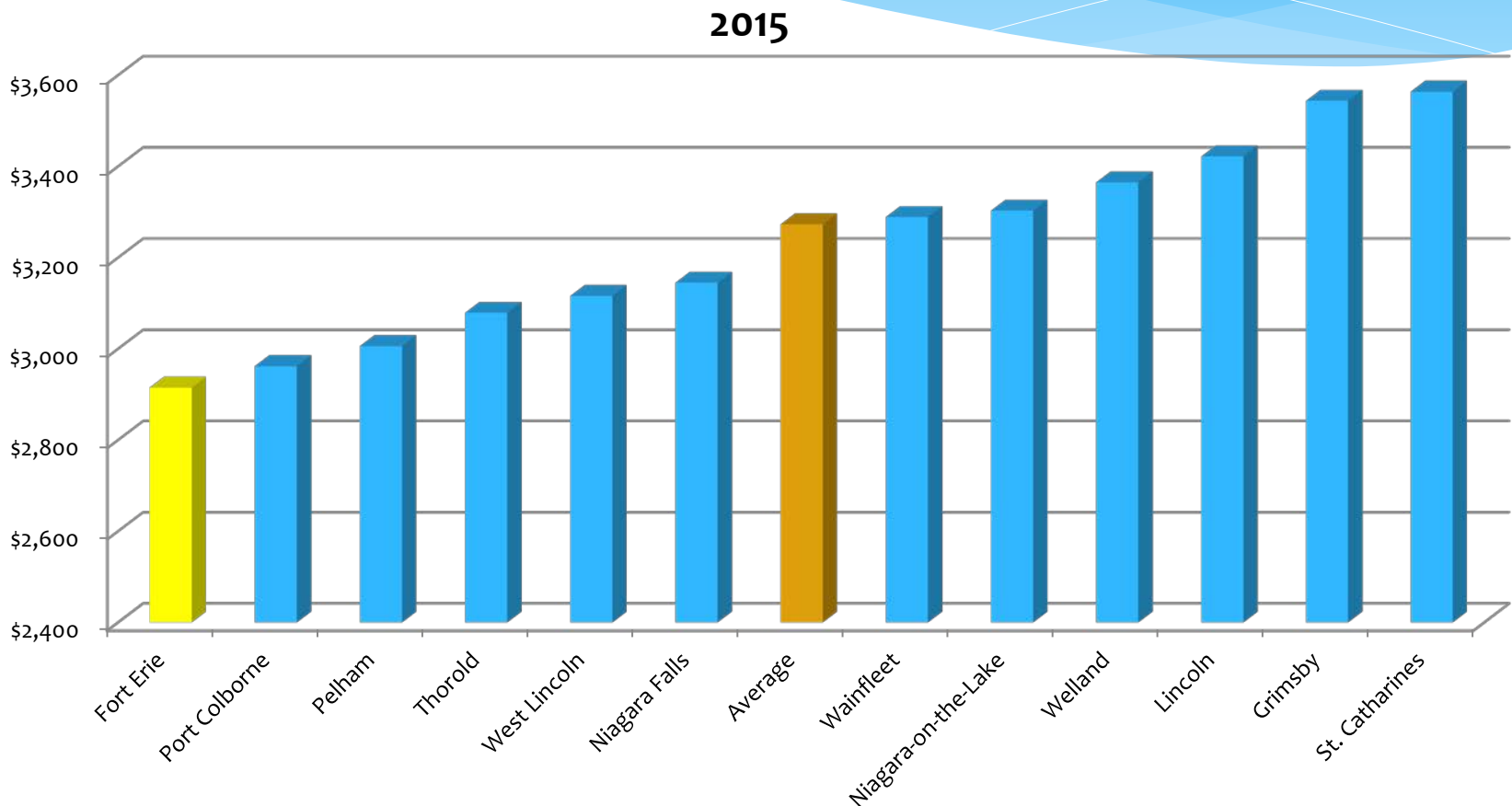
2) Introduction

- Relative Tax Burden

- Provincial study (BMA Management Consulting Inc.) compares 95 municipalities annually across Ontario
- Relative tax burden compared for “like” properties
- “Detached bungalow” used for residential defined as 1,200 sq. ft., 3 bedroom, 1.5 bath, 1 car garage on 5,500 sq. ft. lot
- Comparisons in Niagara/Hamilton table for 2015:
 - Average property taxes of \$3,273
 - Fort Erie is lowest of 13 at \$2,915
 - Also below avg for 2 Storey, Commercial & Large Industrial

2) Introduction

- Relative Taxes (Niagara/Hamilton)



3) Review of 2015

2015-2018 Corporate Strategic Plan

- Approved June 15, 2015.
 - a) A Prosperous and Growing Community
 - b) Effective, Sustainable Infrastructure
 - c) Strong Customer Service, Relationships and Communications
- Council members each chose a pillar to champion and have met regularly with staff to develop the plan further.
- Initiatives defined in the Plan have been moving forward over the past 6 months.

3) Review of 2015 (cont'd)

Strategic Plan Accomplishments

A) A Prosperous and Growing Community

- ✓ Industrial Land Strategy undertaken to identify long term needs for development
- ✓ Assistance with major development projects (CMS; Miller Creek Marina)
- ✓ Bay Beach Master Plan approved and work has begun on the Waterfront Strategy
- ✓ Increase in Community Improvement Program (CIP) related to Façade improvements in the downtown cores
- ✓ Statistical information captured by CDS and checklists for Development and Building Permit process improved
- ✓ Construction underway on two new schools

3) Review of 2015 (cont'd)

Strategic Plan Accomplishments

B) Effective, Sustainable Infrastructure

- ✓ Submissions for infrastructure projects
- ✓ \$12 million capital program, including Crescent Park Storm Drainage Phase 4 (Daytona Drive)
- ✓ \$400,000 increase in capital reserve contributions
- ✓ Work with Region on Central Ave Bridge Replacement
- ✓ Emerald Ash Borer impact analysis
- ✓ Audits of all bus stops and shelters

3) Review of 2015 (cont'd)

Strategic Plan Accomplishments

C) Strong Customer Service, Relationships and Communications

- ✓ Hired Coordinator, Corporate Communications
- ✓ Used surveys for strategic plan input and recap of events
- ✓ Organizational Review began in September
- ✓ Volunteer recognition event – Fort Erie Rocks!
- ✓ Mutual aid agreement for Emergency Protocol
- ✓ Non-Union Salary Review completed
- ✓ Prior financial results were audited and reported no deficiencies and current operations monitored through variance analysis

3) Review of 2015 (cont'd)

Financial Performance

Estimated 2015 Financial Results

- Analyzing final 2015 payments and adjustments.
- Projected Levy surplus and Water & Wastewater deficit.
- Certain mandated surplus allocations (e.g., Building permits, GFESS Theatre funding).
- Audit to be performed April and Financial Statements to be adopted in May.
- Annual Financial Report expected in June which will recommend any surplus/deficit allocations.

4) 2016 Budget: Base

“Base Budget” includes all previously approved operating budget components.

Drivers:

- Cost of Service delivery
- Asset maintenance
- Administrative costs
- Offset by other (non-tax) source of revenue

4) 2016 Budget: Base (cont'd)

Overall Base Budget decrease of 0.37%

- Increase in non-tax revenues and decrease in 2015 one-time items
- Refer to:
 - Report No. CBC-07-2016 Appendix “1” for highlights
 - Report No. CBC-07-2016 Appendix “3” for consolidated summary
 - Budget Binder tab 7 for departmental reports

4) 2016 Budget: Base (cont'd)

Revenues

\$344,518 increase in revenues

- Tax revenue - decrease from tax write-offs & vacancy rebates.
- Non-tax revenue - increase in permit fees and other revenues offset by declines in facility rentals.
- Provincial Policy impacts
 - Unrestricted Ontario Municipal Partnership Funding (OMPF) from \$518,800 to \$921,900 for Assessment Equalization
 - Provincial Gas Tax for transit small increase.

4) 2016 Budget: Base (cont'd)

Expenses

\$650,927 in additional expenses

- Operating impacts of capital
 - Debt principal & interest changes including LED Street Light program
 - Reserve contributions & general operating costs re: 2016 capital additions.
- Wages & benefits - agreements and benefits increases of \$384,000; Includes union, non-union, firefighters, Mayor & Council, committees.
- Insurance – removal of \$51,000 OMEX Supplemental Assessment; previously mitigated through use of the Town’s Self-Insurance Reserve.
- Grants - decrease of \$229,000 re: specific 2015 programs.

4) 2016 Budget: Base (cont'd)

Expenses

- Library and EDTC services - submitted \$37,000 increase.
- Bridges - Bi-annual assessment decreased \$15,000 to convert to annual contribution.
- Planning - \$32,500 in consulting re: Industrial EC designations.
- Other operating costs - base increase of \$430,000 for all other departmental matters.

Elimination of 2015 One-time items \$391,109

- Items such as the By-election, Communities in Bloom, organizational review & Racetrack grant.

4) 2016 Budget: Base (cont'd)

Summary

	\$ Levy Impact	% Levy Impact
Revenue increase	(\$344,518)	(1.48%)
Expense increase	\$650,927	2.80%
Remove: One-time items	(\$391,109)	(1.69%)
TOTAL BASE BUDGET DECREASE	(\$84,700)	(0.37%)

4) 2016 Budget: Assessment

Municipal Property Assessment Corp (MPAC)

- Assessment growth - affects every year
 - New development reduces tax impact on existing taxpayers
 - Total 2016 growth for the Town is **0.25%**
- Re-assessment shifts - 2016 final year of MPAC 4-yr cycle:
 - Doesn't affect budget, but affects how budget is distributed across property classes in the Town
 - Avg residential phase-in is **1.18%**
 - 2017 to introduce new 4-yr reassessment

4) 2016 Budget: Assessment (cont'd)

For example:

- If your assessment increase is less than Town avg. of 1.18% your taxes will increase less than that presented today.
- If your assessment increase is more than the Town avg. of 1.18% your taxes will increase more than that presented today.

Growth & Reassessment impact on median house = (0.23%)

- 2015 = (0.22%); 2014 = (1.13%); 2013 = (0.35%); 2012 = (0.30%)

4) 2016 Budget: Assessment Summary

	\$ Impact	% Impact
Revenue increase	(\$344,518)	(1.48%)
Expense increase	\$650,927	2.80%
Remove: One-time items	(\$391,109)	(1.69%)
TOTAL Base Budget Increase	(\$84,700)	(0.37%)
Assessment Impact		(0.25%)
TOTAL Net of Assessment		(0.62%)

4) 2016 Budget: Assessment Total Bill (excl. Supplementary)

Note: Regional impact based on approved budget, excluding any tax policy changes.

	2015 Bill	2016 Bill	% Change	2016 Bill (Estimated Education)	% Change (Estimated Education)
<i>Median assessed value</i>	179,715	181,835	1.18%	181,835	1.18%
Town	\$1,119.10	\$1,109.54	(0.85%)	\$1,109.54	(0.85%)
Region	\$1,198.48	\$1,186.15	(1.03%)	\$1,186.15	(1.03%)
Education	\$350.44	\$354.58	1.18%	\$343.67	(1.93%)
TOTAL	\$2,668.02	\$2,650.27	(0.67%)	\$2,639.36	(1.07%)

5) 2016 Budget: Supplementary

- Expenses beyond the current service level
- Detailed on a “Supplementary Budget Request” form
- **All** are included for Council consideration.
- a) requests subject of a previous report/resolution:
 - PART 1: Base (i.e., ongoing in future budgets)
 - PART 2: One-time (i.e., removed in future budgets)
- b) new requests:
 - PART 3: Base
 - PART 4: One-time

5) 2016 Budget: Supplementary

a) Subject of previous reports/resolutions

PART 1: \$1,130,000 Base costs (continue indefinitely)

- 1) Capital reserves - \$600,000 strategic infrastructure gap investment. \$500,000 per staff report plus \$100,000 prior reduction. Additional \$200,000 reflects 2015 budget foregone amounts.
- 2) Community Improvement Plan (CIP) – increase contribution by \$30,000 [CDS-76-2015] and leverage Regional funding.
- 3) Emerald Ash Borer (EAB) - fund additional tree removal program by \$200,000 due to devastation [IS-30-2015] and planting by \$40,000.
- 4) Volunteer Firefighter - \$50,000 [CAO-24-2015] for training rates.
- 5) Fireworks - \$10,000 for Canada Day celebrations.

5) 2016 Budget: Supplementary

a) Subject of previous reports/resolutions

PART 2: \$430,062 One-Time costs (to be removed in 2017)

- 1) Habitat for Humanity - \$26,962 additional request [CDS-63-2015].
- 2) Road Resurfacing - allocate Ontario Municipal Partnership Fund (OMPF) \$403,100 increase to Road Refurbishing to increase 2016 resurfacing program.

5) 2016 Budget: Supplementary

b) New Requests

PART 3: \$87,698 Base costs (continue indefinitely)

- 1) Wages: Roads - \$62,000 to convert PT to FT.
- 2) Wages: Parks Winter Casual - \$25,698 to enhance arboriculture role.

5) 2016 Budget: Supplementary

b) New Requests

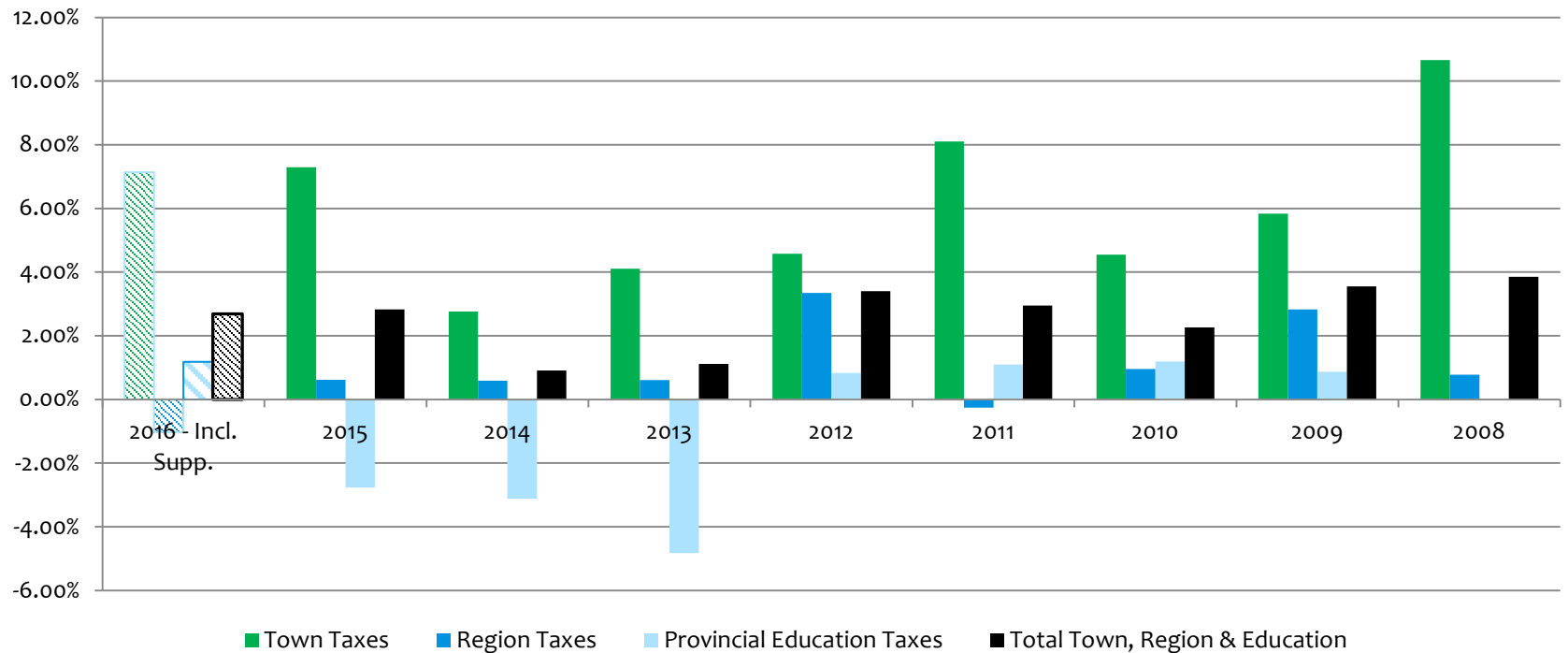
PART 4: \$212,515 One-Time items (to be removed in 2017)

- 1) Physician Recruitment Program - \$35,000 to replenish Reserve.
- 2) Fire Dept Operational Review - \$15,000 for third-party review.
- 3) Niagara Blvd cycle route expansion - \$100,000 contribution to Niagara Parks Commission.
- 4) Battle of Ridgeway 150th Anniversary event - funding of \$55,958.
- 5) Women's Place - request for \$5,000 grant.
- 6) Ridgeway BIA tree pit irrigation - \$1,557 for installation works.

5) 2016 Budget: Supplementary Summary

	\$ Levy Impact	% Median Impact
a) Previous: PART 1 Base	\$1,130,000	4.85%
PART 2 One-time	\$430,062	1.85%
b) New: PART 3 Base	87,698	0.38%
PART 4 One-time	212,515	0.91%
Total Supplementary	\$1,860,275	7.99%
Impact on median household if all approved (Town base + supplemental)		7.14%

5) 2016 Budget: Supplementary Levy History (incl. all supplementary)



5) 2016 Budget: Supplementary

Total Tax Bill (incl. approved Supp Budget)

Note: Regional impact based on approved budget, excluding any tax policy changes.

	2015 Median Bill	2016 Median Bill	Median % Change
<i>Median assessed value</i>	179,715	181,835	1.18%
Town	\$1,119.10	\$1,198.98	7.14%
Region	\$1,198.48	\$1,186.15	(1.03%)
Education	\$350.44	\$354.58	1.18%
TOTAL	<u>\$2,668.02</u>	<u>\$2,739.71</u>	2.69%

6) Risks & Opportunities

Risks

- OMPF funding not assured beyond 2016
 - Province modifies calculation, updates thresholds and adjusts overall funding envelope available
 - Strategic capital use, not base services
- Assessment Appeals - significant appeals still outstanding
- Regional tax policy - Region's budget set, however tax policy (i.e., tax class ratios) to be presented February 25
- Emerald Ash Borer devastation - tree removal and replacement program may require acceleration

6) Risks & Opportunities (cont'd)

Risks

- **Infrastructure gap**
 - Asset Management Plan (AMP) identified >\$5 million annual gap for core infrastructure
 - Existing capital rehabilitation & replacement may fall behind
 - AMO study: additional avg 3.84% needed for capital each year
- **Interest rates** - decreases erode investment yields & increases create additional debt carrying costs
- **Legal matters** - financial exposure beyond insurance coverage

6) Risks & Opportunities (cont'd)

Opportunities

- **Infrastructure stimulus** - funding programs may be introduced (e.g., Federal)
- **CMS** - economic growth but with demand on staff resources
- **GFESS Theatre** - surplus funded but reduced by fundraising
- **Interest rates** - increases enhance investment yields & decreases reduce debt carrying costs
- **Educational tax rates** - not yet released by Province. Current analysis uses 2015 rates but are expected to decrease again.

6) Risks & Opportunities

Multi-year Forecast

Forecast for 2017/2018:

- Forecasted base increases of 2.2% (2017) and 1.1% (2018)
- Continuation of strategic capital reserve contributions to mitigate impact of Ontario Reg. 284/09 and address documented infrastructure gap
- Current collective bargaining agreement expires at end of 2016
- Other market driven increases such as insurance & utilities

7) Recommendations & Questions

■ Recommendations

- 1 to 4: Supplementary items separately recommended
- 5: Listing of Grants
- 6: BIA Levies - Crystal Beach only BIA with levy change
- 7: Total levy after consideration of Supplementary items
- 8: Budget to exclude amortization

■ Questions

