



Municipality of Port Hope 2011 Proposed Budget

March 15, 2011

Budget Committee Recommendation to
General Government and Finance Committee

Purpose of This Presentation

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

Capital Budget Process

- Budget guidelines and templates distributed to Departments (incl Police and Library)
- Budget submissions reviewed in detail by Municipal Finance Department and budget adjusted as determined appropriate in consultation with Departments
- Draft Budget reviewed/prioritized/amended by Management Team
- Draft Budget reviewed by Budget Committee

Operating Budget Process

- Department submission of budget requirements
- Detailed review by Finance and individual meetings with Departments
 - Core operating costs reviewed
 - Previous year's revenues and expenditures
 - Removal of any one-time funds from prior year
- Review of Department submission by Management Team
- Review of Draft Budget by Budget Committee

Budget Process

- Draft Budget reviewed by Budget Committee
 - Ten meetings to review complete budget
 - Capital in January
 - Community Grants in February
 - Operating Budget in February and March
- 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

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** – 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

- **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 accessibility requirements
- **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-Res Assessment** – results in increased non-residential assessment

Capital Project Categories

- 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 funding
- C Priority – Levy Impact requiring further Council decision
- D Priority – Defer to another year

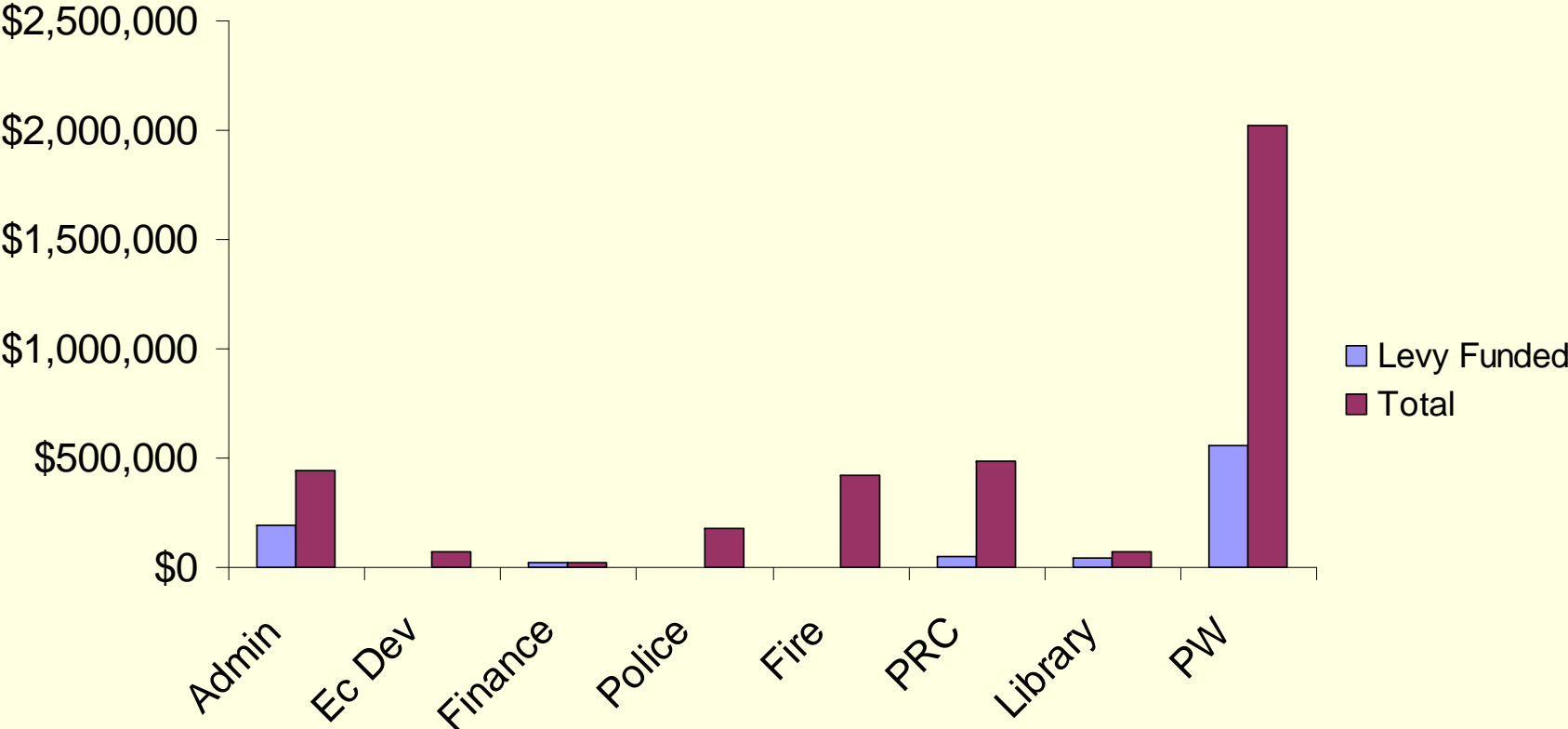
Capital Projects

- 56 carryover projects valued at \$5.1 million with no 2011 tax levy impact
 - Joint Operations Centre
 - Town Hall HVAC and Windows
 - West End Park
- 25 projects totaling \$1.2 million have been submitted with no tax levy impact.
 - Town Hall Masonry - \$200,000
 - West End Park - \$200,000
 - Rotary Park Bridge - \$110,000
 - Police Station Stage 1 - \$100,000

Capital Projects

- 9 projects with future operating impacts (levy or water / sewer rates)
 - 7 water/sewer projects per rate study
 - Pumper/Rescue Truck for Welcome
 - Casket Lowering Device
- 19 projects totalling \$988,000 with \$863,000 from tax levy
 - Final phase of phone system upgrade - \$190,000
 - Annual Street Resurfacing - \$220,000
 - GRCA projects - \$90,000
 - King St Design Phase 2 - \$70,000
 - Bridge and Guiderail Maintenance - \$170,000

Capital Budget by Department





Community Grants

Process and Proposed Budget

Community Grants

- Budget Committee considered 12 Community Grant applications with a value of \$379,292
- Recommendation to approve grants totalling \$108,000 (net of non-tax funding sources)
- This represents a \$35,400 or 25% decrease from the approved 2010 budget.

Operating Budget

Process and Proposed Budget

Operating Review

- Budget reflects costs in 2011 to provide same level of service as in 2010 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

- Salary and benefits per grid plus COLA - \$195,000
- Reduction in OMPF Grant from Province - \$62,300
- Reduction in Payments in Lieu of Taxes - \$67,000
- Reduction in supplementary taxes - \$70,000
- Reduction in rent revenue at 5 Mill Street - \$93,500
- Source deduction increases (CPP, EI, EHT, WSIB) - \$21,000
- OMERS contribution increase - \$81,000
- Fire Truck Debt Financing - \$20,000
- OPP Contract re Civilian Data Entry - \$15,000
- Reduced contribution to capital - \$272,500

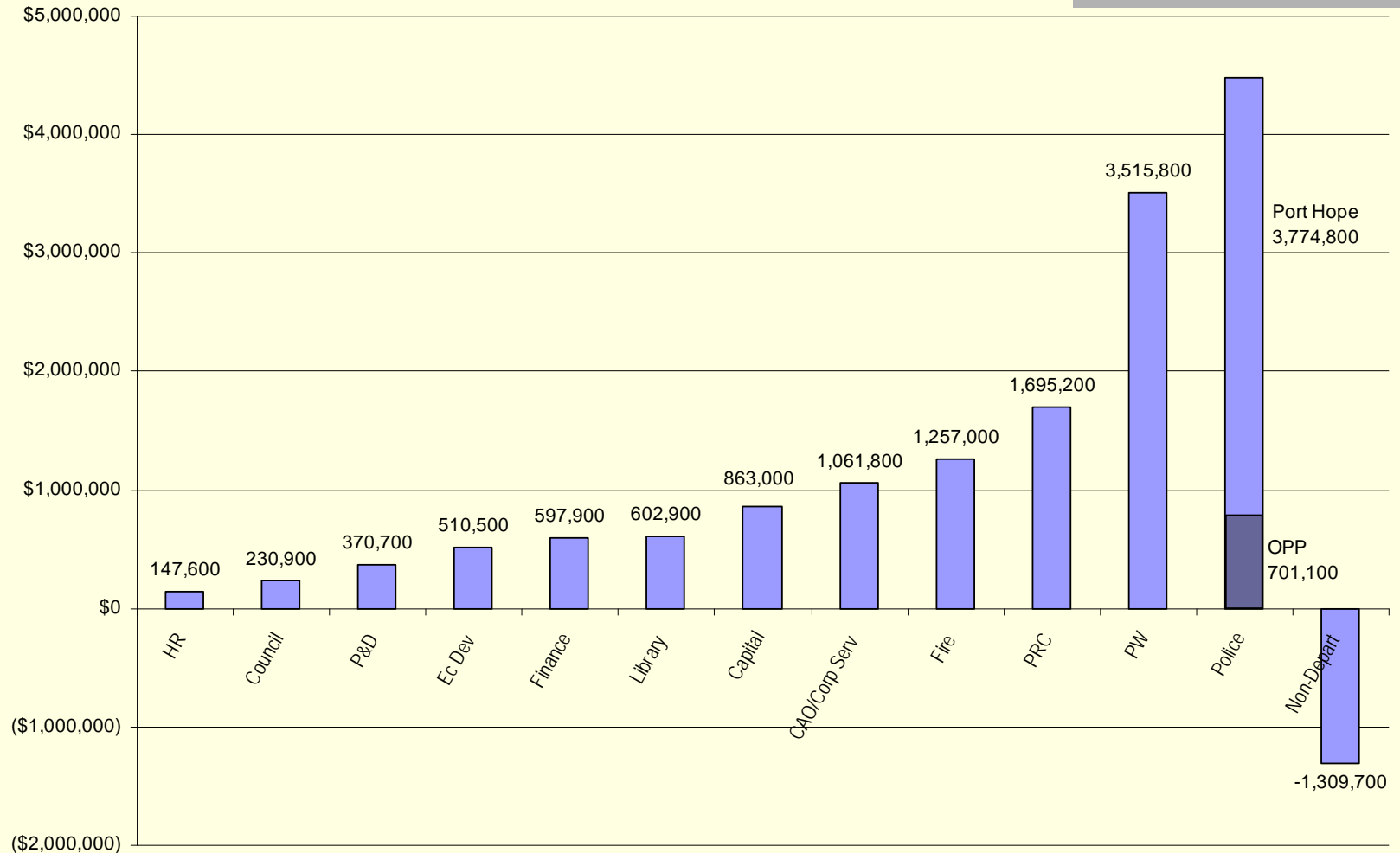
Offset by:

- Revenue Inc/Expenditure Dec - \$200,000

Operating Budget - Tax Levy Decrease Measures

- Salary Gapping - \$135,000
- Increase supplementary tax to 1% of tax levy - \$70,000
- Eliminate contribution to Sick Leave Reserve - \$15,000
- Parking Meter Revenue - \$15,000
- Savings re consolidating staff locations - \$13,000
- Defer/reduce various expenditures - \$354,000
- Increase in anticipated various revenues - \$110,700
- Committees of Council - \$10,600
- Accessibility Reserve Contribution - \$10,000
- Reduce transit hours (early morning/late evening) - \$40,000

Levy Requirement By Department



2011 Proposed Budget Summary

Department	2010	2011	2011 vs 2010 Budget	
	Approved Budget	Proposed Budget	Variance	
			\$	%
Municipal Operating	8,004,400	8,069,000	64,600	0.8%
Capital	842,000	863,000	21,000	2.5%
Police	4,289,600	4,475,900	186,300	4.3%
Library	<u>573,400</u>	<u>602,900</u>	<u>29,500</u>	<u>5.1%</u>
Net Tax Levy Requirement	<u>13,709,400</u>	<u>14,010,800</u>	<u>301,400</u>	<u>2.2%</u>

Budget on Accrual Basis

Operating Expenses		18,681,250
Capital		<u>4,041,000</u>
Total Expenses		22,722,250
Non-Levy Funding for Operating		(5,533,450)
Non-Levy Funding for Capital		<u>(3,178,000)</u>
Cash Based Levy Requirement		<u><u>14,010,800</u></u>
Cash Based Levy Requirement		14,010,800
Less		
Debt Principal Repayments	141,000	
Capital Purchases	359,000	
Contributions to Reserves	<u>(493,100)</u>	6,900
Add		
Contribution from Reserves	270,500	
Depreciation	4,967,600	
Post Employment Benefits	<u>91,300</u>	<u>5,329,400</u>
Accrual Based Budget		<u><u>19,333,300</u></u>

Assessment

- Assessments in 2011 based on year three of 2008 phased assessment
- Overall assessment increased \$89.2 million (5.7%) over 2010
- Weighting is applied to adjust proportionate share of taxes between classes – e.g.. Ind/Comm = 2.63 times Res; Farm = 0.25 times Res
- Weighted assessment increased \$94.8 million (5.7%) over 2010

Assessment

- Ward 1 assessment increased \$57.5 million or 5.5% with increases in all classes except farmland
- Ward 1 weighted assessment increased by \$66.2 million or 5.5%

- Ward 2 assessment increased \$31.7 million or 6.2% with increases in all classes except commercial which decreased almost 10%
- Ward 2 weighted assessment increased by \$28.6 million or 6.4% with a similar decrease in commercial weighted assessment

Area Rating

- 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.
- Budget Committee reviewing the area rating
- Will make a recommendation to Council prior to approval of tax rates
- Staff recommendation is as follows...

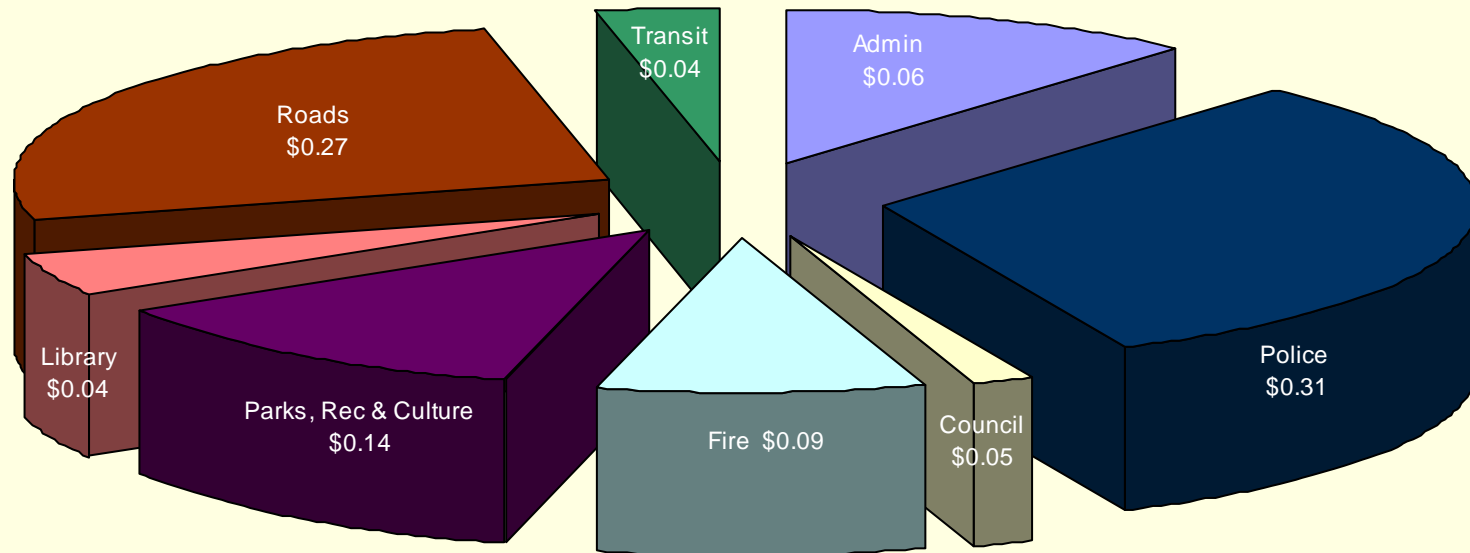
Residential Tax Impact

	Ward 1	Ward 2
2011 Tax Rate	0.009467	0.004269
2010 Tax Rate	<u>0.009809</u>	<u>0.004351</u>
Change in Tax Rate	-0.000342	-0.000082

Increase in Municipal Portion of Taxes on Property Assessed at:

<u>2010 Assmnt</u>	<u>2011 Assmnt</u>	<u>Increase in Taxes</u>	
150000	157500	\$20	\$20
175000	183750	\$23	\$23
200000	210000	\$26	\$26
225000	236250	\$30	\$29

How Your Tax Dollar Is Being Used



Next Steps

- Mar 11 – 28, 2011 opportunity for public viewing and questions/comments with Finance Department staff
- March 29, 2011 – report to GGF re questions and comments from public to date and recommendation to Council
- April 5, 2011 – Update on additional questions and comment and Resolution at Council to approve the budget based on GGF recommendation



Thank you