

Budget 2019

Public Engagement

April 24, 2019



CAO Overview



Highlights from 2018

- Official Plan Review (continues 2019)
- Recreation Master Plan (final report 2019)
- Transit Master Plan
- Tourism Opportunities – KEY “Butter Tart Festival”
– Enhanced programming Cruise Ships
- Partnerships – Penetanguishene – North Simcoe



Highlights from 2018

Regulatory Requirements

- MPS Transition and support to MPS Board; asset disposal
- Municipal Election
 - Conduct of 2018 election
 - Council Orientation
- Municipal Act
 - Accountability – Code of Conduct – New Policies (2019)
- MPUC Sale
 - Concluded with OEB approval in Fall of 2018



Highlights from 2018

Service Delivery Review

- Upgrading Technology Infrastructure
- New Procurement Processes – roll out continues
- Started the process of Re-implementation of Financial Systems –ongoing training
- Payroll re-implementation and training (2018 - 2019)
- County of Simcoe Partnership
- Governance Review – New Procedural By-law – Committee Structure



Municipal Service Menu

- **Airport** (Partnership – Huronia Airport)
- **Animal Control** (Contracted Service)
- **Arts and Culture** (MCC & Culture Midland)
- **Building Code Enforcement**
- **By-law Enforcement and Property Standards**
- **Economic Development** (Partnership Economic Development Corporation of North Simcoe)
- **Fire Services** (Partial Partnership – Town of Penetanguishene)
- **Library Services** (Library Board)
- **Local Road Network Maintenance and Traffic control measures**
- **Parks and Recreation** (facilities and partnerships in program delivery)



Municipal Service Menu

- **Public Transit** (Service Agreement Penetanguishene – New County Service)
- **Planning New Community Developments and Enhancing Existing Neighbourhoods**
- **Police Service** (New Contracted Service – OPP – Section 10 Police Services Board)
- **Side Walk Network**
- **Snow Removal**
- **Storm Sewers and Storm Water Retention facilities**
- **Tax Collection** (Collection vehicle for County and School Boards)
- **Tourism** (Multiple Partnerships and Stakeholder interest)
- **Water and Sewage**





Income



Expenses



New Strategic Plan – Focused Priorities



Council's Strategic Priorities 2018-2022

Midland is a safe, liveable and prosperous community that respects its cultural heritage and celebrates the natural beauty of Georgian Bay

| 1. Accountable, Responsive & Innovative Governance | 2. Economic & Community Development | 3. Safe, Sustainable, Healthy Community |
|---|--|--|
| <ul style="list-style-type: none"> a) Modernizing Government- Enhancing access and capability for on-line municipal services and information; b) Develop sustainable and responsible financial strategies that balance demands for asset renewal, evolving service demands and revenue/funding capacity (including investigating new revenue streams); c) Explore and implement new service delivery models and community engagement/partnerships; d) Review Council composition in time for the 2022 municipal election. | <ul style="list-style-type: none"> a) Attract, support and retain business enterprises and evolve towards a 4 season festival events community; b) Accelerate and encourage the planned vision for Midland's waterfront; c) Complete infrastructure and public realm improvement in the downtown and leverage public assets; d) Advocate for the implementation of high speed broadband and wireless connectivity throughout the Town. | <ul style="list-style-type: none"> a) Implement a Safe Streets plan; b) Encourage new accessible and affordable housing; c) Empower a Youth Council for Midland; d) Facilitate intergenerational initiatives to build inclusiveness; e) Target and measure achievement of a liveable, sustainable and fully accessible community; f) Promote Sustainable and Active Transportation; g) Develop Vibrant Public Spaces and celebrate a beautiful Midland. |

"We will work together with integrity and respect to build trust and optimism for the future."



Budget 2019 Timelines - Process

- Dec.17, 2018 – Council Budget direction (3%)
- March 27, 2019 Presentations
- April 10, 2019 Presentations
- April 24, 2019 Public Input
- May 15, 2019 Amend/adopt Budget
- June 5, 2019 Tax Levy By-law



Two Budget Streams

- Tax Supported Budget
 - Operating and capital budgets for a range of departments & service areas
 - Creates the annual property tax levy
- Rate Supported Budget
 - Operating and capital budgets for Water & Wastewater
 - Determines the annual base and consumption rates for each service



Tax Supported Highlights



Budget 2019 Draft 1 Overall Impact

- Proposed tax supported budget (draft #1) as presented reflects a 2.95% tax levy increase (Town portion only) (Guideline target max 3%)
- Province announced a new grant for Midland on March 20th for Efficiency and Service Delivery enhancements. Application of the grant toward eligible 2019 projects reduces the proposed tax levy to 1.91%



Assessment Growth is Good News

- New assessment growth included in Base Budget revenues per established practice
- Net growth in 2019 is 3.7% (up from 1.6% in 2018; 0.1% in 2017)
- Results in \$735,350 of increased property tax revenue



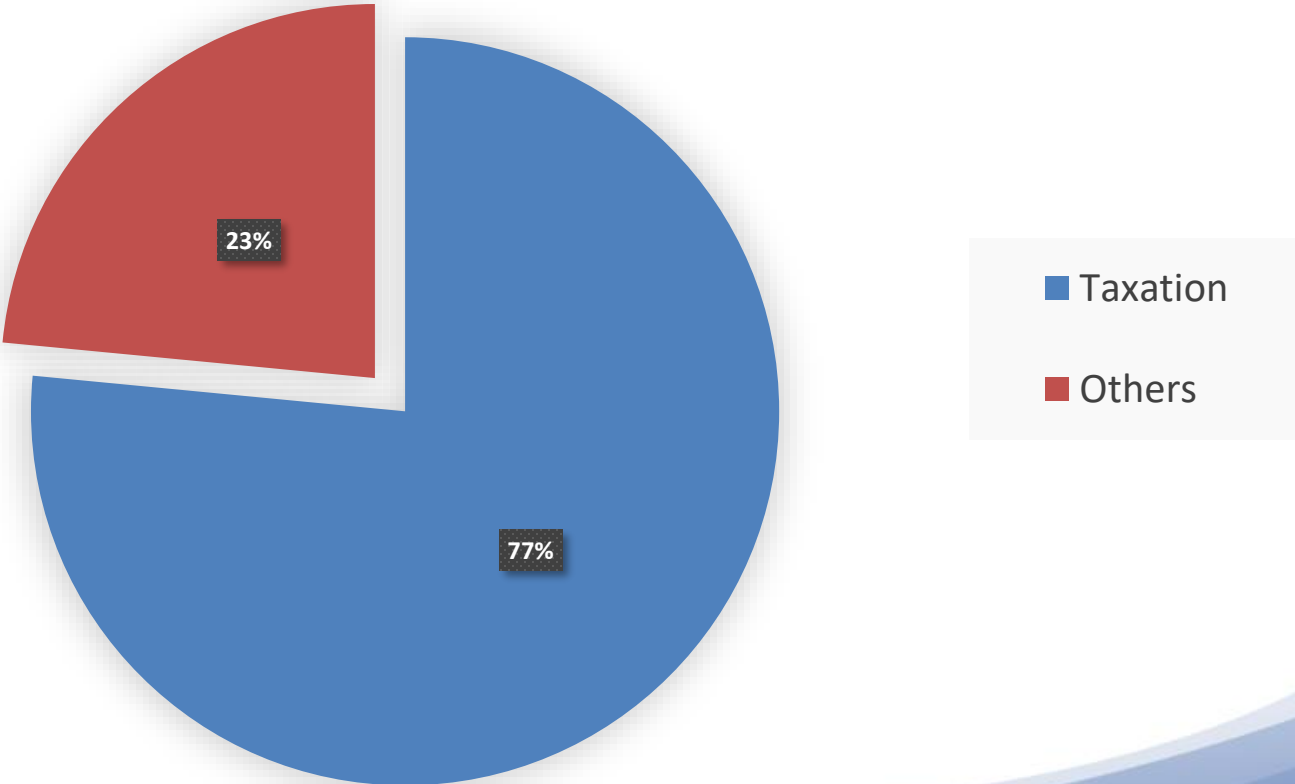
Assessment Appeals – Tax Revenue Losses

- Midland is experiencing a share of the global “Retail Revolution” due to online purchasing
- Assessment Review Board (ARB) adjudicates assessment appeals
- Erosion of Midland’s commercial assessment:
 - Home Depot and Canadian Tire in 2018
 - Loblaw in 2019
 - Walmart on the horizon

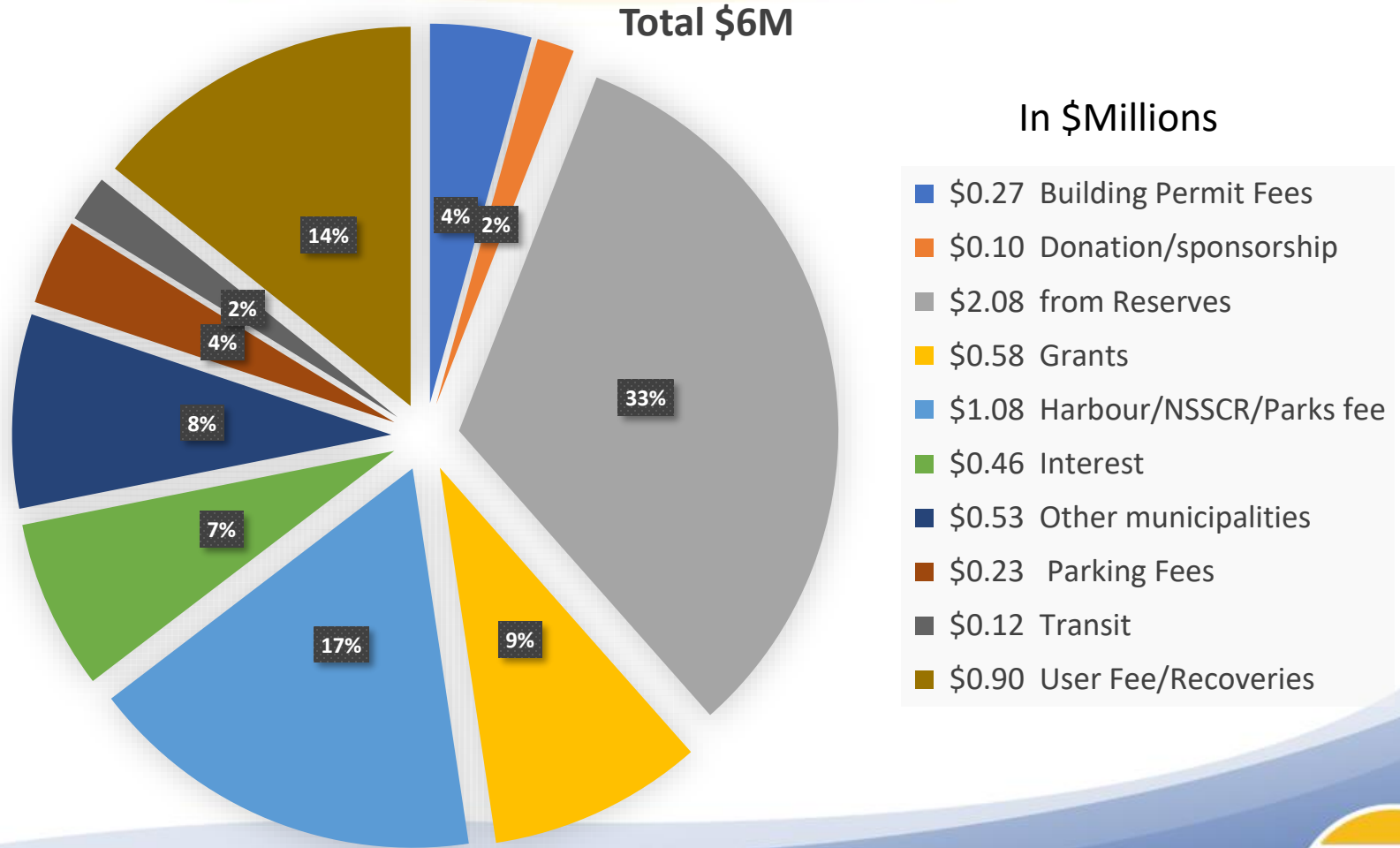


Taxation makes up 77% of Municipal Revenue

Total \$27M



Remaining 23% of Revenues

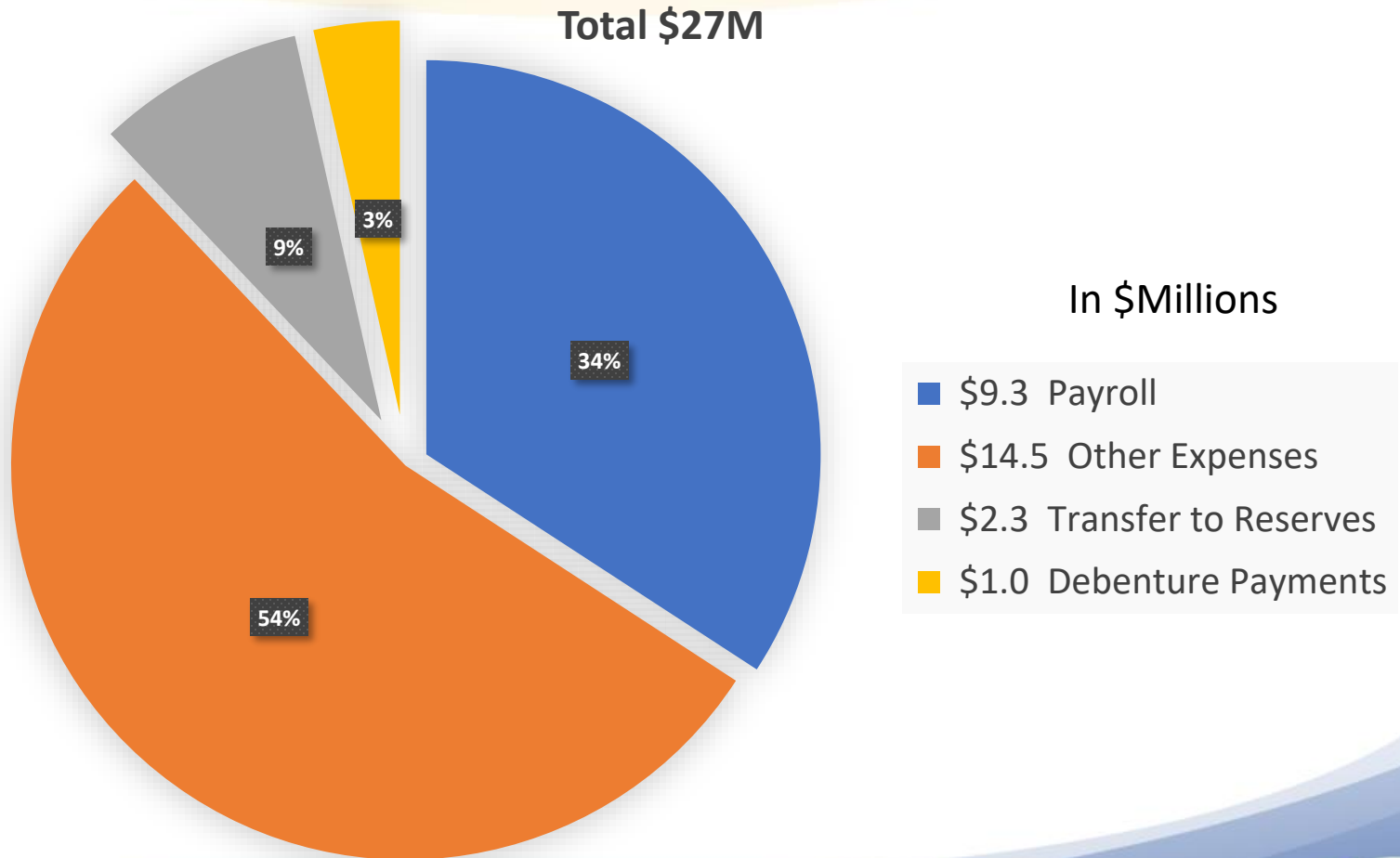


General Revenues

- Draws on reserves:
 - \$750,000 from Police Services Reserve
 - \$400,000 from MPUC Dividend Reserve
- Provincial OMPF funding at \$388,600 (2018)
- Interest income includes:
 - earned on bank balances \$100,000
 - Penalty/interest on outstanding property taxes, off-set by tax write-offs, net of \$125,000



Expenses by Category



Other Expenses

- Most of \$14.5M in expenses allocated to specific service areas
- One significant exception is the New Community Grant Program:
 - General stream (\$57,295 approved February 20, 2019)
 - Justice & safety stream (\$50,000 approved in last year's budget)



Operating One Time & Service Level Changes FIN-2019-05

| | | ONE TIME | SERVICE LEVEL |
|--|---|------------------|------------------|
| Proposed Departmental Operating Revenue Increases: | | | |
| Parking | Increase in Parking Lot Revenue | | \$75,000 |
| Fire | Fire Marque Cost Recoveries | | \$15,000 |
| Sub-total Revenue Increase | | | \$90,000 |
| Proposed Departmental Operating Expenses Increases: | | | |
| Council | EDCNS request for increase to 0.75% if tax levy | | \$49,892 |
| CAO | Service Delivery Review, continued | \$170,000 | |
| IT | Contracted Services with Simcoe County IT | | \$13,000 |
| HR | Gap Analysis | \$40,000 | |
| HR | Recruitment Costs | \$37,750 | |
| Planning | Increase CIP/Preparation for Big Dig | \$75,000 | |
| Culture, Tourism, Events | Branded Town of Midland info tent | \$1,800 | |
| Fire | Dispatching Fee Increase | | \$6,786 |
| Ops - NSSRC | Boys & Girl's Club - increase Affordable Rec | | \$1,000 |
| Sub-total Expenses Increase | | \$324,550 | \$70,678 |
| Increases in Departmental Transfers to Reserves: | | | |
| Parking | Five year payback on new parking machines | | \$35,000 |
| Fire | Offsets new revenue | | \$15,000 |
| Ops - Roads | Traffic calming/active transportation/other | | \$40,000 |
| Ops - Transit | Begin to provide for bus replacement | | \$40,000 |
| Ops - Storm Water | Anticipate significant future capital costs | | \$130,000 |
| Sub-total Increased Reserve Transfers | | | \$260,000 |
| TOTAL PROPOSED CHANGES | | \$324,550 | \$240,678 |



Changes to Public Document – Current Status

| | | Base | | One Time | | Service Level | | TOTAL | |
|---|---|-----------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|
| Draft 1 Operating - as published March 22, 2019 | | -\$264,280 | | \$324,550 | | \$240,678 | | \$300,948 | |
| Draft 1 Capital funded from Tax Levy | | \$300,700 | | | | | | \$300,700 | |
| 2019 Proposed Use of New Provincial Funding | | | | -\$210,000 | | | | -\$210,000 | |
| DRAFT 1 TOTAL | | \$36,420 | 0.18% | \$114,550 | 0.56% | \$240,678 | 1.18% | \$391,648 | 1.92% |
| Proposed Changes: | | | | | | | | | |
| <i>Date</i> | <i>Description</i> | | | | | | | | |
| Mar/25 | notification of OMPF increase | (29,800) | -0.15% | | 0.00% | | 0.00% | (29,800) | -0.15% |
| Apr/03 | Court Security & Prisoner Transport Grant | (198,043) | -0.97% | | 0.00% | | 0.00% | (198,043) | -0.97% |
| Apr/03 | Transfer to Police Services Reserve | 198,043 | 0.97% | | 0.00% | | 0.00% | 198,043 | 0.97% |
| Apr/08 | Correct Funding for Noreene Street | 616,000 | 3.02% | | 0.00% | | 0.00% | 616,000 | 3.02% |
| Apr/08 | Return to WWTC Reserve | 281,000 | 1.38% | | 0.00% | | 0.00% | 281,000 | 1.38% |
| Apr/08 | Draw from Water Reserve | (446,000) | -2.18% | | 0.00% | | 0.00% | (446,000) | -2.18% |
| Apr/08 | Draw from Road Reserve | (160,375) | -0.79% | | 0.00% | | 0.00% | (160,375) | -0.79% |
| Apr/08 | Ontario Community Infrastructure (OCIF) | (290,625) | -1.42% | | 0.00% | | 0.00% | (290,625) | -1.42% |
| Apr/10 | Tree Planting to \$17,000 from \$8,000 | 9,000 | 0.04% | | 0.00% | | 0.00% | 9,000 | 0.04% |
| Apr/10 | Additional events | 25,000 | 0.12% | | 0.00% | | 0.00% | 25,000 | 0.12% |
| Apr/10 | Add Council training (\$750 x 7) | 5,250 | 0.03% | | 0.00% | | 0.00% | 5,250 | 0.03% |
| TOTAL | | \$45,870 | 0.22% | \$114,550 | 0.56% | \$240,678 | 1.18% | 401,098 | 1.96% |



Debenture Capacity

| | | | |
|---|---------------|-------------------|--------------|
| Net Own Source Revenues (per 2016 Provincial FIR) | | <u>30,084,285</u> | |
| Existing Net Debt Charges | | <u>1,521,904</u> | 5.1% |
| Estimated New Debt: | \$M | | |
| New Operations Centre | 5.785 | 319,288 | 1.1% |
| King Street Revitalization per ENG 2018-15 | 12.953 | 672,200 | 2.2% |
| Water related - Draft Budget 2019 | 13.700 | 548,400 | 1.8% |
| Wastewater related - Draft Budget 2019 | 12.800 | 576,100 | 1.9% |
| | <u>45.238</u> | <u>2,115,988</u> | |
| Existing Net Debt plus Estimated New Debt Charges | | <u>3,637,892</u> | 12.1% |
| <i>Maximum Net Debt set by Province at 25% of Own Source Revenues</i> | | <i>7,521,071</i> | <i>25.0%</i> |



Tax Supported Capital

| Project Description | Current Year Cost | Source of Funding | | | | |
|--|---------------------|------------------------------|------------------|---------------------|--------------|-------------------|
| | | Donations, Grants & Proceeds | Fed/Prov Gas Tax | Reserve & Res Funds | Debt | Tax Levy |
| Land & Land Improvements | \$ 198,000 | \$ - | \$ - | \$ 198,000 | \$ - | \$ - |
| Buildings & Leasehold Improvements | \$ 572,090 | \$ - | \$ - | \$ 547,090 | \$ - | \$ 25,000 |
| Vehicles, Apparatus & Off-Road Rolling Stock | \$ 763,790 | \$ 62,000 | \$ 60,000 | \$ 641,790 | \$ - | \$ - |
| Information Technology Hardware & Software | \$ 172,322 | \$ - | \$ - | \$ 172,322 | \$ - | \$ - |
| Other Equipment | \$ 477,000 | \$ - | \$ - | \$ 469,000 | \$ - | \$ 8,000 |
| Roads & Other | \$ 777,000 | \$ 482,508 | \$ - | \$ 294,492 | \$ - | \$ - |
| Community Revitalization | \$ 1,030,000 | \$ - | \$ - | \$ 1,030,000 | \$ - | \$ - |
| Studies | \$ 118,500 | \$ - | \$ - | \$ 60,300 | \$ - | \$ 58,200 |
| Joint Boards (Huron Airport Fuel system) | \$ 209,500 | \$ - | \$ - | \$ - | \$ - | \$ 209,500 |
| Total Tax Supported | \$ 4,318,202 | \$ 544,508 | \$ 60,000 | \$ 3,412,994 | \$ - | \$ 300,700 |
| <i>% of Total Funding</i> | <i>100%</i> | <i>12.61%</i> | <i>1.39%</i> | <i>79.04%</i> | <i>0.00%</i> | <i>6.96%</i> |



Consideration of 1% Capital Levy

- Based on Council a report received from the CAO on April 10
- This levy would add \$204,140 provide funding to the proposed sustainable capital infrastructure renewal strategy
- Consideration of this proposal will occur on May 15, 2019
- Approval would result in a budget dollar increase of 2.96%



Multi-Residential Property Tax Increase with 1% Levy

- County Council adopted a multi-residential class ratio reduction for 2019 of 10.61%

| | 2018 Taxes | 2019 Taxes | TAX INCREASE | % INCREASE |
|--|-----------------|-----------------|-----------------|---------------|
| Town Purposes | \$ 1,200 | \$ 1,113 | \$ (87) | -7.28% |
| County Purposes | \$ 362 | \$ 317 | \$ (45) | -12.49% |
| Education (set by Province) | \$ 170 | \$ 161 | \$ (9) | -5.29% |
| TOTAL for \$100,000 of assessment | \$ 1,732 | \$ 1,590 | \$ (142) | -8.17% |



Industrial Property Tax Increase with 1% Levy

- County Council adopted an industrial class ratio reduction for 2019 of 6.62%

| | 2018 Taxes | 2019 Taxes | TAX INCREASE | % INCREASE |
|--|-----------------|-----------------|-----------------|---------------|
| Town Purposes | \$ 1,364 | \$ 1,321 | \$ (43) | -3.14% |
| County Purposes | \$ 411 | \$ 376 | \$ (35) | -8.59% |
| Education (set by Province) | \$ 1,340 | \$ 1,290 | \$ (50) | -3.73% |
| TOTAL for \$100,000 of assessment | \$ 3,115 | \$ 2,987 | \$ (128) | -4.11% |



Commercial Property Tax Increase with 1% Levy

- County Council made no changes to the ratio for the Commercial class

| | 2018 Taxes | 2019 Taxes | TAX INCREASE | % INCREASE |
|--|-----------------|-----------------|-----------------|---------------|
| Town Purposes | \$ 1,184 | \$ 1,228 | \$ 44 | 3.72% |
| County Purposes | \$ 357 | \$ 349 | \$ (8) | -2.11% |
| Education (set by Province) | \$ 1,090 | \$ 1,030 | \$ (60) | -5.50% |
| TOTAL for \$100,000 of assessment | \$ 2,631 | \$ 2,607 | \$ (23) | -0.89% |



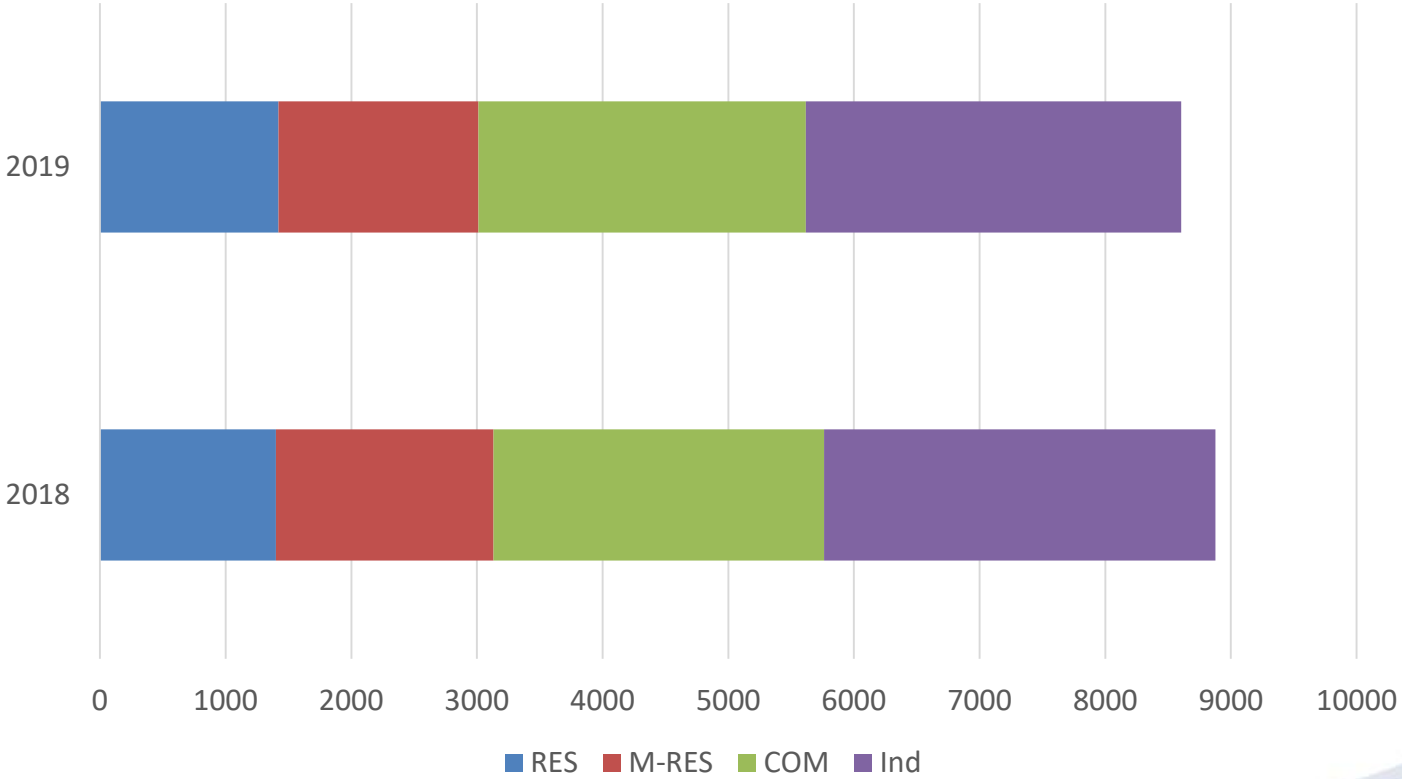
Residential Property Tax Increase with 1% Levy

- County Council tax policy changes in the Multi-Residential and Industrial classes added an increase to the Residential class of 0.20%

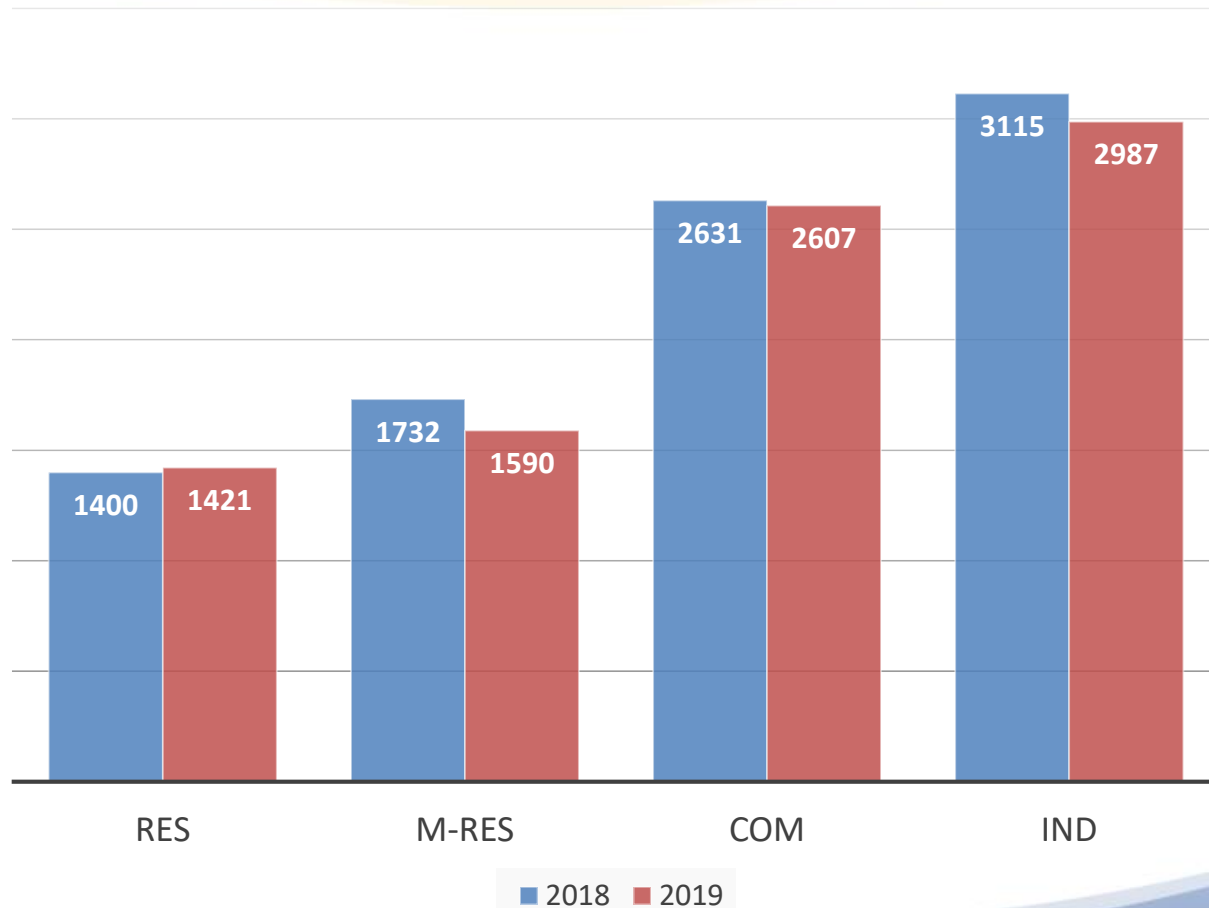
| | 2018 Taxes | 2019 Taxes | TAX INCREASE | % INCREASE |
|--|-----------------|-----------------|--------------|--------------|
| Town Purposes | \$ 945 | \$ 981 | \$ 35 | 3.72% |
| County Purposes | \$ 285 | \$ 279 | \$ (6) | -2.11% |
| Education (set by Province) | \$ 170 | \$ 161 | \$ (9) | -5.29% |
| TOTAL for \$100,000 of assessment | \$ 1,400 | \$ 1,421 | \$ 20 | 1.44% |



Overall Levy Decreases Per \$100,000 of Assessment



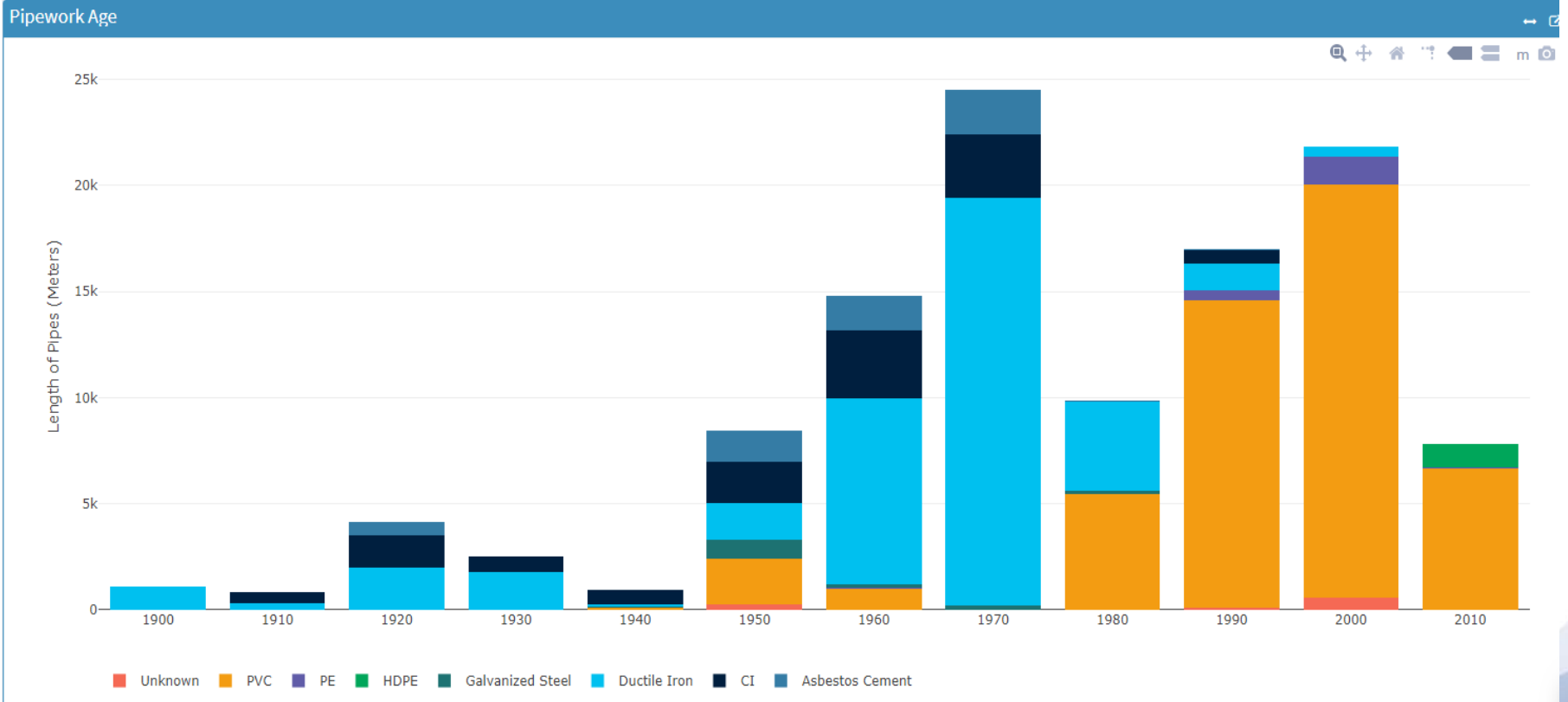
Shift in Property Taxes per Assessment Class



Rate Supported Highlights

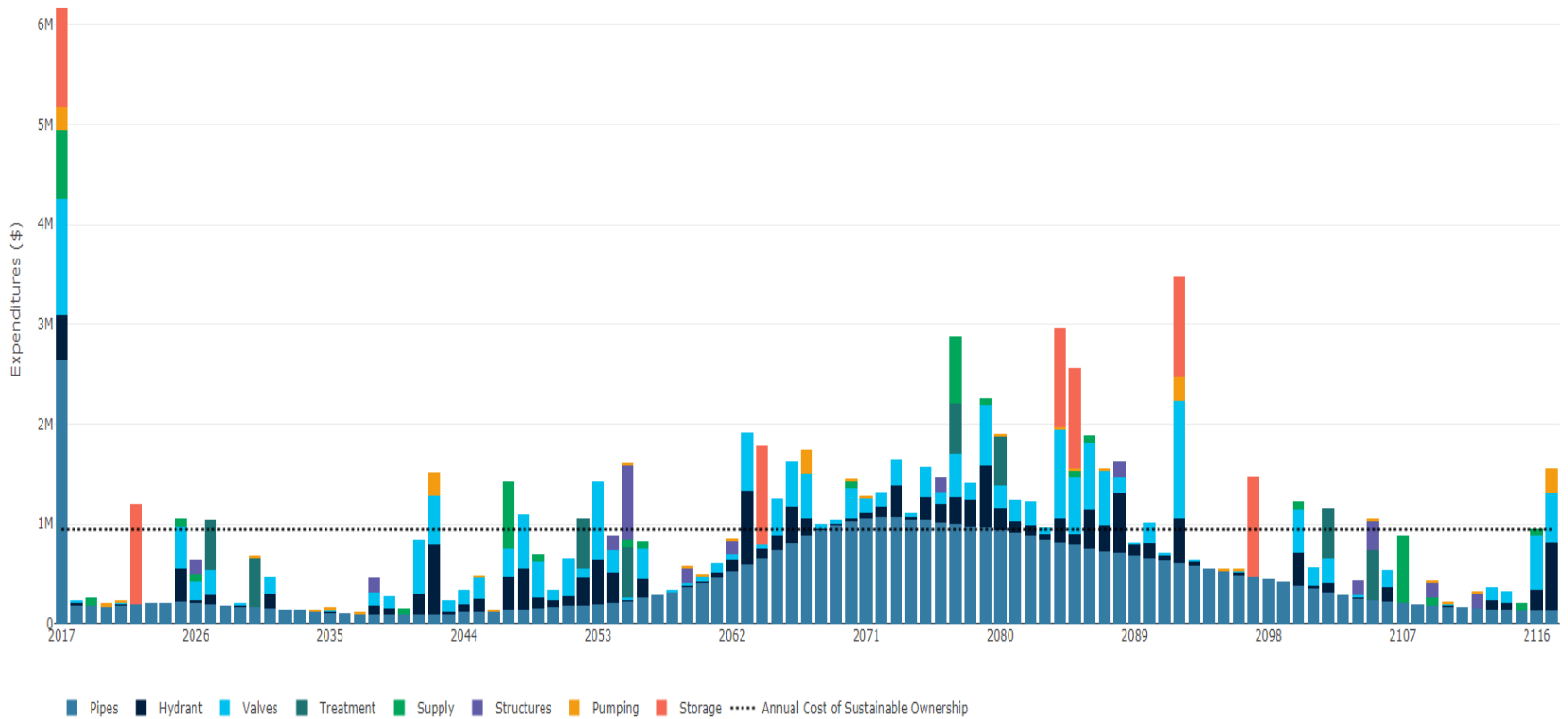


Water Asset Age

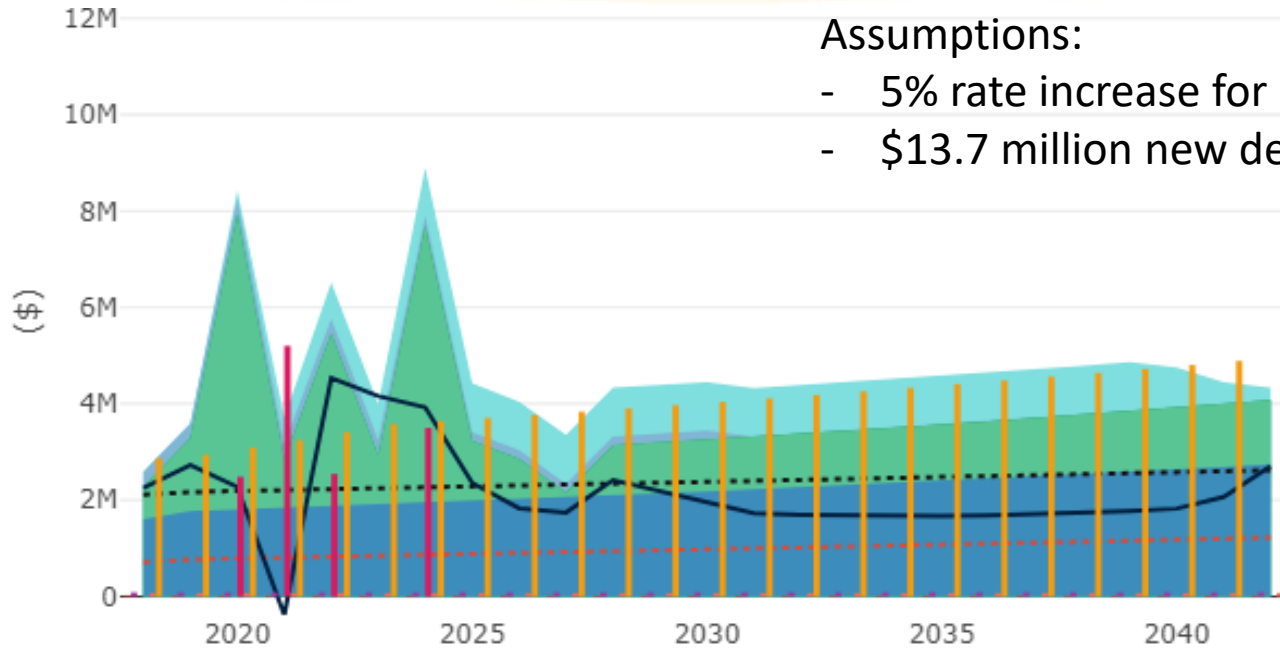


Water Asset Replacement

Asset Replacement Schedule

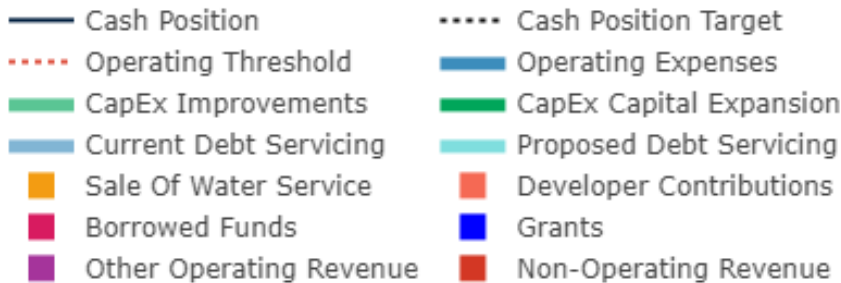


Water Reserve Fund Analysis

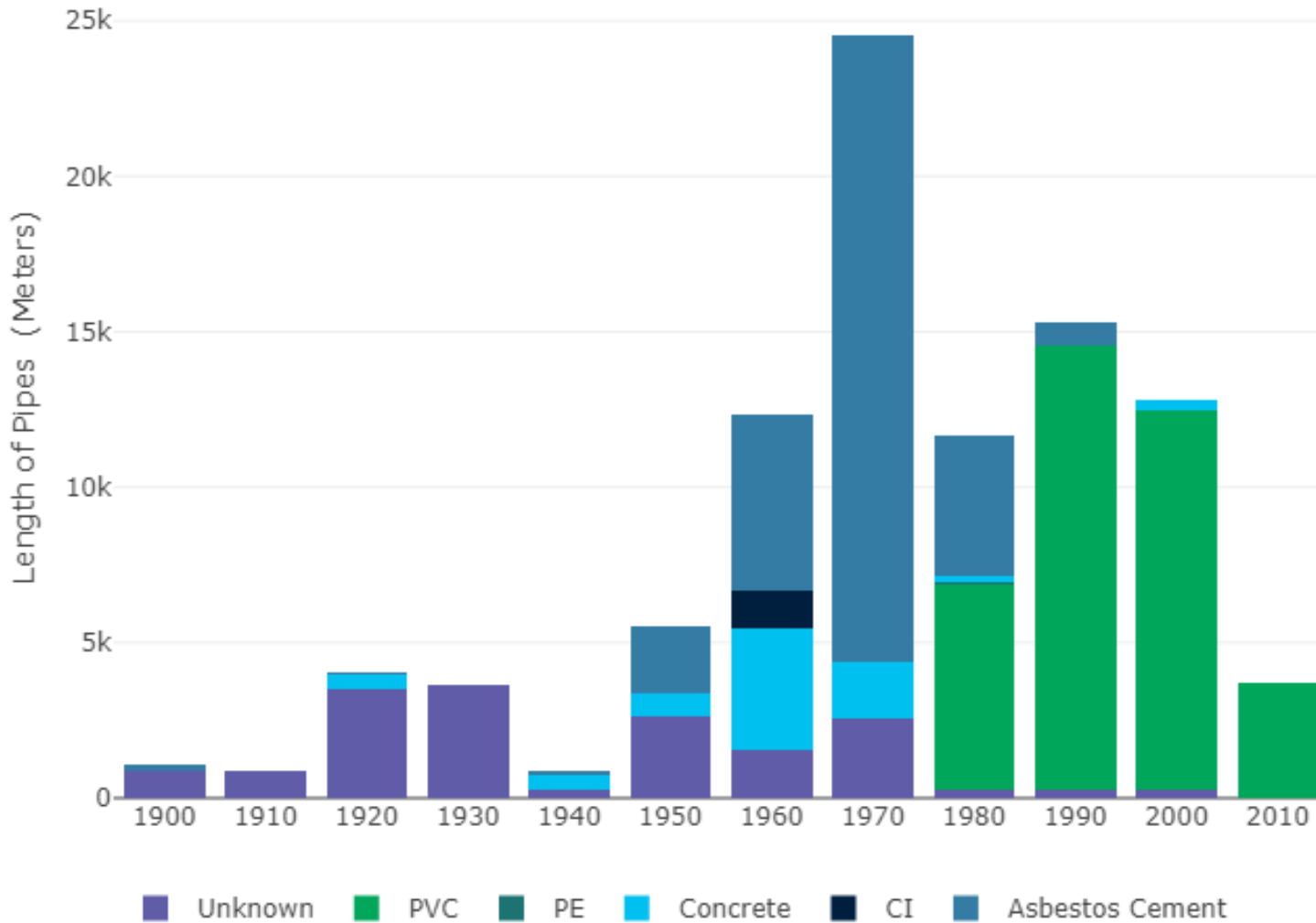


Assumptions:

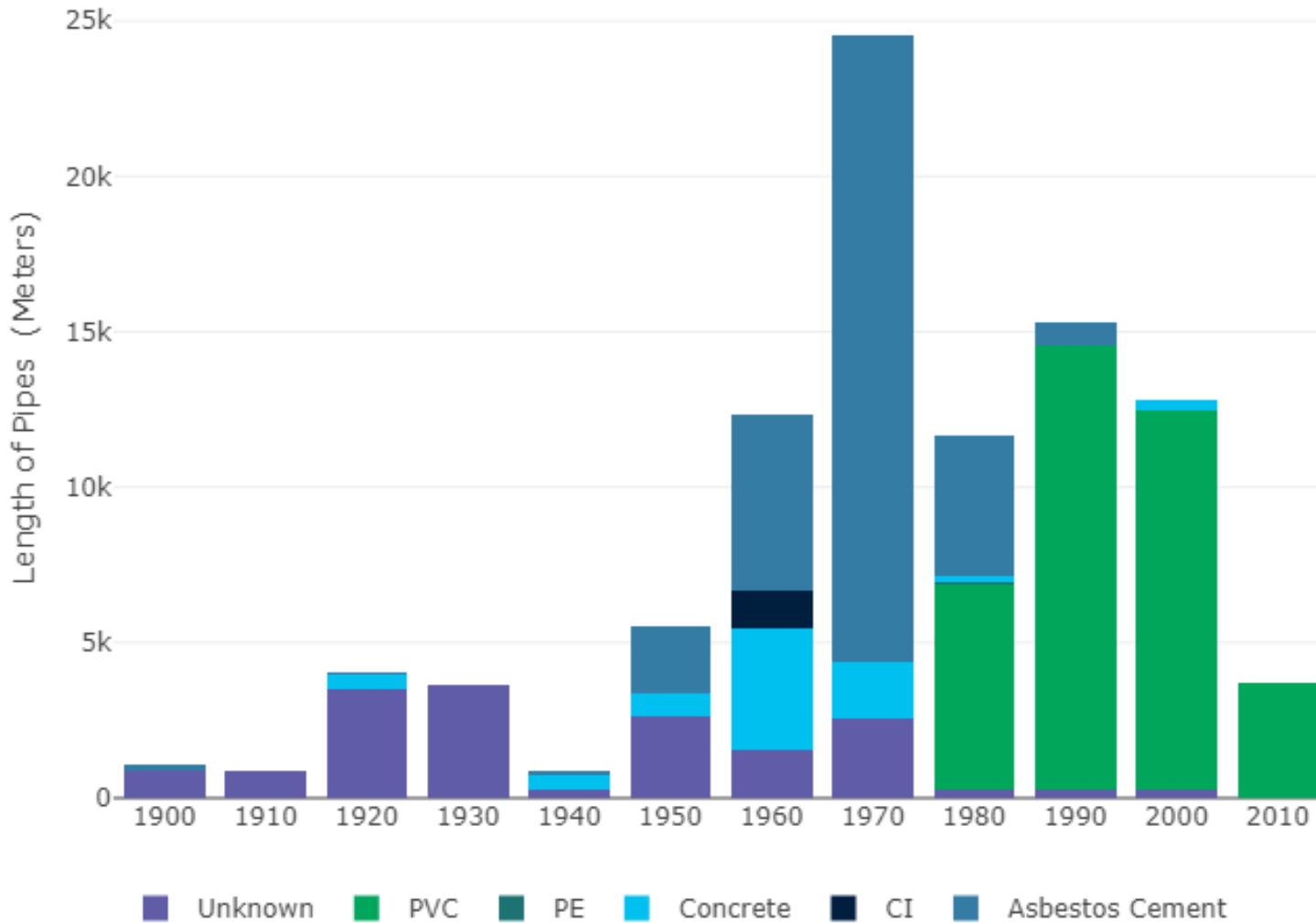
- 5% rate increase for 5 years
- \$13.7 million new debt



Wastewater Asset Age

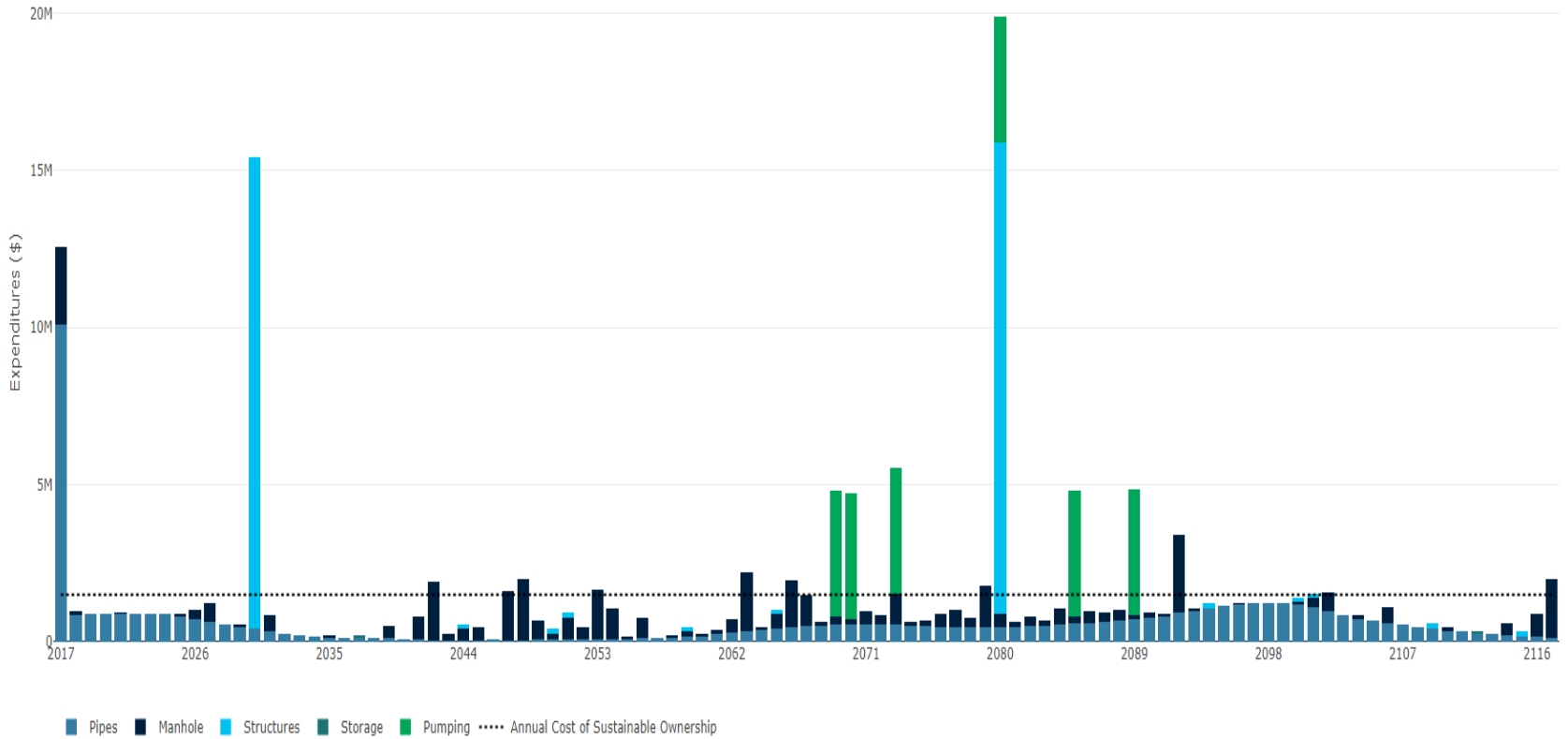


Wastewater Asset Age

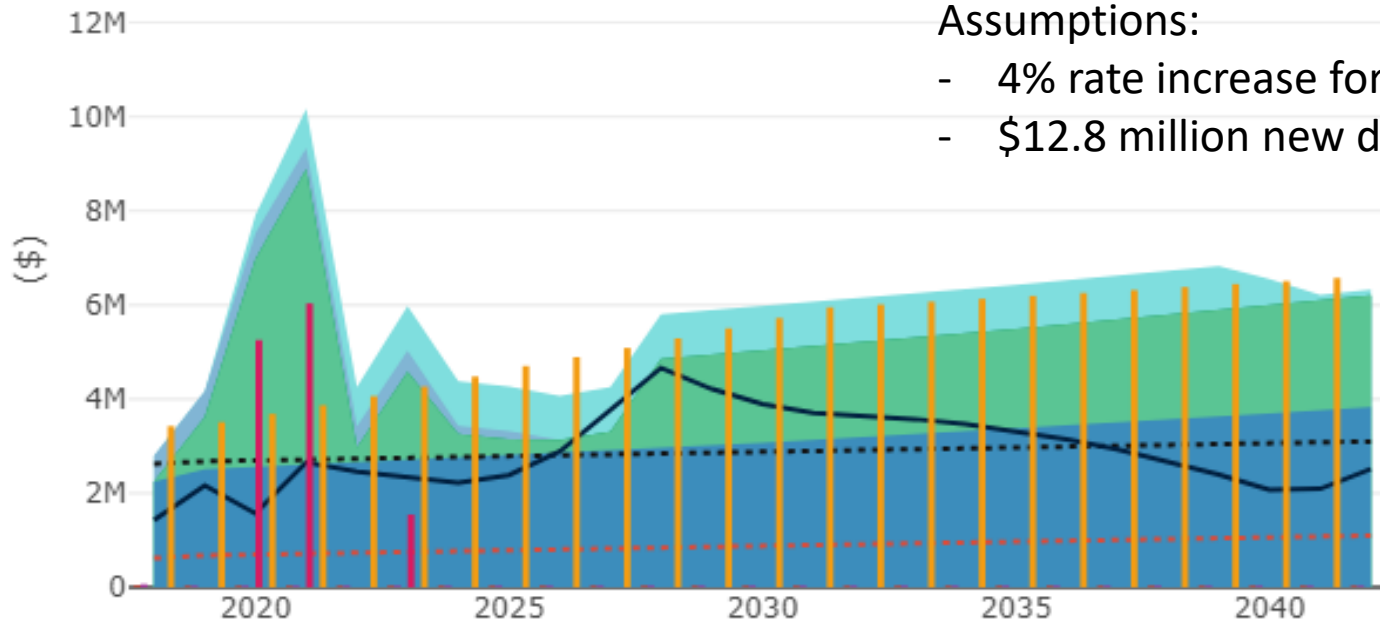


Wastewater Asset Replacement

Asset Replacement Schedule



Wastewater Reserve Fund Analysis



Assumptions:

- 4% rate increase for 13 years
- \$12.8 million new debt

- | | |
|-------------------------------|----------------------------|
| — Cash Position | Cash Position Target |
| - - - - - Operating Threshold | ■ Operating Expenses |
| ■ CapEx Improvements | ■ CapEx Capital Expansion |
| ■ Current Debt Servicing | ■ Proposed Debt Servicing |
| ■ Sale Of Wastewater Service | ■ Developer Contributions |
| ■ Borrowed Funds | ■ Grants |
| ■ Other Operating Revenue | ■ Non-Operating Revenue |



Recommendation

- Increase the 2019 water rates by 5%
- Increase the 2019 wastewater rates by 4%

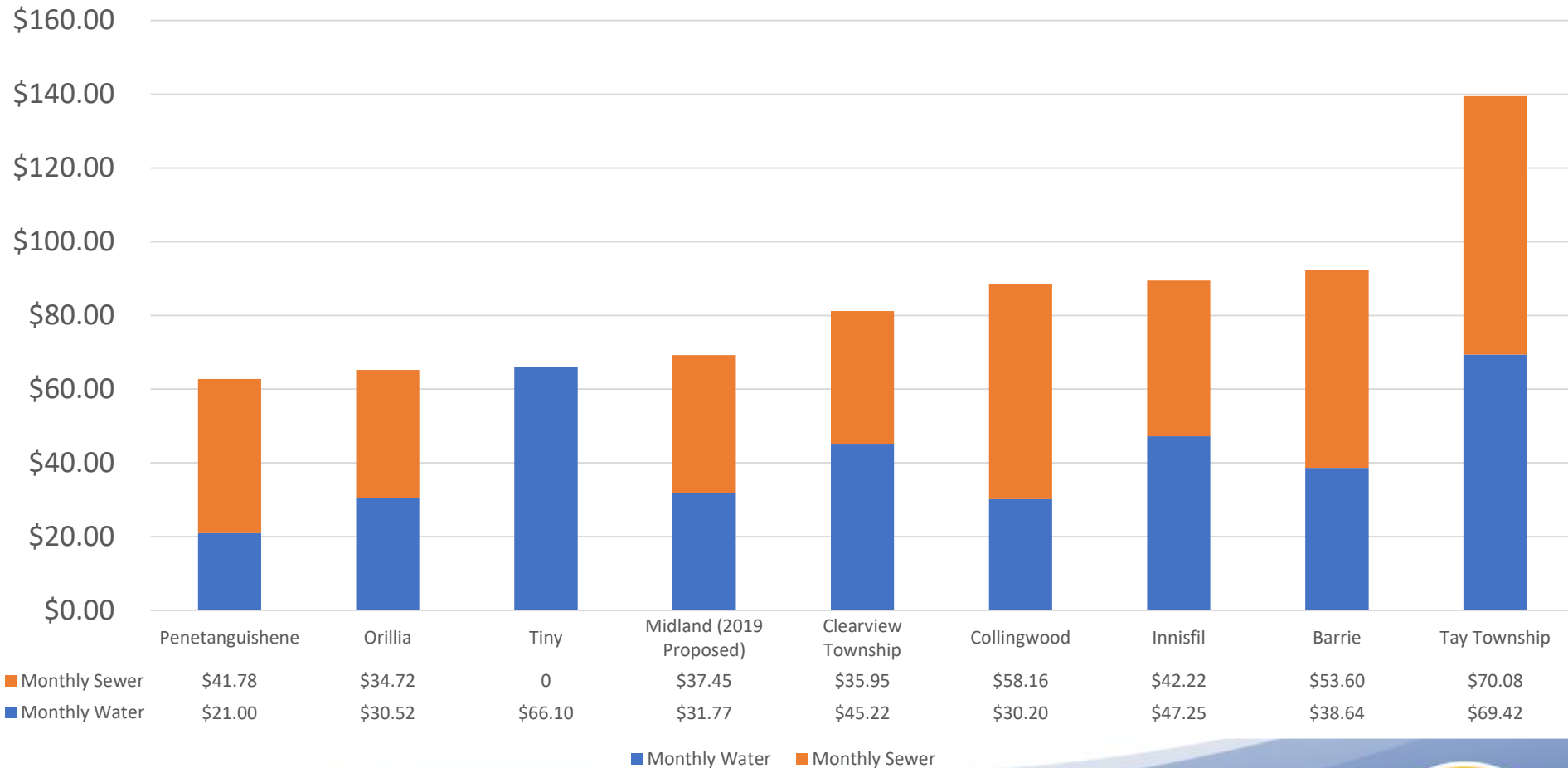
| | Water | | | Wastewater | | |
|----------------------------|----------|----------|----------|------------|----------|----------|
| | 2018 | 2019 | Increase | 2018 | 2019 | Increase |
| Monthly Fixed Fee | \$10.52 | \$ 11.05 | 5% | \$12.45 | \$ 12.95 | 4% |
| Variable Charge / m3 | \$1.41 | \$ 1.48 | 5% | \$1.68 | \$ 1.75 | 4% |
| Typical User 170m3/year | \$365.94 | \$384.24 | 5% | \$435.00 | \$452.40 | 4% |

Weekly impact

Water = \$.35/week Wastewater= \$.33/week



Municipal Comparison of 2019 Water & Wastewater Rates



End of Evening Recap

- Comments received tonight and consideration of a capital levy will occur at the Regular Council Meeting of May 15, 2019
- At the June 5, 2019 Regular Meeting of Council the Property Tax Rate by-law and the Water/Wastewater Rate by-law will be adopted

