



DURHAM REGION  
**Budget**

The Regional Municipality of Durham  
**2019 Business Plans & Budgets**  
Property Tax Requirements

**Finance & Administration Committee - March 19, 2019**

# Agenda

## Overview

- 2019 Corporate Priorities
- Guideline and Budget Priorities
- Public Engagement

## Financial Overview

- Business Planning Process
- Property Tax Considerations
- 2019 Proposed Gross Budget
- Regional Assets
- 2019 Major Capital Budget and Forecast
- 2019 Base Pressures

## Budget Overview

- Departmental Budget Overview

## Summary

- Future Budget Pressures
- Risks and Uncertainties
- 2019 Regional Property Tax Impacts
- 2019 Initiatives to Modernize and Find Service Efficiencies
- Conclusion

# 2019 Corporate Priorities

- Strategic Plan Development
- Initiatives to Modernize & Find Efficiencies
- Long-Term Financing Plan
- Review of Business Planning Process
- Servicing of Lands



# Guideline and Budget Priorities

## Overall Property Tax Impact

**1.89%**

**\$51 budgetary increase for average residential property owner**

**(2019 CVA \$454,000)**



**Police**  
3.9%



**Transit**  
4.2%



**Conservation Authorities**  
2.5% operating  
1.5% special benefiting

- Focus on Front Line Services Delivery
- Key Budget Priorities:
  - Innovate operations and administration
  - Respond to ongoing legislative changes
  - Invest in infrastructure renewal
  - Manage the challenges of growth and affordability

# Public Engagement

## Enhanced Public Engagement for 2019 Budget Included:

- Budget Open House
- Survey
- Enhancements to Regional website
- Opportunity for the public to submit comments/questions
- Increased promotion
- Created brand identity

Staff will continue to build on initial steps taken in 2019 to expand and enhance public engagement and education in advance of the 2020 budget

# Business Planning Process



**Final Stage of 2019 Process**  
 F&A Committee March 19-20, 2019  
 Regional Council March 27, 2019



**AAA Credit Rating**

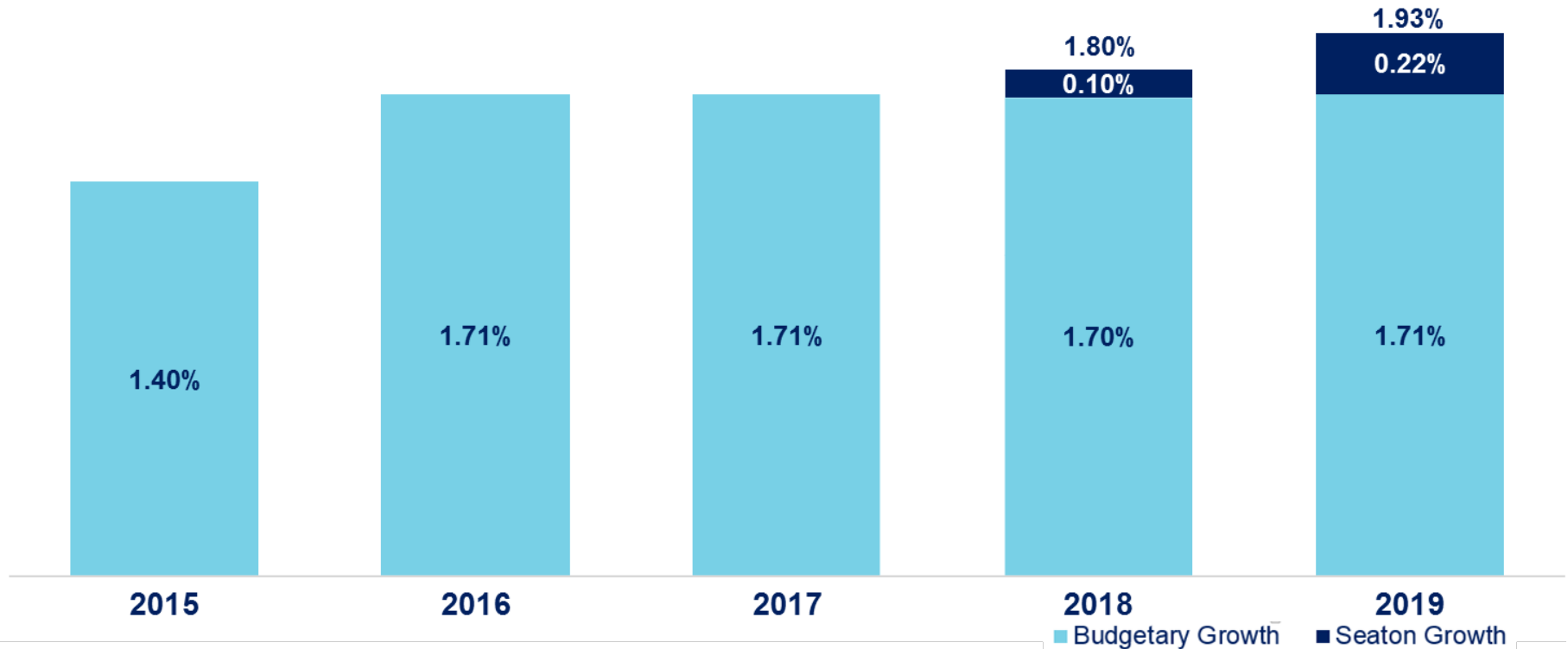



**Award Winning**

- Business Plans and Budgets
- Annual Financial Report

Government Finance Officers Association 

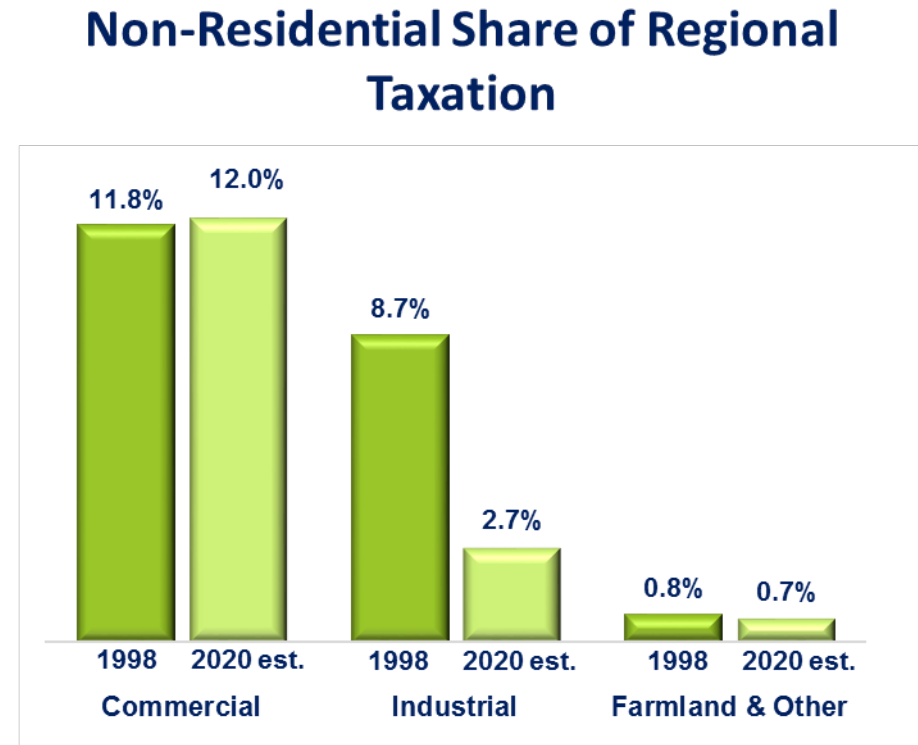
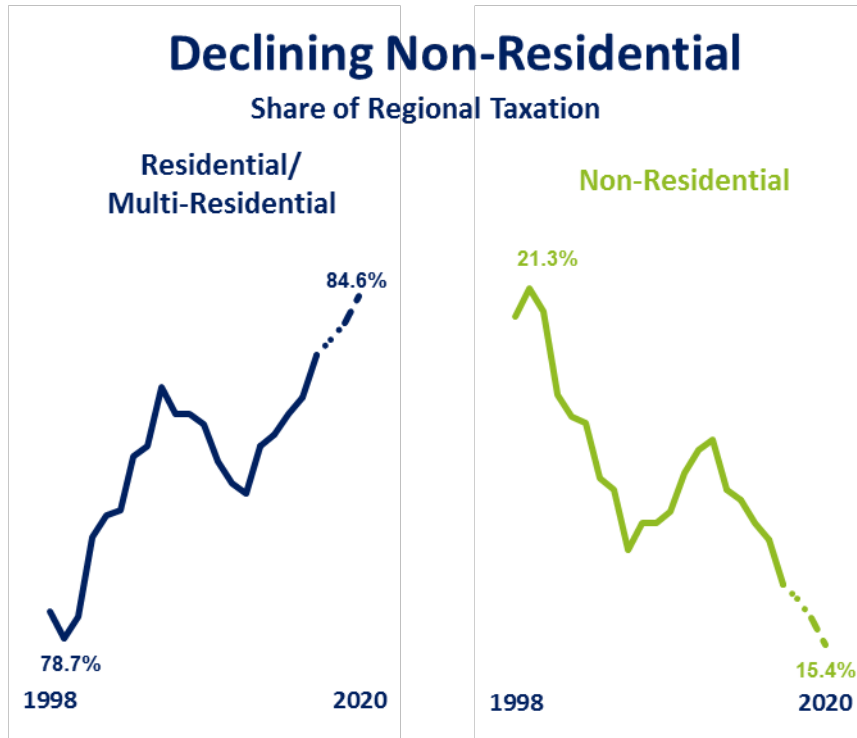
# Assessment Growth



## 2019 Seaton Growth

- Ensure continued financial sustainability by matching required Regional operations expenditures with assessment growth
- Estimated 2019 assessment growth related to Seaton is 0.22% or approximately \$1.4 million which has been deferred

# Declining Non-Residential Sector



## Ongoing Risks for Non-Residential Assessment

- General Motors and auto sector manufacturing facilities
- Retail shift away from bricks and mortar
- Outstanding and future assessment appeals
- Provincial policy changes

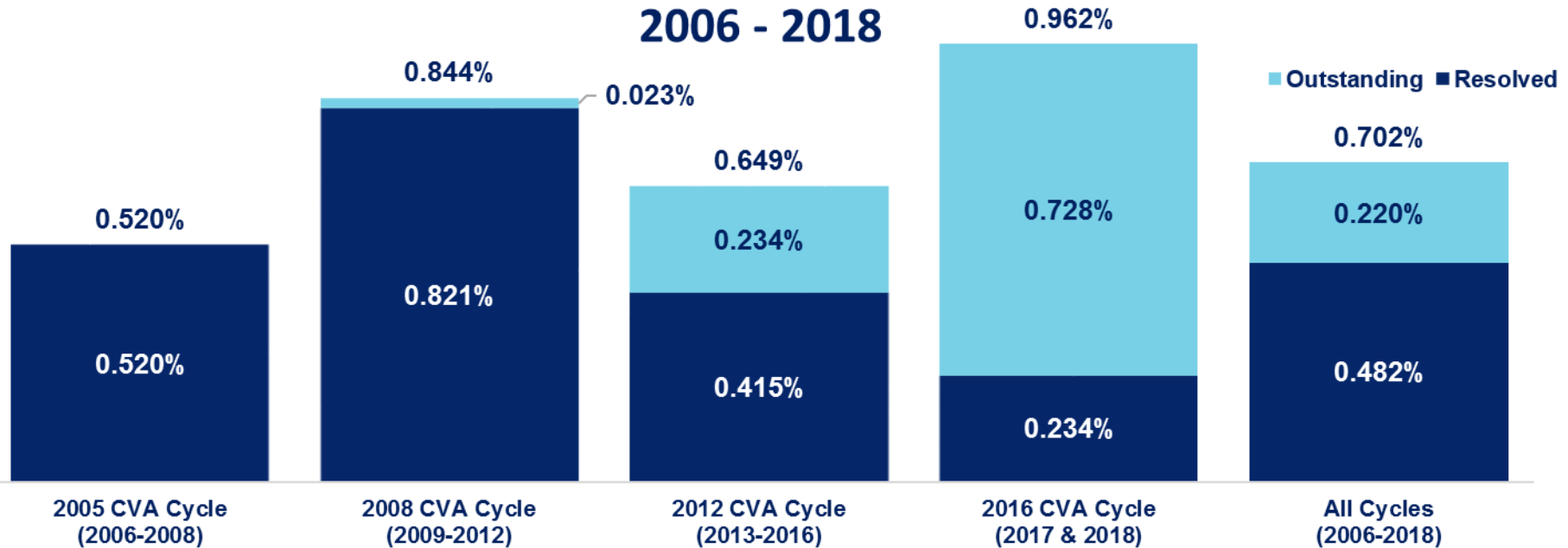


# Assessment at Risk

## Assessment Appeal Board (ARB)

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

2006 - 2018

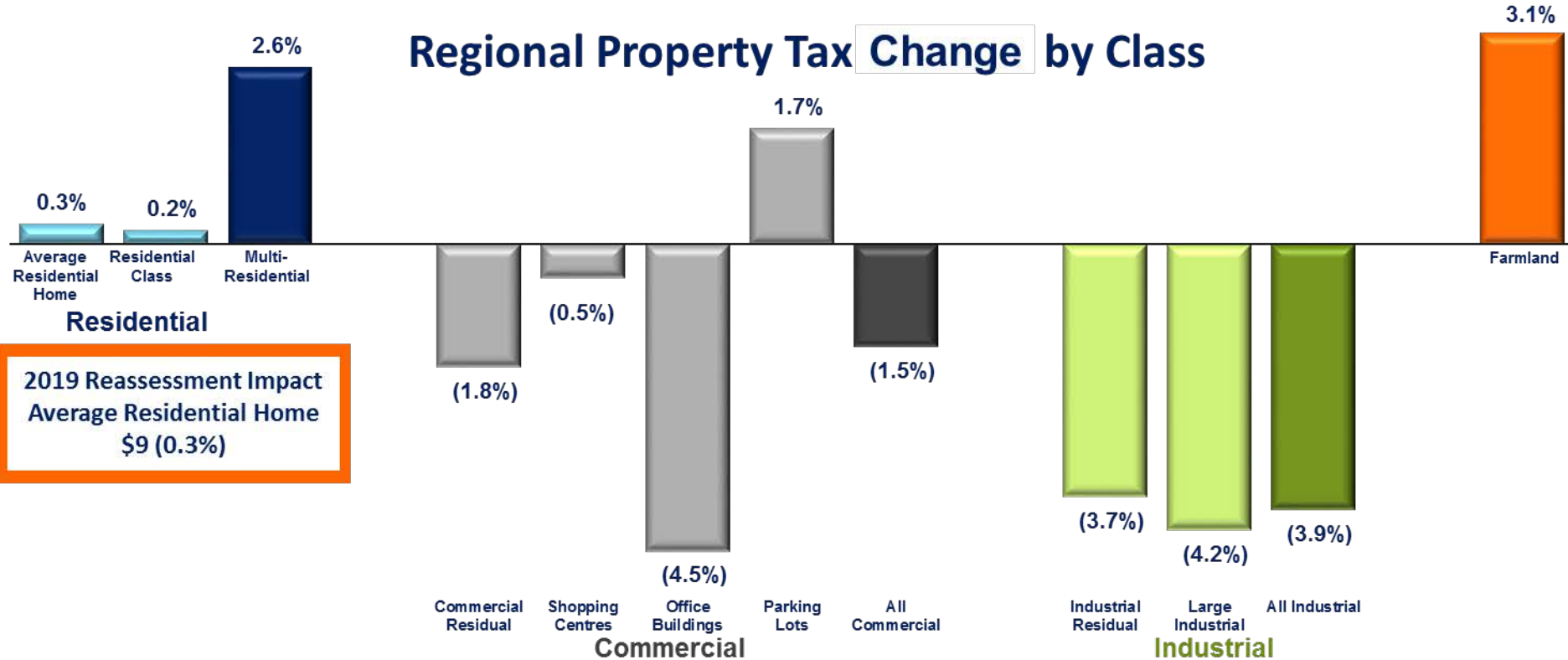


## Risk of Non-Residential Appeals at the ARB

- Regional losses for ARB settled disputes over the four CVA cycles is \$33.7 million
- Estimated (medium risk) Regional losses on outstanding ARB disputes is an additional \$19.2 million (high risk \$23.1 million; low risk \$15.4 million)

# 2019 Regional Reassessment Impacts

## Regional Property Tax Change by Class



2019 Reassessment Impact  
Average Residential Home  
\$9 (0.3%)

- No additional municipal property taxes as a result of reassessment
- 2016 reassessment showed higher degree of variability amongst properties especially within the residential class
- Full 2016 CVA reassessment impact (2017 – 2020) on average region-wide home estimated at between \$54 and \$56 (2.0%)

# Provincial Policy Changes

## Small Value Added Commercial and Industrial Uses on Farmland

- Optional municipal tax rate reduction (Regional decision)
- Awaiting property identification by MPAC required for Regional analysis of impact
- Premature to recommend any changes for the 2019 tax year

## Royal Canadian Legions

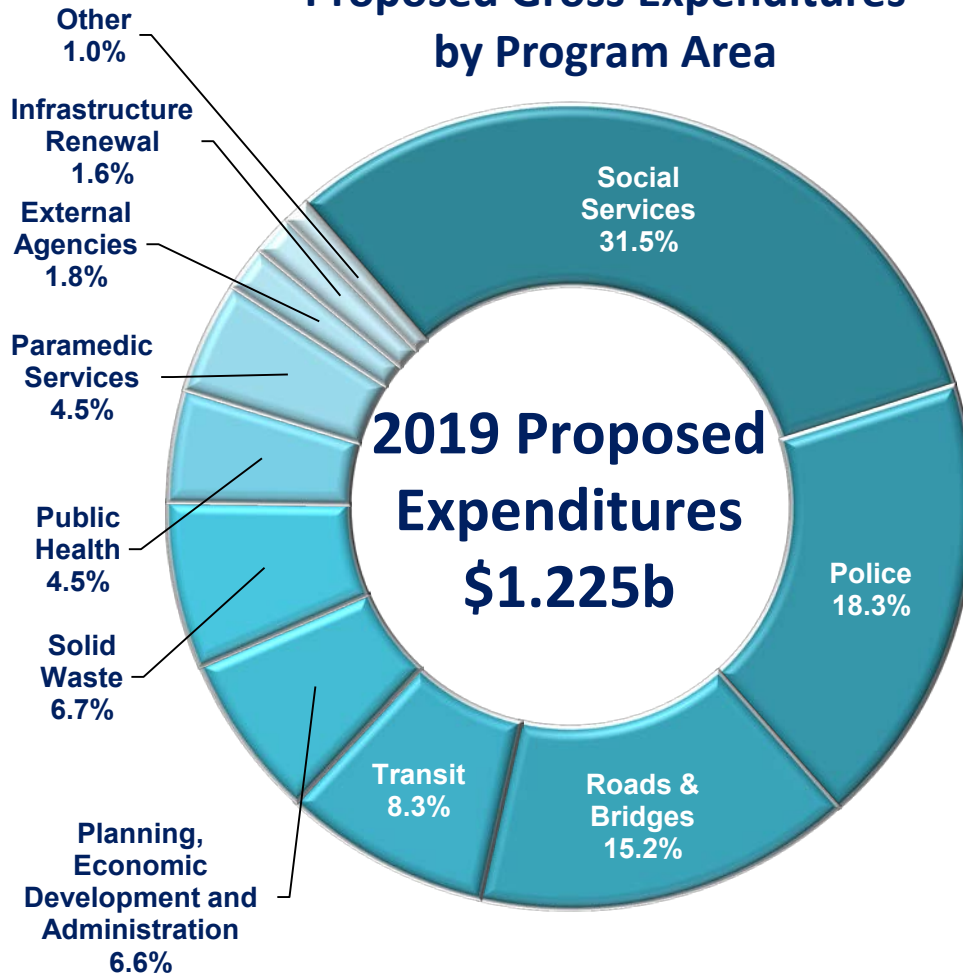
- Legions will no longer be subject to provincial property taxes in Ontario
- In Durham, municipal taxes have been rebated for Legions for almost two decades

## Reassessment Valuation Date

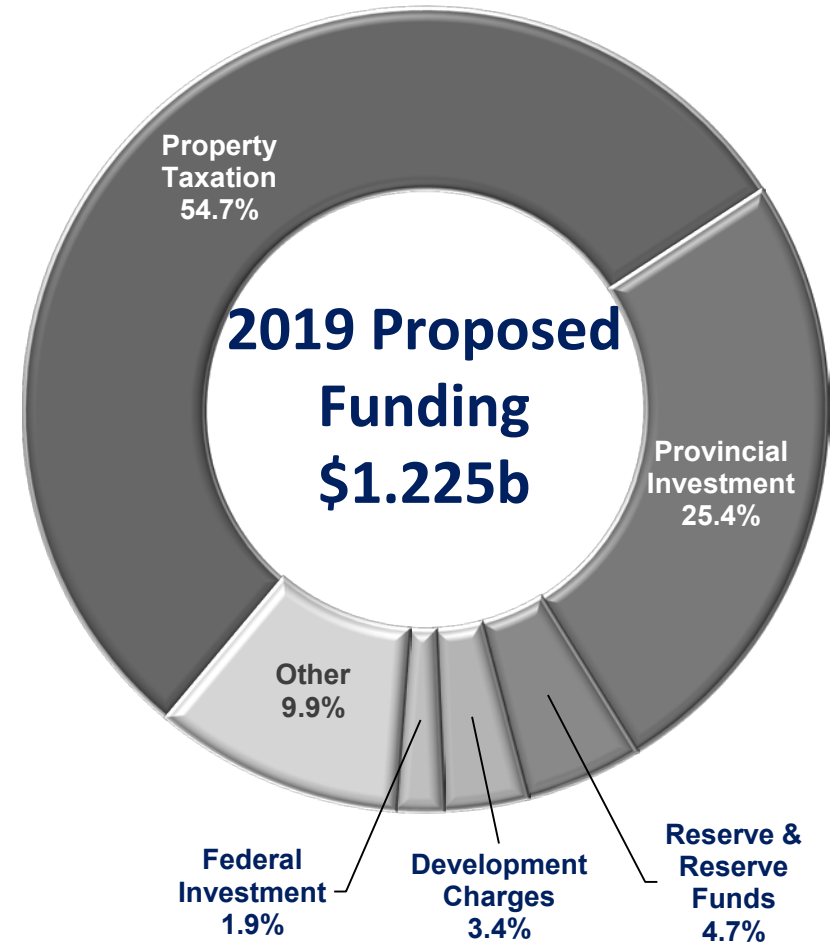
- The province has brought forward the valuation date from January 1, 2020 to January 1, 2019

# 2019 Proposed Gross Budget

## Proposed Gross Expenditures by Program Area

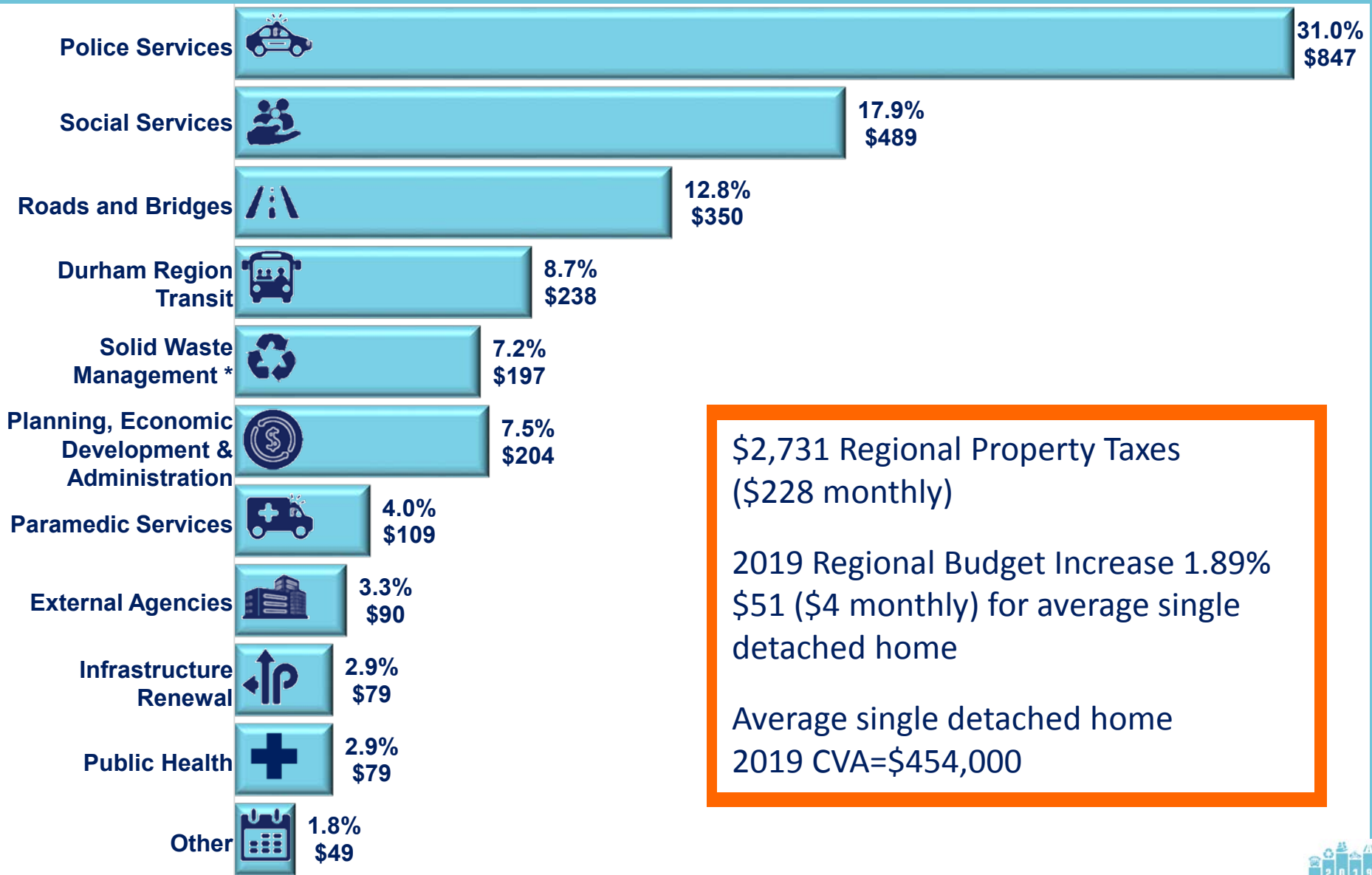


## Proposed Funding by Source



**2019 Gross Budget including Water and Sewer User Rate Budgets \$1.642 billion**

# 2019 Regional Property Taxes – Average Home



\$2,731 Regional Property Taxes  
(\$228 monthly)

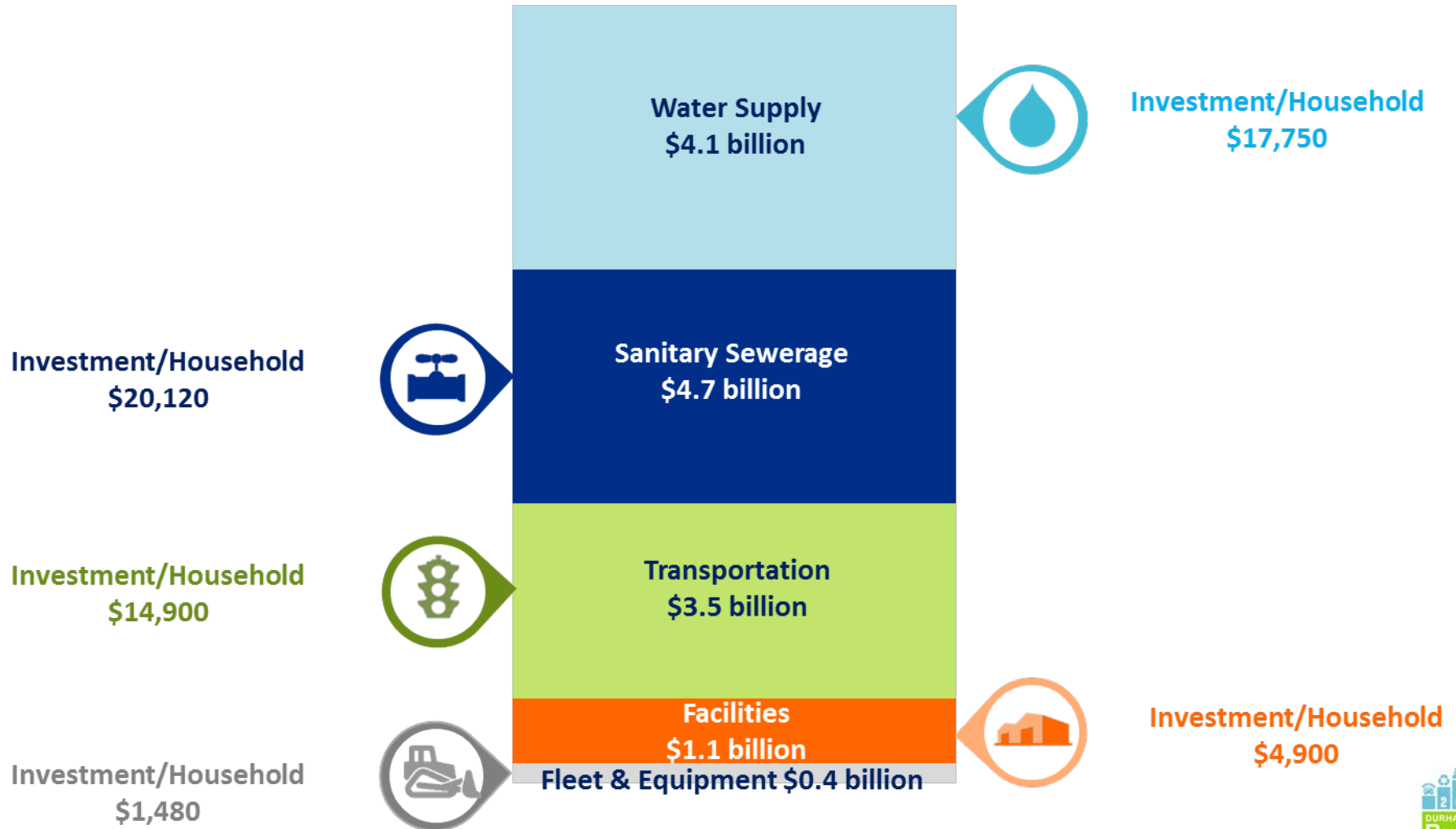
2019 Regional Budget Increase 1.89%  
\$51 (\$4 monthly) for average single detached home

Average single detached home  
2019 CVA=\$454,000

\* Solid Waste Management varies as Oshawa and Whitby residential collection services are provided by the local area municipalities. Includes Average 2019 Reassessment Impact.

# Regional Assets

## 2017 Year End Asset Replacement Value (\$13.8 billion)



# Major Capital Budget & Forecast (\$m)

			Forecast					
		2019	2020	2021	2022	2023	2024 - 2028	Total
Requirements	Police Services	0.5	56.0	1.0	3.5	29.3	83.0	173.3
	Paramedic Services	5.6	6.7	3.1	2.1	4.9	22.8	45.1
	Solid Waste	1.8	181.2	14.8	0.9	1.7	8.6	209.0
	Transit	5.7	91.6	25.2	19.5	50.9	148.5	341.4
	Social Services	-	9.6	-	20.0	-	-	29.6
	Headquarters	0.5	6.0	4.0	4.0	3.5	-	17.9
	Regional Roads Program	94.5	114.1	129.5	127.2	135.6	695.2	1,296.2
	<b>Total Requirements</b>	<b>108.6</b>	<b>465.1</b>	<b>177.6</b>	<b>177.1</b>	<b>225.9</b>	<b>958.1</b>	<b>2,112.4</b>
Financing	Property Taxes	12.9						
	Road Reserves	44.2						
	Development Charges	40.1						
	Ontario Gas Tax Revenue	2.1						
	Federal Gas Tax Revenue	7.5						
	Other	1.8						
	<b>Total Financing</b>	<b>108.6</b>						

2019 Transit capital excludes capital provision of up to \$5.6 million for bus purchases subject to the completion of a business case  
 Rows and columns may not add due to rounding

# 2019 Base Pressures

The 2019 Budget includes base and non-discretionary items that are required to deliver the Region's existing programs & services including:



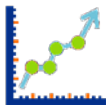
Annualization of 2018 budget decisions



Removal of one-time items



Contractual and inflationary adjustments

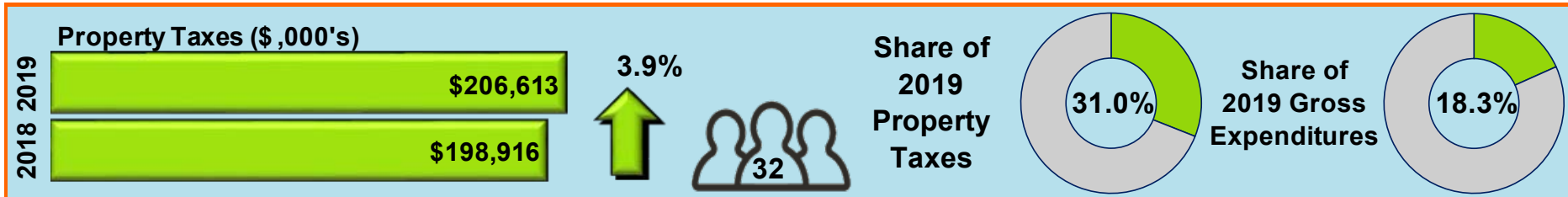


Economic increases



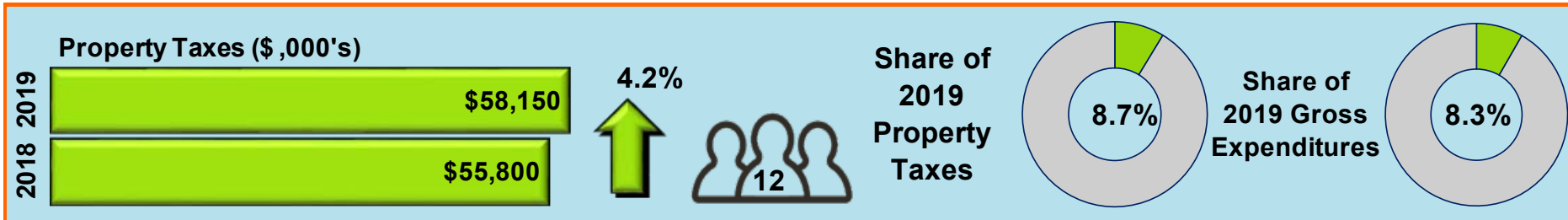


# Police Services Budget Highlights



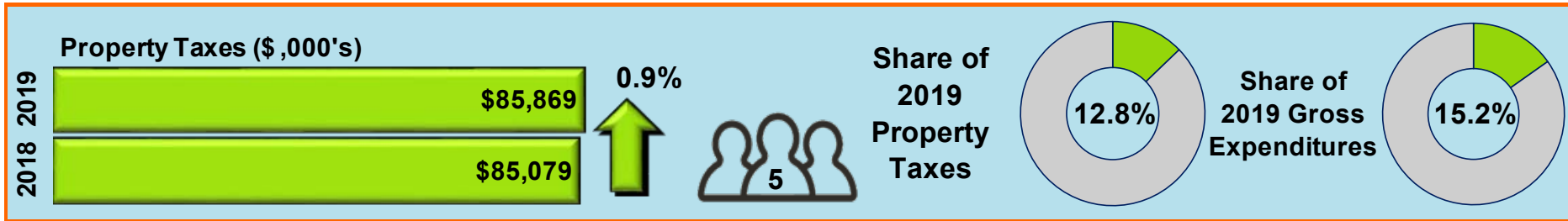
- Increase investment in front line police staff and investigative services to respond to increased service demands (\$1.5 million)
- Formalization of the Continuous Improvement Program dedicated to building capacity and mitigating risks (\$0.2 million)
- Continuation of the Body Worn Camera Pilot (\$0.5 million)
- Increase in Communicators to respond to increased call volumes and complexities (\$0.3 million)
- Vehicle and equipment purchases and facility maintenance and renewal (\$4.0 million)

# Transit Budget Highlights



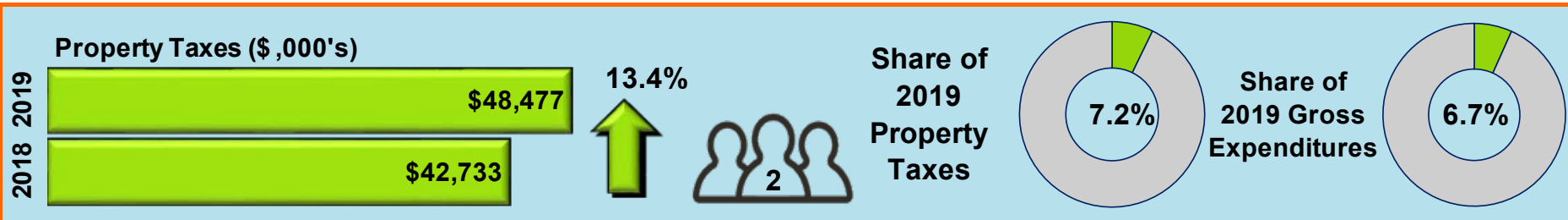
- Increase of 3,284 revenue hours of service including annualization of 2018 route enhancements (\$0.5 million) and implementation of 2019 service plan (\$0.2 million)
- Increase in Specialized Services (\$0.1 million) and initiation of two year eligibility review (\$0.1 million)
- Increase in major repair costs for engine and transmission replacements and refurbishments (\$0.6 million)
- Ridership incentives and outreach activities (\$50,000)
- Proposed fare (\$0.1 million) and U-Pass rate (\$80,000) increase
- 2019 major capital program (\$11.3 million)

# Roads and Bridges Highlights



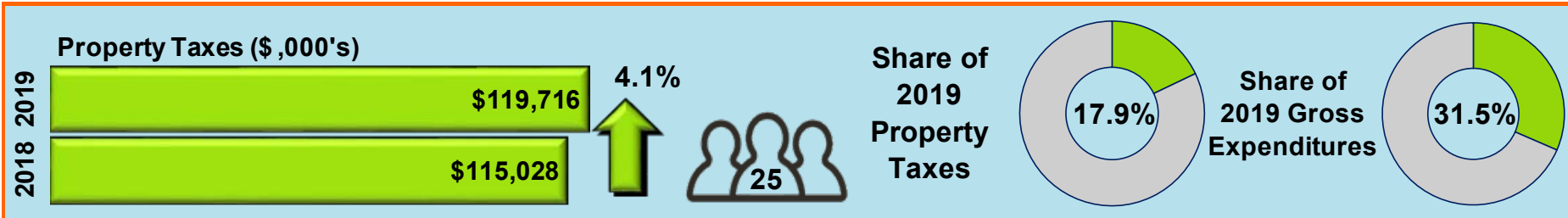
- Activities to support Vision Zero (\$0.3 million)
- Mobile road patrol software to automate information collection (\$40,000)
- Increase in road and traffic maintenance costs in response to growth and service demands (\$0.5 million)
- Total roads and bridge construction program of \$94.5 million, an increase of \$1.7 million from 2018 including:
  - Roads and bridge rehabilitation projects (\$43.5 million)
  - Growth related road infrastructure projects (\$42.1 million)
  - Traffic control and other capital projects (\$8.9 million)
- Optimization at 101 Consumers Drive to accommodate reallocation of staff from 289 Water Street (\$0.9 million)

# Solid Waste Management Highlights



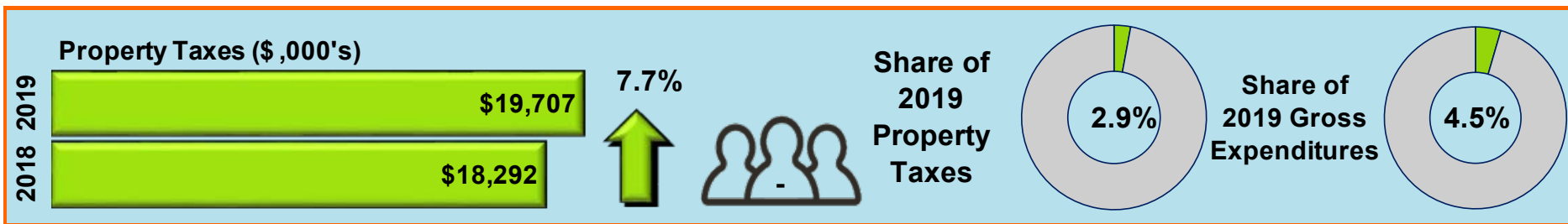
- Development of new Long-Term Solid Waste Management Master Plan (\$0.2 million)
- Projected revenue decreases from the sale of diversion material resulting from market conditions (\$2.4 million)
- Investigation of alternative beneficial uses and markets for problematic blue box material (\$60,000)
- Optimization study of the Oshawa Waste Management Facility (\$60,000)
- Equipment Upgrades at the Material Recovery Facility (\$1.1 million)
- Scales at Oshawa Waste Management Facility (\$0.1 million) and Scugog Waste Management Facility (\$0.3 million)

# Social Services Highlights



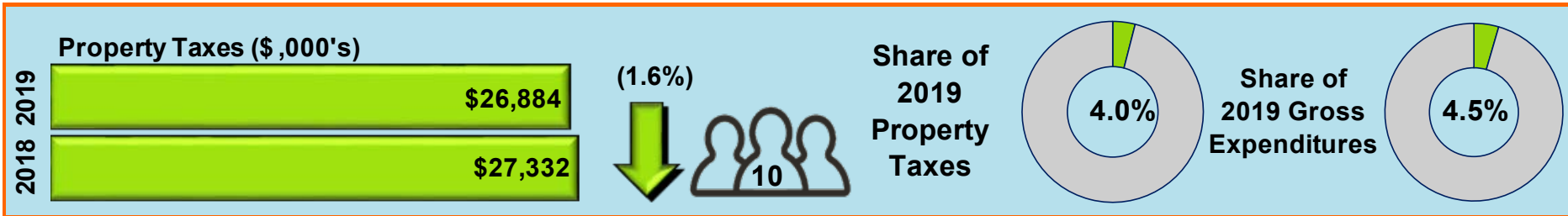
- Investments to further address poverty and social infrastructure of Durham communities (\$1.0 million)
- Increase in funding for community agencies addressing homelessness (\$0.7 million)
- Continue to implement the recommendations of the Affordable and Seniors' Housing Task Force (\$25,000)
- Opening of the new Edna Thomson Regional Child Care Centre
- Increase in front line resources at the Region's long-term care homes (\$0.5 million) and implementation and staff training on electronic record system (\$0.1 million)
- Equipment and repairs to enhance resident care at the Region's long-term care homes (\$1.7 million)

# Public Health Highlights



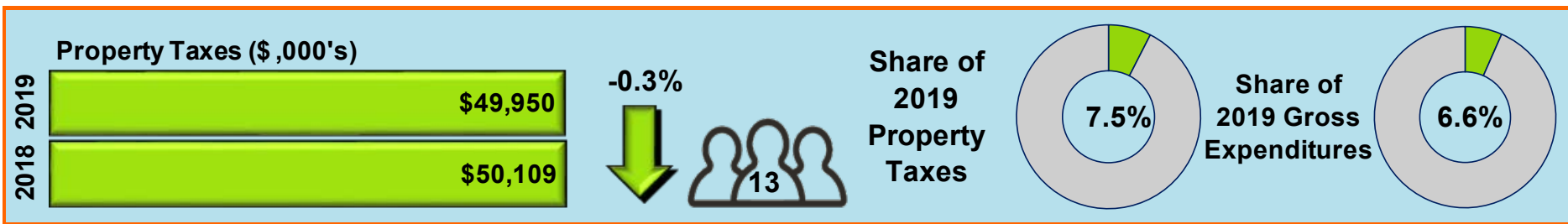
- Increase in investment in immunization programs due to new *Immunization of School Pupils Act* requirements (\$62,000)
- Continuation of the Region's sewage system maintenance inspection summer student program (\$20,000)
- Increased education and training costs for staff to meet Foundational Standards of the *Ontario Public Health Standards* (\$20,000)
- Network Upgrades (\$50,000)
- Oral Health Clinic repairs and renovations (\$50,000)
- Vaccine fridges (\$52,000)

# Paramedic Services Highlights



- Three additional ambulances and front line staff to respond to increasing call volumes and enhance emergency coverage throughout the Region (\$0.5 million)
- Continuation of the Primary Care Outreach Program (\$0.3 million)
- Investment in Computer Aided Dispatch link in vehicles (\$60,000)
- Increased investment to respond to rising workplace safety and insurance costs as a result of Bill 163 (\$0.7 million)
- Two new ambulances and nine replacement ambulances and associated equipment (\$2.0 million)
- Ongoing funding for the new Seaton Paramedic Station (\$3.5 million)

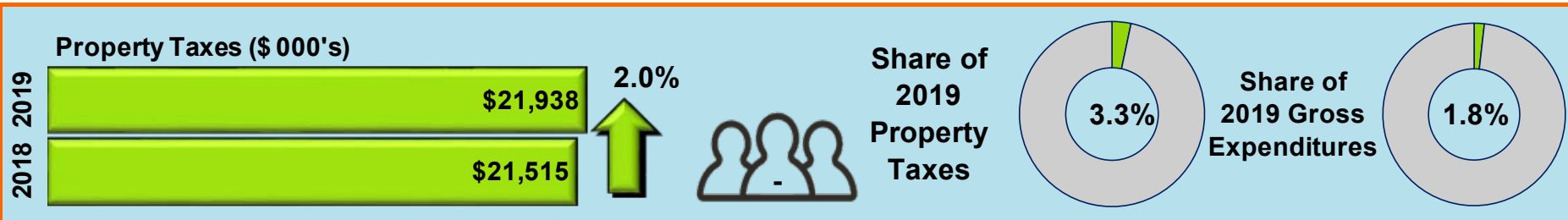
# Planning, Economic Development and Administration Highlights



- Develop and implement Durham Strategic Plan (\$0.2 million)
- Envision Durham - Municipal Comprehensive Review (\$0.8 million)
- Implement refreshed Investment Attraction Study (\$0.2 million)
- Implementation of Broadband Strategy (\$0.2 million)
- Implement Durham Community Climate Adaptation Plan (\$0.1 million) and develop 5-year implementation strategy for Durham Community Energy Plan (\$80,000)
- Continuation of the Customer Service Strategy (\$0.1 million)
- Victim Services Partnership Pilot (\$0.1 million)
- Commence optimization of Headquarters (\$0.5 million)
- Acquisition and implementation of Computer Telephony Integration system for Emergency 9-1-1 (\$0.4 million)



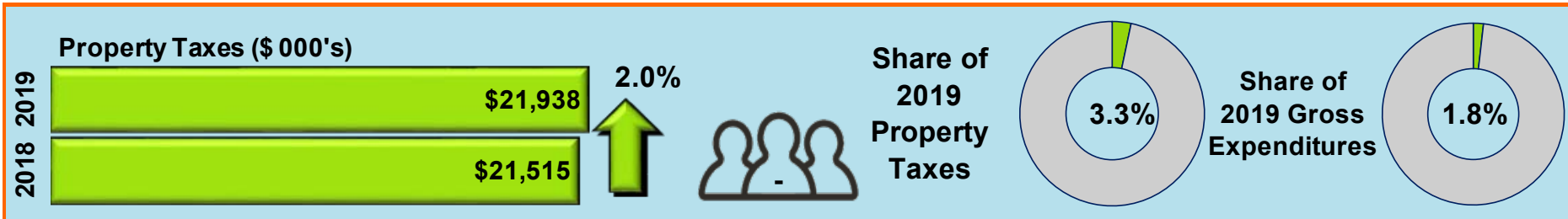
# External Agencies Highlights



## Conservation Authorities

- Operations: \$5,958,777
- Special Projects: \$1,673,807
- Land Management: \$200,000
- York/Peel/Durham/Toronto Groundwater Management Initiatives \$175,000
- Special One-Time Funding Requests from Reserve Funds
  - CLOCA - Watershed Plan Update (phase 2 of 2) \$100,000
  - GRCA - Enterprise Data Management Platform \$ 35,376
  - KRCA - Watershed Planning Update (phase 1 of 2) \$ 40,000
    - Website Design and Implementation (phase 1 of 2) \$ 8,706
    - Digitization of Corporate Records (phase 1 of 5) \$ 10,124

# External Agencies Highlights



## Conservation Authorities (continued)

- Funding Conditional on NDMP Approval
  - CLOCA -Flood Forecasting and Stream Gauge Improvements \$ 38,275
    - Corbett Creek Floodplain Mapping/Drainage Study \$ 25,000
  - TRCA - Pickering and Ajax Dyke Remediation EA \$250,000
    - Duffins Creek Floodplain Mapping Update \$110,000
    - Petticoat Creek Hydrology Update \$ 40,000

## Special Funding Requests

- Durham College – Centre of Collaborative Education \$300,000
- Trent University Durham – Expansion of Oshawa Campus \$474,000 annually for three years
- Spark Centre – Pilot Launch of the Innovation Station one time funding of \$325,000

# Future Budget Pressures

## Impacts on 2020 Budget

- Annualization of:
  - new positions (\$5.2 million)
  - Transit Service Plan Enhancements (\$0.4 million)
  - Edna Thomson Child Care Centre (\$0.1 million)

## Forecasted Pressures

- Road and Bridge Rehabilitation needs over forecast (\$493.6 million)
- Road Expansion projects over forecast (\$627.7 million)
- Future revenue loss related to marketed recycling commodities
- Increased operating costs to address escalating level of care required in long-term care homes
- Continued need to address wait lists in social services
- Aging social housing portfolio requiring capital investments

# Risks and Uncertainties



## 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

# 2019 Regional Property Tax Impacts

## Residential Regional budgetary increase for average residential property owner

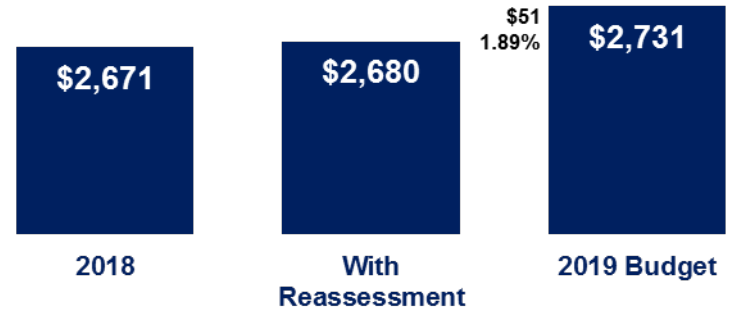


**1.89%**    **\$51**

Average Region-Wide Residential Home  
2019 CVA = \$454,000

Estimated Regional Reassessment Increase of 0.3% or \$9

### Average Region-Wide Residential Home



## Commercial Regional budgetary increase



**1.89%**    **\$83**

Based on Occupied 2019 CVA = \$522,400

Estimated Regional Reassessment Decrease of (1.9%) or (\$86)

### Commercial Example



## Industrial Regional budgetary increase



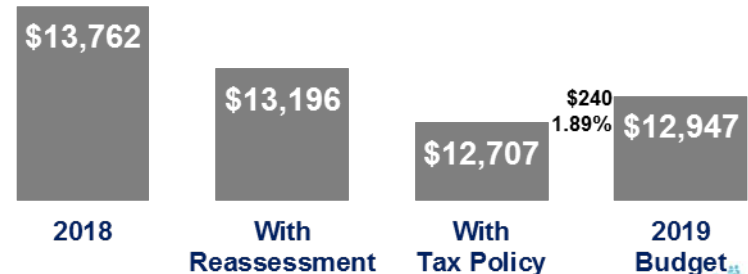
**1.89%**    **\$240**

Based on Occupied 2019 CVA = \$1,020,700

Estimated Regional Reassessment Decrease of (4.1%) or (\$566)

Estimated Regional Decrease Due to Ratio Change (3.7%) or (\$489)

### Industrial Example



# 2019 Initiatives to Modernize & Find Service Efficiencies

- Continued implementation of Enterprise Maintenance Management System
- Implement new construction contract administration software
- Streamline processes with DRPS to access collision data for traffic planning
- Expand the use of Hedgehog5 (HH5) software to improve efficiencies in the Health Protection Division
- Expand use of ENCOUNTER (e-client records) in Public Health
- Strengthen partnerships with other Paramedic Services
- Modernize Economic Development Marketing Strategy
- Childcare fee analysis
- Continued Provincial partnership on modernization initiatives and Social Assistance program delivery savings



*Five Communicators & Computer Telephony Integration System*



*20 Front Line Constables & 5 Investigators Human Trafficking Unit*



*Increase of 3,284 revenue service hours*



*Three Additional Ambulances*



*Primary Care Outreach Program*



*Poverty & Social Infrastructure Investment*

# **2019 Budget** *Increasing Front Line Services in our Community*



*Front line resources at Long-Term Care Homes*



*Vision Zero Improvements*



*Victim Services Partnership Pilot*



*Innovation*



*Climate Change Initiatives*



*Broadband Investments*



*Increased funding for Homelessness Prevention*



DURHAM REGION

**Budget**

**QUESTIONS**