



2020 Pre-Budget Council Consultation

Presentation to Town Council
September 10, 2019



Strategic Priorities



Smart Growth

Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.



Sustainable Infrastructure

Ensure that the Town of Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.



Community Health and Wellness

Integrate the principles of health and wellness into all of the Town of Tecumseh's plans and priorities.



Continuous Improvement

Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.

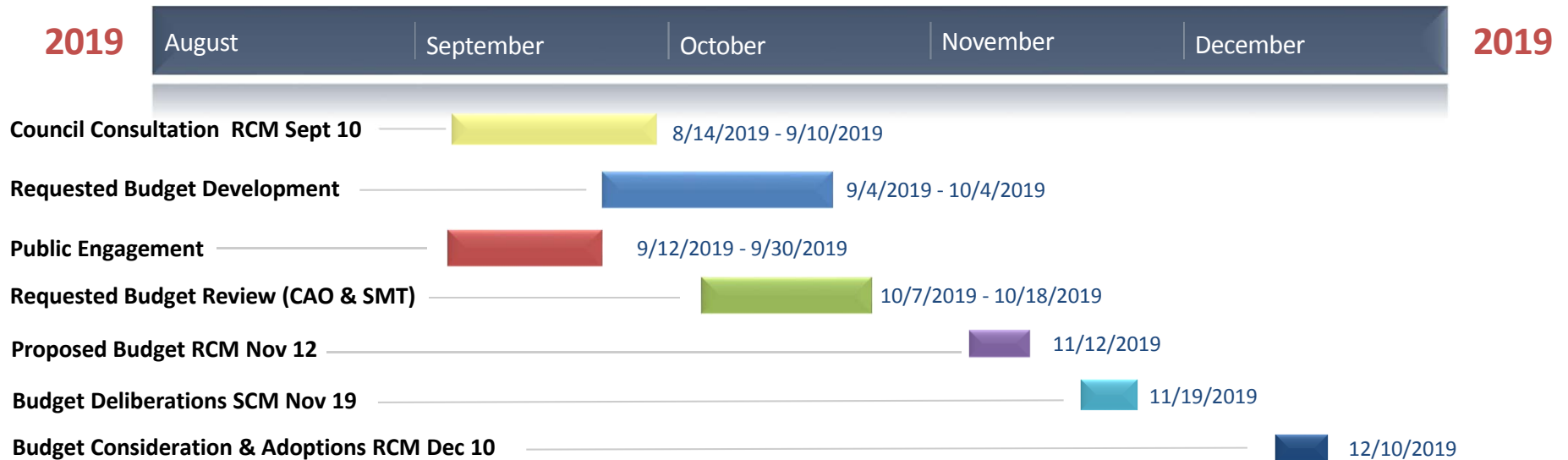


Good Governance

Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.



2020 Budget Timelines



2020 Budget Timelines approved by Council as per FS Report 2019-07



2019 Approved Budget & Forecast

	2018	2019 Approved	2020	2021	2022	2023
Base Department Operations (excl Pay/Ben)	-0.37%	1.19%	0.76%	0.59%	0.40%	0.40%
Service Level Enhancements	1.68%	0.55%	0.41%	0.00%	0.00%	0.00%
Payroll/Benefits	1.33%	1.19%	0.69%	0.66%	0.69%	0.67%
Police Services	0.13%	0.41%	0.43%	0.41%	0.40%	0.40%
Sub-total - Operating	2.77%	3.33%	2.28%	1.67%	1.50%	1.46%
Lifecycle	0.53%	0.45%	0.43%	0.41%	0.40%	0.40%
New Infrastructure Levy	0.46%	0.67%	0.86%	0.41%	0.40%	0.00%
Sub-total - Capital	0.99%	1.12%	1.29%	0.83%	0.81%	0.40%
Total	3.76%	4.45%	3.57%	2.49%	2.30%	1.86%
Assessment (Growth)/Loss	-1.62%	-1.75%	-0.43%	-0.21%	-0.20%	-0.20%
Total w/ Growth factor	2.14%	2.70%	3.14%	2.29%	2.10%	1.66%



Budget Pressures & Drivers

	\$ Amount	Percent
2020 Preliminary Estimates:		
Operations	696,000	2.98%
Lifecycle/Capital	328,000	1.40%
Assessment Growth	(100,000)	(0.43)%
Total Preliminary Estimates & Levy Increase	924,000	3.96%
Projected 2020 Levy Increase from 2019 Budget:		
Operations	532,000	2.28%
Lifecycle/Capital	300,000	1.29%
Assessment Growth	(100,000)	(0.43)%
Total Projected Levy Increase		3.14%



Budget Pressures & Drivers

	\$ Amount	Percent
Operating Revenues:		
Assessment Growth	(100,000)	(0.43)%
Arena rental	(10,000)	(0.04)%
User Fees General	(10,000)	(0.04)%
Supplemental Tax Revenue	20,000	0.08%
Lifecycle Reserves (one-time)	(150,000)	(0.64)%
Total Revenues	(250,000)	(1.07)%



Budget Pressures & Drivers

	\$ Amount	Percent
Operating Expenditures:		
Staffing Enhancements	355,000	1.52%
Negotiated wage increases	200,000	0.86%
Garbage Collection and Disposal	33,000	0.14%
Software maintenance fees	33,000	0.14%
Professional fees (one-time LC reserve)	50,000	0.21%
Storm – high lake levels (one-time LC reserve)	100,000	0.43%
Other	75,000	0.34%
Total Operating Expenditures	846,000	3.63%



Budget Pressures & Drivers

	\$ Amount	Percent
Lifecycle/Capital:		
New Infrastructure Levy (NIL)	200,000	0.86%
Lifecycle – Bridges	50,000	0.21%
Lifecycle – Parks development and equipment	20,000	0.09%
Lifecycle – Buildings	15,000	0.06%
Lifecycle – Arena	10,000	0.04%
Lifecycle – Community trails	10,000	0.04%
Lifecycle – ITS infrastructure	10,000	0.04%
Lifecycle – Fleet	8,000	0.03%
Lifecycle – Outdoor pool	5,000	0.02%
Total Lifecycle/Capital	328,000	1.40%



2020 Drivers not Quantified

	\$ Amount	Percent
Community Safety and Wellbeing		
Development Charge update - CBCs		
Education & County Levies		
ERCA		
EWSWA		



Outlook Years

	2021	2022
Assessment growth	(50,000)	(150,000)
Staffing enhancements	90,000	(120,000)
Wages/Benefits (CBAs)	?	?
OPP Contract	?	?
Lottery Licencing claim	?	?
Lifecycle	100,000	100,000
OCIF Grant - \$1,077,000 in 2020	?	?
New Infrastructure Levy (NIL)	200,000	200,000
Sportsplex		
CIP Infrastructure		
2019 DC Study		



Lifecycle/Capital

- Lifecycle Funding Model
 - Asset replacement
- New Infrastructure Levy – Target \$2.35 M *
- New capital requirements
- Allocated to Capital Reserves
- Recommendations for annual project allocations follows budget process
 - Department 5-yr Capital Plans

* **Target of \$1.75-million established in 2018** – based on capital projects identified at that time, i.e. 2014 Development Charges, CWATS, Parks Master Plan, Fire Master Plan and Trails and Pathways – 2019 DC Background Study update and Sportsplex costing update increase the annual target allocation to \$2.35-million.



Unfunded Capital

	2020	2021	2022	2023	2024
Development Charge Projects	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Sportsplex	550,000	550,000	550,000	550,000	550,000
CIP Streetscape					12,000,000
Town Hall	1,950,000				
	4,300,000	2,350,000	2,350,000	2,350,000	14,350,000
New Infrastructure Levy	1,550,000	1,750,000	1,950,000	2,050,000	2,150,000
Unfunded Capital by Year	2,750,000	600,000	400,000	300,000	12,200,000



Unfunded Capital

Annual LC re new projects	2020	2021	2022	2023	2024
Development Charge Projects	45,000	45,000	45,000	45,000	45,000
CIP Streetscape Improvements	-	-	-	-	300,000
Sportsplex	-	-	50,000	50,000	50,000
Town Hall	15,000	-	-	-	-
Additional LC Requirement	60,000	45,000	95,000	95,000	395,000



Water & Sanitary Rates

- Water & Wastewater Rate Study (2015)
 - Fixed Rate – to double over 10 year study period
 - Water 6% increase, Sanitary 6% increase for 2020
 - Variable - lesser increases over study period
 - Water 1% increase, Sanitary 2% increase for 2020. Per the 2019 Budget, Council approved Administrations proposal to deviate from the Study with respect to the water variable rate. An increase of 3% to the water variable rate was approved.
- Consumption Trends
- Reserve Fund Balances
 - Water
 - Sanitary



Water/Sanitary Drivers

- Water specific
 - Watermain replacement program
 - Cathodic protection program (anode)
- Sanitary specific
 - Inflow & Infiltration (I&I) program
 - Program funds diverted towards Lakewood P.S.
 - OCIF & CWWF grant funded program
 - North Talbot Road Sanitary Sewer Service Area
 - 8th Concession Road Sanitary Sewer Service Area
 - Debt Servicing



Water & Sanitary Rates

- Comparative Rates – 2019*



	A'burg	Windsor	Essex	Lakeshore	Leamington	Tecumseh	Lasalle	Kingsville
Water								
Fixed	\$22.01	\$17.48	\$19.49	\$20.21	\$22.14	\$15.04	\$16.00	\$6.75
Variable	\$1.15	\$0.62**	\$1.43	\$1.50	\$0.87	\$1.19	\$1.05	\$0.97
Sanitary								
Fixed	\$31.63	\$17.38	\$20.27	\$16.45	\$47.91	\$15.04	\$7.50	\$29.00
Variable	\$2.14	\$2.90	\$1.41	\$1.45	\$2.30*	\$1.23	\$1.05	N/A
Total Cost	\$1,433	\$1,426	\$1,159	\$1,148	\$1,049	\$942	\$786	\$662

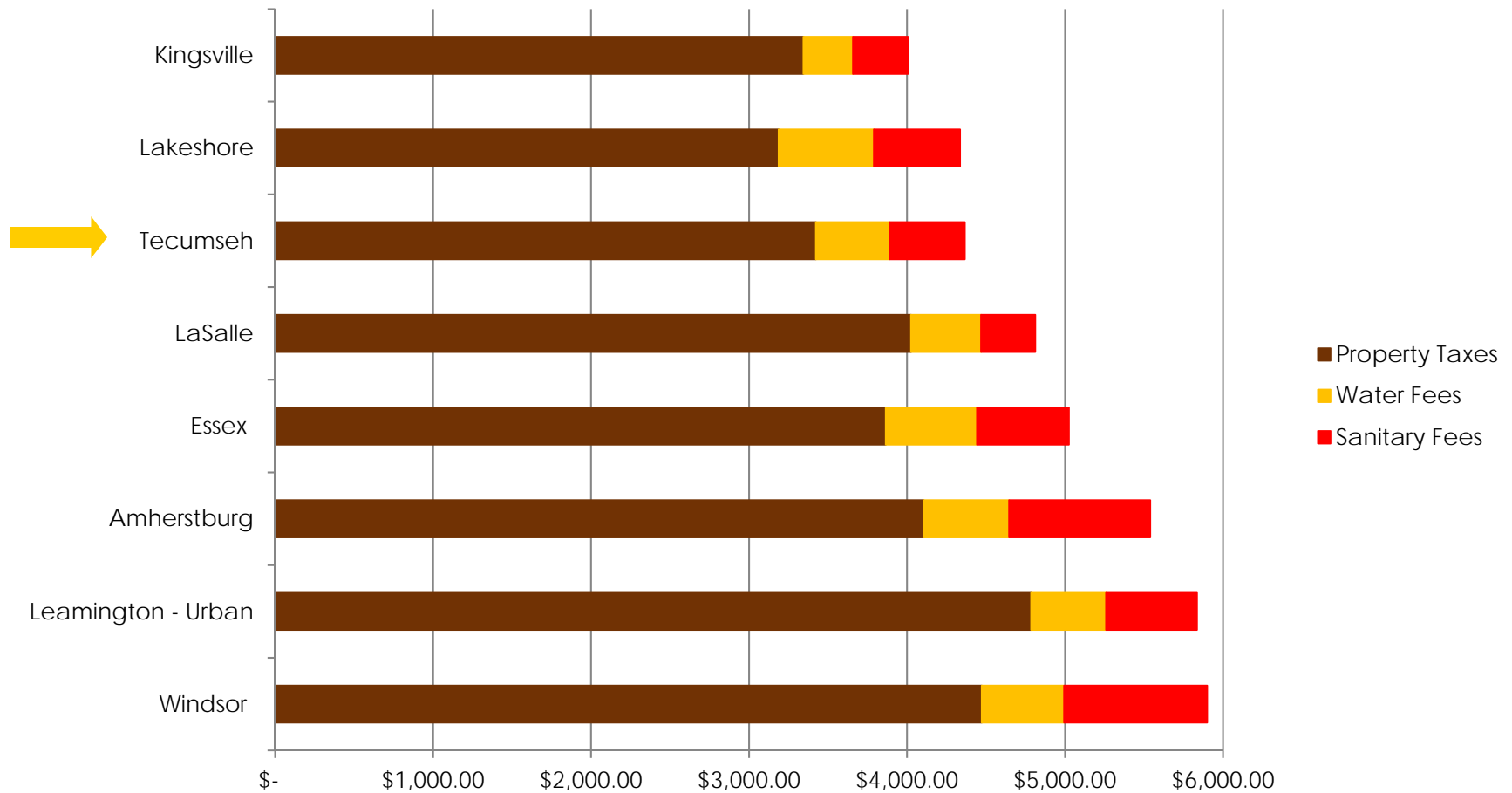
* Based on monthly consumption of 20 cubic meters of water

** Limitations on variable rate and/or additional capital charges applicable



2019 Comparative – Essex County

Combined Tax, Water and Sanitary Burden Comparison *



* - Property Taxes calculated based on home with an assessed value of \$250,000.
Water and Sanitary Fees based on monthly consumption of 20 cubic meters.



Reserves

	Target	Actual	Deficiency
Tax Rate Stabilization Reserve*	\$3,500,000	\$4,417,000	\$0
New Infrastructure Levy	?	\$4,412,000	?
Post Retirement Benefits	\$10,606,000	\$1,729,000	\$8,877,000

* Healthy Tax Rate Stabilization Reserve is 10 – 15% of annual levy (15% used in this table)



Discussion

