



Durham **Budget**

2021

The Regional Municipality of Durham

2021 Business Plans and Budgets - Property Tax Requirements

Finance and Administration Committee – February 9, 2021

Overview

- 2021 Budget Overview and Priorities
- Public Engagement

Budget Overview

- Property Tax Considerations
- 2021 Proposed Gross Budget
- 2021 Regional Property Tax Impacts
- 2021 Capital Budget and Nine-Year Forecast
- Use of Reserves and Reserve Funds
- 2021 Base Pressures
- COVID-19 Pandemic Impacts
- 2021 Budget Overview

Summary

- Future Budget Pressures
- Risks and Uncertainties
- 2021 Regional Property Tax Impacts
- Conclusion

2021 Budget Overview and Priorities

Overall Property Tax Impact

1.98%

\$55 budgetary increase for average
residential property owner

(2021 CVA \$483,100)

1.54% prior to the following two items
not contemplated in 2.0% guideline

- Body worn camera implementation (year 1) – \$2.03 million (0.29%)
- Assessment base adjustment for auto sector appeal – \$1.07 million (0.15%)



Police Guideline 3.0%
Body Worn Camera (year 1) 0.9%
Total Police 3.9%



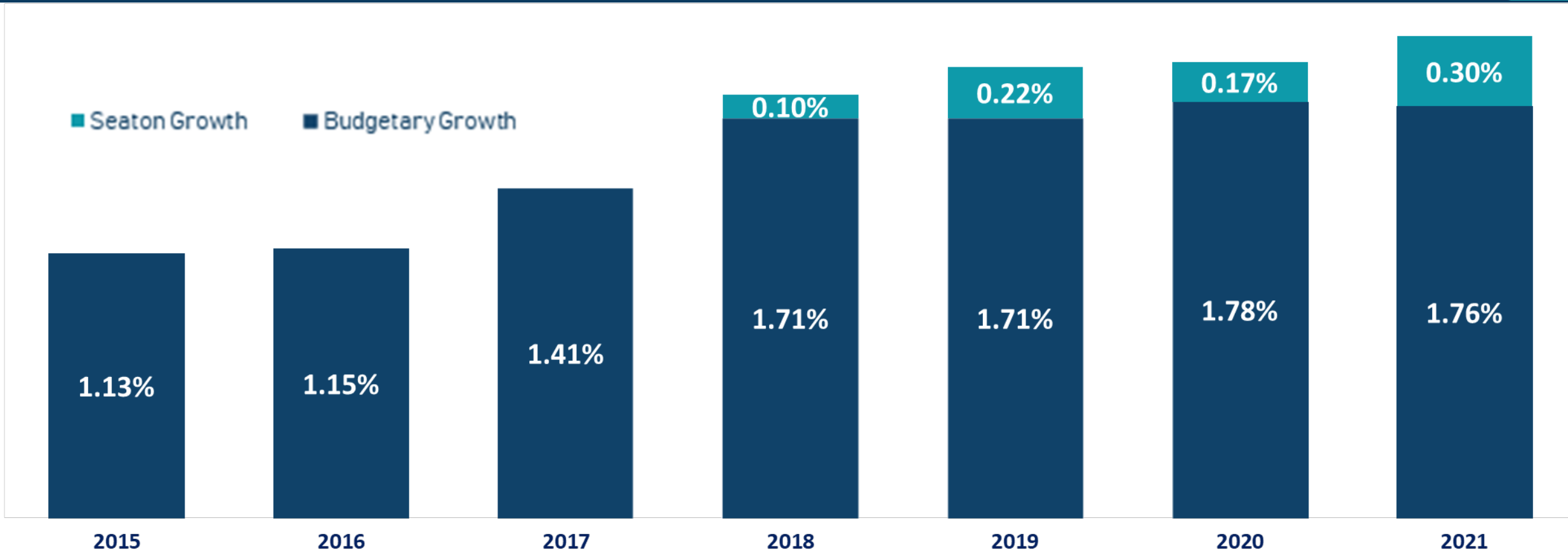
Conservation Authorities
2.5% operating
1.5% special benefiting

- **Key Budget Priorities:**
 - Increased demands on front-line services in response to COVID-19 pandemic
 - Position Region to implement COVID-19 Recovery Plan
 - Targeted investments in key strategic priorities aligned with Region's Strategic Plan
 - Balances these pressures with the need for taxpayer affordability

Enhanced Public Engagement for 2021 Budget:

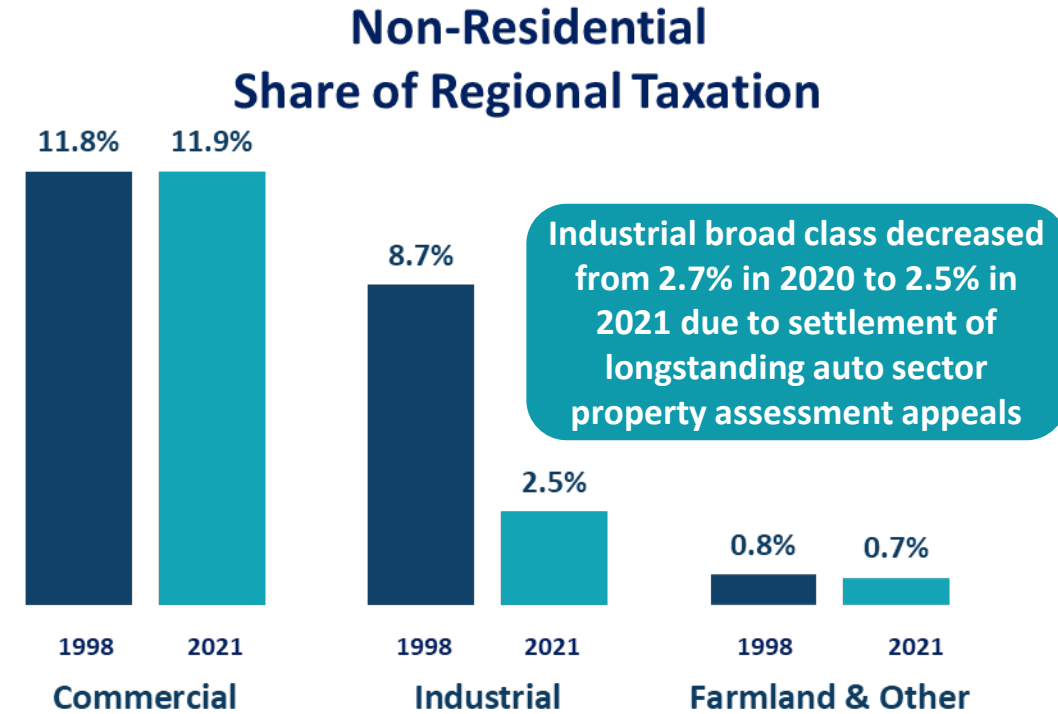
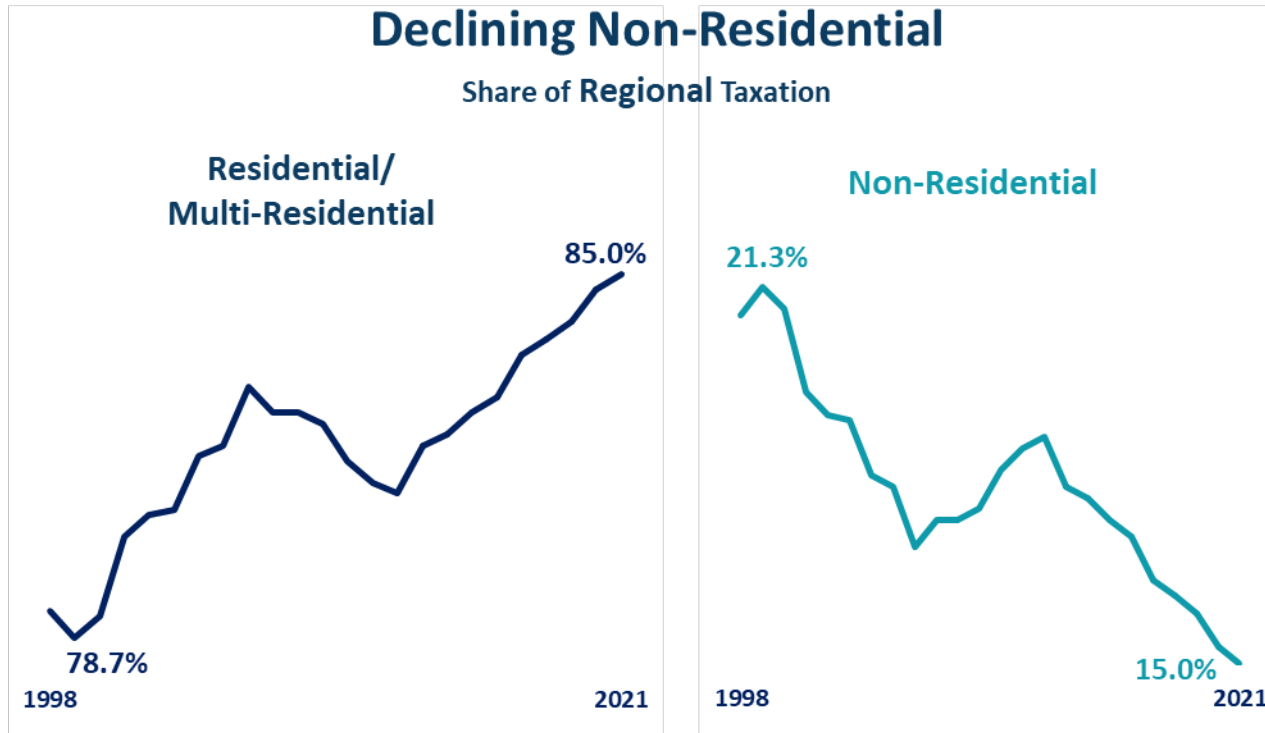
- Virtual Town Hall – 12,000 residents participated
- Your Voice Durham and Regional website
- Stuff You Should Know podcast/video
- Social media engagement
- Traditional engagement initiatives
- Updated and modernized 2021 Business Plans and Budget documents

Staff will continue to expand and enhance public engagement and education in advance of the 2022 budget



Seaton Growth

- Ensure continued financial sustainability by matching required Regional operations expenditures with assessment growth
- Estimated 2021 assessment growth related to Seaton is 0.30%



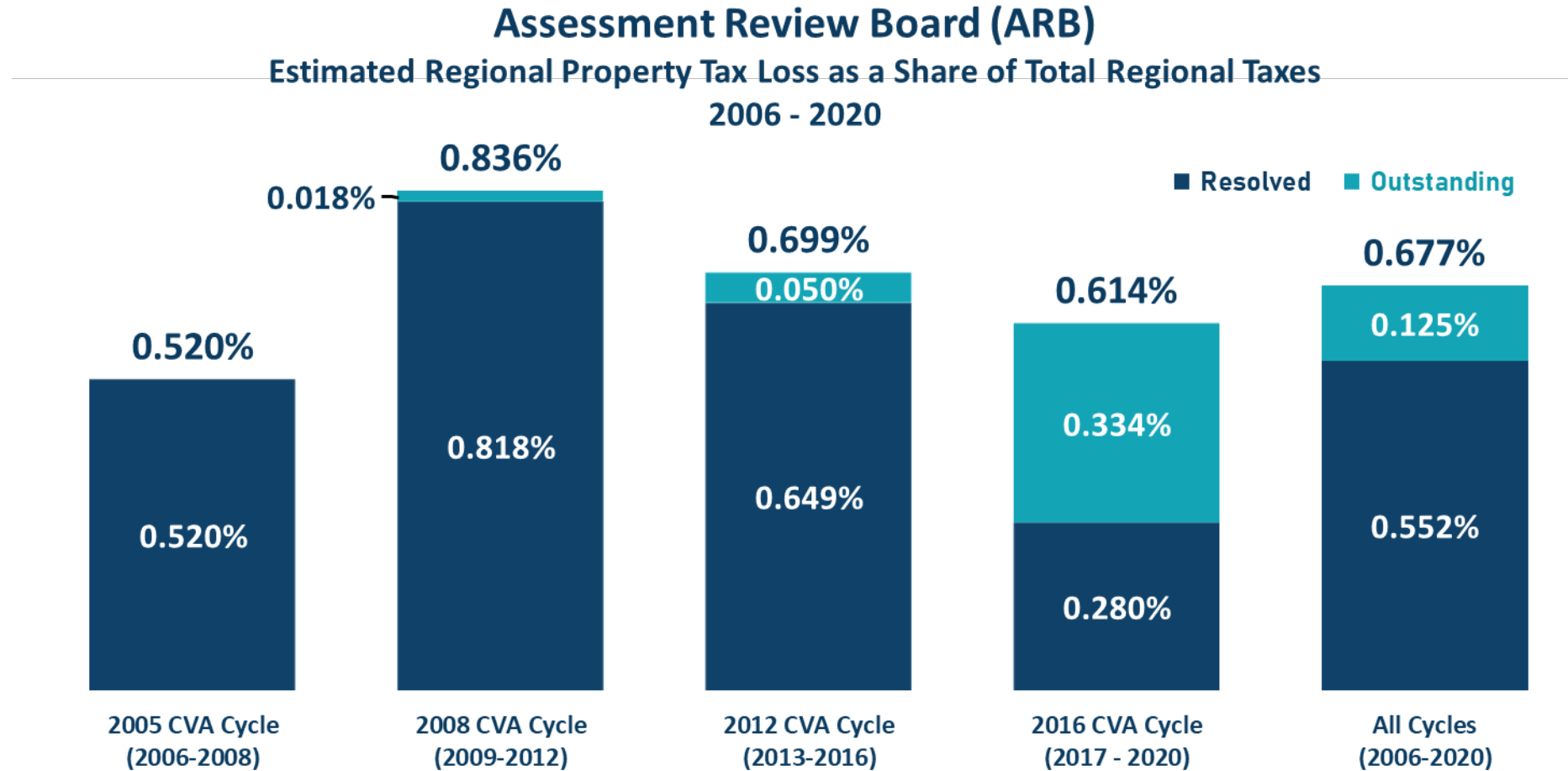
Ongoing Risks for Non-Residential Assessment

- 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

- **Postponement of 2020 CVA Reassessment**
- **2021 Business Education Taxes (BET) Reductions**

Broad Property Class	2020 Education	2021 Education	Estimated 2021 Education Reduction	
	Tax Rate	Tax Rate	\$ millions	%
Commercial	0.98%	0.88%	\$10.0	10.2%
Industrial	1.25%	0.88%	\$5.2	28.0%
Total			\$15.2	

- **Optional Small Business Subclass**
 - Awaiting provincial regulations
 - Long-term policy decision
 - Municipalities responsible for defining “small business” and evaluating which businesses meet definition
 - Report back to Regional Council with a recommendation for the 2022 property tax year and onward
- **Extending Exemption for Ontario Branches of the Royal Canadian Legion**
- **Business Assessment in Redevelopment Areas**



Risk of Non-Residential Appeals at the ARB

- \$46.3 million estimated Regional losses for ARB settled disputes over the four CVA cycles
- \$10.5 million estimated additional Regional losses on outstanding ARB disputes under the medium risk scenario (high risk \$12.6 million; low risk \$8.4 million)

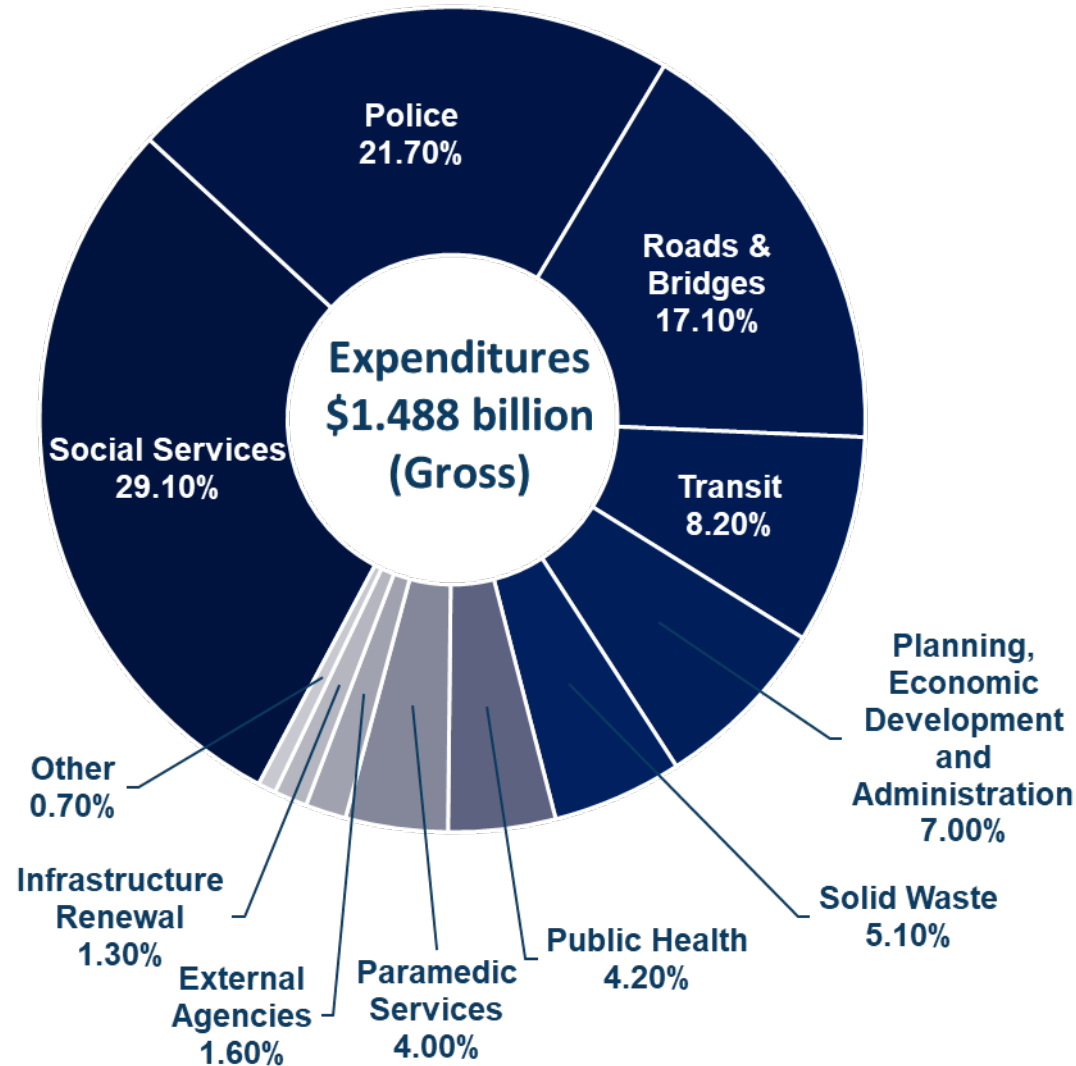
Regional Property Tax Supported Budget



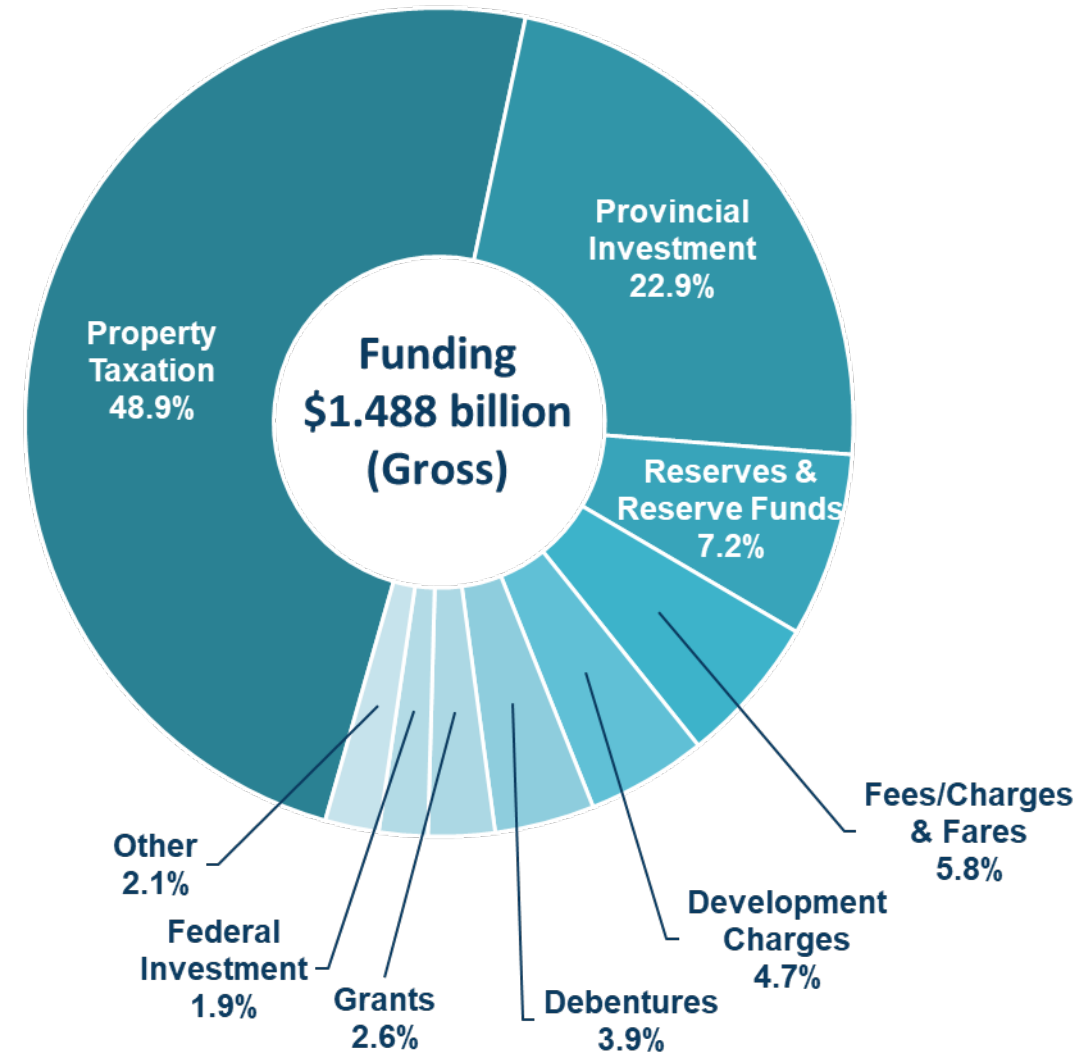
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2021 Recommended Gross Expenses



2021 Recommended Gross Funding

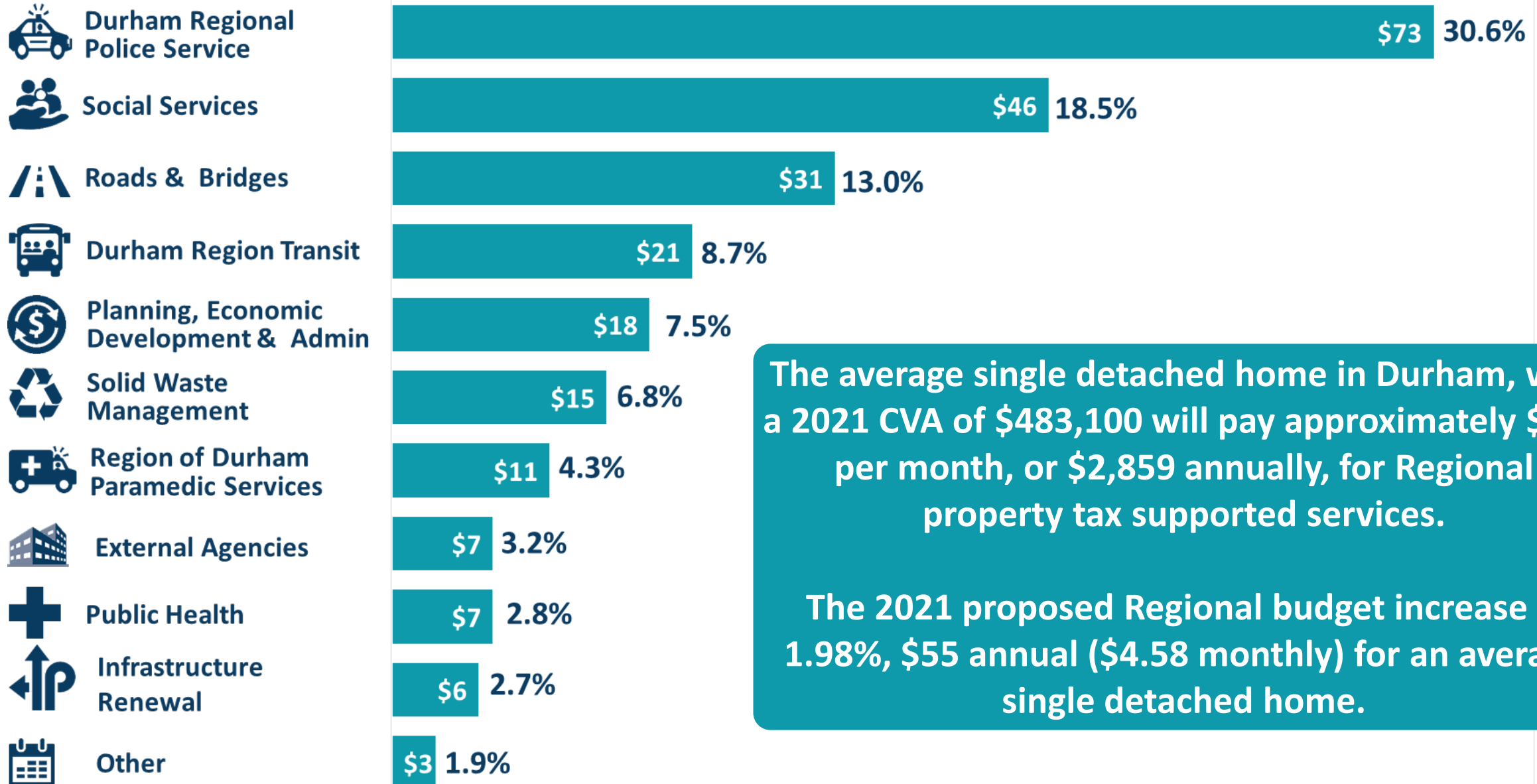


2021 Regional Property Taxes – Average Home



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The average single detached home in Durham, with a 2021 CVA of \$483,100 will pay approximately \$238 per month, or \$2,859 annually, for Regional property tax supported services.

The 2021 proposed Regional budget increase is 1.98%, \$55 annual (\$4.58 monthly) for an average single detached home.

2021 Regional Property Tax Impacts

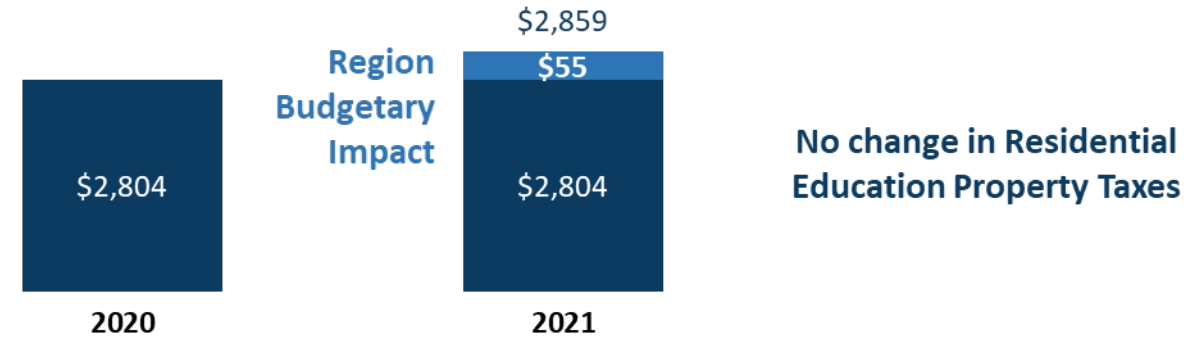
Residential Regional Budgetary Increase for an Average Residential Property Owner



1.98% \$55

Average Region-Wide Residential Home 2021 CVA = \$483,100

Average Region-Wide Residential Home



Commercial Regional Budgetary Increase

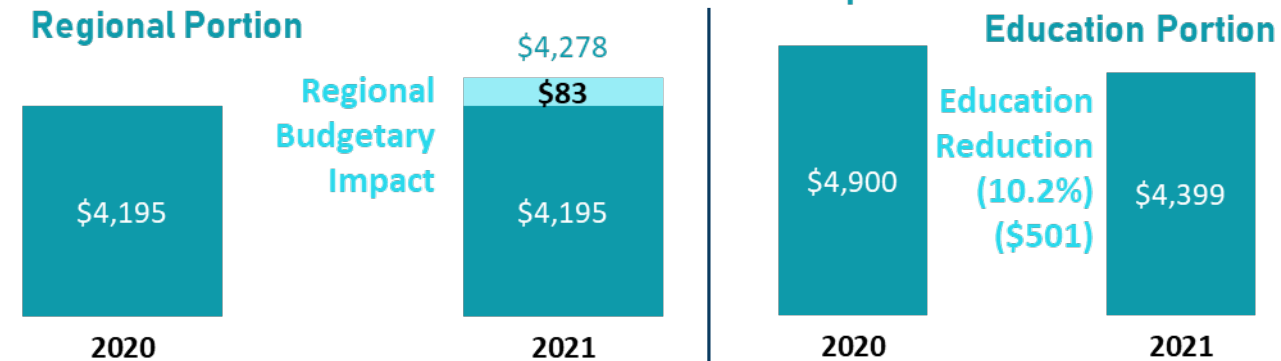


1.98% \$83

Education Reduction (10.2%) (\$501)

Based on Occupied 2021 CVA = \$500,000

Commercial Example



Industrial Regional Budgetary Increase

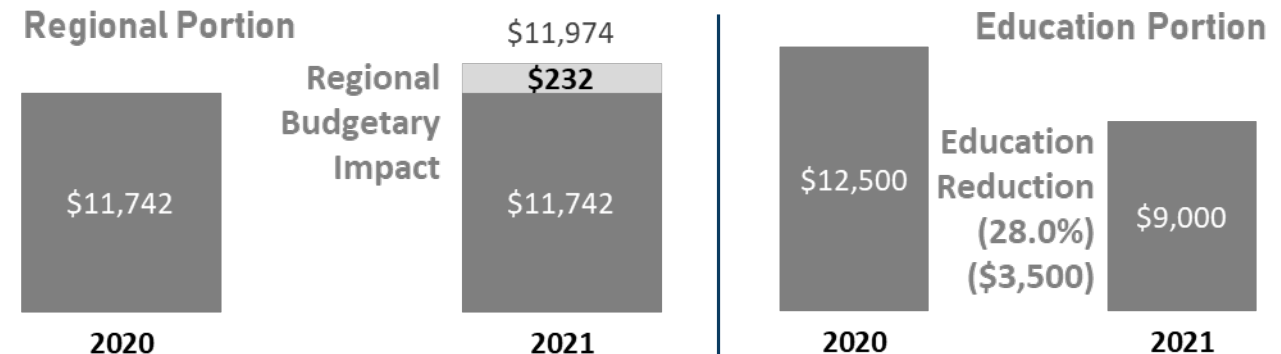


1.98% \$232

Education Reduction (28.0%) (\$3,500)

Based on Occupied 2021 CVA = \$1,000,000

Industrial Example



2021 Capital Budget and Nine-Year Forecast



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2019 Year End Asset Replacement Value (\$15.26 billion)



Water Supply
\$4.64 billion



Sanitary Sewerage
\$5.18 billion



Transportation
\$3.79 billion



Facilities
\$1.25 billion



Fleet & Equipment \$0.40 billion



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2021 Proposed Budget (\$,000's)	Capital Forecast					
	2022	2023	2024	2025	2026-2030	Forecast Total
	(\$,000's)					
85,952	5,965	5,828	9,629	36,853	137,913	196,188
27,186	44,258	94,227	28,238	64,022	147,303	378,048
165,828	192,927	180,410	234,981	166,901	933,795	1,709,014
70	74	76	90	45	399	684
2,821	3,562	4,581	2,260	3,016	14,697	28,116
17,338	1,818	13,612	86,156	1,456	35,053	138,095
8	6	6	15	6	48	81
86	54	73	36	53	271	487
576	2,283	1,494	1,089	1,032	5,233	11,131
118	193	235	195	241	1,144	2,008
-	73	-	83	180	618	954
6,000	26,858	2,418	8,842	2,535	9,792	50,445
2,826	-	-	-	-	-	-
5,801	5,981	4,796	1,214	3,057	12,062	27,110
314,610	284,052	307,756	372,828	279,397	1,298,328	2,542,361
24,760	61,796	72,240	43,769	59,486	202,435	439,726
69,918	58,357	81,271	54,216	73,510	293,283	560,637
93,986	77,584	90,557	85,657	77,579	319,478	650,855
14,675	17,600	17,600	17,600	17,600	87,400	157,800
7,436	8,996	7,260	7,348	7,348	38,371	69,323
44,978	44,719	11,228	72,703	1,980	80	130,710
500	-	2,000	800	9,100	41,000	52,900
58,357	15,000	25,600	90,735	32,794	316,280	480,409
314,610	284,052	307,756	372,828	279,397	1,298,327	2,542,361

Use of Reserves and Reserve Funds



Source	Amount
Bridge Rehab Reserve Fund	\$7,525,000
Capital Project Reserve	16,473,645
Climate Mitigation and Environmental Initiatives Reserve Fund	1,843,000
Durham Regional Forest Reserve Fund	9,048
Durham Region Healthcare Institution Reserve Fund	25,000,000
Economic Development Reserve Fund	475,000
Equipment Replacement Reserve	9,858,500
Innovation and Modernization Initiatives Reserve Fund	3,169,063
Insurance Reserve Fund	265,677
Operating Impact Stabilization Reserve Fund	358,000
Operating Impact Stabilization Reserve Fund (COVID-19 pandemic Impacts)	2,733,489
Regional Roads Levy	12,600,023
Regional Social Housing Reserve Fund	8,812,090
Roads Rehab Reserve Fund	27,250,000
Sick Leave Reserve	420,000
Transit Capital Reserve Fund	10,523,835
Vision Zero Reserve Fund	1,300,000
Waste Management Reserve Fund	900,000
Development Charges	69,918,328
Federal Gas Tax	14,675,000
Provincial Gas Tax	10,757,036
Total	\$224,866,734

- \$47.8 million (27.0%) increase over 2020
- Additional pressure on operating impact reserve fund (\$59m) - \$17.4m depending on Transit COVID-19 impact, vaccine rollout, LTC standards, broadband and Lakeridge Health

The 2021 Budget includes base and non-discretionary items that are required to deliver the Region's existing programs and services including:



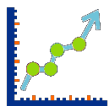
Annualization of 2020 budget decisions



Removal of one-time items



Contractual and inflationary adjustments



Economic increases



Department/Division	Line-by-Line Review Savings (\$000's)
Durham Regional Police Service	\$201
Planning and Economic Development	89
Emergency 9-1-1	20
Paramedic Services	45
Social Services	192
Finance Services	496
Regional Headquarters	29
Office of the Chief Administrative Officer	182
Durham Regional Local Housing Corporation	79
Corporate Items	1,417
Total	\$2,750

\$2.8 million in savings identified – a reduction of **0.4%** of the tax levy

- Uncertainty
- Temporary impacts versus permanent impacts
- Flexibility to respond to changing demands on programs and services
- Safe Restart Program funds are restricted to COVID-19 impact incurred by March 31, 2021



Corporate Communications – \$100,000



Economic Development – \$144,290



Public Health – \$1,407,413



Social Services – \$1,081,786



Transit – \$17,432,084

- **\$20.2 million** forecasted temporary COVID-19 pandemic impact in 2021
- Safe Restart Program (municipal and transit stream) to fund temporary impact
- Use of the Operating Impact Stabilization Reserve Fund should the eligibility date of March 31, 2021 for Safe Restart Program not be extended



Advance transit-oriented development opportunities on key transit corridors



Leverage ICIP funding to advance bus rapid transit expansion projects



Advance the servicing of employment lands



Pursue Project Woodward to establish a clean energy innovation hub for business in Clarington Energy Park



Advance the deployment of broadband infrastructure to underserved areas

Economic Prosperity



Continue to advance the development of the Region's Official Plan - Envision Durham



Support the development of a Regional Nuclear Sector Strategy



Advance Clarington Police Complex Phase 2



Develop and launch a refreshed Economic Development Strategy and Action Plan



Invest in new facilities and equipment to respond to growth pressures



Continue to develop and implement a Corporate Climate Change Master Plan



Pilot a bio cover application on the former Oshawa landfill site



Develop and implement the Region's low carbon fleet strategy



Develop the Durham Home Energy Savings Program

Environmental Sustainability



Implement strategy to expand tree planting across the Region



Develop "Durham Building Standards" for construction, renovation and operation of facilities



Increase waste diversion through the advancement of the Region's pre-sort and AD facility



Respond to provincial legislative changes on extended producer responsibility



*Develop 50 modular
affordable supportive
housing rental units*



*Construction of temporary
supportive housing units under the
Region's Microhome Pilot Project*



*Complete and consult on
Regional Community
Improvement Plan*

Social Investments



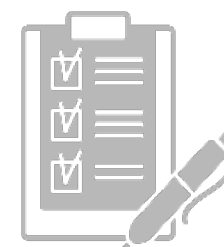
*Investigate licensed
childcare options to support
families working shifts*



*Additional DRLHC operating funding
to address systemic budget
pressures*



*Expansion of the Durham
Portable Housing Benefits*



*Continue development of a
Community Safety and Well-
being Plan*



Create a community-based anti-racism task force to help address diversity, equity and inclusion



Community Paramedicine Program Pilot



Enhance the level of care and supports for residents of the Region's long-term care homes



Grant Funding for Grandview Children's Centre, Lakeridge Hospital Bowmanville, Durham College Whitby and Trent University Durham

Community Vitality



Work with DRPS and Lakeridge Health to provide three additional nurses for the mental health support unit



Continue implementation of the Ontario Seniors Dental Care Program



Expand automatic speed enforcement program and continue to implement Vision Zero counter measures outlined in Region's Road Safety Action Plan



Ongoing system enhancements for Emergency 9-1-1



Implement the multi-year enterprise myDurham311 project



Increase investment in technology infrastructure and applications

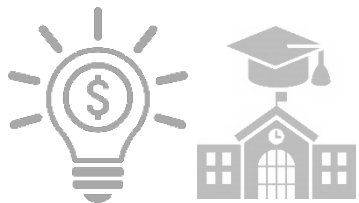


Increase virtual delivery of Public Health, Social Assistance, Family, POA Courts and DRPS services

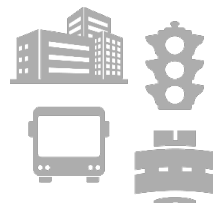


Continue implementation of the CADLINK software for Paramedic Services

Service Excellence



Advance City Studio Durham program



Investment in the ongoing maintenance and renewal of the Region's assets



Continue to advance various Regional review and improvement initiatives



Advance the Region's Electronic Document Management Project

Impacts on 2022 Budget:

- Annualization of new positions (\$2.3 million)
- Body Worn Camera implementation (\$0.5 million)

Forecasted Pressures:

- Road and bridge rehabilitation and expansion needs over the forecast period (\$1.5 billion)
- Future servicing of employment lands
- Investment in broadband infrastructure
- Facility expansion over the forecast period to provide services for a growing and diverse population
- Investments to implement Climate Master Plan and reduction in GHG emissions
- Increased operating cost pressure for long-term care homes
- Lakeridge long-term care home
- Potential additional health resources to address permanent impacts of COVID-19
- Investments to achieve Council's affordable housing targets
- Aging social housing portfolio requiring significant capital investment
- Continued need to address waitlists in several social service program areas
- Funding for Grandview Children's Centre and Lakeridge Health ten year plan

Risks and Uncertainties:

- COVID-19 Pandemic – financial risk pertaining to the level of senior government funding for health, transit and long-term care
- Sustainability of provincial funding – provincial gas tax, public health, paramedic, and social services funding
- Development forecast not achieved – lower development charge revenue resulting in delay and deferral of growth related capital works
- ICIP funded projects – timelines are tight with eligible costs required to be incurred before October 31, 2027
- Changes to the delivery of employment services – the timing and scope is not fully known but the transformation is expected to reduce resources to assist OW clients

Mitigation Strategies

- Long-term financial planning
- Risk and Asset Management
- Financial flexibility and sustainability



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Questions