

# 2019

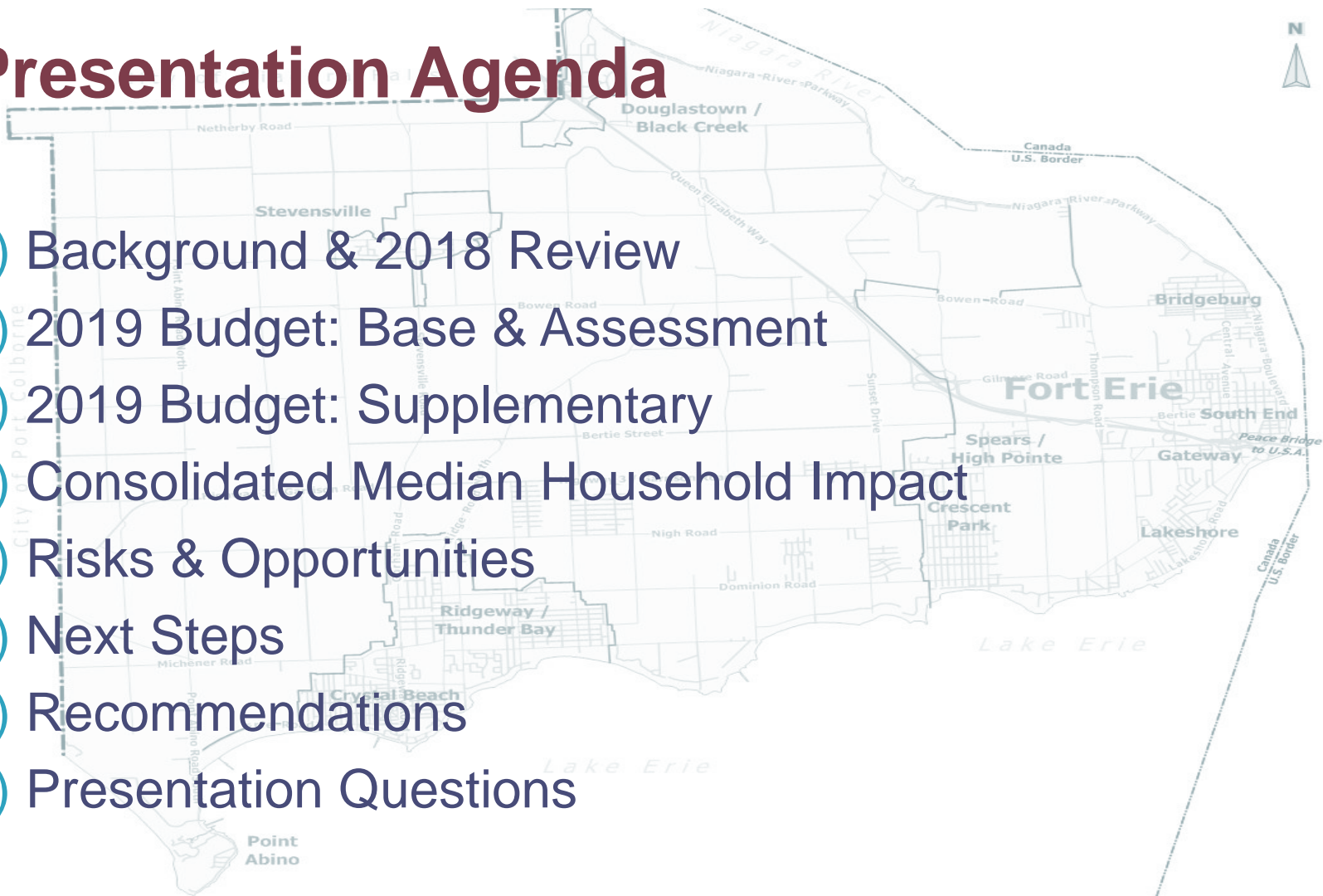
## Levy Budget

**Council-in-Budget Committee**  
**March 5, 2019**

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# Presentation Agenda

- 1) Background & 2018 Review
- 2) 2019 Budget: Base & Assessment
- 3) 2019 Budget: Supplementary
- 4) Consolidated Median Household Impact
- 5) Risks & Opportunities
- 6) Next Steps
- 7) Recommendations
- 8) Presentation Questions



# 1) Background & 2018 Review

## Budget inputs

- 1) 2015-2018 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-20-2018: 2.5% CPI re: controllable costs
- 5) Corporate Sub-committee: discussions to target/limit total tax bill increase.

# 1) Background & 2018 Review

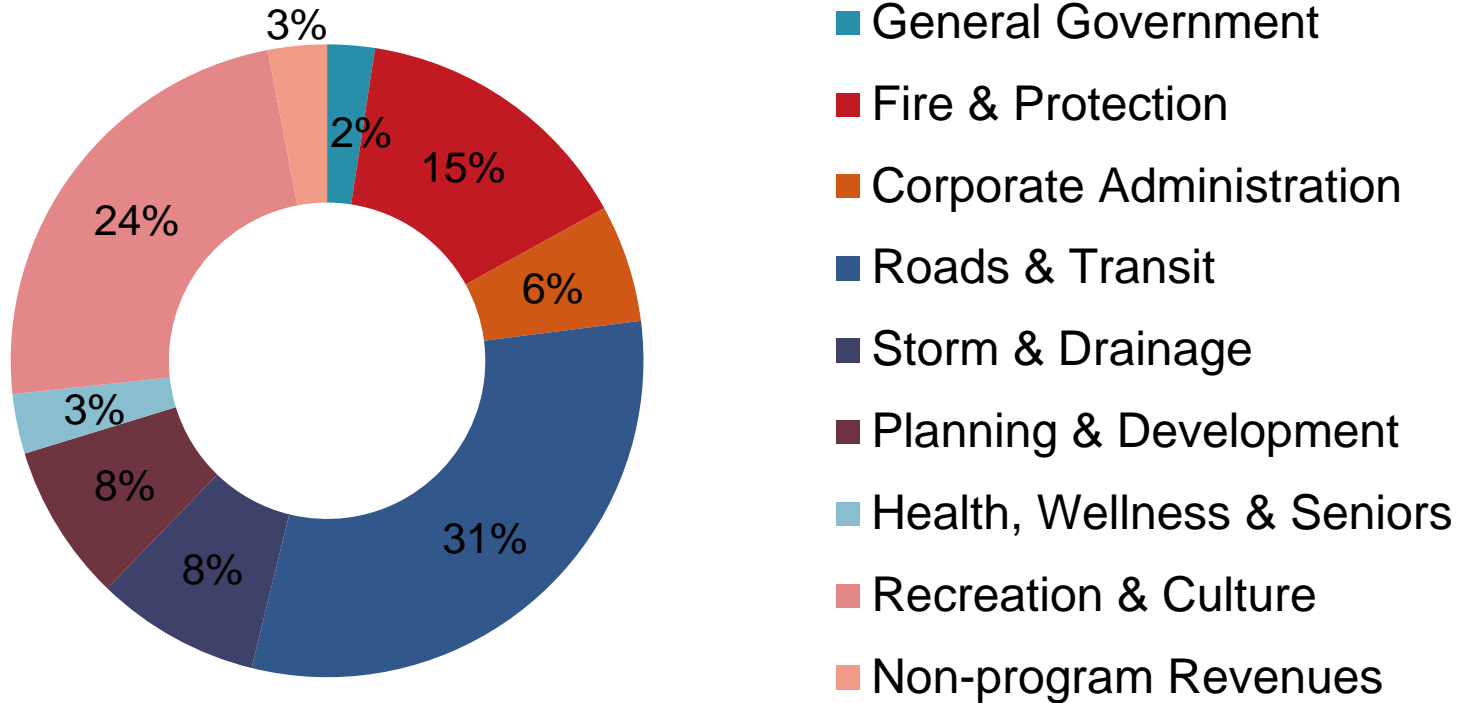
## Funding Structure Overview



**\$58 million**  
approved 2018  
budgets

# 1) Background & 2018 Review

## Allocation Structure – Budget Expenses by Function

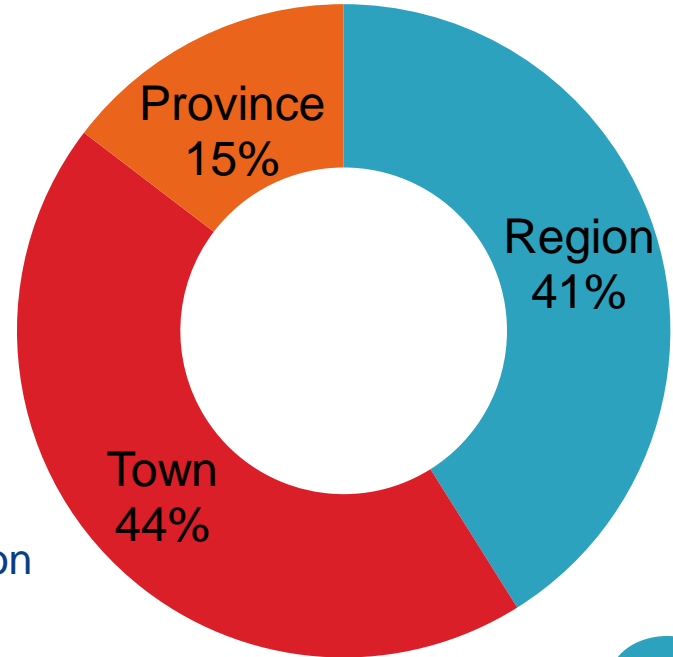


# 1) Background & 2018 Review

## Taxes Billed

2018 Total of \$59.8M:

- **Fort Erie:** \$26.5M “lower tier”  
E.g., roads, transit, arenas, parks, drains, building, planning, fire, museums, health & wellness.
- **Niagara Region:** \$24.6M “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 & 2018 Review

## Tax Calculation & Comparison

### Tax Calculation

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

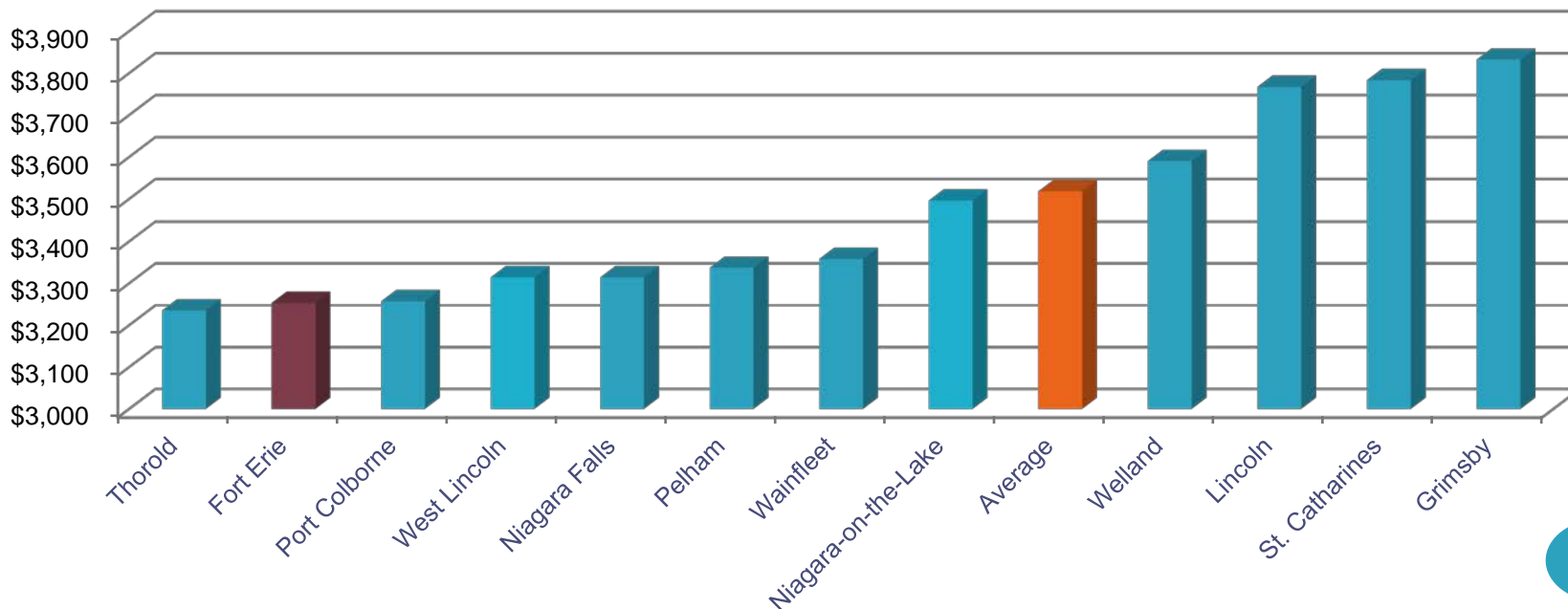
### Tax Comparison

- Ontario study compares 105 municipalities annually
- Relative tax burden compared for “like” detached bungalow in Niagara/Hamilton municipalities for 2017:
  - Fort Erie total taxes of \$3,253; below average of \$3,518
  - Also below avg. for 2 Storey, Commercial & Large Industrial

# 1) Background & 2018 Review

## Comparison – Tax

2018



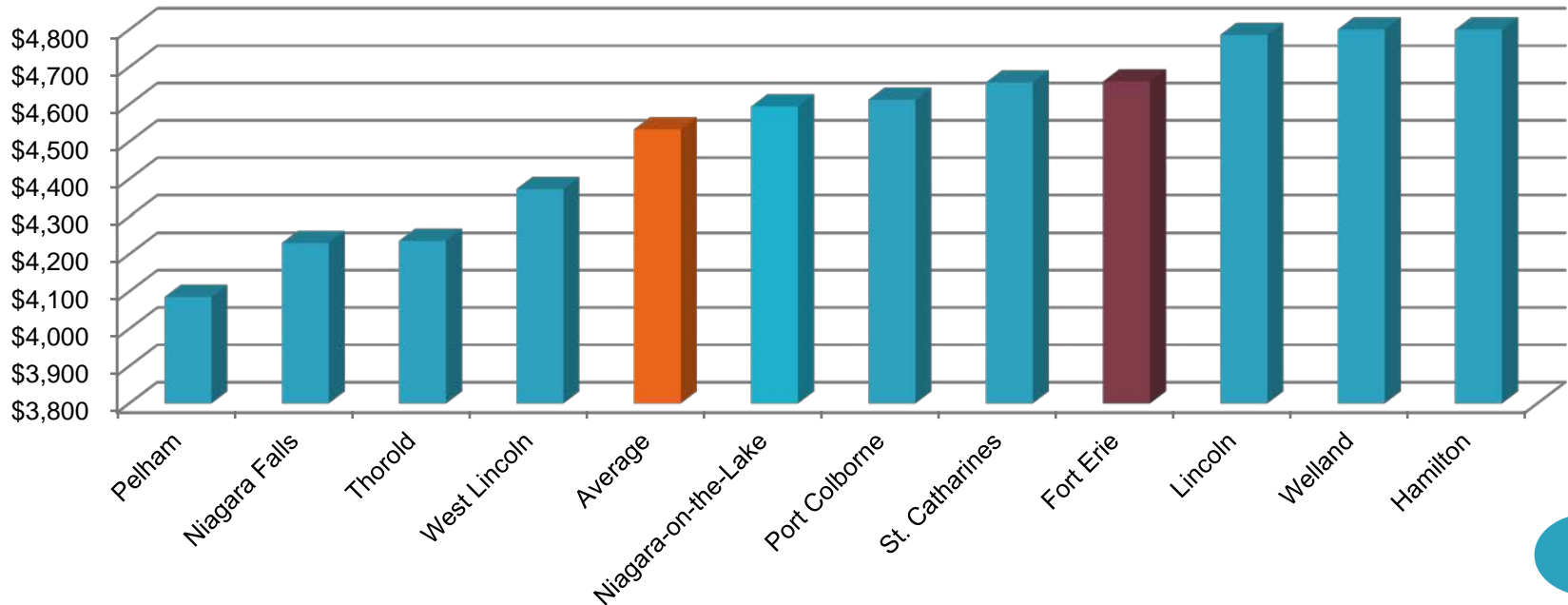
Source: BMA Municipal Study 2018, page 304



# 1) Background & 2018 Review

## Comparison – Municipal Burden (Tax + Utility)

2018



Source: BMA Municipal Study 2018

# 1) Background & 2018 Review

## 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
- Initiatives defined in the Plan have been moving forward with Mayor & Council assigned to champion each pillar.
- Report No. CAO-02-2018 provided a status update and presented to Council January 22, 2018.

# 1) Background & 2018 Review

## Strategic Plan Accomplishments

### A. A Prosperous and Growing Community

- Community Health Care services
- Development Charges Study
- Bay Beach & Crystal Ridge Park improvements
- Refurbishment of CN6218
- Crystal Beach Secondary Plan
- Rezoning elementary public schools
- Southend-Riverwalk Core Area CIP
- Affordable Housing Committee established

# 1) Background & 2018 Review

## Strategic Plan Accomplishments

### B. Effective, Sustainable Infrastructure

- Battery-Dufferin-Murray sanitary sewer replacement & reconstruction
- Catherine Street reconstruction
- Conventional transit service changes
- Bridge & Culvert assessment report
- Additional \$385,000 in long-term capital funding
- Extreme cold weather protocol
- North Mill Street watermain replacement
- New FAST service provider
- Holloway Bay Rd structure replacement
- Goderich Street watermain & storm sewer replacement

# 1) Background & 2018 Review

## Strategic Plan Accomplishments

### C. Strong Customer Service, Relationships and Communications

- Corporate customer service training
- Volunteer appreciation event at GFESS
- Community newsletter with 730 subscribers and 73% open rate
- Growing social media reach, with 3892 Facebook followers and 4532 Twitter followers
- New region-wide election coordination and assistance with partners
- Increased use of online community events calendar
- Use of surveys for public feedback
- Community Hub task force

# 1) Background & 2018 Review

## Financial Performance

- Analyzing final 2018 payments and adjustments.
- Projected Levy and Water & Wastewater surplus.
- Certain mandated allocations (e.g., Building permits, Parking).
- Audit in May and financial statements to be adopted in June.
- Annual Report in July to provide Management Discussion & Analysis (MD&A) and also recommend any allocation of funds.
- Balances projected for Jan 1/19:
  - \$4.1M Levy debt (\$7.4M including Utility)
  - \$5.7M Levy Reserves - Operating (\$0.3M/yr contribution)
  - \$10.7M Levy Reserves - Capital (\$6.6M/yr contribution)

# 2) 2019 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:** (1.33%) = 0.96% increase over 2018 less assessment growth reduction.

## 2) 2019 Budget: Base & Assessment

### Overview - Reporting

- Refer to Report No. CBC-07-2019 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: 2018 YTD actuals & approved budget, 2019 proposed budget, 2020 and 2021 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) 2019 Budget: Base & Assessment

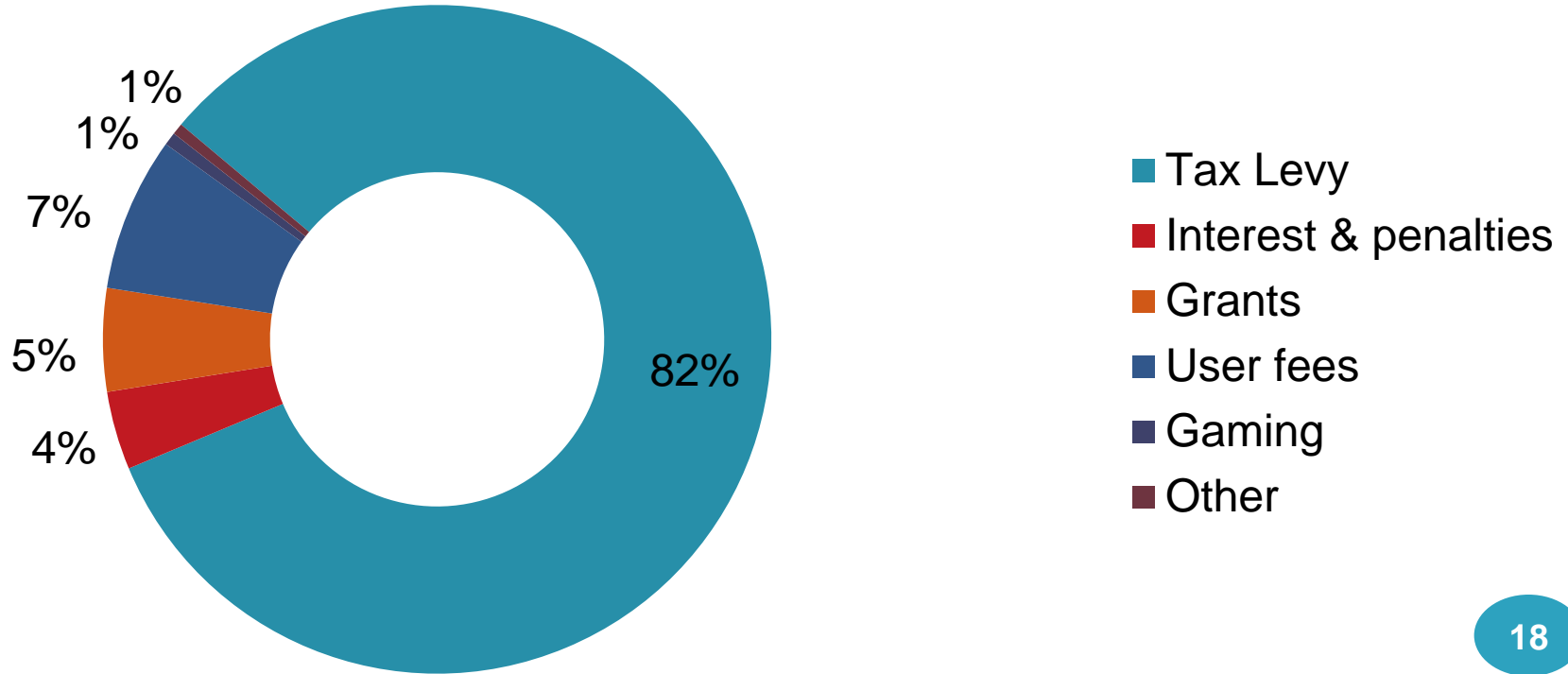
### Revenues

#### Increase: \$833,538

- Provincial Policy impacts:
  - Unrestricted OMPF kept at \$1,499,500 for Assessment Equalization.
  - Cannabis Legalization Implementation Fund (OCLIF) of \$44,139.
  - Provincial Gas Tax for transit small increase.
- Interest & Penalties: \$480,000 regarding interest rates/volumes.
- Building & planning fee revenue: \$78,667 increase.
- Tax revenue: \$70,000 net supplemental increase & \$29,500 decrease in vacancy rebates.
- Non-tax revenue: \$129,135 increase in all other for user fees, cell towers, and gaming.

## 2) 2019 Budget: Base & Assessment

### Revenue by Source



## 2) 2019 Budget: Base & Assessment

### Expenses

#### Increase: \$1,153,304

- Wages & benefits: \$322,967 increase, includes union, non-union, firefighters, Mayor & Council, committees.
- Capital reserve contributions: \$162,624 keep pace with inflation.
- Operating impacts of 2019 Capital Budget additions: \$130,767
  - General operating costs (e.g., wages, materials & supplies).
  - Reserve contributions to reflect life-cycle replacement.
- Crystal Ridge Community Centre: \$97,780 in long-term commitments re: new lease agreement.

## 2) 2019 Budget: Base & Assessment

### Expenses (cont'd)

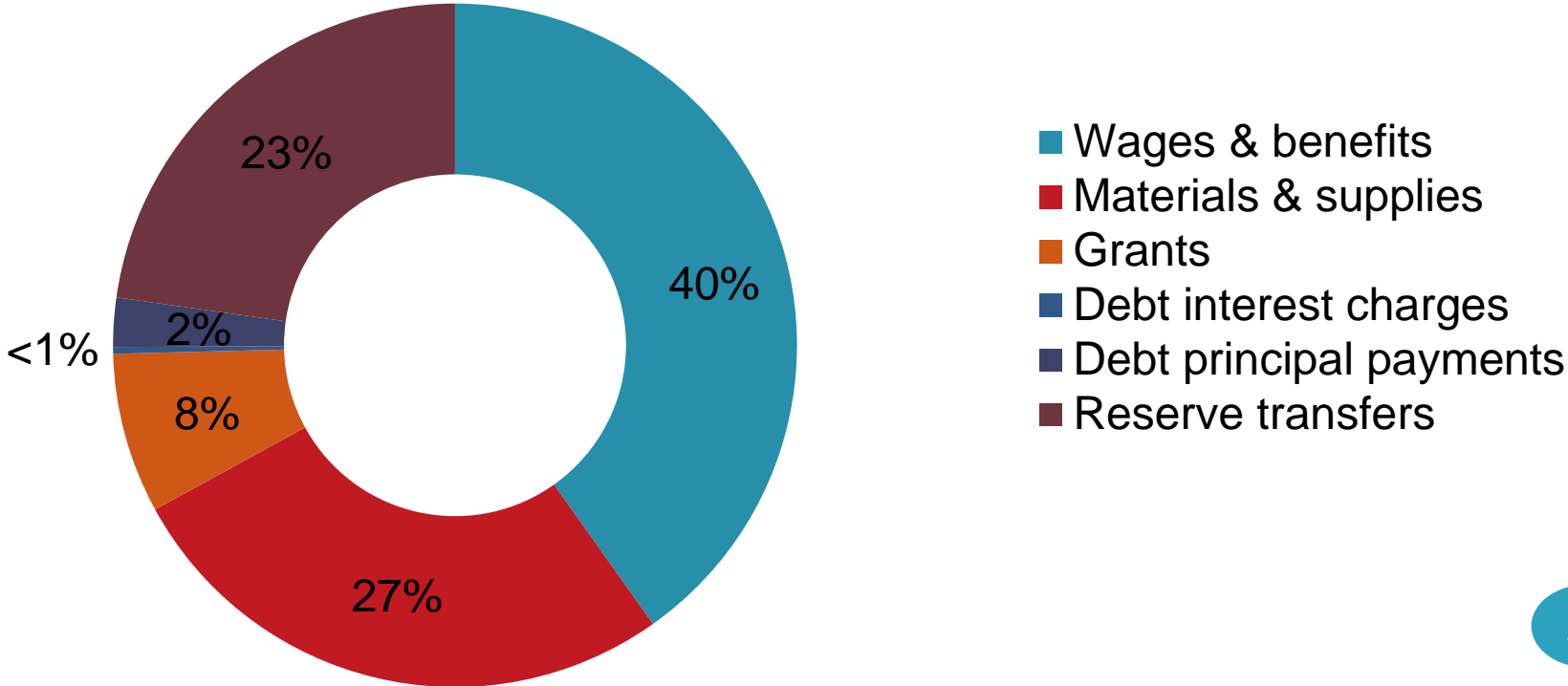
- Insurance: \$46,576 decrease.
- 2017/8 supplementary phase-ins: Transit van \$12,500; snow clearing \$180,500 increase and \$52,515 wages increase.
- Grants: \$26,054 decrease.
- Library & EDTC services: \$44,639 total increase.
- All other expenses: \$221,847 increase (e.g., utilities, contracts, studies) net of funding in some instances.

### Decrease: \$65,000 2018 One-time impacts

- EDTC supplementary grants: \$65,000

# 2) 2019 Budget: Base & Assessment

## Expenses by Type



## 2) 2019 Budget: Base & Assessment

### MPAC Assessment

#### Municipal Property Assessment Corp (MPAC)

- Assessment growth - affects every year:
  - New development reduces tax impact on existing taxpayers.
  - Total 2019 growth for the Town is **2.29%**.
- Re-assessment shifts - 2017 was 1<sup>st</sup> 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 **2.30%** increase.

Further information contained in Council Report No. CBC-06-2019

## 2) 2019 Budget: Base & Assessment

### MPAC Assessment (cont'd)

For example:

- If your assessment increase is less than Town avg. of 2.30% your taxes will increase **less** than that presented.
- If your assessment increase is more than the Town avg. of 2.30% your taxes will increase **more** than that presented.

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

## 2) 2019 Budget: Base & Assessment

### Base Summary

	\$ Levy Impact	% Levy Impact
Revenue increase	(\$833,538)	(3.15%)
Expense increase	\$1,153,304	4.36%
Remove: One-time items	(\$65,000)	(0.25%)
Total Base Budget Increase	\$254,766	0.96%
Assessment Growth Impact		(2.29%)
Total Net of Assessment		(1.33%)



## 2) 2019 Budget: Base & Assessment

Median Household (as per CBC-07-2019)

	2018 Bill	2019 Bill	% Change
<i>Median assessed value</i>	191,500	195,900	2.30%
Town	\$1,311	\$1,294	(1.28%)
Region	\$1,216	\$1,259	3.56%
Education	\$326	\$333	2.30%
<b>TOTAL</b>	<b>\$2,853</b>	<b>\$2,887</b>	<b>1.19%</b>

**Note:** Regional impact based on initial 5.8% proposed budget, excluding any tax policy changes.  
Educational impact based on existing provincial rates.

## 2) 2019 Budget: Base & Assessment

Median Household (updated after CBC-07-2019)

	2018 Bill	2019 Bill	% Change
<i>Median assessed value</i>	191,500	195,900	2.30%
Town	\$1,311	\$1,294	(1.28%)
Region	\$1,216	\$1,239	1.91%
Education	\$326	\$333	2.30%
<b>TOTAL</b>	<b>\$2,853</b>	<b>\$2,867</b>	<b>0.49%</b>

**Note:** Regional impact based on approved 3.8% budget, excluding any tax policy changes.  
Educational impact based on existing provincial rates.

# 3) 2019 Budget: Supplementary

## Overview

- Program changes beyond the current service level
- Detailed on “Supplementary Budget Request” form (Tab 8)
- **16 Decision Units** included for Council consideration.
- a) requests subject of a previous report/resolution:
  - PART 1: Base (ongoing in future budgets) – **3**
  - PART 2: One-time (Reserve funded) – **5**
- b) new requests:
  - PART 3: Base (ongoing in future budgets) – **6**
  - PART 4: One-time (Reserve funded) – **2**

# 3) 2019 Budget: Supplementary

## PART 1

**\$521,857** Base costs (continue indefinitely)

1.1 \$500,000 Capital reserves - strategic investment

1.2 \$6,857 Short-term Rental education campaign

1.3 \$15,000 Communities-in-Bloom event planning student

# 3) 2019 Budget: Supplementary

## PART 2

**\$832,460** One-time costs (Reserve funded)

- 2.1 \$400,000 Tree removal from Emerald Ash Borer (EAB) [IS-37-2017] funded by Emergency Management Reserve
- 2.2 \$50,000 Affordable Housing Needs Assessment study [presentation Feb 11/19] funded by GLRS Reserve
- 2.3 \$20,000 Ridgeway Manor stage 3 archaeological assessment [presentation Feb 11/19] funded by GLRS Reserve
- 2.4 \$337,460 FEPL Centennial Branch renovations [CBC-04-2019] funded by Facilities Maintenance Reserve

# 3) 2019 Budget: Supplementary

## PART 2 (cont'd)

**\$832,460** One-time costs, continued (Reserve funded)

2.5 \$25,000 Crystal Ridge Community Centre grant [Feb 25/19 presentation] funded by GLRS Reserve

# 3) 2019 Budget: Supplementary

## PART 3

**\$384,525** Base costs (continue indefinitely)

3.1 \$69,825 Staffing: GIS Coordinator

3.2 \$47,395 Staffing: Fire Administrative Clerk

3.3 \$67,875 Staffing: Development Coordinator

3.4 \$54,430 Staffing: Asset Management Coordinator

3.5 \$60,000 Storm Water Management facility sediment cleanout

3.6 \$85,000 Rural Ditching program

# 3) 2019 Budget: Supplementary

## PART 4

**\$240,000** One-time costs (Reserve funded)

4.1 \$200,000 Rural Ditching Master Plan funded by GLRS Reserve

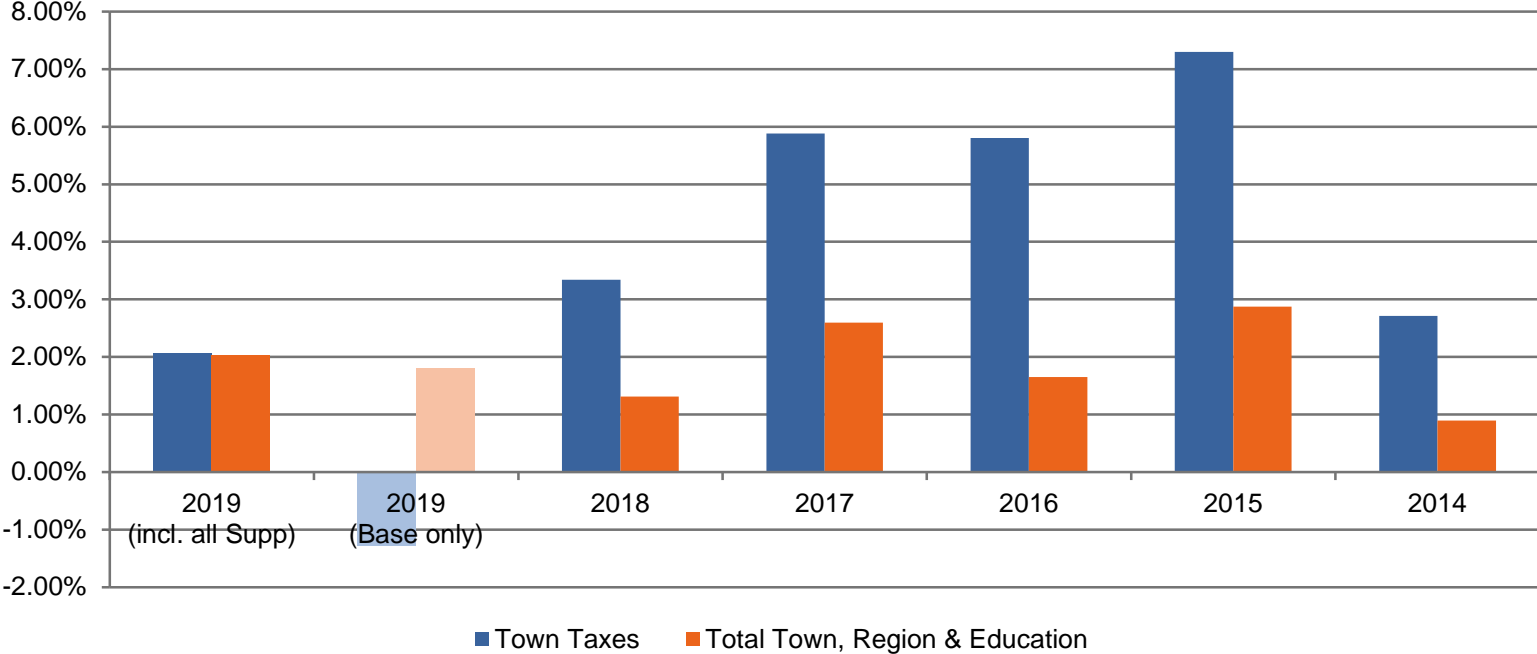
4.2 \$40,000 Crystal Beach Secondary Plan parking study funded by GLRS Reserve



# 3) 2019 Budget: Supplementary Summary

		\$ Levy net Impact	% Levy Impact
a) Previous:	PART 1 Base	\$521,857	1.97%
	PART 2 One-time (funded)	\$Nil	0.00%
b) New:	PART 3 Base	\$384,525	1.45%
	PART 4 One-time (funded)	\$Nil	0.00%
<b>Total Supplementary</b>		<b>\$906,382</b>	<b>3.42%</b>
<b>Total Base + Supp (if all approved)</b>			<b>2.09%</b>

# 4) Consolidated Median Household Impact Levy History



# 4) Consolidated Median Household Impact

## 2019 Total Levy

	Median 2018 Bill	Median 2019 Bill	% Change	Alternate 2018 Bill	Alternate 2019 Bill
<i>Assessed value</i>	191,500	195,900	2.30%	97,754	100,000
Town	\$1,311	\$1,338	2.07%	\$669	\$683
Region	\$1,216	\$1,240	1.91%	\$621	\$633
Education	\$326	\$333	2.30%	\$166	\$170
<b>TOTAL</b>	<b>\$2,853</b>	<b>\$2,911</b>	<b>2.03%</b>	<b>\$1,456</b>	<b>\$1,486</b>

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

# 4) Consolidated Median Household Impact

## 2019 Town Levy

Annual Change	\$100,000 Assessment	\$195,900 Assessment	% Change
2018 Household	\$669	\$1,311	
2019 Base	(\$8)	(\$17)	(1.28%)
2019 Supplementary (infrastructure)	\$12	\$24	1.85%
2019 Supplementary (non-infrastructure)	\$10	\$20	1.50%
Change	\$14	\$27	2.07%
2019 TOTAL	\$683	\$1,338	

# 5) Risks & Opportunities

## Risks

- Federal & Provincial legislation: policy/budget changes (e.g., OMPF funding, added regulations).
- Assessment Appeals: ongoing appeal impact assessment base.
- Region taxes: tax rates & policy (i.e., tax class ratios) outstanding.
- Emerald Ash Borer: tree removal/replacement may require acceleration.
- Economic factors: interest rates (investments & debt), inflation, utilities.
- Legal matters: financial exposure beyond insurance coverage.
- Infrastructure gap: existing capital rehabilitation & replacement may fall behind.

# 5) Risks & Opportunities

## Opportunities

- Funding partnerships: Infrastructure stimulus funding programs may be introduced (e.g., Federal) and awarded in 2019. Grants Oversight Team monitors all opportunities.
- 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.
- GFESS Theatre: nearly funded and may be further reduced by fundraising, freeing up existing funds.

# 5) Risks & Opportunities

## Forecasts

- Forecasted base increases of 1.2% (2020) and 2.1% (2021).
- Continuation of strategic capital reserve contributions to mitigate impact of Ontario Reg. 284/09 and address documented infrastructure gap.
- Current collective bargaining agreement expires in 2020.
- Annual debt costs of \$260,000 mature at the end of 2019.
- Other market driven increases such as insurance & utilities.
- 2020 Budget timelines to be advanced to reflect non-election year.

# 6) Next Steps

## Budget Process

- Mar 20 Budget-in-Committee #5: further Council enquiries and follow-up requests, if necessary
- Mar 25 By-laws: Levy & Capital
- April Region Policy, Ratios & Capping reports & Rate By-laws
- May Town consolidated Tax Rate By-law
- June Town 2019 final tax bills mailed



# 7) Recommendations

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



Jonathan Janzen  
Director, Corporate Services  
905-871-1600 ext. 2300  
[jjanzen@forterie.ca](mailto:jjanzen@forterie.ca)

# 8) Presentation Questions



Further information contained in Council Report No. CBC-07-2019



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

[www.forterie.ca](http://www.forterie.ca)