



2024 Levy Budget
Council-in-Budget Committee
January 31, 2024





Presentation Agenda

- 1) Background & 2023 Review
- 2) 2024 Budget: Base & Assessment
- 3) 2024 Budget: Supplementary
- 4) Consolidated Median Household Impact
- 5) Looking Ahead
- 6) Conclusion
- 7) Presentation Questions



1) Background & 2023 Review

Budget inputs

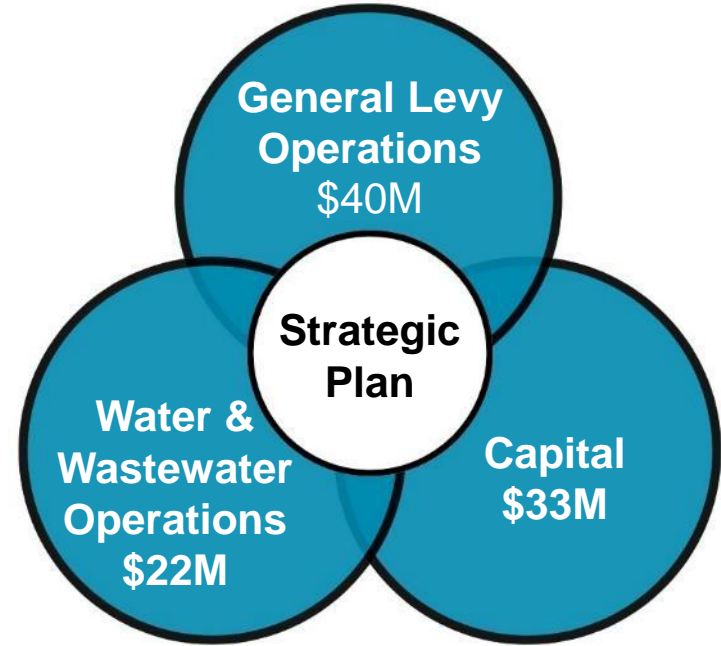
1. **Strategic Plan**: Council priorities, goals & initiatives to provide focus and direction.
2. **Budget Planning**: Report [CS-08-2023](#) discussed timetable and pressures. Year-round budget cycle process to a) Plan, b) Approve, c) Execute and d) Evaluate.
3. **Long-term financial planning**: manage sustainability (e.g., strategic policies, practices) and affordability.
4. **Corporate Sub-committee**: discussions to target/limit total tax bill increase near CPI. Provides accountability to process.



1) Background & 2023 Review

Funding Structure Overview

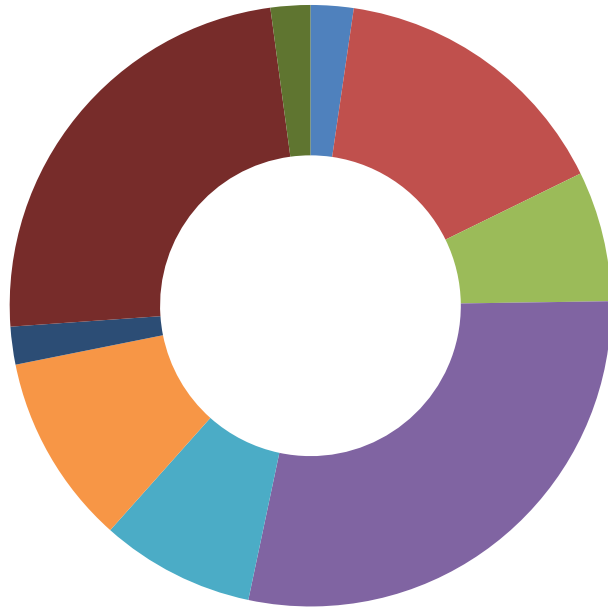
\$95 million
approved 2023 budgets



To view 2023 Budget info for each budget, visit: www.forterrie.ca - Government / Budgets & Finances / Budget Information

1) Background & 2023 Review

Gross Expenses of \$40.5M by Function (Dept)



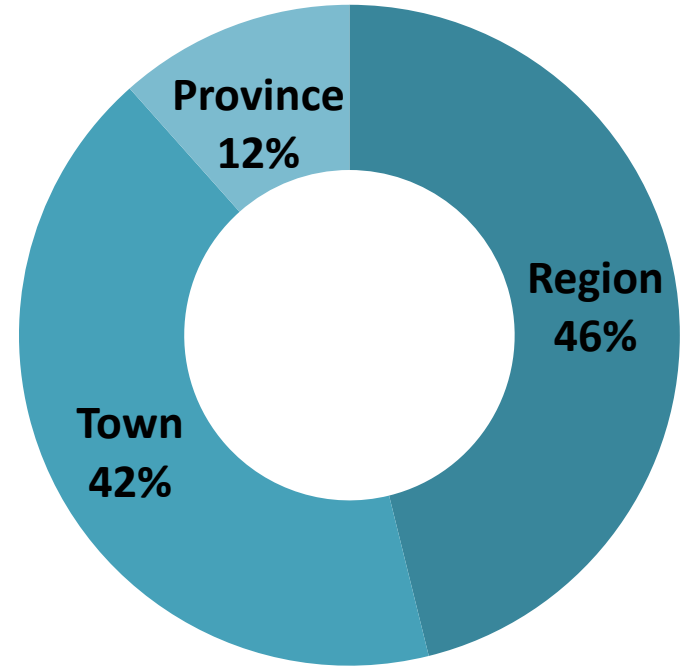
- 2% General Government
- 15% Fire & Protection
- 7% Corporate Administration
- 29% Roads & Transit
- 8% Storm & Drainage
- 10% Planning & Development
- 2% Health, Wellness & Seniors
- 24% Recreation & Culture
- 2% Non-program Revenues

1) Background & 2023 Review

Taxes Billed

2023 Total of \$74.0M:

- **Fort Erie:** \$31.3M “lower tier”
E.g., roads, parks, arenas, drains, building, planning, fire, museums, health & wellness.
- **Niagara Region:** \$34.1M “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 & 2023 Review

Tax Calculation & Comparison

Tax Calculation

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

Tax Comparison

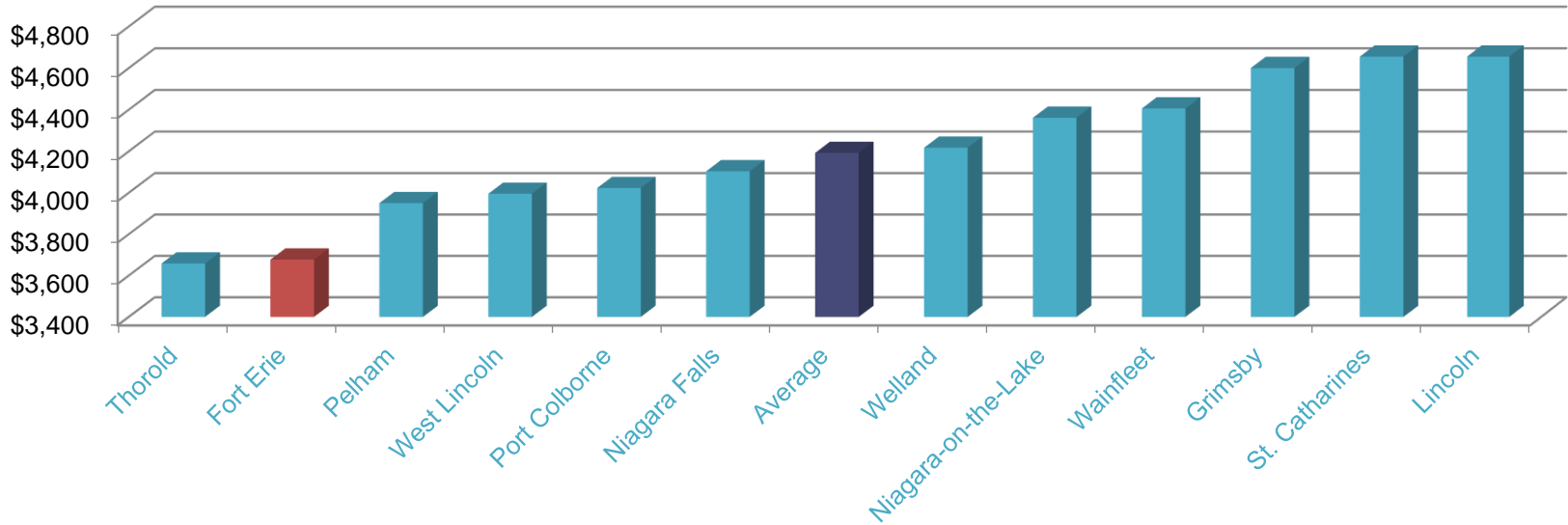
- Ontario study compares 105 municipalities annually
- Relative tax burden compared for “like” detached bungalow in Niagara/Hamilton municipalities for 2023 (2022 FIR):
 - Fort Erie total taxes: \$3,677. Below Niagara average of \$4,192 by 12%.
- Fort Erie below average for all other studied classifications (e.g., 2-Storey, Multi-res, Hotel/Motel, Commercial & Large Industrial)



1) Background & 2023 Review

Comparison – Residential Tax

2022 FIR

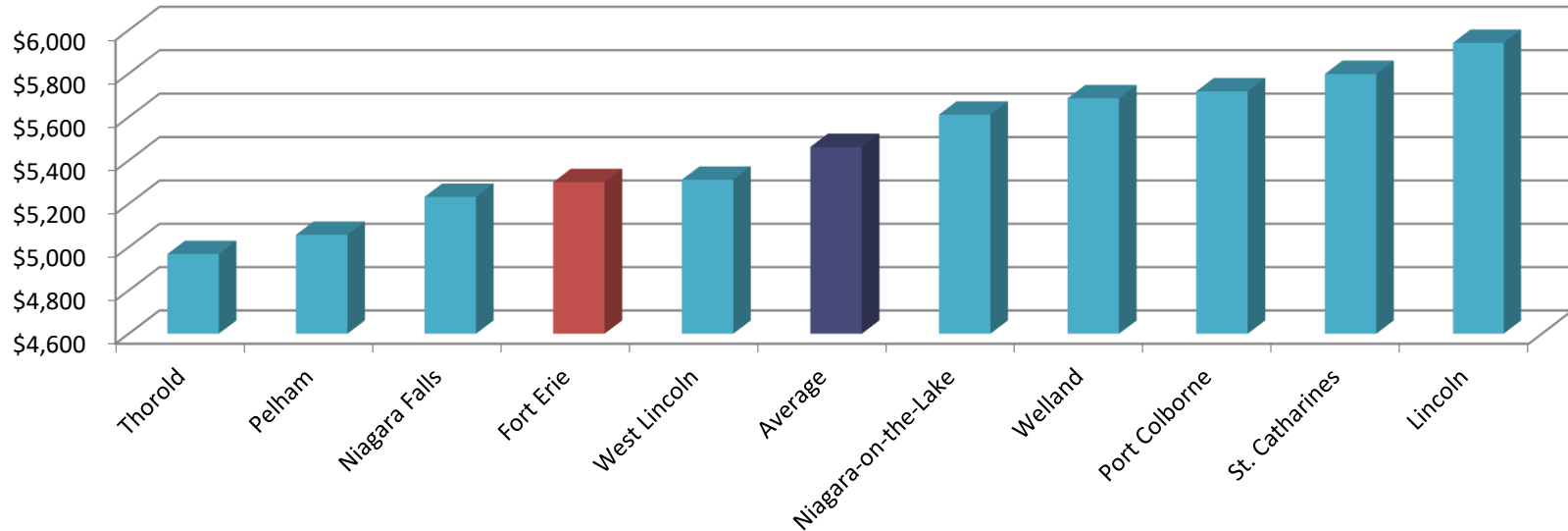


Source: BMA Municipal Study 2023, page 305

1) Background & 2023 Review

Comparison – Municipal Burden (Tax + Rate)

2022 FIR



Source: BMA Municipal Study 2023

1) Background & 2023 Review

Financial Performance

- Analyzing final 2023 payments and adjustments.
- **Variiances:** Projected Levy deficit (e.g., DC exemptions, inflation, staff turnover offsets). Q3 results presented with [CS-12-2023](#).
- **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-06-2023](#).
- **Balances projected for Jan 1/24:**
 - \$4.2M Levy debt (\$6.2M including Utility)
 - \$15.9M Levy Reserves - Operating (\$1.0M/yr contribution)
 - \$24.0M Levy Reserves - Capital (\$9.5M/yr contribution)

1) Background & 2023 Review

Provincial Financial Indicators

Sustainability Indicators	FE actual	Average
1) Total Taxes Receivable	7.0%	5.8%
2) Net Financial Assets as % of Own Purpose Tax	108.9%	81.0%
3) Reserves as % of Operating Expenses	97.9%	71.3%
4) Cash Ratio	279.7%	270.8%

Flexibility Indicators	FE actual	Average
5) Debt Servicing Cost as % of Operating Revenue	1.4%	2.8%
6) Closing Amortization as % of Capital Asset Cost	42.2%	37.2%
7) Annual Surplus as % of Own Source Revenue	23.7%	18.8%

2) 2023 Budget: Base & Assessment Overview

Base Budget: previously approved operating components that support daily ongoing activities.

Drivers:

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

Overall Base Budget change: 2.90% = 6.76% increase over 2023 less 3.86% assessment growth. CS-08-2023 est. 4.19%.



2) 2024 Budget: Base & Assessment

Overview - Reporting

- Refer to Report CBC-06-2024 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: 2023 YTD actuals & approved budget, 2024 proposed budget, 2025 and 2026 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) 2024 Budget: Base & Assessment

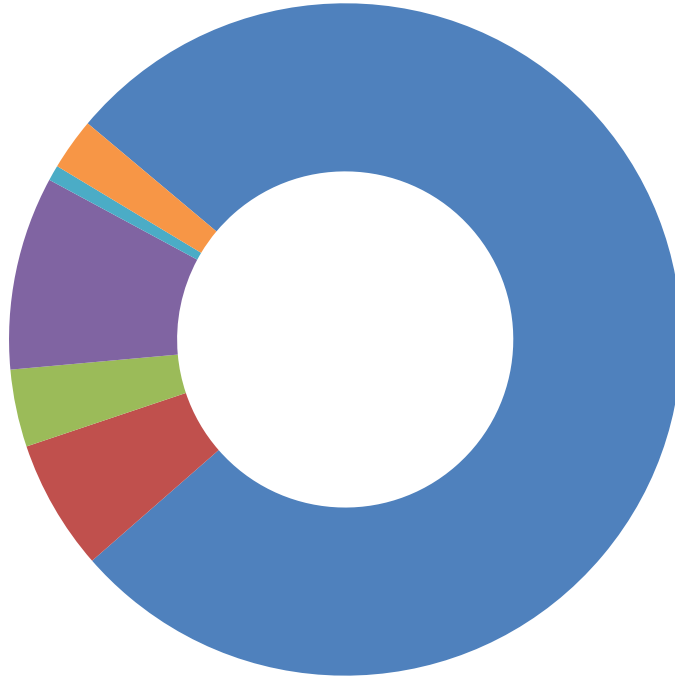
Revenues

Decrease/(Increase): (\$1,441,083) - Appendix “1”

- \$109,600 OMPF grant decrease
- \$105,000 Regional CIP grant decrease
- (\$100,000) Business and Short-Term Rental licensing
- (\$156,500) Building & planning fees
- (\$72,000) Gaming licences
- (\$196,000) Net tax adjustments (supplemental less write-offs)
- (\$170,000) Penalties and interest on arrears
- (\$857,000) Bank and investment income
- (\$104,183) All other non-tax revenue

2) 2024 Budget: Base & Assessment

Revenues - by Source



- 77% Tax Levy
- 6% Interest & penalties
- 4% Grants
- 9% User fees
- 1% Gaming
- 2% Other

2) 2024 Budget: Base & Assessment Expenses

Increase/(Decrease): \$3,560,418 - Appendix “1”

- **\$611,137** Wages & benefits
- **\$503,915** Wages & benefits - other (CPP/WSIB, Benefits, Rate adjustments, 2023 Budget phase-ins)
- **\$814,173** Capital (Reserve inflation, amortization, other) - see [CBC-01-2024](#) for analysis and graphs
- **\$119,950** Utilities - hydro, gas, water (spray pads)
- **\$100,200** PDS legal
- **\$222,820** DS maintenance agreements & network
- **\$20,500** AODA compliance

2) 2024 Budget: Base & Assessment

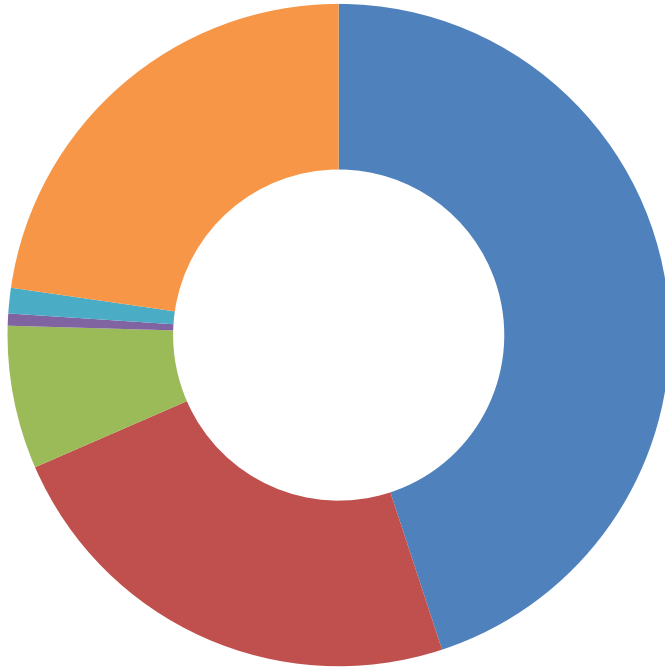
Expenses (cont'd)

- \$117,353 Insurance
- \$92,500 Eclipse costs (reserve funded)
- \$421,832 Debt costs (e.g., Jarvis St, Fire Station) - see Capital Budget slide 22
- \$32,642 Library - Report [CBC-04-2024](#)
- \$91,000 Tax Increment Grant - Report EDTS-01-2021
- (\$52,216) Grants and partnerships
- \$557,112 All other expenses (e.g., 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) 2024 Budget: Base & Assessment

Expenses by Type



- 45% Wages & benefits
- 24% Materials & supplies
- 7% Grants
- 1% Debt interest charges
- 1% Debt principal payments
- 23% Reserve transfers

2) 2024 Budget: Base & Assessment

MPAC Assessment

Municipal Property Assessment Corp (MPAC)

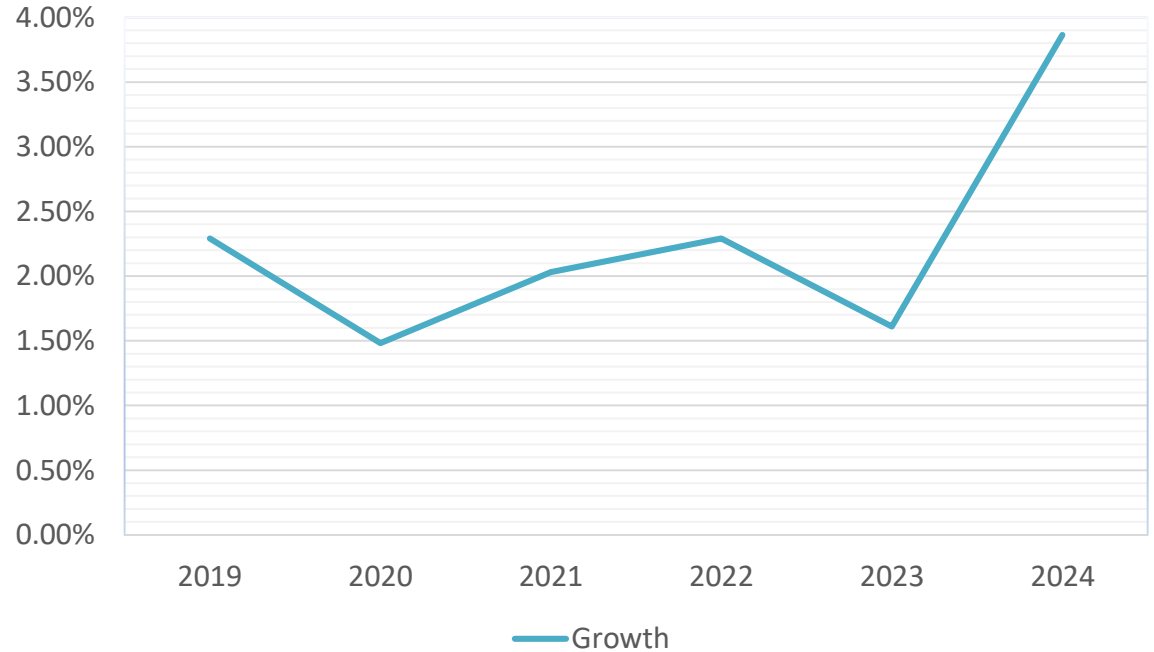
- Assessment growth - affects every year:
 - New development reduces tax impact on existing taxpayers.
 - Total 2024 growth for the Town is 3.86%.
- Re-assessment shifts - 2017 was 1st year of MPAC 4-yr cycle:
 - No 2024 change: Similar to prior 3 years as province delayed re-assessment.
 - No phase-in effects for 2024 (2023-21: N/a 2020: 2.24%).
 - Next re-assessment expected for 2025 Budget.

Further information contained in Council Report CBC-05-2024

2) 2024 Budget: Base & Assessment

Assessment Growth History

- 2024 growth of \$1.2M or 3.86%
- 5-yr avg of 2.26%
- Amounts by property class in [CBC-05-2024 Table 3](#)



2) 2024 Budget: Base & Assessment

Base Summary

Appendix "1"	\$ Levy Impact [column 1]	% Levy Impact [column 2]
Revenue decrease/(increase)	(\$1,441,083)	(4.59%)
Expense increase/(decrease)	\$3,560,418	11.36%
Total Base Budget Increase	\$2,119,335	6.76%
Assessment Growth		(3.86%)
Total Base Budget Increase/(Decrease) - net of Assessment Growth		2.90%

3) 2024 Budget: Supplementary Overview

- Program changes beyond current service level
- Detailed on “Supplementary Budget Request” forms (S.8)
- **14 Decision Units** in Appendix “2” for Council consideration.
- a) requests subject of a previous report/resolution:
 - PART 1: Base (ongoing in future budgets) - **1 request**
 - PART 2: One-time (Reserve funded) - **no requests**
- b) new requests:
 - PART 3: Base (ongoing in future budgets) – **7 requests**
 - PART 4: One-time (Reserve funded) - **6 requests**
- Note that 2023 Budget used \$2.5M in Reserves, of which \$0.75M used to mitigate Supplementary.



3) 2024 Budget: Supplementary

PART 1

\$600,000 Base costs (continue indefinitely)

1.1 **\$600,000** Development Charges (DC) Exemptions, including the Industrial DC Grant program [[CS-13-01-2023](#) - Appendix 5]

3) 2024 Budget: Supplementary

PART 2

\$N/a One-time costs (ALL Reserve funded)

2.1 \$N/a

3) 2024 Budget: Supplementary

PART 3

\$311,216 Base costs (continue indefinitely)

- 3.1 \$52,200 Staffing: Jr MLEO (PDS)
- 3.2 \$76,240 Staffing: EA to Director, PDS (PDS)
- 3.3 \$82,768 Staffing: Project Manager, Policy (PDS)
- 3.4 \$60,213 Staffing: Community Coordinator (IS)
- 3.5 \$81,545 Staffing: Asset Management Analyst (IS)
- 3.6 (\$48,000) Grader rental savings (R52424)
- 3.7 \$6,250 Temporary Washroom - Village Square (VSTW24)

3) 2024 Budget: Supplementary

PART 4

\$785,000 One-time costs (Reserve funded)

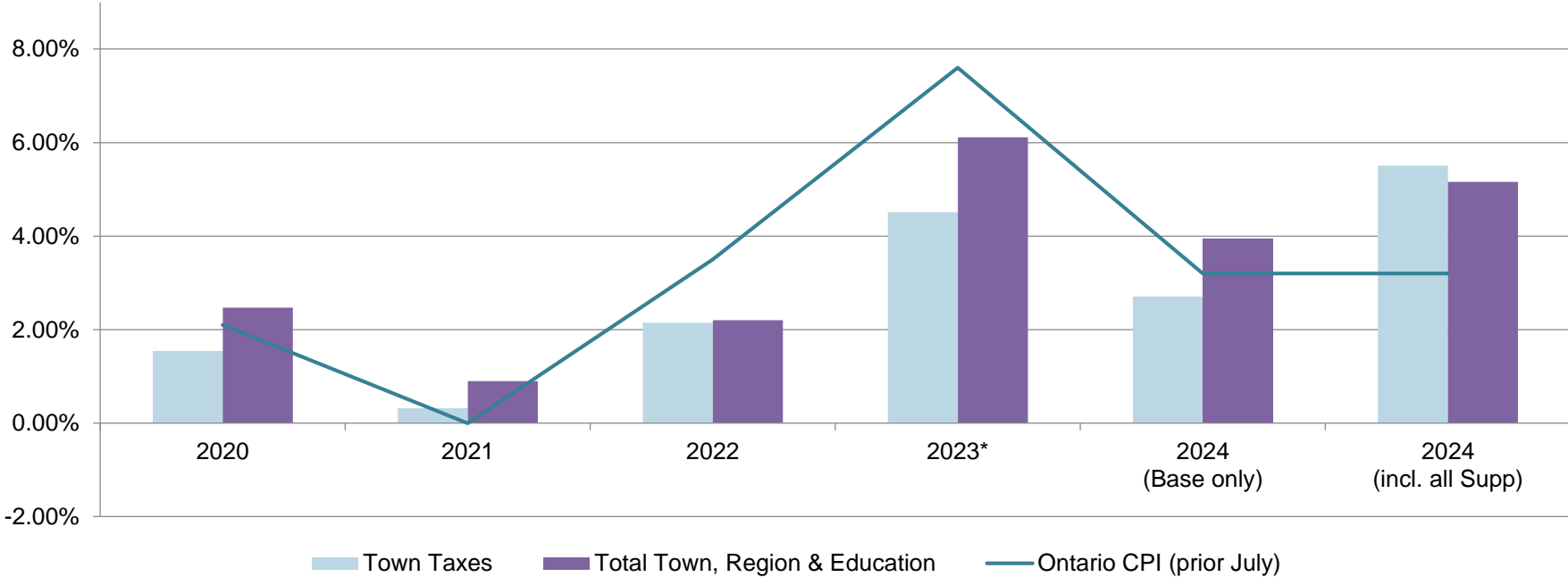
- 4.1 **\$75,000** Affordable Housing CIP consultant (Affordable Reserve)
- 4.2 **\$50,000** Parks Operational Plan (GLRS Reserve)
- 4.3 **\$250,000** Shoreline Protection Master Plan (GLRS Reserve)
- 4.4 **\$60,000** Planning User Fee Review (GLRS Reserve)
- 4.5 **\$100,000** Transportation Studies (GLRS Reserve)
- 4.6 **\$250,000** Urban Storm Drainage Master Plan (GLRS Reserve)

3) 2024 Budget: Supplementary Summary

Appendix “2”		\$ Levy net Impact	% Levy Impact
a) Previous:	PART 1 Base	\$600,000	1.91%
	PART 2 One-time	\$Nil	0.00%
b) New:	PART 3 Base	\$311,216	0.99%
	PART 4 One-time (\$785K funded)	\$Nil	0.00%
Total Supplementary		\$911,216	2.90%
Total Base + Supp (if all approved)			5.80%

4) Consolidated Median Household Impact

Levy History



4) Consolidated Median Household Impact

2024 Total Levy

	Median 2023 Bill	Median 2024 Bill	% Change	Alternate 2023 Bill	Alternate 2024 Bill
<i>Assessed value</i>	200,300	200,300	<i>Nc%</i>	100,000	100,000
Town [column 3]	\$1,404	\$1,481	5.50%	\$701	\$740
Region	\$1,532	\$1,622	5.88%	\$765	\$810
Education	\$306	\$306	0.00%	\$153	\$153
TOTAL [column 4]	\$3,242	\$3,410	5.16%	\$1,619	\$1,702

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

4) Consolidated Median Household Impact

2024 Town Levy

Annual Change	\$100,000 Assessment	\$200,300 Assessment	% Change
2023 Household	\$701	\$1,404	
2024 Base (incl 2.55% capital increases)	\$19	\$38	2.70%
2024 Supplementary	\$20	\$39	2.80%
Change	\$39	\$77	5.50%
2024 TOTAL	\$740	\$1,481	

5) Looking Ahead Risks

- **Inflation:** 2024 used 3.2%. Volatility to increase/decrease estimates.
- **Labour costs:** Impacts beyond 2024 re: collective agreements.
- **Federal & Provincial:** Policy/budget changes (e.g., DC programs and Bill 23 impacts) and funding (e.g., OMPF).
- **Asset Management:** 2024 Study to update level of service, condition data, and funding needs. Long-term impact: repairs & maintenance.
- **Economic factors:** Interest rates for investments/debt, utilities, fuel.
- **Assessment:** 8-yr reassessment delay. Shifts between properties and tax classes, appeals, tax increment based grant 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

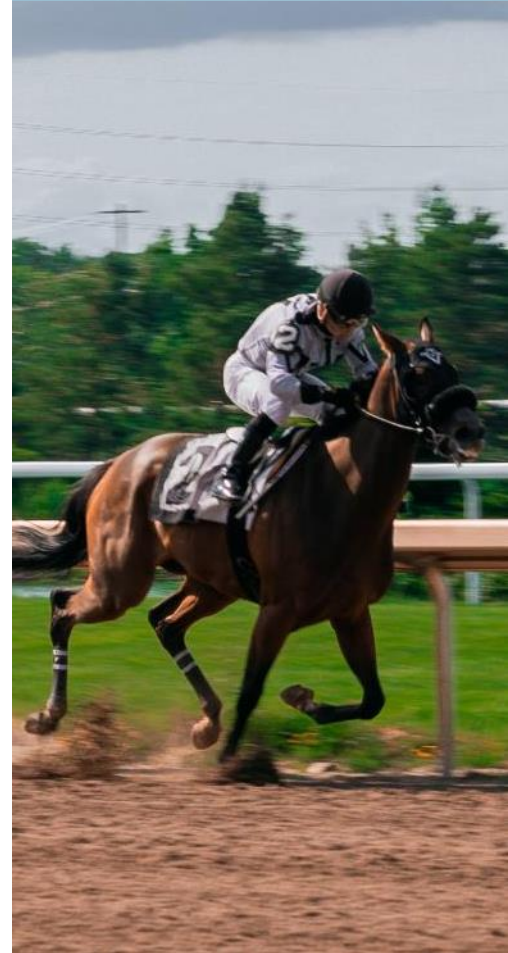
- **Technology:** Modernization studies & resulting roadmap to address security, systems and services.
- **Funding advocacy:** Grants Oversight Team monitors programs (e.g., Fed/Prov infrastructure stimulus) that may be introduced.
- **Fees & charges:** Annual review aims to balance burden of fees vs. tax levy. Some areas continue to have low recovery of cost.
- **Assessment base:** Managed growth to promote healthy mix of residential, industrial & commercial taxes.



5) Looking Ahead

Forecasts

- **Forecasts:** Base increases of 7.9% (2025) and 2.7% (2026).
- **Wages:** Current collective bargaining agreement expires in 2024.
- **Debt:** Capital impacts (CBC-01-2024 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:** 2024 included \$17,185 in impacts but 2024 phase-ins are much larger at \$309,850 (e.g., ERP).
- **Supplementary phase-ins:** Adds 2025 costs of \$189,059 related to full-year impacts of staffing costs.
- **Affordable Housing CIP:** Supplementary request for consultant to develop programs and recommend funding levels.
- **Market:** Pressures in various areas, such as insurance, professional services & utilities.



5) Looking Ahead

Budget Timelines

	Capital	Fees	Rate	Levy
Submissions to Corporate Services	Sept 28	Nov 3	Nov 3	Dec 8
Senior Leadership review	mid-Oct	Nov 3	Nov 14	Dec 18
Budget Committee package	Nov 8	Nov 29	Nov 29	Jan 24
Budget Committee meeting	Nov 15	Dec 6	Dec 6	Jan 31
Council approval	Dec 18 & Feb 26	Dec 18	Dec 18	Feb 26
Region: Policy, ratios, rate By-laws				April
Town consolidated Tax Rate By-law				May
Town 2024 final tax bills mailed				June

6) Conclusion

Key Messages

- **Base Budget:** Total increase of 2.70% to continue existing services and benefits from assessment growth of 3.86%. Includes 2.55% increase in capital funding.
- **Supplementary Budget:** Total increase of 2.80% to address operational, staffing and strategic enhancements.
- **Tax Bill changes:** An increase to the tax bill of the median household of **5.50%** for Town services and **5.16%** for all amounts or **\$13.94** per month, which includes Region of Niagara.

6) Conclusion

Recommendations itemized in CBC-06-2024

- 1 to 4 2024 Supplementary items recommended separately
- 5 2024 Grants
- 6 2024 BIA Levies
- 7 2024 Capital Budget (OCIF + 2 new projects) and rate changes
- 8 2024 Levy including Supplementary items & revised Capital
- 9 Budget to exclude amortization (O. Reg 284/09)

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3) Presentation Questions

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

- (1) **\$34,369,711** Town Budget \$ amount
- (2) **5.80%** Town Budget % increase
- (3) **5.50%** Town Tax bill % increase, median household
- (4) **5.16%** TOTAL Tax bill % increase, median household
- (5) **\$13.94** TOTAL Tax bill \$ increase per month, median household

Further information contained in MEMO to Report [CBC-06-2024](#)

6) Presentation Questions

Please refer to Council Report [CBC-06-2024](#) for recommendations and further information