

2020

Levy Budget

Council-in-Budget Committee
January 22, 2020

1

Agenda

- 1) Background & 2019 Review
- 2) 2020 Budget: Base & Assessment
- 3) 2020 Budget: Supplementary
- 4) Consolidated Median Household Impact
- 5) Risks & Opportunities
- 6) Next Steps
- 7) Recommendations
- 8) Summary & Questions



1) Background & 2019 Review

Budget inputs

- 1) 2018-2022 Strategic Plan: Council priorities & related initiatives with a focus on outcomes.
- 2) Long-term financial planning: managing financial sustainability pressures (e.g., strategic policies & practices).
- 3) Studies: Operational & organizational reviews (staffing).
- 4) Report No. CS-09-2019: 2.1% CPI re: controllable costs.
- 5) Corporate Sub-committee: discussions to target/limit total tax bill increase.

1) Background & 2019 Review

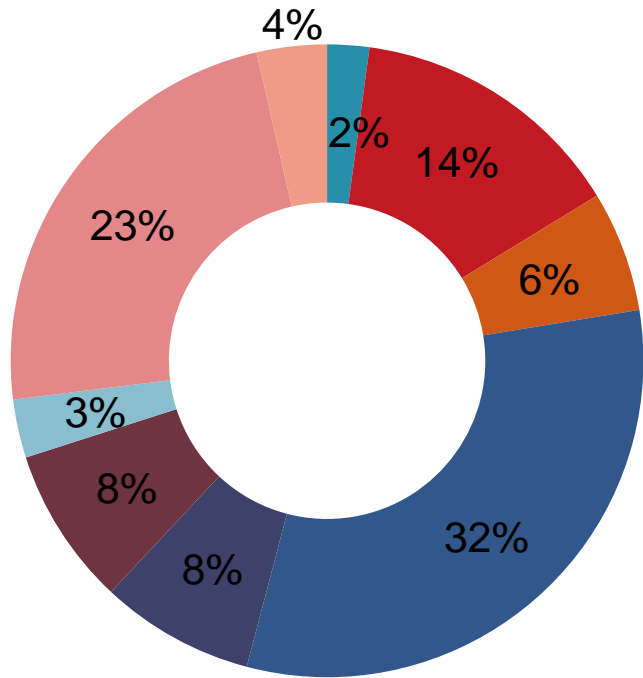
Funding Structure Overview



\$68 million
approved 2019
budgets

1) Background & 2019 Review

Allocation Structure – Budget Expenses by Function



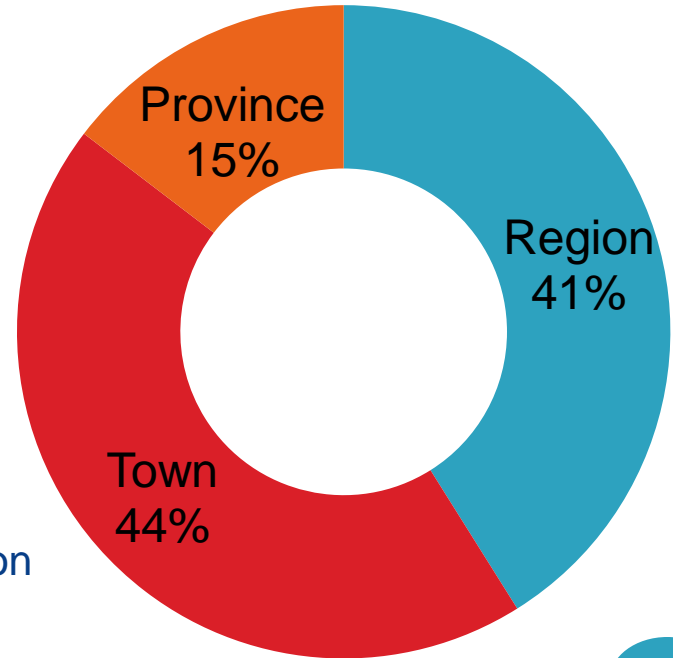
- General Government
- Fire & Protection
- Corporate Administration
- Roads & Transit
- Storm & Drainage
- Planning & Development
- Health, Wellness & Seniors
- Recreation & Culture
- Non-program Revenues

1) Background & 2019 Review

Taxes Billed

2019 Total of \$61.9M:

- **Fort Erie:** \$27.6M “lower tier”
E.g., roads, transit, arenas, parks, drains, building, planning, fire, museums, health & wellness.
- **Niagara Region:** \$25.6M “upper tier”
E.g., arterial roads, transit, policing, housing, public health, and waste management.
- **Province:** \$8.7M “education”
Funds the Ontario elementary & secondary education system (i.e., school boards).



1) Background & 2019 Review

Tax Calculation & Comparison

Tax Calculation

- Tax Rate = General Levy / Total Assessment (MPAC)
- Property Owners Pay = Tax Rate x Own property assessment

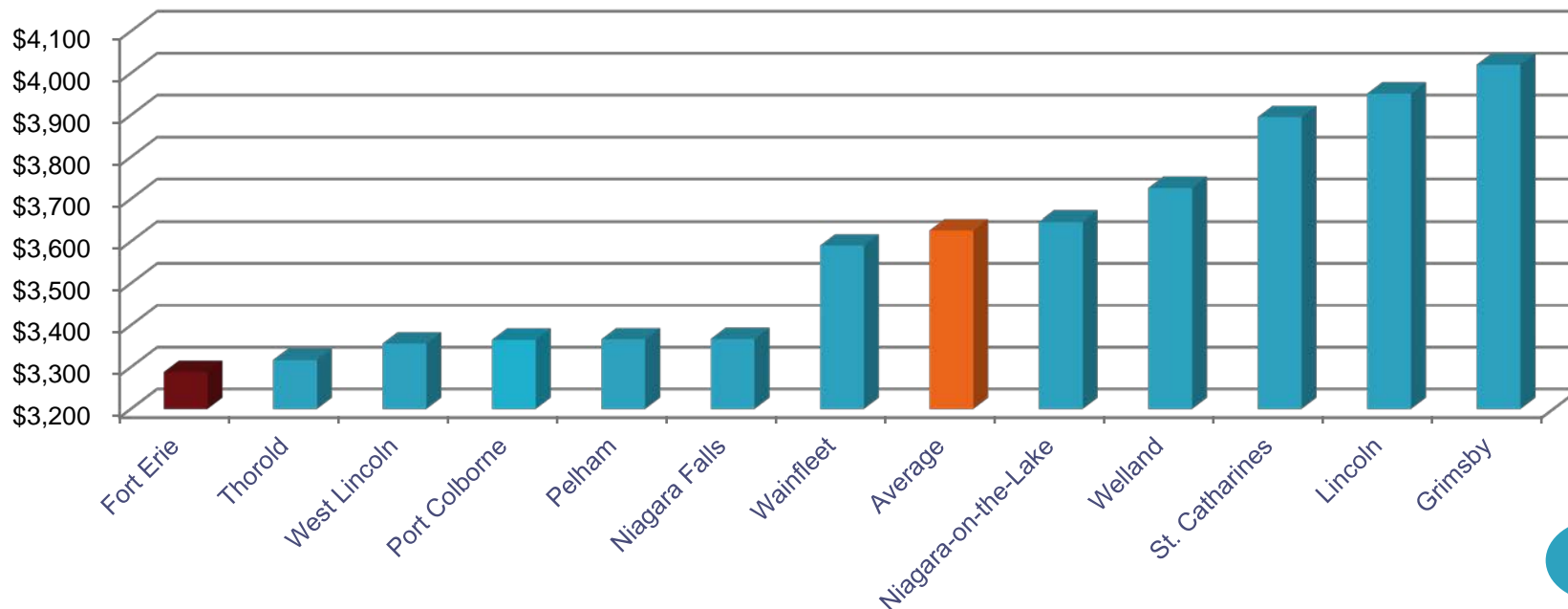
Tax Comparison

- Ontario study compares 105 municipalities annually
- Relative tax burden compared for “like” detached bungalow in Niagara/Hamilton municipalities for 2018:
 - Fort Erie total taxes of \$3,288; below average of \$3,626
 - Also below avg. for 2 Storey, Commercial & Large Industrial

1) Background & 2019 Review

Comparison – Residential Tax

2018 FIR

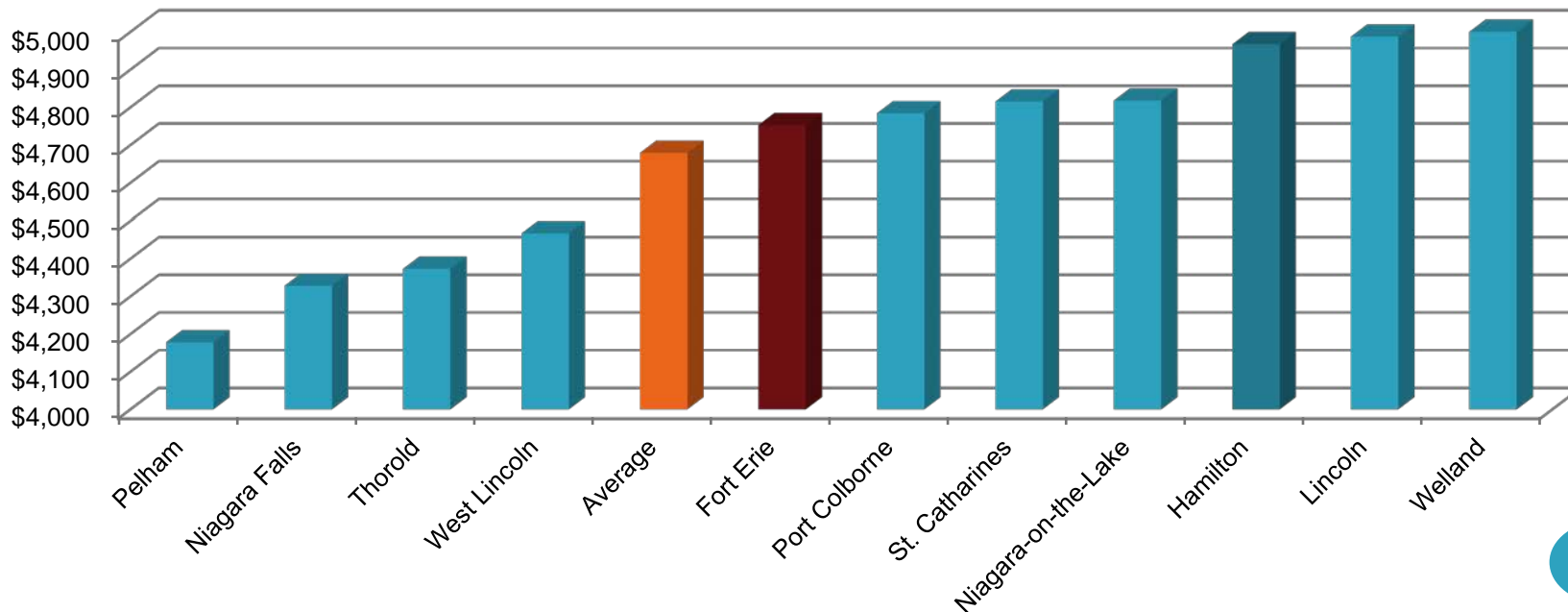


Source: BMA Municipal Study 2019, page 306

1) Background & 2019 Review

Comparison – Municipal Burden (Tax + Rate)

2018 FIR



Source: BMA Municipal Study 2019

1) Background & 2019 Review

2018-2022 Corporate Strategic Plan

- Approved August 26, 2019 following 2019 Budget approval:
 - 1) Optimizing Health, Housing & Social Well-Being through Service Access and Healthy Lifestyles
 - 2) Sustainable Infrastructure for the Future
 - 3) Attracting Interest and Investment through Strong Advocacy & Promotion
 - 4) Promoting Business, Economic Growth and Employment Opportunities
 - 5) Managed Growth through Responsibility, Stewardship and Preservation
- Plan initiatives have been moving forward with Mayor & Council.
- A status update will be presented to Council in mid-2020.

1) Background & 2019 Review

Strategic Plan Accomplishments

1) Optimizing Health, Housing & Social Well-Being through Service Access and Health Lifestyles

- Douglas Park and Albert Street Park Master Plans.
- Purchase of more Mobi-mats to improve accessibility at our waterfronts.
- New routes for Fort Erie Conventional Transit.
- Capital investments made at Bay Beach re healthy living infrastructure.
- 2019-2023 Multi-Year Accessibility Plan.
- Town of Fort Erie Housing Needs Study.
- Physician Recruitment/Retention Incentive Guideline and funding of several new doctors and partnering on Palliative Care costs to allow for mentoring by physician.
- Work with Community Hub components, using the Feasibility Study conducted in 2019 to provide direction.
- Purchase of EJ Freeland Community Centre.

1) Background & 2019 Review

Strategic Plan Accomplishments

2) Sustainable Infrastructure for the Future

- Council authorized hiring of the Project Manager - Asset Management.
- Energy Conservation and Demand Management Plan 2019-2024.
- Improvements to Burleigh Road Waterfront allowance.
- Highland Avenue Reconstruction and Sanitary Sewer replacement.
- Design of Fire Station 4 and purchase of lands to allow for amalgamation with Station 6.
- Replacement of HVAC units at the Leisureplex.
- Addressing Point Abino area high water levels.
- Engineering Services award for the Replacement of Ott Road Bridge.
- Water Meter Replacement Program for industrial, commercial & institutional meters.
- Engineering Services award for the Jarvis Street Road reconstruction and streetscaping.
- Urban Forestry progress with tree removal.
- Award of tender for Prospect Point Road South storm drainage.
- Approval of Asset Management Policy, Strategy and Plan.

1) Background & 2019 Review

Strategic Plan Accomplishments

3) Attracting Interest and Investment through Strong Advocacy & Promotion

- PDS Q3 Report highlighted development, which remained strong and has kept pace with the same period as the previous four years. The total reported value of new residential construction in Q3 was \$27.2M for 70 dwellings, compared to \$17.1M last year for 82 dwellings.
- Downtown Core Area Community Improvement Plan Monitoring and Information Report (also related to Priorities 2 and 4).
- Grants Oversight Team coordination and review of funding opportunities.
- Advocating for Municipal Disaster Relief funding related to the October 31, 2019 storm.
- Broker deal with the Fort Erie International Academy.

1) Background & 2019 Review

Strategic Plan Accomplishments

4) Promoting Business, Economic Growth and Employment Opportunities

- The transition of EDTC to an in-house Economic Development and Tourism Services (EDTS) department is almost complete.
 - The Annual General Meeting will receive the final audit submission and pass a resolution to dissolve the Corporation.
 - Staff are now employees of The Corporation of the Town of Fort Erie and have new emails and contact details.
 - The move into Town Hall will take place prior to the expiry of the lease at 660 Garrison Road.
- Environmental Conservation Area Assessment Report on Industrial Lands
- Crystal Beach 2019 Parking Study Information Report

1) Background & 2019 Review

Strategic Plan Accomplishments

5) Managed Growth through Responsibility, Stewardship and Preservation

- Royal Ridge Phase 1 Subdivision Agreement and Pre-servicing approval.
- Municipal Heritage Standing Committee Year End Report, which included plans for Heritage Week 2020 and re-introduction of the Heritage Plaque Program.
- Locomotive and Caboose rehabilitation and preservation.
- Completed 2019 Development Charge Background Study.
- Award of Consulting Contract for Community Benefit Charge Strategy.

1) Background & 2019 Review

Financial Performance

- Analyzing final 2019 payments and adjustments.
- Projected Levy and Water & Wastewater surplus.
- Certain mandated allocations (e.g., Building permits, Parking).
- Audit in April and financial statements to be adopted in May.
- Annual Report in June to provide Management Discussion & Analysis (MD&A) and recommend any allocation of funds.
- Balances projected for Jan 1/20:
 - \$3.3M Levy debt (\$6.3M including Utility)
 - \$7.3M Levy Reserves - Operating (\$1.2M/yr contribution)
 - \$13.5M Levy Reserves - Capital (\$7.6M/yr contribution)

2) 2020 Budget: Base & Assessment

Overview

Base Budget: all previously approved operating components that pay for the daily ongoing activities of the corporation.

Drivers:

- Cost of service delivery
- Asset maintenance
- Administrative costs
- Offset by other non-tax revenues

Overall Base Budget change: (1.23%) = 0.25% increase over 2019 less assessment growth reduction.

2) 2020 Budget: Base & Assessment

Overview - Reporting

- Refer to Report No. CBC-06-2020 Appendix “1” for highlights and Appendix “3” for consolidated summary.
- Budget Binder tab 7 for departmental reports. Reflect results from departmental reviews & meetings to mitigate increases.
 - Columns: 2019 YTD actuals & approved budget, 2020 proposed budget, 2021 and 2022 forecasts.
 - Revenue categories: Tax/BIA levy, PIL, donations, fines, gaming, grants, interest & penalties, sale of land, user fees and other.
 - Expense categories: Wages/benefits, materials & services, debt interest, grants and partnership programs.
 - Financing & Transfers: internal allocations, debt principal, reserves.

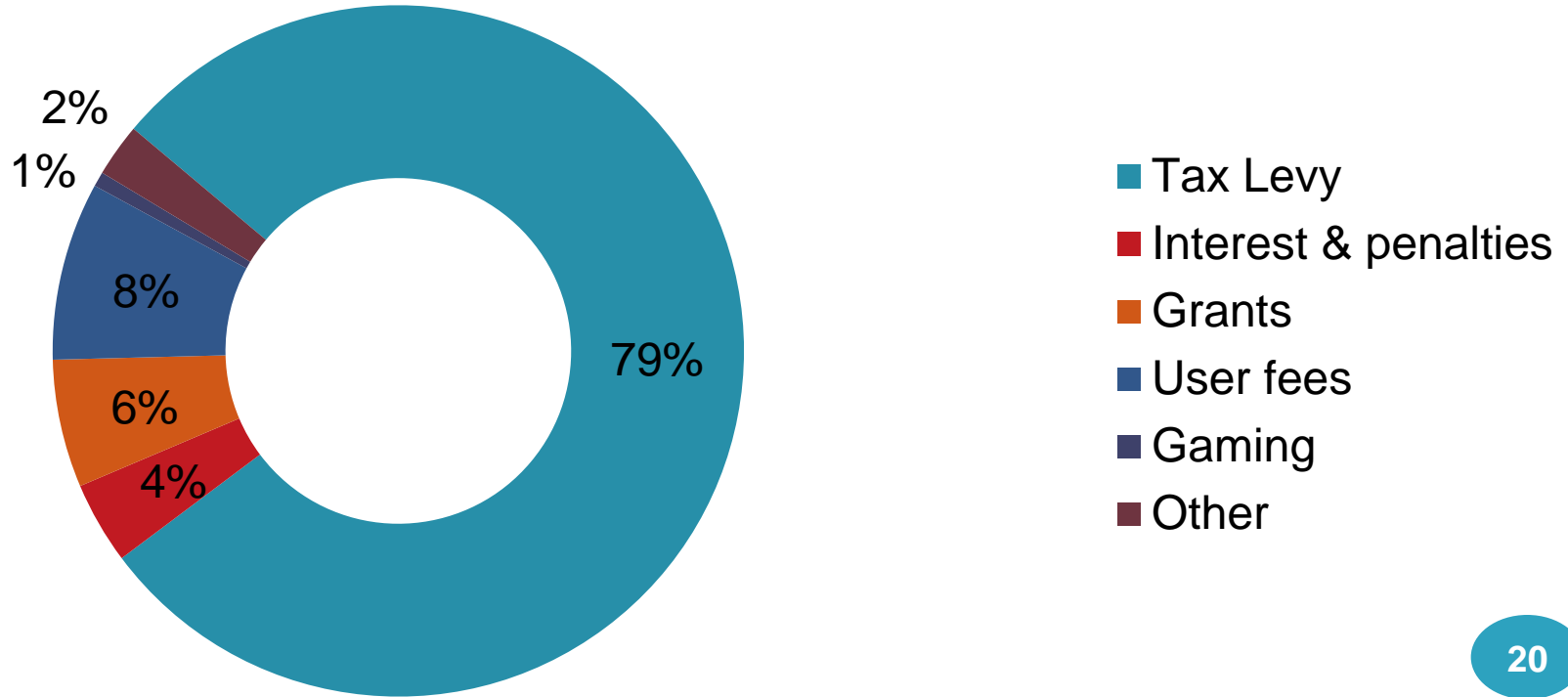
2) 2020 Budget: Base & Assessment Revenues

Increase: \$584,075

- Provincial grants:
 - OMPF increase to \$1,610,600 for Assessment Equalization.
 - Cannabis Legalization Implementation (OCLIF) of \$44,139 removed.
- Regional grants: \$43,672 regarding CIP funding.
- Aggregate Resources Act: \$40,000 increase to licence fee.
- Building & planning fee revenue: \$39,050 increase.
- Bay Beach: \$65,000 increase for parking and \$285,000 for admissions.
- Tax revenue: \$50,000 net tax supplemental increase.
- Non-tax revenue: \$81,736 increase in all other for user fees, etc.

2) 2020 Budget: Base & Assessment

Revenues - by Source



2) 2020 Budget: Base & Assessment

Expenses

Increase: \$655,004

- Debt charges: \$264,185 with \$262,276 from maturing debt.
- Wages & benefits: \$314,629 increase plus \$113,500 Bay Beach.
- Capital reserves: \$151,740 reflects inflation plus \$40,000 roads.
- Operating impacts of 2020 Capital Budget additions: \$198,001
 - General operating costs (e.g., wages, materials & supplies).
 - Reserve contributions to reflect life-cycle replacement.
- Insurance: \$42,500 for premium increase and additional coverage (i.e., cyber crime, fraudulently induced payments).

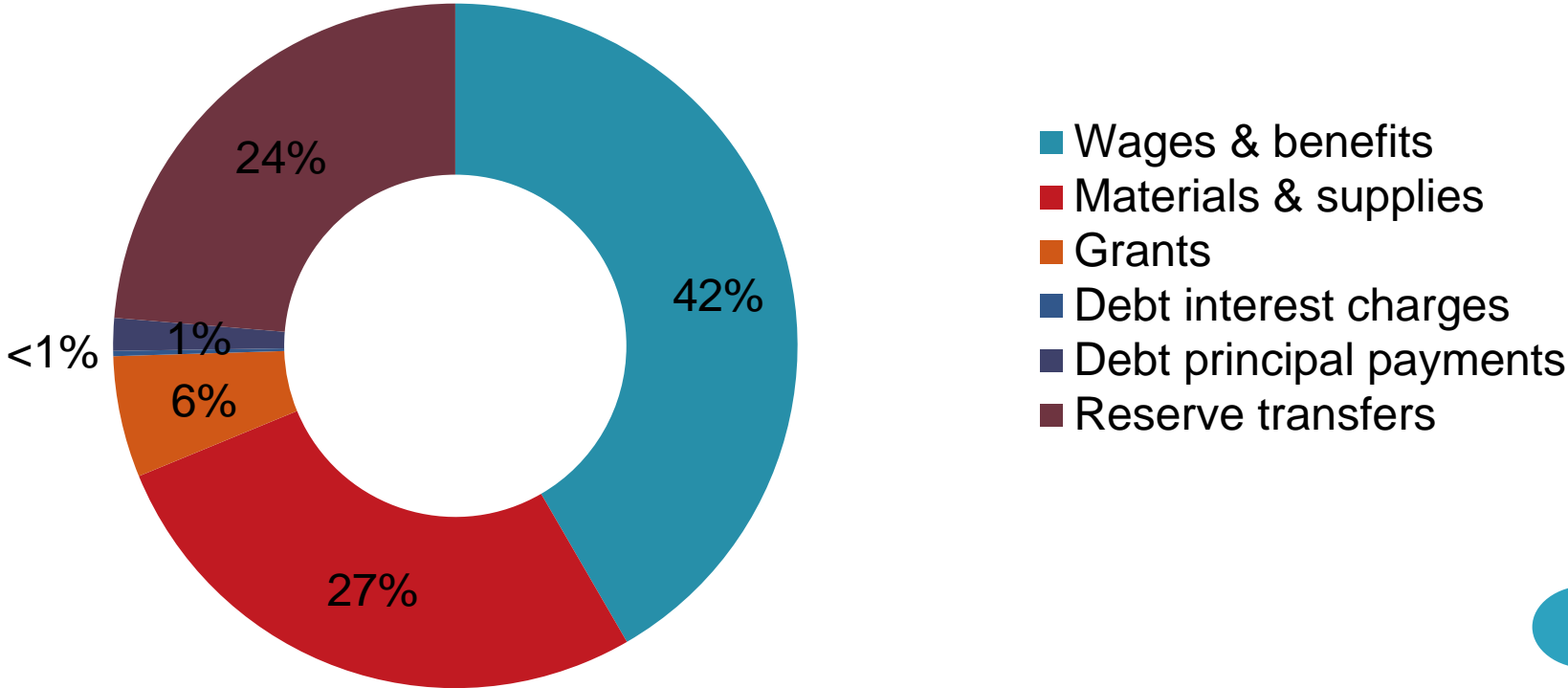
2) 2020 Budget: Base & Assessment

Expenses (cont'd)

- 2019 supplementary phase-ins: Wages \$77,437; storm water management \$15,000 increase.
- Transit: \$198,199 increase as noted in Report No. IS-33-2019.
- Grants: \$36,860 increase.
- Library: \$34,254 increase as presented earlier and in Report No. CBC-04-2020.
- EDTS: \$87,225 decrease re: phasing-in of operational savings.
- All other expenses: \$215,706 decrease (e.g., utilities, contracts, studies) net of reserve funding where applicable.

2) 2020 Budget: Base & Assessment

Expenses by Type



2) 2020 Budget: Base & Assessment

MPAC Assessment

Municipal Property Assessment Corp (MPAC)

- Assessment growth - affects every year:
 - New development reduces tax impact on existing taxpayers.
 - Total 2020 growth for the Town is **1.48%**.
- Re-assessment shifts - 2017 was 1st year of MPAC 4-yr cycle:
 - Doesn't affect budget, but affects how budget is distributed across property classes in the Town.
 - Average residential phase-in is **2.24%** increase.
 - Next re-assessment with 2021 Budget.

Further information contained in Council Report No. CBC-05-2020

2) 2020 Budget: Base & Assessment

MPAC Assessment (cont'd)

For example:

- If your assessment increase is less than Town avg. of 2.24% your taxes will increase **less** than presented and reported.
- If your assessment increase is more than the Town avg. of 2.24% your taxes will increase **more** than presented and reported.

Growth & Reassessment impact on median house = **0.05%**

2) 2020 Budget: Base & Assessment

Base Summary

| Appendix "1" | \$ Levy Impact [column 1] | % Levy Impact [column 2] |
|---|------------------------------|-----------------------------|
| Revenue decrease/(increase) | (\$584,075) | (2.10%) |
| Expense increase/(decrease) | \$655,004 | 2.35% |
| Total Base Budget Increase | \$70,929 | 0.25% |
| Assessment Growth | | (1.48%) |
| Total Base Budget Increase/(Decrease) - net of Assessment Growth | | (1.23%) |

2) 2020 Budget: Base & Assessment

Median Household

| Appendix "1" | 2019 Tax Bill | 2020 Tax Bill | % Change |
|------------------------------|------------------|------------------|--------------|
| <i>Median assessed value</i> | <i>195,900</i> | <i>200,300</i> | <i>2.25%</i> |
| Town [column 3] | \$1,338 | \$1,322 | (1.18%) |
| Region | \$1,239 | \$1,299 | 4.82% |
| Education | \$315 | \$306 | (2.83%) |
| TOTAL [column 4] | \$2,892 | \$2,927 | 1.21% |

Note: Regional impact based on 5.8% budget excluding any tax policy changes.
Educational impact based on draft provincial rates.

3) 2020 Budget: Supplementary

Overview

- Program changes beyond the current service level
- Detailed on “Supplementary Budget Request” form (Tab 8)
- **17 Decision Units** in Appendix “2” for Council consideration.
- a) requests subject of a previous report/resolution:
 - PART 1: Base (ongoing in future budgets) - **5 requests**
 - PART 2: One-time (Reserve funded) - **7 requests**
- b) new requests:
 - PART 3: Base (ongoing in future budgets) - **2 requests**
 - PART 4: One-time (Reserve funded) - **3 requests**

3) 2020 Budget: Supplementary

PART 1

\$665,266 Base costs (continue indefinitely)

1.1 \$262,276 Capital reserves – matured debt

1.2 \$200,000 Capital reserves – Industrial Land Development

1.3 \$83,945 Staffing: Junior Planner (PDS)

1.4 \$89,045 Staffing: Deputy Chief Building Official (PDS)

1.5 \$30,000 Wayfinding program

3) 2020 Budget: Supplementary

PART 2

\$720,000 One-time costs (Reserve funded)

- 2.1 \$200,000 Tree removal from Emerald Ash Borer [IS-42-2019] funded by Emergency Management Reserve
- 2.2 \$50,000 Black Creek / Douglastown Third Egress Study [Jul 15/19 motion] funded by GLRS Reserve
- 2.3 \$100,000 Rural Speed Limit & Traffic Calming Study [Aug 26/19 motion] funded by GLRS Reserve
- 2.4 \$30,000 Parks Capital work plan consultant [Nov 6/19] funded by GLRS Reserve

3) 2020 Budget: Supplementary

PART 2 (cont'd)

\$720,000 One-time costs, continued (Reserve funded)

- 2.5 \$65,000 International Communities-in-Bloom competition [Dec 9/19 presentation] funded by GLRS Reserve
- 2.6 \$200,000 Industrial Land Development Reserve funded by GLRS Reserve
- 2.7 \$75,000 Cannabis legislation, policy & by-law review consultant funded by GLRS Reserve [January 21 addendum following January 20 motion]

3) 2020 Budget: Supplementary

PART 3

\$99,952 Base costs (continue indefinitely)

- 3.1 \$32,006 Staffing: Facilities Maintenance Technician, conversion from casual to full-time
- 3.2 \$67,946 Parks service level enhancements (casual, student, and OT staffing)

3) 2020 Budget: Supplementary

PART 4

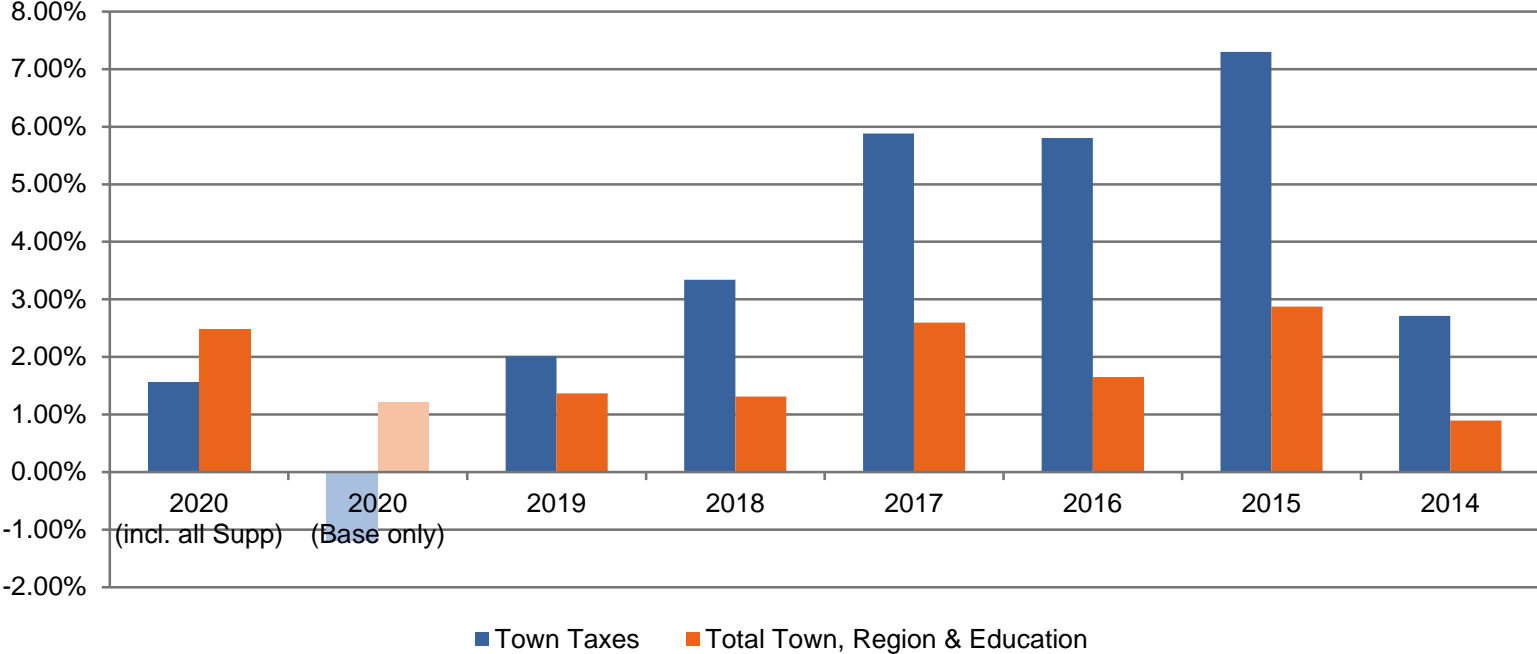
\$130,000 One-time costs (Reserve funded)

- 4.1 \$20,000 Driveway Snow Windrow Clearing pilot program funded by GLRS Reserve
- 4.2 \$80,000 Infrastructure Services workflow study funded by GLRS Reserve
- 4.3 \$30,000 EJ Freeland Community Centre fundraising efforts funded by GLRS Reserve

3) 2020 Budget: Supplementary Summary

| Appendix “2” | | \$ Levy net Impact | % Levy Impact |
|--|---------------------------------|--------------------|---------------|
| a) Previous: | PART 1 Base | \$665,266 | 2.40% |
| | PART 2 One-time (\$720K funded) | \$Nil | 0.00% |
| b) New: | PART 3 Base | \$99,952 | 0.36% |
| | PART 4 One-time (\$130K funded) | \$Nil | 0.00% |
| Total Supplementary | | \$765,218 | 2.76% |
| Total Base + Supp (if all approved) | | | 1.53% |

4) Consolidated Median Household Impact Levy History



4) Consolidated Median Household Impact

2020 Total Levy

| | Median 2019 Bill | Median 2020 Bill | % Change | Alternate 2019 Bill | Alternate 2020 Bill |
|-------------------------|---------------------|---------------------|--------------|------------------------|------------------------|
| <i>Assessed value</i> | 195,900 | 200,300 | 2.25% | 97,803 | 100,000 |
| Town [column 3] | \$1,338 | \$1,358 | 1.55% | \$668 | \$678 |
| Region | \$1,239 | \$1,299 | 4.82% | \$619 | \$648 |
| Education | \$315 | \$306 | (2.83%) | \$157 | \$153 |
| TOTAL [column 4] | \$2,892 | \$2,963 | 2.47% | \$1,444 | \$1,479 |

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

4) Consolidated Median Household Impact

2020 Town Levy

| Annual Change | \$100,000 Assessment | \$200,300 Assessment | % Change |
|---|----------------------|----------------------|----------|
| 2019 Household | \$668 | \$1,337 | |
| 2020 Base | (\$8) | (\$16) | (1.18%) |
| 2020 Supplementary (infrastructure) | \$11 | \$22 | 1.65% |
| 2020 Supplementary (non-infrastructure) | \$7 | \$15 | 1.08% |
| Change | \$10 | \$21 | 1.55% |
| 2020 TOTAL | \$678 | \$1,358 | |

5) Risks & Opportunities

Risks

- Federal & Provincial policy/budget changes (e.g., added regulations) and funding levels (e.g., OMPF).
- Asset Management: addressing funding strategies of AMP but studies and assessments may reveal additional requirements (e.g., storm).
- Economic factors: interest rates (investments & debt), inflation, utilities.
- Legal matters: financial exposure beyond insurance coverage.
- Assessment appeals: ongoing appeal impact assessment base.
- Region taxes: tax rates & policy (i.e., tax class ratios) outstanding.
- Environmental: climate change and other emerging issues or threats (e.g., Emerald Ash Borer).

5) Risks & Opportunities

Opportunities

- Funding advocacy: Grants Oversight Team monitors available programs (e.g., Fed/Prov infrastructure stimulus) that may be introduced or awarded in 2020.
- EDTC reserves: to be allocated to related needs following audit.
- GFESS Theatre: funded and may be further reduced by final reported fundraising, freeing up existing funds.
- Fees & charges: annual review of balance burden between users of fees and tax levy.
- Assessment base: manage assessment growth and associated costs and promote a healthy mix of residential, industrial & commercial taxes.

5) Risks & Opportunities

Forecasts

- Forecasted base increases of 2.7% (2021) and 2.5% (2022).
- Capital reserve contributions to address AMP strategy.
- Current collective bargaining agreement expires in 2020.
- Fire Station 4 construction and related new debt in 2021.
- Next maturing debt is \$200,000/yr at the end of 2023.
- Rural Ditching Master Plan expected to identify long-term costs.
- Other market driven increases such as insurance & utilities.

6) Next Steps

Important Dates

- Jan 29 Budget-in-Committee #4: further Council enquiries and follow-up requests, if necessary
- Feb 18 By-laws: Levy & General Capital
- April Region Policy, Ratios & Capping reports & Rate By-laws
- May Town consolidated Tax Rate By-law
- June Town 2020 final tax bills mailed

7) Recommendations

Itemized in CBC-06-2020

- 1 to 4 Supplementary items separately recommended
- 5 Listing of grants
- 6 BIA Levies
- 7 2020 Capital Budget additions
- 8 Total levy after consideration of Supplementary items
- 9 Budget to exclude amortization



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8) Summary & Questions

Summary of proposed changes at the bottom of Appendix “2”:
column

- (1) **\$28,503,498** Town Budget \$ amount
- (2) **1.53%** Town Budget % increase
- (3) **1.55%** Town Tax bill % increase, median household
- (4) **2.47%** Total Tax bill % increase, median household
- (5) **\$5.96** Total Tax bill \$ increase per month, median household





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