

2023

Levy Budget

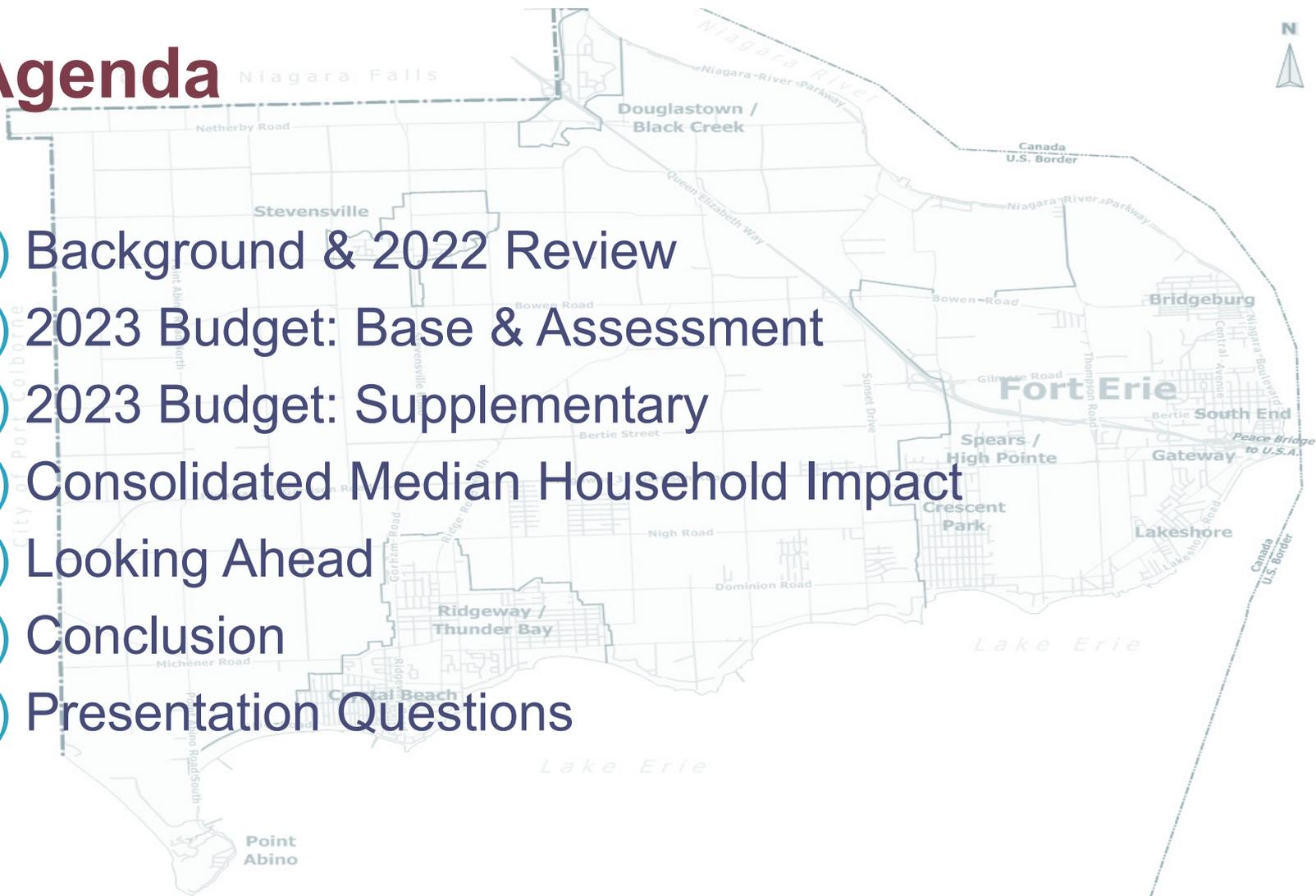
Council-in-Budget Committee
February 15, 2023

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Agenda

- 1) Background & 2022 Review
- 2) 2023 Budget: Base & Assessment
- 3) 2023 Budget: Supplementary
- 4) Consolidated Median Household Impact
- 5) Looking Ahead
- 6) Conclusion
- 7) Presentation Questions



1) Background & 2022 Review

Budget inputs

- 1) **Strategic Plan:** Council priorities & related initiatives with a focus on outcomes.
- 2) **Long-term financial planning:** managing financial sustainability (e.g., strategic policies & practices) and affordability pressures.
- 3) **Budget Planning:** Report No. [CS-16-2022](#) discussed timetable and pressures including 7.6% CPI. Year-round budget cycle process to a) Plan, b) Approve, c) Execute and d) Evaluate.
- 4) **Corporate Sub-committee:** discussions to target/limit total tax bill increase near CPI.

1) Background & 2022 Review

Funding Structure Overview

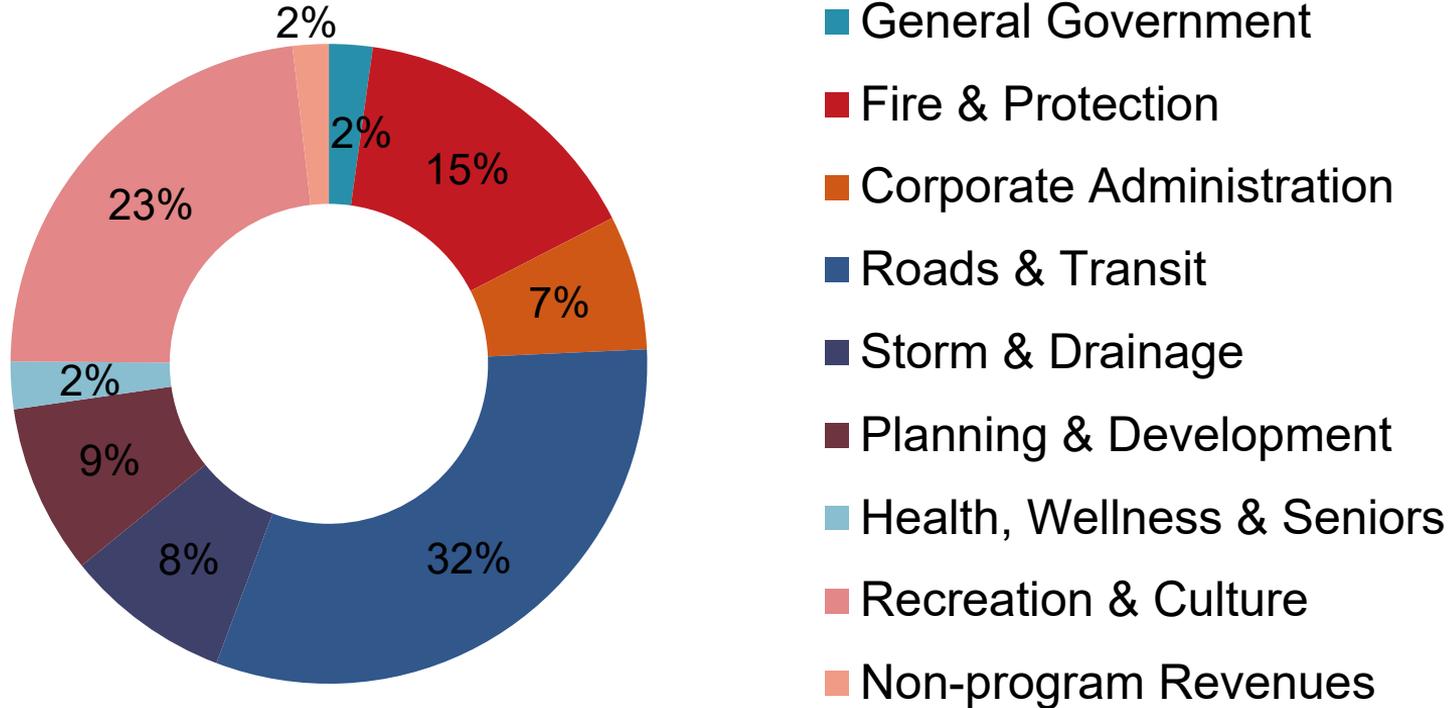


\$83 million
approved 2022
budgets

To view consolidated “2022 Budget Book”,
visit: www.forterrie.ca - Government / Budgets
& Finances / Budget Information

1) Background & 2022 Review

Expense Allocation by Function

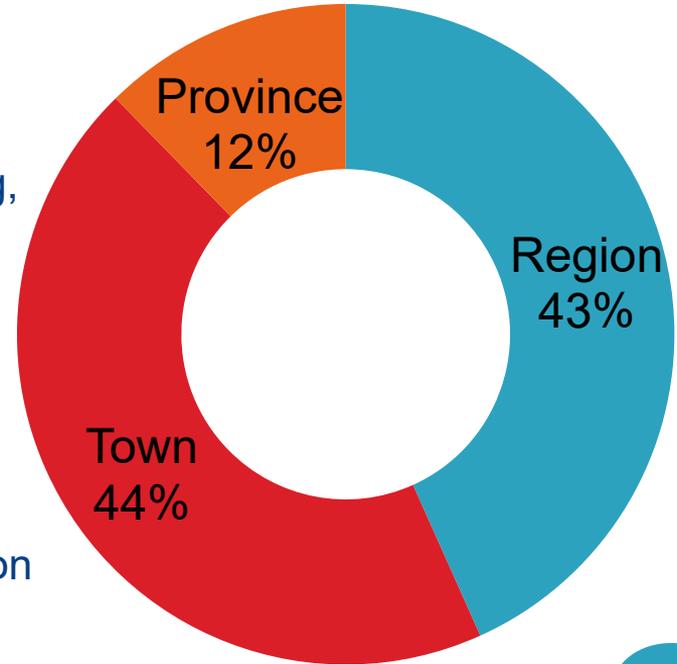


1) Background & 2022 Review

Taxes Billed

2022 Total of \$68.7M:

- **Fort Erie:** \$30.5M “lower tier”
E.g., roads, parks, arenas, drains, building, planning, fire, museums, health & wellness.
- **Niagara Region:** \$29.7M “upper tier”
E.g., police, arterial roads, transit, housing, public health, waste management.
- **Province:** \$8.5M “education”
Funds the Ontario elementary & secondary education system (i.e., school boards).



1) Background & 2022 Review

Tax Calculation & Comparison

Tax Calculation

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

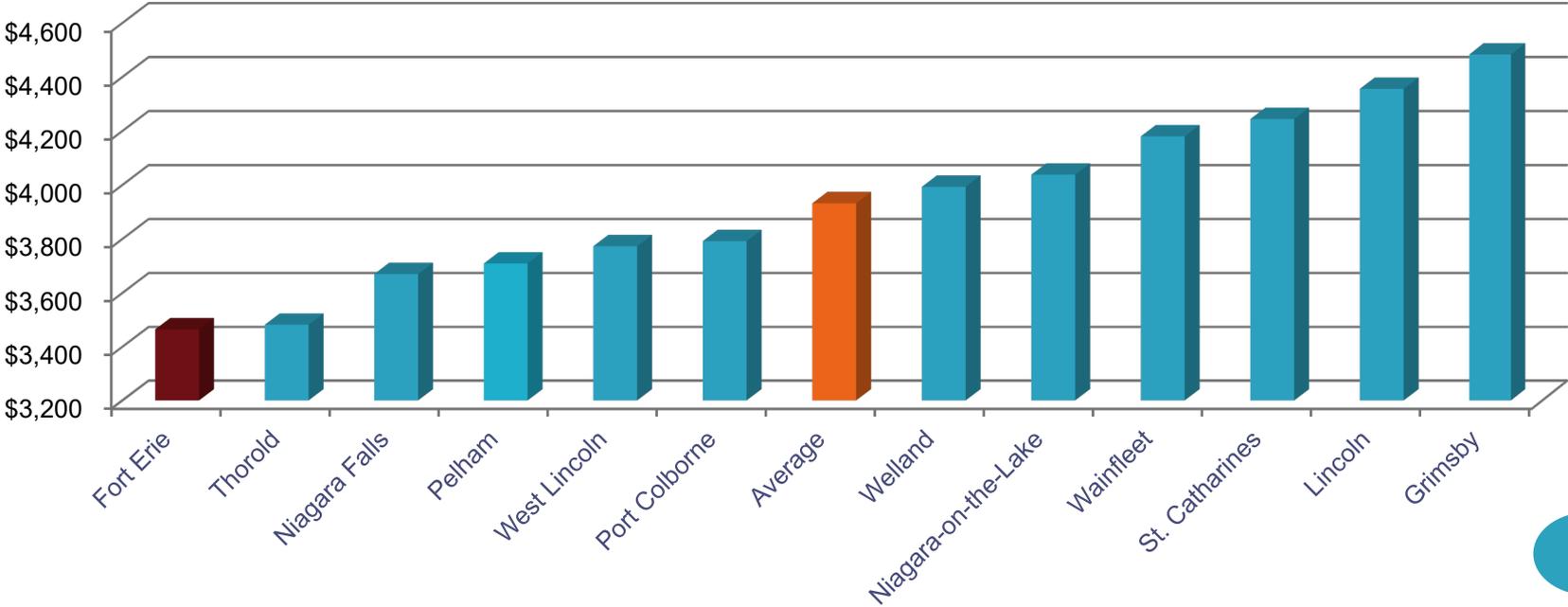
Tax Comparison

- Ontario study compares 105 municipalities annually
- Relative tax burden compared for “like” detached bungalow in Niagara/Hamilton municipalities for 2022 (2021 FIR):
 - Fort Erie total taxes: \$3,465 (average of \$3,932)
- Fort Erie below average for all other studied classifications (e.g., 2-Storey, Multi-res, Hotel/Motel, Commercial & Large Industrial)

1) Background & 2022 Review

Comparison – Residential Tax

2021 FIR

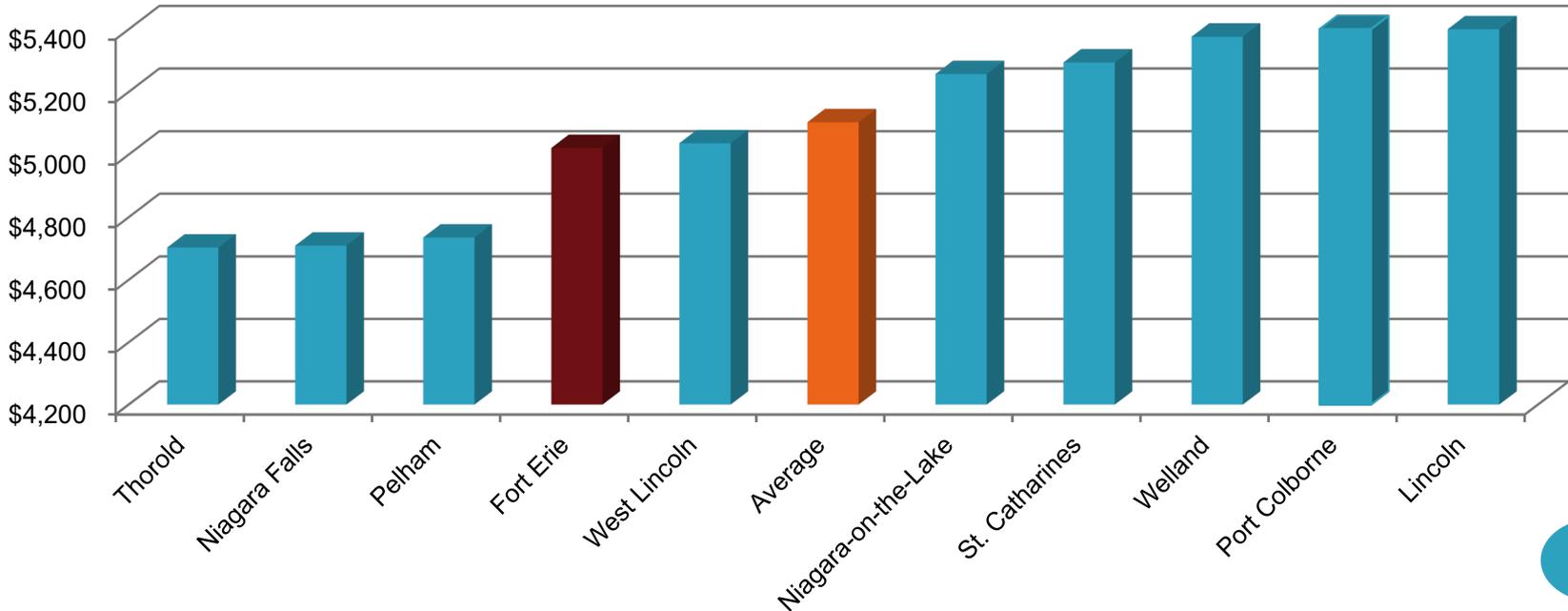


Source: BMA Municipal Study 2022, page 309

1) Background & 2022 Review

Comparison – Municipal Burden (Tax + Rate)

2021 FIR



Source: BMA Municipal Study 2022

1) Background & 2022 Review

Financial Performance

- Analyzing final 2022 payments and adjustments.
- Variances: Projected Levy and Water & Wastewater surplus. Q3 results presented with [CS-18-2022](#).
- 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 by [CS-08-2021](#).
- Balances projected for Jan 1/23:
 - \$1.6M Levy debt (\$3.9M including Utility)
 - \$12.8M Levy Reserves - Operating (\$0.9M/yr contribution)
 - \$20.3M Levy Reserves - Capital (\$8.7M/yr contribution)

1) Background & 2022 Review

Provincial Financial Indicators

| Sustainability Indicators | FE actual | Average |
|---|-----------|---------|
| 1) Total Taxes Receivable | 5.2% | 5.4% |
| 2) Net Financial Assets as % of Own Purpose Tax | 103.9% | 87.1% |
| 3) Reserves as % of Operating Expenses | 95.5% | 74.9% |
| 4) Cash Ratio | 244.0% | 316.0% |

| Flexibility Indicators | FE actual | Average |
|--|-----------|---------|
| 5) Debt Servicing Cost as % of Operating Revenue | 1.5% | 3.0% |
| 6) Closing Amortization as % of Capital Asset Cost | 43.0% | 37.0% |
| 7) Annual Surplus as % of Own Source Revenue | 24.1% | 14.2% |

2) 2023 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: (0.82%) = 0.79% increase over 2022 less 1.61% assessment growth. CS-16-2022 est. 4.24%.

2) 2023 Budget: Base & Assessment

Overview - Reporting

- Refer to Report No. [CBC-06-2023](#) Appendix “1” for highlights and Appendix “3” for consolidated summary.
- Budget package [Section 7](#) for departmental reports. Reflects results from departmental reviews/meetings to mitigate impact.
 - Columns: 2022 YTD actuals & approved budget, 2023 proposed budget, 2024 and 2025 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) 2023 Budget: Base & Assessment

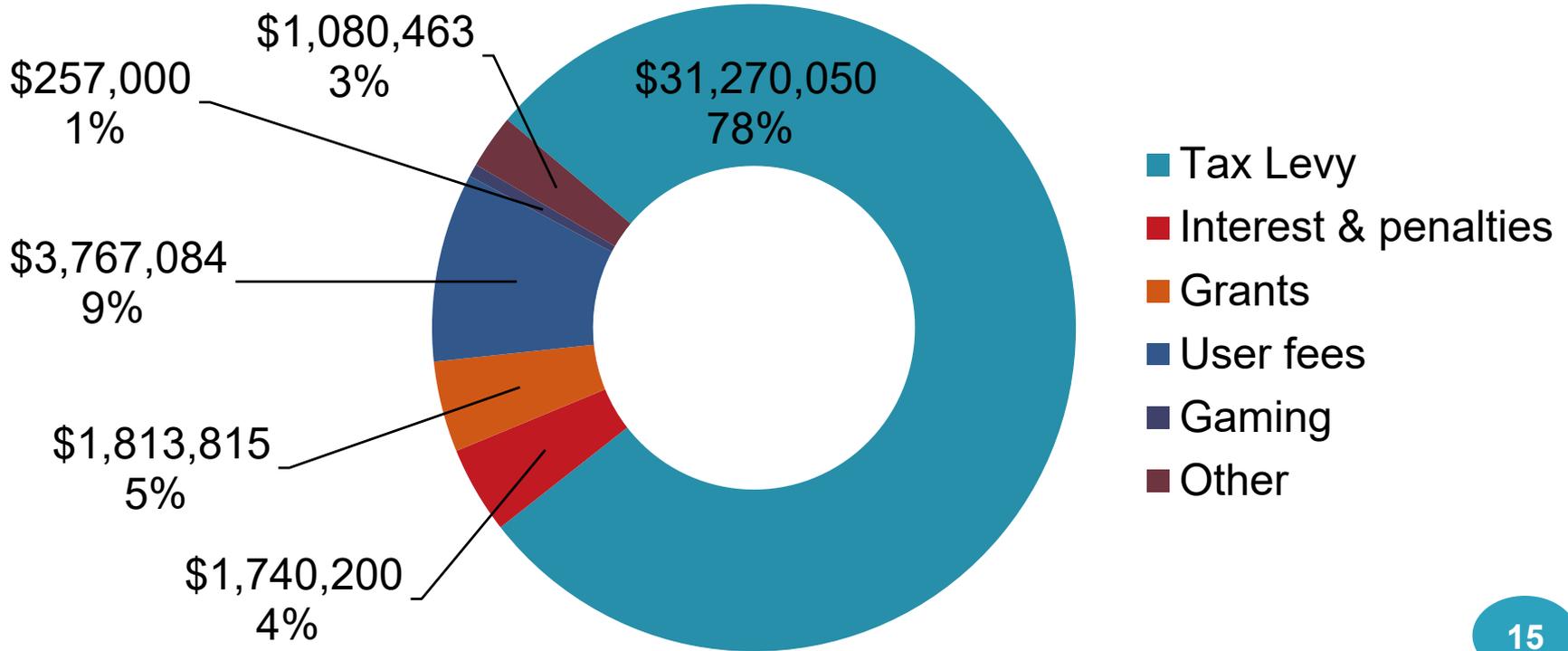
Revenues

Decrease/(Increase): (\$949,749) - Appendix “1”

- \$35,100 OMPF grant decrease
- (\$87,000) Building & planning fees
- (\$100,000) Beach admissions
- (\$150,000) Net tax adjustments (supplemental less write-offs)
- (\$443,000) Bank and investment income (net)
- (\$204,849) All other non-tax revenue (e.g., user fees).

2) 2023 Budget: Base & Assessment

Revenues - by Source



2) 2023 Budget: Base & Assessment

Expenses

Increase/(Decrease): \$1,193,449 - Appendix “1”

- \$693,932 Wages & benefits
- \$831,294 Wages & benefits - other (WSIB, OMERS, Council, CAO-14-2022, 2022 Budget phase-ins)
- (\$130,000) Reserve contributions (Hospital, Community Health)
- \$809,687 Capital (Reserve inflation, amortization, other)
- \$70,000 New PPLS system maintenance
- \$152,986 Insurance
- (\$1.11M) Transit services, net of fare and grant revenues

2) 2023 Budget: Base & Assessment

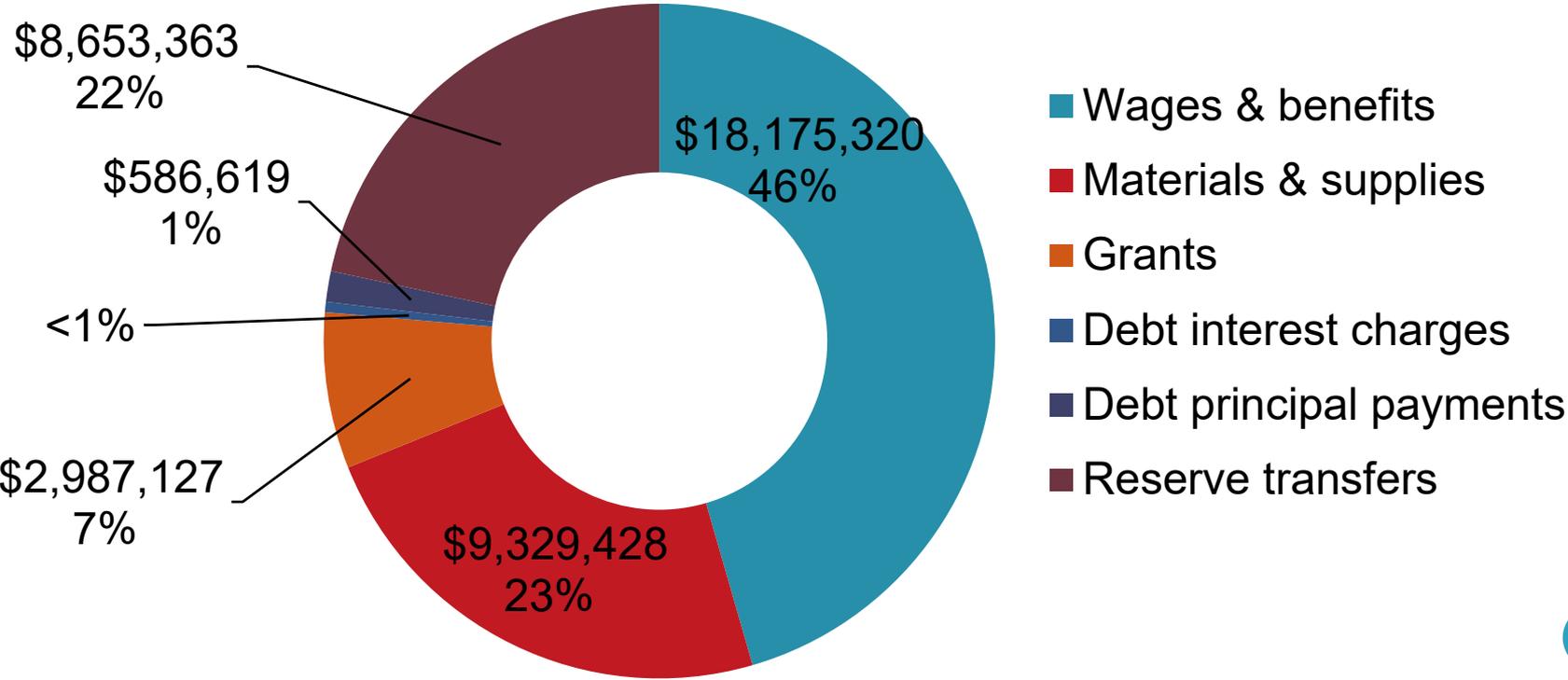
Expenses (cont'd)

- (\$150,000) Climate Change - 2022 amount allocated to reserve
- \$100,783 Debt costs
- \$30,158 Library - Report No. [CBC-04-2023](#)
- (\$93,288) Grants and partnerships
- (\$12,534) All other expenses (e.g., utilities, contracts, studies) net of reserve funding where applicable

Note: Departmental budgets with additional comparative prior budget/actuals and forecast information reported in Section 7 of online package.

2) 2023 Budget: Base & Assessment

Expenses by Type



2) 2023 Budget: Base & Assessment

MPAC Assessment

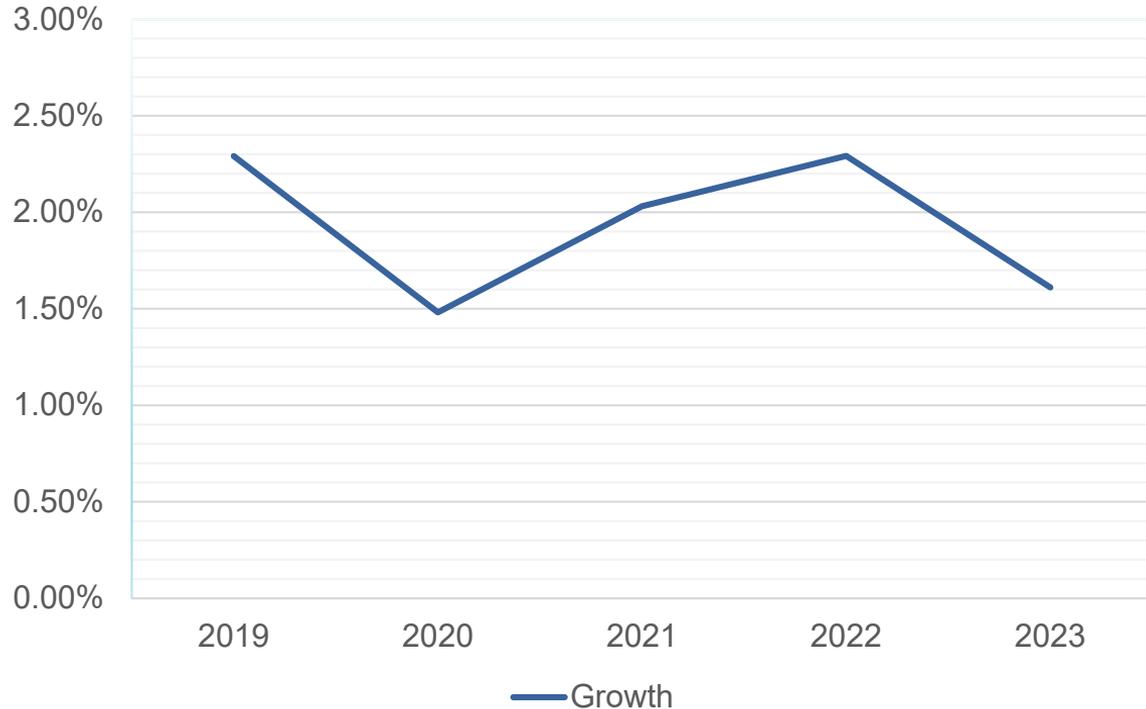
Municipal Property Assessment Corp (MPAC)

- Assessment growth - affects every year:
 - New development reduces tax impact on existing taxpayers.
 - Total 2023 growth for the Town is **1.61%**.
- Re-assessment shifts - 2017 was 1st year of MPAC 4-yr cycle:
 - No 2023 change: Similar to prior 2 years as province delayed re-assessment.
 - No phase-in effects for 2023 (2022/21: **N/a** 2020: **2.24%**).
 - Next re-assessment expected for 2024 Budget.

Further information contained in Council Report No. [CBC-05-2023](#)

2) 2023 Budget: Base & Assessment

Assessment Growth History



- 2023 growth of \$491K or 1.61%
- 5-yr avg of 1.94%
- Amounts by property class in CBC-05-2023 Table 3

2) 2023 Budget: Base & Assessment

Base Summary

| Appendix "1" | \$ Levy Impact [column 1] | % Levy Impact [column 2] |
|---|------------------------------|-----------------------------|
| Revenue decrease/(increase) | (\$949,749) | (3.11%) |
| Expense increase/(decrease) | \$1,193,449 | 3.92% |
| Total Base Budget Increase | \$243,700 | 0.79% |
| Assessment Growth | | (1.61%) |
| Total Base Budget Increase/(Decrease) - net of Assessment Growth | | (0.82%) |

2) 2023 Budget: Base & Assessment

Median Household

| Appendix "1" | 2022 Tax Bill | 2023 Tax Bill | % Change |
|----------------------------------|------------------|------------------|--------------|
| <i>Median assessed value</i> | <i>200,300</i> | <i>200,300</i> | <i>N/c</i> |
| Town [column 3] | \$1,392 | \$1,379 | (0.90%) |
| Region (General, waste, transit) | \$1,358 | \$1,565 | 15.28% |
| Education | \$306 | \$306 | 0.00% |
| TOTAL [column 4] | \$3,056 | \$3,251 | 6.38% |

Note: Regional impact based on 9.4% General budget excluding any tax policy changes.
Educational impact based on provincial rates approved Dec 19/22.

3) 2023 Budget: Supplementary

Overview

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

3) 2023 Budget: Supplementary

PART 1

\$99,305 Base costs (continue indefinitely)

1.1 \$79,305 Staffing: Supervisor, Roads & Stormwater (IS)

1.2 \$20,000 Staffing: Asset Management Co-op Student (IS)

3) 2022 Budget: Supplementary

PART 2

\$195,500 One-time costs (ALL Reserve funded)

2.1 \$45,500 Electronic Data & Records Management System funded by General Levy Rate Stabilization (GLRS) Reserve

2.2 \$150,000 Black Creek / Douglastown Improved Access Class EA funded by GLRS Reserve

3) 2023 Budget: Supplementary

PART 3

\$525,585 Base costs (continue indefinitely)

3.1 \$20,000 Community swim lessons grant

3.2 \$150,000 OLT Appeals - Legal

3.3 \$71,780 Staffing: Parking/By-law Enforcement Officer (PDS)

3.4 \$80,000 Staffing: Environmental Planner (PDS) - net of fees

3.5 \$54,450 Staffing: Parks beautification enhancements (IS)

3.6 \$76,000 Staffing: Fire Training Officer (FES)

3.7 \$73,355 Staffing: Communications Coordinator (CAO)

3) 2023 Budget: Supplementary

PART 4

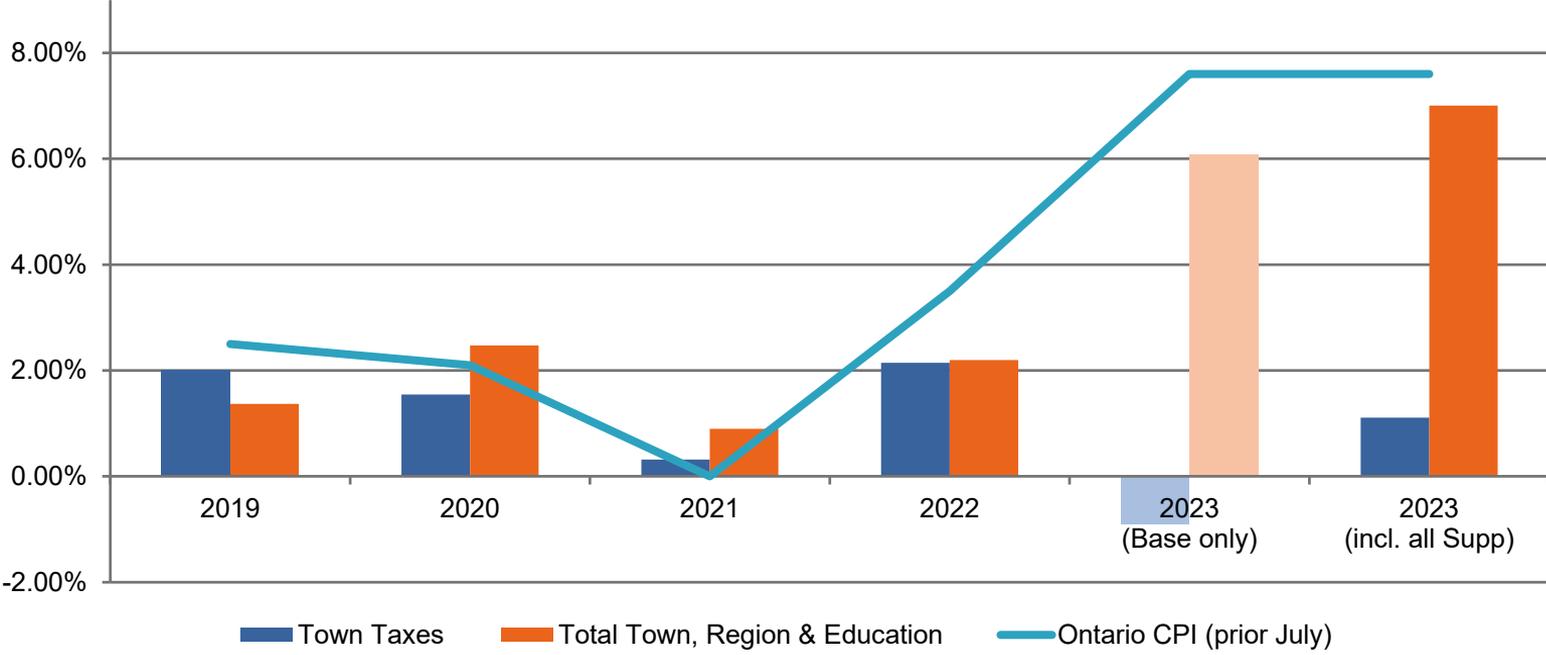
\$816,320 One-time costs (Reserve funded)

- 4.1 \$75,000 Heritage Consultant funded by GLRS Reserve
- 4.2 \$100,000 Urban Design Consultant funded by GLRS Reserve
- 4.3 \$250,000 Secondary Plans Consultant funded by DC and GLRS Reserve
- 4.4 \$50,000 Industrial Land Development and Servicing Strategy funded by Industrial Land Development Reserve
- 4.5 \$150,000 New Official Plan funded by DC & GLRS Reserves
- 4.6 \$100,000 OLT Appeals Consultants funded by GLRS Reserve
- 4.7 \$91,320 Staffing: Business Systems Analyst (DS) funded by GLRS Reserve

3) 2023 Budget: Supplementary Summary

| Appendix “2” | | \$ Levy net Impact | % Levy Impact |
|--|---------------------------------|--------------------|---------------|
| a) Previous: | PART 1 Base | \$99,305 | 0.33% |
| | PART 2 One-time (\$195K funded) | \$Nil | 0.00% |
| b) New: | PART 3 Base | \$525,585 | 1.73% |
| | PART 4 One-time (\$816K funded) | \$Nil | 0.00% |
| Total Supplementary | | \$624,890 | 2.04% |
| Total Base + Supp (if all approved) | | | 1.22% |

4) Consolidated Median Household Impact Levy History



4) Consolidated Median Household Impact

2023 Total Levy

| | Median 2022 Bill | Median 2023 Bill | % Change | Alternate 2022 Bill | Alternate 2023 Bill |
|-------------------------|---------------------|---------------------|--------------|------------------------|------------------------|
| <i>Assessed value</i> | 200,300 | 200,300 | <i>Nc%</i> | 100,000 | 100,000 |
| Town [column 3] | \$1,392 | \$1,407 | 1.12% | \$695 | \$703 |
| Region | \$1,357 | \$1,565 | 15.28% | \$678 | \$781 |
| Education | \$306 | \$306 | 0.00% | \$153 | \$153 |
| TOTAL [column 4] | \$3,056 | \$3,279 | 7.30% | \$1,526 | \$1,637 |

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

4) Consolidated Median Household Impact

2023 Total Levy – REVISED Region rates

| | Median 2022 Bill | Median 2023 Bill | % Change | Alternate 2022 Bill | Alternate 2023 Bill |
|-------------------------|---------------------|---------------------|--------------|------------------------|------------------------|
| <i>Assessed value</i> | 200,300 | 200,300 | Nc% | 100,000 | 100,000 |
| Town [column 3] | \$1,392 | \$1,407 | 1.12% | \$695 | \$703 |
| Region | \$1,358 | \$1,556 | 14.62% | \$678 | \$776 |
| Education | \$306 | \$306 | 0.00% | \$153 | \$153 |
| TOTAL [column 4] | \$3,056 | \$3,269 | 7.00% | \$1,526 | \$1,632 |

Note: Regional impact based on proposed budget ([CSD 16-2023](#)), excluding any tax policy changes.

4) Consolidated Median Household Impact

2023 Town Levy

| Annual Change | \$100,000 Assessment | \$200,300 Assessment | % Change |
|--------------------|----------------------|----------------------|----------|
| 2022 Household | \$695 | \$1,392 | |
| 2023 Base | (\$6) | (\$13) | (0.90%) |
| 2023 Supplementary | \$14 | \$28 | 2.02% |
| Change | \$8 | \$15 | 1.12% |
| 2023 TOTAL | \$703 | \$1,407 | |

5) Looking Ahead

Risks

- **Inflation:** 2023 used 7.6%, maintained above 6% remainder of 2022.
- **Federal & Provincial:** Policy/budget changes (e.g., DCs and staffing related to Bill 23) and funding (e.g., OMPF).
- **Asset Management:** Funding AMP at risk re: inflation increases. Studies and assessments may reveal additional requirements (e.g., storm).
- **Economic factors:** Interest rates for investments/debt, utilities, fuel.
- **Assessment:** 7-yr reassessment delay. Shifts between properties and tax classes, appeals, tax increment based grant (TIBG) programs.
- **Region taxes:** Outstanding tax rates & policy (i.e., tax class ratios).
- **Environmental:** Climate change and other emerging issues or threats with related restoration and strengthening costs.

5) Looking Ahead

Opportunities

- **Technology:** Findings of modernization reports highlighted old, missing and unintegrated systems. Enhancements would provide staffing efficiencies and greater access to data.
- **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. Some areas (e.g., sports fields) extremely low recovery of cost.
- **Assessment base:** Manage assessment growth and associated costs and promote healthy mix of residential, industrial & commercial taxes.

5) Looking Ahead

Forecasts

- **Forecasts:** Base increases of 7.2% (2024) and 2.9% (2025).
- **Wages:** Current collective bargaining agreement expires in 2024.
- **Debt:** Capital impacts ([CBC-01-2023](#) Table 3) from \$7.1M in pre-2023 debt and \$2.08M in new 2023 debt. New Six Mile Creek Flooding project adds estimated \$3.5M. Next maturing debt is \$200,000/yr at the end of 2023.
- **Operating Impacts of Capital:** 2023 included \$4,950 in impacts but 2024 phase-ins are much larger at \$309,850 (e.g., Splashpad, ERP).
- **Supplementary phase-ins:** Adds 2024 costs of \$183,167 related to full-year impacts of staffing costs.
- **Affordable Housing CIP:** Upcoming report to recommend funding levels.
- **Market:** Increase drivers such as insurance & utilities.

5) Looking Ahead

Budget Timelines

| | Capital | Fees | Rate | Levy |
|--------------------------------------|--------------------|--------|--------|--------|
| Submissions to Corporate Services | Oct 14 | Nov 11 | Nov 11 | Dec 9 |
| Senior Leadership review | Nov 23 | Nov 23 | Dec 21 | Jan 31 |
| Budget Committee package | Nov 30 | Nov 30 | Jan 11 | Feb 8 |
| Budget Committee meeting | Dec 7 | Dec 7 | Jan 18 | Feb 15 |
| Council approval | Dec 12 & Feb 27 | Dec 12 | Jan 23 | Feb 27 |
| Region: Policy, ratios, rate By-laws | | | | Apr 20 |
| Town consolidated Tax Rate By-law | | | | May |
| Town 2023 final tax bills mailed | | | | June |

6) Conclusion

Key Messages

- **Base Budget:** Total decrease of (0.82)% which continues existing services and benefits from assessment growth of 1.61%.
- **Supplementary Budget:** Total increase of 2.02% to address operational, staffing and strategic enhancements.
- **Transit services:** Transfer to NTC with new Region special levy, removing 3.63% from Town's 2022 Budget.
- **Tax Bill changes:** An increase to the tax bill of the median household of 1.12% for Town services and 7.0% for all amounts.

6) Conclusion

Recommendations itemized in [CBC-06-2023](#)

- 1 to 4 2023 Supplementary items recommended separately
- 5 2023 Grants
- 6 2023 BIA Levies
- 7 2023 Capital Budget changes re: OCIF & 2 projects
- 8 2023 Levy after consideration of Supplementary items
- 9 Budget to exclude amortization (O. Reg 284/09)

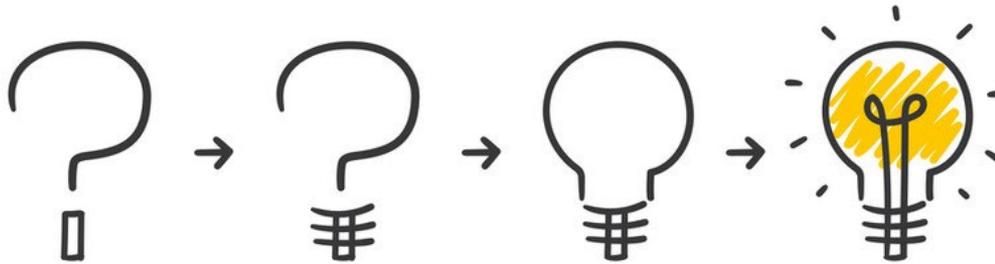


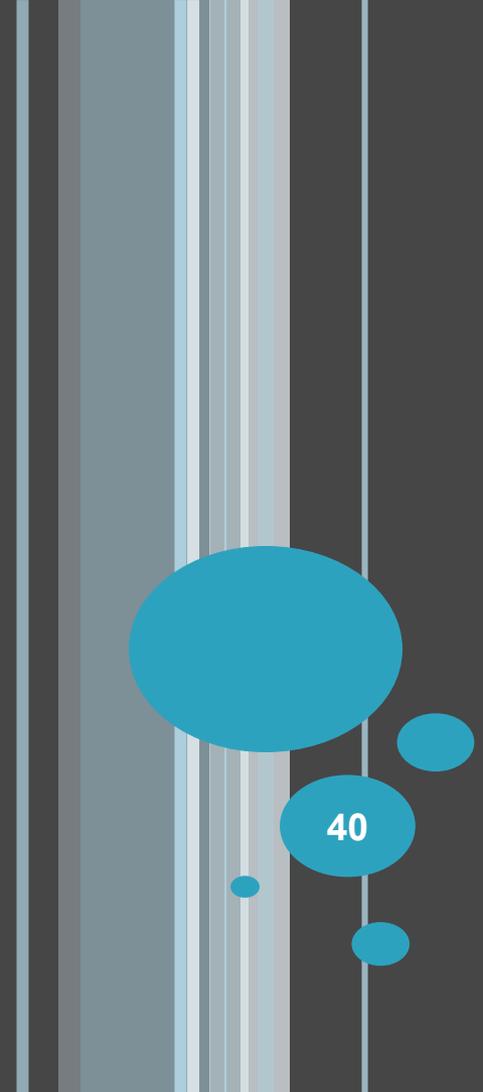
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7) Presentation Questions

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

- (1) **\$31,410,940** Town Budget \$ amount
- (2) **1.22%** Town Budget % increase
- (3) **1.12%** Town Tax bill % increase, median household
- (4) **7.00%** TOTAL Tax bill % increase, median household
- (5) **\$17.84** TOTAL Tax bill \$ increase per month, median household





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