

HALDIMAND COUNTY

2020 Draft Tax Supported Operating Budget

Committee of the Whole | April 21, 2020



Message from the CAO

Summary of Budget Amendments	Municipal Levy Increase		Less Assessment Growth	Offsetting Education Tax Room	Overall Avg Res Tax Increase
	\$	%	%	%	%
Status March 4, 2020 prior to Tax Supported Capital Budget	\$6,038,870	8.98%	-2.50%	-0.50%	5.98%
Base budget cuts					
aggressive review of various base budget amendments	(\$727,240)	-1.08%			4.90%
Norfolk Health and Social Services Reductions	(\$340,000)	-0.51%			4.40%
More Aggressive Increase in Revenues					
Supplementary Revenues	(\$725,000)				
Provincial Recycling funding (RPRA)	(\$86,300)				
POA Revenues	(\$52,700)				
Grandview 2% estimated increase (Provincial funding)	(\$118,970)				
Tipping Fees	(\$45,900)				
sub-total	(\$1,028,870)	-1.53%			2.86%
SMT review of New Initiatives					
EMS Staffing	(\$503,340)				
Supervisor (Environmental Services)	(\$87,320)				
Recreation Programs	(\$21,950)				
Other (Field Mgmt - await report)	(\$21,680)				
Court Security (1/2 year phase in)	(\$254,500)				
Purchasing Clerk - fund from P Card revenues	(\$61,980)				
sub-total	(\$950,770)	-1.41%			1.51%
Use of Reserves for One Time costs					
HCAB one time move costs	(\$130,000)				
I. T. staffing position	(\$80,870)				
Arena ice technician one-time training	(\$15,000)				
EMS WSIB	(\$17,550)				
Hospital Financing - Grant to Dunnville	(\$150,000)				
sub-total	(\$393,420)	-0.59%			0.93%
Revised Draft Budget Impact	\$2,598,570	3.87%	-2.50%	-0.44%	0.93%
Revised Draft Budget - Total Levy	\$69,823,910				

Budget Guidelines

	2020 Budget Guideline	2020 Draft Budget	
	%	\$	%
Municipal Levy (prior year)		67,225,340	
Base Operating Budget Impacts	2.50%	537,390	0.80%
Provincial Funding Impacts (Uncontrollable)	2.00%	357,150	0.53%
Mitigation Measures to offset Provincial Funding Impacts for Public Health, Social Assistance, Child Care, and Social Housing	-2.00%	-338,100	-0.50%
Council Approved Capital	1.00%	672,250	1.00%
Council Approved Initiatives	0.00%	131,030	0.19%
New Initiatives	1.00%	1,238,850	1.84%
Municipal Levy Increase	4.50%	2,598,570	3.87%
Less: Assessment Growth	-2.00%	-1,680,000	-2.50%
Municipal Tax Increase	2.50%	918,570	1.37%
Offsetting Education Tax Room	-0.50%		-0.44%
Overall Average Residential Tax Increase (including Education Taxes)	2.00%		0.93%

Council Approved Budget Guidelines

- When establishing/approving the annual budget guidelines, a four year projection (2019 to 2022) was provided to understand future budget pressures. 2020 guidelines were approved as highlighted below:
 - Annual assessment growth is to be used as follows:
 - Firstly for increases in the tax levy to fund the annual capital-related tax supported capital requirements; and
 - Secondly to fund growth related impacts and new initiatives/service level enhancements; and
 - Lastly, any unutilized annual assessment growth to be transferred to the Contingency Reserve to offset future growth related cost increases if necessary; and
 - Additional new initiatives for new/enhanced services, beyond available assessment growth, should only be considered during the budget review if the net levy impact can be mitigated on a consolidated, corporate-wide basis and the individual business case provides for offsetting revenue sources, efficiency improvements or cost savings; and
 - Funding related to Council approved new initiatives would be considered above and beyond the base budget requirements; and
 - Mitigation measures of 2.0% will be presented for Council review, to offset Provincial funding and services impacts if required, with the balance of unused measures placed into the Contingency reserve to offset future impacts;
 - Separate report was presented to Council to review and approve Fees and Charges (October 2019)

Unbudgeted Expenditures

- Municipal Act provides ability to not budget for specific expenditures:
- Amortization of Capital Assets:
 - No specific costs related to annual amortization of County's assets; does include "contributions" to Capital Replacement Reserves
 - County has a multi-year financing plan to address potential funding shortfalls
- Post Employment Benefits:
 - Includes WSIB, sick leave payouts and benefit payouts after active employment
 - The County has sufficient budget to accommodate current required sick leave and benefit payouts (actuarial liability indicates shortfall); draft budget includes WSIB contributions to partially address estimated shortfall
- Solid Waste Landfill Closure and Post-Closure Costs:
 - Includes PV of future costs to maintain landfill sites
 - Capital and Operating post closure costs have been included in the 2020 budget based on projected annualized costs

Major Drivers

Major Drivers	2020 Levy Impact	
	Increase/(Decrease)	
	\$	%
Municipal Levy (prior year)	67,225,340	
Levy Increases:		
Taxation penalty and Interest reduction	255,000	0.38%
Property taxation in year adjustments and tax allowances	170,000	0.25%
Fleet Charges - due to increase in supplies	125,000	0.19%
OPP Contract increase as per 2020 estimate	106,590	0.16%
Solid Waste - Mainly due leachate and haulage, which is partially shared with Norfolk County	278,900	0.41%
Recycling blue box revenues reduction	131,900	0.20%
Capital Levy Increase	672,250	1.00%
Council Approved Initiatives - (net of applicable funding)	131,030	0.19%
New/Enhanced Service Initiatives - staffing related (net of applicable funding)	341,410	0.51%
WSIB Reserve contribution for presumptive and PTSD	318,580	0.47%
Climate Change and Emergency Response contribution	100,000	0.15%
Court security enhancement costs (50% of proposed cost)	254,500	0.38%
Child Care expansion - Haldimand's share	132,700	0.20%
Forestry block pruning (5 year program)	174,760	0.26%
Other adjustments	375,910	0.56%
	3,568,530	5.31%
Levy Decreases:		
Provincial funding for Grandview and Land Ambulance	(149,960)	-0.22%
Supplementary taxation revenue increase based on recent growth pattern	(725,000)	-1.08%
New finance arrears notice fee to cover administrative costs (annualized amount is budgeted, recognizing arrears notices will not be completed until August)	(95,000)	-0.14%
Municipal Levy Increase	2,598,570	3.87%
Draft Municipal Levy	69,823,910	3.87%
Less: Assessment Growth		2.50%
Less: Education Tax Room		0.44%
Total Estimated Residential Tax Rate Impact		0.93%

Assessment & Tax Impacts

Year	2016	2017	2018	2019	2020	Avg.
Municipal Levy Increase (%)	3.76	2.77	4.06	5.44	3.87	3.98
Assessment Growth (\$)	1.12	0.91	2.29	2.67	2.50	1.90
Education Tax Room (%)	0.44	0.38	0.38	0.61	0.44	0.45
Tax Impact (%)	2.20	1.48	1.40	2.16	0.93	1.63

Impact on Average Residential Home

2019

Property Taxes \$3,240
Assessed value \$266,860



2020

Property taxes \$3,271
Assessed Value \$277,200



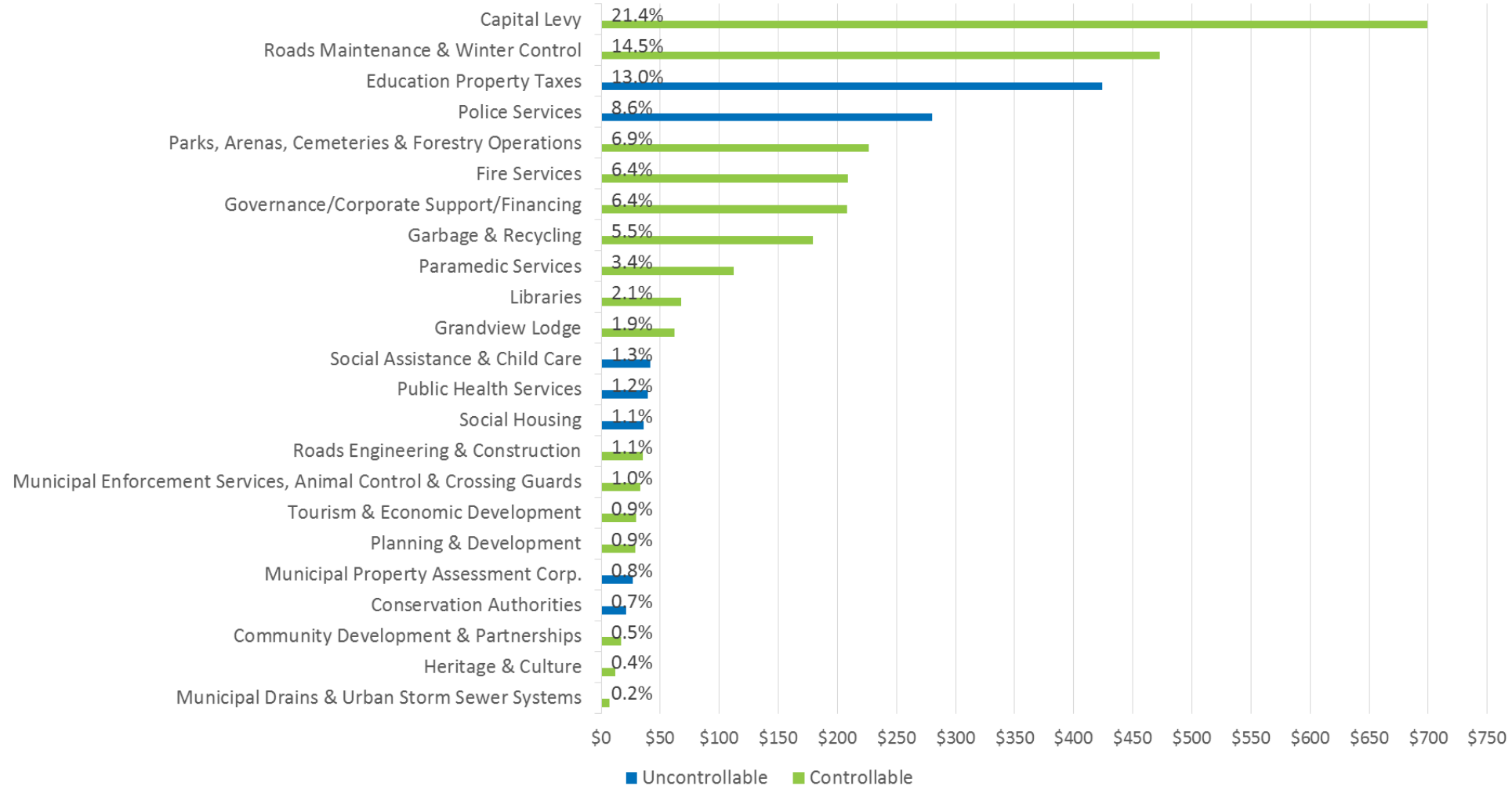
Increase \$30 or 0.93%
(approx. \$2.50/month)

Other Factors Impacting Property Taxes

- Impacts on Property Taxes:
 - Assessment Changes/Shifts
 - Education Tax Rates
 - Municipal Levy Requirements
 - Tax Policy Decisions
 - Tax Ratios – shift burdens to other classes (typically residential)
 - Council approved phase-out of reductions for vacant industrial/commercial sub-classes
 - Amendments to collectors role (i.e. assessment changes)

Average Residential Tax Bill – Allocation by Services

2020 Draft Tax-Supported Operating Budget
 2020 Assessment = \$277,200 / Total Taxes = \$3,271



Future Impacts/Budget Constraints

There are several areas of risk included within the 2020 Tax Supported Operating Budget, based on some areas that require substantial assumptions and projections as there is uncertainty associated with these issues. The following items will have future potential impacts:

- Aggressive curtailment of expenditures and maximization of estimated revenues;
- Climate change and emergency response situations with the potential to significantly impact the County's resources;
- WSIB funding for presumptive cancer and PTSD associated costs;
- Potential use of Hydro Legacy Fund to offset annual levy impacts or fund enhancements/services;
- Investment income projections in light of current economic situation;
- Legislative and/or downloaded services/operational impacts with no corresponding funding;
- Provincial funding changes;
- Net impacts of increased residential development (assessment growth, supplementary revenues and increased cost).

All of these items could have substantial financial impacts on future County budgets and property tax impacts on the respective assessment classes. As these issues are resolved or completed, a more strategic and long range financial plan can be developed and implemented. A multi-year approach can help mitigate year over year changes to develop a longer term sustainable levy impact.