

# **CITY OF PORT COLBORNE**



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## **OPERATING AND CAPITAL BUDGET**

**January 21, 2019**

# CITY OF PORT COLBORNE

## Agenda

- Sources of revenue
- Operating Levy Summary
- Estimated Ave Residential Property Tax
- Blended Tax Summary
- Unfinanced Requests and Funding
- Storm Sewer Funding and Budget
- Capital Funds Available
- Capital Levy Projects and Funding
- Maturing Debt and Debt Reserves
- Funding Projects from Matured Debt
- Current Debt Update
- Potential Future Debenture Projects

# CITY OF PORT COLBORNE

## Current Sources of Revenue

- Tax Levy –Operating & Capital
- User Fees
- Ontario Municipal Partnership Funds
- Ontario Community Infrastructure Fund
- Federal and Provincial Grants
- Debentures for capital projects
- Federal Gas Tax Revenues
- Reserves & Reserve Funds
- Storm Sewer Flat Fees
- Grant Program (Hydro Funds Invested)

# CITY OF PORT COLBORNE

## Additional Revenue Sources

- New assessment growth – very limited
- Increase in user fees – 2% to 2.5%
- Capital charge on user fees - % or \$
- Net proceeds from NRBN sale to be leveraged with other government funding
- Area surcharge for new projects financed by debentures – Storm Sewers
- Increase in capital tax levy – 1.50% annually
- Tax room – Region & Education
- Matured debentures for capital projects

# CITY OF PORT COLBORNE

## Ontario Municipal Partnership Fund

- 2018 Funding \$2,786,200
- 2019 Funding (TBD) \$2,786,200

### Funding Applied to:

- Operating levy \$2,345,900
- One time requests \$ 340,300
- Downtown CIP Phase 1 \$ 100,000

# CITY OF PORT COLBORNE

## Ontario Community Infrastructure Fund

➤ 2018 Funding	\$259,755
➤ 2019 Funding	\$404,300

### Funding Applied to:

• Downtown CIP Phase 1	\$324,300
• Capital Asset/Budget Supervisor	\$ 80,000

# CITY OF PORT COLBORNE

## New Operations Centre Funding

Goal	Debenture Levy for \$739,094	Lessen impact on ratepayers
	Spread increase over 2016, 2017, 2018 and 2019	\$365,000 levied in 2016 \$130,000 levied in 2017 \$130,000 levied in 2018 \$114,094 to be levied in 2019
Option Available	Repurpose a portion of Fire Hall matured debenture of \$307,000	Future debenture when required
Funding	Spread levy increase over 2018 and 2019	\$130,000-2018 \$114,094 - 2019
	Use of Tax Room Available -overall tax increase at 2%-4%	Dependant on other tax levy additions and any decrease to Education and Region tax rate

# CITY OF PORT COLBORNE

## Operating Levy Summary

- Base budget increase – 3.34% (2.84%-2018)
  - Loss of revenues – 0.33% (0.43%-2018)
  - Storm Sewer Budget – (1.08%) removed
- 
- 2019 Base Tax Levy Increase – 2.59%
  - 2018 Base Tax Levy Increase – 3.27%  
(2.89%-2017)

Note: Above Levy Increases prior to any additions for capital levy, debentures or new requests/initiatives



# CITY OF PORT COLBORNE

## Operating Levy Summary

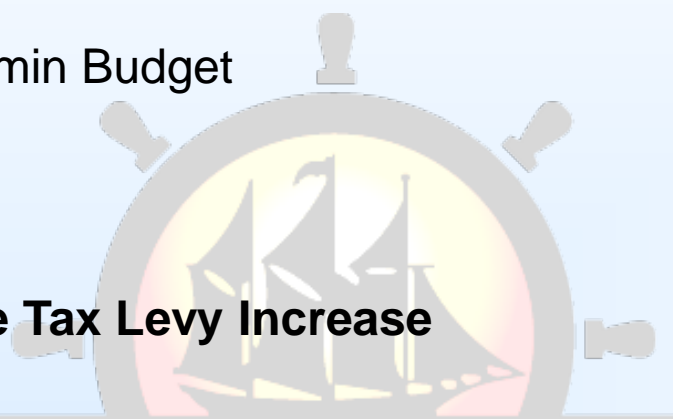
- 2019 Base Tax Levy Increase – 2.59%  
(3.27%-2018)
- Capital budget increase – 1.50% (1.25%-2018)
- Ops Centre (debenture) – 0.67% (0.81%-2018)
- Proposed 2019 Tax Levy Increase – 4.76%  
(5.33%-2018)

Additional staff requests – \$306,596 or 1.79% increase

(Page 1 and 2 of budget package)

# CITY OF PORT COLBORNE

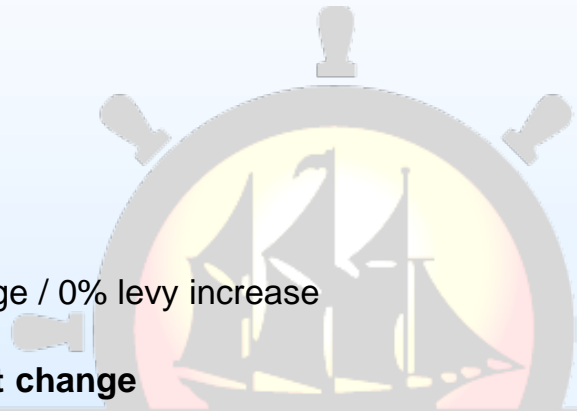
## Operating Levy Summary



Levy Increase per Admin Budget	629,032	3.68%
Storm Sewer Budget	<u>(185,425)</u>	-1.08%
<b>Proposed 2019 Base Tax Levy Increase</b>	<b>443,607</b>	<b>2.59%</b>
Operations Centre Debt-final amount	114,094	0.67%
Capital Levy	<u>257,000</u>	1.50%
<b>Tax Levy with Capital Levy increase and final Operations Centre Debt amount</b>	<b><u>814,701</u></b>	<b>4.76%</b>

# CITY OF PORT COLBORNE

## Estimated Average Residential Property Tax Comparison



	City Tax Rate		City Property Tax	
	\$	%	\$	%
	Change	Change	Change	Change
<b>Revenue Neutral</b>				
-no property assessment change / 0% levy increase	(2.98)	-3.53%	(55.30)	-3.53%
<b>Phased property assessment change</b>				
- Increased property assessment - 0% levy increase (Average assessment from \$185,605 to \$191,070 - 2.94%)	0		44.45	
	(2.98)	-3.53%	(10.85)	-0.69%
- Proposed Operating Budget - 2.59% levy increase	2.11		40.27	
	(0.87)	-1.03%	29.42	1.88%
- With Capital levy & Operations Centre Debt - 2.17% levy increase	1.76		33.69	
	0.89	1.06%	63.11	4.03%
- With new services & staffing - 1.79% levy increase	1.46		27.83	
Potential Tax Levy Increase - 6.55%	2.35	2.79%	90.94	5.81%

# CITY OF PORT COLBORNE

## Estimated Average Residential Property Tax Comparison

Funding Operations Centre Debt from matured Fire Hall debt	City Tax Rate		City Property Tax	
	\$	%	\$	%
	Change	Change	Change	Change
<b>Revenue Neutral</b>				
-no property assessment change / 0% levy increase	(2.98)	-3.53%	(55.30)	-3.53%
<b>Phased property assessment change</b>				
- Increased property assessment - 0% levy increase (Average assessment from \$185,605 to \$191,070 - 2.94%)	0		44.45	
	(2.98)	-3.53%	(10.85)	-0.69%
- Proposed Operating Budget - 2.59% levy increase	2.11		40.27	
	(0.87)	-1.03%	29.42	1.88%
- With Capital levy - 1.50% levy increase	1.22		23.33	
	0.35	0.41%	52.75	3.37%
- With new services & staffing - 1.79% levy increase	1.46		27.84	
Potential Tax Levy Increase - 5.88%	1.81	2.14%	80.59	5.15%

# CITY OF PORT COLBORNE

## Blended Tax Summary

<b>% LEVY INCREASE</b>	<b>AVE RESIDENTIAL BLENDED TAX INCREASE</b>	<b>WITH POTENTIAL CHANGE TO TAX RATIOS</b>
2019 – 4.76%	Waiting for Region & Education rates	Region Policy TBD
2019 – 6.55%	Waiting for Region & Education rates	Region Policy TBD
2018 – 6.72%	2.69% OR \$81	
2017 – 4.72%	2.99% OR \$87	
2016 – 7.08%	1.79% OR \$51	

# CITY OF PORT COLBORNE


## Unfinanced Requests & Funding



➤ Total Requests	\$ 2,057,797
• OMPF funding (TBD)	\$ 340,300
• Reserve funds	\$ 652,476
• Other/Grants	\$ 247,267
• Deferred funding	\$ 140,064
• Annual Capital Levy	\$ 257,000
• Operations Centre Debt	\$ 114,094
• Potential levy increase	\$ 306,596

# CITY OF PORT COLBORNE

## Potential Levy Increase



➤ Total Amount	\$ 306,596
• Community Safety	\$ 85,000
• Stone Road Repairs	\$ 5,000
• Staffing Part Time	\$ 93,921
• Records Mgmt Licence Fee	\$ 10,000
• New Fishing Tournaments	\$ 25,000
• Canal Days Festival	\$ 53,500
• Physician Recruitment	\$ 16,175
• Economic Development Initiatives	\$ 18,000
➤ Potential levy increase – from 4.76% to 6.55%	

(Page 3 and 4 of budget package)

# CITY OF PORT COLBORNE

## Storm Sewer Flat Fee Schedule

DESCRIPTION	# OF PROPERTIES	FLAT FEE PER YEAR	TOTAL FUNDING
Single Family Properties	5104	100	510,400
Multi-Residential 2 to 5 Units	481	175	84,175
Multi-Residential 6 to 9 Units	44	225	9,900
Institutional/Multi Res > 10 units	54	275	14,850
Small Commercial	286	175	50,050
Medium Commercial	10	225	2,250
Large Commercial	2	275	550
Light Industrial	50	375	18,750
Heavy Industrial	5	475	2,375
City Owned	133	225	29,925
CNPI Owned	5	225	1,125
Hydro One Owned	1	225	225
Niagara Peninsula Housing	3	275	825
Niagara Region	21	225	4,725
Niagara Regional Housing	2	275	550
Transport Canada Owned	43	225	9,675
MTO Owned	2	225	450
<b>TOTAL</b>	<b>6246</b>		<b>740,800</b>



# CITY OF PORT COLBORNE

## Storm Sewer Capital Funding

YEAR	FEEES	LESS OPERATING	LESS CITY STORM	CAPITAL FUNDING	LESS DEBENTURE	ACCUMULATED CAPITAL FUNDING
	COLLECTED	BUDGET	FEEES	AVAILABLE	COSTS	
1	740,000	185,000	30,000	525,000	300,000	225,000
2	754,800	188,700	30,600	535,500	300,000	460,500
3	769,896	192,474	31,212	546,210	300,000	706,710
4	785,294	196,323	31,836	557,134	300,000	963,844
5	801,000	200,250	32,473	568,277	600,000	932,121
6	817,020	204,255	33,122	579,642	600,000	911,764
7	833,360	208,340	33,785	591,235	600,000	902,999
8	850,027	212,507	34,461	603,060	600,000	906,059
9	867,028	216,757	35,150	615,121	600,000	921,180
10	884,369	221,092	35,853	627,424	600,000	948,604

NOTE: 2% COST OF LIVING INCREASE ANNUALLY

NOTE: \$5,500,000 Debenture for Nickel Area Storm Sewer project-annual cost \$300,000 over 30 years-1.75% levy increase

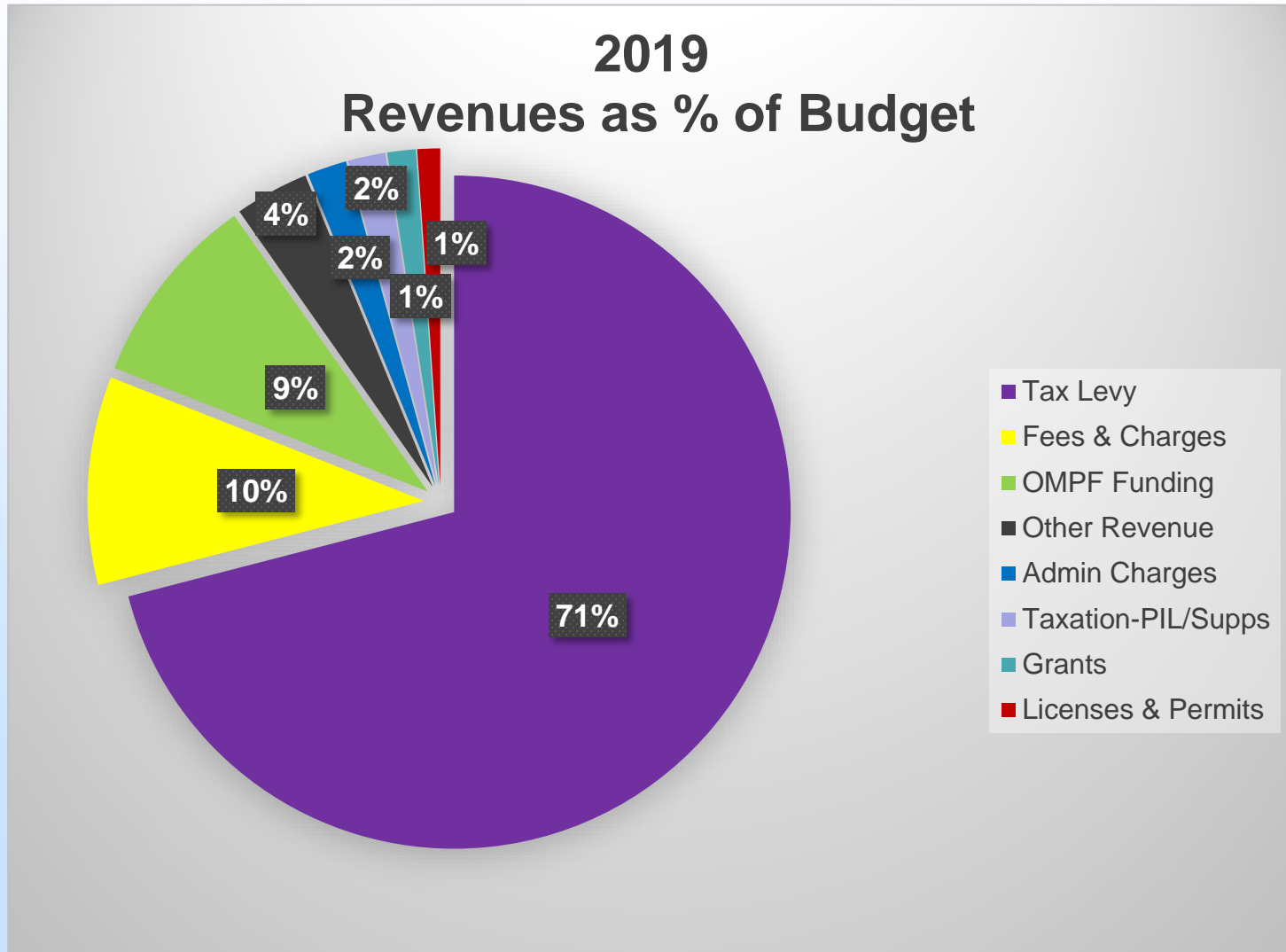
Assume a second debenture in year 5

# CITY OF PORT COLBORNE

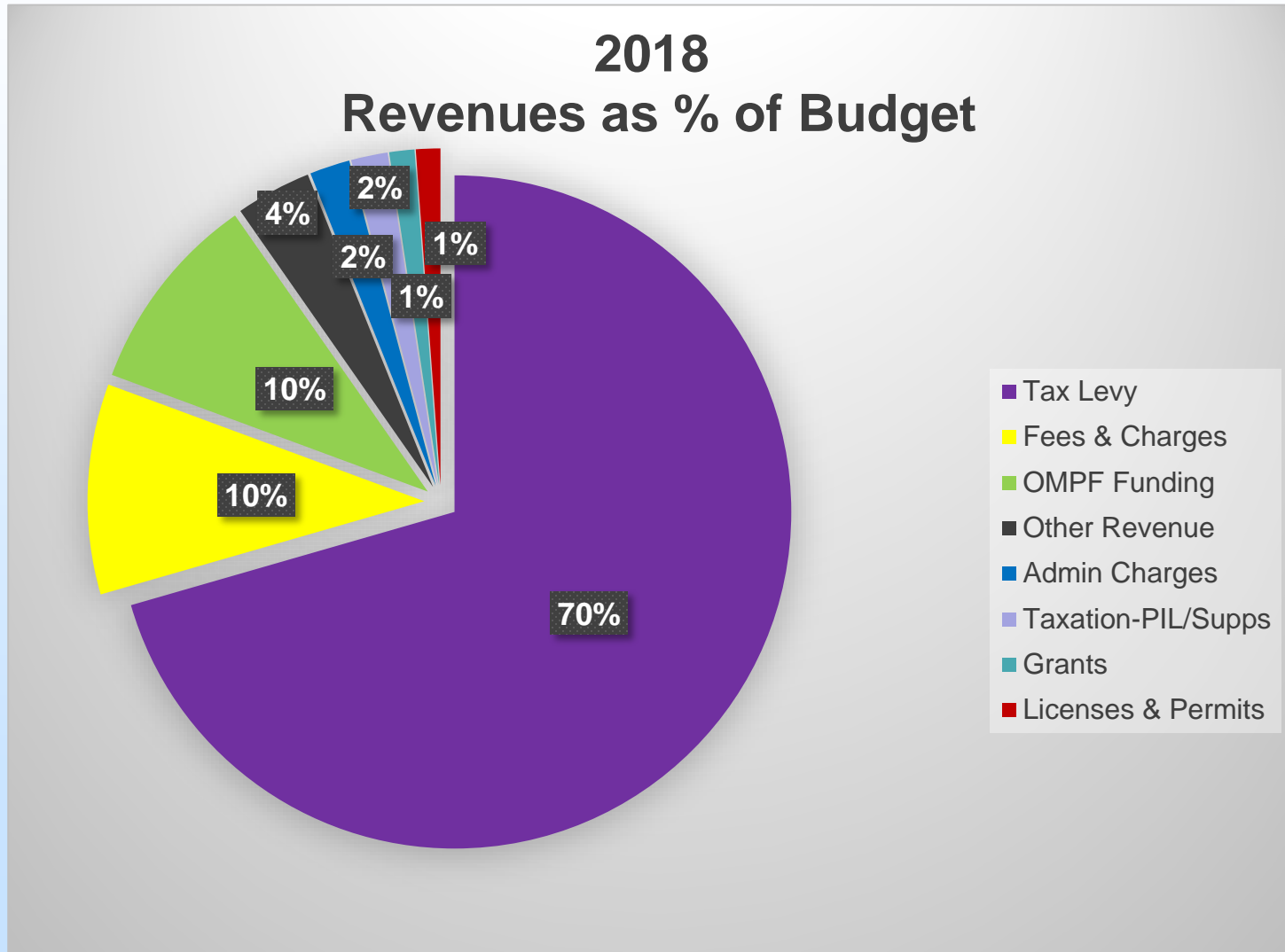
## Storm Sewer Fee & Property Tax Comparison

	Reduced Budget Storm Sewer	Tax Levy \$300,000	Tax Levy \$740,000				
Residential Average Assessment					Property Taxes		
Taxes	(16.83)	(44.06)	(84.01)		status quo	1,644.79	
Storm Sewer Fee	100.00	100.00	100.00		\$300,000 levy	1,672.02	27.23
					\$740,000 levy	1,711.97	39.95
	83.17	55.94	15.99				67.18
					Storm Sewer Fee		100.00
Commercial Average Assessment							(32.82)
Taxes	(29.20)	(76.45)	(145.75)		Remove Storm		
Storm Sewer Fee	225.00	225.00	225.00		Sewer Budget		16.83
	195.80	148.55	79.25				(15.99)
Industrial Average Assessment							
Taxes	(44.27)	(115.90)	(220.95)				
Storm Sewer Fee	375.00	375.00	375.00				
	330.73	259.10	154.05				

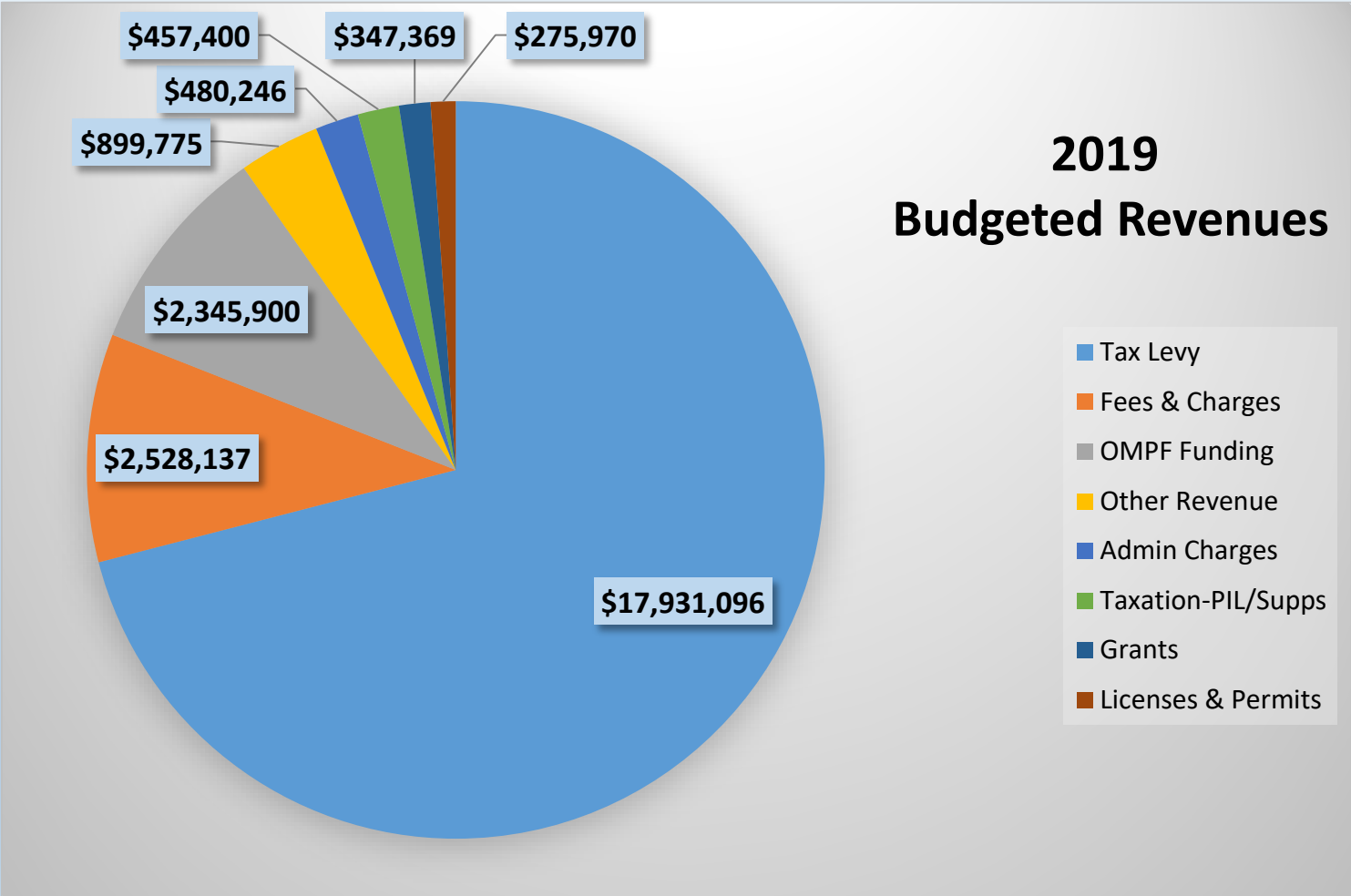
# CITY OF PORT COLBORNE



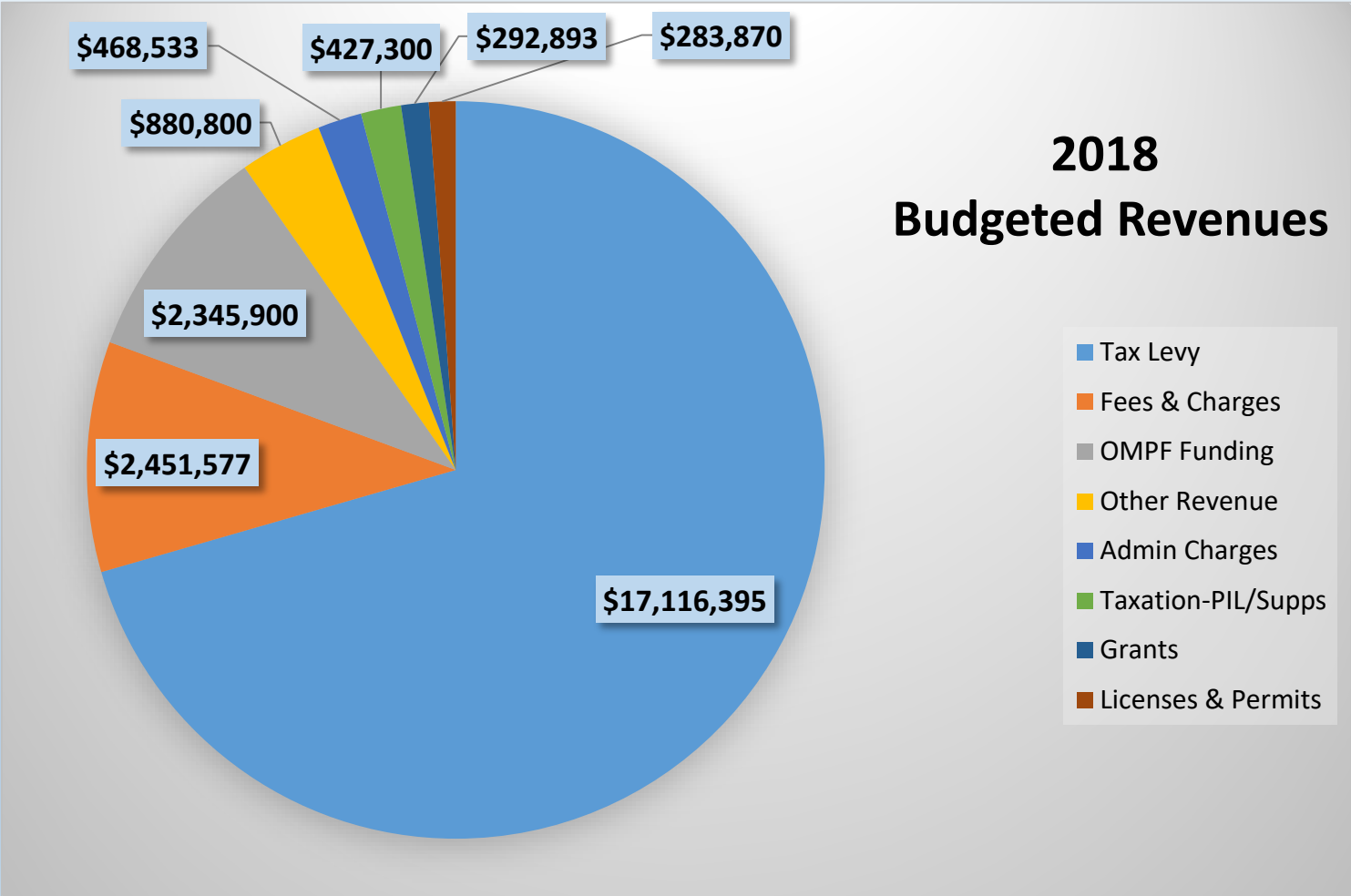
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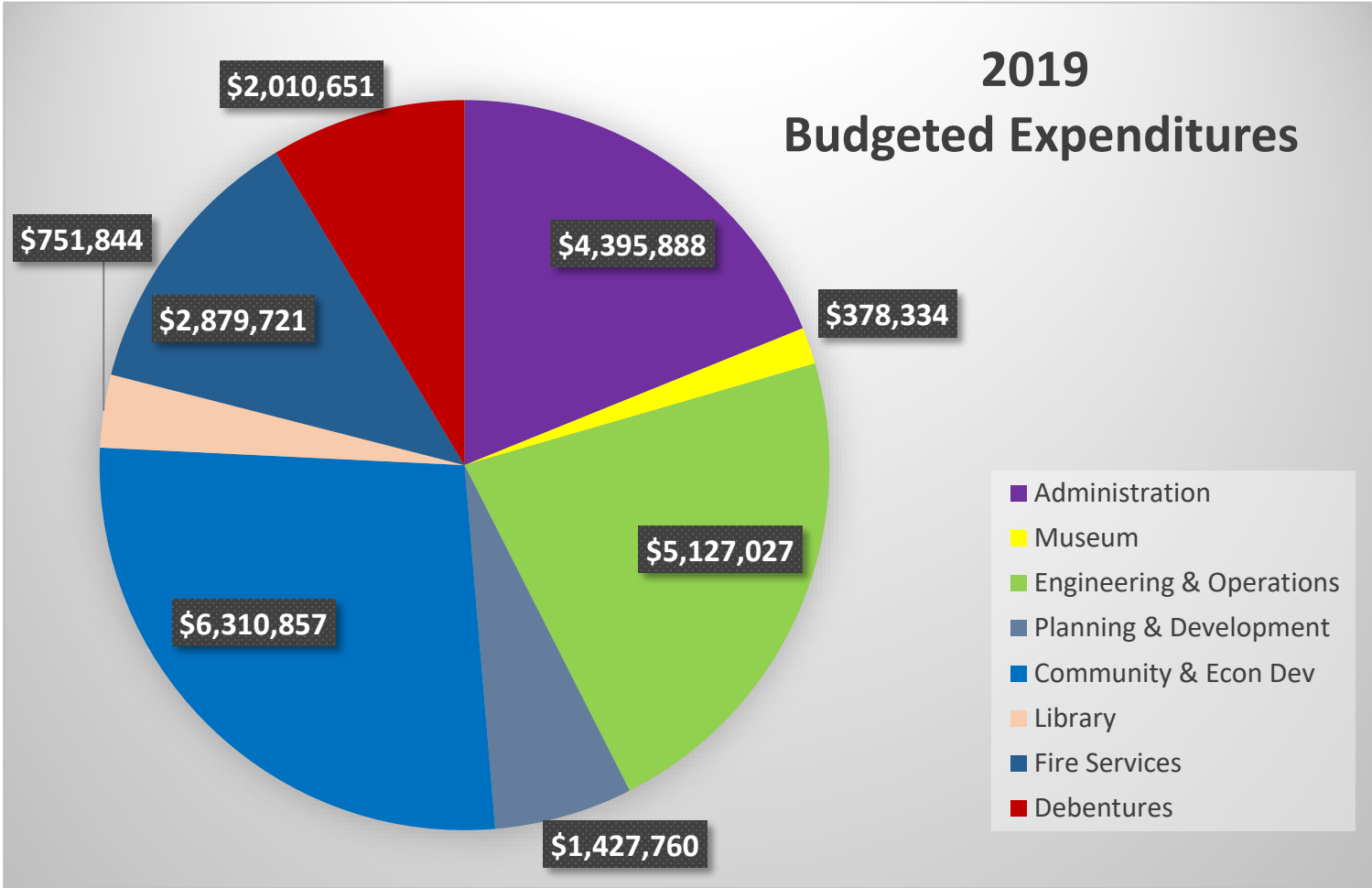
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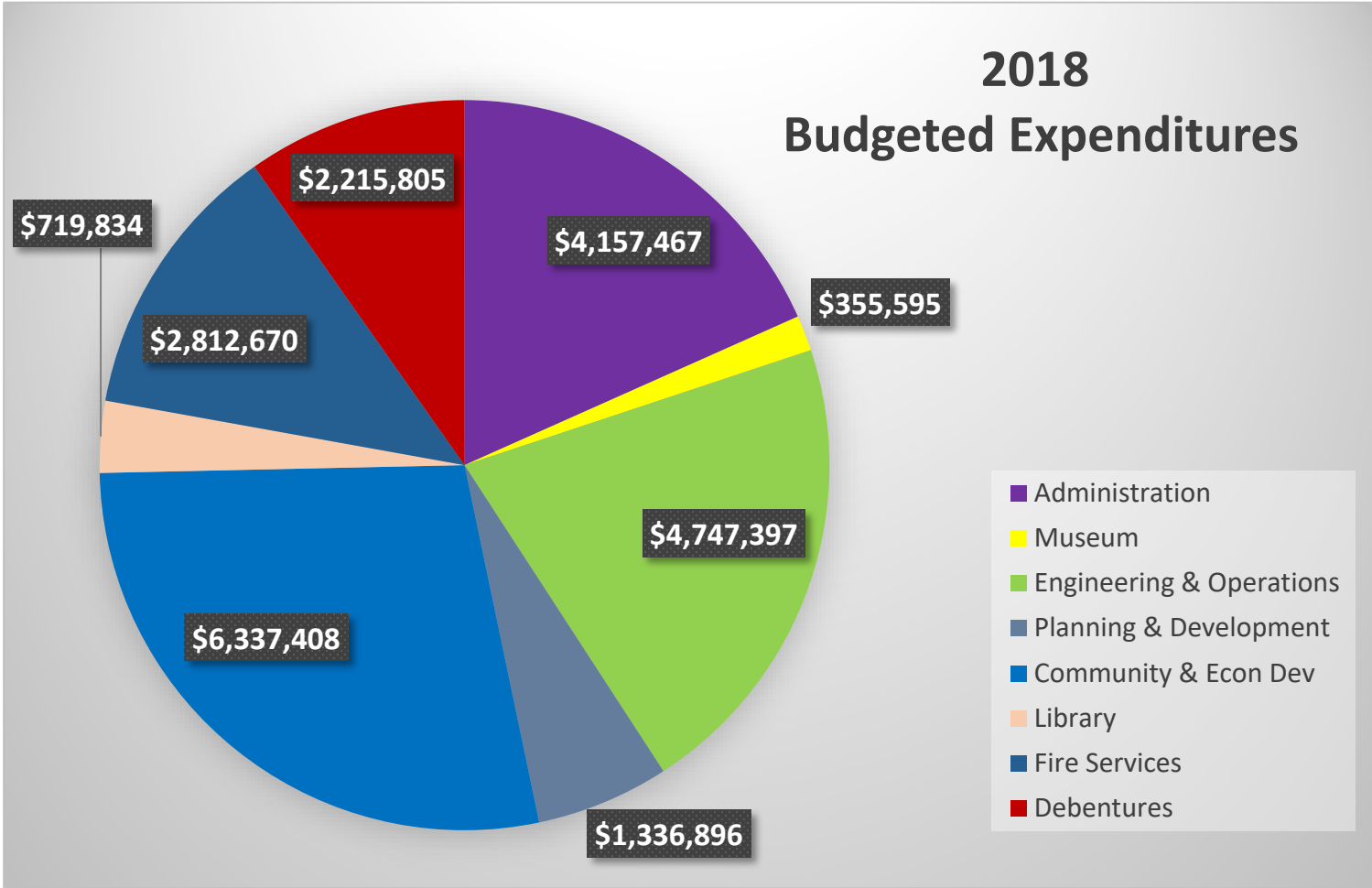
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# CITY OF PORT COLBORNE



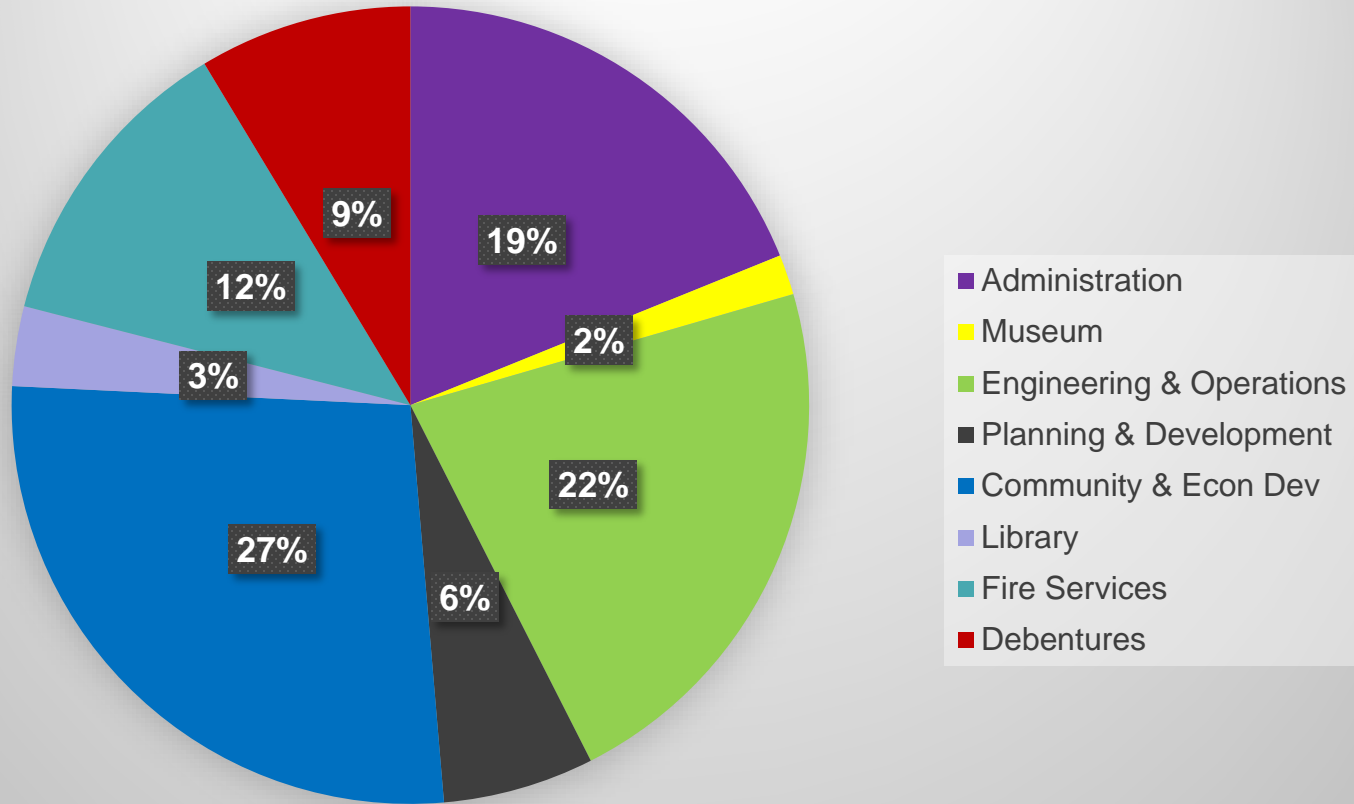
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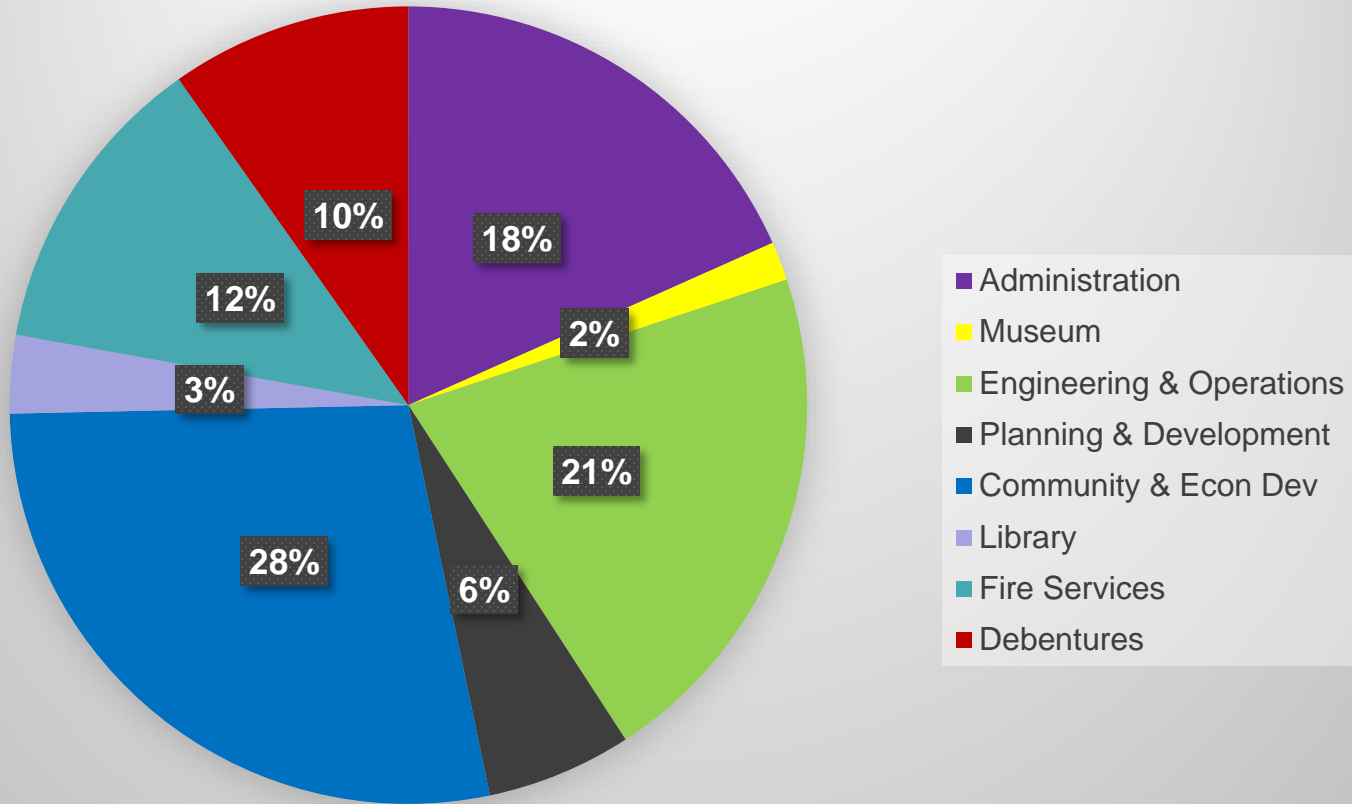
# CITY OF PORT COLBORNE

2019  
Expenditures as % of Budget



# CITY OF PORT COLBORNE

2018  
Expenditures as % of Budget



# CITY OF PORT COLBORNE

## Capital Projects Ranking-Dec 2015

Project Name/Description	Ranking	Status
New Operations Centre	1	Complete
Nickel and Omer Area Sewersheds CSO Program	2	Complete
Roselawn Heritage Building	3	In Progress
Elm Street Watermain Replacement	4	Complete
Site Servicing of East Side Employment Lands	5	Designed
Downtown CIP	6	In Progress
Marina Dock Assessment and Repairs	7	Report done
Completion of East Waterfront CIP	8	Outstanding
Master Plan Study for Urban Area Storm Water System	9	Complete
Master Plan Study for Water Distribution System	10	Complete
Ward 4 Fire Protection	11	Reviewed
Remediation of Transport Canada Lands under SSRA	12	Outstanding
Culture Block Enhancements	13	In Progress
Rail-on-Apron completion	14	Outstanding

# Depreciation Deficit based on Historical Cost and Time Lifecycle

<b>Total Depreciation (tax levy supported), 2017</b>	<b><u>\$4,281,049</u></b>
Capital levy for depreciation	\$2,162,260
Library levy for depreciation	\$35,000
OCIF Funding	\$324,300
Federal Gas Tax	<u>\$555,335</u>
2019 Depreciation Funding	<u>\$3,076,895</u>
<b>2019 Net Depreciation Deficit (28%)</b>	<b><u>\$1,204,154</u></b>
<b>2018 Net Depreciation Deficit (35%)</b>	<b><u>\$1,459,455</u></b>

# CITY OF PORT COLBORNE

## Capital Funds Available




➤ Federal Gas Tax - Roads	\$ 405,495
➤ Federal Gas Tax – Downtown CIP Roads	\$ 170,000
➤ Federal Gas Tax – Facility LED Lights	\$ 50,000
➤ OCIF – Downtown CIP	\$ 324,300
➤ OMPF – Downtown CIP	\$ 100,000
➤ Capital Levy	\$1,940,260
➤ Capital Levy Increase – 1.50%	\$ 257,000
➤ Development Charges	\$ 220,000
➤ Parkland	\$ 150,000
➤ Matured Debentures - Available	\$ 379,698
➤ Matured Debentures – Committed	\$ 257,155
➤ General Capital Reserve	\$ 453,000
➤ Net Proceeds sale of NRBN	\$6,200,000
➤ Future Matured Debentures	
➤ Provincial/Federal Grants	

# CITY OF PORT COLBORNE

## Capital Levy Projects & Funding

➤ Total Project Estimated Cost \$8,506,417



• Capital Levy	\$2,197,260
• Reserve funds	\$ 963,600
• Federal Gas Tax	\$ 575,495
• OCIF Grant	\$ 324,300
• OCIF Grant Application	\$1,176,940
• OMPF Grant	\$ 100,000
• Other	\$ 45,000
• Public Transit Grant Program	\$ 96,500
• Downtown CIP - 2020 Funding	\$2,028,760
• Fire Apparatus/Engine—2020/2021	\$ 985,000
• Deferred funding	\$ 13,562

# CITY OF PORT COLBORNE

## Maturing Debentures

	Annual Payment	Year Available	Principal Amount to Borrow		
			10 YEARS 2.98%	20 YEARS 3.76%	30 YEARS 4.09%
Pavillion/Restaurant	70,000	2019	600,000	990,000	1,200,000
Fire Hall	307,000	2019	2,640,000	4,250,000	5,250,000
Water Capital	88,000	2019	750,000	1,250,000	1,500,000
Vehicles/Main St CIP	69,000	2020	600,000	990,000	1,200,000
Main St CIP	141,000	2021	1,200,000	2,000,000	2,400,000
City Hall	38,000	2021	330,000	525,000	650,000
Fire Vehicle	68,000	2022	580,000	970,000	1,150,000
			<b>6,700,000</b>	<b>10,975,000</b>	<b>13,350,000</b>

**Note: The City can borrow between \$6.7 million and \$13.4 million with no affect on the tax levy by repurposing existing debt payments from debentures as they mature. Annual funds can be used for one time expenditures until a debenture is required. This assumes the noted interest rates do not change dramatically.**

# CITY OF PORT COLBORNE

## Debt Reserves Available

- General Debt Reserve @ Dec 31, 2018      \$565,142
  - East Side Employ Lands (2037)
  - Vale Health & Wellness Centre (2023)
  - Marina Mobile Lift (2028)
- Matured Debt Committed
  - Main St CIP/Vehicle (2019/2020)      \$210,869
  - Marina Mobile Lift      \$ 40,548
  - General Debt Reserve      \$ 5,738
  - East Side Employ Lands      \$ 30,692
  - General Debt Reserve      \$ 7,308
- Matured Debt Available
  - Marina      \$ 73,268
  - Fire Hall      \$306,430



# CITY OF PORT COLBORNE

## Funding Required for Vale Centre Debt In 2021

<b>YEAR</b>	<b>MAIN ST CIP MATURED DEBT REPURPOSED</b>	<b>AMOUNT REQUIRED</b>	<b>BALANCE REMAINING</b>
2020	\$ 69,263	\$657,034	\$587,771
2021	\$210,869		\$376,902
2022	\$210,869		\$166,033
2023	\$166,033		\$0

# CITY OF PORT COLBORNE

## Fire Department Equipment Replacement

Self Contained Breathing Apparatus (S.C.B.A) - 2020 Expenditure 450,000

### Recommended Option

Option 1 - Repurpose Fire Hall and Marina Debt Payments



Fire Hall Debt Payment	306,430
OPS Centre Debt to 2047	<u>(114,094)</u>
<hr/>	
Balance to Reserve-2019	192,336
Fire Hall Debt Payment-2020	192,336
Marina Debt Payment-2019	<u>73,268</u>
	<u>457,940</u>
Marina Debt Payment Available-2020	73,268
Fire Hall Debt Payment Available-2021	192,336

# CITY OF PORT COLBORNE

## Fire Department Equipment Replacement

Self Contained Breathing Apparatus (S.C.B.A) - 2020 Expenditure 450,000

### Recommended Option

Option 1a - Repurpose Debt Payments for One Time Expenditures

(replace OMPF funding if cut by Province)

Fire Hall Debt Payment-2019	192,336
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Marina Debt Payment-2019	<u>73,268</u>
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265,604

Fire Hall Debt Payment-2020	192,336
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Marina Debt Payment-2020	73,268
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Capital Levy-2020	<u>187,396</u>
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453,000

Marina Debt Payment Available-2021	73,268
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Fire Hall Debt Payment Available-2021	192,336
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# CITY OF PORT COLBORNE

## Fire Department Equipment Replacement

**Fire Engine No. 2 - 2021/2022 Expenditure**

550,000

**Recommended Option - New Debenture Using Other Matured Debentures**

City Hall - 2021

38,000

Fire Vehicle - 2022

68,000

# City of Port Colborne

## Debenture Guidelines

### Annual Repayment Limit

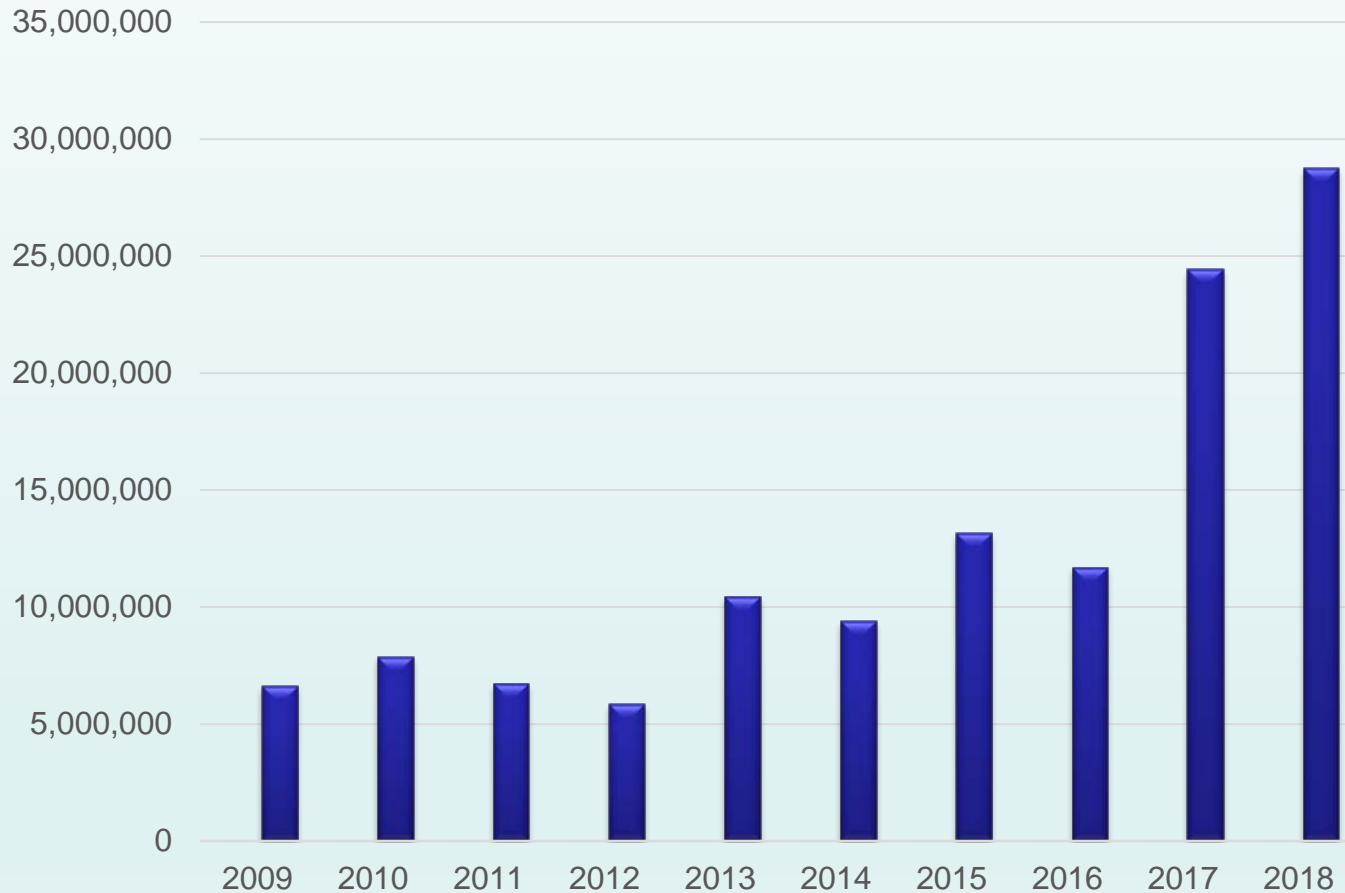
- Provincial Repayment Limit \$5,926,209  
( 25% of Revenues)
- City Repayment Limit \$4,740,967  
( 20% of Revenues)
- Current Debt Charges \$2,461,878
- City Available Debt Payt Limit \$2,279,089
- Prov Available Debt Payt Limit \$3,464,331

# City of Port Colborne

## New Long Term Borrowing

- City Available Debt Payt Limit \$2,279,089
- The maximum long term borrowing available at current rates is:
  - \$19,550,000 on 10 Year debenture
  - \$29,100,000 on 20 Year debenture
  - \$39,600,000 on 30 Year debenture
- Emergency Debt Room (Provincial to City)
  - \$1,185,242 Limit or \$9,240,000 debt

# City of Port Colborne Debt as at December 31



# CITY OF PORT COLBORNE

## Potential Future Debentures

Project	Amount	Annual Debt	Potential Levy	Note
<b>Employment Lands Servicing</b> (30 yrs)	\$8,000,000	\$445,000	2020 to 2023 - \$129,000 each year	Potential funding from matured debentures available in 2021 to 2023
<b>Downtown CIP- Phases 2 to 6</b> (30 yrs) - capital reserve of \$6,200,000 and potential gov't grants	\$5,500,000 \$8,000,000 \$5,500,000	\$306,000 \$445,000 \$306,000		Potential funding from future matured debentures or tax levy



# CITY OF PORT COLBORNE

## 2017 Organizational Review

- Conducted in 2017 by STRATEGYCORP
- Approved in September 2017
- Scope:
  - Confirm the City's key business areas;
  - Determine if operational activities are efficient, effective, and make appropriate use of resources;
  - Determine if staff levels are appropriate for the current and future level of service demand; and;
  - Determine if the current organizational structure provides efficient effective service delivery

# CITY OF PORT COLBORNE

## ORG Review - Findings

- STRATEGYCORP offered these findings in their report to Council:
  - Port Colborne is in a similar financial position to comparable municipalities of its size
  - While there is room for improvement, the City's current approach with respect to property taxes, debt and operating expenses do not, in and of themselves, demand organizational changes to the City's administrative structure
  - Given that the state of Port Colborne's financial picture, the organizational review will aim to improve the efficiency and effectiveness of the City's administrative structure in delivering services

# CITY OF PORT COLBORNE

## ORG Review Recommendations

- Reduce Full-time positions from 114 to 112
- Eliminate certain positions
- Create a new department: Community and Economic Development
- Create positions of:
  - Deputy Clerk
  - Facilities Supervisor
  - Communications Officer
  - Director of Community and Economic Development
  - Manager of Parks and Recreation

# CITY OF PORT COLBORNE

## Wages & Benefits – 2014 – 2019 Analysis

	2019	2018	2017	2016	2015	2014
FT wages	8,216,416	7,836,153	7,492,435	7,338,305	7,097,555	6,945,900
PT wages	1,072,636	1,087,066	865,043	814,042	767,402	803,989
Benefits	3,131,419	2,816,570	2,667,599	2,622,299	2,521,612	2,459,853
	12,420,471	11,739,789	11,025,077	10,774,646	10,386,569	10,209,742
year over year increase	5.80%	6.48%	2.32%	3.74%	1.73%	
Net operating expenditures per budget	25,199,318	24,271,368	23,084,860	22,411,769	21,229,674	20,497,162
% wages & benefits of net expend	49.29%	48.37%	47.76%	48.08%	48.92%	49.81%