



# Municipality of Port Hope 2012 Proposed Budget

February 28, 2012

Budget Committee Recommendation to  
General Government and Finance Committee

# Purpose of This Presentation

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- Budget Process
- Budget Committee Review
- Capital Budget
- Community Grants
- Operating Budget
- Assessment Changes
- Taxpayer Impact

# Budget Process

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- Budget guidelines and templates distributed to Departments (including Police and Library)
- Budget submissions reviewed in detail by Municipal Finance Department and budget adjusted as determined appropriate in consultation with Departments
  - Operating Budget Core operating costs reviewed
  - Previous year's revenues and expenditures
  - Removal of any one-time funds from prior year
- Draft Budget reviewed/prioritized/amended by Management Team
- Draft Budget reviewed by Budget Committee

# Budget Committee Review

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- Seven meetings to review complete budget
  - Capital in December
  - Community Grants in January
  - Operating Budget in January and February
  
- Budget Committee posed questions for clarification, requested report back, made amendments to the budget based on information provided
  
- Budget approved for consideration at GGF



# Capital Budget

Proposed Budget

# Management Team

## Capital Decision Making Process

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The primary factors in making decisions on each individual project

- **Health and Safety** – required for health & safety reasons
- **Mitigates Risk** – reduces risk of problems that may result in damage/legal action
- **Legal and Other Commitment** – legislated or legal agreement or similar commitment exists
- **Council Priority** – identify as priority or suggested by Council for inclusion in budget
- **Department Head NOW need** – department head priority
- **Passed over in prior year** – submitted but not funded in prior budget
- **Continuation of project** – partially funded in prior budget
- **In 10-year plan** – in 10-year capital plan
- **Infrastructure Maintenance** – maintaining existing capital infrastructure

# Management Team

## Capital Decision Making Process cont'd

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- **Grant/Cost Sharing** – grants/cost sharing available and confirmed
- **Reserves/DC funding** – reserves/DCs available
- **Energy Conservation** – promotes/results in energy conservation
- **Improves Accessibility** – per AODA requirements or Accessibility Committee recommendations
- **Increases future operating** – results in annual operating costs in future years
- **Decreases future operating** – reduces annual operating costs
- **Severe Deterioration** – infrastructure is significantly reduced in capacity to meet standard level of service
- **Service Deficiency** – project is required to rectify a service deficiency
- **Increase Non-Residential Assessment** – results in increased non-residential assessment

# Capital Project Categories

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- Approved Carryovers – no levy impact
- Z Priority - \$0 Levy Impact
- A Priority - Levy Impact in Management Team recommended priority order according to decision making factors
- B Priority – No current year levy/operating impact but future operating impact with debt repayment/user fees increases
- C Priority – Levy Impact requiring further Council decision
- D Priority – Defer to another year



# Capital Projects

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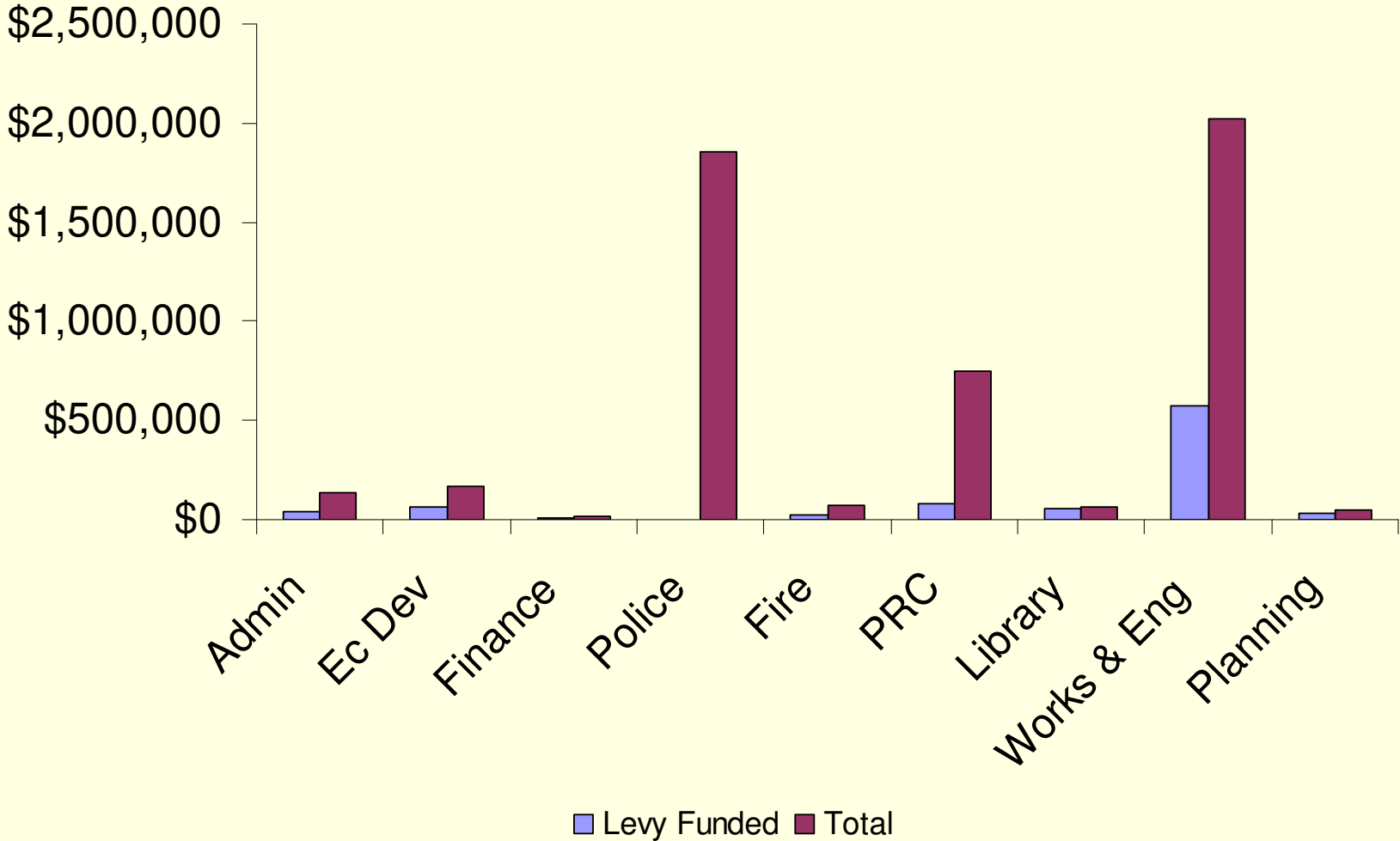
- 70 carryover (ongoing) projects valued at \$5.2 million with no 2012 tax levy impact including:
  - Gateway Collector Road
  - West End Park
  - 2011 Fire Pumper/Tanker
  
- 36 projects totaling \$4.1 million have been submitted with no tax levy impact including:
  - Reconstruction of Lakeshore Road - \$250,000
  - Baulch Road/West End Park next phase - \$500,000
  - Traffic Signalization - Croft St./Rose Glen Rd.- \$200,000
  - Police Station Stage 2 - \$1,500,000 and Police Radio Network \$250,000 (subject to Police Service Delivery Review)

# Capital Projects

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- No projects with future operating impacts
- 21 projects totalling \$1,160,000 with \$875,000 from tax levy including:
  - IT related - \$162,000
  - Annual Street Resurfacing - \$220,000
  - GRCA projects - \$90,000
  - Columbarium - \$50,000
  - Bridge and Guiderail Maintenance - \$210,000

# Capital Budget by Department





# Community Grants

Proposed Budget

# Community Grants

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- Budget Committee considered 17 Community Grant applications with a value of \$215,000
- Recommendation to approve grants totalling \$112,000 (net of non-tax funding sources)
- This represents a \$4,000 or 3.7% increase from the approved 2011 budget.



# Operating Budget

Proposed Budget

# Operating Review

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- Budget reflects costs in 2012 to provide same level of service as in 2011 except where Council has approved changes to levels of service
- Level of service or project implementation items not previously approved are submitted as “Potential Increases” for Budget Committee consideration before including in the budget.

# Operating Budget - Tax Levy Requirement Pressures

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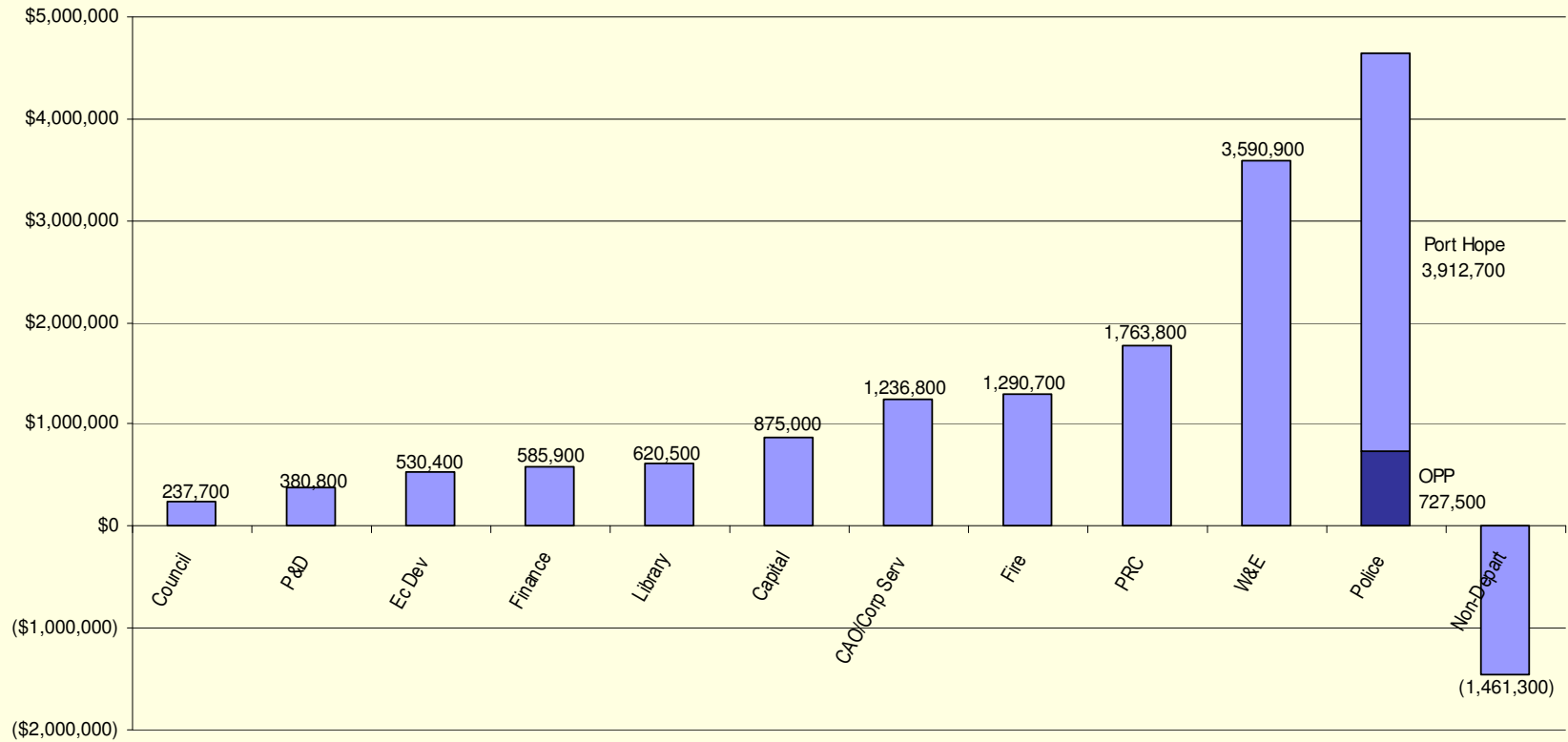
■ Salary/benefits plus COLA	\$418,900
■ OMERS contribution increase	\$ 55,000
■ Salary Gapping (expect fewer vacancies in 2012)	\$120,000
■ Reduction in OMPF Funding	\$ 56,000
■ Fire Truck Debt Financing	\$ 24,000

Offset by:

■ Revenue Inc/Expenditure Dec	\$103,000
■ Interest on Investments and Accounts	\$324,000



# Levy Requirement By Department/Board



# 2012 Proposed Budget Summary

	2011 Approved	2012 Budget	Variance \$	Variance %
Operating	\$ 8,069,000	\$ 8,155,700	\$ 86,700	1.1 %
Capital	863,000	875,000	12,000	1.4 %
Police	4,475,900	4,640,200	164,300	3.7 %
Library	<u>602,900</u>	<u>620,500</u>	<u>17,600</u>	<u>2.9 %</u>
Total	<u>\$14,010,800</u>	<u>\$14,291,400</u>	<u>\$280,600</u>	<u>2.0 %</u>

Net Tax Levy Requirement increase is 2.0%

# Budget on Accrual Basis

Operating Expenses		19,332,150	
Capital		<u>5,127,000</u>	
Total Expenses		24,459,150	
Non-Levy Funding for Operating		( 5,915,750 )	
Non-Levy Funding for Capital		<u>( 4,252,000 )</u>	
Cash Based Levy Requirement		<u>14,291,400</u>	
Cash Based Levy Requirement		14,291,400	
Less			
Debt Principal Repayments	120,200		
Capital Purchases	423,000		
Contributions to Reserves	<u>305,700</u>	848,900	
Add			
Contribution from Reserves	280,500		
Depreciation	4,960,600		
Post Employment Benefits	<u>93,291</u>	<u>5,334,391</u>	
Accrual Based Budget		<u>18,776,891</u>	

# Assessment

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- Assessments in 2012 based on the final year of the 2008 phased assessment
- Overall assessment increased \$70.2 million (4.3%) over 2011
- Weighting is applied to adjust proportionate share of taxes between classes – e.g. Ind/Com = 2.63 times Residential; Farm = 0.25 times Residential
- Weighted assessment increased \$48.9 million (2.8%) over 2011

# Assessment

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- Ward 1 assessment increased \$54.5 million or 5.0% with increases in all classes except commercial which decreased 6.1%
- Ward 1 weighted assessment increased by \$45.3 million or 3.6%
- Ward 2 assessment increased \$22.9 million or 4.3% with increases in all classes except commercial and industrial which decreased almost 15% and 32% respectively
- Ward 2 weighted assessment increased by \$3.6 million or 0.8% with decreases in commercial and industrial weighted assessments consistent with above

# Area Rating

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- The Area Rating determines how the tax levy is shared between the two wards
- It is calculated in accordance with the approved By-law and variances each year are based on changes in the weighted assessment in each Ward.
- General Government and Finance reviewing the area rating
- Will make a recommendation to Council prior to approval of tax rates
  
- Based on the 2% Net Tax Levy Requirement increase, changes in assessment and application of the *current* area rating policy...

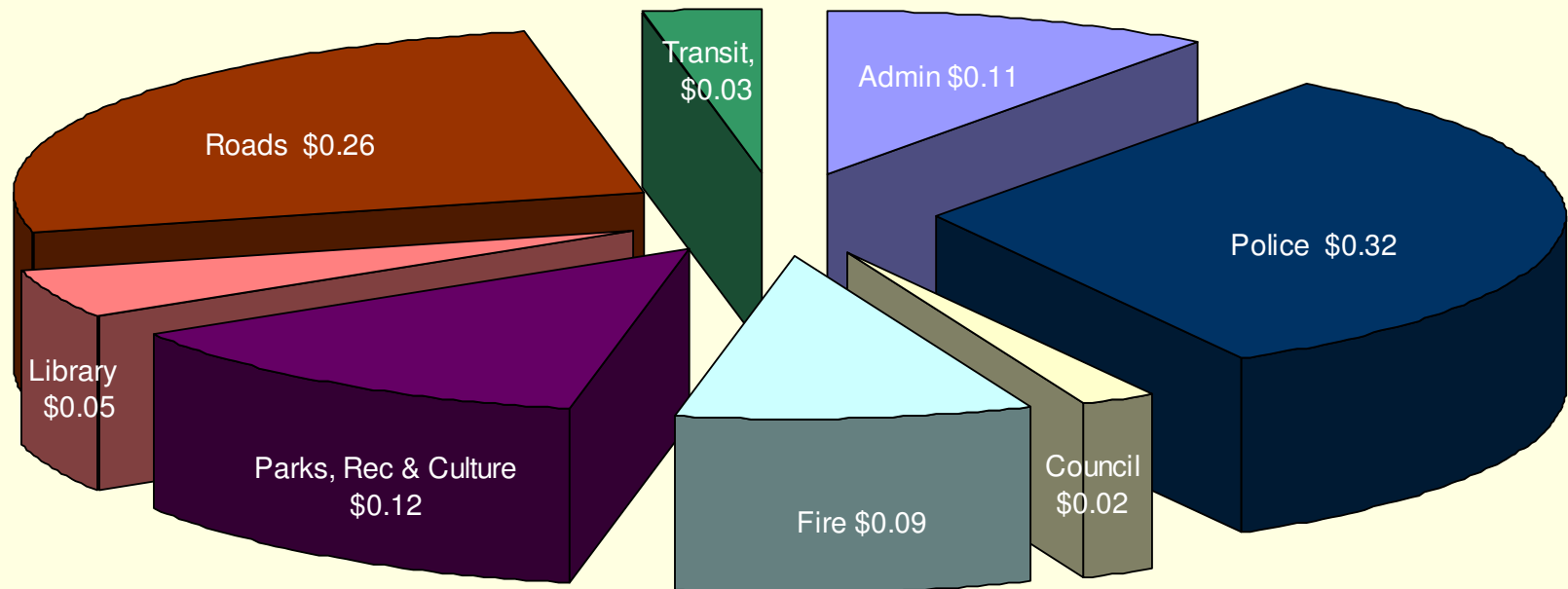
# Residential Tax Impact

	<b>Ward 1</b>	<b>Ward 2</b>
2012 Tax Rate	0.009299	0.004232
2011 Tax Rate	<u>0.009500</u>	<u>0.004180</u>
Change in Tax Rate	-0.000201	0.000052

Increase in Municipal Portion of Taxes on Property Assessed at:

<u>2011 Assmnt</u>	<u>2012 Assmnt</u>	<b>Ward 1</b>	<b>Ward 2</b>
		<u>Increase in Taxes</u>	
157,500	165,375	\$41	\$41
183,750	192,938	\$48	\$48
210,000	220,500	\$55	\$55
236,250	248,063	\$62	\$62

# How Your Tax Dollar Is Being Used





# Next Steps

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- Feb 24 – Mar 16, 2012 opportunity for public viewing and questions/comments with Finance Department staff
- March 20, 2012 – report to Council regarding questions and public comments received and Resolution at Council to potentially approve the budget based on GGF recommendation



Thank you