



2021 Proposed Business Plan & Budget

Presentation to Town Council

December 8, 2020

2021 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

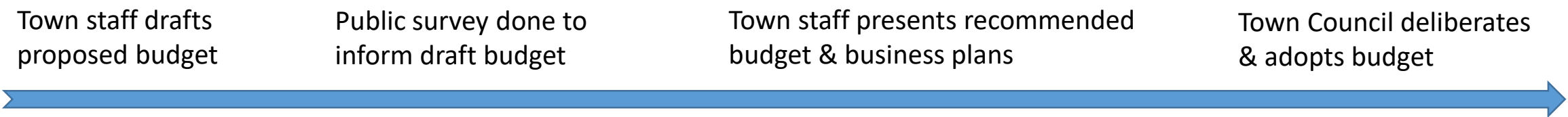
Tecumseh’s proposed budget is developed by Town staff to deliver the services and programs directed by Council that our community values.

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.



2021 Town Budget & Fees Presentation & Deliberations
Tuesday, Dec. 8, 2020 @ 7 pm
Wednesday, Jan. 13, 2021 @ 4 pm
Thursday, Jan. 14, 2021 @ 4 pm (if req’d.)

Council Chambers

2021 Town Budget & Fees Adoption Day
Tuesday, Jan. 26, 2021 @ 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.



2021 Budget Internal Forces

- Finding efficiencies:
 - Organizational review, enhancing on-line service delivery, implementing HR Service Review, IT Service Review
- Town Hall Expansion:
 - Concluding Town Hall renovation; improved facility with protections for COVID-19; new retrofits for enhanced air quality; e-vehicle charging stations
- Customer Service:
 - Enhanced technology to facilitate remote customer service delivery; installation of physical barriers for public and worker safety
- Shovel-Ready Projects:
 - Commence Pump Station projects under DMAF, development readiness projects, asset management/lifecycle: water, wastewater, roads
- Emergency Preparedness:
 - Flood response policy, inter-jurisdictional working group and detailed operational plans in place; shoreline analysis underway
 - Pandemic response – changes to operations, capital projects, enforcement activities
- Plans, Studies & Pilots:
 - Community Safety & Wellbeing Plan; New Official Plan; Storm water master plans; Parks & Recreation Master Plan; Community Benefit Charges; Storm water rate study; Oldcastle Hamlet Special Planning Study for Future Development Lands
- Operations & Interfaces:
 - Maintaining programs & services; staff retirements & recruitments; regional collaboration; project advocacy with senior governments



2021 Budget External Forces

- Municipal Landscape
 - COVID-19 – affects operations/capital projects; public and worker safety
 - Frequently changing Provincial Legislation, Regulations & Orders
 - Infrastructure Grant Programs – economic recovery initiatives
 - Federal & Provincial Budget Uncertainty
 - Climate Change – continued threat of flooding



Development Readiness

- Ryegate Condos – commenced 2020
- Skyline Apartments – commencing 2021
- Harbour Club Condos – commenced 2020
- Gateway Towers – commenced 2020
- Oldcastle Heights (Del Duca) – commencing 2021



Budget: Value for Money

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



2021 Proposed Business Plan and Budget



2021 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 tax levy increase net of growth 3.9%
 - \$968K increase to \$25.1M

- Tax rate increase 3.05%
 - \$55 Town increase on \$250K home

Operations	1.50 %	\$ 27
Capital	2.11 %	\$ 38
Growth	-0.56 %	-\$ 10
Total	3.05 %	\$ 55

- Consolidated levy increase ~ 1.5% expected
 - \$61 consolidated increase on \$250K home
- Province postponed the 2020 Assessment Update
 - 2021 property assessments based on fully phased-in January 1, 2016 values



Budget Process

- Department budgets formulated
 - **6.1%**
- Administration review
 - **3.9% - Net of growth = 3.05% tax rate increase**
- Table budget with Council **December 8**
- Council Review **January 13 and
January 14 (if necessary)**
- Council budget by-law approval **January 26**



2021 Proposed Levy Summary

Budget Drivers	2021					
	2020	Proposed	2022	2023	2024	2025
Base Department Operations (excl Pay/Ben)	-0.38%	0.31%	0.29%	0.81%	1.16%	1.11%
Service Level Enhancements	1.19%	0.39%	0.42%	0.38%	0.37%	0.36%
Payroll/Benefits	0.92%	0.83%	1.02%	0.80%	0.78%	0.78%
Police Services	0.31%	0.14%	0.28%	0.27%	0.30%	0.32%
Sub-total - Operating	2.03%	1.67%	2.00%	2.27%	2.60%	2.57%
Lifecycle	0.81%	1.52%	0.80%	0.77%	0.93%	0.89%
New Infrastructure Levy	0.86%	0.83%	0.80%	0.77%	0.74%	0.71%
Sub-total - Capital	1.66%	2.34%	1.59%	1.54%	1.67%	1.60%
Total	3.70%	4.01%	3.59%	3.81%	4.27%	4.17%
Assessment (Growth)/Loss	-0.43%	-0.62%	-1.19%	-1.54%	-0.93%	-0.89%
Total w/ Growth factor	3.27%	3.39%	2.40%	2.27%	3.34%	3.28%



Comparative Levy Forecasts

	2018	2019	2020	2021	2022	2023	2024	2025
2016 Municipal Budget and projected future levy increases	0.75%	1.96%	2.03%	N/A	N/A	N/A	N/A	N/A
2017 Municipal Budget and projected future levy increases	3.10%	2.50%	3.06%	2.84%	N/A	N/A	N/A	N/A
2018 Municipal Budget and projected future levy increases	2.14%	2.63%	3.01%	2.61%	2.21%	N/A	N/A	N/A
2019 Municipal Budget and projected future levy increases	N/A	2.70%	3.14%	2.29%	2.10%	1.66%	N/A	N/A
2020 Municipal Budget and projected future levy increases	N/A	N/A	3.27%	2.70%	2.30%	1.96%	1.96%	N/A
2021 Proposed Municipal Budget and projected future levy increases	N/A	N/A	N/A	3.39%	2.40%	2.27%	3.34%	3.28%



Tax Rate Increase – Essex County



Key Expenditure Impacts

• New Infrastructure Reserve	\$ 200,000
• Lifecycle	\$ 366,000
• Salaries/Benefits	\$ 230,000
• CIP grant – one-time	\$ 75,000
• Operations – other	\$ 97,000
• Storm (\$100k offset by reserve transfer)	



Note: Does not include COVID-19 impacts which are discussed on subsequent slides

Key Revenue Impacts

- Assessment Growth \$ 150,000
- Building Permits \$ 183,000



Note: Does not include COVID-19 impacts, which are discussed on subsequent slides

COVID-19 Impacts

• Revenue reductions	\$ 389,000
• Arena, Rec Programs, Pool, lottery licences	
• Expenditure increases	\$ 106,000
• Temp staff, supplies, janitorial	
• Program changes	\$ (99,000)
• Parks and Recreation – staffing, other expenses	
• Reserve transfers	\$ (396,000)



COVID-19 Impacts

- Cost containment measures \$ (97,000)
 - Professional development, education, travel
- Safe Restart Agreement Phase 1 \$ (587,994)
 - To address COVID-19 2020 financial pressures
 - Can be applied to 2021 COVID-19 pressures

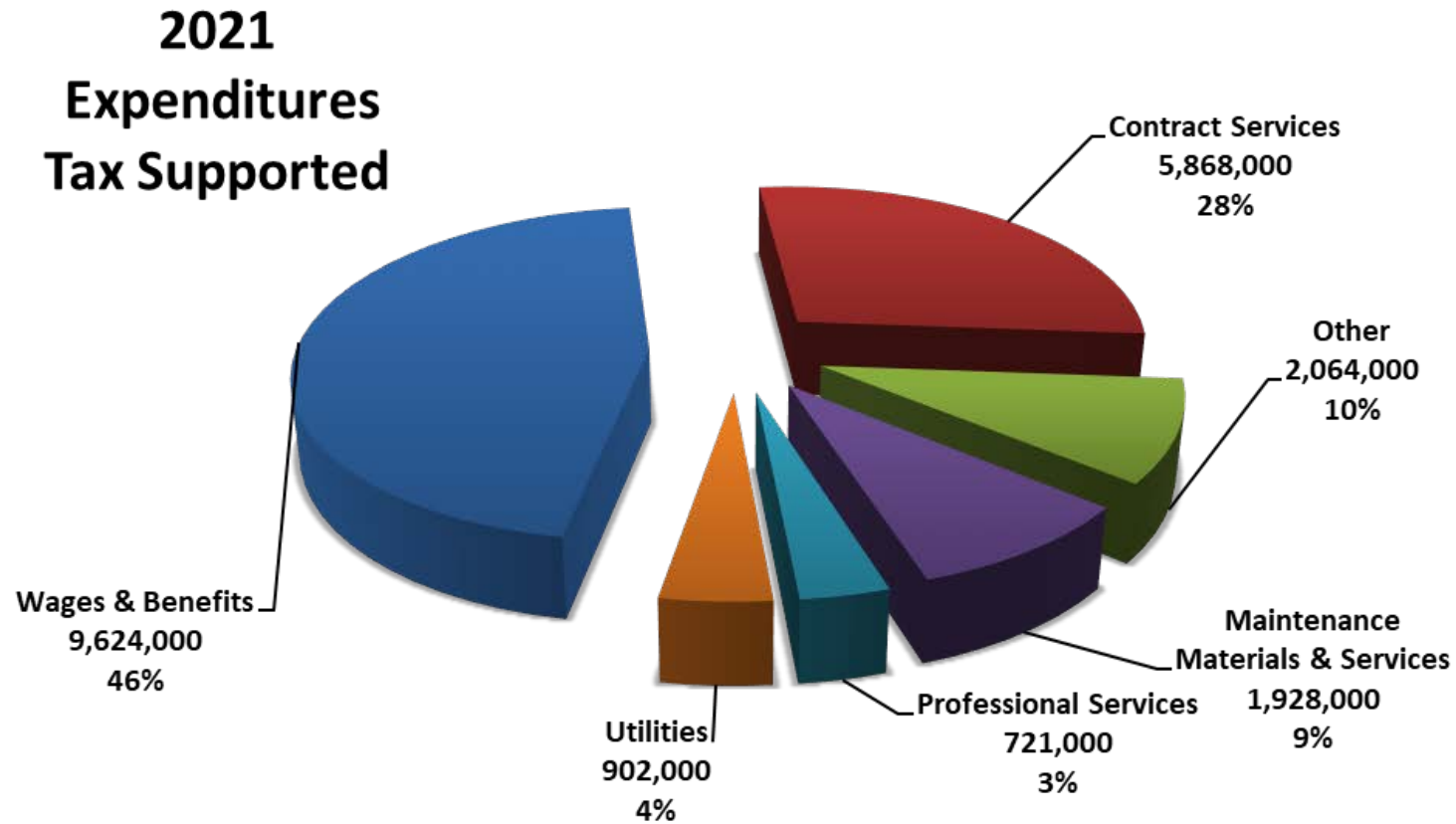


What's Not in the Budget

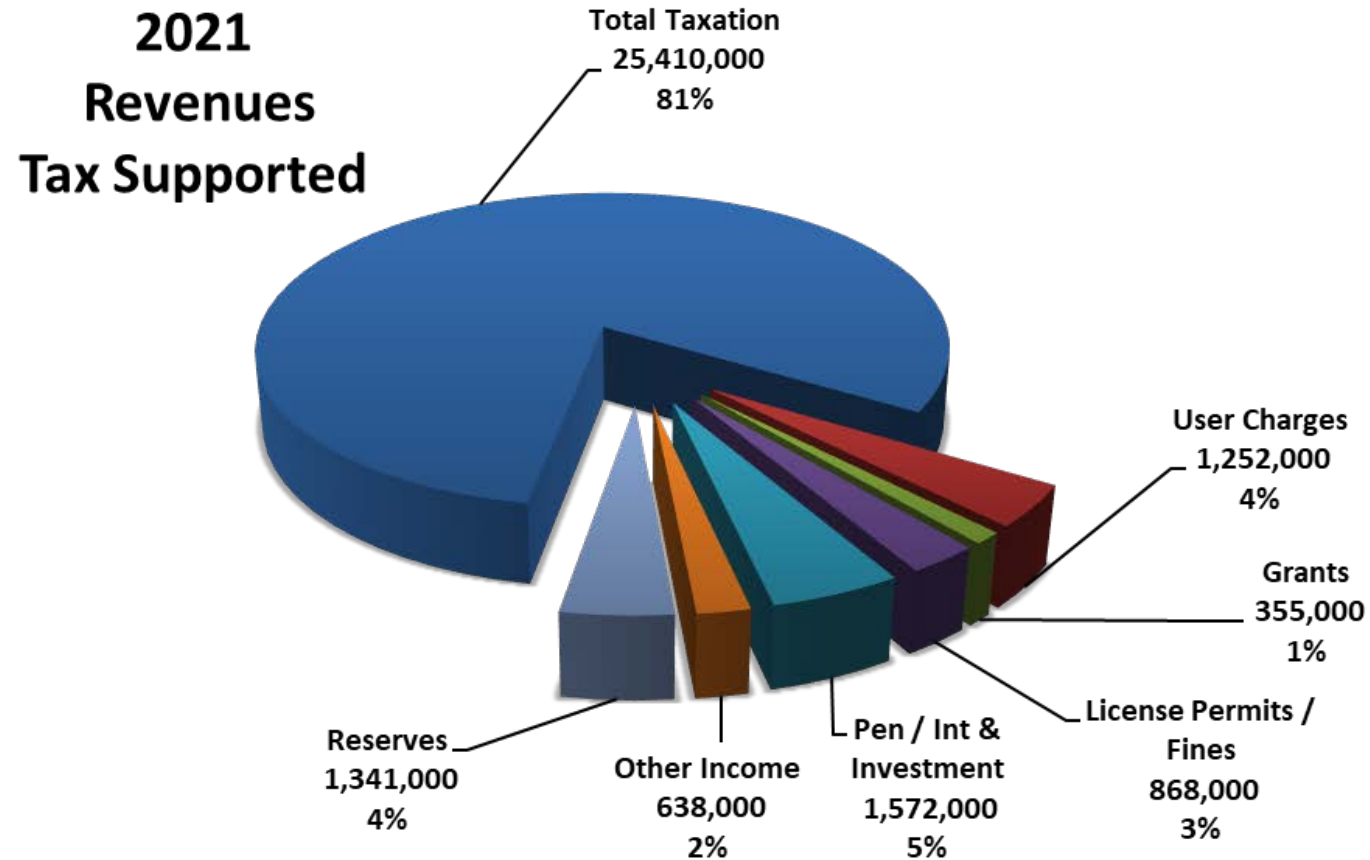
- Collective Bargaining Agreements (CUPE & Fire)
 - Provision included in 2021 budget – actual outcome TBD
- Organizational Review
- Lottery License Litigation
 - up to \$7M
- Storm Drainage Master Plans Implementation
- Multi-Use Sportsplex - Operating Budget
 - Provision in place for debt financing
 - No provision in place for operating costs



Operating Budget Expenditures



Operating Budget Revenues



2021 Tax Levy Change -- \$250K Home

Levying Authority	2021 Levy	2020 Levy	Dollar Difference	Percent Difference
Municipal	\$1,873	\$1,818	\$55	3.05%
County	\$1,224	\$1,218	\$6	0.49%
Education	\$383	\$383	\$0	0.00%
Total	\$3,480	\$3,419	\$61	1.80%

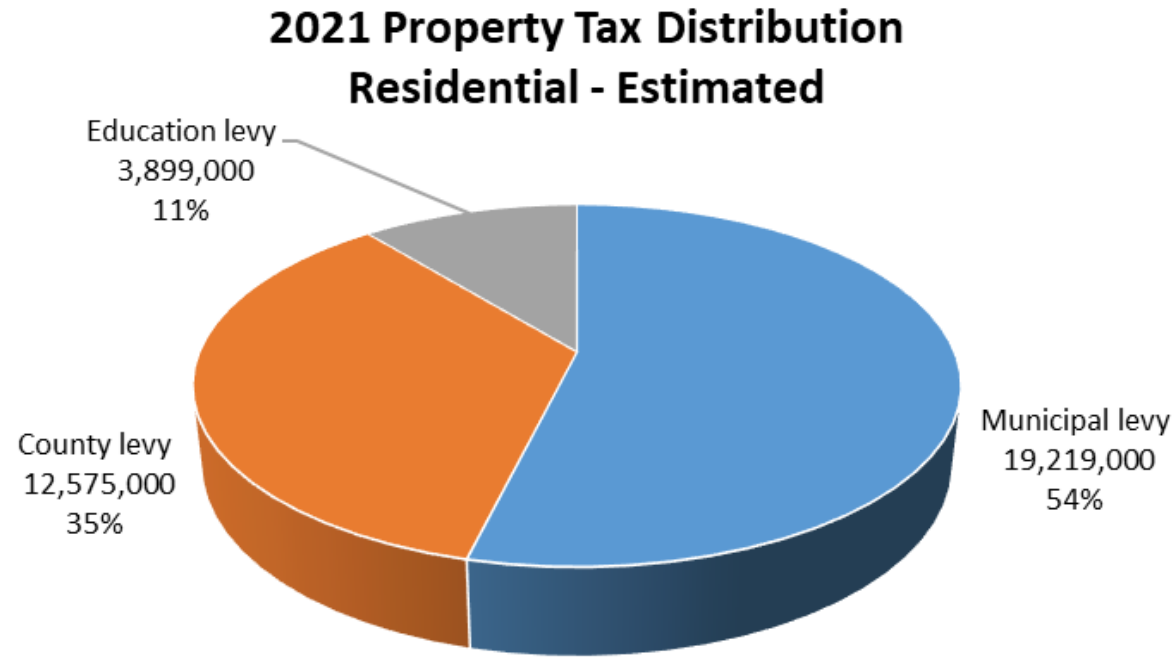
- Property Assessment update postponed by Province due to COVID-19
 - Property valuations unchanged from 2020, i.e. 2020 CVA of \$250,000 becomes 2021 CVA of \$250,000.



Assessment Mix

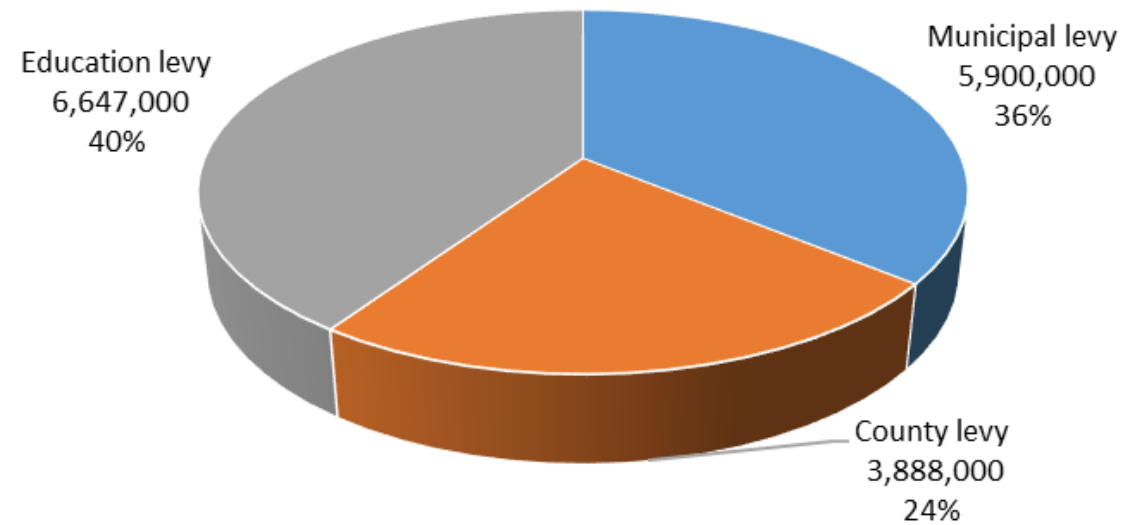


Tax Distribution – Residential

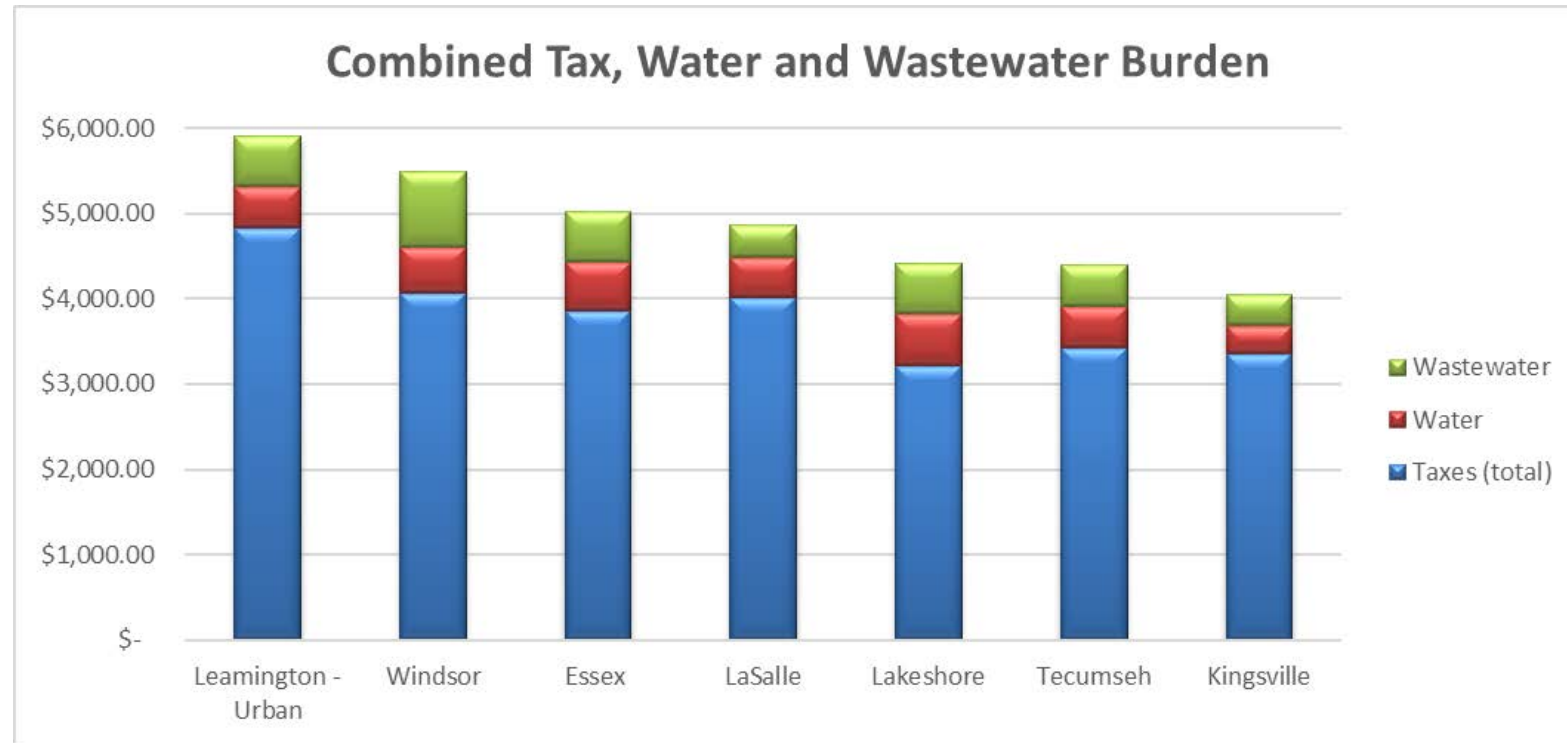


Tax Distribution – Non-Residential

**2021 Property Tax Distribution
Non-residential - Estimated**



2020 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

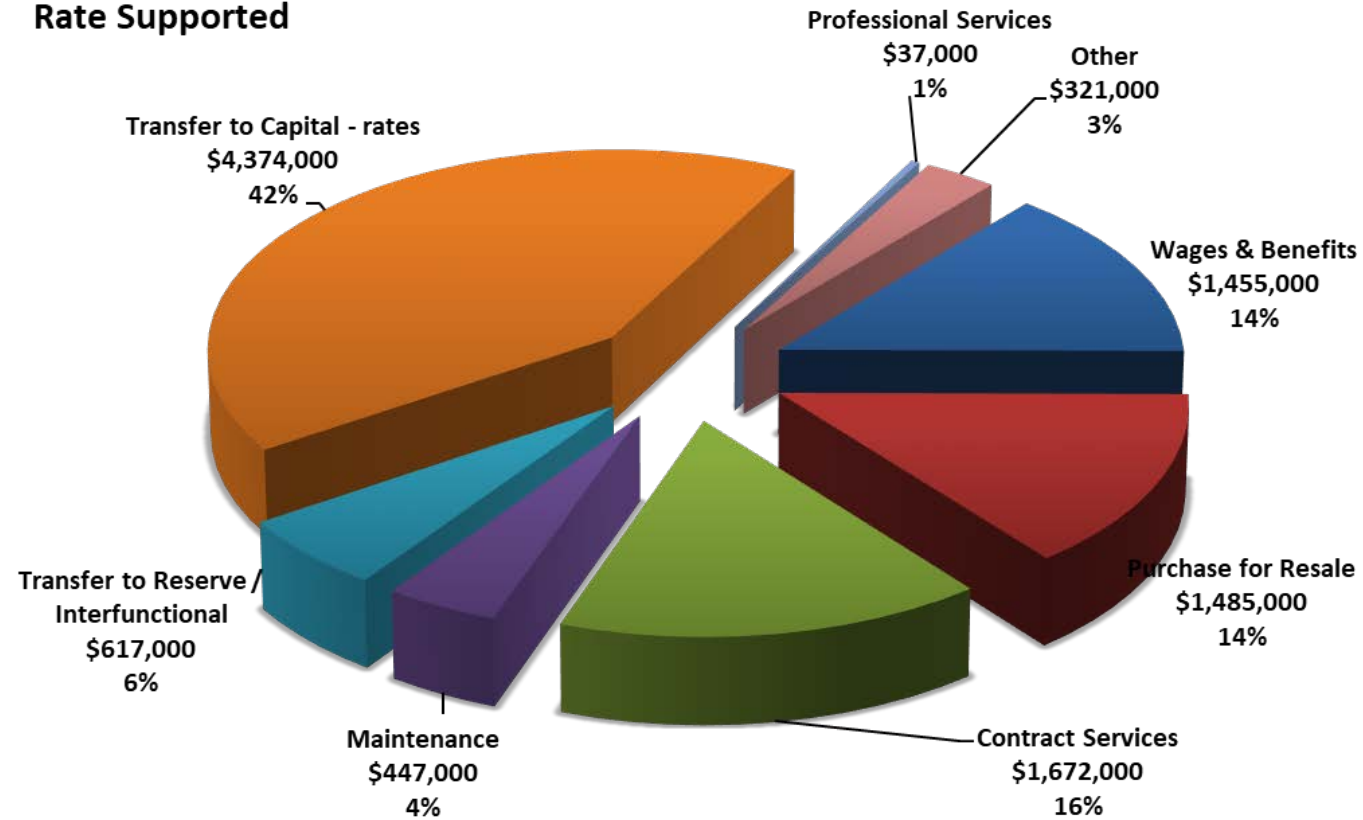
- Full Cost Recovery Rates - 2015 Rate Study (2020 Study update postponed to 2021)
- Rate increase average residential user
 - 2021 \$32 or 3.3% (\$979 to \$1,011)*
- Rate revenue
 - Wastewater \$4.9M
 - Water \$5.5M
- Annual target capital funding 4.4M

*Based on monthly consumption of 20m³.



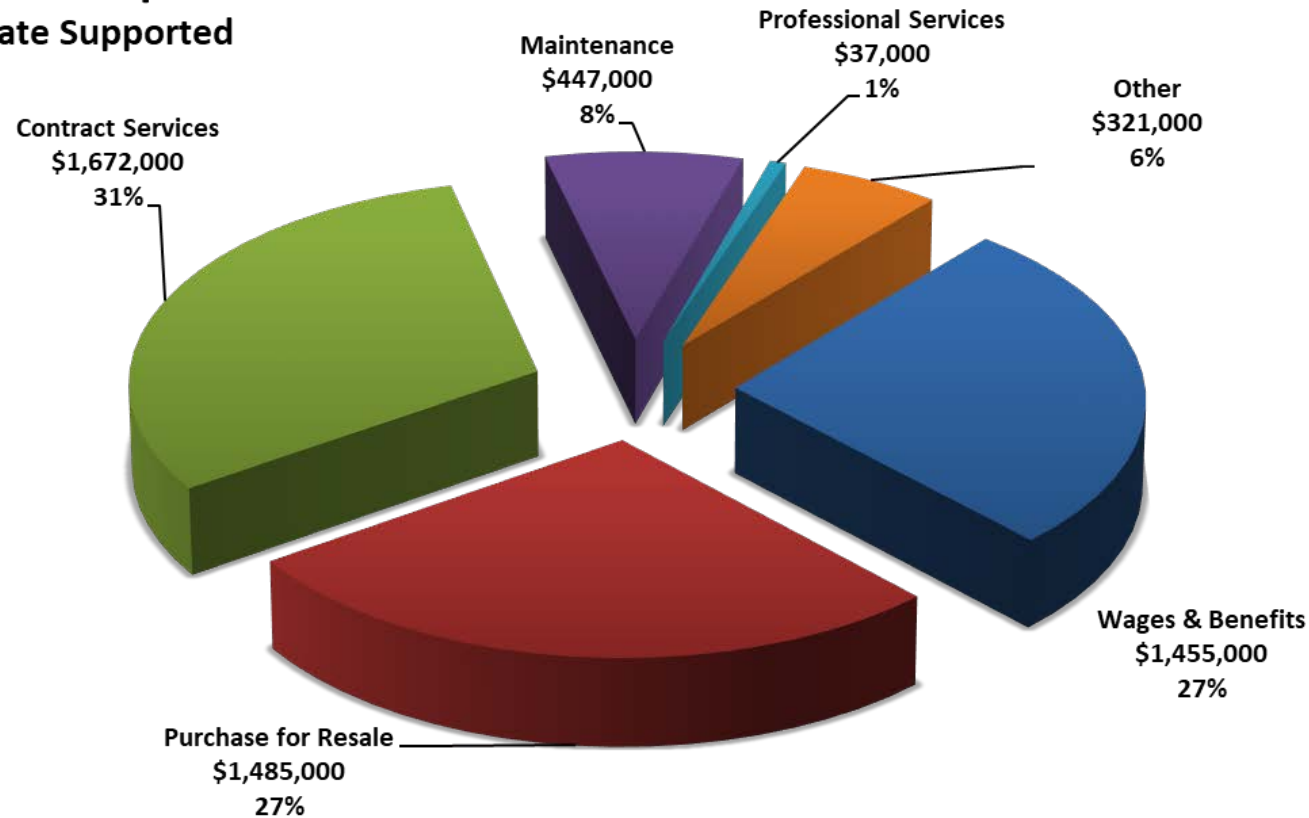
Rate Supported Operating Expenditures

2021 Expenditures Rate Supported

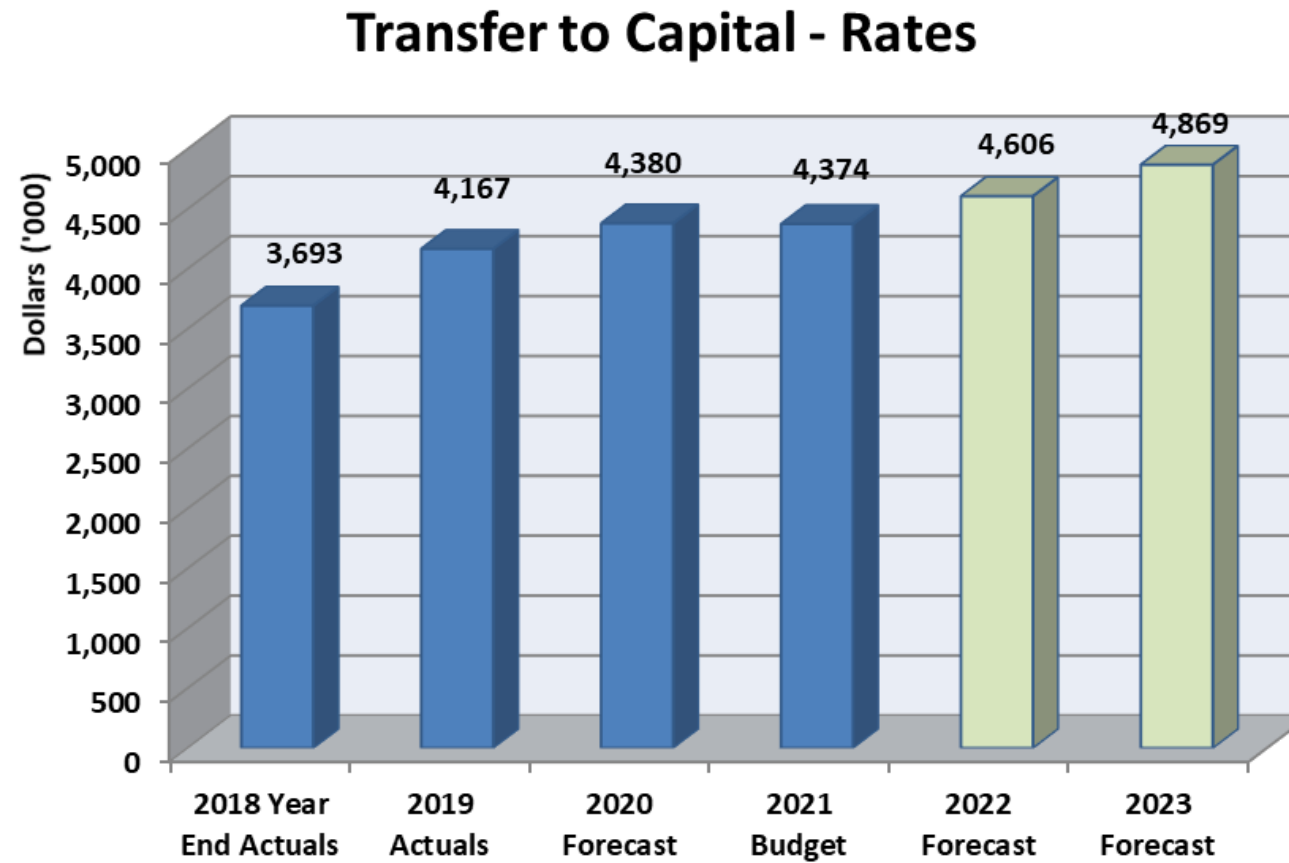


Rate Supported Operating Expenditures

2021 Expenditures Rate Supported



Rate Supported Transfer to Capital



Wastewater – Key Items

- 8th Concession sewer area
 - Cost recovery by-law to be created in 2021
 - Next phases County Road 46/Webster/Laval and Del Duca Drive extensions in 2022 combined \$9.3M
- Flood mitigation measures
 - Sanitary sewer rehab, Phases 1 and 2 complete
 - Sanitary sewer model update for 2020/2021
 - These projects aimed at municipal infrastructure – concern with private property I & I
 - Phase 3 postponed - lack of grant funding to assist
- Water/Wastewater Master Plan update



Water Key Items

- WUC Bulk Water Supply Agreement
 - Mediation/Arbitration process closure
 - Annual rate increase at CPI
 - Next rate adjustment opportunity in 2026
- Watermain breaks
 - Cast iron & ductile watermain replacement program - \$1.1M
 - Anode installation program
 - (80% reduction in breaks)
- Water/Wastewater Master Plan update



Capital Program and Funding Strategy

- Lifecycle Funding
- NIL
- Pay as you go Policy vs Debt
 - 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
 - Stability/Predictability
- Projects shovel-ready



Capital Works Plans

- Approval for 2021 with forecasts 2022-2025
 - Recommendations for proposed projects follow budget process
- Estimated \$26.3M expenditures
 - Manning Rd ETLD Relocation Phase 2 \$7.1M
 - Lesperance/VIA Rail Improvements \$1.6M
 - Scully and St. Mark's Storm Pump Station \$1.1M
 - MRSPA Pond Design and Construction \$1.0M
 - Riverside Dr. Trail \$1.0M
 - Pickleball Complex \$0.6M
- Debt Payments \$1.8M

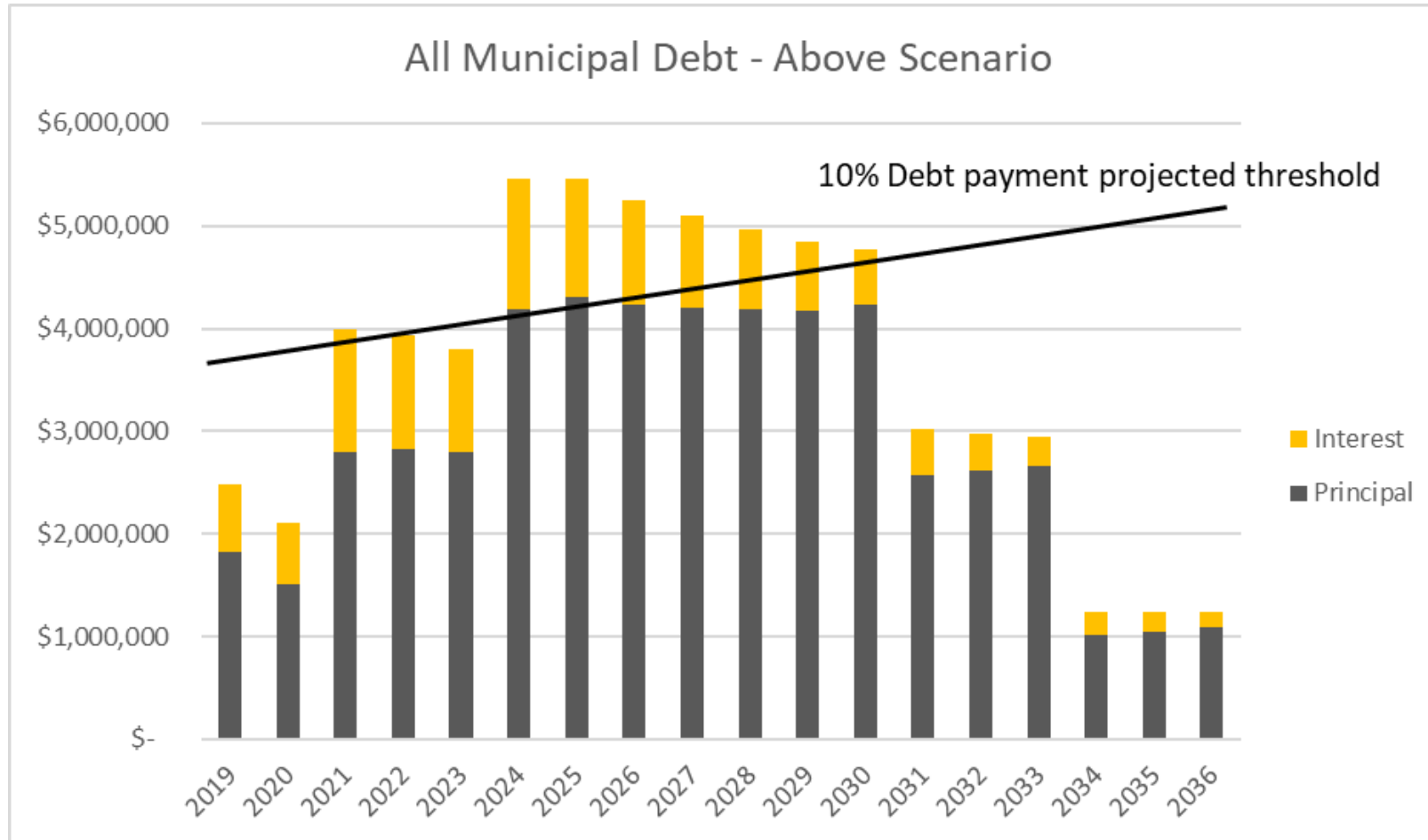


Lifecycle/Capital Demands

Without additional borrowing						
Expenditures based on 2018 AMP 2.0 plus Development Financing and DMAF Storm Project						
	2020	2021	2022	2023	2024	2025
Lifecycle Reserves - Start	17,500,000	10,495,000	7,070,000	3,828,600	774,472	(2,088,639)
Lifecycle Funding	9,000,000	9,180,000	9,363,600	9,550,872	9,741,889	9,936,727
Lifecycle Expenditures	(14,500,000)	(11,100,000)	(11,100,000)	(11,100,000)	(11,100,000)	(11,100,000)
Debt Expenditures	(1,505,000)	(1,505,000)	(1,505,000)	(1,505,000)	(1,505,000)	(1,505,000)
Lifecycle Reserves - End	10,495,000	7,070,000	3,828,600	774,472	(2,088,639)	(4,756,911)
Infrastructure Reserve - Start	6,000,000	3,450,000	(11,300,000)	(9,600,000)	(9,350,000)	(7,880,000)
NIL Funding	1,550,000	1,750,000	1,950,000	2,150,000	2,350,000	2,350,000
NIL Expenditures	(4,100,000)	(1,500,000)	(1,250,000)	(2,900,000)	(1,880,000)	(2,050,000)
Development Financing	-	(15,000,000)	-	-	-	-
Development Financing repay	-	-	1,000,000	1,000,000	1,000,000	1,000,000
Debt Expenditures	-	-	-	-	-	-
Infrastructure Reserve - End	3,450,000	(11,300,000)	(9,600,000)	(9,350,000)	(7,880,000)	(6,580,000)
Rate Reserve Funds - Start	8,000,000	5,394,000	2,411,000	(366,000)	(2,861,000)	(5,166,000)
Rate Funding	4,200,000	4,350,000	4,500,000	4,650,000	4,800,000	4,950,000
Rate Expenditures	(6,200,000)	(7,100,000)	(7,100,000)	(7,100,000)	(7,100,000)	(7,100,000)
Debt Expenditures	(606,000)	(233,000)	(177,000)	(45,000)	(5,000)	-
Rate Reserve Funds - End	5,394,000	2,411,000	(366,000)	(2,861,000)	(5,166,000)	(7,316,000)
Total	19,339,000	(1,819,000)	(6,137,400)	(11,436,528)	(15,134,639)	(18,652,911)



Potential Long-Term Debt



Lifecycle/New Infrastructure Key Items

- LC Annual requirement \$9.4M (2020 allocation is \$7.8M)
 - Storm Drainage Master Plans impact
 - Sportsplex & CIP Streetscape
 - Parks, Recreation and Trail enhancements
- New Infrastructure Levy (NIL) Target \$2.35M
- NIL includes \$0.55M for Sportsplex debt
- Availability of grants



Reserves Summary

	Actual Balance 12/31/19	Projected Balance 12/31/20	Estimated Activity 2021	Projected Balance 12/31/21
Reserves	\$31,961,000	\$32,621,000	\$(8,503,000)	\$24,118,000
Discretionary Reserves	\$13,037,000	\$14,223,000	\$(308,000)	\$13,915,000
Obligatory Reserve Funds	\$5,342,000	\$7,790,000	\$(642,000)	\$7,148,000
Total	\$50,340,000	\$54,634,000	\$(9,453,000)	\$45,181,000

Major Balances End of 2020	
Lifecycle	\$19,428,000
Water	\$13,135,000
Infrastructure	\$8,369,000
Tax Rate Stabilization	\$2,815,000
Sanitary Sewer	\$(702,000)



Reserves Key Impacts

- \$24.3M to be used for operations & capital in 2021
- Tax Rate Stabilization Reserve
 - Funding source for ongoing lottery litigation
 - Operating support for COVID-19 revenue and expenditure impacts
 - Operating support for flood preparedness planning
- Stormwater Lifecycle Reserve
 - Storm drainage Master Plans
 - Stormwater Rate Study
 - DMAF grant funding
- Sanitary sewer DC balances are insufficient
 - 2019 DC Report shows an \$12.1M deficit



Conclusion

- Budget Deliberations
 - SCM – January 13 – 4:00pm – 8:00pm
 - SCM – January 14 – 4:00pm – 8:00pm (if necessary)
- Budget Approval
 - RCM – January 26



Discussion

