



Durham Budget 2020

The Regional Municipality of Durham

2020 Business Plans and Budgets
Property Tax Requirements

Finance and Administration Committee – February 11, 2020

Agenda



Overview

- 2019 Accomplishments
- 2020 Budget Guideline and Budget Priorities
- Public Engagement

Financial Overview

- Property Tax Considerations
- 2020 Proposed Gross Budget
- Regional Assets
- 2020 Major Capital Budget and Forecast
- 2020 Base Pressures
- Line-by-Line Review
- Use of Reserves and Reserve Funds

Budget Overview

- Provincial Funding Impacts
- Budget Overview

Summary

- Future Budget Pressures
- Risks and Uncertainties
- 2020 Regional Property Tax Impacts
- Conclusion

2019 Accomplishments



Your Voice Durham



Corporate Modernization and Continuous Improvement Initiatives



Primary Care Outreach Program



**IMPROVED TRANSPORTATION:
MOVING TOGETHER!**

2020 Guideline and Budget Priorities



Overall Property Tax Impact

2.20%

\$59 budgetary increase for average residential property owner
(2020 CVA \$483,100)



Police
3.2%



Transit
4.4%



Conservation Authorities
2.5% operating
1.5% special benefiting

- Focus on Front Line Service Delivery
- Key Budget Priorities:
 - Respond to growth and affordability pressures and support the vulnerable sector
 - Innovate and modernize operations and administration
 - Accommodate ongoing legislative and regulatory changes
 - Invest in infrastructure renewal

Public Engagement

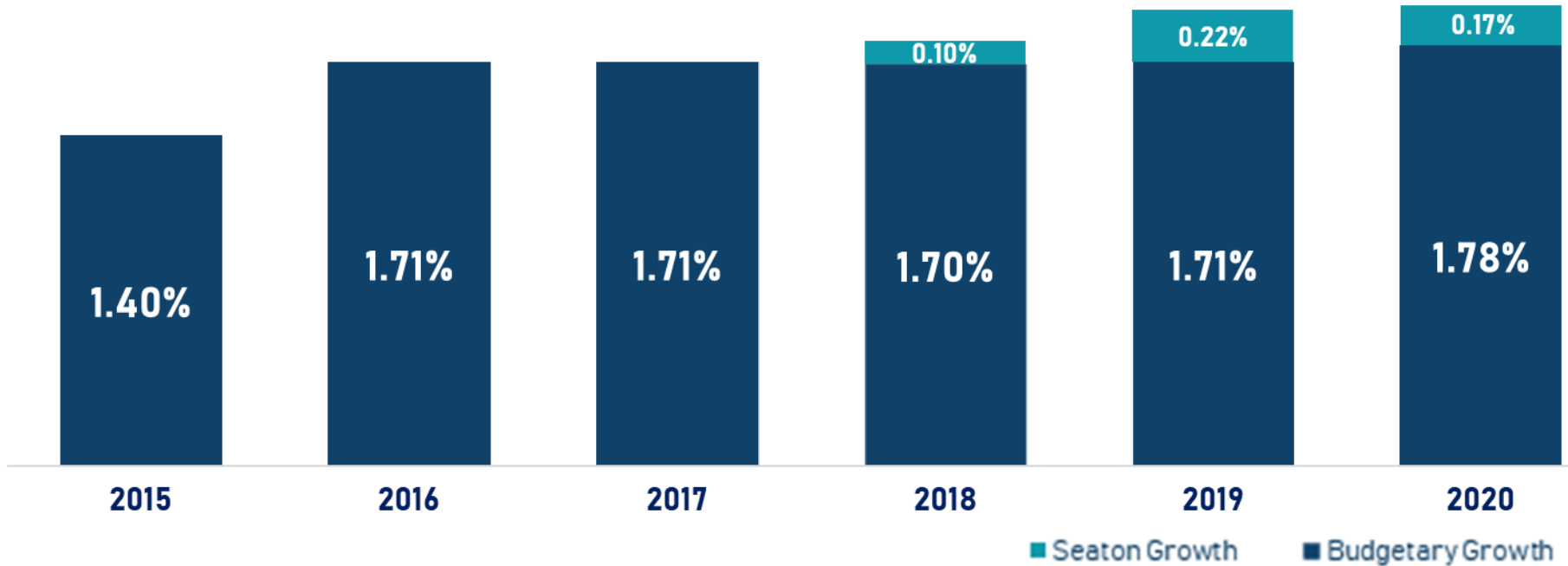


Enhanced Public Engagement for 2020 Budget:

- Two Budget Open Houses
- Two Drop-in Sessions
- Enhancements to Region website
- Opportunity for the public to submit comments/questions
- Increased promotion
- Created brand identity

Staff will continue to expand and enhance public engagement and education in advance of the 2021 budget

Assessment Growth



2020 Seaton Growth

- Ensure continued financial sustainability by matching required Regional operations expenditures with assessment growth
- Estimated 2020 assessment growth related to Seaton is 0.17%

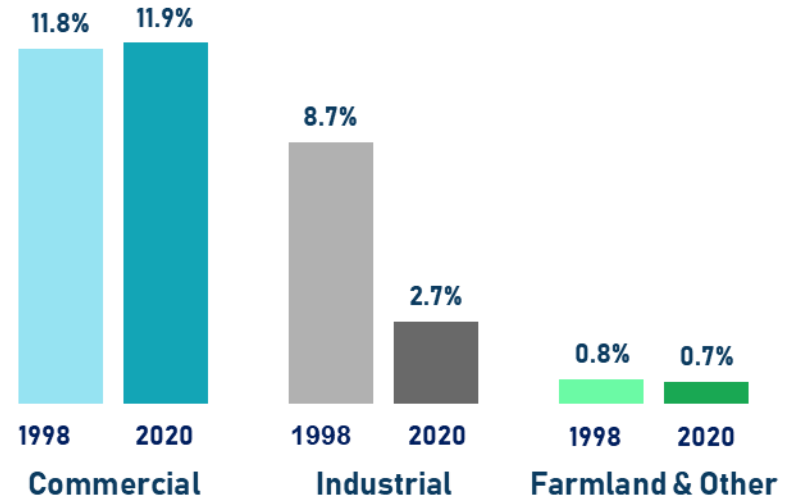
Assessment Base Composition



Declining Non-Residential Share of Regional Taxation



Non-Residential Share of Regional Taxation



Ongoing Risks for Non-Residential Assessment

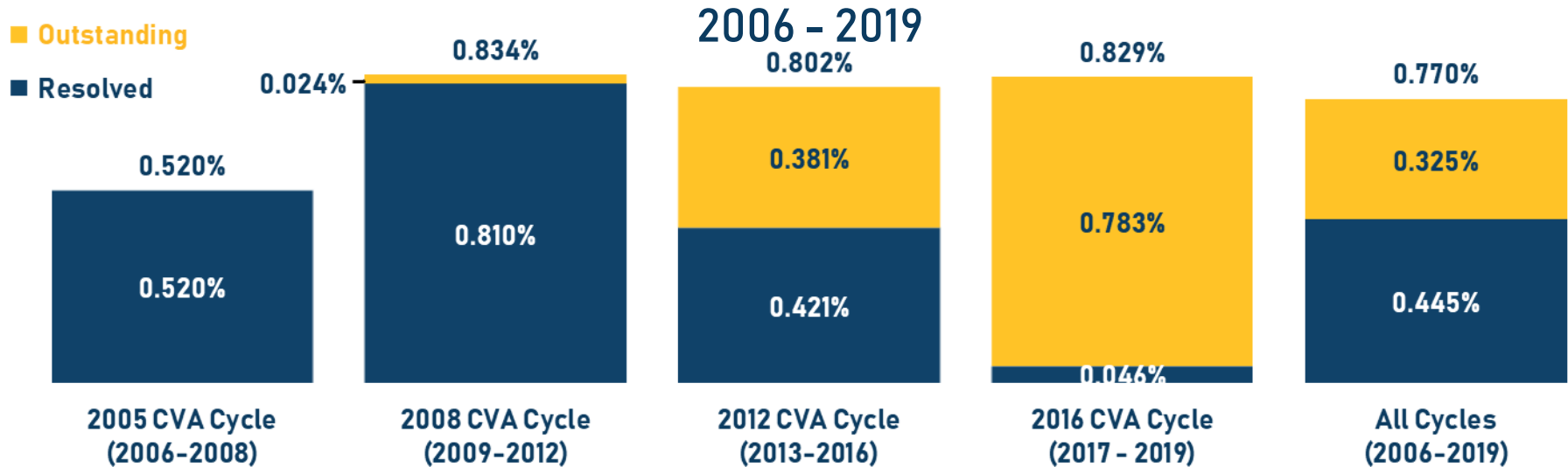
- Outstanding and future assessment appeals
- Assessment/taxation policy changes by Province
- Impacts of the New Economy
 - Decline of manufacturing sector
 - Retail shift away from bricks and mortar
 - Future report to F&A

Assessment at Risk



Assessment Review Board (ARB)

Estimated Regional Property Tax Loss as a Share of Total Regional Taxes



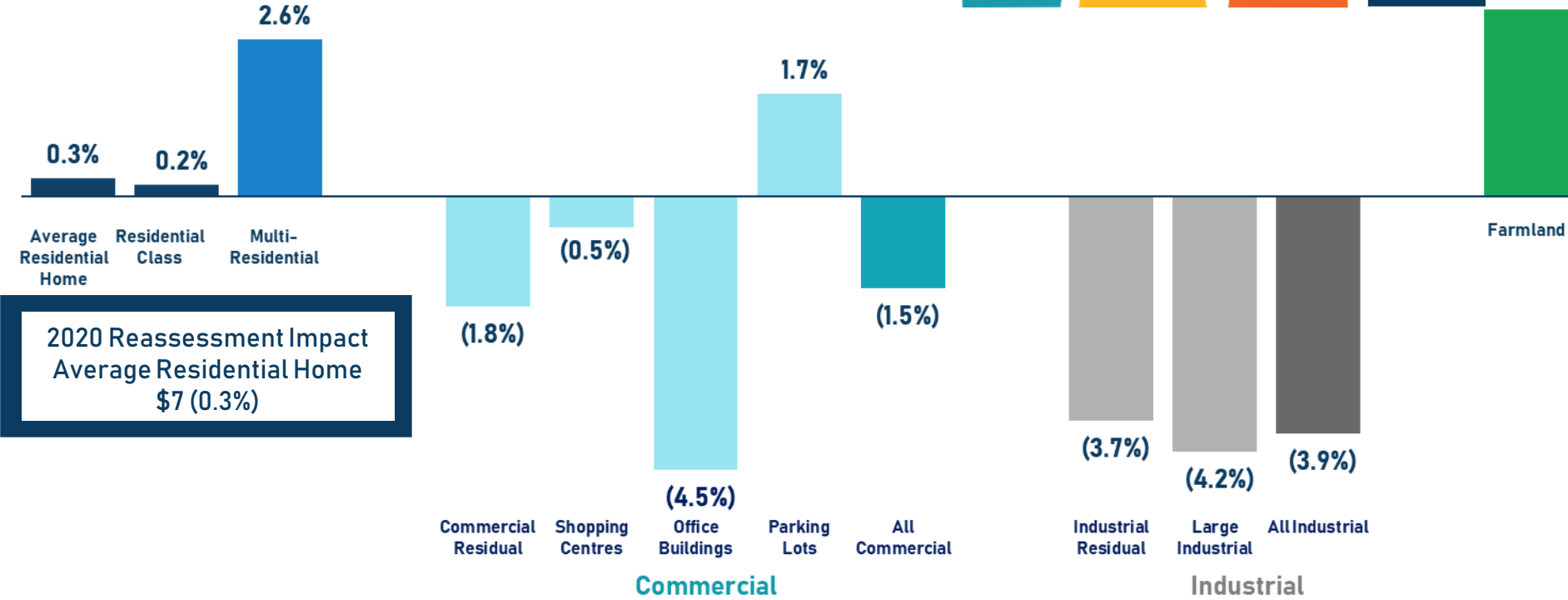
Risk of Non-Residential Appeals at the ARB

- Regional losses for ARB settled disputes over the four CVA cycles is \$34.2 million
- Estimated Regional losses on outstanding ARB disputes is an additional \$24.9 million under the medium risk scenario (high risk \$29.3 million; low risk \$19.9 million)

2020 Regional Reassessment Impacts



Regional Property Tax Increase by Class



2020 Reassessment Impact
Average Residential Home
\$7 (0.3%)

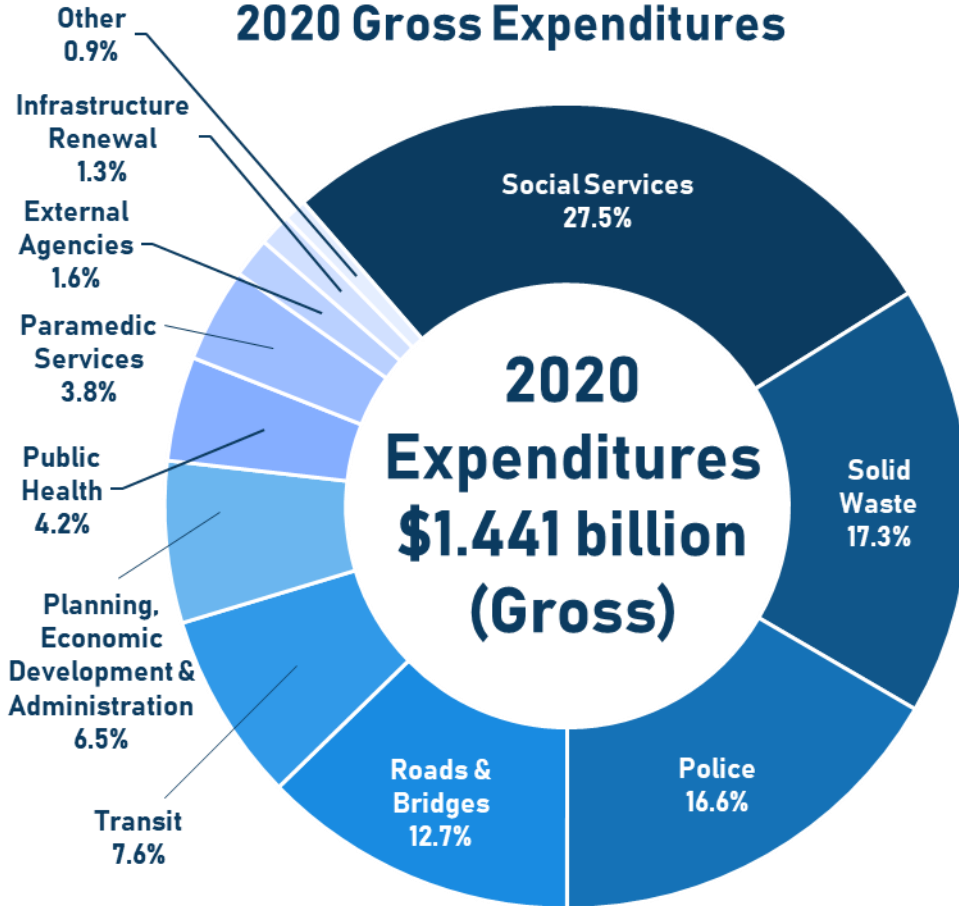
- 2016 reassessment (2017-2020) showed higher degree of variability amongst properties especially within the residential class
- 2019 Reassessment being conducted by MPAC
 - January 1, 2019 valuation date
 - Phase-in over 2021 - 2024 tax years
 - Durham residential notices expected in May



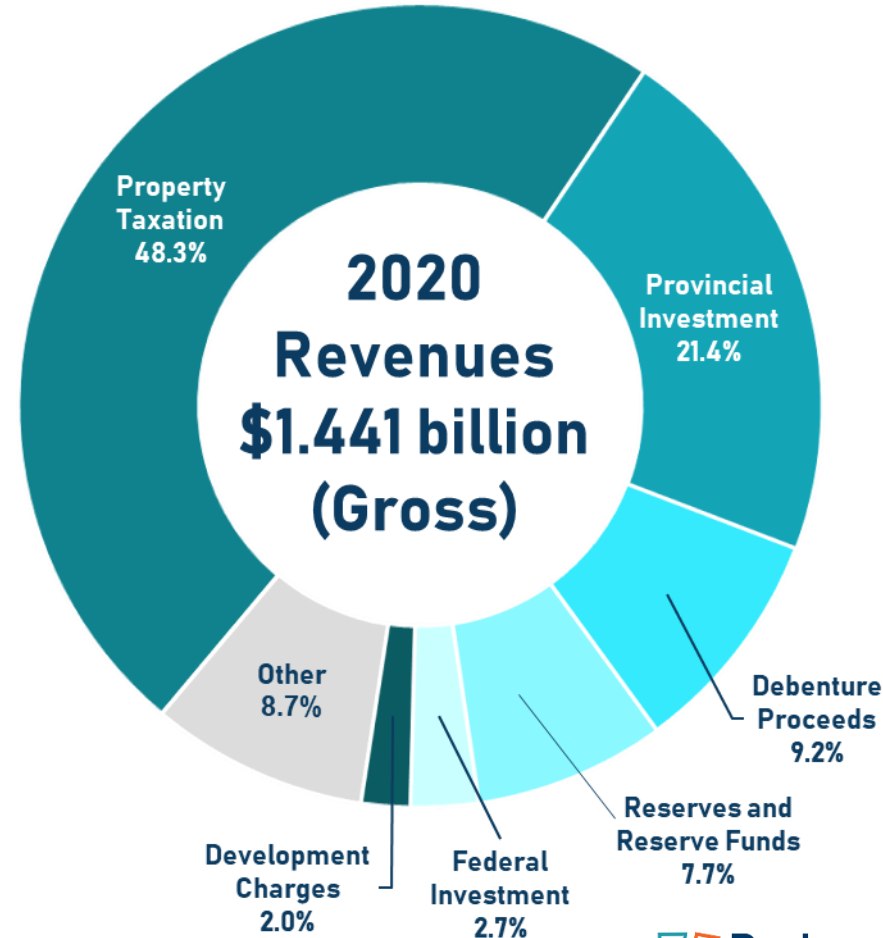
Regional Property Tax Supported Budget



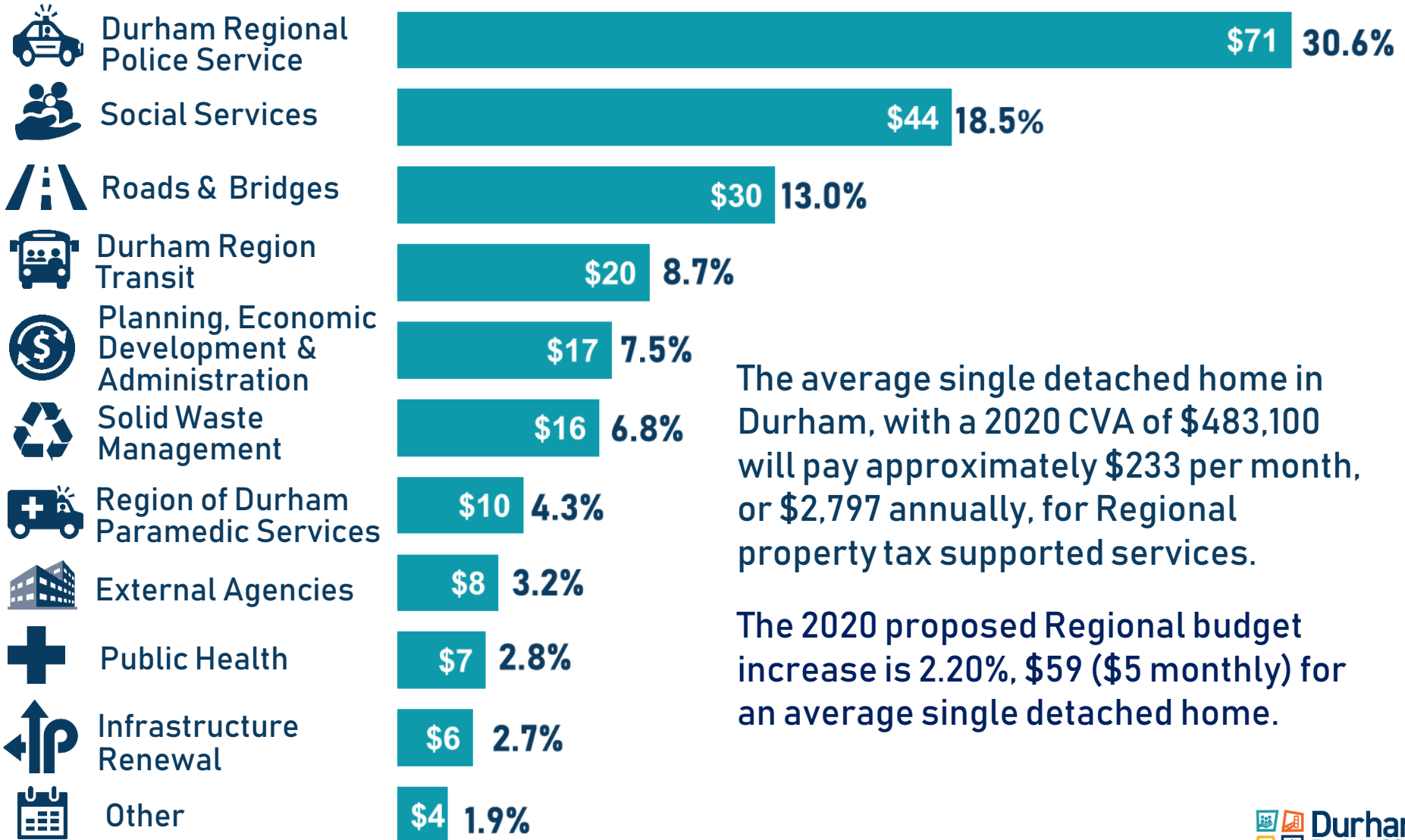
2020 Gross Expenditures



2020 Gross Funding



2020 Regional Property Taxes – Average Home



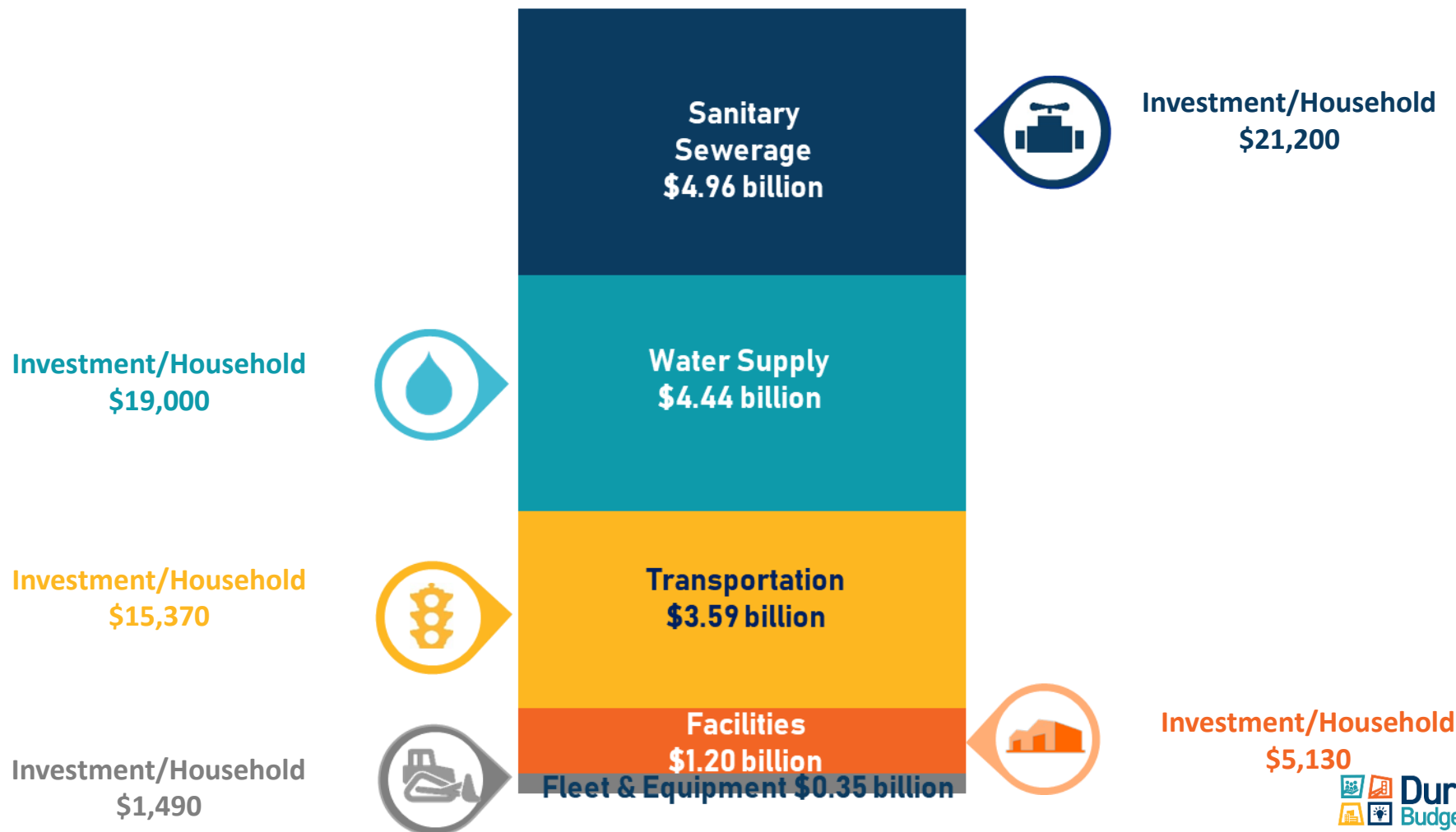
The average single detached home in Durham, with a 2020 CVA of \$483,100 will pay approximately \$233 per month, or \$2,797 annually, for Regional property tax supported services.

The 2020 proposed Regional budget increase is 2.20%, \$59 (\$5 monthly) for an average single detached home.

Regional Assets



2018 Year End Asset Replacement Value (\$14.54 billion)



Major Capital Budget and Forecast (\$ millions)



		2020	Forecast					
		Recommended	2021	2022	2023	2024	2025-2029	Forecast Total
		(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Requirements	Major Capital							
	Durham Regional Police Service	8.7	81.5	1.5	1.5	4.8	141.0	230.3
	Durham Region Transit	14.9	15.9	29.8	104.1	23.5	174.1	347.4
	Works - General Tax	88.3	107.8	149.4	140.7	127.9	738.9	1,264.7
	Works - Solid Waste Management	163.6	16.4	6.2	1.9	1.3	217.5	243.3
	Public Health	4.0	-	-	-	-	-	-
	Health - Paramedic Services	1.8	3.3	-	-	5.7	-	9.0
	Social Services - Part 1	-	1.3	-	8.3	-	20.0	29.6
	Social Services - LTC & Services for Seniors	-	-	-	-	-	82.5	82.5
	Planning & Economic Development	-	-	-	-	-	-	-
	Corporate Services	1.1	-	-	-	-	-	-
	Administration	-	-	-	-	-	-	-
Headquarters	7.0	2.7	2.7	2.6	-	10.0	18.0	
	Major Capital Total	289.4	228.9	189.6	259.1	163.2	1,384.0	2,224.8
Financing	Property Taxes	9.6						
	Development Charges	28.4						
	Road Reserves	46.2						
	Solid Waste Reserve Fund	32.7						
	Debentures	132.0						
	Provincial Investment	2.0						
	Federal Gas Tax Revenues	20.2						
	Federal Investment	-						
Other	18.3							
	Total Financing	289.4						

NOTES:

- Does not include ICIP projects which are subject to Senior Government and Regional Council approval.
- Final approval of the 2020 Long Term Organic Management Plan project and financing are subject to further reports to Council.
- Other Financing includes \$16.3 million from the Capital Project Reserve and \$2.0 million from the Capital Impact Stabilization Reserve Fund.

2020 Base Pressures



The 2020 Budget includes base and non-discretionary items that are required to deliver the Region's existing programs and services including:



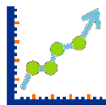
Annualization of 2019 budget decisions



Removal of one-time items



Contractual and inflationary adjustments



Economic increases



Line-By-Line Review



Department/Division	Line-by-Line Review Savings (000's)
Works – Roads and Bridges and Waste	\$986
Durham Region Transit	312
Planning and Economic Development	452
Public Health	671
Paramedic Services	190
Social Services	420
Finance Services	217
Corporate Services	22
CAO's Office and DEMO	60
Non-Departmental	743
Total	\$4,073

\$4.1 million in savings identified – a reduction of 0.6% of the tax levy

Use of Reserves and Reserve Funds



Source	Amount
Capital Project Reserve	\$18,279,756
Equipment Reserve	40,000
Equipment Replacement Reserve	7,467,100
Regional Roads Reserve	9,813,940
Sick Leave Reserve	420,000
Bridge Rehabilitation Reserve Fund	8,025,000
Capital Impact Stabilization Reserve Fund	2,000,000
Durham Region Forest Reserve Fund	9,784
Insurance Reserve Fund	405,677
Innovation and Modernization Initiatives Reserve Funds	400,000
Operating Impact Stabilization Reserve Fund	300,000
Roads Rehabilitation Reserve Fund	27,250,000
Vision Zero Initiative Reserve Fund	1,150,000
Waste Management Reserve Fund	34,692,300
Development Charges	28,788,092
Federal Gas Tax	34,669,777
Provincial Gas Tax	3,312,787
Total	\$177,024,213

Effective Utilization of Reserves and Reserve Funds

2020 Preliminary Provincial Funding Impacts



- Uncertainty
- Funding reductions, changes in funding models, and potential downloading



Children's Services – \$2,446,000



Social Assistance – \$609,000



Paramedic Services – \$370,000



Public Health – \$46,000



Planning – Smart Commute Program – \$90,000



Social Housing – unknown

\$3.6 million in provincial funding reductions – 0.53% increase in the tax levy



Comprehensive Master Housing Strategy and DRLHC Portfolio Review



Increased Funding for Homelessness Prevention



Increase LTC Home Front Line Resources – Implementation of Behavioural Support Transitional Unit



Implement Low Income Seniors Dental Program



12 New Paramedics and a New 24-Hour Ambulance



Continuation of Incident Response Unit in Evening



Pilot/Implement Transit Fare Incentives

Respond to Growth and Affordability Pressures and Support the Vulnerable Sector



Optimize Transit Services and Invest in Bus Rapid Transit Expansion



Invest in New Equipment and Facilities to Respond to Growth Pressures



Ongoing Funding to Victim Support Services



Development of DRT Strategic Plan and Simcoe Street Rapid Transit Study



Ongoing Work on Comprehensive Review of Durham Official Plan



*Implement Vision
Zero Improvements*



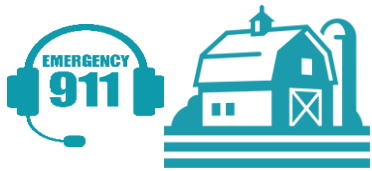
*Implementation of
Corporate Customer
Service Strategy and
Citizen Experience
Transformation
Project*



*Increased Funding for
Ongoing Implementation of
Climate Change
Adaptation and Mitigation
Plans*



*Develop Regional Community
Improvement Plan*



*Implement Farm 9-1-1
Program*



*Advance Transit
Oriented Development
Opportunities*

Innovate and Modernize Operations and Administration



*Continue to Invest in
Broadband Initiatives*



*Identify and Implement
Smart Cities Solutions*



*Implement Digital
Durham Strategy*



*Continued to Implement Region's
Diversity and Inclusion Strategy*



*Waste Management Education, Blue Box
Replacement and Litter Control Program*



Respond to Reductions in Provincial Funding while Maintaining Service Levels



Implement Cannabis Legislation and Smoke and Vaping By-law



Changes to the Development Charges Act (Bill 108)



Anticipated Transfer of Responsibility for Prosecution of Part III Offences



Presto Device Refresh

Accommodate Ongoing Legislative and Regulatory Changes



Establish Corporate Privacy and Access Office and Implement Information Management Strategy



Develop a Community Safety and Well-Being Plan



Continue with Specialized Transit Eligibility Review



Implement Construction Contract Administration Solution



*Road and Structure Rehabilitation
and Automated Traffic
Management System Upgrades*



*Replace Telephony and Supporting
Technology Infrastructure for
Emergency 9-1-1*



*DRLHC Capital Works
and Renovations*



*Landfill Mining to Rehabilitate
Closed Landfill Sites*



*Optimize and Modernize
RHQ and 101 Consumers*



*Major Engine Repairs
on DRT Buses*

Invest in Infrastructure Renewal



*Funding for
Clarington
Paramedic Station*



*Grant Funding for Clarington
Hospice, Oak Ridges Hospice, and
Expansion of Durham College Whitby
and Trent University Durham*



*Facility Maintenance and
Vehicle Replacement*



*Depot Rationalization
Study and Facility Master
Accommodation Plan*

Future Budget Pressures



Impacts on 2020 Budget

- Annualization of:
 - New positions (\$3.6 million)
 - Transit Service Plan (\$0.1 million)
 - Removal of stabilization funding for marketed recycling commodities (\$1.0 million)

Forecasted Pressures

- Road and bridge rehabilitation and expansion needs over forecast period (\$1.2 billion)
- Advancing the servicing of employment lands
- Potential new regionally operated long-term care home subject to Ministry and Council approval
- Operating cost pressures for long-term care homes to address the escalating levels of care required for residents
- Investments to achieve Council's affordable housing targets
- Aging social housing portfolio requiring significant capital investments
- Continuing need to address wait lists in social services program areas



Risks and Uncertainties

- Provincial/Federal Investments
- Legislative/Regulations
- Revenue Risk
- Expenditure Risk



Mitigation Strategies

- Long-Term Financial Planning
- Risk and Asset Management
- Financial Flexibility and Sustainability

2020 Regional Property Tax Impacts



Residential Regional Budgetary Increase for an Average Residential Property Owner

2.20% \$59

Average Region-Wide Residential Home
2020 CVA = \$483,100

Estimated Regional Reassessment Increase of 0.3% or \$7

Average Region-Wide Residential Home



Commercial Regional Budgetary Increase

2.20% \$89

Based on Occupied 2020 CVA = \$500,000

Estimated Regional Reassessment Decrease of (1.6%) or (\$68)

Commercial Example



Industrial Regional Budgetary Increase

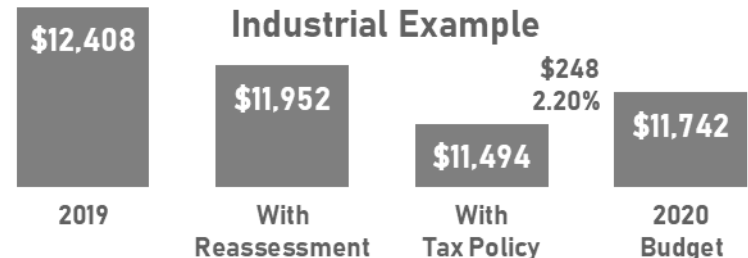
2.20% \$248

Based on Occupied 2020 CVA = \$1,000,000

Estimated Regional Reassessment Decrease of (3.7%) or (\$456)

Estimated Regional Decrease Due to Ratio Change (3.8%) or (\$458)

Industrial Example





Affordable, responsible property tax increase for business and residential property owners



Focus on increasing front line services in our community



Responds to reductions in provincial funding to ensure service levels are maintained



\$177.0 million in sustainable reserves and reserve funds financing

2020 Business Plans and Budgets



Includes \$4.1 million (0.6%) in line-by-line review savings



Meets service and program needs for a growing Region



Investment in the Region's strategic priorities:

- Respond to growth and affordability pressures and support the vulnerable sector*
- Innovate and modernize operations and administration*
- Accommodate ongoing legislative and regulatory changes*
- Invest in infrastructure renewal*



Durham Budget 2020

Questions