

2021

Levy Budget

Council-in-Budget Committee
February 3, 2021

1

Agenda

- 1) Background & 2020 Review
- 2) 2021 Budget: Base & Assessment
- 3) 2021 Budget: Supplementary
- 4) Consolidated Median Household Impact
- 5) Risks & Opportunities
- 6) Next Steps
- 7) Recommendations
- 8) Summary & Questions



1) Background & 2020 Review

Budget inputs

- 1) COVID-19: revenues & expenses adjusted to expected levels.
- 2) 2018-2022 Strategic Plan: Council priorities & related initiatives with a focus on outcomes.
- 3) Long-term financial planning: managing financial sustainability pressures (e.g., strategic policies & practices).
- 4) Report No. CS-16-2020: 0% CPI re: controllable costs.
- 5) Corporate Sub-committee: discussions to target/limit total tax bill increase.

1) Background & 2020 Review

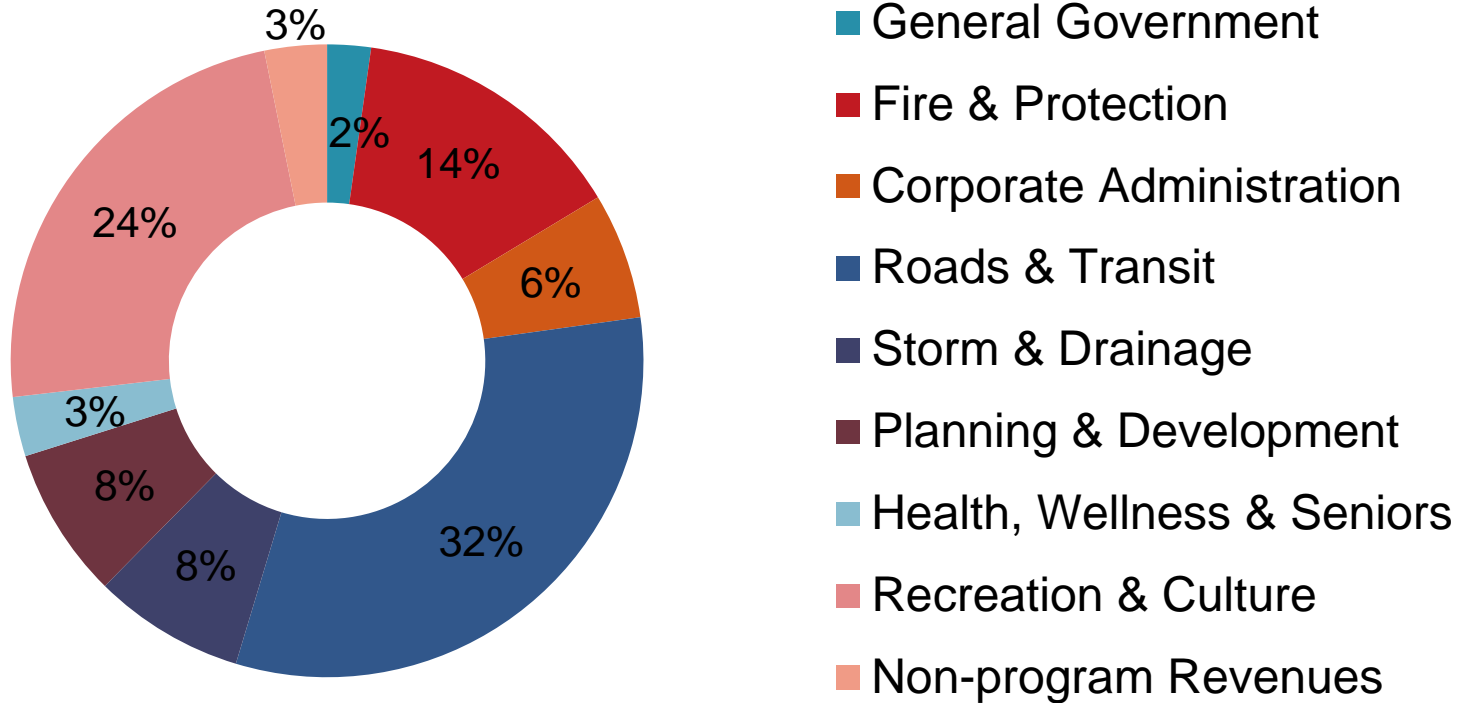
Funding Structure Overview



\$75 million
approved 2020
budgets

1) Background & 2020 Review

Expense Allocation by Function

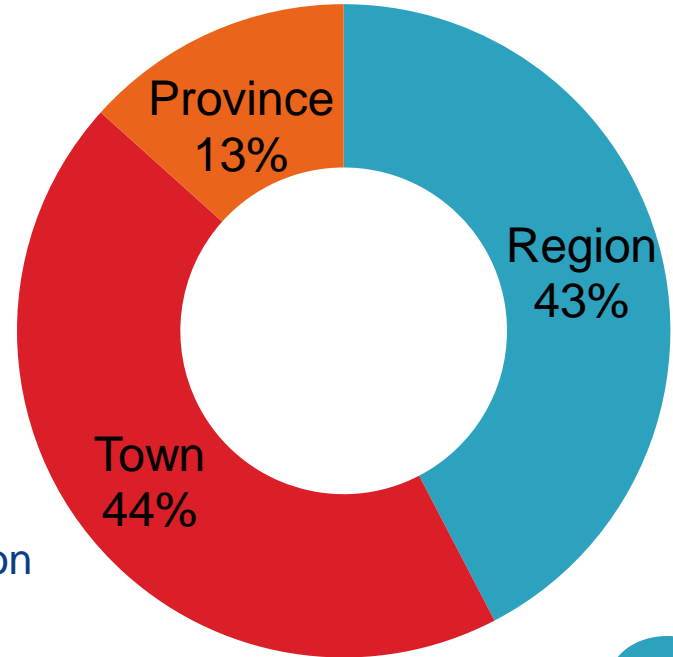


1) Background & 2020 Review

Taxes Billed

2020 Total of \$64.2M:

- **Fort Erie:** \$28.4M “lower tier”
E.g., roads, transit, parks, arenas, drains, building, planning, fire, museums, health & wellness.
- **Niagara Region:** \$27.2M “upper tier”
E.g., police, arterial roads, transit, housing, public health, waste management.
- **Province:** \$8.6M “education”
Funds the Ontario elementary & secondary education system (i.e., school boards).



1) Background & 2020 Review

Tax Calculation & Comparison

Tax Calculation

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

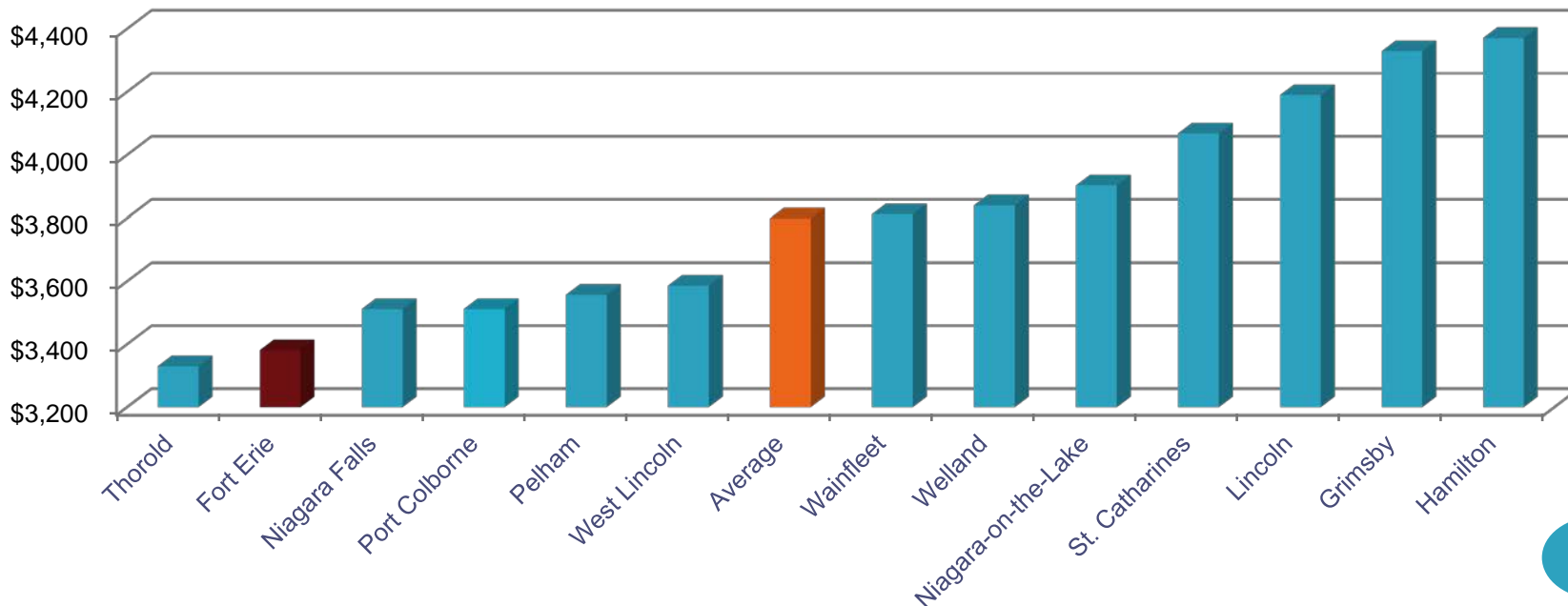
Tax Comparison

- Ontario study compares 105 municipalities annually
- Relative tax burden compared for “like” detached bungalow in Niagara/Hamilton municipalities for 2019:
 - Fort Erie total taxes: \$3,381 (average of \$3,799)
- Fort Erie below average for all other studied classifications (e.g., 2-Storey, Multi-res, Hotel/Motel, Commercial & Large Industrial)

1) Background & 2020 Review

Comparison – Residential Tax

2019 FIR

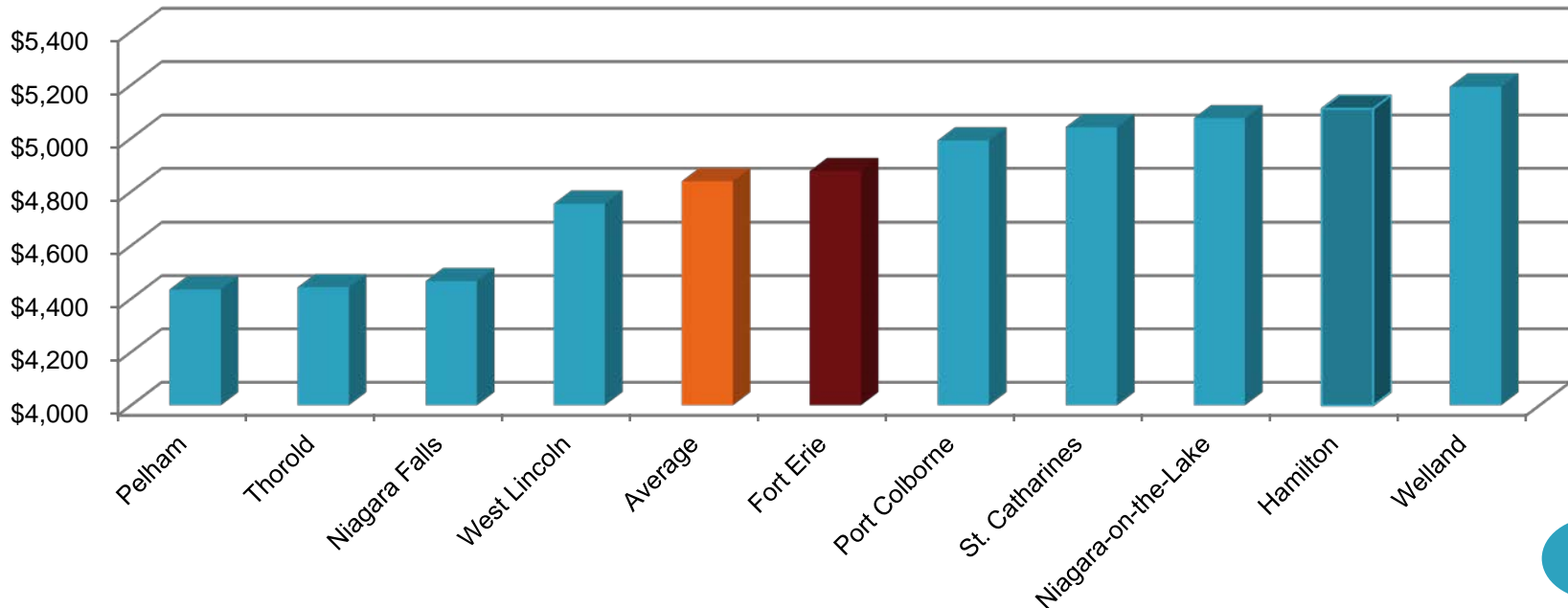


Source: BMA Municipal Study 2020, page 305

1) Background & 2020 Review

Comparison – Municipal Burden (Tax + Rate)

2019 FIR



Source: BMA Municipal Study 2020

1) Background & 2020 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.
- Status update to be presented to Council early in 2021.

1) Background & 2020 Review

Financial Performance

- Analyzing final 2020 payments and adjustments.
- Variances: Projected Levy and Water & Wastewater surplus.
- Audit: late spring with financial statements adopted in summer.
- Annual Report: presented in summer to provide Management Discussion & Analysis (MD&A) and recommend fund allocations.
- Balances projected for Jan 1/21:
 - \$2.8M Levy debt (\$5.5M including Utility)
 - \$9.0M Levy Reserves - Operating (\$0.8M/yr contribution)
 - \$18.3M Levy Reserves - Capital (\$8.2M/yr contribution)

1) Background & 2020 Review

COVID-19

- Federal/Provincial response: income-based assistance, subsidies, loans, etc.
- Town response:
 - Compilation of business and taxpayer support summarized by EDTS in Appendix “4”.
 - 2020 impacts: noted in financial impact and quarterly variance reports (e.g., \$105K in Apr-Jun waived fees).
 - Tax collection rate stable: 6.0% (2020), 5.8% (2019), 7.9% (2014-2018 average).
 - 2021 focus: low tax increase, adjusted expectations, monitoring, direct assistance, use of reserves.

2) 2021 Budget: Base & Assessment

Overview

Base Budget: previously approved operating components that support 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: (0.36%) = 1.67% increase over 2020 less assessment growth reduction.

2) 2021 Budget: Base & Assessment

Overview - Reporting

- Refer to Report No. [CBC-06-2021](#) Appendix “1” for highlights and Appendix “5” for consolidated summary.
- Budget Binder tab 7 for departmental reports. Reflect results from departmental reviews & meetings to mitigate increases.
 - Columns: 2020 YTD actuals & approved budget, 2021 proposed budget, 2022 and 2023 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) 2021 Budget: Base & Assessment Revenues

Decrease/(Increase): (\$267,103) - Appendix "1"

- \$36,500 OMPF grant decrease over 2020.
- (\$157,410) Reduce 50% OMPF reserve trsf to 40%.
- (\$97,605) Building & planning fee revenue
- (\$110,000) Net tax supplementals
- \$61,412 All other non-tax revenue (e.g., user fees).

2) 2021 Budget: Base & Assessment

Revenues - COVID-19

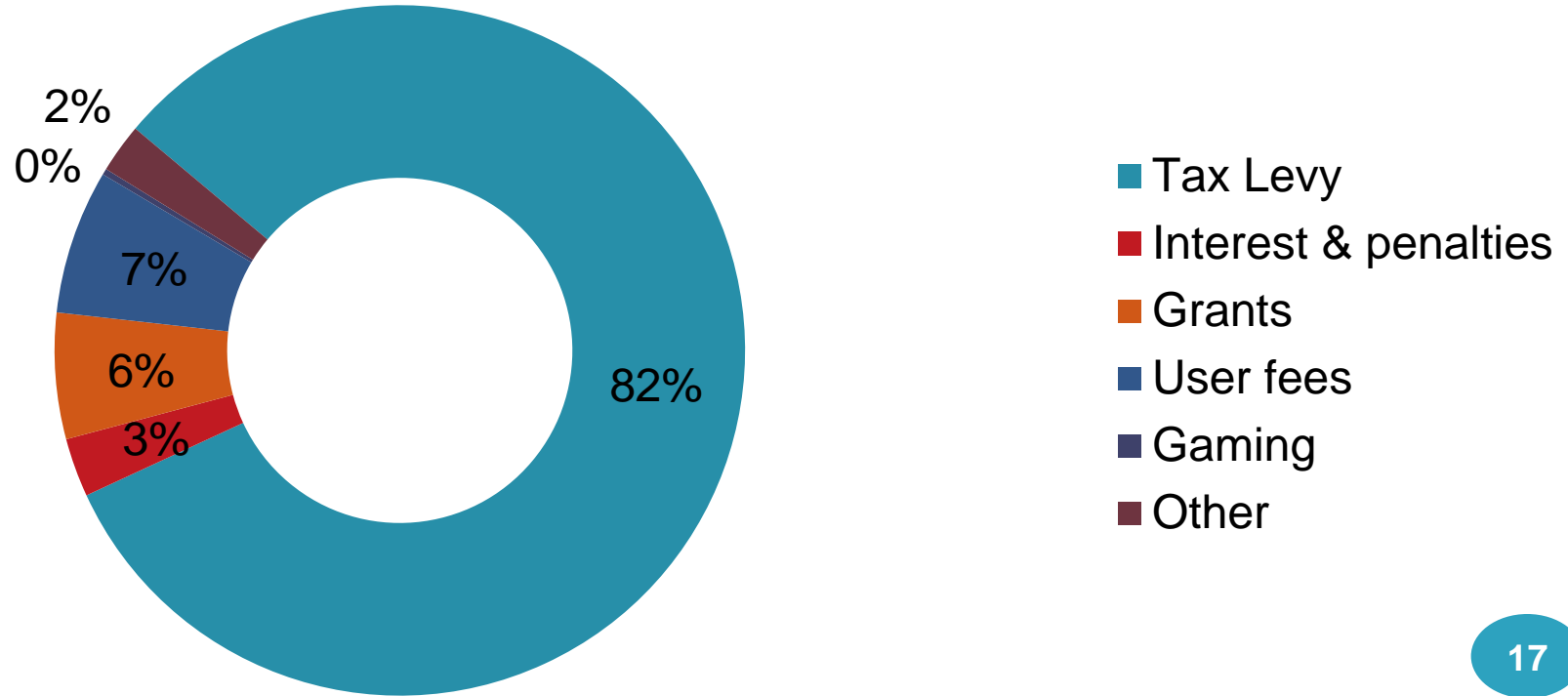
Net impact: \$1,218,740 - Appendix “3”

4.29% Levy impact funded by Emergency Management Reserve, including:

- \$400,000 Bank & investment income
- \$233,000 Beach net revenues
- \$231,500 Leisureplex arena net revenues
- \$141,500 Gaming licences
- \$82,500 Crystal Ridge arena net revenues
- \$50,000 Parking

2) 2021 Budget: Base & Assessment

Revenues - by Source



2) 2021 Budget: Base & Assessment

Expenses

Increase/(Decrease): \$743,190 - Appendix "1"

- \$411,077 Wages & benefits
- \$48,274 Wages & benefits: 2020 supplementary phase-ins
- (\$75,000) South Niagara Hospital reserve contribution
- \$225,321 Capital reserve transfers (inflation + amortization)
- (\$124,800) Winter Operations
- (\$44,086) Fort Erie Visitors Guide
- \$93,756 Insurance premiums

2) 2021 Budget: Base & Assessment

Expenses (cont'd)

- \$247,592 Transit (Report No. IS-31-2020)
- (\$2,215) Debt principal and interest
- (\$1,440) Library (Report No. CBC-04-2021)
- \$37,148 Grants
- (\$83,990) All other expenses (e.g., utilities, contracts, studies) net of reserve funding where applicable

2) 2021 Budget: Base & Assessment

Expenses - COVID-19

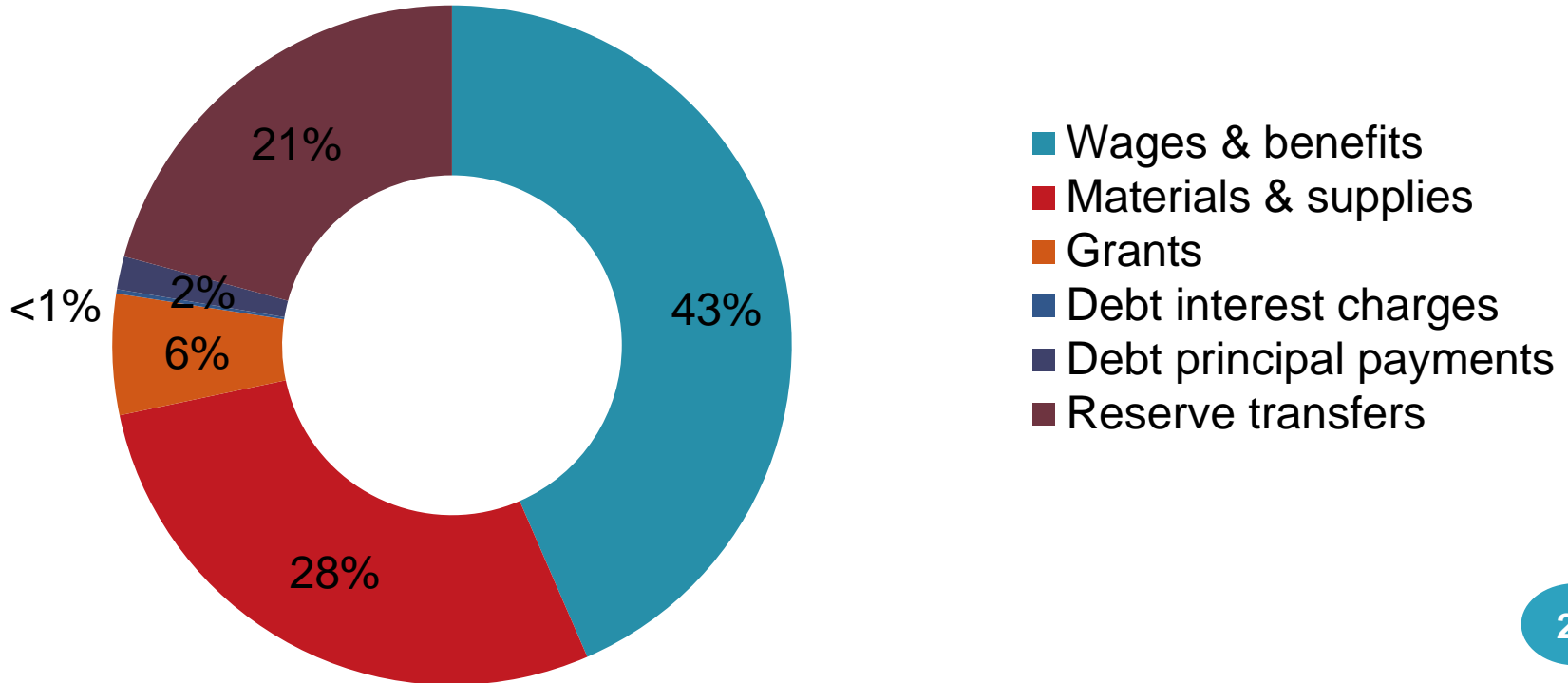
Net Impact: \$154,106 - Appendix “3”

0.54% Levy impact funded by Emergency Management Reserve, including:

- \$69,920 PPE (Transit, Fire, Crossing Guards, PDS)
- \$17,186 EDTS building rental
- \$67,000 IS materials & supplies
- (\$10,000) Community hall grants

2) 2021 Budget: Base & Assessment

Expenses by Type



2) 2021 Budget: Base & Assessment

MPAC Assessment

Municipal Property Assessment Corp (MPAC)

- Assessment growth - affects every year:
 - New development reduces tax impact on existing taxpayers.
 - Total 2021 growth for the Town is **2.03%**.
- Re-assessment shifts - 2017 was 1st year of MPAC 4-yr cycle:
 - No change for 2021 as new, scheduled re-assessment was delayed due to COVID-19.
 - No phase-in effects for 2021 (2020: **2.24%** increase).
 - Next re-assessment expected for 2022 Budget.

Further information contained in Council Report No. CBC-05-2021

2) 2021 Budget: Base & Assessment

Base Summary

Appendix "1"	\$ Levy Impact [column 1]	% Levy Impact [column 2]
Revenue decrease/(increase)	(\$267,103)	(0.93%)
Expense increase/(decrease)	\$743,190	2.61%
Total Base Budget Increase	\$476,087	1.67%
Assessment Growth		(2.03%)
Total Base Budget Increase/(Decrease) - net of Assessment Growth		(0.36%)

2) 2021 Budget: Base & Assessment

Median Household

Appendix "1"	2020 Tax Bill	2021 Tax Bill	% Change
<i>Median assessed value</i>	<i>200,300</i>	<i>200,300</i>	<i>N/c</i>
Town [column 3]	\$1,358	\$1,352	(0.45%)
Region	\$1,299	\$1,321	1.72%
Education	\$306	\$306	0.00%
TOTAL [column 4]	\$2,963	\$2,979	0.55%

Note: Regional impact based on 1.9% budget excluding any tax policy changes.
Educational impact based on draft provincial rates.

3) 2021 Budget: Supplementary

Overview

- Program changes beyond the current service level
- Detailed on “Supplementary Budget Request” form (Tab 8)
- **9 Decision Units** in Appendix “2” for Council consideration.
- a) requests subject of a previous report/resolution:
 - PART 1: Base (ongoing in future budgets) - **3 requests**
 - PART 2: One-time (Reserve funded) - **1 requests**
- b) new requests:
 - PART 3: Base (ongoing in future budgets) - **no requests**
 - PART 4: One-time (Reserve funded) - **5 requests**

3) 2021 Budget: Supplementary

PART 1

\$223,050 Base costs (continue indefinitely)

- 1.1 \$45,000 Capital reserves - Bridge & Culvert Refurbishing
- 1.2 \$137,000 Rural Ditching program
- 1.3 \$41,050 Staffing: Municipal Law Enforcement Officer - spring/summer (PDS)

3) 2021 Budget: Supplementary

PART 2

\$50,000 One-time costs (Reserve funded)

2.1 \$50,000 Residential Hospice Niagara expansion [CAO-18-2020] 3-year commitment funded by Community Health & Wellness Reserve

3) 2021 Budget: Supplementary

PART 3

N/A Base costs (continue indefinitely)

3.1 No 2021 requests for Council

3) 2021 Budget: Supplementary

PART 4

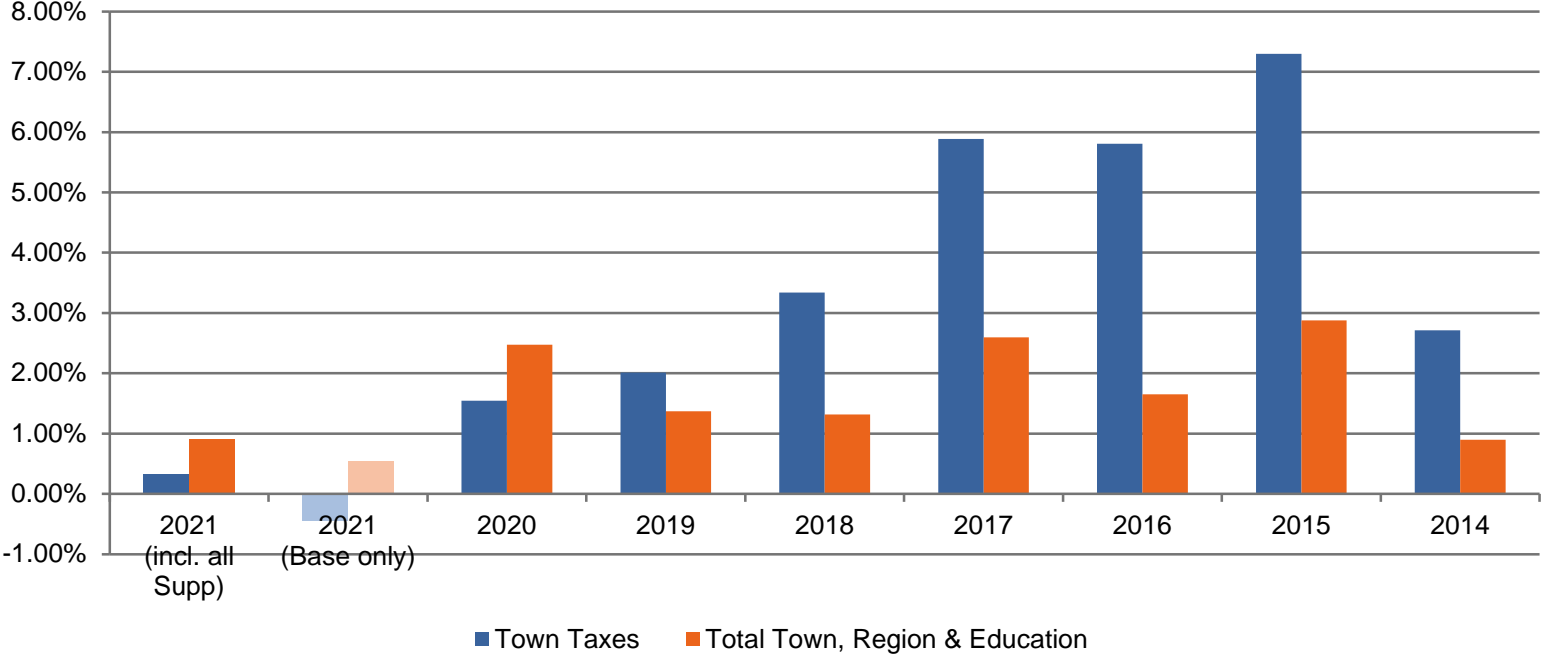
\$561,000 One-time costs (Reserve funded)

- 4.1 \$90,000 Waterfront Landscape Design Guidelines and Standards funded by Parkland Reserve
- 4.2 \$21,000 Snowbirds event funded by GLRS Reserve
- 4.3 \$50,000 Building Permit Fee and Process Review funded by Building Permit Surplus Reserve
- 4.4 \$150,000 Southend-Riverwalk Archaeological Assessment Study funded by GLRS Reserve
- 4.5 \$250,000 Urban Boundary Expansion Supplementary Studies funded by DC & GLRS Reserves

3) 2021 Budget: Supplementary Summary

Appendix “2”		\$ Levy net Impact	% Levy Impact
a) Previous:	PART 1 Base	\$223,050	0.78%
	PART 2 One-time (\$50K funded)	\$Nil	0.00%
b) New:	PART 3 Base	\$Nil	0.00%
	PART 4 One-time (\$561K funded)	\$Nil	0.00%
Total Supplementary		\$223,050	0.78%
Total Base + Supp (if all approved)			0.42%

4) Consolidated Median Household Impact Levy History



4) Consolidated Median Household Impact

2021 Total Levy

	Median 2020 Bill	Median 2021 Bill	% Change	Alternate 2020 Bill	Alternate 2021 Bill
<i>Assessed value</i>	200,300	200,300	2.25%	100,000	100,000
Town [column 3]	\$1,358	\$1,362	0.32%	\$678	\$680
Region	\$1,299	\$1,321	1.72%	\$648	\$660
Education	\$306	\$306	0.00%	\$153	\$153
TOTAL [column 4]	\$2,963	\$2,990	0.90%	\$1,479	\$1,493

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

4) Consolidated Median Household Impact

2021 Town Levy

Annual Change	\$100,000 Assessment	\$200,300 Assessment	% Change
2020 Household	\$678	\$1,358	
2021 Base	(\$3)	(\$6)	(0.45%)
2021 Supplementary (infrastructure)	\$1	\$2	0.15%
2021 Supplementary (non-infrastructure)	\$4	\$8	0.62%
Change	\$2	\$4	0.32%
2021 TOTAL	\$680	\$1,362	

5) Risks & Opportunities

Risks

- COVID-19: revenue & expense risks for 2021 and beyond.
- Reserve reliance: 2021 Budget uses \$2.0M.
- 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.
- Assessment: appeals & tax increment based grant (TIBG) programs.
- Region taxes: tax rates & policy (i.e., tax class ratios) outstanding.
- Environmental: climate change and other emerging issues or threats.

5) Risks & Opportunities

Opportunities

- COVID-19 funding: monitoring municipal programs and providing detailed reporting which will guide overall eligibility.
- Taxpayer and business supports: Appendix “4”.
- Funding advocacy: Grants Oversight Team monitors programs (e.g., Fed/Prov infrastructure stimulus) that may be introduced or awarded.
- Fees & charges: annual review to balance burden of fees vs. 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 2.6% (2022) and 3.6% (2023).
- Capital reserve contributions address AMP strategy.
- Current collective bargaining agreement expires in 2024.
- Fire Station 4 construction in 2021 and related new debt in 2022.
- Next maturing debt is \$200,000/yr at the end of 2023.
- 2022 supplementary phase-ins for Bridge & Culverts Refurbishing LT needs (\$135K) and Rural Ditching Master Plan (\$54K).
- Other market driven increases such as insurance & utilities.

6) Next Steps

Important Dates

- Feb 10 Budget-in-Committee #4: further Council enquiries and follow-up requests, if necessary
- Feb 22 By-laws: Levy & General Capital
- April Region Policy, Ratios & Capping reports & Rate By-laws
- May Town consolidated Tax Rate By-law
- June Town 2021 final tax bills mailed

7) Recommendations

Itemized in CBC-06-2021

- 1 to 4 Supplementary items separately recommended
- 5 Listing of grants
- 6 BIA Levies
- 7 2021 Capital Budget additions
- 8 Total levy after consideration of Supplementary items
- 9 Budget to exclude amortization



Jonathan Janzen
Director, Corporate Services
905-871-1600 ext. 2300
jjanzen@forterie.ca

8) Summary & Questions

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

- (1) **\$29,202,635** Town Budget \$ amount
- (2) **0.42%** Town Budget % increase
- (3) **0.32%** Town Tax bill % increase, median household
- (4) **0.90%** Total Tax bill % increase, median household
- (5) **\$2.22** Total Tax bill \$ increase per month, median household





Town of Fort Erie
1 Municipal Centre Drive
Fort Erie, Ontario
L2A 2S6
905-871-1600

www.forterie.ca