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

Invest Durham

Primary Care Outreach Program

Improving 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)

**Key Budget Priorities:**

- Focus on Front Line Service Delivery
  - 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

**Budget Allocation:**

- **Police**
  - 3.2%
- **Transit**
  - 4.4%
- **Conservation Authorities**
  - 2.5% operating
  - 1.5% special benefiting
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
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%
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

2006 - 2019

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

- **Average Residential Home**: $7 (0.3%)
- **Residential Class**: 2.6%
- **Multi-Residential**: 1.7%
- **Farmland**: 3.1%
- **Commercial**:
  - Residual: (1.8%)
  - Shopping Centres: (0.5%)
  - Office Buildings: (4.5%)
  - Parking Lots: (1.5%)
  - All Commercial: (3.7%)
- **Industrial**:
  - Residual: (4.2%)
  - Large Industrial: (3.9%)
  - All Industrial: (4.2%)

- **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
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)

- **Sanitary Sewerage**: $4.96 billion (Investment/Household $21,200)
- **Water Supply**: $4.44 billion
- **Transportation**: $3.59 billion
- **Facilities**: $1.20 billion
- **Fleet & Equipment**: $0.35 billion

Investment/Household:
- $19,000
- $15,370
- $1,490
- $5,130

February 11, 2020
Presentation to Finance and Administration Committee
### Major Capital Budget and Forecast ($ millions)

**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.

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<th>Requirements</th>
<th>2020 Recommended ($000's)</th>
<th>Forecast</th>
<th>2021 ($000's)</th>
<th>2022 ($000's)</th>
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<td>163.2</td>
<td>1,384.0</td>
<td>2,224.8</td>
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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
$4.1 million in savings identified – a reduction of 0.6% of the tax levy

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<td><strong>Total</strong></td>
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February 11, 2020  
Presentation to Finance and Administration Committee  
Slide 15
## Use of Reserves and Reserve Funds

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<th>Source</th>
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<td><strong>Total</strong></td>
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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

February 11, 2020
Presentation to Finance and Administration Committee
Respond to Growth and Affordability Pressures and Support the Vulnerable Sector

- 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
- Optimize Transit Services and Invest in Bus Rapid Transit Expansion
- Ongoing Funding to Victim Support Services
- Development of DRT Strategic Plan and Simcoe Street Rapid Transit Study
- Invest in New Equipment and Facilities to Respond to Growth Pressures
- Ongoing Work on Comprehensive Review of Durham Official Plan
Innovate and Modernize Operations and Administration

- Implement Vision Zero Improvements
- Implement Farm 9-1-1 Program
- 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
- Advance Transit Oriented Development Opportunities
- Continue to Invest in Broadband Initiatives
- Identify and Implement Smart Cities Solutions
- Implement Digital Durham Strategy
- Waste Management Education, Blue Box Replacement and Litter Control Program
- Continued to Implement Region’s Diversity and Inclusion Strategy

February 11, 2020
Presentation to Finance and Administration Committee
Accommodate Ongoing Legislative and Regulatory Changes

- 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
- 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
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

Commercial Regional Budgetary Increase

2.20% $89

Based on Occupied 2020 CVA = $500,000
Estimated Regional Reassessment Decrease of (1.6%) or ($68)

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)

February 11, 2020
Presentation to Finance and Administration Committee Slide 24
2020 Business Plans and Budgets

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

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