



2020 Proposed Business Plan & Budget

Presentation to Town Council

November 12, 2019

2020 Proposed Budget

- Overview – Chief Administrative Officer
- Budget – Treasurer & Deputy Treasurer
 - Budget Document
 - Operations
 - General
 - Water & Wastewater
- Lifecycle
- Reserves
- Conclusion
- Q & A



Budget: As a Strategy

The budget is our plan to manage our citizens' money and other funding we receive to deliver services important to our community.

Our goal is to align the budget with the Mission, Vision & Values and 5 Strategic Priorities within the Council-approved Corporate Strategic Plan, 2019-2022:

Mission:

We will work together strategically to accomplish sustainable growth that integrates the principles of health and wellness in everything we do.

Vision:

The Tecumseh of tomorrow will be a community of economic vitality, environmental leadership and a high quality of life for all of our citizens.

Values:

Fiscal responsibility
Service Excellence
Accessibility

Community Involvement
Inclusion & Equitable Treatment
Leadership



Strategic Priorities 2019-2022

Smart Growth

Goal: Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.

Sustainable Infrastructure

Goal: Ensure that the Town of Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision making.

Community Health and Wellness

Goal: Integrate the principles of health and wellness into all of the Town of Tecumseh's plans and priorities.

Continuous Improvement

Goal: Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.

Good Governance

Goal: Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.



Budget Process

Tecumseh's proposed budget is developed by Town staff to deliver the services and programs directed by Council that our community values.

A community survey is conducted to inform the draft budget of citizen priorities.

Once a recommended budget has been set by Town staff, it is presented to Council and made public. A period of review follows.

A special Council meeting is held for budget deliberation with presentations of department business plans. Council considers all aspects of the budget and aims to finalize a budget aligned with the Town's strategic priorities and operational needs.

On Budget Adoption Day, Council is requested to approve the finalized budget.

Town staff drafts
proposed budget

Public survey done to
inform draft budget

Town staff presents recommended
budget & business plans

Town Council deliberates
& adopts budget



2020 Town Budget & Fees
Presentation & Deliberations
Tuesday, Nov. 12, 2019 @ 7 pm
Tuesday, Nov. 19, 2019 @ 5 pm

Council
Chambers

2020 Town Budget & Fees Adoption Day
Tuesday, Dec. 10, 2019 @ 7 pm



Budget: As an Instrument

The Town budget is the basis for determining the amount of taxation levy.

It links Council's priorities and operational needs to the financial resources required to implement Council-approved:

- Departmental business plans and strategic priorities
- Programs and services
- Master plans, Official Plan and studies
- Capital projects

Quarterly variance reports are prepared to monitor progress. The budget is a key instrument of financial management & control.

Annual reporting out on Council's strategic priorities demonstrates progress and alignment with approved budgets.



2020 Budget Internal Forces

- Finding efficiencies:
 - MMF projects – community engagement, organizational review, mobile technology, community LED signs; Council meeting livestreaming
- Town Hall Expansion:
 - Expanded Council Chambers & staff work areas; improved customer service interface; upgraded technology
- Customer Service:
 - Enhancements through updated policies, staff training, new website, improved communications, on-line services, Cityworks for citizen concerns
- Shovel-Ready Projects:
 - Grant outcome for Hub/Sportsplex, development readiness projects, asset management/lifecycle: water, wastewater, roads
- Emergency Preparedness:
 - Flood response policy & action plan; shoreline analysis; storm water management; review Community Emergency Management Plan
- Plans, Studies & Pilots:
 - Community Safety & Wellbeing Plan; New Official Plan; Storm water master plans; Parks & Recreation Master Plan; Community Benefit Charges; Urban Hens
- Operations & Interfaces:
 - Maintaining programs & services; changing community policing rules; staff retirements & recruitments; regional collaboration; project advocacy with Federal & Provincial governments



2020 Budget External Forces

- Municipal Landscape
 - Infrastructure Grant Programs
 - Provincial Reviews & Reforms
 - Climate Change
 - New Federal Government
 - Federal & Provincial Budget Uncertainty
 - Market confidence



Development Readiness

- Ryegate Condos – commencing 2020
- Skyline Apartments – commencing 2020
- Harbour Club Condos – commencing 2020
- Gateway Towers – commencing 2020
- Del Duca Plan of Sub – commencing 2020



Development in Progress

- Manning Road Secondary Plan Area
- Santarossa Industrial Park
- Tecumseh Hamlet Secondary Plan
- St. Gregory's Surplus Land site Church site
- Lanoue site West of Manning
- Victoria School site
- Bashi site



Budget: Value for Money

- Manage services and service levels efficiently
- Respond to program & service inquiries, concerns
- Risk & issues management
- Customer service
- Optimize technology
- Project management
- Fiscal responsibility
- Transparency & Accountability
- Regional, provincial & national engagement



2020 Proposed Business Plan and Budget



2020 Business Plan and Budget Overview

Electronic Document Overview

1. Transmittal
2. Executive Summary
3. Budget Reconciliation – PSAB Adjustments
4. Recommended New Staffing Enhancements
5. Operating Budget
6. Lifecycle
7. Reserves
8. Supplementary Information
 - Budget Process
 - Revenue and Expenditure Analysis



Council Consideration

- Municipal general tax levy \$24.2 M
- Tax rate increase 0.4% - Levy increase of 3.3% after growth
- Consolidated levy increase ~ 3.1% expected
- \$69 Town increase on \$250K home
- \$123 consolidated increase on \$250K home
- Market Value assessment (2016 CVA)
 - Ontario >23% increase
 - Tecumseh >14% increase
 - Assessment lags Province – should lead to reduced Education burden
 - Assessment growth strong in 2016-2018



Budget Process

- Department budgets formulated
 - **4.8%**
- Administration review
 - **3.3% - Net of growth = 0.4% tax rate increase**
- Table budget with Council **November 12**
- Council Review **November 19**
- Council budget by-law approval **December 10**



2020 Proposed Levy Summary

Budget Drivers	2019	2020	2021	2022	2023	2024
		Proposed				
Base Department Operations (excl Pay/Ben)	1.19%	-0.38%	0.77%	0.88%	0.78%	0.76%
Service Level Enhancements	0.55%	1.19%	0.17%	-0.31%	0.00%	0.00%
Payroll/Benefits	1.19%	0.92%	0.64%	0.64%	0.66%	0.64%
Police Services	0.41%	0.31%	0.29%	0.28%	0.31%	0.34%
Sub-total - Operating	3.33%	2.03%	1.87%	1.49%	1.75%	1.74%
Lifecycle	0.45%	0.81%	0.83%	0.80%	0.78%	0.75%
New Infrastructure Levy	0.67%	0.86%	0.83%	0.80%	0.78%	0.75%
Sub-total - Capital	1.12%	1.66%	1.65%	1.60%	1.55%	1.50%
Total	4.45%	3.70%	3.53%	3.09%	3.30%	3.24%
Assessment (Growth)/Loss	-1.75%	-0.43%	-0.41%	-0.60%	-0.58%	-0.56%
Total w/ Growth factor	2.70%	3.27%	3.11%	2.49%	2.72%	2.67%



Comparative Levy Forecasts

	2017	2018	2019	2020	2021	2022	2023	2024
2015 Municipal Budget and projected future levy increases	1.04%	1.10%	1.08%	N/A	N/A	N/A	N/A	N/A
2016 Municipal Budget and projected future levy increases	0.21%	0.75%	1.96%	2.03%	N/A	N/A	N/A	N/A
2017 Municipal Budget and projected future levy increases	2.69%	3.10%	2.50%	3.06%	2.84%	N/A	N/A	N/A
2018 Municipal Budget and projected future levy increases	N/A	2.14%	2.63%	3.01%	2.61%	2.21%	N/A	N/A
2019 Municipal Budget and projected future levy increases	N/A	N/A	2.70%	3.14%	2.29%	2.10%	1.66%	N/A
2020 Proposed Municipal Budget and projected future levy increases	N/A	N/A	N/A	3.27%	2.70%	2.30%	1.96%	1.96%



Tax Rate Increase – Essex County



Key Expenditure Impacts

- New Infrastructure Reserve \$ 200,000
- Lifecycle \$ 188,000
- Salaries/Benefits \$ 437,000
 - Service level enhancements \$215,000
 - 53rd pay period \$143,000
 - Balance (negotiated, one-time reversals) \$ 79,000
- Operations \$ 165,000
 - Contracts (Policing/Garbage) \$ 85,000
 - Storm (\$100k from reserves)



Key Expenditure Impacts

Service Level Enhancements

- ICS – one co-op summer student
- Fire – two volunteer firefighters, training overlap due to retirement
- Public Works – one Project Technician
- Arena – one Sportsplex Fundraising Coordinator (funded by reserve)
- Arena – additional hours for part-time clerks
- Corn Festival and Special Events – one seasonal, part-time Assistant
- Pool, Day Camp – additional hours



Key Revenue Impacts

- Assessment Growth \$ 100,000
- Supplementary Taxes \$ (30,000)
- Senior Gov't Grants \$ (92,000)
 - Provincial Gas Tax – Transit \$ (75,000)
- Building Permits \$ 50,000
- Provincial Offences Fines \$ (20,000)



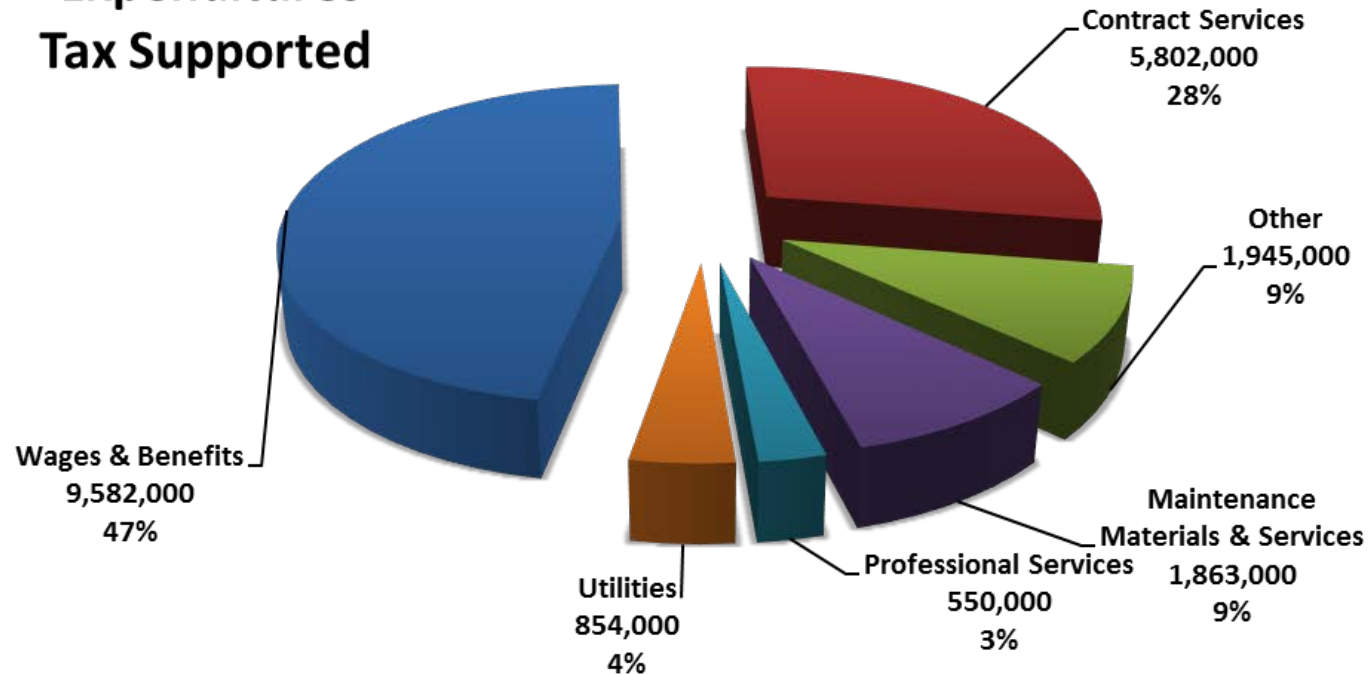
What's Not in the Budget

- Lottery License Litigation
 - up to \$7M???
- Storm Drainage Master Plans Implementation
 - ????
- Multi-Use Sportsplex – operating costs
 - Impact to outlook years (2020 budget accommodates debt financing)
 - Early estimate – 2% increase to general levy
 - \$250,000 net operating expenditure
 - \$250,000 annual LC requirement - to be built up over 5 years

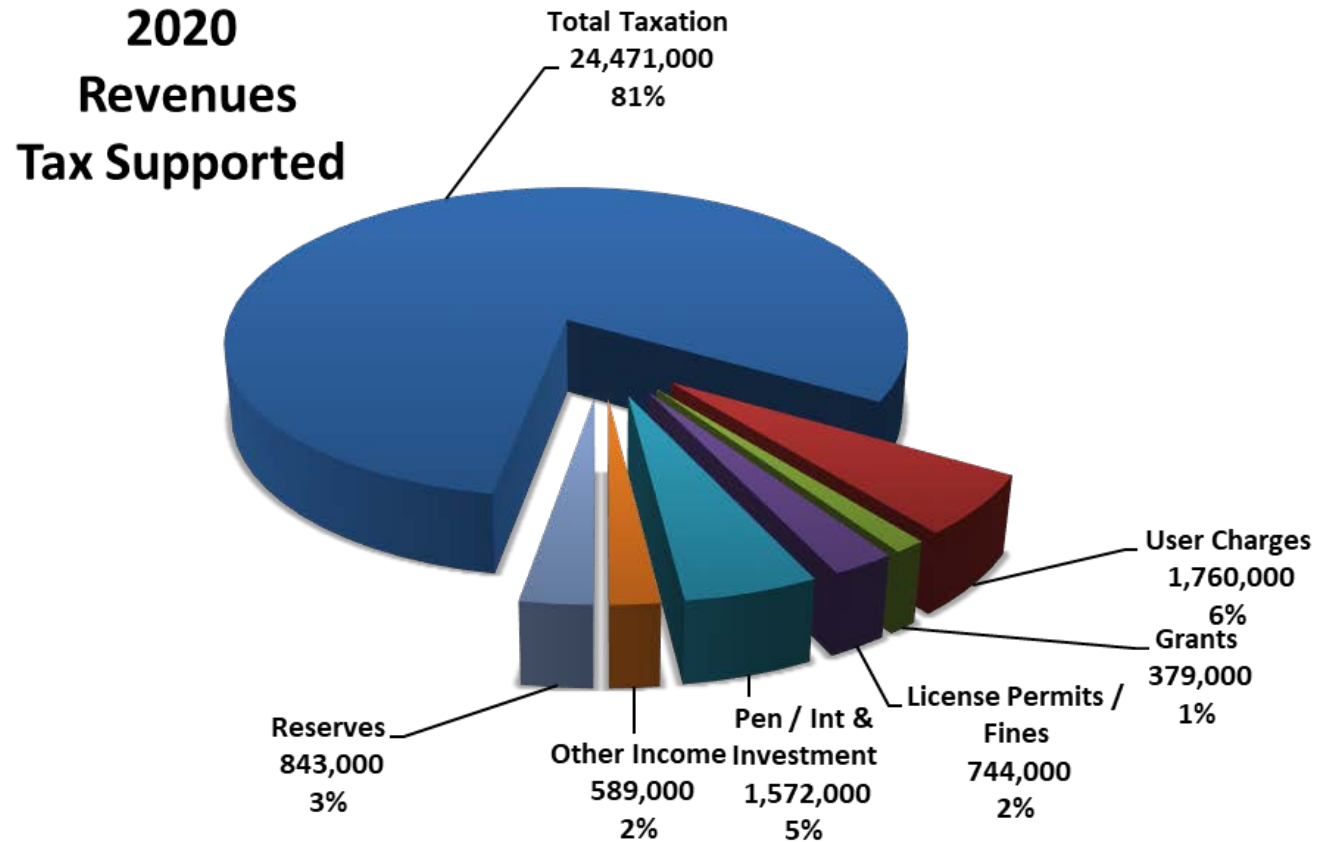


...Operating Budget Expenditures

2020 Expenditures Tax Supported



Operating Budget -- Revenues



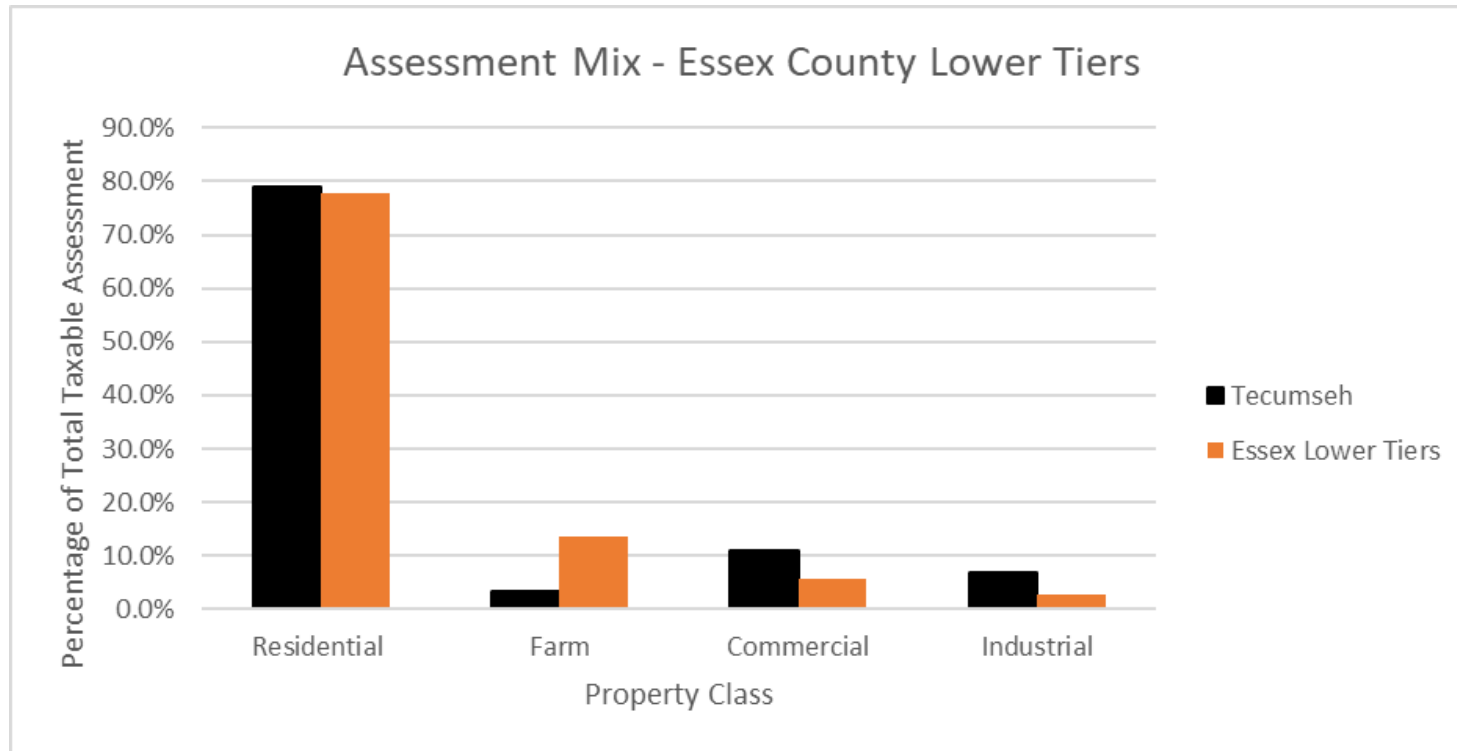
2020 Tax Levy Change -- \$250K Home

Levying Authority	2020 Levy	2019 Levy	Dollar Difference	Percent Difference
Municipal	\$1,820	\$1,751	\$69	3.95%
County	\$1,226	\$1,166	\$60	5.07%
Education	\$383	\$389	\$(6)	(1.62)%
Total	\$3,429	\$3,306	\$123	3.69%

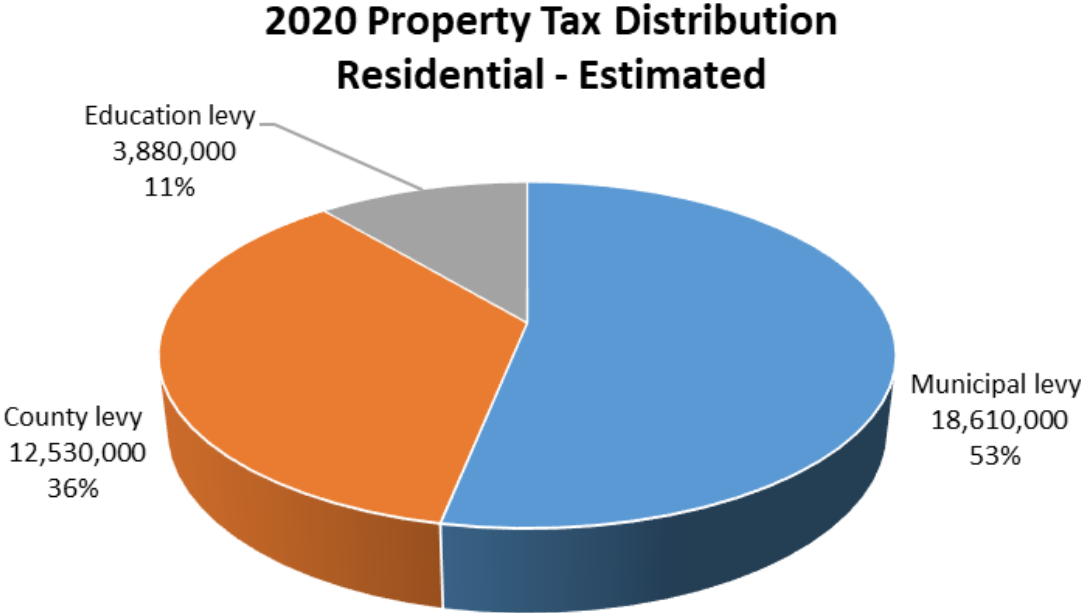
- Assumes “average” Residential property which would experience an estimated Current Value Assessment phase-in increase of 3.5%, i.e. 2019 CVA of \$241,500 becomes 2020 CVA of \$250,000



Assessment Mix

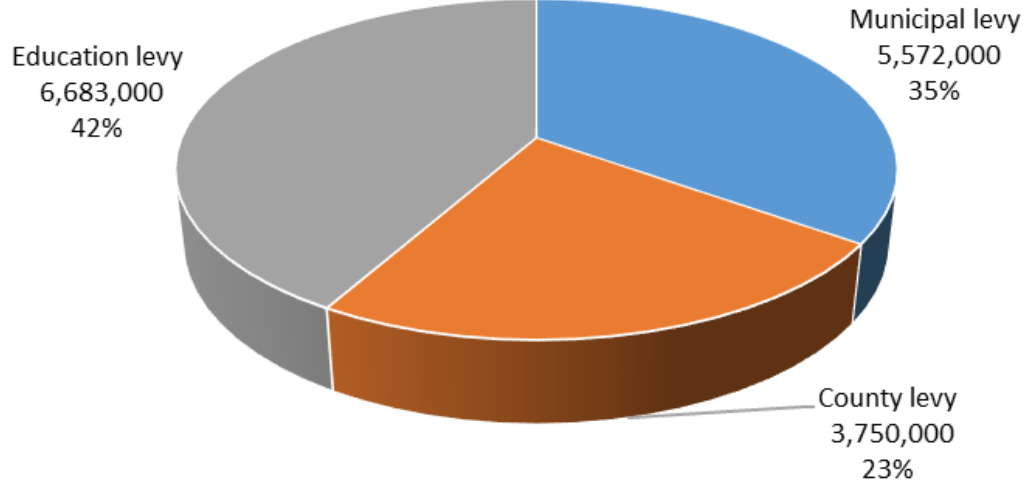


Tax Distribution

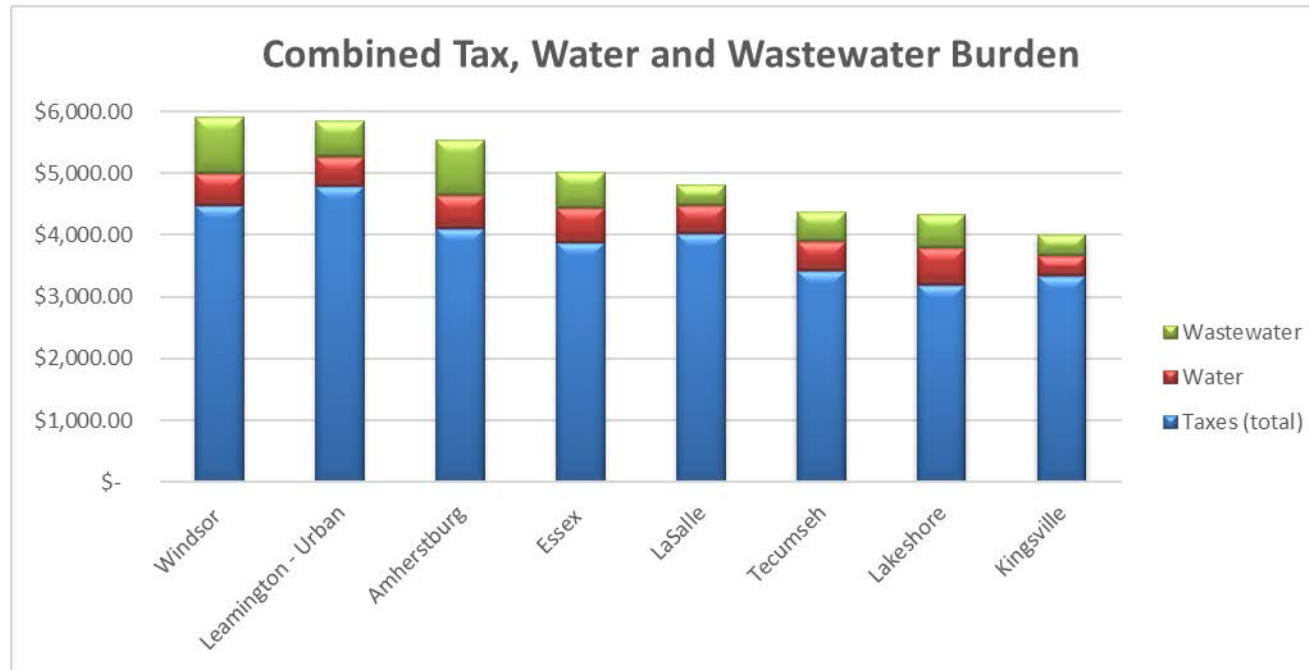


Tax Distribution – Non-Residential

**2020 Property Tax Distribution
Non-residential - Estimated**



2019 Comparative – Essex County



* - Property Taxes calculated based on home with an assessed value of \$250,000. Water and Wastewater Fees based on monthly consumption of 20 cubic meters.



Rate Supported – Water and Wastewater

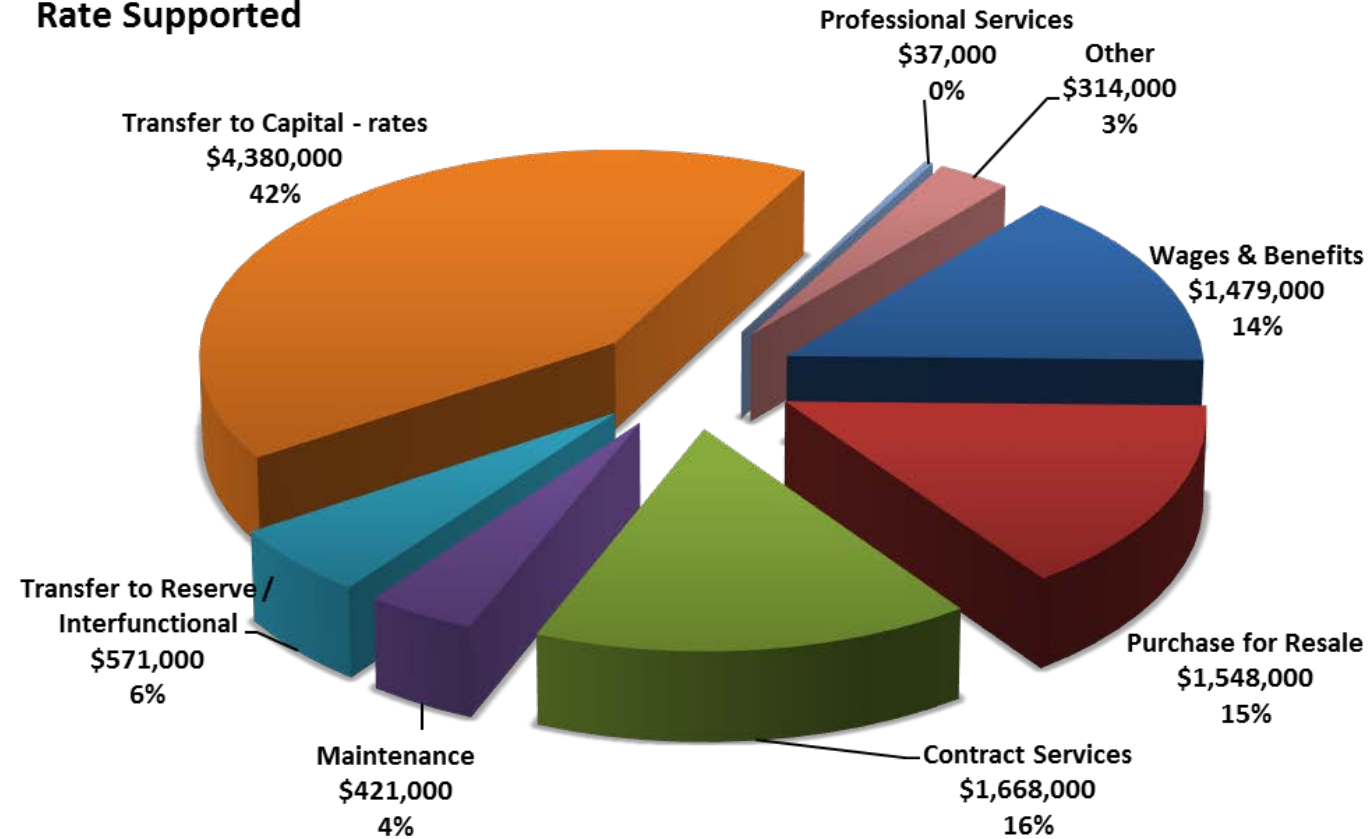
- Full Cost Recovery Rates - 2015 Rate Study (water adjusted for WUC 10 year rate review)
- Rate increase average residential user
 - 2020 \$37 or 3.9% (\$942 to \$979)*
- Rate revenue
 - Wastewater \$4.9M
 - Water \$5.4M
- Annual target capital funding 4.4M

*Based on monthly consumption of 20m³.



Rate Supported Operating Expenditures

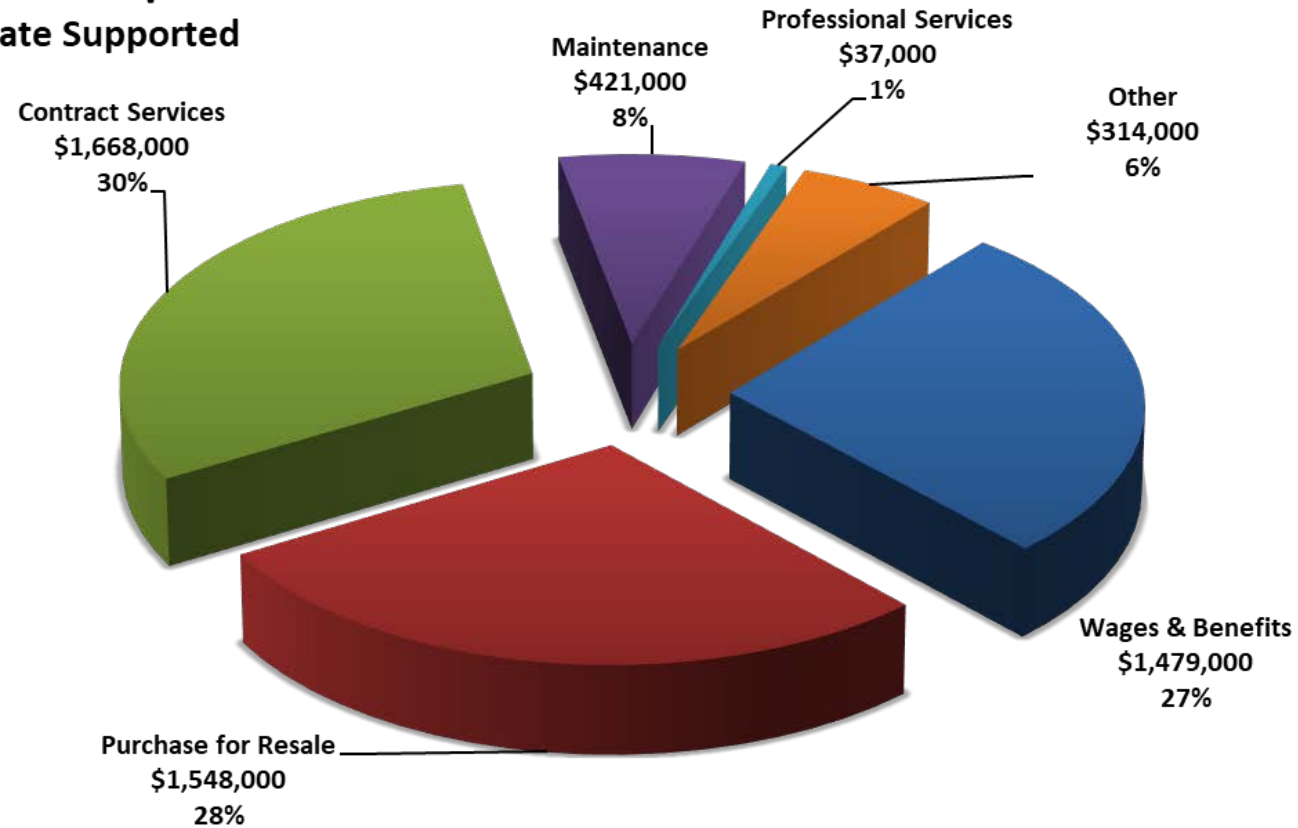
2020 Expenditures Rate Supported



Rate Supported Operating Expenditures

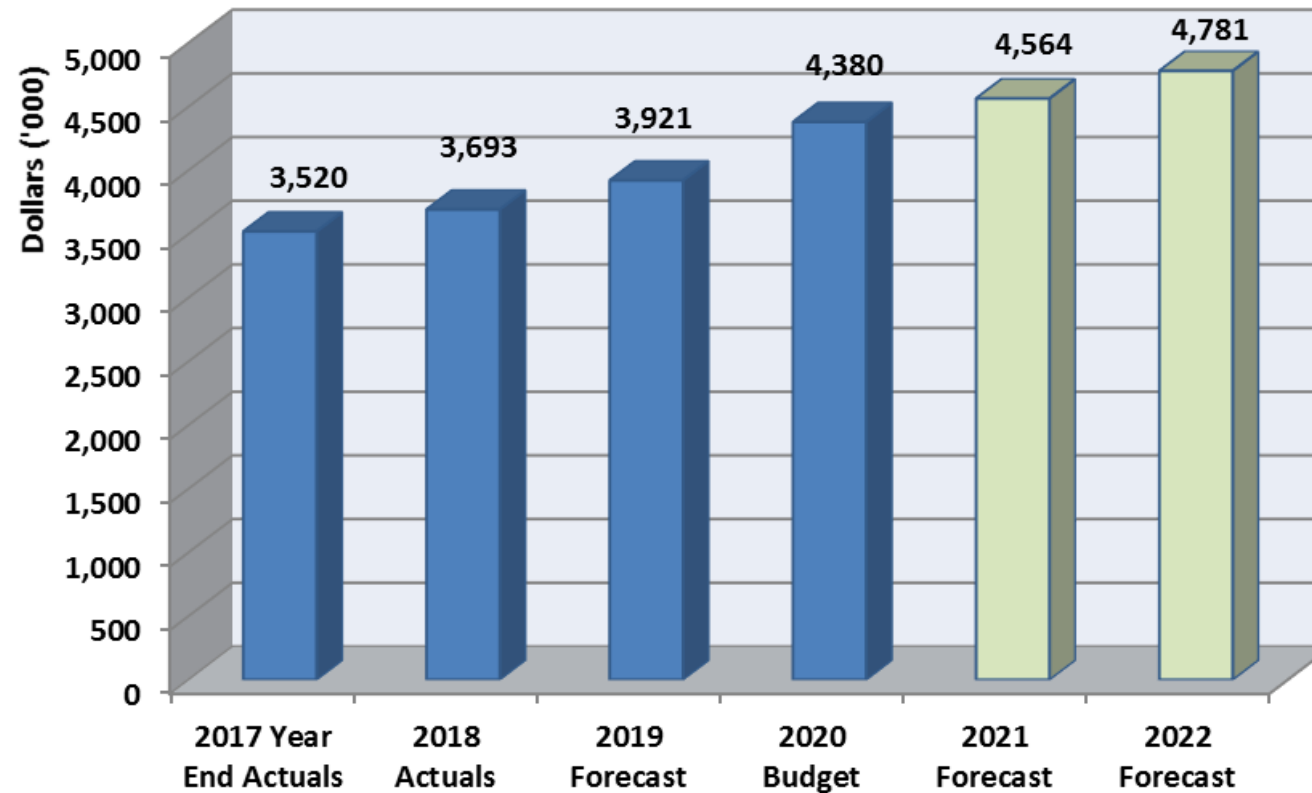
2020 Expenditures

Rate Supported



Rate Supported Transfer to Capital

Transfer to Capital - Rates



Sanitary Sewer – Key Items

- DC Funding shortfall \$7M
- Flood mitigation measures
 - Sanitary sewer rehab, Phases 1 and 2 complete
 - Sanitary sewer model update for 2020
 - These projects aimed at municipal infrastructure – concern with private property I & I
 - Phase 3 postponed - lack of grant funding to assist
 - Subsidy programs
 - Backwater valve installation
 - Foundation drain disconnection
- Water/Wastewater Master Plan update



Sanitary Sewer – Key Items Continued

- 8th Concession sewer area
 - Cost recovery by-law to be created in 2020
 - Debt financing required
 - Next phase County Road 46/Webster/Laval extension \$5.2M
- Tecumseh Road Sanitary Sewer
 - Project advanced to accommodate development opportunities \$3.1M
- County initiated projects
 - Advanced municipal projects, i.e. County Road 42



Water Key Items

- Declining consumption
- Watermain breaks
 - Cast iron & ductile watermain replacement
 - Anode installation program
 - (80% reduction in breaks)
- WUC Bulk Water Supply Agreement
 - Retro 2017
 - Negotiations
- Water/Wastewater Master Plan update



Capital Planning

- Needs studies/condition assessments
- Master Plans
- Capital Plans/Studies
- Asset Management Plan
 - (\$691M estimated replacement cost)
- County Projects/Plans
- Impact to Operating



Asset Management Plan

- AMP 2.0 adopted in 2018
- O. Reg. 588/17 requirements
 - Policy adopted June 2019
 - Plan update for July 2021
- AMP 2.0 Highlights
 - Overall annual funding shortfall of \$2.6M – categories approximately 85% funded
 - Recommended increase to LC of 0.75% per year for the plan's 20-year period
 - NIL target \$1.75M
 - 2019 DC Study Update, Storm Drainage Master Plan – post 2018



Capital Asset Strategy

- Lifecycle Funding
- NIL
- Pay as you go Policy
 - Annual interest on debt payments \$0.7M
 - Interest on \$11.2M Lakewood acquisition debt over 25 years \$6.2M
 - Current debt balance \$15M (\$1M rate supported)
- Grant Funding
 - Impact on priorities
 - Stable source of revenue?
 - ICIP streams
- Projects shovel ready for possible grant funding

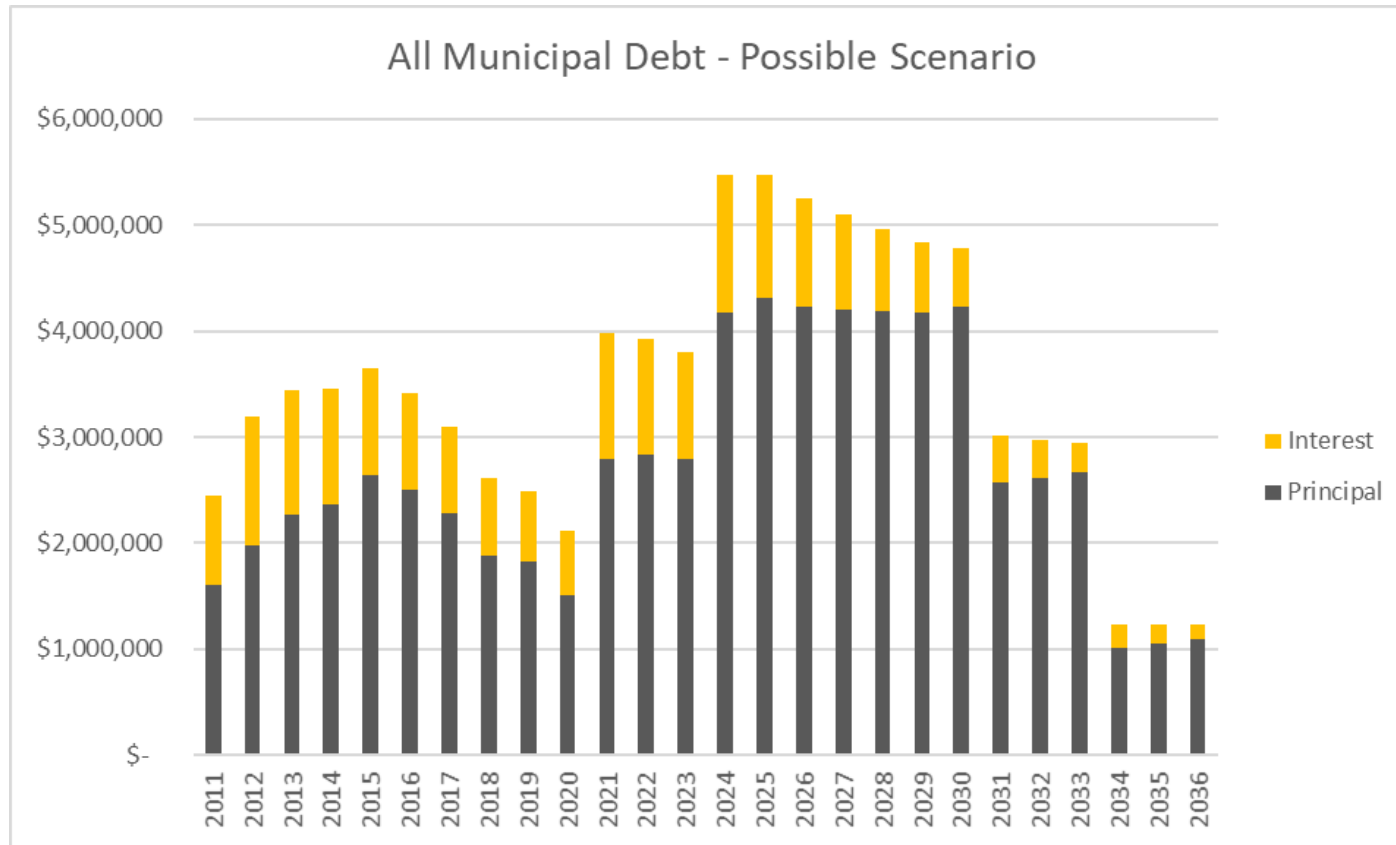


Capital Works Plans

- Approval for 2020 with forecasts 2021-2024
 - Recommendations for proposed projects follows budget process
- Estimated \$20.6M expenditures
 - Town Hall Expansion \$3.0M
 - Tecumseh Road Sanitary \$2.9M
 - MRSPA Pond Design and Construction \$2.7M
 - Hwy #3/Walker Road Watermain Replacement \$2.2M
 - Asphaltting \$1.3M
 - Scully & St. Mark's Storm Pump Station (Engineering) \$0.8M
- Multi-Use Sportsplex \$54.0M (pending ICIP funding)
- Debt Payments \$2.1M



Potential Long-Term Debt



Lifecycle/New Infrastructure Key Items

- LC Annual requirement \$7.8M
 - Storm Drainage Master Plans impact?
 - Sportsplex & CIP Streetscape?
 - Parks, Recreation and Trail enhancements
- New Infrastructure Levy (NIL) Target \$1.75M to \$2.35M
- NIL includes \$0.55M for Sportsplex debt (increase of \$100k)
- Availability of grants?



OCIF Grant

- Formula Component allocations
 - \$3,639,000 2015-2019 Received to date
 - \$1,076,989 2020 Formula – NOT CONFIRMED
- Eligible for Renewal of Existing Core Infrastructure
(or construction if it is an existing health or safety issue)
- ECI – Water, Wastewater, Roads (Bridges/Culverts)
- Save Funds up to 5 Years
- Target funds for Storm Drainage Purposes



Reserves Summary

	Actual Balance 12/31/18	Projected Balance 12/31/19	Estimated Activity 2020	Projected Balance 12/31/20
Reserves	\$27,326,000	\$30,454,000	\$(5,302,000)	\$25,152,000
Discretionary Reserves	\$11,698,000	\$10,915,000	\$(1,081,000)	\$9,834,000
Obligatory Reserve Funds	\$3,276,000	\$3,333,000	\$152,000	\$3,485,000
Total	\$42,300,000	\$44,702,000	\$(6,231,000)	\$38,471,000

Major Balances End of Year	
Lifecycle	\$15,032,000
Water	\$10,807,000
Infrastructure	\$5,513,000
Tax Rate Stabilization	\$3,129,000
Sanitary Sewer	\$(2,799,000)



Reserves Key Impacts

- \$21.3M to be used for operations & capital in 2020
- Tax Rate Stabilization Reserve is being used to fund legal fees re ongoing litigation
 - Surplus 2019 balance towards Town Hall Expansion
- Sanitary sewer DC balances are insufficient
 - 2018 DC Report shows an \$11.8M deficit
- New Infrastructure Funding Levy(NIL)
 - Updated annual target



Conclusion

- Budget Deliberations
 - SCM - November 19 – 5:00pm – 9:00pm
- Budget Approval
 - RCM - December 10



Discussion

- Q and A

